

# Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2019



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**David Lewis**  
Co-Portfolio Manager

Key global central banks (notably in the US and Europe) appear to be losing patience with waning growth and inflation expectations. Their recent communications suggest near-term monetary policy stimulus is possible. That drove a further leg down in market interest rates which boosted bond prices.

Corporate bonds were a strong beneficiary and they outperformed similar maturity government bonds, in part due to anticipation that the economic/earnings cycle can be extended but arguably more due to a hunt for yield (the share of negative yielding global bonds hit a new record high).

The Fund was reasonably well positioned to benefit from these moves. It was close to fully invested in corporate bonds and had an interest rate exposure close to that of its long-run neutral (and its benchmark). It returned 1.3% in the month, just less than its benchmark, irrespective of holding fewer lower rated bonds (which outperformed higher rated bonds).

In the prevailing uncertain economic backdrop, we continue to limit exposure to lower rated bonds which could underperform in a weak economy. Valuations are getting more stretched but as central banks appear ready to act the return outlook is for now reasonable.

We therefore retain interest rate exposure close to the benchmark's and remain close to fully invested, albeit with a preference towards higher rated bonds.

To view Milford's July 2019 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>	Protect capital and generate a positive NZD-hedged return that exceeds the relevant benchmark over a minimum of three years
<b>Description</b>	Primarily invests in global corporate fixed interest securities
<b>Target Allocation</b>	100% Income Assets / 0% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$409.2 M
<b>Yield <sup>2</sup></b>	3.01%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	3.09 years
<b>Rating Categories</b>	Inv. Grade 85% / High Yield 8% / Unrated 2%
<b>Inception Date</b>	1 February 2017
<b>Current Distribution</b>	0.75 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>	0.95%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees <sup>4</sup></b>	0.95%
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> <span>1</span> <span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">2</span> <span>3</span> <span>4</span> <span>5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

Investment Performance after fees as at 30 June 2019<sup>5</sup>

Unit Price: \$1.0498

	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)	1.29%	2.64%	6.31%	-	-	5.18%
After Tax 10.50%	1.15%	2.35%	5.63%	-	-	4.62%
After Tax 17.50%	1.05%	2.16%	5.17%	-	-	4.25%
After Tax 28.00%	0.91%	1.88%	4.49%	-	-	3.70%
Benchmark	1.33%	2.25%	5.96%	-	-	3.75%

## Top Fixed Interest Holdings

Holdings	% of Fund's NAV
BMO Float 2021	2.44%
RBLN 2.75% 2024	1.93%
JPMorgan 5.15% 2023	1.87%
AT&T 3.45% 2023	1.83%
Apple 3.7% 2022	1.82%
Aroundtown 4.5% 2025	1.81%
Bank of America Float 2024	1.77%
McDonald's 3% 2024	1.77%
Verizon Float 2023	1.70%
BNZ 0.375% 2024	1.66%
Seagate 4.75% 2025	1.60%
HCA 4.75% 2023	1.57%
Fidelity 1.5% 2027	1.52%
Amazon 2.8% 2024	1.43%
Wells Fargo 2% 2025	1.42%
Standard Chartered 2.9% 2025	1.41%
Citigroup 5.95% 2023	1.37%
NAB Float 2029	1.36%
Citibank 5% 2024	1.36%
Dell Float 2023	1.34%

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

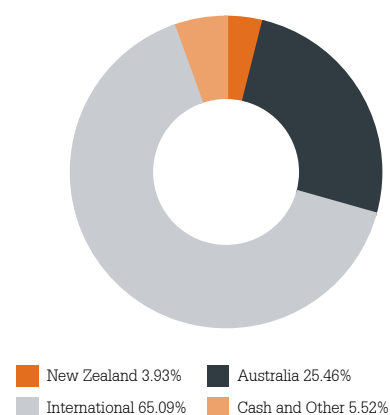
## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	3.94%	5.00%
New Zealand Fixed Interest	2.59%	0%
International Fixed Interest	91.89%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	1.58%	0%

## Sector Exposure

Allocation	Weight %
Financials	39.54%
Communication Services	10.50%
Information Technology	9.43%
Real Estate	8.26%
Consumer Discretionary	7.88%
Industrials	6.28%
Materials	4.22%
Consumer Staples	3.10%
Other Sectors	5.27%
Cash and Other	5.52%

## 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' at [milfordasset.com/fact-sheet](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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