

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 April 2019



Portfolio Managers



Paul Morris
Portfolio Manager



David Lewis
Co-Portfolio Manager

Market interest rates remain anchored by expectations central banks are willing to loosen monetary policy in response to economic growth risks and low inflation.

The lower interest rate environment, combined with corporate earnings that may benefit from an extended economic cycle, have precipitated increased demand for the yield from corporate bonds, underpinning their outperformance versus government bonds. That helped the Fund return 0.7% in April, even as government bond prices were softer.

The Fund is fully invested in corporate bonds, running limited cash. That said, increasingly extended valuations in parts of the corporate bond market, elevated global debt levels and mixed forward looking economic indicators, mean it retains a lower allocation to riskier parts of the market (such as high yield bonds) than the long run neutral.

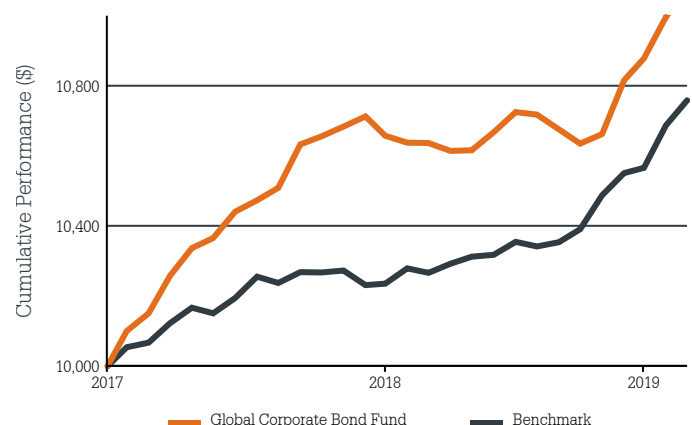
Irrespective of this, through active management of the Fund's holdings and through security and sector selection (most recently to subordinated bank and insurance company bonds), we remain optimistic for moderate future returns that will beat the benchmark but with lower risk. Note however, these may be lower than recent months. Fund interest rate exposure is still

close to its neutral but we remain wary of extending as interest rate markets may consolidate until economic data justifies, or central banks deliver, rate cuts.

To view Milford's May 2019 Market and Economic Review please [click here](#).

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	Protect capital and generate a positive NZD-hedged return that exceeds the relevant benchmark over a minimum of three years
Description	Primarily invests in global corporate fixed interest securities
Target Allocation	100% Income Assets / 0% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$371.6 M
Yield²	3.45%
Average Credit Rating	BBB+
Duration	3.01 years
Rating Categories	Inv.Grade 83% / High Yield 10% / Unrated 3%

Inception Date	1 February 2017
Current Distribution	0.75 cents per unit (Quarterly)
Benchmark	Bloomberg Barclays Global Corporate 3-5 Year Total Return Index Value Hedged USD (100% NZD-hedged)
Base Fund Fee³	0.95%
Performance Fee	Not applicable
Total Fund Fees⁴	0.95%
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="text-align: center;"> <p>1 2 3 4 5 6 7</p> </div> <div style="display: flex; justify-content: space-between;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 30 April 2019⁵

Unit Price: \$1.0378

	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)	0.74%	2.42%	4.14%	-	-	4.70%
After Tax 10.50%	0.66%	2.16%	3.70%	-	-	4.19%
After Tax 17.50%	0.61%	1.99%	3.41%	-	-	3.86%
After Tax 28.00%	0.53%	1.74%	2.97%	-	-	3.36%
Benchmark	0.67%	1.97%	4.79%	-	-	3.32%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
BMO Float 2021	3.15%
RBC Float 2019	2.72%
Microsoft 2.875% 2024	2.26%
AT&T 3.45% 2023	1.99%
Apple 3.7% 2022	1.99%
Aroundtown 4.5% 2025	1.97%
Bank of America Float 2024	1.92%
McDonald's 3% 2024	1.92%
Verizon Float 2023	1.90%
Intel 3.25% 2019	1.74%
HCA 4.75% 2023	1.73%
Amazon 2.8% 2024	1.54%
Citigroup 5.95% 2023	1.51%
Citibank 5% 2024	1.47%
Goodman 1.375% 2025	1.40%
CRH Finance 3.875% 2025	1.37%
QBE 6.75% 2044	1.34%
Nationwide Bldg Society 3.622% 2023	1.32%
Stockland Trust 3.3% 2024	1.31%
Sprint Spectrum 4.738% 2025	1.30%

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

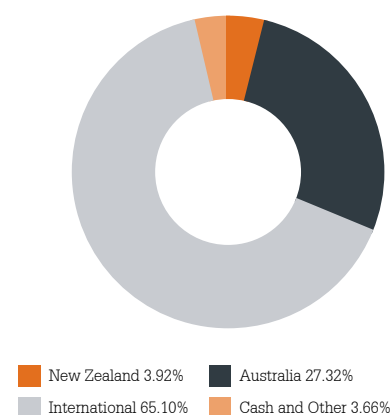
Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	3.42%	5.00%
New Zealand Fixed Interest	6.11%	0%
International Fixed Interest	90.23%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.24%	0%

Sector Exposure

Allocation	Weight %
Financials	39.51%
Communication Services	10.34%
Information Technology	10.13%
Consumer Discretionary	9.25%
Real Estate	7.72%
Industrials	7.43%
Materials	4.92%
Health Care	2.53%
Other Sectors	4.51%
Cash and Other	3.66%

Country 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' [here](#) for more information about the data published within this document.

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