

Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2020



Portfolio Managers



Sam Trethewey
Portfolio Manager



Wayne Gentle
Portfolio Manager

December was another very strong month for the Fund. The Fund returned 2.8% in December compared to a 2.6% return for the NZX 50 Index and 1.2% return for the ASX 200 Index. Over 2020, the NZX 50 returned 14.6% while the ASX 200 increased 2.0%. Both markets have rallied very significantly from the COVID-19 driven lows at the end of March.

Key contributors in December included Infratil (+22.7%) and Summerset (+18.4%) and hot Australian tech IPO Nuix (+55.4%). Infratil received an indicative takeover offer from Australian Super at \$7.43 per share. We do not expect the offer to be successful in its current form however it does highlight the value within the Infratil portfolio. Summerset upgraded its guidance for the FY20 financial year on strong unit sales in recent months. Elsewhere, a2 Milk surprised the market with a profit downgrade. We still hold a2 Milk in the Fund, however it had been reduced from a large overweight position on evidence of pantry stocking by Chinese mothers in April. Since then a2 has had one of its three major distribution channels, the daigou channel, severely impacted by flow on effects from COVID-19 and increased competition. The company remains on watch for signs that management have the situation back under control. Elsewhere, cash was deployed into Mercury Energy, Afterpay and Fletcher Building. We reduced Chorus and IAG to reallocate the capital into more attractive opportunities.

It is clear that COVID-19 will continue to have an impact on company earnings in 2021. We expect companies in the eye of the COVID-19 storm, like Auckland Airport and Air New Zealand, to continue to trade on sentiment regarding our progress in fighting the virus. Irrespective of short-term market 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 above average rates (like Mainfreight, Xero and Fisher & Paykel Healthcare) and avoid where we see stretched balance sheets, earnings or valuation risk. It was very important to performance in 2020 and we expect it will be again in 2021.

To view Milford's January 2021 Market and Economic Review please see milfordasset.com/fact-sheet.

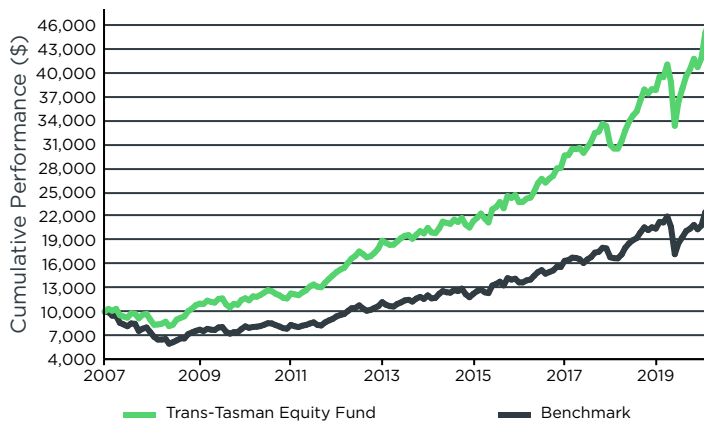
External Ratings



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

Objective¹ 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) \$707.2 M

Buy-sell Spread None - swing pricing applies (See PDS for details)

Inception Date 1 October 2007

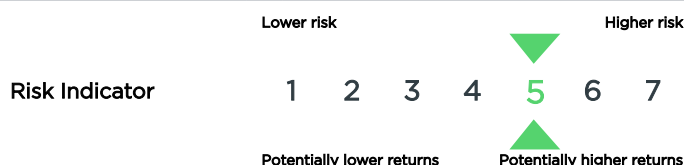
Current Distribution 1.5 cents per unit (Quarterly)

Benchmark 50% x S&P/ASX 200 Total Return Index (100% NZD-hedged) + 50% x S&P/NZX 50 Gross Index

Base Fund Fee² 1.05%

Performance Fee 15% of the Fund's returns above the Benchmark¹, subject to the high watermark.

Total Fund Fees³ 1.05%



Trans-Tasman Equity Fund as at 31 December 2020

Investment Performance after fees as at 31 December 2020⁴

Unit Price: \$3.7285

	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)	2.82%	13.68%	17.31%	14.97%	15.69%	12.25%
After Tax 10.50%	2.93%	13.62%	17.31%	14.71%	15.36%	11.83%
After Tax 17.50%	3.01%	13.58%	17.31%	14.54%	15.13%	11.60%
After Tax 28.00%	3.13%	13.52%	17.31%	14.28%	14.79%	11.22%
Benchmark	1.89%	12.57%	8.00%	10.92%	12.39%	6.45%

Top Security Holdings

Holdings	% of Fund
Fisher & Paykel	7.37%
Mainfreight	4.39%
a2 Milk	3.96%
BHP	3.60%
Xero	3.57%
Infratil	3.57%
CBA	3.46%
CSL	3.00%
Summerset	2.68%
Ryman Healthcare	2.66%

Current Asset Allocation

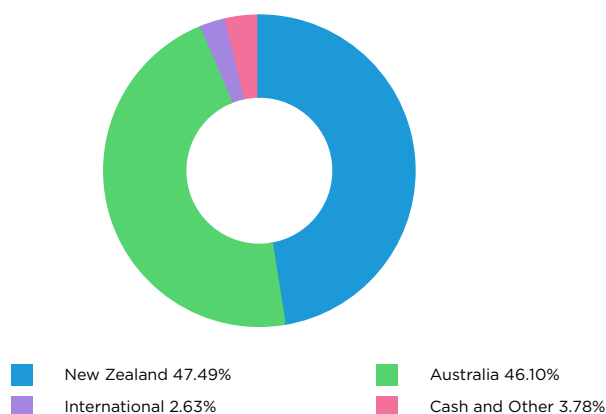
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	3.78%	5.00%
New Zealand Fixed Interest	0.00%	0%
International Fixed Interest	0.00%	0%
New Zealand Equities	44.34%	47.50%
Australian Equities	51.88%	47.50%
International Equities	0.00%	0%
Other	0.00%	0%

The actual cash held by the Fund is 5.29%. 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 %
Health Care	17.66%
Financials	15.26%
Materials	12.08%
Industrials	11.45%
Utilities	9.02%
Information Technology	7.65%
Consumer Staples	6.47%
Consumer Discretionary	5.35%
Communication Services	5.20%
Real Estate	4.69%
Energy	1.39%
Cash and Other	3.78%

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 for more information about the data published within this document.

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