

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2019



Portfolio Managers



Paul Morris
Portfolio Manager



David Lewis
Co-Portfolio Manager

Soft global economic data and a further supportive shift in global monetary policy precipitated another leg down in market interest rates, contributing to a Fund return of 1.1% in March.

Many developed economies now price extended periods of low, or in the case of the US and Australasia, lower interest rates. 10-year German government interest rates are negative again!

Demand for yield and supportive equity markets saw corporate bonds generally keep up with government bonds, consolidating recent outperformance. We added to corporate bond holdings, including new issues from Lloyds Bank, IAG Insurance and Incitec Pivot (global chemicals).

Known risks remain (tariffs and Brexit) but low interest rates, supportive monetary policy and modest (but positive) growth mean we are optimistic for moderate returns, albeit lower than in recent months.

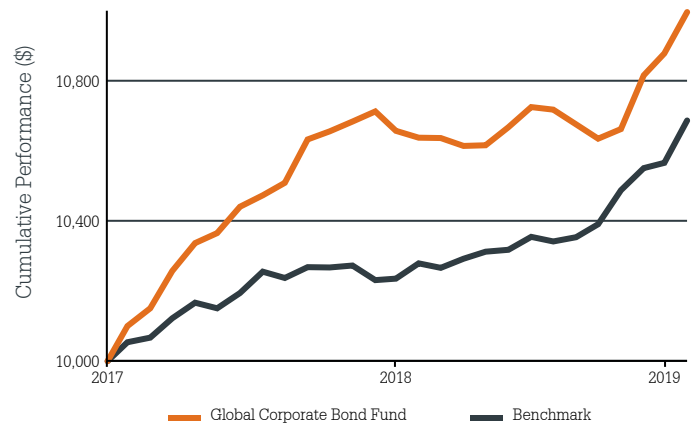
That said, elevated global corporate debt levels, valuations that are no longer noticeably cheap and slower earnings growth mean we retain a defensive stance; a higher average credit rating on bond holdings than the benchmark, with less high-yield bonds. On market strength that may be a return headwind relative to the benchmark, but should ensure lower risk.

We retain slightly below neutral interest rate exposure, wary of extending this as interest rate markets may consolidate until economic data justifies, or central banks deliver, rate cuts.

To view Milford's April 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)	\$346.0 M
Yield²	3.60%
Average Credit Rating	BBB+
Duration	2.88 years
Rating Categories	Inv.Grade 83% / High Yield 11% / 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 31 March 2019⁵

Unit Price: \$1.0302

	3 Months	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Global Corporate Bond Fund (Gross Of Tax)	3.13%	2.60%	3.37%	-	-	4.52%
After Tax 10.50%	2.80%	2.32%	3.01%	-	-	4.04%
After Tax 17.50%	2.58%	2.14%	2.77%	-	-	3.72%
After Tax 28.00%	2.25%	1.86%	2.42%	-	-	3.24%
Benchmark	1.90%	3.34%	3.96%	-	-	3.12%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
BMO Float 2021	3.32%
RBC Float 2019	2.87%
NAB Float 2024	2.46%
Microsoft 2.875% 2024	2.37%
Apple 3.7% 2022	2.10%
McDonald's 3% 2024	2.02%
Bank of America Float 2024	2.01%
Intel 3.25% 2019	1.84%
HCA 4.75% 2023	1.81%
AT&T 3.45% 2023	1.63%
Amazon 2.8% 2024	1.61%
Citigroup 5.95% 2023	1.55%
Verizon Float 2023	1.54%
Citibank 5% 2024	1.54%
Goodman 1.375% 2025	1.45%
CRH Finance 3.875% 2025	1.43%
QBE 6.75% 2044	1.38%
Stockland Trust 3.3% 2024	1.37%
Sprint Spectrum 4.738% 2025	1.35%
Downer Group 4.50% 2022	1.33%

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

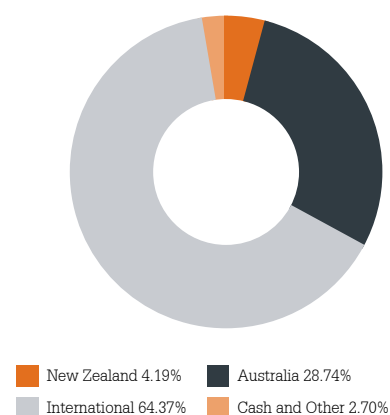
Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	2.70%	5.00%
New Zealand Fixed Interest	6.23%	0%
International Fixed Interest	91.07%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.00%	0%

Sector Exposure

Allocation	Weight %
Financials	40.70%
Information Technology	10.61%
Communication Services	10.59%
Consumer Discretionary	9.66%
Industrials	6.88%
Real Estate	6.05%
Materials	5.77%
Health Care	2.67%
Other Sectors	4.37%
Cash and Other	2.70%

Country Exposure



1. After the base fund fee but before tax. 2. Yield (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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