

# Global Corporate Bond Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 31 October 2023



## Portfolio Managers



**Anthony Ip**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

October was a volatile month as global interest rates continued their march higher, while credit spreads (the extra yield of corporate bonds versus government bonds) widened. The Fund was positioned moderately underweight in interest rate and credit spread exposure, relative to the benchmark, which helped to cushion returns. The Fund closed the month up 0.1% which was 0.3% ahead of benchmark. Looking forward, we think the higher interest rate environment and attractive corporate bond yields should provide a substantial return cushion for the Fund.

The Fund's underweight credit spread positioning supported performance, as global credit spreads widened modestly during the month. On a broader level, it was notable that corporate bonds outperformed other risk asset classes during the month – a result which we believe is being supported by the attractive income available in the corporate bond market.

The Fund had an active month, adding positions in bank senior bonds including Barclays bank in the UK and DNB bank in Norway. These positions were funded by reducing our exposure to short-maturity bonds of US homebuilders, notably D. R. Horton. As the Q3 earnings reporting season rolls on, we expect there will be opportunities to add corporate exposure in the new issue market at attractive valuations.

In the immediate term, the Fund intends to reduce the size of its underweight exposure to corporate bonds. The recent modest widening in credit spreads provides an opportunity to do so. The Fund will also look to increase its interest rate exposure to neutral.

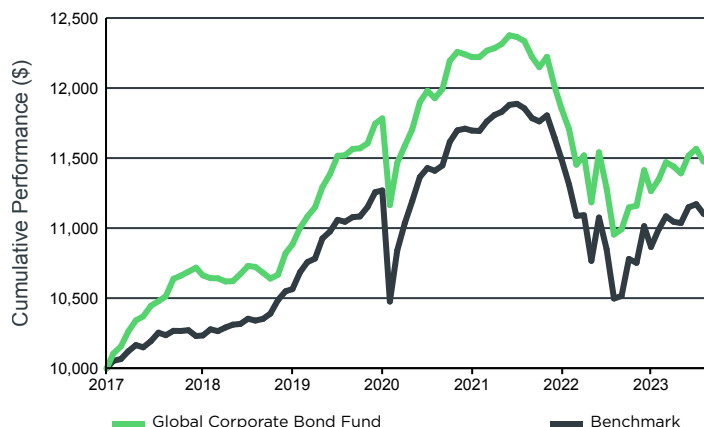
Going forward, we expect the combination of higher global government bond yields and credit spreads to provide an attractive income yield. Historically elevated market yields should underpin an attractive return profile for the Fund.

To view Milford's October 2023 Market and Economic Review please see [milfordasset.com/insights](https://milfordasset.com/insights).

For previous fund reports see [milfordasset.com/fund-reports](https://milfordasset.com/fund-reports).

## 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>	\$439.5 M
<b>Yield<sup>2</sup></b>	6.03%
<b>Average Credit Rating</b>	BBB
<b>Duration</b>	3.4 years
<b>Rating Categories</b>	Inv.Grade 75% / High Yield 12%
<b>Inception Date</b>	1 February 2017
<b>Current Distribution</b>	0.7 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%





# Global Corporate Bond Fund as at 31 October 2023

## Investment Performance after fees as at 31 October 2023<sup>5</sup>

Unit Price: \$0.984

	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)	0.06%	-0.30%	4.46%	-1.44%	1.46%	2.07%
After Tax 10.50%	0.08%	-0.24%	4.00%	-1.28%	1.31%	1.86%
After Tax 17.50%	0.09%	-0.21%	3.70%	-1.17%	1.21%	1.72%
After Tax 28.00%	0.11%	-0.15%	3.24%	-1.01%	1.07%	1.50%
Benchmark	-0.24%	-0.66%	5.32%	-1.09%	1.36%	1.53%

## Top Fixed Interest Holdings

Holdings	% of Fund
JPMorgan 1.578% 2027	2.28%
Toll Brother 4.35% 2028	2.18%
NBS 6.178% 2027	1.98%
HCA 5.875% 2026	1.96%
CBA 5.398% 2027	1.95%
Berry 5.5% 2028	1.88%
Vodafone 3.00% 2080	1.78%
Goodman 1.375% 2025	1.75%
Asciano 4.75% 2028	1.75%
American Tower 3.8% 2029	1.73%
Discovery 3.625% 2030	1.66%
GEHC 5.857% 2030	1.64%
SBA Comms. 3.125% 2029	1.64%
Fiserv 4.5% 2031	1.54%
Wells Fargo 2.406% 2025	1.50%
JPMorgan 4.6% Perpetual	1.48%
CYBG 9.25% Perpetual	1.48%
VMware 2.2% 2031	1.46%
NBS 5.35% 2028	1.45%
NXP BV 4.3% 2029	1.44%

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

## Current Asset Allocation

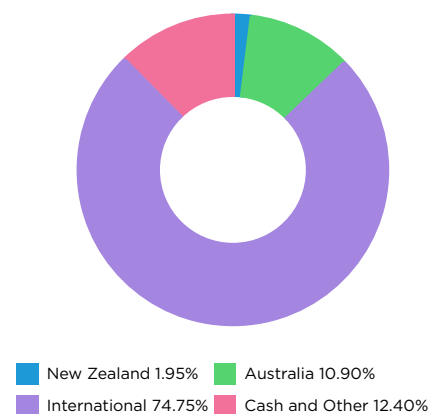
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	12.40%	5%
New Zealand Fixed Interest	0.00%	0.0%
International Fixed Interest	87.60%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

# The actual cash held by the Fund is 5.50%. 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	45.91%
Communication Services	10.57%
Materials	7.88%
Real Estate	5.88%
Health Care	4.32%
Information Technology	3.52%
Industrials	2.90%
Energy	2.79%
Other Sectors	3.83%
Cash and Other	12.40%

## Region Exposure



1. After the Base Fund Fee but before tax. 2. The yield to maturity is not an indicator of future return, but reflects the current yield to maturity of the fund's underlying holdings (before tax and after the base fund fee). 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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