

# Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2022



## Portfolio Managers



**Sam Trethewey**  
Portfolio Manager



**Wayne Gentle**  
Co-Portfolio Manager

The Fund fell 1.5% in December compared to a 0.6% decline in the NZX 50 index and a 3.2% decline in the ASX 200. Global equity markets were hit over December by investor concerns associated with the trajectory of the US economy, China reopening and a change in policy stance by the Bank of Japan. While the NZX was largely immune, the ASX has greater exposure to these concerns and followed the lead lower.

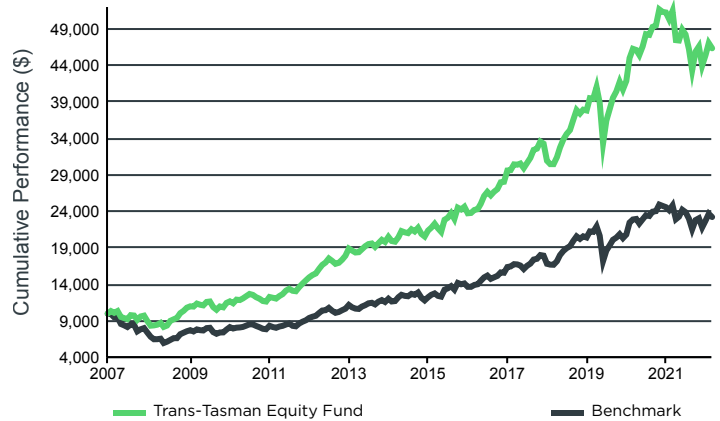
Fund performance was led by EBOS Group (7.2%) and a2 Milk (+11.0%). EBOS has been a long-term position for the Fund and continues to be sought after by investors for its defensive earnings stream and proven management team. a2 Milk performed strongly over the second half of 2022, as what was a very unloved stock continued to show signs that prior issues were being resolved via the management team's turnaround plan. In addition, the end of zero-Covid policies in China should positively impact a2 with the return of restriction-free shopping and higher consumer confidence which should help stem the declining Chinese birth rate. Our minimal holding in Ryman Healthcare (-18.6%) also served the Fund well. Ryman continues to face cashflow uncertainty given the weak local housing market and investors are questioning whether the company needs to raise additional equity. Over the month the Fund added to its position in Origin Energy on share price weakness, and reduced EBOS and iron ore miner BHP into strength.

Looking ahead we expect the key themes of 2022, inflation and central bank policy, to continue. We also expect company earnings to become increasingly in focus. Earnings have been resilient so far, but cracks started to appear late last year and we remain cautious about what is to come. The most recent evidence is a poor trading update from local retailer the Warehouse Group in late December. The Fund is positioned defensively at present. We are invested in companies like EBOS where we have a high degree of confidence in earnings and we can see stock-specific reasons why it should outperform the broader market. We hold limited exposure to companies with a high degree of exposure to the local economy or interest rate sensitivity. We intend to remain cautious until earnings pressure subsides, and monetary policy becomes less restrictive. We will continue to work hard to identify new opportunities and position the Fund accordingly.

To view Milford's January 2023 Market and Economic Review please see [milfordasset.com/investor-centre](http://milfordasset.com/investor-centre).

## 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>	To provide capital growth by out-performing a mix of two relevant share market indices over the minimum recommended investment timeframe
<b>Description</b>	Primarily invests in Australasian equities
<b>Minimum recommended investment timeframe</b>	8 years +
<b>Target Allocation</b>	5% Income Assets / 95% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$652.8 M
<b>Buy-sell Spread</b>	None - swing pricing applies (See PDS for details)
<b>Inception Date</b>	1 October 2007
<b>Current Distribution</b>	1.5 cents per unit (Biannually)
<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>	<p>Lower risk <span style="float: right;">Higher risk</span></p> <p>1 2 3 4 <b>5</b> 6 7</p> <p>Potentially lower returns <span style="float: right;">Potentially higher returns</span></p>

## 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 2022

## Investment Performance after fees as at 31 December 2022<sup>4</sup>

Unit Price: \$3.654

	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)	-1.51%	5.40%	-9.94%	5.52%	8.77%	10.57%
After Tax 10.50%	-1.70%	5.11%	-10.32%	5.27%	8.47%	10.16%
After Tax 17.50%	-1.83%	4.92%	-10.58%	5.11%	8.27%	9.94%
After Tax 28.00%	-2.01%	4.63%	-10.96%	4.86%	7.97%	9.56%
Benchmark	-1.89%	6.48%	-6.41%	3.09%	6.72%	5.68%

## Top Security Holdings

Holdings	% of Fund
CSL	6.37%
Fisher & Paykel	5.30%
BHP	5.00%
Spark	4.42%
Infratil	4.40%
CBA	3.98%
EBOS Group	3.53%
Contact Energy	3.42%
NAB	3.25%
Auckland Airport	2.89%

## Current Asset Allocation

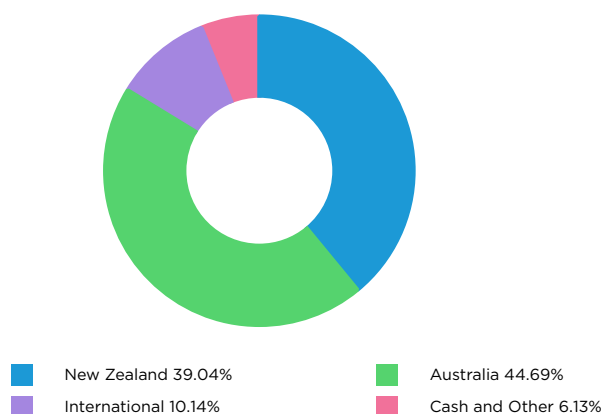
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.13%	5%
New Zealand Fixed Interest	0.00%	0.0%
International Fixed Interest	0.00%	0.0%
New Zealand Equities	42.08%	47.5%
Australian Equities	51.79%	47.5%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

# The actual cash held by the Fund is 7.99%. 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	19.22%
Utilities	13.30%
Financials	12.87%
Materials	10.14%
Communication Services	9.68%
Industrials	9.12%
Consumer Staples	6.36%
Information Technology	4.45%
Other Sectors	8.73%
Cash and Other	6.13%

## 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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