

Trans-Tasman Equity Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2020



Portfolio Managers



Sam Trethewey
Portfolio Manager



Wayne Gentle
Portfolio Manager

The Fund declined 2.5% in September compared to a 1.6% fall for the NZX 50 index and a 3.4% fall for the ASX 200 index. In Australia profit taking occurred across the market after a strong performance during the August reporting season. In NZ, weak returns from large caps a2 Milk and Fisher & Paykel Healthcare led the Fund and index lower.

a2 Milk (-17.5%) provided a weak trading update that highlighted a downturn in sales via the daigou channel. The company outlined to investors that they believe the issue is short term and indicated that direct sales in China continue to grow strongly and brand health metrics remain strong. We dialled back the Fund's holding in a2 Milk following an earlier trading update in April. Fisher & Paykel Healthcare (-9.7%) transitioned from the ASX small cap indices into the ASX 100 mid-month. This resulted in selling pressure as it was large weight within the small cap index. Over coming months, we expect the stock will trade in line with global COVID-19 case numbers and hospitalisation rates. Looking to the medium term, Fisher & Paykel has the opportunity to convert the current usage of its products for the treatment of COVID-19 to a wider usage for other respiratory illnesses.

Standout performers included mortgage broker Australian Finance Group (+19.6%), travel software developer Serko (+22.6%), and toll road operator Transurban (+4.8%). These stocks were sought after by investors to provide exposure to the reopening of local economies after lockdowns. During the month we added to Spark on weakness and switched some of our exposure in the healthcare sector from CSL to Fisher & Paykel Healthcare.

Irrespective of short-term market performance, long-term returns will be heavily influenced by our stock selection. That is our ability to position the Fund in companies that can sustain earnings growth at above average rates and avoid where we see stretched balance sheets, earnings or valuation risk.

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

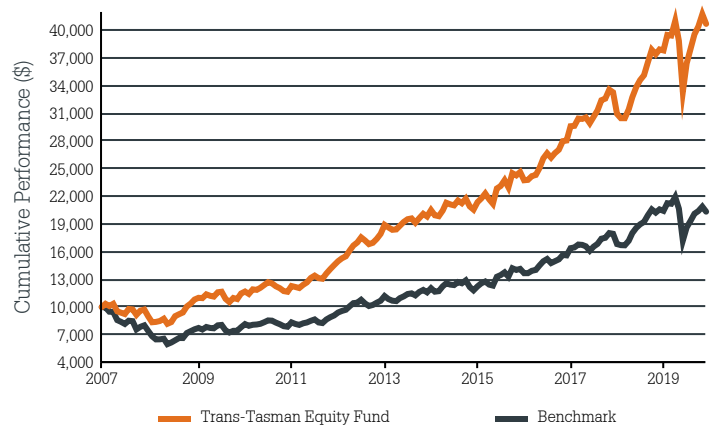
External Ratings



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

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)	\$537.2 M
Buy-sell Spread	None - swing pricing applies (see PDS for details)
Inception Date	1 October 2007
Current Distribution	1.5 cents per unit (Quarterly)
Benchmark	50% x S&P/ASX 200 Total Return 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;"> 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 30 September 2020⁴

Unit Price: \$3.2809

	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)	-2.51%	2.88%	7.29%	13.20%	14.62%	11.40%
After Tax 10.50%	-2.59%	2.91%	7.15%	12.95%	14.28%	10.97%
After Tax 17.50%	-2.64%	2.94%	7.06%	12.78%	14.05%	10.75%
After Tax 28.00%	-2.72%	2.97%	6.91%	12.53%	13.71%	10.37%
Benchmark	-2.60%	1.12%	-1.21%	9.24%	11.48%	5.61%

Top Security Holdings

Holdings	% of Fund's NAV
Fisher & Paykel Healthcare	8.81%
a2 Milk Company	6.01%
CSL	4.98%
Xero	3.80%
Mainfreight	3.58%
Spark New Zealand	3.49%
BHP Group	3.22%
Infratil	3.07%
Auckland Airport	2.97%
Ryman Healthcare	2.77%

Current Asset Allocation

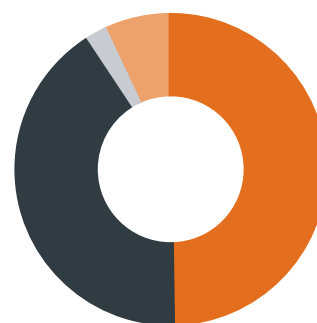
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.02%	5.00%
New Zealand Fixed Interest	0.00%	0%
International Fixed Interest	0.00%	0%
New Zealand Equities	46.68%	47.50%
Australian Equities	46.30%	47.50%
International Equities	0.00%	0%
Other	0.00%	0%

The actual cash held by the Fund is 8.31%. 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	21.53%
Financials	12.56%
Industrials	11.25%
Materials	8.84%
Consumer Staples	8.70%
Information Technology	8.00%
Utilities	7.08%
Communication Services	5.76%
Other Sectors	9.26%
Cash and Other	7.02%

Region Exposure



■ New Zealand 49.77%
 ■ Australia 40.91%
 ■ International 2.30%
 ■ Cash and Other 7.02%

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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