

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The COVID-19 fallout precipitated unprecedented volatility in bond markets as corporate and many government bond prices fell. Positively, government and central bank responses have stabilised bond markets, culminating in record levels of new corporate bond issuance later in the month, albeit at now higher yields.

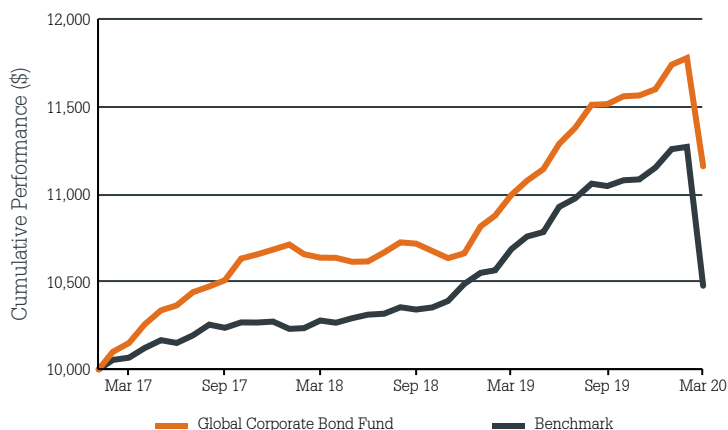
Looking back, at the turn of the month we reduced Fund exposure to corporate bonds significantly from already defensive settings. This continued in March as we sold more high yield (HY) and subordinated ranking bonds. These actions enabled outperformance relative to benchmark but the speed and extent of broad market weakness, even in quality investment grade (IG) bonds, meant it was insufficient to prevent a disappointing loss of 5.2% in March (but still up 1.5% over 1 year).

Looking forward, we reiterate previous commentary that the range of outcomes remains wide. Risks are especially elevated in several HY sectors due to high leverage, lower earnings and HY ineligibility for central bank corporate bond buying (which is limited to IG bonds). Some weaker IG rated companies which could lose IG ratings are also a risk. We therefore retain very cautious Fund settings with a preference for IG bonds and hold significantly less HY holdings than the long-run neutral. We will selectively allocate to strong IG bonds at attractive levels, given central bank buying support, and keep interest rate sensitivity larger than neutral to benefit from increased central bank quantitative easing buying.

To view Milford's April 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)	\$651.6 M
Yield ²	3.19%
Average Credit Rating	BBB+
Duration	4.08 years
Rating Categories	Inv. Grade 57% / High Yield 6% / 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 March 2020⁵

Unit Price: \$1.0247

	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)	-5.24%	-3.79%	1.48%	3.21%	-	3.55%
After Tax 10.50%	-4.70%	-3.39%	1.32%	2.87%	-	3.17%
After Tax 17.50%	-4.34%	-3.13%	1.22%	2.64%	-	2.92%
After Tax 28.00%	-3.79%	-2.73%	1.06%	2.30%	-	2.54%
Benchmark	-7.03%	-6.05%	-1.96%	1.34%	-	1.49%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
John Deere 1.75% 2024	2.01%
Kerry Group 0.625% 2029	1.97%
NXP BV 4.3% 2029	1.89%
Seagate 4.75% 2025	1.88%
Danaher Corp 0.45% 2028	1.85%
McDonald's 3% 2024	1.72%
FBG Finance 3.25% 2022	1.56%
Lendlease 4.5% 2026	1.54%
Sprint Spectrum 4.738% 2025	1.46%
Aroundtown 4.5% 2025	1.40%
RBLN 2.75% 2024	1.37%
Vodafone Group 4.2% 2027	1.36%
Downer Group 4.50% 2022	1.36%
American Tower 3.8% 2029	1.33%
Macquarie Group 3.189% 2023	1.32%
Westpac 2.650% 2030	1.30%
S&P Global 2.5% 2029	1.28%
Belfius Bank 0.375% 2026	1.27%
Otis Corp 2.565% 2030	1.26%
Goodman 1.375% 2025	1.25%

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

Current Asset Allocation

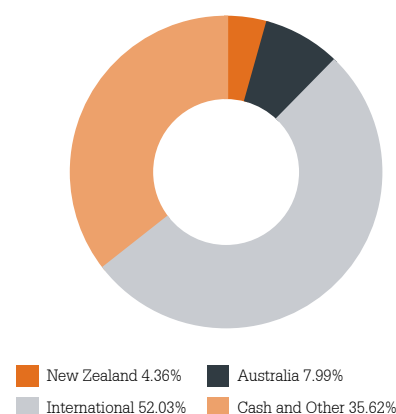
	Actual Investment Mix	Neutral Investment Mix
Effective Cash [#]	35.62%	5.00%
New Zealand Fixed Interest	2.05%	0%
International Fixed Interest	62.33%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.00%	0%

[#] The actual cash held by the Fund is 8.99%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Sector Exposure

Allocation	Weight %
Financials	25.58%
Information Technology	9.84%
Communication Services	6.42%
Real Estate	6.30%
Consumer Discretionary	4.83%
Industrials	4.63%
Consumer Staples	3.28%
Health Care	2.53%
Other Sectors	0.97%
Cash and Other	35.62%

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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