

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2019



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

The Fund lost 0.9% ending a strong run of consecutive monthly gains.

The devastating Australian fires have been the most significant domestic event over the last month. There has been an enormous humanitarian and environmental impact on large parts of rural Australia which will have long lasting effects on many of those areas. From a wider Australian economic point of view, we may see a small impact on consumption as people appear to have travelled less over the break and many have donated to supporting charities. Prime Minister Scott Morrison's handling of the crisis has been poor, and his popularity has taken a hit which may see some political instability remerge this year.

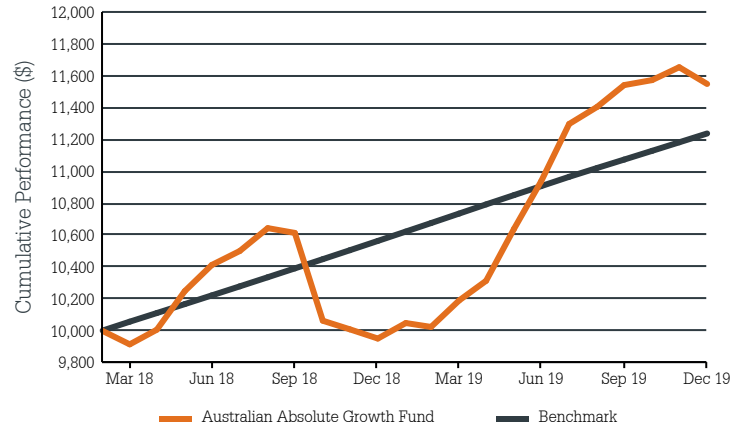
However, none of this is substantial enough for us to change our strategy or positive view on Australian equities. On an individual stock basis, Sealink Travel Group may be impacted as it operates the ferry service to Kangaroo Island which has been severely impacted by the fires. The shares have sold off in January and we purchased more into this weakness.

The Fund is currently more fully positioned as we see the current environment as reasonably favourable for equities. We have a larger allocation to commodity and oil stocks which we expect to do well with a recovery in global growth prospects in 2020.

To view Milford's January 2020 Market and Economic Review please see milfordasset.com/fact-sheet.

Cumulative Fund Performance

(after fees and before tax)



Assumes the growth of \$10,000 invested at the Fund's inception date.

Key Fund Facts

| | |
|------------------------------------|---|
| Objective¹ | Absolute returns with an annualised return objective of 5% above the New Zealand Official Cash Rate while seeking to protect capital over rolling three year periods. |
| Description | Diversified fund that primarily invests in Australasian equities, complemented by selective exposure to international equities, fixed interest securities and cash |
| Target Allocation | 17.5% Income Assets / 82.5% Growth Assets |
| Neutral FX Exposure | 0% |
| Net Asset Value (NAV) | \$185.4 M |
| Buy-sell Spread | None |
| Inception Date | 1 March 2018 |
| Benchmark | OCR + 5% p.a. |
| Base Fund Fee² | 1.05% |
| Performance Fee | 15% of the Fund's returns above the Benchmark ¹ , subject to the high watermark. |
| Total Fund Fees³ | 1.41% (includes an est. performance fee) |
| Risk Indicator | <div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="text-align: center;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div> |

Investment Performance after fees as at 31 December 2019⁴

Unit Price: \$1.1514

| | 1 Month | 3 Months | 1 year | 3 years (p.a.) | 5 years (p.a.) | Since inception (p.a.) |
|--|---------|----------|--------|----------------|----------------|------------------------|
| Milford Australian Absolute Growth Fund (Gross Of Tax) | -0.90% | 0.06% | 16.06% | - | - | 8.15% |
| After Tax 10.50% | -1.04% | -0.23% | 16.16% | - | - | 8.03% |
| After Tax 17.50% | -1.13% | -0.43% | 16.23% | - | - | 7.95% |
| After Tax 28.00% | -1.26% | -0.72% | 16.34% | - | - | 7.83% |
| Benchmark | 0.50% | 1.48% | 6.38% | - | - | 6.56% |

Top Equity Holdings

| Holdings | % of Fund's NAV |
|--------------------------|-----------------|
| BHP Group | 6.08% |
| Woodside Petroleum | 4.79% |
| National Australia Bank | 3.40% |
| CSL | 3.34% |
| Charter Hall Group | 3.17% |
| a2 Milk Company | 2.67% |
| Australian Finance Group | 2.36% |
| Macquarie Group | 2.36% |
| Aristocrat Leisure | 2.23% |
| Santos | 2.22% |

Current Asset Allocation

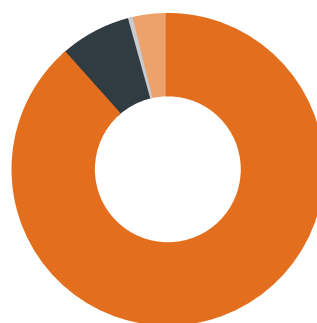
| | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Cash and Cash Equivalents | 2.61% | 7.50% |
| New Zealand Fixed Interest | 3.39% | 4.00% |
| International Fixed Interest | 4.37% | 6.00% |
| New Zealand Equities | 8.02% | 7.50% |
| Australian Equities | 79.62% | 72.50% |
| International Equities | 0.76% | 2.50% |
| Other | 1.23% | 0% |

Top Fixed Interest Holdings

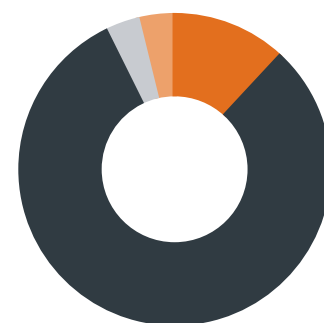
| Holdings | % of Fund's NAV |
|---------------------|-----------------|
| ANZ Bank Float 2022 | 0.71% |
| NAB Float 2024 | 0.69% |
| Westpac Float 2022 | 0.40% |
| ANZ Float 2021 | 0.24% |
| Westpac 2.22% 2024 | 0.20% |
| ANZ Bank Float 2024 | 0.19% |
| NZLGFA 1.5% 2029 | 0.19% |
| Westpac Float 2021 | 0.19% |
| ASB Bank 1.83% 2024 | 0.18% |
| Westpac Float 2023 | 0.16% |

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

Fund Portfolio Mix



Region Exposure



1. After the base fund fee but before tax and before the performance fee. 2. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 3. The Total Fund Fees comprise the Base Fund Fee and any estimated Performance Fee. Please refer to the Product Disclosure Statement for more information as to how these are calculated. 4. Please note past performance is not a guarantee of future returns.

Please refer to the 'Glossary for the Monthly Fact Sheet' at milfordasset.com/fact-sheet for more information about the data published within this document.

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