

Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 29 February 2020



Portfolio Managers



Sam Trethewey
Portfolio Manager



Wayne Gentle
Portfolio Manager

The Fund fell 5.3% in February. Over the February reporting season, the Fund performed strongly compared to the local equity markets. The Fund fell late in the month as coronavirus concerns lifted. The Fund return compares to a -3.9% return from the NZX 50 and a -7.7% return for the ASX 200.

Key highlights of the February reporting season included: a2 Milk (+8.7%), the company reported 33% revenue growth in its infant nutrition business; and IDP Education (+19.6%), an tertiary language testing and placement provider that demonstrated strong profit growth and margin expansion.

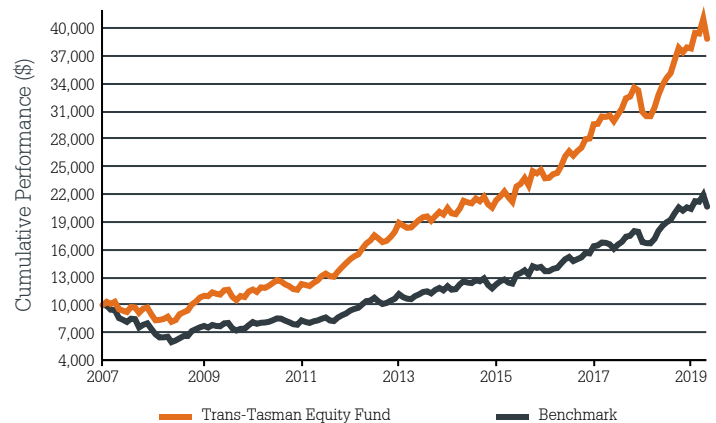
Over the month our team was busy ensuring the Fund is well positioned to minimise the impact of coronavirus on the Fund. The reporting season provided an opportunity to meet with management of many of our Fund holdings and discuss the implications of the virus. The most immediate earnings impact is via tourism exposures like Air New Zealand and those involved in the export supply chain to China like Port of Tauranga. Several downgraded their earnings outlook during the month and will face further earnings pressure if the virus continues to spread. We have very limited exposure to these in the Fund. More positive anecdotes from the meetings included: a2 Milk (8.5% of the Fund), who is seeing increased demand for its infant formula products; and Fisher & Paykel Healthcare (7.3% of the Fund), who are seeing a spike in demand for respiratory masks and equipment from China. We exited our holding in Sydney Airport and Qantas and reduced our holding in Auckland Airport. We also took the opportunity to selectively add to some of our preferred holdings when the market discounted them, this included Xero and Mainfreight.

Looking ahead we expect to remain active, navigating through short term volatility and ensuring the Fund remains well positioned to generate attractive returns in the medium term. We have positioned the Fund in holdings where we believe the medium-term return prospects remain attractive.

To view Milford's March 2020 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

Objective ¹	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)	\$460.9 M
Buy-sell Spread	None
Inception Date	1 October 2007
Current Distribution	1.5 cents per unit (Biannually)
Benchmark	50% x S&P/ASX 200 Accumulation Index (100% NZD-hedged) + 50% x S&P/NZX 50 Gross Index
Base Fund Fee ²	1.05%
Performance Fee	15% of the Fund's returns above the Benchmark ¹ , subject to the high watermark.
Total Fund Fees ³	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: center; align-items: center; gap: 10px; 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 29 February 2020⁴

Unit Price: \$3.1719

	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)	-5.27%	-1.63%	18.67%	15.78%	12.77%	11.55%
After Tax 10.50%	-5.24%	-1.69%	18.35%	15.40%	12.32%	11.10%
After Tax 17.50%	-5.22%	-1.72%	18.14%	15.15%	12.02%	10.86%
After Tax 28.00%	-5.18%	-1.78%	17.82%	14.78%	11.58%	10.46%
Benchmark	-5.80%	-2.79%	14.70%	12.56%	10.44%	6.02%

Top Security Holdings

Holdings	% of Fund's NAV
a2 Milk Company	8.47%
Fisher & Paykel Healthcare	7.33%
CSL	4.32%
Xero	3.91%
Ryman Healthcare	3.56%
BHP Group	3.32%
Mainfreight	3.22%
Contact Energy	3.20%
Spark New Zealand	2.82%
Rio Tinto	2.50%

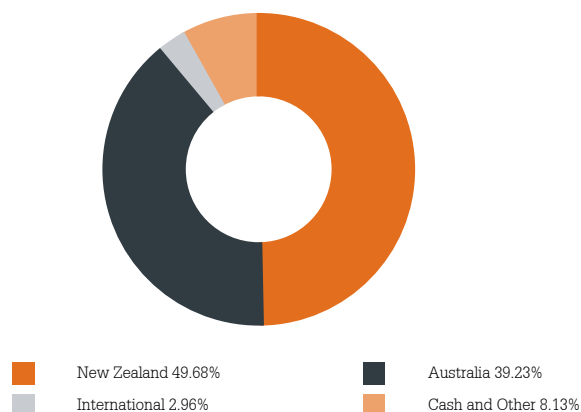
Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	8.13%	5.00%
New Zealand Fixed Interest	0.00%	0%
International Fixed Interest	0.00%	0%
New Zealand Equities	46.80%	47.50%
Australian Equities	45.07%	47.50%
International Equities	0.00%	0%
Other	0.00%	0%

Sector Exposure

Allocation	Weight %
Health Care	20.28%
Consumer Staples	11.07%
Financials	10.66%
Materials	10.60%
Utilities	8.42%
Industrials	8.12%
Information Technology	6.11%
Real Estate	5.89%
Other Sectors	10.72%
Cash and Other	8.13%

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.

Level 28, 48 Shortland Street, Auckland
PO Box 960, Shortland Street, Auckland 1140
Free phone 0800 662 345
milfordasset.com

