

Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 April 2020



Portfolio Managers



Sam Trethewey
Portfolio Manager



Wayne Gentle
Portfolio Manager

The Fund bounced back strongly in April, returning 9.2%. The Fund return compares to a 7.5% return for the NZX 50 index and a 8.8% return for the ASX 200 index.

Outside of the general risk-on tone this month, large stock movements were driven by capital raisings. Nearly \$1.6bn of capital was raised by NZX 50 companies to address immediate cashflow issues created by COVID-19 and multiples more was raised on the ASX. The Fund participated in several of the deals as in each case the capital raising removed the immediate cash flow or balance sheet risk for the company. These included: Auckland Airport, National Australia Bank and Kathmandu. Throughout March investors had been attempting to second guess which companies would raise equity and had discounted the share prices accordingly. With Auckland Airport, it will not be until later this year at the earliest before anyone knows what the post COVID-19 business looks like, the valuation was reasonable at the deal price and removed the immediate balance sheet risk. We trimmed some of our holding later in the month.

Elsewhere key contributors included Collins Foods (+35.8%), Xero (+17.1%) and a2 Milk (+14.2%). Both Collins Foods and Xero rallied after being heavily sold in March. a2 Milk provided FY20 guidance above consensus driven by pantry stocking and margin tailwinds. On a relative basis, headwinds came from SkyCity (+42.2%) and Air New Zealand (+58.2%). Both benefited from improved sentiment after being sold heavily in March. We believe the capital position and earnings outlook for both remains highly uncertain due to COVID-19.

We expect the local equity markets to remain volatile in the coming months given the evolving implications of the virus. However, the Fund invests in companies not markets. We will continue to remain very active, ensuring the Fund is positioned in companies where the medium-term prospects are attractive. We have retained our bias towards quality growth exposures (like a2 Milk, CSL and Mainfreight) and defensive exposures with strong balance sheets (like Spark). We continue to avoid companies where we see stretched balance sheets, earnings or valuation risk.

To view Milford's May 2020 Market and Economic Review please see milfordasset.com/fact-sheet.

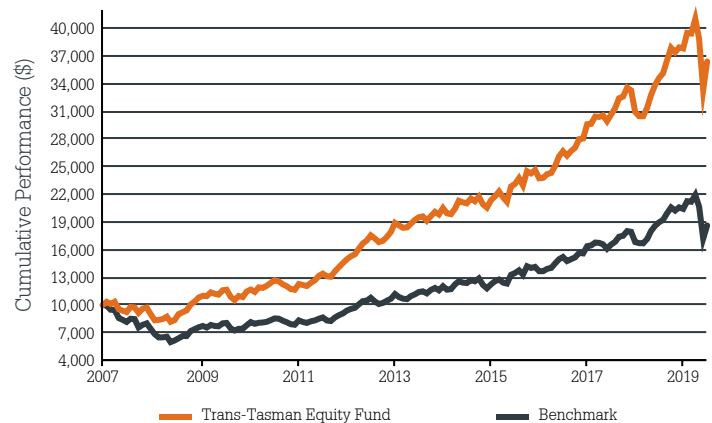
External Ratings



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

| | |
|-------------------------------------|--|
| Objective ¹ | Capital growth by out-performing a mix of two relevant share market indices over a minimum of five years |
| Description | Primarily invests in Australasian equities |
| Target Allocation | 5% Income Assets / 95% Growth Assets |
| Neutral FX Exposure | 0% |
| Net Asset Value (NAV) | \$420.4 M |
| Buy-sell Spread | None |
| Inception Date | 1 October 2007 |
| Current Distribution | 1.5 cents per unit (Biannually) |
| Benchmark | 50% x S&P/ASX 200 Accumulation Index (100% NZD-hedged) + 50% x S&P/NZX 50 Gross Index |
| Base Fund Fee ² | 1.05% |
| Performance Fee | 15% of the Fund's returns above the Benchmark ¹ , subject to the high watermark. |
| Total Fund Fees ³ | 1.05% |
| Risk Indicator | <div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="text-align: center;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between;"> Potentially lower returns Potentially higher returns </div> |



Investment Performance after fees as at 30 April 2020⁴

Unit Price: \$2.9528

| | 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) | 9.24% | -11.24% | 5.23% | 10.92% | 11.60% | 10.81% |
| After Tax 10.50% | 9.34% | -11.20% | 4.99% | 10.60% | 11.19% | 10.37% |
| After Tax 17.50% | 9.41% | -11.17% | 4.84% | 10.38% | 10.91% | 10.14% |
| After Tax 28.00% | 9.52% | -11.13% | 4.60% | 10.05% | 10.50% | 9.75% |
| Benchmark | 8.25% | -15.08% | -1.78% | 6.99% | 8.51% | 5.07% |

Top Security Holdings

| Holdings | % of Fund's NAV |
|----------------------------|-----------------|
| a2 Milk Company | 10.23% |
| Fisher & Paykel Healthcare | 7.88% |
| CSL | 6.26% |
| Spark New Zealand | 3.85% |
| Mainfreight | 3.63% |
| Xero | 3.57% |
| Contact Energy | 3.06% |
| Transurban Group | 2.95% |
| National Australia Bank | 2.93% |
| Auckland Airport | 2.79% |

Current Asset Allocation

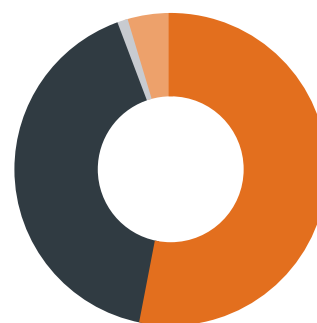
| | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Effective Cash [#] | 4.66% | 5.00% |
| New Zealand Fixed Interest | 0.00% | 0% |
| International Fixed Interest | 0.00% | 0% |
| New Zealand Equities | 49.98% | 47.50% |
| Australian Equities | 45.36% | 47.50% |
| International Equities | 0.00% | 0% |
| Other | 0.00% | 0% |

[#] The actual cash held by the Fund is 5.82%. 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 % |
|------------------------|----------|
| Health Care | 21.08% |
| Financials | 13.17% |
| Consumer Staples | 13.15% |
| Industrials | 10.51% |
| Utilities | 9.29% |
| Materials | 9.24% |
| Information Technology | 5.82% |
| Communication Services | 5.32% |
| Other Sectors | 7.76% |
| Cash and Other | 4.66% |

Region Exposure



■ New Zealand 53.03%
 ■ Australia 41.22%
 ■ International 1.09%
 ■ Cash and Other 4.66%

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 for more information about the data published within this document.

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