



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

Over the quarter the fund fell 5.04%. It was a tough quarter for the MFL Mutual Fund, which suffered on the back of the weak performance of both Australian and International property. Over one year, the fund's return is now flat.

Australian and International property markets fell 1.9% and 6.2% respectively. New Zealand property bucked the trend and rose in value, gaining 2.3%, underpinned by strong demand for well-located property and low vacancy rates. Listed property sectors outperformed the broader share markets in all three regions, due largely to the more defensive nature of this asset class.

The fund can invest in New Zealand and Australian companies that have a large property component to them. The fund's long-standing overweight positions in retirement businesses Ryman Healthcare and Metlifecare were a drag on performance, as they fell 22% and 17% respectively. Both companies have been affected by a turn in New Zealand housing market sentiment, due in part to the foreign buyer ban and talk of a capital gains tax.

There were some positives however, including the fund's holding in Precinct Properties. Its shares continued to rise given good progress on existing developments and news of some exciting new projects.

As outlined last quarter, we had been exercising a little more caution in anticipation of some volatility ahead. Therefore our decision to scale back some of our bigger positions and to increase our cash weightings was of benefit. However, our allocation to the weaker performing Australian and International property markets, and our retirement holdings, held back overall returns this quarter.

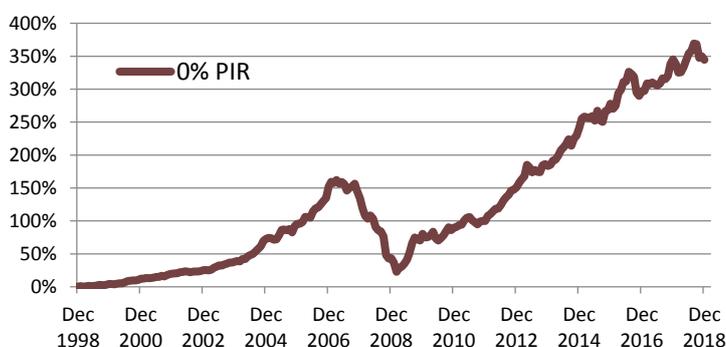
FUND PERFORMANCE

	3mth	1 year	3 years (p.a.)*	5 years (p.a.)*	10 years (p.a.)*
At 0% PIR tax	-5.04%	-0.12%	5.56%	9.43%	11.98%
At 28% PIR tax	-5.50%	-1.00%	4.65%	8.66%	11.14%

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

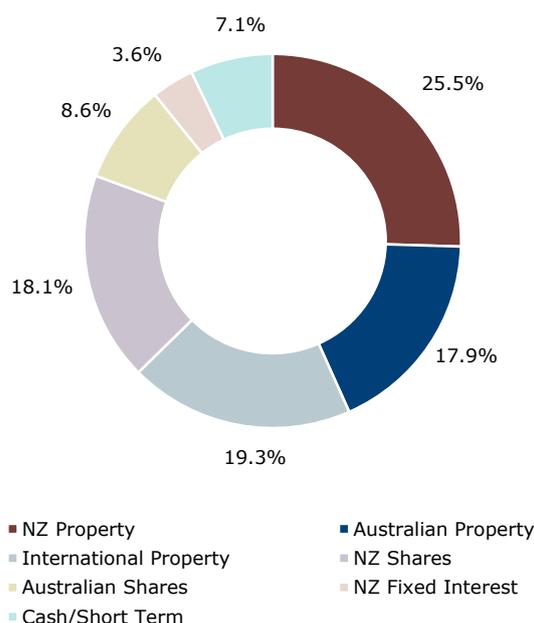
* Performance for periods longer than one year is per annum.

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



- NZ Property
- Australian Property
- International Property
- NZ Shares
- Australian Shares
- Cash/Short Term
- NZ Fixed Interest



TOP 10 HOLDINGS

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

	Company	Country	Percentage
1	Metlifecare Limited	New Zealand	7.97%
2	Ryman Healthcare Ltd	New Zealand	6.09%
3	Kiwi Property Group	New Zealand	5.97%
4	Precinct Property NZ	New Zealand	5.27%
5	Scentre Group	Australia	3.64%
6	Stride Stapled Group	New Zealand	3.23%
7	Property For Industry	New Zealand	2.96%
8	Dexus Property Group	Australia	2.50%
9	Goodman Property Trust	New Zealand	2.31%
10	Cash	New Zealand	2.12%

Total number of holdings 311

FUND SIZE

\$460,759,022 as at 31 December 2018.

ADDITIONAL FUND DETAILS

Minimum transaction size

Lump sum payments	\$500
Regular payments	\$50
Lump sum withdrawals	\$500
Regular withdrawals	\$100

Fees

Total fund charge*	0.88%
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*The total fund fee for the year ending 30 June 2018.

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