



FUND DESCRIPTION

The MFL Mutual Fund invests predominantly in Australasian listed property, Australasian equities and international listed property. It may also invest in cash and cash equivalents, fixed interest assets and companies, funds or trusts that invest in property and are intending to list.

Listed property includes trusts or companies that own or invest directly in commercial, office and industrial property. The fund's equity investments will predominantly be shares in listed trusts or companies with a substantial property component. These could include, for example, ports, airports, toll roads, utility networks and retirement villages.

FUND REVIEW

After a sharp COVID-19 related decline at the end of the March quarter, the MFL Fund bounced back rising 14.95% over the June quarter. The recovery in global equity markets resulted from improving sentiment which had troughed in March following the extreme measures taken by governments globally to stem the virus's spread.

Property found itself under pressure as investors worried that rents would not be paid, vacancy would rise and valuations would fall. While rental deferrals have been given to many tenants, for the most part these discussions were concluded and calm returned to the sector. The fund's best-performing holding was Stride Property, which returned 31.7% over the quarter following several announcements regarding growth in the company's property funds management business.

The property-related securities were the best performing part of the Fund, up nearly 28%. In particular, the retirement sector holdings gained on improving sentiment following the avoidance of widespread community infection in NZ. The best-performing stock in the sector during the quarter was Metlifecare (MET).

The Australian property sector also performed well, returning over 22% during the quarter following a sharp sell-off in March which saw the sector fall over 40% from its February highs. The biggest detractor to the fund's performance was its holding of cash. As optimism around the economic impact of the coronavirus rose and share markets surged, defensive assets such as cash were out of favour and significantly underperformed benchmarks. However, with ongoing economic uncertainty, this cash balance acts as a defensive play should volatility pickup over the short to medium term.

While significant uncertainty remains over the outlook for the domestic and global economy we remain relatively optimistic about the prospects for the property sector. Vacancy remains near record lows and balance sheets are strong enough to sustain a period of weakness. Our focus remains on investing for the long-term in quality companies with strong management and balance sheets, which should be able to deliver above-market returns over the long-term.

FUND PERFORMANCE

	3mth	1 year	3 years (p.a.)*	5 years (p.a.)*	10 years (p.a.)*
At 0% PIR tax	14.95%	-2.93%	6.11%	6.57%	11.02%
At 28% PIR tax	14.54%	-3.35%	5.49%	5.63%	10.26%

Performance is after fund fees and stated PIR. The 28% PIR return shows returns at the highest PIR at the time of the performance.

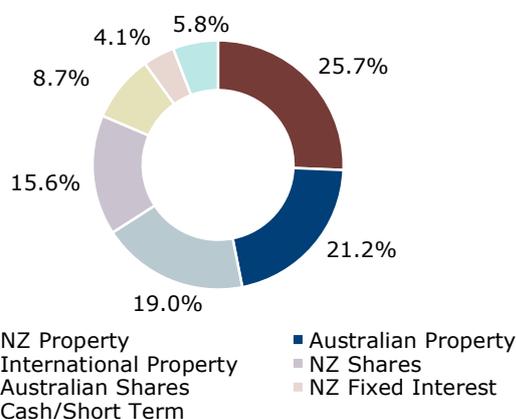
* Performance for periods longer than one year is per annum.

FUND PERFORMANCE OVER 20 YEARS



The fund became a PIE fund on 1 October 2007. Performance of the 0% PIR prior to this date has been recalculated on a before tax basis.

CURRENT ASSET ALLOCATION





TOP 10 HOLDINGS

The following table shows the largest underlying holdings as a percentage of the Fund.

	Company	Country	Percentage
1	Cash	New Zealand	5.81%
2	Goodman Group	Australia	5.01%
3	Precinct Properties	New Zealand	4.89%
4	Ryman Healthcare LTD	New Zealand	4.39%
5	Kiwi Property Group	New Zealand	4.01%
6	Property for Industries	New Zealand	3.59%
7	Oceania Healthcare	New Zealand	3.43%
8	Goodman Property Trust	New Zealand	3.27%
9	Stride Stapled Group	New Zealand	2.83%
10	Investore Property	New Zealand	2.60%

Total number of holdings 288

FUND SIZE

\$463,388,071 as at 30 June 2020.

ADDITIONAL FUND DETAILS

Minimum Transaction Size	
Lump sum payments	\$500
Regular payments	\$50
Lump sum withdrawals	\$500
Regular withdrawals	\$100

Fees	
Total fund charge*	0.89%

*The total fund fee for the year ending 30 June 2019.

INVESTMENT MANAGER



Craig Tyson is responsible for ANZ Investments' specialist Australasian listed property and infrastructure mandates.

Craig has managed the MFL Mutual Fund since 2006 and has over 20 years' experience as an analyst and fund manager.

Information is current as at the date of this document and may change on a daily basis. Past performance does not indicate future performance. The actual performance any given investor realises will depend on many things, is not guaranteed and may be negative as well as positive.

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Investment and administration manager: ANZ New Zealand Investments Limited