

Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2019



Portfolio Managers



Sam Trethewey
Portfolio Manager



Wayne Gentle
Portfolio Manager

The Fund had a small negative return of 0.3% in October. This compares to the NZX 50 Gross Index return of -1.3% and the ASX 200 Index return of -0.4%. The NZX 50 was softer largely due to the announcement of a strategic review at the Tiwai Point aluminium smelter by owner Rio Tinto. A closure of the smelter would result in materially lower electricity prices/industry profits in the short term.

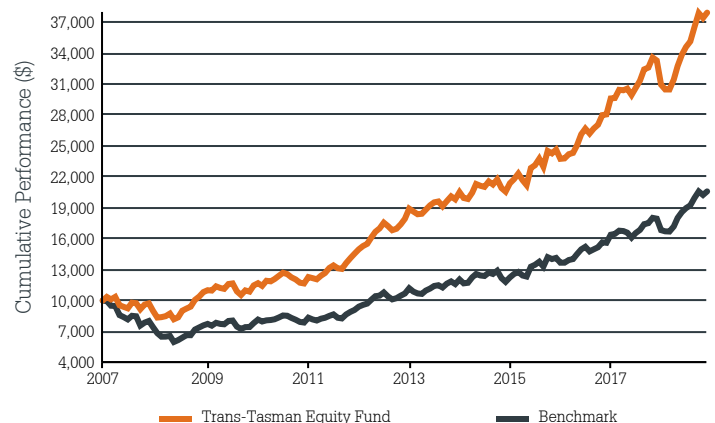
Key winners for the Fund included Xero (+10.8%), mortgage broker Australian Finance Group (+22.7%), and biotech exposure CSL (+9.6%). Afterpay Touch (-19.5%) was the largest detractor, giving back Septembers gain on news that the RBA will commence a review of card payments regulation in 2020 including considering if there are any issues associated with the buy now pay later space. Over the month the Fund participated in Kathmandu's \$154m capital raising to fund the acquisition of surf brand Rip Curl. The acquisition is complementary to Kathmandu's technical product focus and will open up a number of growth opportunities and cost synergies. The Fund reduced exposure to electricity sector due to uncertainty surrounding the ongoing operation of the aluminium smelter at Tiwai Point.

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 November 2019 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	Capital growth by out-performing a mix of two relevant share market indices over a minimum of five years
Description	Primarily invests in Australasian equities
Target Allocation	5% Income Assets / 95% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$425.0 M
Buy-sell Spread	None
Inception Date	1 October 2007
Current Distribution	1.5 cents per unit (Quarterly)
Benchmark	50% x S&P/ASX 200 Accumulation 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 Benchmark ¹ , subject to the high watermark.
Total Fund Fees³	1.05%
Risk Indicator	<div style="display: flex; justify-content: space-between; align-items: center;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; align-items: center; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>

External Ratings



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



Investment Performance after fees as at 31 October 2019⁴

Unit Price: \$3.0889

	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)	-0.28%	-0.18%	22.25%	16.80%	13.02%	11.64%
After Tax 10.50%	-0.29%	-0.15%	21.83%	16.45%	12.59%	11.19%
After Tax 17.50%	-0.30%	-0.13%	21.54%	16.22%	12.30%	10.96%
After Tax 28.00%	-0.31%	-0.10%	21.12%	15.88%	11.87%	10.56%
Benchmark	-0.79%	-0.75%	21.39%	14.32%	11.15%	6.09%

Top Security Holdings

Holdings	% of Fund's NAV
a2 Milk Company	7.21%
Fisher & Paykel Healthcare	4.94%
CSL	4.04%
Spark New Zealand	3.55%
National Australia Bank	3.47%
Auckland Airport	3.16%
Transurban Group	3.08%
Contact Energy	3.01%
Commonwealth Bank	2.85%
BHP Group	2.76%

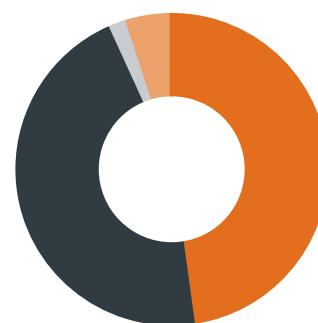
Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	5.02%	5.00%
New Zealand Fixed Interest	0.00%	0%
International Fixed Interest	0.00%	0%
New Zealand Equities	46.47%	47.50%
Australian Equities	48.51%	47.50%
International Equities	0.00%	0%
Other	0.00%	0%

Sector Exposure

Allocation	Weight %
Health Care	16.04%
Financials	13.93%
Industrials	12.63%
Utilities	9.66%
Consumer Staples	9.45%
Materials	7.92%
Real Estate	7.82%
Information Technology	6.52%
Other Sectors	11.01%
Cash and Other	5.02%

Country Exposure



■ New Zealand 47.83%
 ■ Australia 45.35%
 ■ International 1.80%
 ■ Cash and Other 5.02%

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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