

# Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2019



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**David Lewis**  
Co-Portfolio Manager

Expectations remain elevated for a wave of global central bank monetary stimulus. The proportion of global bonds trading at negative yields to maturity continues to increase, underpinning a hunt for yield. Given corporate bonds generally offer a higher interest rate (or yield to maturity) than government bonds, they enjoyed a strong month which underpinned the Fund's return of 0.8% in July. Supported by active management and security selection the return was 0.4% more than that of the benchmark.

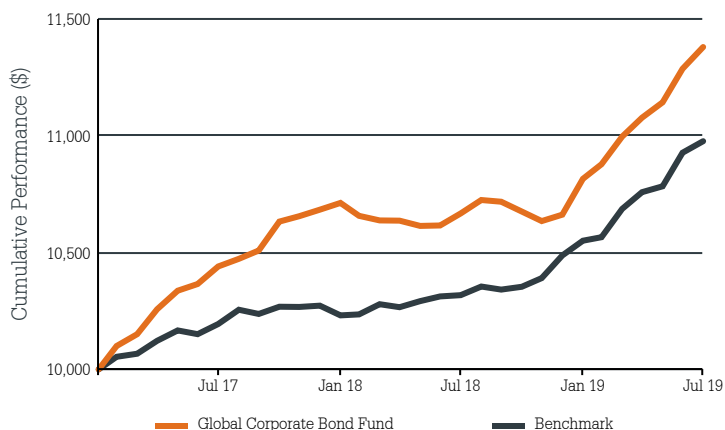
Acknowledging the myriad of known risks (including slowing global growth, Brexit and trade wars) and noting elevated company leverage (debt levels) through parts of the global corporate bond market, we continue to adopt a slightly cautious fund credit exposure. This means lower exposure to lower rated bonds than the long run neutral, as they could underperform in a weak economy. July saw Fund UK exposure reduced while we switched more expensive holdings for some attractively priced new issues, including from Commerzbank (German bank) and Ardagh Group (global packaging).

Valuations across sections of the bond market remain stretched but underpinned by central banks, the near return outlook remains reasonable, although we reiterate on a medium term it should moderate. Therefore, the Fund remains close to fully invested with an interest rate exposure close to its long run neutral.

To view Milford's August 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>	\$424.9 M
<b>Yield <sup>2</sup></b>	2.86%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	3.05 years
<b>Rating Categories</b>	Inv. Grade 82% / High Yield 9% / Unrated 1%
<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 31 July 2019<sup>5</sup>

Unit Price: \$1.0584

	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)	0.82%	2.73%	6.68%	-	-	5.34%
After Tax 10.50%	0.74%	2.43%	5.95%	-	-	4.77%
After Tax 17.50%	0.68%	2.24%	5.46%	-	-	4.39%
After Tax 28.00%	0.59%	1.94%	4.74%	-	-	3.82%
Benchmark	0.45%	2.03%	6.39%	-	-	3.81%

## Top Fixed Interest Holdings

Holdings	% of Fund's NAV
RBLN 2.75% 2024	1.89%
AT&T 3.45% 2023	1.78%
Aroundtown 4.5% 2025	1.76%
Apple 3.7% 2022	1.76%
McDonald's 3% 2024	1.72%
Bank of America Float 2024	1.70%
Verizon Float 2023	1.64%
BNZ 0.375% 2024	1.61%
HCA 4.75% 2023	1.54%
Seagate 4.75% 2025	1.54%
Fidelity 1.5% 2027	1.51%
Amazon 2.8% 2024	1.40%
BMO Float 2024	1.38%
Citigroup 5.95% 2023	1.33%
Dell Float 2023	1.33%
Wells Fargo 2% 2025	1.33%
Citibank 5% 2024	1.31%
Goodman 1.375% 2025	1.26%
Goldman Sachs 1.25% 2025	1.25%
CRH Finance 3.875% 2025	1.24%

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

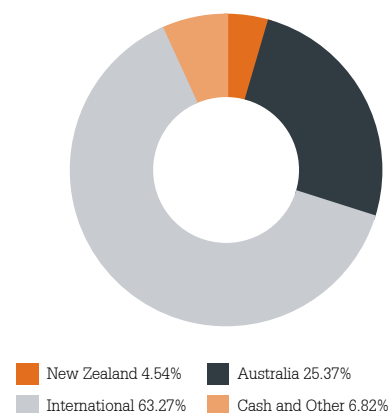
## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	5.42%	5.00%
New Zealand Fixed Interest	3.23%	0%
International Fixed Interest	89.95%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	1.40%	0%

## Sector Exposure

Allocation	Weight %
Financials	38.73%
Communication Services	10.19%
Information Technology	9.22%
Real Estate	8.06%
Consumer Discretionary	7.72%
Industrials	6.09%
Materials	5.08%
Consumer Staples	3.03%
Other Sectors	5.06%
Cash and Other	6.82%

## 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.

Level 28, 48 Shortland Street, Auckland  
PO Box 960, Shortland Street, Auckland 1140  
Free phone 0800 662 345  
milfordasset.com

