

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Central bank policy has locked key global government bond yields in tight ranges, but improving economic data combined with unprecedented fiscal and monetary stimulus has helped corporate bond yields fall again during June.

This outperformance led corporate bond credit spreads (their extra yield relative to that of government bonds) tighter, recovering further from the widening/underperformance early in the COVID-19 crisis. The moves were broadly similar for both high yield (HY) and investment grade (IG) bonds.

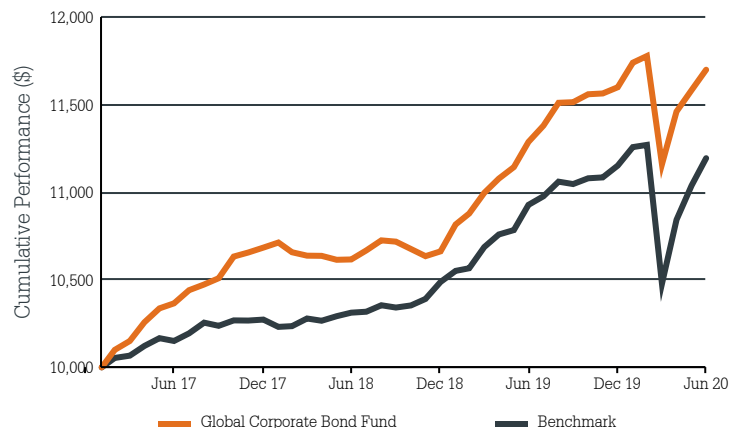
Fund positioning enabled participation into much of this benefit and it posted a strong return of 1.0% in June. That said, an ongoing cautious setting meant it lagged the benchmark's return. Specifically, the Fund retains (i) a lower than neutral exposure to HY bonds and (ii) an above neutral exposure to IG bonds but this is focused in the lower volatility but cheaper Australian dollar bonds of global issuers, where credit spreads narrowed less than offshore peers in June. Global corporate bond market volatility remains elevated versus history given the highly uncertain backdrop and what are now less obviously cheap valuations.

Therefore, while we remain cautiously constructive that likely ongoing fiscal support and central bank buying of both corporate and government bonds should underpin medium term moderate returns, a cautious Fund setting remains warranted, even if it means missing out on some possible upside.

To view Milford's July 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)	\$740.2 M
Yield ²	2.30%
Average Credit Rating	BBB+
Duration	3.32 years
Rating Categories	Inv. Grade 78% / High Yield 12% / 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 30 June 2020⁵

Unit Price: \$1.0697

	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)	1.01%	4.84%	3.65%	4.11%	-	4.72%
After Tax 10.50%	0.90%	4.32%	3.27%	3.68%	-	4.22%
After Tax 17.50%	0.83%	3.98%	3.02%	3.38%	-	3.88%
After Tax 28.00%	0.72%	3.46%	2.63%	2.95%	-	3.38%
Benchmark	1.42%	6.84%	2.44%	3.31%	-	3.36%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Seagate 4.091% 2029	1.92%
Kerry Group 0.625% 2029	1.73%
Danaher Corp 0.45% 2028	1.67%
McDonald's 3% 2024	1.61%
Crown Castle 2.25% 2031	1.59%
Dell 5.85% 2025	1.47%
John Deere 1.75% 2024	1.46%
FBG Finance 3.25% 2022	1.44%
Nordea Bank 0.5% 2027	1.34%
Aroundtown 4.5% 2025	1.29%
Vodafone Group 4.2% 2027	1.27%
Sprint Spectrum 4.738% 2025	1.26%
Downer Group 4.50% 2022	1.24%
Woolworths 2.8% 2030	1.22%
American Tower 3.8% 2029	1.21%
RBLN 2.75% 2024	1.18%
Westpac 2.65% 2030	1.16%
Belfius Bank 0.375% 2026	1.16%
S&P Global 2.5% 2029	1.15%
UTX 2.565% 15/02/2030	1.12%

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

Current Asset Allocation

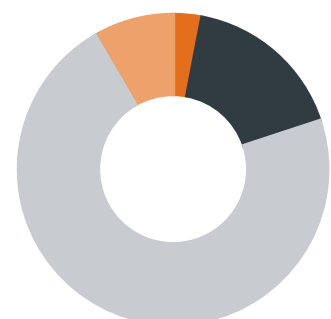
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	5.15%	5.00%
New Zealand Fixed Interest	0.90%	0%
International Fixed Interest	90.67%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	3.28%	0%

The actual cash held by the Fund is 1.54%. 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	30.34%
Information Technology	10.90%
Consumer Discretionary	9.02%
Real Estate	8.38%
Communication Services	8.00%
Industrials	7.49%
Consumer Staples	6.53%
Materials	5.21%
Other Sectors	5.70%
Cash and Other	8.43%

Region Exposure



■ New Zealand 3.02% ■ Australia 16.93%
■ International 71.62% ■ Cash and Other 8.43%

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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