

# Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2019



## Portfolio Managers



**Sam Trethewey**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Fund delivered a stellar 29.4% return in 2019. This return was driven by the tailwind of falling interest rates and good stock selection. December was mixed for local markets, the ASX 200 Accumulation Index fell 2.2% while the NZX 50 Gross Index rallied 1.5%, the Fund fell 0.2%.

Key winners in December included retirement village developer and operator Summerset (+15.6%) and Australian gold miner Northern Star Resources (+17.9%). Summerset rallied after the local retirement sector was buoyed by takeover activity in peer Metlifecare (+17.0%). The initial offer price of \$6.50 was revealed in December, 28% above the share price prior to the announcement of the initial expression of interest in November. With a final offer of \$7.00 now received and recommended by the Board, it is likely the New Zealand share market will lose another listed company in 2020. The Fund's minimal holding in Z Energy (-14.2%) was also beneficial relative to the index performance in December. The company downgraded earnings once again due to heightened industry competition. Over the month the Fund increased its holding in building materials exposure James Hardie Industries and oil exposure Woodside Petroleum while we took profits on Sydney Airport and Meridian Energy.

We are delighted with the Fund's return in 2019. However, while we are positive on the outlook for local share markets, we would caution that the 2019 return is unlikely to be repeated. We continue to focus on ensuring the Fund remains positioned in stocks offering attractive returns relative to their risk and away from stocks where we see downside risk to earnings or stretched valuations.

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

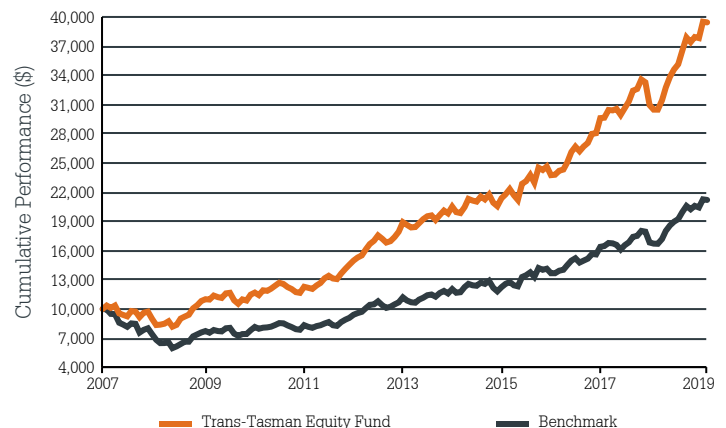
## External Ratings



Milford Trans-Tasman Equity Fund received a Morningstar Analyst Rating™ of 'Silver' on 13-03-2019

## 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>	Capital growth by out-performing a mix of two relevant share market indices over a minimum of five years
<b>Description</b>	Primarily invests in Australasian equities
<b>Target Allocation</b>	5% Income Assets / 95% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$461.2 M
<b>Buy-sell Spread</b>	None
<b>Inception Date</b>	1 October 2007
<b>Current Distribution</b>	1.5 cents per unit (Bi-annually)
<b>Benchmark</b>	50% x S&P/ASX 200 Accumulation Index (100% NZD-hedged) + 50% x S&P/NZX 50 Gross Index
<b>Base Fund Fee<sup>2</sup></b>	1.05%
<b>Performance Fee</b>	15% of the Fund's returns above the Benchmark <sup>1</sup> , subject to the high watermark.
<b>Total Fund Fees<sup>3</sup></b>	1.05%
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="text-align: center;"> <span>1</span> <span>2</span> <span>3</span> <span>4</span> <span style="font-size: 1.5em;">5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

Investment Performance after fees as at 31 December 2019<sup>4</sup>

Unit Price: \$3.2194

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Trans-Tasman Equity Fund (Gross Of Tax)	-0.17%	3.98%	29.41%	17.70%	14.72%	11.85%
After Tax 10.50%	-0.22%	3.78%	29.00%	17.31%	14.25%	11.39%
After Tax 17.50%	-0.26%	3.65%	28.73%	17.05%	13.94%	11.15%
After Tax 28.00%	-0.31%	3.45%	28.32%	16.66%	13.47%	10.74%
Benchmark	-0.28%	2.97%	26.99%	15.02%	12.58%	6.33%

## Top Security Holdings

Holdings	% of Fund's NAV
a2 Milk Company	7.85%
Fisher & Paykel Healthcare	6.37%
CSL	4.08%
Spark New Zealand	3.61%
Ryman Healthcare	3.60%
BHP Group	3.51%
Contact Energy	3.15%
Mainfreight	3.11%
Auckland Airport	2.89%
National Australia Bank	2.73%

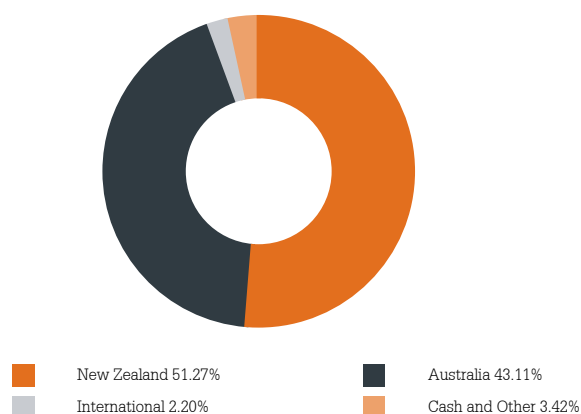
## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	2.51%	5.00%
New Zealand Fixed Interest	0.00%	0%
International Fixed Interest	0.00%	0%
New Zealand Equities	49.58%	47.50%
Australian Equities	47.00%	47.50%
International Equities	0.00%	0%
Other	0.91%	0%

## Sector Exposure

Allocation	Weight %
Health Care	19.46%
Financials	11.80%
Consumer Staples	11.18%
Industrials	10.55%
Materials	9.86%
Utilities	9.10%
Real Estate	6.41%
Information Technology	5.81%
Other Sectors	12.41%
Cash and Other	3.42%

## Region Exposure



1. After the base fund fee but before tax and before the performance fee. 2. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 3. 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. 4. Assumes the reinvestment of distributions. 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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