

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2020



Portfolio Managers



Paul Morris
Portfolio Manager



David Lewis
Co-Portfolio Manager

Market interest rates fell in January on expectations central banks may cut interest rates due to negative growth impacts from the coronavirus. Government bonds were a notable beneficiary, generally outperforming corporate bonds due to their safe haven status. High yield rated bonds underperformed investment grade bonds. The Fund was slightly defensively positioned given elevated corporate bond valuations. It therefore avoided some of the corporate bond underperformance and returned 1.2% in the month (0.3% more than its benchmark).

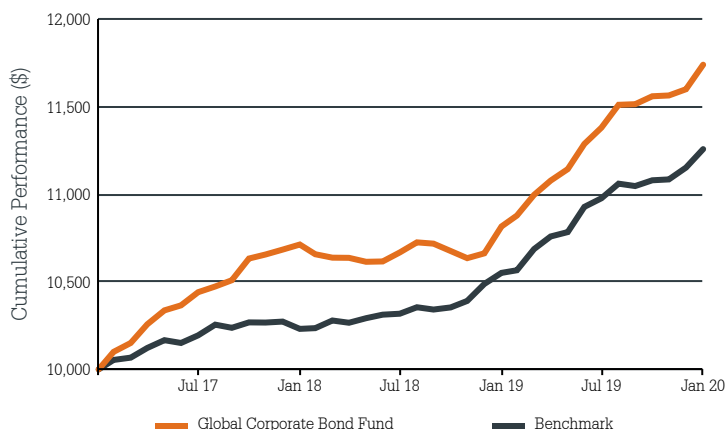
The strategy of selling expensive holdings to buy better value new or existing bonds continued. In January that included adding to JPMorgan, ESB (Irish utility) and NXPI (semi-conductors) holdings. Holdings in high yield rated subordinated bank holdings were reduced due to further outperformance versus the rest of the high yield market. Irrespective of cheaper valuations corporate bonds remain historically expensive.

Therefore, with increased economic uncertainty we retain slightly defensive settings; less high yield bonds than neutral and a preference (where available) for Australian dollar bonds of global issuers instead of their more expensive US dollar bonds. Interest rate exposure is close to the benchmark but the Fund's US treasury put options should help reduce the negative impact from a move higher in global interest rates.

To view Milford's February 2020 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)	\$666.1 M
Yield ²	2.42%
Average Credit Rating	BBB+
Duration	3.36 years
Rating Categories	Inv. Grade 83% / 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="text-align: center;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 31 January 2020⁵

Unit Price: \$1.0826

	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)	1.21%	1.56%	8.53%	5.51%	-	5.51%
After Tax 10.50%	1.08%	1.39%	7.60%	4.92%	-	4.92%
After Tax 17.50%	0.99%	1.28%	6.98%	4.53%	-	4.53%
After Tax 28.00%	0.87%	1.12%	6.06%	3.94%	-	3.94%
Benchmark	0.95%	1.61%	6.69%	4.03%	-	4.03%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
AT&T 3.45% 2023	2.06%
John Deere 1.75% 2024	1.97%
Kerry Group 0.625% 2029	1.95%
Danaher Corp 0.45% 2028	1.87%
Seagate 4.75% 2025	1.81%
NXP BV 4.3% 2029	1.81%
McDonald's 3% 2024	1.73%
FBG Finance 3.25% 2022	1.56%
OBE 6.75% 2044	1.55%
Aroundtown 4.5% 2025	1.44%
Downer Group 4.50% 2022	1.38%
Sprint Spectrum 4.738% 2025	1.36%
American Tower 3.8% 2029	1.29%
Belfius Bank 0.375% 2026	1.28%
HCA 4.75% 2023	1.27%
RBLN 2.75% 2024	1.26%
Lendlease 4.5% 2026	1.25%
Goodman 1.375% 2025	1.22%
Macquarie Group 3.189% 2023	1.20%
S&P Global 2.5% 2029	1.20%

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

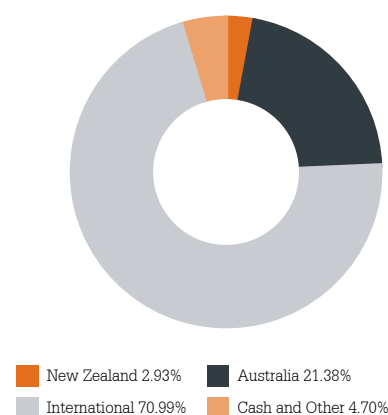
Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	3.59%	5.00%
New Zealand Fixed Interest	1.61%	0%
International Fixed Interest	93.69%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	1.11%	0%

Sector Exposure

Allocation	Weight %
Financials	38.27%
Information Technology	10.56%
Communication Services	8.85%
Real Estate	8.22%
Consumer Discretionary	6.72%
Industrials	6.44%
Materials	4.89%
Consumer Staples	4.75%
Other Sectors	6.60%
Cash and Other	4.70%

Region 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.

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

