

Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2022



Portfolio Managers



Sam Trethewey
Portfolio Manager



Wayne Gentle
Co-Portfolio Manager

It was a tough month for local equity markets and our Fund. The Fund finished down 7.8% with the NZX 50 index falling 8.8% and the ASX 200 index down 6.3%. The pullback was primarily driven by a repricing of stocks as investors realised that central banks across the globe are serious about fighting inflation (having previously downplayed the threat) and are likely to tighten monetary policy. This shift had already occurred at the RBNZ but in particular the US Federal Reserve changed its stance in early January.

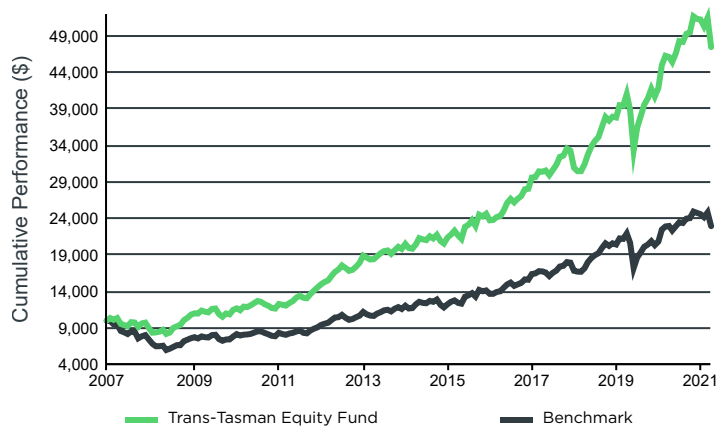
Positive performance was led by energy exposure Santos (+13.2%) and challenger bank Virgin UK (+8.2%) while a number of our strongest performers in recent years, like Fisher & Paykel Healthcare (-15.3%) and Mainfreight (-11.1%), were a source of weakness. For Fisher & Paykel Healthcare and Mainfreight, we believe both are performing very well in the current environment and expect the upcoming financial results to reflect this. The share price movements represented a reset of valuation and we believe each will deliver attractive returns over the medium term. Towards the end of the month we added to holdings where we saw strong valuation support. This included adding to Auckland Airport (-6.8%) and Charter Hall (-18.6%).

Looking ahead, we expect tightening monetary policy to continue to create volatility in equity markets. The key offset to tightening monetary policy is company earnings. Economic growth, particularly in Australia, is expected to be strong and support company earnings. In this environment, we expect share prices will overreact on both the upside and downside creating good opportunities for active management. Our strategy is to remain active and position the Fund in companies that can sustain earnings growth at above average rates (like Mainfreight, Xero and Fisher & Paykel Healthcare) and avoid those where we see stretched valuation, 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 February 2022 Market and Economic Review please see 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

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) \$913.3 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 Higher risk

1 2 3 4 **5** 6 7

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 January 2022

Investment Performance after fees as at 31 January 2022⁴

Unit Price: \$3.7865

	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)	-7.76%	-7.39%	2.93%	14.71%	14.30%	11.47%
After Tax 10.50%	-7.75%	-7.41%	2.71%	14.50%	14.02%	11.06%
After Tax 17.50%	-7.74%	-7.41%	2.57%	14.35%	13.83%	10.84%
After Tax 28.00%	-7.72%	-7.43%	2.35%	14.13%	13.54%	10.48%
Benchmark	-7.58%	-6.71%	-0.13%	10.10%	10.34%	5.96%

Top Security Holdings

Holdings	% of Fund
Fisher & Paykel	6.19%
Mainfreight	5.20%
CSL	4.36%
BHP	4.24%
Infratil	3.67%
Xero	3.62%
CBA	3.62%
NAB	3.58%
EBOS Group	3.20%
Contact Energy	3.16%

Current Asset Allocation

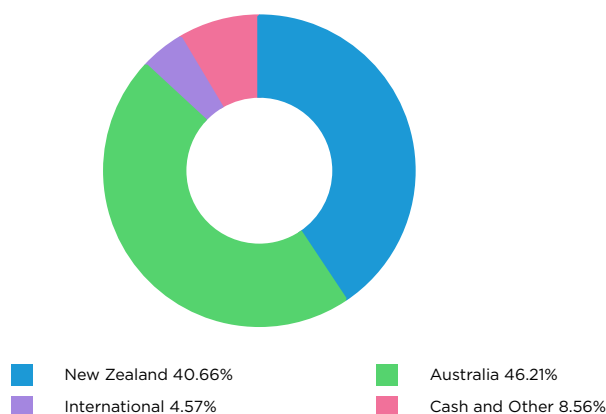
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	8.56%	5.0%
New Zealand Fixed Interest	0.00%	0.0%
International Fixed Interest	0.00%	0.0%
New Zealand Equities	41.02%	47.5%
Australian Equities	50.42%	47.5%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 8.73%. 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	17.83%
Financials	15.16%
Industrials	13.66%
Materials	9.76%
Utilities	8.81%
Consumer Discretionary	7.25%
Information Technology	5.28%
Communication Services	4.54%
Other Sectors	9.15%
Cash and Other	8.56%

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.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Production Disclosure Statement or the latest Quarterly Fund Update.