

# Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 November 2019



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**David Lewis**  
Co-Portfolio Manager

The Fund returned 0.04% in November. Global bond prices were mixed again as expectations reduce for further monetary policy stimulus. In a supportive risk environment, corporate bonds generally continue to outperform government bonds, with high yield bonds outperforming investment grade. Euro denominated corporate bonds were a small laggard but this is after strength year to date.

The Fund's lower ranking (subordinated) bank bonds also had a strong month. After a quieter October, new bond issuance increased and the Fund added exposure to Belfius Bank (Belgium), DNB Bank (Norway), National Australia Bank, Owens-Illinois & Ball Corp (both packaging businesses), Lloyds Bank and Apple.

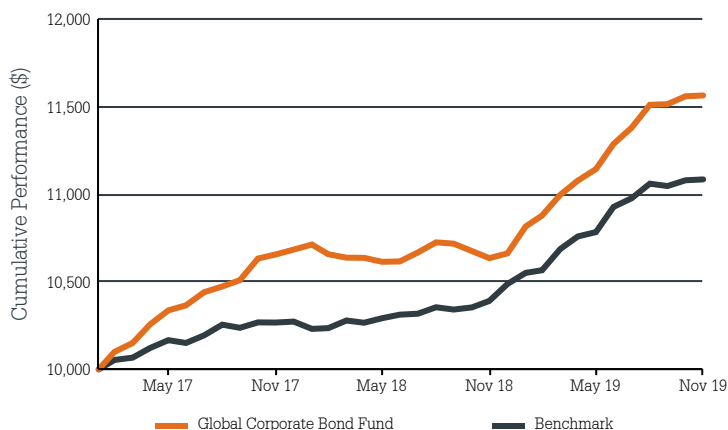
Elevated valuations and pockets of high company leverage (debt levels) mean it is prudent to retain slightly defensive Fund settings versus benchmark/neutral, even if the economic/earnings backdrop has improved. This means a preference for investment grade rated bonds over high yield bonds (below investment grade). Near term, corporate bond interest rates are likely to be range bound, anchored by supportive central bank policy and inflation, in an improved earnings outlook. Fund interest rate exposure is therefore close to, but just less than, neutral.

Looking forward, the outlook remains for positive but moderate returns. With interest rates already low these will be lower than last year.

To view Milford's December 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>	\$637.9 M
<b>Yield <sup>2</sup></b>	2.68%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	3.36 years
<b>Rating Categories</b>	Inv. Grade 82% / High Yield 12% / Unrated 1%
<b>Inception Date</b>	1 February 2017
<b>Current Distribution</b>	0.45 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>	0.85%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees <sup>4</sup></b>	0.85%
<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 November 2019<sup>5</sup>

Unit Price: \$1.0709

	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)	0.04%	0.46%	8.73%	-	-	5.29%
After Tax 10.50%	0.04%	0.41%	7.77%	-	-	4.72%
After Tax 17.50%	0.03%	0.38%	7.14%	-	-	4.34%
After Tax 28.00%	0.03%	0.33%	6.19%	-	-	3.78%
Benchmark	0.05%	0.22%	6.67%	-	-	3.71%

## Top Fixed Interest Holdings

Holdings	% of Fund's NAV
AT&T 3.45% 2023	2.17%
John Deere 1.75% 2024	2.08%
Kerry Group 0.625% 2029	1.96%
Seagate 4.75% 2025	1.91%
McDonald's 3% 2024	1.83%
Sumitomo Mitsui Float 2022	1.73%
Downer Group 4.50% 2022	1.72%
QBE 6.75% 2044	1.66%
Aroundtown 4.5% 2025	1.51%
Sprint Spectrum 4.738% 2025	1.44%
Belfius Bank 0.375% 2026	1.33%
RBLN 2.75% 2024	1.32%
HCA 4.75% 2023	1.31%
Goodman 1.375% 2025	1.26%
Macquarie Group 3.189% 2023	1.25%
Rabobank 0.75% 2023	1.24%
S&P Global 2.5% 2029	1.23%
Vicinity Centres 1.125% 2029	1.21%
Danaher Corp 0.45% 2028	1.20%
Apple 3.7% 2022	1.17%

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

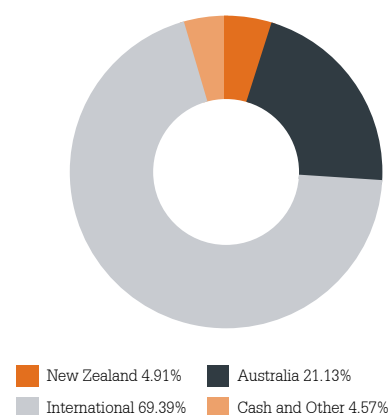
## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	4.16%	5.00%
New Zealand Fixed Interest	4.02%	0%
International Fixed Interest	91.41%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.41%	0%

## Sector Exposure

Allocation	Weight %
Financials	41.47%
Information Technology	10.01%
Communication Services	9.56%
Real Estate	6.65%
Consumer Discretionary	6.63%
Industrials	6.48%
Materials	5.52%
Consumer Staples	4.04%
Other Sectors	5.07%
Cash and Other	4.57%

## 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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