

# Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2022



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager

The Fund returned 0.4% in the month which was 0.2% ahead of its benchmark. Corporate bonds have been facing myriad headwinds; (i) elevated volatility in interest rate markets, (ii) ongoing increased expectations for the peak in the path of central bank cash rates which have pushed prices lower, and (iii) underperformance versus government bonds on increased recession risk. Pleasingly in October, global corporate bonds recovered some of their recent underperformance relative to government bonds on improved risk sentiment predicated by hopes central banks may not need to push economies into recession to dampen inflation.

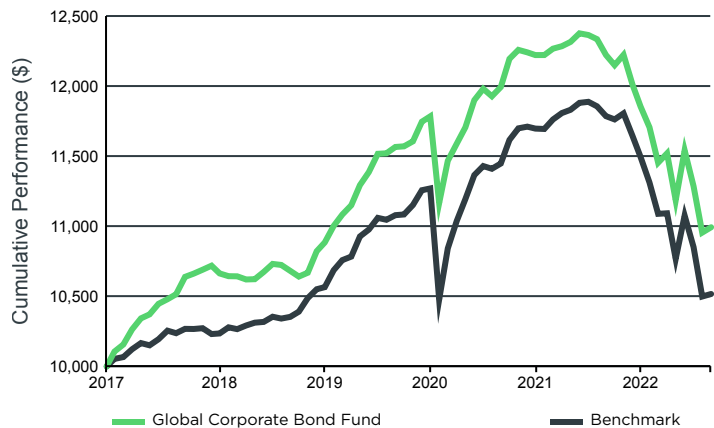
The recovery was most pronounced in those corporate bonds which had been most negatively impacted by concerns of a hard economic landing and/or a central bank liquidity squeeze. That included our UK exposures as the government returned to fiscal prudence. It was also notable across some of our lower rated corporate bonds in Europe and the US, notably in our subordinated bank exposures post a reasonable third quarter reporting season. In October the Fund also continued to be cushioned relative to its benchmark from the negative impact of higher interest rates.

When measured on an absolute basis and versus government bonds, we continue to think that medium term corporate bond yields are looking attractive as they provide a significant buffer from a move higher in market interest rates or a widening in credit spreads (the extra yield available from corporate bonds relative to government bonds). Near term however, irrespective of the recent improvement in market risk sentiment, we remain wary that central banks have yet to defeat inflation and may want to slow the growth outlook further. Therefore, over the month we further trimmed the Fund's exposure to corporate bond yields. We will look to add some of this exposure back on weakness or if we get confidence in an inflation moderation and a soft economic landing.

To view Milford's November 2022 Market and Economic Review please see [milfordasset.com/fact-sheet](http://milfordasset.com/fact-sheet).

## Cumulative Fund Performance

(after fees and before tax)



Assumes the growth of \$10,000 invested at the Fund's inception date, and assumes reinvestment of distribution.

## Key Fund Facts

<b>Objective<sup>1</sup></b>	To protect capital and generate a positive NZD hedged return that exceeds the relevant benchmark over the minimum recommended investment timeframe.
<b>Description</b>	Primarily invests in global corporate fixed interest securities
<b>Minimum recommended investment timeframe</b>	3 years +
<b>Target Allocation</b>	100% Income Assets / 0% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$407.5 M
<b>Yield<sup>2</sup></b>	5.29%
<b>Average Credit Rating</b>	BBB
<b>Duration</b>	3.28 years
<b>Rating Categories</b>	Inv.Grade 69% / High Yield 14%
<b>Inception Date</b>	1 February 2017
<b>Current Distribution</b>	0.45 cents per unit (Quarterly)
<b>Benchmark</b>	Bloomberg Barclays Global Corporate 3-5 Year Total Return Index Value Hedged USD (100% NZD-hedged)
<b>Base Fund Fee<sup>3</sup></b>	0.85%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees<sup>4</sup></b>	0.85%
<b>Risk Indicator</b>	Lower risk <span style="float: right;">Higher risk</span> 1 2 <b>3</b> 4 5 6 7 Potentially lower returns <span style="float: right;">Potentially higher returns</span>



# Global Corporate Bond Fund as at 31 October 2022

## Investment Performance after fees as at 31 October 2022<sup>5</sup>

Unit Price: \$0.9669

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Global Corporate Bond Fund (Gross Of Tax)	0.35%	-4.75%	-10.05%	-1.68%	0.66%	1.66%
After Tax 10.50%	0.32%	-4.27%	-9.04%	-1.49%	0.59%	1.49%
After Tax 17.50%	0.29%	-3.95%	-8.36%	-1.37%	0.55%	1.38%
After Tax 28.00%	0.25%	-3.47%	-7.34%	-1.19%	0.48%	1.20%
Benchmark	0.17%	-5.05%	-10.76%	-1.72%	0.48%	0.88%

## Top Fixed Interest Holdings

Holdings	% of Fund
Becton Dickinson Euro 0.334% 2028	2.63%
John Deere 1.75% 2024	2.55%
CSL 3.85% 2027	2.39%
JPMorgan 1.578% 2027	2.38%
AT&T 1.65% 2028	2.28%
RBLN 2.75% 2024	2.14%
HCA 5.875% 2026	2.12%
John Deere 4.55% 2024	2.00%
ANZ 2.166% 2025	1.97%
DR Horton 2.6% 2025	1.94%
Magallanes 3.755% 2027	1.89%
Lennar 4.5% 2024	1.87%
American Tower 3.8% 2029	1.87%
Asciano 4.75% 2028	1.86%
Verizon Float 2023	1.80%
Lennar 5.875% 2024	1.74%
SBA Comms. 3.125% 2029	1.73%
Dell 6.1% 2027	1.72%
Goodman 1.375% 2025	1.72%
Bank of America 4.376% 2028	1.57%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

## Current Asset Allocation

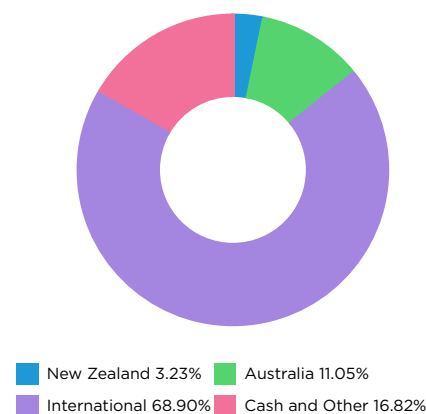
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	14.23%	5%
New Zealand Fixed Interest	1.26%	0.0%
International Fixed Interest	81.92%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	2.59%	0.0%

# The actual cash held by the Fund is 5.48%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

## Sector Allocation

Allocation	Weight %
Financials	21.27%
Communication Services	14.42%
Consumer Discretionary	9.41%
Information Technology	8.77%
Industrials	7.76%
Health Care	7.18%
Real Estate	5.35%
Materials	4.16%
Other Sectors	4.86%
Cash and Other	16.82%

## Region Exposure



1. After the base fund fee but before tax. 2. Yield to maturity (before tax and fees) for underlying investments in the Fund. 3. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 4. The Total Fund Fees comprise the Base Fund Fee and any estimated Performance Fee. Please refer to the Product Disclosure Statement for more information as to how these are calculated. 5. Includes the reinvestment of distributions. Returns prior to 1 March 2018 are from when the Fund was previously offered to wholesale investors only and have been adjusted for the current Total Fund Fees. Please note past performance is not a guarantee of future returns.

Please refer to the 'Glossary for the Monthly Fact Sheet' at [milfordasset.com/fact-sheet](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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