

# Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2021



## Portfolio Managers



Sam Trethewey  
Portfolio Manager



Wayne Gentile  
Co-Portfolio Manager

The Fund finished the year strongly with a 2.2% return in December and an annual return of 11.2% for 2021. The NZX 50 and ASX 200 performed very differently this year. The NZX 50 fell 0.4% primarily due to the RBNZ lifting local interest rates ahead of other central banks and the large exposure the market has to interest rate sensitive stocks. The ASX 200 rallied 17.6% fuelled by its exposure to financial and resource stocks which benefit from rising inflation and interest rates. The Fund's holdings were tilted towards the ASX throughout 2021.

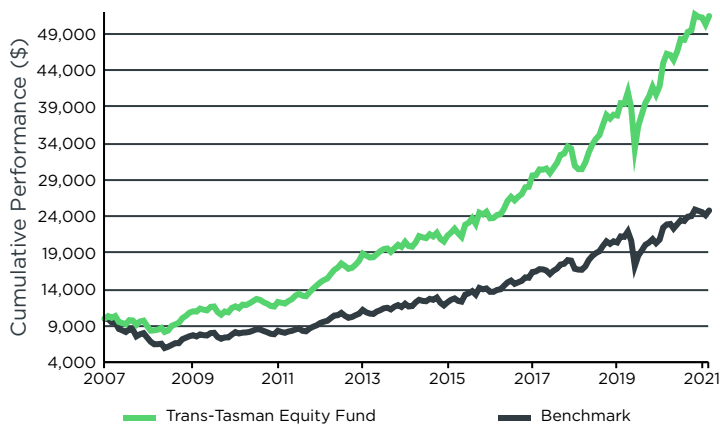
Performance was led by pharmaceutical distributor EBOS Group (+13.0%) and copper miner Sandfire Resources (+9.5%). EBOS Group rallied following a capital raising to fund the acquisition of LifeHealthcare, a medical devices business. The Fund participated in the capital raising. EBOS has been a strong performer for the Fund over many years, we continue to see the company delivering attractive returns to shareholders going forward driven by its strong competitive position and high-quality management team. Other changes included adding to CSL via a capital raising to fund the acquisition of Vifor Pharma, a manufacturer of kidney-related and cardio-renal therapies. We also reduced exposure to local housing market stocks, Ryman Healthcare and Fletcher Building, where we see increased earnings risk in the year ahead.

The medium-term outlook for the Fund remains supported by the prospect of solid economic growth and consequently strong company earnings. The key headwind is relatively high valuations, and the impact rising interest rates have on valuations as we experienced in NZ over 2021. The market is now anticipating a series of interest rate rises from the RBNZ, it is now up to our central bank to deliver. In contrast the RBA is still clearly holding interest rates at very low levels. Our strategy is to own companies that can sustain earnings growth at above average rates (like Mainfreight, Xero and Fisher & Paykel Healthcare) and avoid those where we see stretched balance sheets, earnings or valuation risk. Irrespective of short-term market performance, long-term returns will be influenced by our stock selection.

To view Milford's January 2022 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

**Objective<sup>1</sup>** To provide capital growth by out-performing a mix of two relevant share market indices over the minimum recommended investment timeframe

**Description** Primarily invests in Australasian equities

**Minimum recommended investment timeframe** 8 years +

**Target Allocation** 5% Income Assets / 95% Growth Assets

**Neutral FX Exposure** 0%

**Net Asset Value (NAV)** \$995.4 M

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

**Inception Date** 1 October 2007

**Current Distribution** 1.5 cents per unit (Biannually)

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

**Base Fund Fee<sup>2</sup>** 1.05%

**Performance Fee** 15% of the Fund's returns above the Benchmark<sup>1</sup>, subject to the high watermark.

**Total Fund Fees<sup>3</sup>** 1.05%

**Risk Indicator**

	1	2	3	4	5	6	7
					5		
	Potentially lower returns					Potentially higher returns	

## External Ratings



Milford Trans-Tasman Equity Fund received a Morningstar Analyst Rating™ of 'Silver' on 19-05-2021

# Trans-Tasman Equity Fund as at 31 December 2021

## Investment Performance after fees as at 31 December 2021<sup>4</sup>

Unit Price: \$4.1051

	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)	2.24%	0.23%	11.20%	19.07%	16.29%	12.18%
After Tax 10.50%	2.24%	0.22%	10.90%	18.83%	15.99%	11.76%
After Tax 17.50%	2.23%	0.22%	10.69%	18.68%	15.79%	11.54%
After Tax 28.00%	2.23%	0.21%	10.39%	18.44%	15.50%	11.17%
Benchmark	2.68%	0.25%	8.39%	14.13%	12.24%	6.59%

## Top Security Holdings

Holdings	% of Fund
Fisher & Paykel	6.92%
Mainfreight	5.37%
Xero	4.47%
CSL	4.42%
Infratil	3.56%
BHP	3.44%
CBA	3.28%
NAB	3.21%
Contact Energy	3.00%
Summerset	3.00%

## Current Asset Allocation

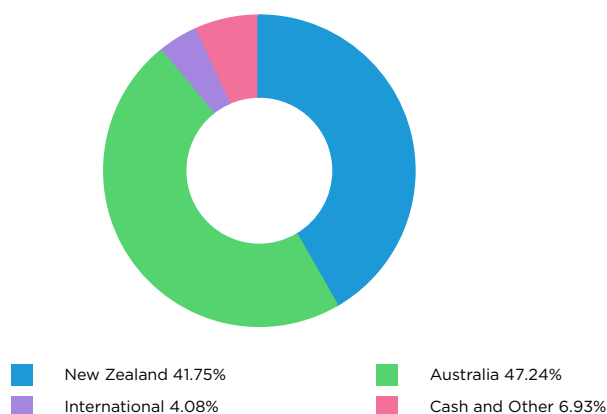
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.93%	5.0%
New Zealand Fixed Interest	0.00%	0.0%
International Fixed Interest	0.00%	0.0%
New Zealand Equities	41.07%	47.5%
Australian Equities	52.00%	47.5%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

# The actual cash held by the Fund is 7.05%. 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	19.08%
Financials	15.17%
Industrials	13.66%
Materials	9.28%
Utilities	8.63%
Consumer Discretionary	7.31%
Information Technology	6.39%
Communication Services	5.08%
Other Sectors	8.47%
Cash and Other	6.93%

## 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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