



# Fund Watch

OCTOBER 2020

## Welcome

It was another relatively prosperous quarter for investors with most global indices recording solid gains, continuing their rally off the March lows. In this issue we look at how the MFL Mutual Fund has performed during this time and some of the key factors behind it.

## How has the fund performed?

Performance as at 30 September 2020	3 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)
MFL Mutual Fund	9.30	0.24	8.43	8.61	11.12

Performance is after fees and before tax.

After a tough start to the year, the MFL Fund continued its impressive recovery, recording a 9.3% return over the third quarter, comfortably beating the benchmark.

The fund has a significant weighting to the New Zealand property sector, which was one of the best performing sectors over the third quarter. The local property index gained 13.4%, comfortably beating the broader NZX 50 and ahead of most global property benchmarks.

Of particular benefit was the fund's holding of Goodman Group. Shares in the company gained more than 20% over the quarter after reporting better-than-expected earnings for FY20. The company reported a 13% increase in operating earnings and an 11% increase in its earnings per share. In addition, it offered up strong guidance for FY21, expecting a 10% increase in operating profit.

Another strong contributor was the fund's holding of Precinct Properties NZ, which gained more than 8% over the quarter. Precinct saw strong gains after its FY20 earnings report showed the Commercial Bay office is now 97% leased, up from 92% and its Wynyard Stage 2 property is 100% leased, up from 65%.

The fund has a strong exposure to the retirement sector, which benefited from a buoyant domestic housing market with house prices rising across the country. Of particular note was Summerset Group and Oceania Healthcare Limited, which were two of the three best-performing stocks in the NZX 50 over the quarter.

A slight detractor on performance was the fund's holding of cash. As equity markets rose, defensive assets, such as cash underperformed.

Our focus remains on investing for the long-term in quality companies with strong management and balance sheets, which should be able to survive market volatility. This investment thesis has been of particular benefit in recent months, with the fund now back in positive territory for the year, which is well above the benchmark.

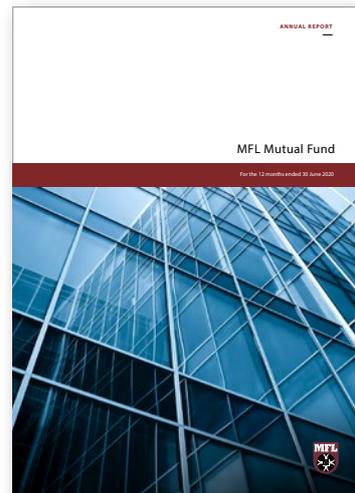
# MFL Mutual Fund Annual Report 2020

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**The MFL annual report for the year ended  
30 June 2020 is now available online at:  
[mflmutual.co.nz](http://mflmutual.co.nz)**

**Choose 'Annual Report'**

The annual report includes fund performance, details of the scheme and any changes that took place during the year. If you'd like a copy sent to you, free of charge, please email us at [service@anzinvestments.co.nz](mailto:service@anzinvestments.co.nz) or call us on 0800 736 034.



## Here to help

For financial advice, speak to your financial adviser. ANZ Investments can put you in touch with an adviser in your area if you need one. You can contact ANZ Investments on:

 **0800 736 034**    **[service@anzinvestments.co.nz](mailto:service@anzinvestments.co.nz)**    **[mflmutual.co.nz](http://mflmutual.co.nz)**

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Investment and administration manager: ANZ New Zealand Investments Limited 10/2020