

Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 28 February 2023



Portfolio Managers



Sam Trethewey
Portfolio Manager



Wayne Gentle
Co-Portfolio Manager

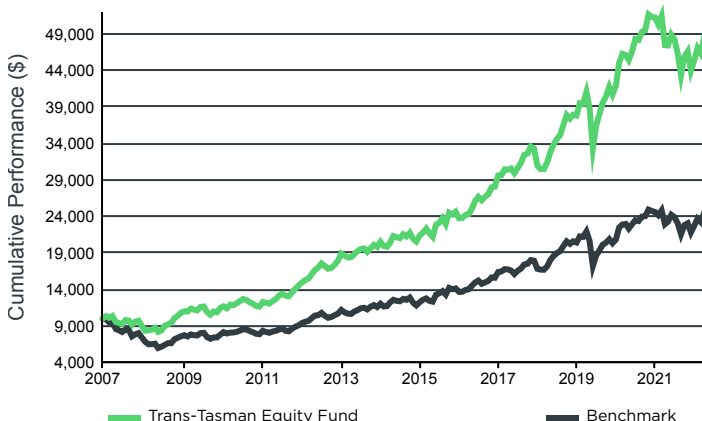
The Fund fell 0.9% in February compared to a 0.6% decrease in the NZX 50 index and a 2.4% decrease in the ASX 200. Our local share markets followed the retracement across global share markets after a strong January and finish to 2022. Over February, many companies reported financial results for the prior six months. Companies exposed to the local economy are now showing clear signs of cost pressures impacting profit margins while those heavily impacted by the pandemic, like Tourism Holdings and Air New Zealand, are seeing a very rapid recovery in profits.

Fund performance was led by Origin Energy (+10.4%) and QBE Insurance (+9.8%), while performance against our benchmark was again assisted by a limited holding in Ryman Healthcare (-19.0%) which announced a \$900m equity raising to reduce debt. Origin Energy rallied after it revealed takeover negotiations were progressing for the company. QBE Insurance delivered a strong result that demonstrated strategy changes made by new CEO Andrew Horton had delivered improved earnings consistency and quality. Ryman Healthcare, in our view, is a highly leveraged play on the NZ residential housing market. The company generates strong profit growth when the property market is experiencing strong price appreciation but very limited growth when the market is flat or slowing. The move by Ryman to address its substantial debt burden via the \$900m equity raising had been a long time coming. The raising reduces the company's debt by a third but does not remove cash flow concerns. The Fund participated in the raising and added further in the aftermarket. Elsewhere we reduced healthcare exposure CSL on share price strength and added to Fletcher Building on weakness.

Looking ahead, the Fund remains defensive vs history. We believe it is a patience game for investors, as the interest rate cycle and earnings cycle play out. We are yet to receive confirmation that central banks have finished lifting interest rates. The recent weather events in NZ are inflationary and make uncertainty higher in this regard. However, the February reporting season was another step in the earnings cycle, expectations are beginning to reset for lower demand and higher costs. At this stage, we believe the market is anticipating both the interest rate and earnings cycles to trough later this year. The Fund is positioned away from companies where we see a high degree of sensitivity to interest rates or with high earnings risk. We still expect some companies to do well regardless, for stock-specific reasons, and will look to take advantage of share price weakness in companies with strong medium-term prospects as it may present itself in the coming months.

To view Milford's March 2023 Market and Economic Review please see 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

Objective¹ 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) \$670.7 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 Fee² 1.05%

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

Total Fund Fees³ 1.05%

Risk Indicator

Lower risk	1	2	3	4	5	6	7	Higher risk
					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 28 February 2023

Investment Performance after fees as at 28 February 2023⁴

Unit Price: \$3.7966

	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)	-0.86%	2.33%	1.56%	7.41%	9.52%	10.73%
After Tax 10.50%	-0.88%	2.12%	1.13%	7.15%	9.22%	10.32%
After Tax 17.50%	-0.89%	1.98%	0.84%	6.98%	9.01%	10.10%
After Tax 28.00%	-0.92%	1.77%	0.41%	6.72%	8.71%	9.72%
Benchmark	-1.49%	1.83%	3.58%	5.27%	7.77%	5.87%

Top Security Holdings

Holdings	% of Fund
Fisher & Paykel	5.89%
BHP	4.89%
Spark	4.41%
Infratil	4.32%
CSL	4.27%
CBA	3.38%
Contact Energy	3.28%
EBOS Group	3.16%
Auckland Airport	3.12%
Mainfreight	3.03%

Current Asset Allocation

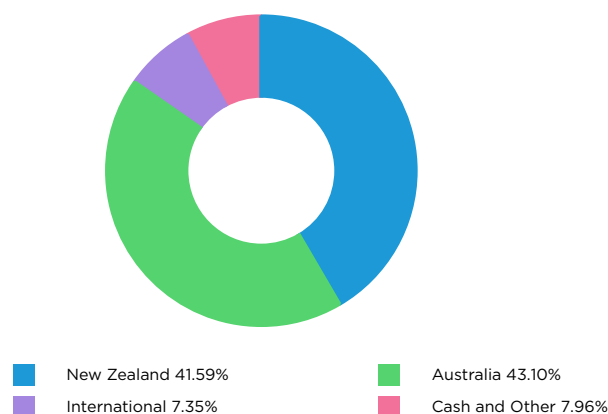
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.54%	5%
New Zealand Fixed Interest	0.00%	0.0%
International Fixed Interest	0.00%	0.0%
New Zealand Equities	43.87%	47.5%
Australian Equities	48.17%	47.5%
International Equities	0.00%	0.0%
Other	0.42%	0.0%

The actual cash held by the Fund is 9.10%. 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	17.46%
Utilities	13.39%
Financials	12.40%
Industrials	10.56%
Communication Services	9.46%
Materials	8.91%
Consumer Staples	6.36%
Information Technology	4.80%
Other Sectors	8.70%
Cash and Other	7.96%

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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