

# Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2020



## Portfolio Managers



**Sam Trethewey**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

August performance was 3.3% compared to a 1.8% return for the NZX 50 index and a 2.8% return for the ASX 200 index. Earnings season was the key focus for investors over the month. In NZ low expectations saw almost all stocks that reported push higher. Australian results were more mixed, with preservation of cash and reduced guidance commentary due to COVID notable features.

Standout performers for the Fund were cinema software developer Vista Group (+43.0%) and Charter Hall (+18.9%). Vista Group generated positive cash flow over a highly disrupted six-month period. This demonstrated that their software is mission-critical for cinemas. The Charter Hall result illustrated limited impact of COVID-19 on its underlying property funds. a2 Milk was an exception (-10.8%). Market expectations increased ahead of the result, the market expected the company to exceed guidance provided in an April trading update. This did not eventuate with the company delivering a broadly in line result, we reduced some of our holding into share price strength prior to the result. Elsewhere in the month we took advantage of second lockdown weakness to add to our holdings in Mainfreight and Infratil and added Sydney Airport to the Fund via an equity raising.

The range of outcomes for company earnings in the year ahead remains very wide. While the local reporting season provided some comfort to investors regarding current performance, the medium-term outlook of many companies will still be determined by the impact of COVID-19, in both a health and economic sense, over the coming year. Irrespective of short-term performance, long-term returns will be heavily influenced by our stock selection. That is our ability to position the Fund in companies that can sustain earnings growth at an above average rates (like a2 Milk, Xero and Fisher & Paykel) and avoid where we see stretched balance sheets, earnings or valuation risk.

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

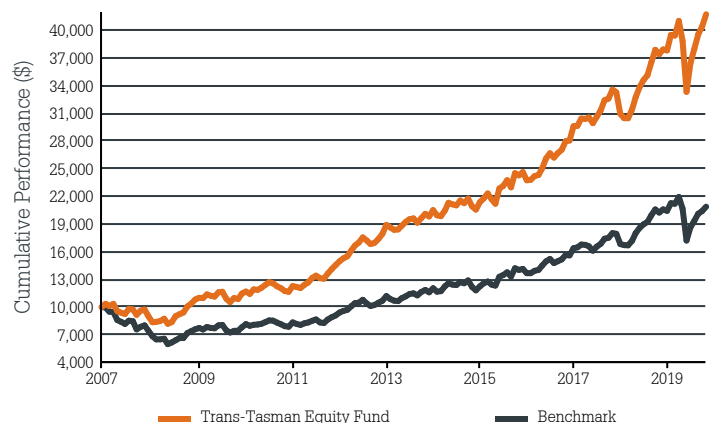
## External Ratings



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>	\$519.7 M
<b>Buy-sell Spread</b>	None
<b>Inception Date</b>	1 October 2007
<b>Current Distribution</b>	1.5 cents per unit (Quarterly)
<b>Benchmark</b>	50% x S&P/ASX 200 Total Return 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; align-items: center;"> <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>3</span> <span>4</span> <span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px; margin-top: 5px;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

Investment Performance after fees as at 31 August 2020<sup>4</sup>

Unit Price: \$3.3834

	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)	3.26%	9.83%	11.60%	14.25%	14.82%	11.69%
After Tax 10.50%	3.33%	9.92%	11.51%	13.99%	14.45%	11.27%
After Tax 17.50%	3.38%	9.99%	11.44%	13.82%	14.21%	11.05%
After Tax 28.00%	3.45%	10.08%	11.35%	13.57%	13.85%	10.68%
Benchmark	2.32%	7.90%	3.17%	10.09%	11.39%	5.87%

## Top Security Holdings

Holdings	% of Fund's NAV
Fisher & Paykel Healthcare	9.50%
a2 Milk Company	6.76%
CSL	5.37%
Xero	4.05%
Mainfreight	3.94%
Spark New Zealand	3.28%
BHP Group	3.11%
Infratil	3.03%
Auckland Airport	2.79%
Summerset Group Holdings	2.65%

## Current Asset Allocation

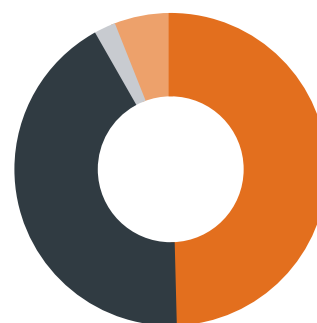
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.03%	5.00%
New Zealand Fixed Interest	0.00%	0%
International Fixed Interest	0.00%	0%
New Zealand Equities	46.32%	47.50%
Australian Equities	47.65%	47.50%
International Equities	0.00%	0%
Other	0.00%	0%

# The actual cash held by the Fund is 7.48%. 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	21.69%
Financials	12.35%
Industrials	11.30%
Consumer Staples	9.65%
Materials	9.30%
Information Technology	8.64%
Utilities	6.23%
Real Estate	5.23%
Other Sectors	9.58%
Cash and Other	6.03%

## Region Exposure



■ New Zealand 49.59%
 ■ Australia 42.15%
 ■ International 2.23%
 ■ Cash and Other 6.03%

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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