

Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2020



Portfolio Managers



Sam Trethewey
Portfolio Manager



Wayne Gentle
Portfolio Manager

May performance was 4.4% compared to a 3.3% return for the NZX 50 Gross Index and a 4.4% return for the ASX 200 Accumulation Index. The month saw a continuation of the April rally across both markets, there was a risk-on sentiment supported by easing of lockdown measures.

The Fund's performance continues to be driven by stock selection. Standout contributors this month included payment provider AfterPay (+52.0%), property investment manager Charter Hall (+26.7%) and Mainfreight (+9.0%). AfterPay indicated it continues to grow rapidly in the US. The company now has 5 million US customers and it added 1 million new customers over the Covid-19 lockdown period as online shopping grew at pace. Chinese tech giant Tencent also purchased a 5% stake in the business. Mainfreight delivered a strong result with earnings growth of 10% compared to the prior year. The company continues to win market share across most markets offsetting any macro weakness. On the outlook, CEO Don Braid indicated that trading in May was tracking ahead of the prior year after a tough April but was cautious of the strength continuing.

Covid-19 liquidity driven capital raisings continued, and the Fund participated in several transactions. This included the Comvita capital raise. The stock has been a significant underperformer in recent years due to extremely poor management and unfavourable honey harvests. The capital raising provided an opportunity to reset the business for growth, it is now up to the new management team to execute. Other changes included adding to Fletcher Building on weakness and to our property exposures after a period of significant under performance from the sector.

We expect the local equity markets to remain volatile in the coming months. Across both Australia and NZ we have seen real time measures of economic activity indicate week-on-week improvements across most sectors through May and daily new Covid-19 cases are negligible. Investor focus is likely to shift towards how sustained the rebound in activity is. However irrespective of short-term market performance, long-term returns will be more influenced by our ability to position the Fund in companies that can sustain earnings growth at above average rates. We have retained our bias towards quality growth exposures (like a2 Milk, CSL and Mainfreight) and defensive exposures with strong balance sheets (like Spark). We continue to avoid companies where we see stretched balance sheets, earnings or valuation risk.

To view Milford's May 2020 Market and Economic Review please see milfordasset.com/fact-sheet.

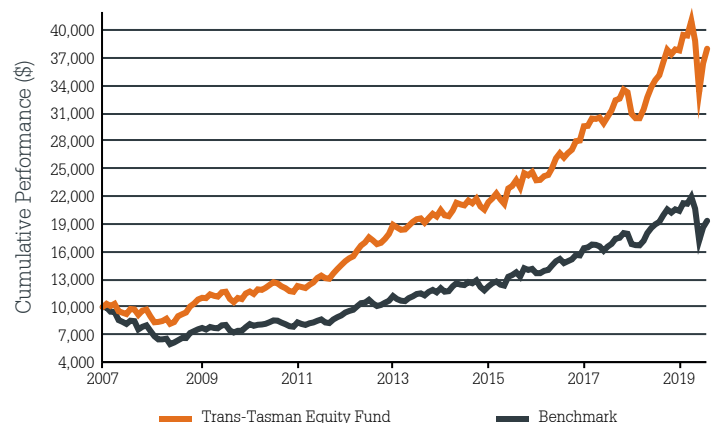
External Ratings



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

| | |
|-------------------------------------|--|
| 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) | \$442.3 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;"> Lower risk Higher risk </div> <div style="text-align: center;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between;"> Potentially lower returns Potentially higher returns </div> |



Investment Performance after fees as at 31 May 2020⁴

Unit Price: \$3.0823

| | 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) | 4.39% | -2.19% | 8.18% | 13.19% | 12.01% | 11.11% |
| After Tax 10.50% | 4.43% | -2.14% | 7.97% | 12.90% | 11.62% | 10.68% |
| After Tax 17.50% | 4.46% | -2.11% | 7.83% | 12.71% | 11.35% | 10.45% |
| After Tax 28.00% | 4.50% | -2.06% | 7.61% | 12.41% | 10.96% | 10.06% |
| Benchmark | 3.90% | -6.34% | 0.65% | 9.43% | 8.78% | 5.35% |

Top Security Holdings

| Holdings | % of Fund's NAV |
|----------------------------|-----------------|
| a2 Milk Company | 9.38% |
| Fisher & Paykel Healthcare | 8.45% |
| CSL | 6.07% |
| Mainfreight | 3.70% |
| Xero | 3.64% |
| Spark New Zealand | 3.29% |
| Transurban Group | 2.94% |
| BHP Group | 2.85% |
| Ryman Healthcare | 2.71% |
| Infratil | 2.63% |

Current Asset Allocation

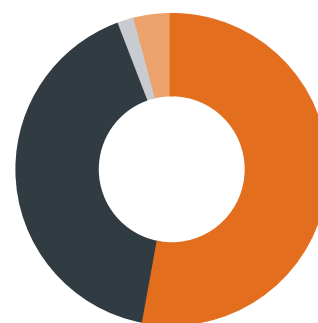
| | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Effective Cash # | 4.16% | 5.00% |
| New Zealand Fixed Interest | 0.00% | 0% |
| International Fixed Interest | 0.00% | 0% |
| New Zealand Equities | 49.95% | 47.50% |
| Australian Equities | 45.89% | 47.50% |
| International Equities | 0.00% | 0% |
| Other | 0.00% | 0% |

The actual cash held by the Fund is 5.96%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Sector Exposure

| Allocation | Weight % |
|------------------------|----------|
| Health Care | 21.24% |
| Consumer Staples | 12.43% |
| Financials | 12.43% |
| Materials | 11.01% |
| Industrials | 10.16% |
| Utilities | 8.06% |
| Information Technology | 7.13% |
| Communication Services | 4.51% |
| Other Sectors | 8.87% |
| Cash and Other | 4.16% |

Region Exposure



■ New Zealand 52.85%
 ■ Australia 41.30%
 ■ International 1.69%
 ■ Cash and Other 4.16%

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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