

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2022



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund returned -2.9% in the month which was a small outperformance relative to its benchmark's return. Absolute returns continue to be negatively impacted by lower bond prices, as market interest rates reset higher again on expectations for an even higher path for central bank policy cash rates. In September the US Federal Reserve and the European Central Bank both increased their cash rates 0.75 percentage points (ppts), and indicated further hikes are imminent. Headlines were captured however by weakness in United Kingdom sovereign bonds (Gilts). The new government's inflationary fiscal stimulus (increasing the country's debt funding needs) is working against the central bank's inflation fighting. This means that although the UK's cash (base) rate was hiked by only 0.5ppts, the traded yield to maturity on 10-year Gilts rose an astonishing 1.28ppts.

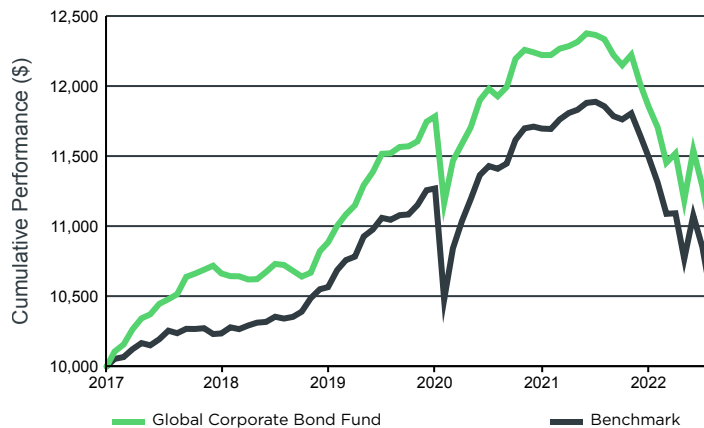
While the Fund was somewhat cushioned relative to the benchmark by its lower interest rate exposure, higher global market interest rates are proving a headwind for government bonds. The accompanying volatility has been even more negatively impactful for corporate bonds, exacerbated by the weaker economic outlook. We have been wary of this risk and retained a below benchmark allocation to corporate bonds. Unfortunately, more pronounced weakness in the Fund's subordinated corporate bonds in September reduced some of this benefit.

Global corporate bond yields to maturity when measured on an absolute basis and versus government bonds are looking attractive. They provide 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). Nevertheless, for now until inflation shows evidence of a sustained decline, the risks remain skewed for lower prices. We therefore remain cautious with lower than benchmark exposure to both interest rates and credit spreads (the two components of the traded bond yield to maturity).

To view Milford's October 2022 Market and Economic Review please see 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

Objective¹	To protect capital and generate a positive NZD hedged return that exceeds the relevant benchmark over the minimum recommended investment timeframe.
Description	Primarily invests in global corporate fixed interest securities
Minimum recommended investment timeframe	3 years +
Target Allocation	100% Income Assets / 0% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$407.3 M
Yield²	5.66%
Average Credit Rating	BBB
Duration	3.15 years
Rating Categories	Inv.Grade 65% / High Yield 16%
Inception Date	1 February 2017
Current Distribution	0.45 cents per unit (Quarterly)
Benchmark	Bloomberg Barclays Global Corporate 3-5 Year Total Return Index Value Hedged USD (100% NZD-hedged)
Base Fund Fee³	0.85%
Performance Fee	Not applicable
Total Fund Fees⁴	0.85%
Risk Indicator	Lower risk Higher risk 1 2 3 4 5 6 7 Potentially lower returns Potentially higher returns



Global Corporate Bond Fund as at 30 September 2022

Investment Performance after fees as at 30 September 2022⁵

Unit Price: \$0.9635

	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)	-2.93%	-2.06%	-11.18%	-1.66%	0.82%	1.62%
After Tax 10.50%	-2.62%	-1.84%	-10.07%	-1.48%	0.74%	1.46%
After Tax 17.50%	-2.42%	-1.70%	-9.32%	-1.36%	0.68%	1.34%
After Tax 28.00%	-2.11%	-1.48%	-8.18%	-1.18%	0.60%	1.18%
Benchmark	-3.25%	-2.49%	-11.44%	-1.68%	0.51%	0.86%

Top Fixed Interest Holdings

Holdings	% of Fund
Becton Dickinson Euro 0.334% 2028	2.67%
John Deere 1.75% 2024	2.65%
CSL 3.85% 2027	2.52%
JPMorgan 1.578% 2027	2.48%
AT&T 1.65% 2028	2.34%
RBLN 2.75% 2024	2.21%
HCA 5.875% 2026	2.17%
ANZ 2.166% 2025	2.04%
DR Horton 2.6% 2025	2.02%
Lennar 4.5% 2024	1.96%
Magallanes 3.755% 2027	1.96%
Asciano 4.75% 2028	1.95%
American Tower 3.8% 2029	1.93%
Verizon Float 2023	1.85%
Lennar 5.875% 2024	1.79%
Dell 6.1% 2027	1.78%
Goodman 1.375% 2025	1.76%
Aroundtown 4.5% 2025	1.73%
SBA Comms. 3.125% 2029	1.73%
Bank of America 4.376% 2028	1.67%

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

Current Asset Allocation

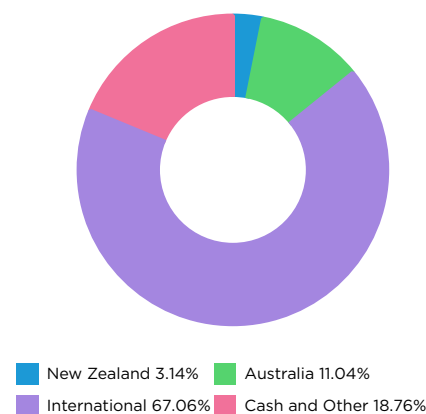
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	18.76%	5.00%
New Zealand Fixed Interest	1.20%	0.0%
International Fixed Interest	80.04%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 12.96%. 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	16.54%
Communication Services	14.79%
Consumer Discretionary	10.34%
Information Technology	9.22%
Health Care	7.15%
Real Estate	6.89%
Industrials	6.47%
Materials	4.63%
Other Sectors	5.21%
Cash and Other	18.76%

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 for more information about the data published within this document.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Production Disclosure Statement or the latest Quarterly Fund Update.