



Fund Watch

JANUARY 2022

Welcome

It was another relatively good quarter for the MFL Mutual Fund (the “fund”), thanks to the strong performance of international and Australian property investments in particular. Both benefited from the reopening of the global economy following COVID-19 induced lockdowns earlier in the year, and as the property sector shrugged off the Omicron variant breakout after data confirmed it was less severe than Delta, despite being more transmissible. As we have recently seen, it has been a volatile start to 2022, with equity markets declining as geopolitical concerns in Europe and the prospect of higher interest rates have dampened sentiment. In this issue we look at the key drivers of its recent performance, and we remind you of some of the easy ways that you can stay on top of your investments.

How has the fund performed?

Performance as at 30 December 2021	3 months (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)
MFL Mutual Fund	4.46%	16.32%	15.17%	11.33%	13.01%

Performance is after annual fund charges and before tax.

The MFL Fund finished the quarter up 4.46%, closing out another stellar year, which saw the fund finish 2021 up 16.32%.

On the whole, the global reopening continued to benefit the property sector that was hit hard during the global pandemic. For the quarter, the international property market (hedged to NZD) rose 11.4%, while the New Zealand listed property sector gained 2%, outperforming the NZX 50. In Australia, the listed property sector rose 10.1%, comfortably outperforming the ASX 200.

It was the fund’s allocation to Australian listed property stocks that proved beneficial over the quarter, highlighted by two of the fund’s long-standing holdings, Goodman Group and Charter Hall Group.

Shares in Goodman rose more than 20% over the quarter as its focus on high quality logistics and warehousing properties which have benefited from increased demand due to the growth in e-commerce, particularly due to lockdowns and disruption caused by COVID-19. In a November operational update, the company said its occupancy rate had increased to 98.4%, underscoring the level of demand for its properties. Furthermore, the company upgraded its FY2022 EPS growth to in excess of 15%. By the end of the year, shares in the company had hit a decade-high above \$25 per share.

Meanwhile, Charter Hall also closed out the quarter with gains of more than 20%, helped in part by an earnings upgrade. The company announced a post-tax operating earnings per security upgrade of no less than 105 cents per security for the FY22 year, up 40% from the 75c guidance it provided at its FY21 Result in August. This has been attributed to an increase in funds under management (fees revenue), profits

from transactions and performance fees receivable. In more good news, the company added that its development pipeline has grown beyond A\$9 billion.

However, after a relatively good run, the fund's retirement village holdings, Ryman Healthcare, Summerset Group Holdings and Oceania Healthcare all faced headwinds as sentiment around the domestic housing market softened amid lower volumes and some expectations of slower price growth. For the quarter, Oceania fell 8%, Summerset fell around 10%, while Ryman Healthcare was a significant underperformer, falling more than 18%.

As manager of the MFL fund, our priority remains to invest in companies with capable management and good governance oversight that have a clear strategy for growing shareholder value – an investment philosophy that has proved to be successful over the life of the fund as seen by its long-term performance. Moreover, by focusing on quality companies with good management and strong balance sheets we can ensure that the portfolio can withstand periods of market volatility, which is all part of investing.

Easy ways to stay on top of your fund

These days, most people manage their bank accounts online. But did you know you can manage your MFL Mutual Fund account the same way?

You can track and manage your account through ANZ Internet Banking or the ANZ goMoney app – even if you don't bank with ANZ. You can check your balance, see how your fund is performing and view your transaction history anywhere, anytime, on your computer or smartphone. If you bank with ANZ, you can also make additional lump sum contributions by transferring money directly from your ANZ everyday accounts.

If you're not already registered for ANZ Internet Banking or goMoney, here's how:

ANZ customers:

- To register for ANZ Internet Banking, visit anz.co.nz, click on 'Log on' and then 'Register now'
- To register for ANZ goMoney, download the app on your iPhone, iPad or Android device.

Non-ANZ customers:

For your security, to register for ANZ Internet Banking and/or ANZ goMoney we'll first need to verify your identity. Simply come into any ANZ branch with some suitable ID and address verification documents.

Find out more. For more information, visit mflmutual.co.nz/keeping-track

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**  **mflmutual.co.nz**

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