

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 29 February 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The negative coronavirus economic impact has heightened expectations for a wave of emergency central bank stimulus. Market interest rates are lower again, benefiting government bond prices. Corporate bonds have lagged however, and many high yield bond prices fell in the month. Such an outcome is not unusual during periods of economic shock as investor demand increased corporate bond returns relative to government bonds.

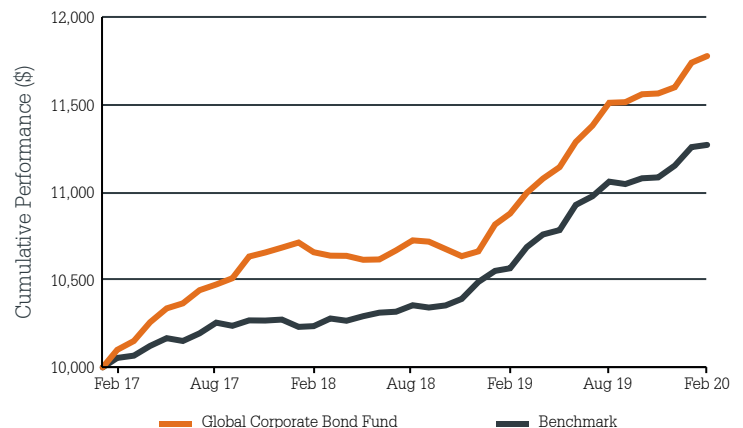
Given the uncertain backdrop and what were elevated corporate bond valuations (versus governments) the Fund had already slightly defensively settings. This cautious positioning increased during February; sensitivity to interest rates was increased and lower rated bond allocation reduced. The Fund was therefore able to deliver 0.3% in the month (0.2% more than its benchmark) and 8.3% over 1-year.

Looking forward, fiscal and monetary policy stimulus may support corporate bonds, but the range of economic outcomes remain wide. Therefore, irrespective of ever lower interest rates we retain interest rate sensitivity above neutral (to benefit from a fall if the backdrop deteriorates). We also wait for more clarity before increasing the allocation to lower rated bonds, irrespective of improved valuations. Looking forward, lower-for-longer interest rates and supportive central banks should underpin moderate returns but near-term increased volatility is likely until market (including corporate bond) interest rates settle.

To view Milford's March 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)	\$672.4 M
Yield ²	2.35%
Average Credit Rating	BBB+
Duration	3.97 years
Rating Categories	Inv. Grade 60% / High Yield 10% / 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 29 February 2020⁵

Unit Price: \$1.0861

	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)	0.32%	1.85%	8.26%	5.25%	-	5.48%
After Tax 10.50%	0.29%	1.65%	7.35%	4.69%	-	4.89%
After Tax 17.50%	0.27%	1.52%	6.76%	4.31%	-	4.50%
After Tax 28.00%	0.23%	1.33%	5.86%	3.75%	-	3.91%
Benchmark	0.11%	1.67%	6.66%	3.88%	-	3.96%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Kerry Group 0.625% 2029	2.01%
John Deere 1.75% 2024	1.97%
Danaher Corp 0.45% 2028	1.91%
NXP BV 4.3% 2029	1.89%
Seagate 4.75% 2025	1.82%
McDonald's 3% 2024	1.71%
OBE 6.75% 2044	1.61%
FBG Finance 3.25% 2022	1.54%
Aroundtown 4.5% 2025	1.44%
Sprint Spectrum 4.738% 2025	1.41%
Downer Group 4.50% 2022	1.38%
American Tower 3.8% 2029	1.33%
RBLN 2.75% 2024	1.31%
Lendlease 4.5% 2026	1.31%
Belfius Bank 0.375% 2026	1.31%
Westpac 2.650% 2030	1.26%
Goodman 1.375% 2025	1.25%
Macquarie Group 3.189% 2023	1.25%
S&P Global 2.5% 2029	1.25%
Otis Corp 2030	1.23%

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

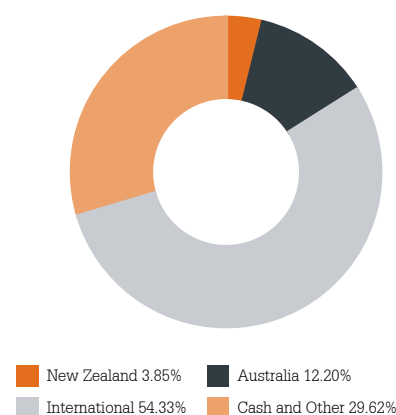
Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	29.62%	5.00%
New Zealand Fixed Interest	1.55%	0%
International Fixed Interest	68.83%	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	27.37%
Information Technology	10.17%
Communication Services	6.62%
Real Estate	6.47%
Industrials	6.00%
Consumer Discretionary	4.82%
Consumer Staples	3.44%
Materials	2.79%
Other Sectors	2.70%
Cash and Other	29.62%

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.

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