

# Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2019



## Portfolio Managers



**Sam Trethewey**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Fund made a positive gain of 1.4% in September. This compares to the NZX 50 Gross Index return of 1.6% and the ASX 200 Index return of 1.8%.

Key winners for the Fund included payment exposure Afterpay Touch Group (+15.8%) and quick service restaurant operator Collins Foods (+16.0%). Compared to the benchmark, our exposure to a2 Milk (-8.2%) and Fletcher Building (+16.0%) hurt while avoiding Z Energy (-11.7%) was a key positive contributor. a2 Milk fell after it held an inaugural investor day in Shanghai. The company emphasised a significant growth opportunity in China and the strength of their brand, however gave no firm targets or figures for investors to measure them by. We believe investors are seeking hard evidence to give it confidence about a2's strategy. Fletcher Building commenced a buyback program and saw support from the rotation into value stocks early in the month. Z Energy downgraded its earnings outlook on the back of increasing retail competition.

Over the month the Fund participated in a capital raising by Goodman Property Trust and added to retirement village operator Summerset after a positive result in August. Profit was taken on our holding in Afterpay Touch and Xero into strength and we reduced Freightways on a subdued growth outlook.

The August reporting season confirmed our view that stock selection will be increasingly important to generating attractive returns in coming months. The profitability of companies with weak economic moats is being tested in the current softer economic environment. We have concentrated the Fund in positions where we have conviction around the company's competitive position and medium-term growth prospects.

To view Milford's October 2019 Market and Economic Review please see [milfordasset.com/fact-sheet](http://milfordasset.com/fact-sheet).

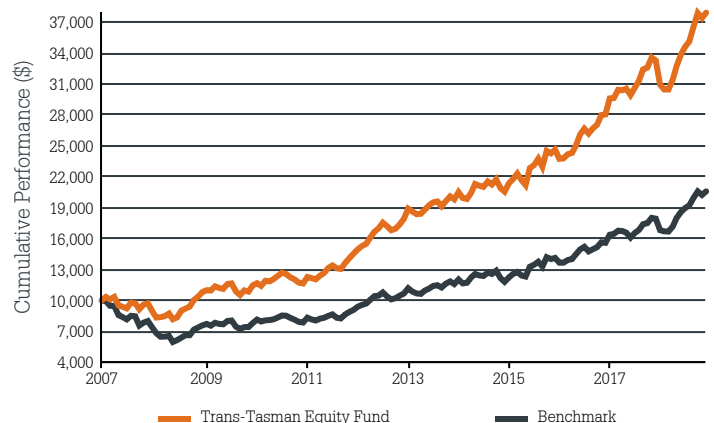
## External Ratings



Milford Trans-Tasman Equity Fund received a Morningstar Analyst Rating™ of 'Silver' on 13-03-2019

## 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>	Capital growth by out-performing a mix of two relevant share market indices over a minimum of five years
<b>Description</b>	Primarily invests in Australasian equities
<b>Target Allocation</b>	5% Income Assets / 95% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$422.0 M
<b>Buy-sell Spread</b>	None
<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 Accumulation 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>	<div style="display: flex; justify-content: space-between;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="text-align: center;"> <span>1</span> <span>2</span> <span>3</span> <span>4</span> <span style="border: 1px solid black; padding: 2px;">5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>



Investment Performance after fees as at 30 September 2019<sup>4</sup>

Unit Price: \$3.0981

	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)	1.40%	3.84%	13.96%	15.48%	13.86%	11.75%
After Tax 10.50%	1.37%	3.88%	13.54%	15.14%	13.42%	11.30%
After Tax 17.50%	1.35%	3.90%	13.25%	14.91%	13.13%	11.07%
After Tax 28.00%	1.33%	3.94%	12.83%	14.56%	12.70%	10.67%
Benchmark	1.72%	3.22%	14.76%	13.35%	12.16%	6.20%

## Top Security Holdings

Holdings	% of Fund's NAV
a2 Milk Company	7.49%
Fisher & Paykel Healthcare	4.38%
CSL	4.24%
Contact Energy	3.99%
Spark New Zealand	3.98%
Mainfreight	3.39%
Meridian Energy	3.22%
Auckland Airport	3.16%
Transurban Group	3.04%
Commonwealth Bank	2.95%

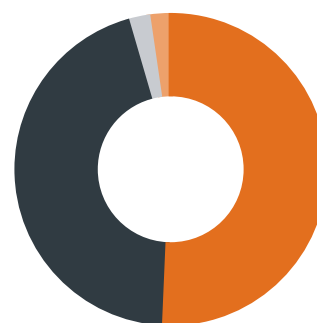
## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	2.31%	5.00%
New Zealand Fixed Interest	0.00%	0%
International Fixed Interest	0.00%	0%
New Zealand Equities	49.02%	47.50%
Australian Equities	48.67%	47.50%
International Equities	0.00%	0%
Other	0.00%	0%

## Sector Exposure

Allocation	Weight %
Health Care	15.63%
Industrials	13.26%
Financials	12.81%
Utilities	11.85%
Consumer Staples	9.22%
Materials	8.02%
Information Technology	7.71%
Real Estate	7.00%
Other Sectors	12.19%
Cash and Other	2.31%

## Country Exposure



■ New Zealand 50.68%
 ■ Australia 44.81%
 ■ International 2.20%
 ■ Cash and Other 2.31%

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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