

MFL MUTUAL FUND

SEPTEMBER 2023



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

It was a challenging quarter for Australasian property companies as higher interest rates weighed on the sector. Against this backdrop, the MFL Property Fund fell 3.82%.

The prospect that interest rates (both local and global) would stay higher for longer weighed on property investments, and the New Zealand listed property sector fell 5.5% over the quarter.

Although the Reserve Bank of New Zealand (RBNZ) left the Official Cash Rate (OCR) unchanged at 5.50%, a slight tweak in its economic projections raised the possibility of one more interest rate hike, which pushed bond yields higher. By the end of the quarter, the yield on the New Zealand 10-year government bond had risen 69 basis points. Meanwhile, the Australian listed property sector fell 2.9% over the quarter, while the yield on Australia's 10-year government bond rose 47 basis points.

At a sector level, New Zealand listed property vehicles faced headwinds after both major political parties said they support the removal of depreciation on commercial buildings.

Economic data continued to show the Australian economy was holding up better than New Zealand's. Although the employment market on both sides of the Tasman remains strong, consumer spending in New Zealand is weakening, and inflation remains a little more persistent.

In terms of performance, **Regis Healthcare Limited** contributed to fund performance with its shares rising more than 20% over the quarter after the company reported a 7.9% increase in revenue and narrowed its net loss by 27% from the year prior.

Meanwhile, the fund's overweight to New Zealand retirement company **Summerset**

Group Holdings Limited also contributed to performance with its shares finishing the quarter up 7.6%. Its performance was helped in part by signs that the New Zealand housing market was stabilising after a period of weakness. After a challenging 18 months, the August REINZ House Price Index (HPI) came in a little stronger than expected with sales up and housing selling a little faster.

Having said that, the fund's overweight position to **Oceania Healthcare Limited** was unable to benefit from the positive signs in the domestic property market with its shares falling 7.8% over the quarter, which detracted from fund performance.

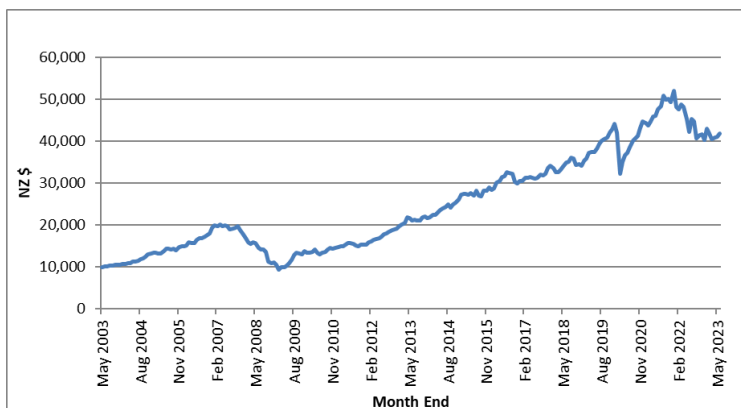
FUND PERFORMANCE

	3mth	1 year	3 years (p.a.)*	5 years (p.a.)*	10 years (p.a.)*
At 0% PIR tax	-3.82%	-0.81%	-0.24%	2.34%	6.73%
At 28% PIR tax	-4.02%	-2.23%	-0.85%	1.65%	6.01%

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.

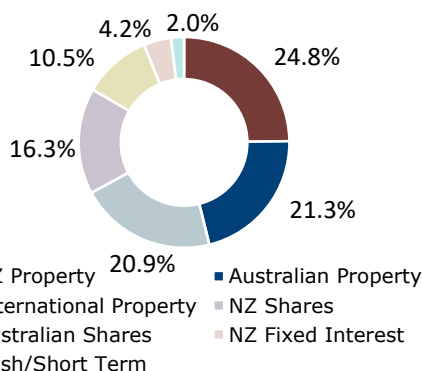
* Performance for period longer than one year is the fund's average performance per annum.

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	6.67%
2	Goodman Property Trust	New Zealand	4.99%
3	Summerset Group Holdings Ltd	New Zealand	4.45%
4	Oceania Healthcare Ltd	New Zealand	4.35%
5	Ryman Healthcare Ltd	New Zealand	4.08%
6	Precinct Properties New Zealand	New Zealand	3.74%
7	Property For Industry Ltd	New Zealand	3.61%
8	Kiwi Property Group Ltd	New Zealand	3.18%
9	Stride Property Ltd & Stride Investment Management Ltd	New Zealand	2.83%
10	Scentre Group	Australia	2.56%

Total number of holdings 300

FUND SIZE

\$398,802,719 as at 30 September 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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