

# Trans-Tasman Equity Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 31 July 2023



## Portfolio Managers



**Sam Trethewey**  
Portfolio Manager



**Wayne Gentle**  
Co-Portfolio Manager

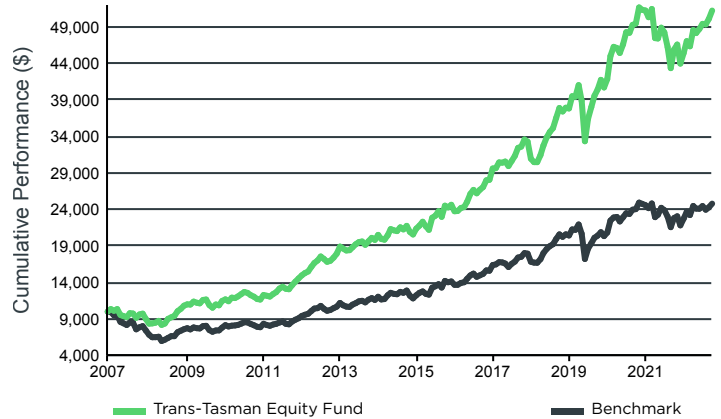
The Fund delivered a strong 2.3% return in July. Our local equity markets followed the lead of global equity markets in acknowledging falling inflation and a lesser economic slowdown than feared earlier this year. The NZX 50 index increased 1.2% while the ASX 200 index rallied 2.9%.

Fund performance was led by retirement village developer and operator Summerset Group (+7.4%) and Australian engineering contractor Monadelphous Group (+16.2%). After a difficult year in 2022, Summerset and the retirement sector benefitted from improved investor interest driven by a view that the local housing market is near a trough given the return of migration and near-peak interest rates. Monadelphous rallied after announcing several new contracts wins from miners in Western Australia. A detractor this month was Mainfreight (-4.2%). After several strong years of profit growth, Mainfreight provided a weak trading update at its AGM that highlighted a sharp reversion in performance. This was driven by a normalisation in global supply chains post-Covid, and customers reducing inventory levels in the face of a tougher global growth environment. We expect the short term will continue to be challenging for Mainfreight, however the company remains a high-quality business with a strong long-term growth outlook. Over the month, we trimmed holdings in iron ore miners BHP and Rio Tinto and added to biotechnology exposure CSL.

Looking ahead, declining inflation and near-peak interest rates are driving investors to shift focus to the earnings outlook for companies. August will see many of our holdings release financial results for the past six months. We expect companies which can clearly indicate earnings are near a trough, and economic weakness is peaking, will be well supported as investors look to a recovery in years ahead. This turning point may not occur in August, but it is something we are watching for in the months ahead. Regardless of the backdrop, we continue to find attractive investment opportunities, the Fund remains reasonably invested, and we believe some companies will continue to perform for stock-specific reasons.

To view Milford's July 2023 Market and Economic Review please see [milfordasset.com/insights](https://milfordasset.com/insights).

## 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)** \$673.6 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**

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 July 2023

### Investment Performance after fees as at 31 July 2023<sup>4</sup>

Unit Price: \$4.0162

	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)	2.27%	3.69%	11.67%	8.22%	9.47%	10.87%
After Tax 10.50%	2.26%	3.67%	11.07%	7.89%	9.13%	10.46%
After Tax 17.50%	2.26%	3.65%	10.67%	7.66%	8.91%	10.23%
After Tax 28.00%	2.25%	3.62%	10.07%	7.33%	8.57%	9.86%
Benchmark	2.08%	1.35%	8.69%	6.70%	7.21%	5.90%

### Top Security Holdings

Holdings	% of Fund
CSL	5.59%
Infratil	5.54%
Fisher & Paykel	5.25%
BHP	4.84%
Spark	4.66%
CBA	3.56%
Auckland Airport	3.11%
Contact Energy	3.08%
NAB	2.99%
Mainfreight	2.92%

### Current Asset Allocation

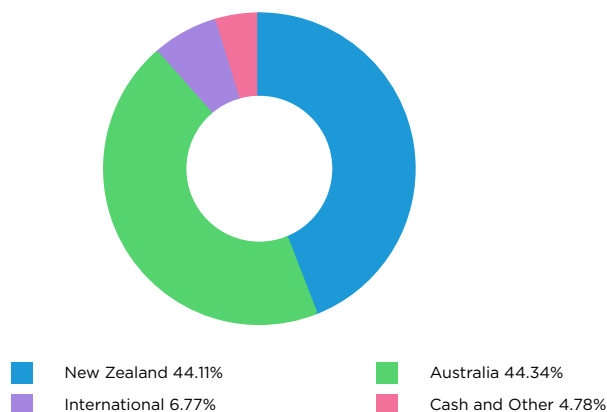
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.78%	5%
New Zealand Fixed Interest	0.00%	0.0%
International Fixed Interest	0.00%	0.0%
New Zealand Equities	43.87%	47.5%
Australian Equities	51.35%	47.5%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

# The actual cash held by the Fund is 4.78%. 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 %
Industrials	19.49%
Health Care	17.85%
Financials	11.62%
Materials	9.22%
Communication Services	9.03%
Utilities	7.04%
Information Technology	6.69%
Real Estate	5.18%
Other Sectors	9.10%
Cash and Other	4.78%

### 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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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