

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2019



Portfolio Managers



Paul Morris
Portfolio Manager



David Lewis
Co-Portfolio Manager

Performance across global corporate bonds was mixed in October. Corporate bonds generally enjoyed strong outperformance relative to government bonds, however absolute returns in many markets were offset by higher market interest rates as expectations fell for further central bank cuts (meaning weaker government bonds). The Fund still delivered a reasonable 0.4% in the month, 0.1% more than its benchmark.

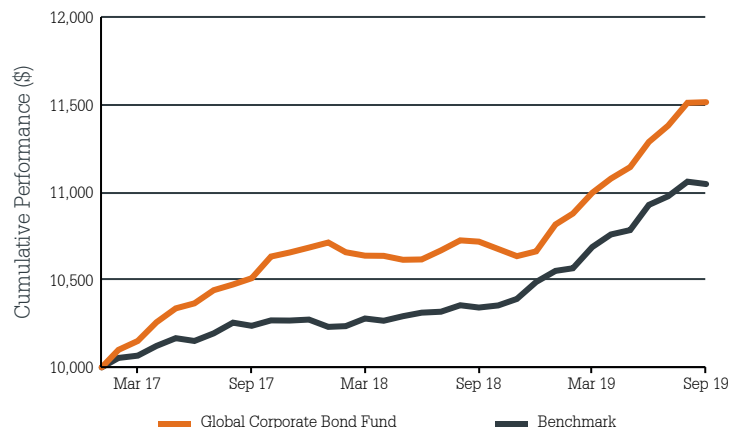
While we remain wary of elevated valuations across many corporate bond markets, myriad factors have improved confidence with respect to the Fund delivering positive, albeit more moderate, near term returns. (1) The risk backdrop has improved with a stabilisation in global economic data, reasonable company earnings, a de-escalation in the tariff war and receding risks of hard Brexit. (2) Inflation remains below central bank targets and therefore monetary policy should remain supportive of investor demand for corporate bonds. (3) The rise in market interest rates sees them closer to fair value (which led us to add back more interest rate exposure to close to benchmark/neutral).

All that said, high valuations, how deep we are in the economic/credit cycle and pockets of excessive company leverage (debt levels) mean it is prudent to retain somewhat defensive settings versus benchmark/neutral; a preference for investment grade rated bonds over high yield bonds (below investment grade).

To view Milford's November 2019 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

Objective ¹	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)	\$617.3 M
Yield ²	2.60%
Average Credit Rating	BBB+
Duration	3.32 years
Rating Categories	Inv. Grade 81% / High Yield 11% / Unrated 1%
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 Fee ³	0.85%
Performance Fee	Not applicable
Total Fund Fees ⁴	0.85%
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 31 October 2019⁵

Unit Price: \$1.0705

	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)	0.39%	1.57%	8.27%	-	-	5.44%
After Tax 10.50%	0.35%	1.41%	7.36%	-	-	4.85%
After Tax 17.50%	0.32%	1.29%	6.76%	-	-	4.46%
After Tax 28.00%	0.28%	1.13%	5.87%	-	-	3.88%
Benchmark	0.30%	0.93%	7.01%	-	-	3.80%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
AT&T 3.45% 2023	2.27%
John Deere 1.75% 2024	2.17%
Kerry Group 0.625% 2029	2.09%
Sumitomo Mitsui 2.09% 2024	1.96%
Seagate 4.75% 2025	1.96%
McDonald's 3% 2024	1.91%
Downer Group 4.50% 2022	1.81%
QBE 6.75% 2044	1.70%
Aroundtown 4.5% 2025	1.62%
Sprint Spectrum 4.738% 2025	1.49%
CBA 0.5% 2029	1.41%
HCA 4.75% 2023	1.38%
RBLN 2.75% 2024	1.37%
Goodman 1.375% 2025	1.32%
Macquarie Group 3.189% 2023	1.31%
Rabobank 0.75% 2023	1.30%
Vicinity Centres 1.125% 2029	1.28%
Danaher Corp 0.45% 2028	1.26%
Apple 3.7% 2022	1.23%
ING Group 1.45% 2024	1.21%

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

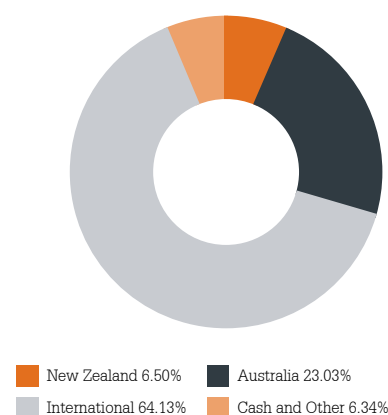
Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	6.34%	5.00%
New Zealand Fixed Interest	5.23%	0%
International Fixed Interest	88.43%	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	40.16%
Communication Services	10.70%
Information Technology	9.39%
Real Estate	6.96%
Industrials	6.77%
Consumer Discretionary	6.52%
Materials	5.02%
Consumer Staples	4.25%
Other Sectors	3.89%
Cash and Other	6.34%

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 for more information about the data published within this document.

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