

# Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2021



## Portfolio Managers



**Travis Murdoch**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager

Fixed income markets had a mixed month in July. Government bonds generally had a strong month as prices moved higher (yields lower) due to a confluence of factors including concerns about the spread of the COVID-19 Delta variant and reassurance from major central banks that they will be patient in removing monetary policy support. The notable exception to the central bank narrative was the Reserve Bank of New Zealand who surprised the market by announcing the end of their bond purchase programme sooner than markets expected.

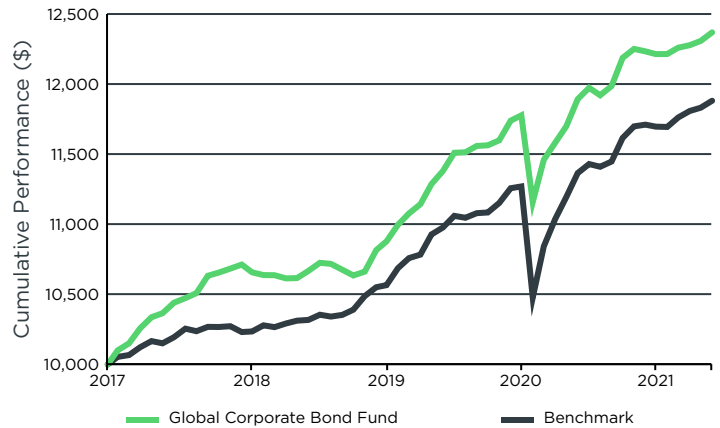
Corporate bond markets had a more mixed month. Europe was the outperformer as the European Central Bank signalled that their purchases of European corporate bonds may be ongoing for an extended period. The Fund returned 0.5% on the month and outperformed its benchmark in part due to its below neutral allocation to the lower rated parts of the US high yield market which notably underperformed.

Going forward, we remain constructive on corporate bonds as global economic growth underpins company balance sheets and monetary policy remains supportive. Nonetheless, the Fund maintains less exposure to the weakest parts of the high yield market where further outperformance is likely limited, retaining subordinated bonds of investment grade corporates (including banks) instead. The Fund also maintains below neutral interest rate positioning to cushion against potential impact a move higher may have on bond returns.

To view Milford's August 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>	To protect capital and generate a positive NZD hedged return that exceeds the relevant benchmark over the minimum recommended investment timeframe.
<b>Description</b>	Primarily invests in global corporate fixed interest securities
<b>Minimum recommended investment timeframe</b>	3 years
<b>Target Allocation</b>	100% Income Assets / 0% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$866.8 M
<b>Yield<sup>2</sup></b>	1.70%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	3 years
<b>Rating Categories</b>	Inv.Grade 76% / High Yield 17%
<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; align-items: center;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="display: flex; justify-content: center; align-items: center; margin: 5px 0;"> <span style="margin: 0 10px;">1</span> <span style="margin: 0 10px;">2</span> <span style="margin: 0 10px;">3</span> <span style="margin: 0 10px;">4</span> <span style="margin: 0 10px;">5</span> <span style="margin: 0 10px;">6</span> <span style="margin: 0 10px;">7</span> </div> <div style="display: flex; justify-content: center; align-items: center;"> <span style="margin: 0 10px;">Potentially lower returns</span> <span style="margin: 0 10px;">Potentially higher returns</span> </div>



# Global Corporate Bond Fund as at 31 July 2021

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

Unit Price: \$1.1125

	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)	0.50%	0.89%	4.01%	5.05%	-	4.86%
After Tax 10.50%	0.45%	0.80%	3.59%	4.52%	-	4.34%
After Tax 17.50%	0.41%	0.74%	3.32%	4.16%	-	4.00%
After Tax 28.00%	0.36%	0.64%	2.91%	3.63%	-	3.48%
Benchmark	0.42%	1.01%	4.53%	4.81%	-	3.91%

## Top Fixed Interest Holdings

Holdings	% of Fund
Seagate 4.091% 2029	1.52%
Danaher Corp 0.45% 2028	1.46%
NXP BV 4.3% 2029	1.35%
McDonald's 3% 2024	1.35%
Crown Euro. 3.375% 2025	1.28%
John Deere 1.75% 2024	1.26%
Crown Castle 2.25% 2031	1.24%
John Deere 0.70% 2026	1.24%
Bank of America 1.898% 2031	1.22%
Vantage Towers 0.75% 2030	1.21%
CBA 2.688% 2030	1.19%
Masco 2% 2030	1.16%
Alphabet 0.8% 2027	1.14%
Nordea Bank 0.5% 2027	1.13%
United Utilities 0.875% 2029	1.12%
Aroundtown 4.5% 2025	1.12%
Holcim 0.625% 2030	1.10%
Vodafone 4.2% 2027	1.09%
Wesfarmers 1.941% 2028	1.09%
AT&T 1.65% 2028	1.09%

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

## Current Asset Allocation

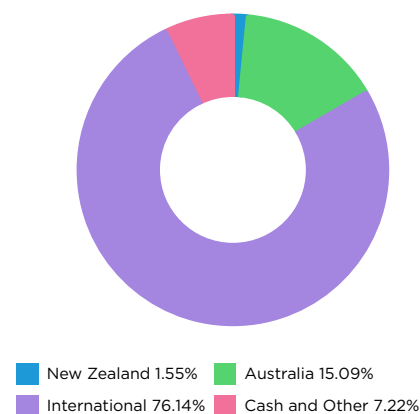
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.22%	5%
New Zealand Fixed Interest	0.84%	0%
International Fixed Interest	91.94%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.00%	0%

# The actual cash held by the Fund is 4.28%. 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	26.07%
Communication Services	12.92%
Information Technology	11.19%
Real Estate	8.93%
Consumer Discretionary	8.13%
Industrials	7.66%
Materials	7.48%
Health Care	4.26%
Energy	2.55%
Consumer Staples	1.87%
Utilities	1.66%
Government	0.06%
Cash and Other	7.22%

## 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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