



FUND DESCRIPTION

The fund is a managed portfolio that invests predominantly in Australasian listed property, Australasian equities and international listed property with a small allocation to cash and cash equivalents and fixed interest assets. It may also invest in funds or trusts that invest in property and are intending to list. Some underlying investments are held directly and some are held via an underlying fund.

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 challenging start to the year, listed property had a good final quarter of the year, driven largely by the decline in bond yields due to lower inflation expectations. This was good news for high yielding investments such as property which have underperformed on the back of rising interest rates over the last couple of years. Against this backdrop, the MFL Property Fund rose 9.22%. Here, we break down the performance of the fund over the quarter.

In New Zealand, the listed property index rose 6.7% over the quarter, helped in part by a sharp decline in bond yields. Although the Reserve Bank of New Zealand (RBNZ) maintained a relatively hawkish stance compared to many of its peers, domestic bond yields ended the quarter lower, with the yield on the New Zealand 10-year government bond 98 basis points lower. Meanwhile, the Australian listed property sector was one of the best-performing globally, rising 16.6%.

Economic data showed the New Zealand economy was still facing challenges on the inflation front. Although headline inflation fell to 5.6%, which was below forecasts, non-tradables inflation, a better indicator of domestic pricing pressures, fell to 6.3% from 6.6%. This was above several projections, including those of the RBNZ. Meanwhile, in December, GDP (Gross Domestic Product) data showed that New Zealand's economy shrank by 0.3% in the third quarter of 2023.

In terms of performance, a strategic underweight position to Argosy Property had a positive impact on relative performance. Although its shares finished the quarter higher, its 1.4% return was well short of the benchmark return of 6.7%. Its lacklustre performance on a comparative basis came after the company announced a portfolio

devaluation of 2.3% due to cap rate expansion, which dropped its Net Tangible Assets (NTA) to \$1.52 per share. Furthermore, the companies gearing rose to 36.3%, although still within its 30% to 40% range.

Elsewhere, the strong quarter for property fund managers saw the fund's overweight to Charter Hall Group deliver strong relative returns with its shares closing the quarter up nearly 30%. With the prospect that bond yields have peaked, those property companies that are most interest rate-sensitive, notably fund managers like Charter Hall, were the strongest performers over the quarter. Offsetting some performance during the quarter was two overweight positions in the retirement village sector – Ryman Healthcare Limited and Summerset Group Holdings Limited. Shares in Summerset rose 0.5% over the quarter, well behind its benchmark, while it was Ryman that was the main detractor, with its shares falling 6.5% making it one of the weakest-performing companies in the NZX 50 despite signs that the housing market has turned.

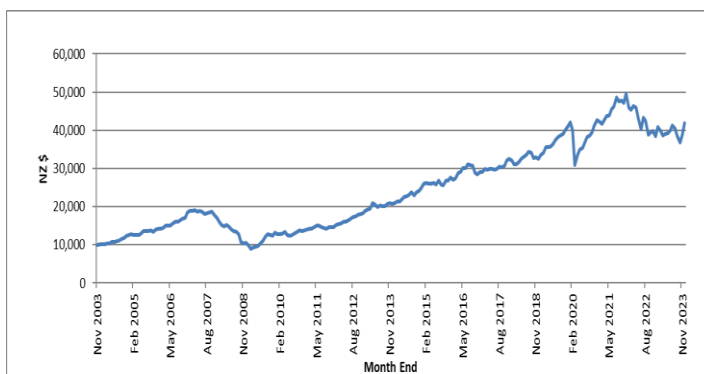
FUND PERFORMANCE

	3mth	1 year	3 years (p.a.)*	5 years (p.a.)*	10 years (p.a.)*
At 0% PIR tax	9.22%	8.99%	-0.57%	5.24%	7.32%
At 28% PIR tax	8.74%	8.04%	-1.14%	4.54%	6.58%

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

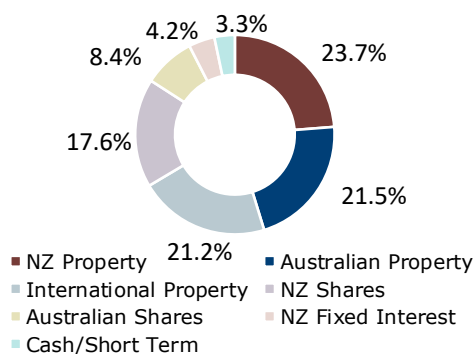
* Performance for period longer than one year is the fund's average performance per annum.

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	Goodman Group	Australia	7.09%
2	Ryman Healthcare Ltd	New Zealand	5.11%
3	Goodman Property Trust Units	New Zealand	4.89%
4	Oceania Healthcare Ltd	New Zealand	4.63%
5	Summerset Group Holdings Limited	New Zealand	3.83%
6	Precinct Properties New Zealand Ltd & Precinct Properties Investments Ltd	New Zealand	3.79%
7	Property For Industry Ltd	New Zealand	3.23%
8	Kiwi Property Group Ltd	New Zealand	3.10%
9	Stride Property Group	New Zealand	3.08%
10	Scentre Group	Australia	2.57%

Total number of holdings 310

FUND SIZE

\$422,587,147.46 as at 31 December 2023.

ADDITIONAL FUND DETAILS

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

Fees (year to 30 June 2023)	
Total fund charges*	0.83%

* The total annual fund charge for the year ending 30 June 2023.

INVESTMENT MANAGER



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

Craig has managed the MFL Mutual Fund since 2006 and has over 25 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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