

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2020



Portfolio Managers



Paul Morris
Portfolio Manager



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Co-Portfolio Manager

An improved risk backdrop has supported investor demand for corporate bonds. Helped by the start of US Federal Reserve corporate bond buying, this demand more than absorbed record new bond supply. The result was a further recovery in prices from March's weakness, contributing to a strong 1.1% Fund return in May (3.9% over 1-year).

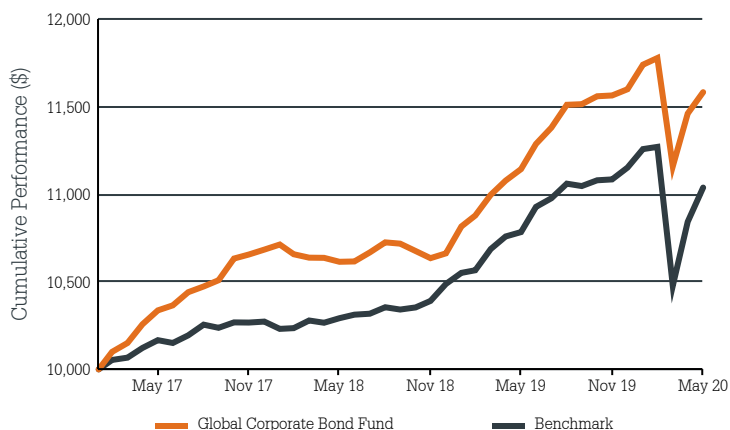
Given the broad range of economic outcomes the Fund retained its cautious setting. To benefit from incredible central bank support, exposure to investment grade bonds (IG) was increased to be overweight relative to the benchmark, but with a focus on picking companies with strong balance sheets. This benefit relative to benchmark was however more than offset by an underweight allocation to high-yield bonds (HY) as HY posted considerable outperformance to reverse much of the price falls seen in the early stages of the crisis.

Looking forward, noting the now more expensive HY valuations (both absolute and versus IG), we believe it remains prudent in the context of the Fund's absolute and relative return objectives to remain wary of the more heavily indebted issuers in HY and their lower resilience to the eventual earnings fallout from the crisis. We therefore retain the cautious setting. We have moved interest rate exposure close to neutral, mindful that in the near term central banks can control short and medium term government bonds yields to their desired level.

To view Milford's June 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)	\$726.6 M
Yield ²	2.42%
Average Credit Rating	BBB+
Duration	3.77 years
Rating Categories	Inv. Grade 76% / High Yield 5% / 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;"> <p>1 2 3 4 5 6 7</p> </div> <div style="display: flex; justify-content: space-between;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 31 May 2020⁵

Unit Price: \$1.0635

	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)	1.07%	-1.64%	3.95%	3.87%	-	4.53%
After Tax 10.50%	0.96%	-1.46%	3.52%	3.45%	-	4.05%
After Tax 17.50%	0.89%	-1.35%	3.25%	3.18%	-	3.73%
After Tax 28.00%	0.77%	-1.17%	2.83%	2.77%	-	3.25%
Benchmark	1.80%	-2.06%	2.36%	2.78%	-	3.01%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Seagate 4.75% 2025	1.92%
Kerry Group 0.625% 2029	1.77%
Danaher Corp 0.45% 2028	1.74%
McDonald's 3% 2024	1.62%
Dell 5.85% 2025	1.50%
John Deere 1.75% 2024	1.49%
FBG Finance 3.25% 2022	1.46%
Nordea Bank 0.5% 2027	1.38%
Sprint Spectrum 4.738% 2025	1.31%
Vodafone Group 4.2% 2027	1.30%
Aroundtown 4.5% 2025	1.29%
American Tower 3.8% 2029	1.26%
Downer Group 4.50% 2022	1.26%
RBLN 2.75% 2024	1.25%
Woolworths 2.8% 2030	1.23%
S&P Global 2.5% 2029	1.21%
Belfius Bank 0.375% 2026	1.19%
Westpac 2.65% 2030	1.19%
Westpac 2% 2021	1.18%
Macquarie Group 3.189% 2023	1.15%

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

Current Asset Allocation

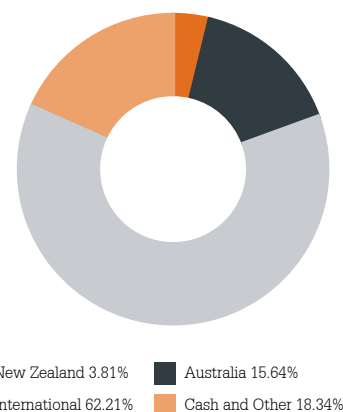
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	17.52%	5.00%
New Zealand Fixed Interest	1.62%	0%
International Fixed Interest	80.04%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.82%	0%

The actual cash held by the Fund is 3.34%. 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	33.40%
Information Technology	10.77%
Communication Services	6.71%
Consumer Discretionary	6.24%
Real Estate	6.14%
Consumer Staples	5.84%
Industrials	5.47%
Materials	3.47%
Other Sectors	3.62%
Cash and Other	18.34%

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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