

# Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2021



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager

Rising government bond yields continue to weigh on Fund returns. In recent months outperformance of corporate bonds relative to government bonds had more than offset this. In January however many corporate bond sectors saw outperformance pause given yields relative to government bonds are back to pre-Covid levels. Some of the negative impact was offset by reduced Fund interest rate exposure (less than benchmark) but it still resulted in a close to flat monthly return. That was still a little behind the benchmark's return due to ongoing lower Fund exposure to riskier parts of the high yield (HY) market which had another stronger month than both higher rated HY sectors and subordinated bonds of investment grade corporates (including banks), where the Fund holds more exposure.

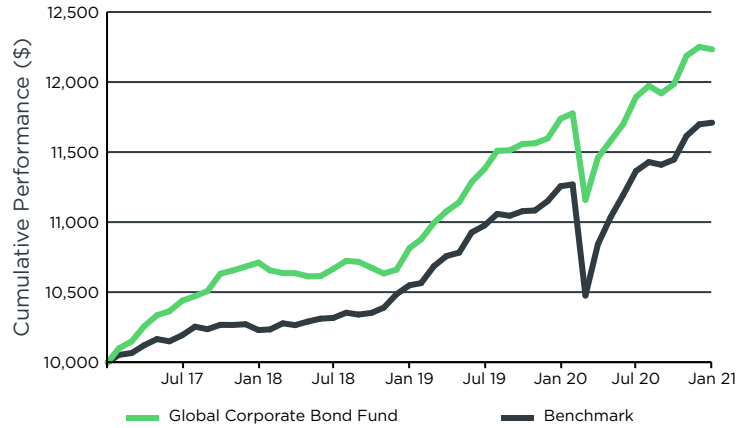
Nevertheless, we retain this positioning as (i) we believe its medium-term risk return is appropriate for the Fund's objective and (ii) should outperform over time. The Fund was positioned to benefit from a busy start to offshore bond issuance, participating in several new issues including from United Utilities (UK utility) and SBA Communications (US telco towers).

Looking forward, we are monitoring central banks for any change in accommodative stance. A rise in government bond yields is a risk to returns. We retain interest rate exposure below benchmark to mitigate the impacts from our expectation for a drift higher in government bond yields. Over time such positioning should still deliver moderate Fund returns, albeit likely lower than in recent years.

To view Milford's February 2021 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>	\$828.7 M
<b>Yield<sup>2</sup></b>	1.73%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	3.13 years
<b>Rating Categories</b>	Inv.Grade 76% / High Yield 18%
<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%





# Global Corporate Bond Fund as at 31 January 2021

## Investment Performance after fees as at 31 January 2021<sup>5</sup>

Unit Price: \$1.1094

	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)	-0.14%	2.06%	4.21%	4.52%	-	5.18%
After Tax 10.50%	-0.14%	1.84%	3.77%	4.04%	-	4.63%
After Tax 17.50%	-0.14%	1.70%	3.48%	3.72%	-	4.26%
After Tax 28.00%	-0.14%	1.48%	3.04%	3.24%	-	3.71%
Benchmark	0.10%	2.30%	4.03%	4.60%	-	4.03%

## Top Fixed Interest Holdings

Holdings	% of Fund
Kerry Group 0.625% 2029	1.58%
Westpac Float 2031	1.56%
American Tower 3.8% 2029	1.55%
Seagate 4.091% 2029	1.53%
Danaher Corp 0.45% 2028	1.50%
Scentre Group 5.125% 2080	1.48%
McDonald's 3% 2024	1.45%
NAB Float 2030	1.40%
NXP BV 4.3% 2029	1.38%
John Deere 1.75% 2024	1.35%
Crown Castle 2.25% 2031	1.28%
John Deere 0.70% 2026	1.25%
Bank of America 1.898% 2031	1.24%
Verizon 2.65% 2031	1.24%
Masco 2% 2030	1.19%
Aroundtown 4.5% 2025	1.19%
Vodafone 4.2% 2027	1.18%
Nordea Bank 0.5% 2027	1.17%
Alphabet 0.8% 2027	1.17%
United Utilities 0.875% 2029	1.14%

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

## Current Asset Allocation

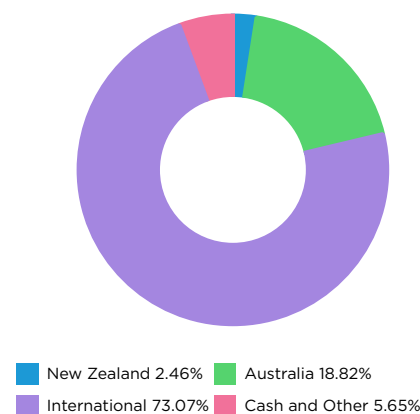
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	5.54%	5.00%
New Zealand Fixed Interest	1.29%	0%
International Fixed Interest	93.06%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.11%	0%

# The actual cash held by the Fund is 3.50%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

## Sector Allocation

Allocation	Weight %
Financials	30.58%
Communication Services	11.66%
Information Technology	9.92%
Real Estate	8.64%
Consumer Discretionary	8.20%
Industrials	7.81%
Materials	4.63%
Utilities	3.89%
Health Care	3.89%
Consumer Staples	2.57%
Energy	2.28%
Government	0.28%
Cash and Other	5.65%

## 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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