

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund posted a strong return of 1.7% in July. Corporate bond yields continued their fall (prices higher), driven by central bank and government policy support, better than anticipated second quarter company reporting, and reduced new issue bond supply. Global investment grade corporate bond (IG) yields are testing record low yields while high-yield corporate bond (HY) yields had one of their biggest ever monthly falls.

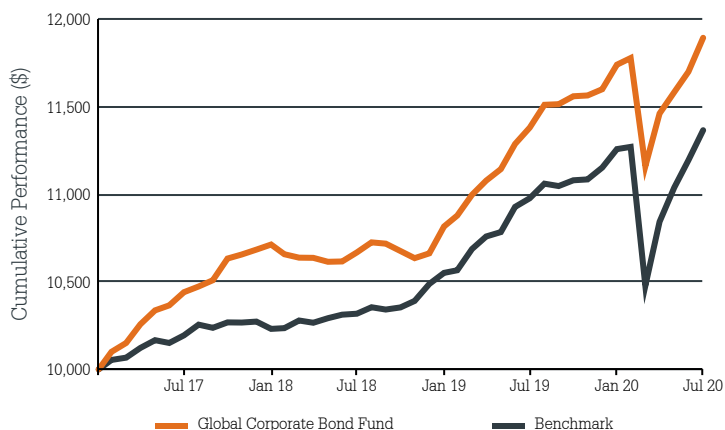
During the month we progressively reduced the Fund's cautious positioning by increasing the overweight exposure to IG and reducing the extent of the underweight to HY. Combined with security selection and active management this helped deliver a Fund return in excess of the benchmark, even as HY outperformed IG. With respect to the Fund's HY exposure it remains focussed in higher rated bonds of lower risk sectors and to subordinated bonds of IG rated companies, such as Vodafone's capital notes. We believe such exposure offers a better risk adjusted return in the uncertain backdrop and should benefit in many cases from eligibility for US central bank bond buying.

We were very active in the month, including adding bonds from Bayer (German pharma), VMWare (US technology), Ardagh (packaging), AT&T (US telco) and Verisure (EU security). Looking forward, we believe policy support should underpin corporate bonds but given the extent of the recent price moves, near term may see a period of consolidation which may translate into a moderation of returns.

To view Milford's August 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)	\$754.3 M
Yield ²	1.94%
Average Credit Rating	BBB+
Duration	3.26 years
Rating Categories	Inv. Grade 81% / High Yield 14% / 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 July 2020⁵

Unit Price: \$1.0874

	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)	1.65%	3.77%	4.50%	4.43%	-	5.10%
After Tax 10.50%	1.48%	3.37%	4.03%	3.96%	-	4.55%
After Tax 17.50%	1.36%	3.10%	3.71%	3.65%	-	4.19%
After Tax 28.00%	1.19%	2.70%	3.24%	3.17%	-	3.65%
Benchmark	1.53%	4.82%	3.54%	3.69%	-	3.73%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Seagate 4.091% 2029	1.87%
Kerry Group 0.625% 2029	1.77%
Danaher Corp 0.45% 2028	1.71%
McDonald's 3% 2024	1.60%
Crown Castle 2.25% 2031	1.56%
Bank of America 1.898% 2031	1.52%
John Deere 1.75% 2024	1.46%
Bayer 0.75% 2027	1.42%
Dell 5.85% 2025	1.40%
Nordea Bank 0.5% 2027	1.35%
AT&T 1.65% 2028	1.32%
UBS Float 2025	1.31%
Aroundtown 4.5% 2025	1.31%
Vodafone Group 4.2% 2027	1.28%
Woolworths 2.8% 2030	1.24%
Downer Group 4.50% 2022	1.24%
Sprint Spectrum 4.738% 2025	1.20%
American Tower 3.8% 2029	1.19%
Belfius Bank 0.375% 2026	1.18%
RBLN 2.75% 2024	1.13%

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

Current Asset Allocation

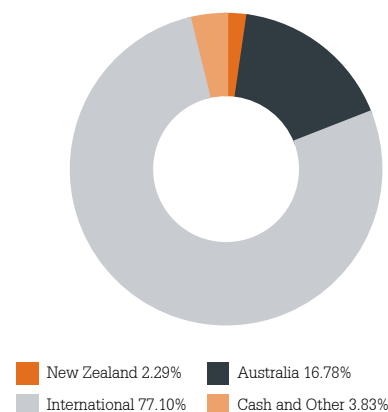
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	3.83%	5.00%
New Zealand Fixed Interest	0.89%	0%
International Fixed Interest	95.28%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.00%	0%

The actual cash held by the Fund is 0.35%. 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	32.67%
Information Technology	11.65%
Communication Services	9.45%
Consumer Discretionary	8.99%
Industrials	8.15%
Real Estate	7.62%
Materials	5.49%
Consumer Staples	5.11%
Other Sectors	7.04%
Cash and Other	3.83%

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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