

# Trans-Tasman Equity Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 31 May 2023



## Portfolio Managers



**Sam Trethewey**  
Portfolio Manager



**Wayne Gentle**  
Co-Portfolio Manager

The Fund delivered a -0.1% return in May. This was a solid outcome compared to the local share markets, the NZX 50 index fell 1.7% while the ASX 200 index was down 2.4%. Our stock selection enabled the Fund to offset the market weakness.

Fund performance was led by Xero (+17.8%), Allkem (+21.2%) and Gentrack (+34.2%). Xero reported a strong result, with UK subscriber growth rebounding during the second half and a stronger earnings outlook as the organisation continues to target more disciplined growth. Xero still has a long growth runway in cloud accounting software and should be able to generate strong profit margins in the longer term. Australian lithium miner Allkem announced it was in merger talks with US-based miner Livent. The merger terms highlighted significant value within Allkem. Utility billing software provider Gentrack delivered a further upgrade at its result, driven by strong demand for its products from both existing and new customers. The business continues to execute under the new management team and is well placed to continue to deliver strong growth as utilities modernise their IT systems.

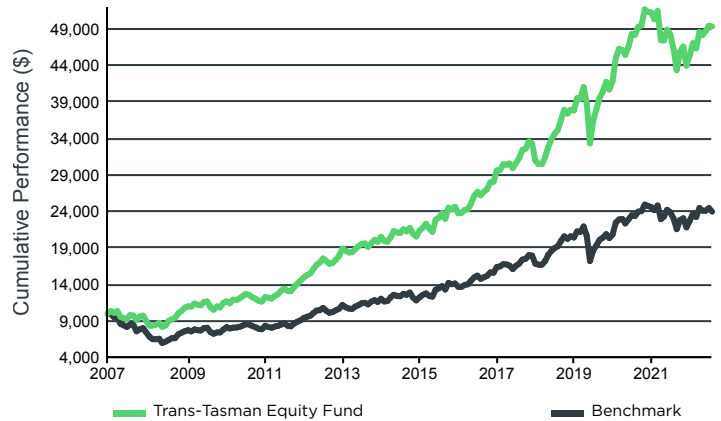
Over the month, the Fund reduced its exposure to Australia via exiting Allkem into the merger-driven share price strength and insurer Suncorp (+6.6%). We deployed some cash into Fletcher Building and Summerset. We believed the share prices of both companies were reflecting a very grim earnings outcome in the year ahead. Supporting this decision was growing evidence that the significant step up in local migration is real. Our decision was further reinforced by the RBNZ mid-month, when it indicated at its Official Cash Rate review that interest rates are now on hold for the time being. Consequently a "hard landing" for the NZ economy - or the very grim earnings outcome for some of cyclical stocks - now looks less likely than earlier in the year. This may not be the end of the share market volatility, but there is now a more plausible pathway to a recovery as some of the external pressures on the NZ economy ease. By contrast, Australia is still facing interest rate hikes.

Regardless of the economic backdrop, we still expect some companies to do well for stock-specific reasons and we continue to find interesting opportunities for the Fund to invest into, as demonstrated by Xero, Allkem and Gentrack this month.

To view Milford's May 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)** \$665.2 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 May 2023

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

Unit Price: \$3.8693

	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)	-0.14%	2.49%	6.71%	9.09%	9.51%	10.73%
After Tax 10.50%	-0.16%	2.34%	6.16%	8.76%	9.19%	10.31%
After Tax 17.50%	-0.17%	2.25%	5.79%	8.54%	8.97%	10.08%
After Tax 28.00%	-0.19%	2.10%	5.23%	8.22%	8.65%	9.71%
Benchmark	-2.06%	-0.62%	4.11%	7.37%	7.29%	5.74%

### Top Security Holdings

Holdings	% of Fund
CSL	5.80%
BHP	5.05%
Fisher & Paykel	4.98%
Infratil	4.86%
Spark	4.62%
Auckland Airport	4.18%
Xero	3.41%
CBA	3.29%
Mainfreight	3.11%
Contact Energy	2.98%

### Current Asset Allocation

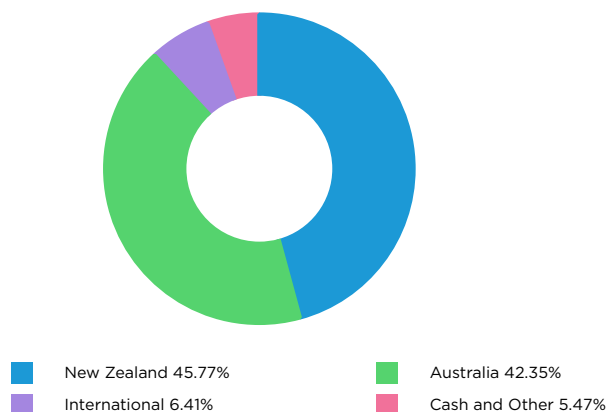
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	5.47%	5%
New Zealand Fixed Interest	0.00%	0.0%
International Fixed Interest	0.00%	0.0%
New Zealand Equities	45.73%	47.5%
Australian Equities	48.80%	47.5%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

# The actual cash held by the Fund is 5.45%. 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	17.84%
Industrials	13.93%
Utilities	11.40%
Financials	10.98%
Materials	10.10%
Communication Services	9.74%
Information Technology	6.34%
Real Estate	4.20%
Other Sectors	10.00%
Cash and Other	5.47%

### 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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