

# Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2020



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager

The Fund's strong recovery since the March sell-off paused in September as it fell 0.5%. The US elections, fading global fiscal stimulus, and a second COVID-19 wave (notably in Europe) saw global corporate bond demand wane, even as bond issuance remained elevated. This resulted in underperformance relative to global (low risk) government bonds. The weakness was more pronounced in high-yield (HY) bonds than in investment grade (IG) bonds.

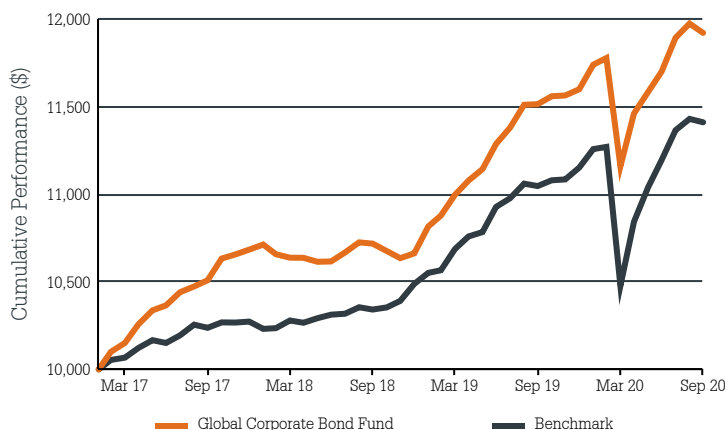
The Fund retained a small underweight in HY versus benchmark, mindful of this uncertain backdrop but offsetting this relative benefit was an overweight exposure to the performance of IG credit spreads (the extra yield of corporate bonds over governments) which were also weak. The result was small underperformance versus benchmark.

During September we added selectively from new subordinated bond issuance from Virgin Money UK bank, Scentre Group (Australian property) and Ausnet (Australian utility). In certain cases, we believe subordinated bonds of high-quality companies can offer attractive extra return versus that company's senior ranking debt but also versus the senior debt of many more highly indebted companies. We again used these new issue opportunities to switch out of more expensive holdings, especially higher-rated issuers where valuations are less attractive. Looking forward, volatility may remain elevated over coming months, but the extent of monetary and fiscal policy support should enable moderate medium-term corporate bond returns.

To view Milford's October 2020 Market and Economic Review please see [milfordasset.com/fact-sheet](http://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

<b>Objective <sup>1</sup></b>	Protect capital and generate a positive NZD-hedged return that exceeds the relevant benchmark over a minimum of three years
<b>Description</b>	Primarily invests in global corporate fixed interest securities
<b>Target Allocation</b>	100% Income Assets / 0% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$771.9 M
<b>Yield <sup>2</sup></b>	2.23%
<b>Average Credit Rating</b>	BBB
<b>Duration</b>	3.58 years
<b>Rating Categories</b>	Inv. Grade 78% / High Yield 18% / Unrated 1%
<b>Inception Date</b>	1 February 2017
<b>Current Distribution</b>	0.45 cents per unit (Quarterly)
<b>Benchmark</b>	Bloomberg Barclays Global Corporate 3-5 Year Total Return Index Value Hedged USD (100% NZD-hedged)
<b>Base Fund Fee <sup>3</sup></b>	0.85%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees <sup>4</sup></b>	0.85%
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> <span>1</span> <span>2</span> <span style="color: orange; font-weight: bold;">3</span> <span>4</span> <span>5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

Investment Performance after fees as at 30 September 2020<sup>5</sup>

Unit Price: \$1.0854

	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)	-0.45%	1.89%	3.53%	4.29%	-	4.93%
After Tax 10.50%	-0.41%	1.69%	3.16%	3.83%	-	4.40%
After Tax 17.50%	-0.39%	1.56%	2.92%	3.53%	-	4.05%
After Tax 28.00%	-0.35%	1.36%	2.55%	3.07%	-	3.53%
Benchmark	-0.17%	1.93%	3.29%	3.68%	-	3.67%

## Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Seagate 4.091% 2029	1.87%
Kerry Group 0.625% 2029	1.75%
Danaher Corp 0.45% 2028	1.66%
Scentre Group 5.125% 2080	1.61%
McDonald's 3% 2024	1.56%
Crown Castle 2.25% 2031	1.50%
Bank of America 1.898% 2031	1.47%
John Deere 1.75% 2024	1.46%
Masco 2% 2030	1.37%
Alphabet Inc 0.8% 2027	1.37%
CBA Float 2030	1.36%
Nordea Bank 0.5% 2027	1.32%
Vodafone Group 4.2% 2027	1.28%
Aroundtown 4.5% 2025	1.28%
AT&T 1.65% 2028	1.28%
Woolworths 2.8% 2030	1.24%
Downer Group 4.50% 2022	1.20%
Sprint Spectrum 4.738% 2025	1.17%
Belfius Bank 0.375% 2026	1.15%
American Tower 3.8% 2029	1.13%

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

## Current Asset Allocation

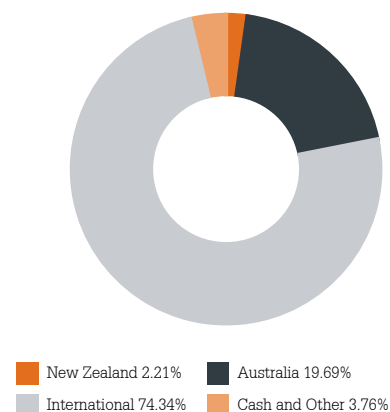
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	3.76%	5.00%
New Zealand Fixed Interest	0.86%	0%
International Fixed Interest	95.38%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.00%	0%

# The actual cash held by the Fund is 0.27%. 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	31.92%
Communication Services	11.98%
Information Technology	9.58%
Consumer Discretionary	8.70%
Industrials	8.40%
Real Estate	7.76%
Materials	5.02%
Health Care	4.82%
Other Sectors	8.06%
Cash and Other	3.76%

## 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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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