

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2020



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Australian Absolute Growth Fund produced a small 0.4% gain in October after a late market pullback eroded stronger mid-month performance. Our top performers were more defensive businesses that held up well later in the month. With consumers continuing to dine more at home due to the pandemic, Woolworths rallied 4.7% as it reported strong sales over the last quarter. Fisher & Paykel Healthcare surged by 5.2% as COVID-19 cases began to rise at a concerning rate in Europe and North America. We increased our position in this business materially over the month.

Some of our Australian cyclical holdings performed well on the back of positive signals from the housing market. This included BlueScope Steel, which upgraded earnings guidance and ANZ Bank, which reported better than expected earnings. With COVID-19 cases under control in Australia and New Zealand we prefer local cyclical companies to those exposed to Europe and the United States.

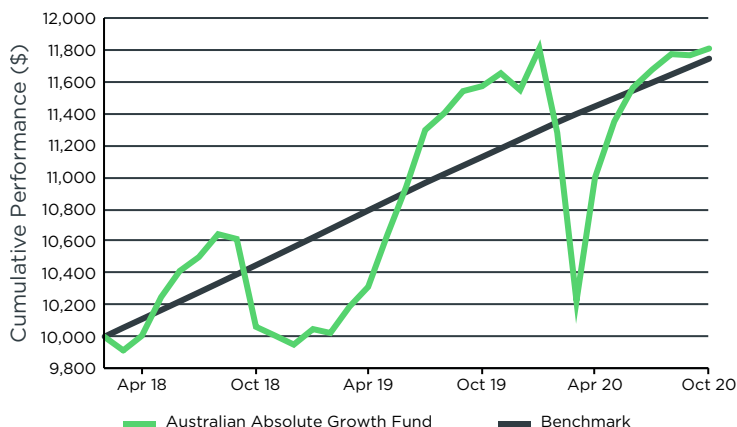
Our largest detractors were BHP Group, which declined with the iron ore price, and AFG, which pulled back after strong recent gains. We increased our investment in AFG over the month.

The coming weeks have many catalysts that could cause either a sharp rally or fall in equity markets. These include the US election, Federal Reserve update, COVID-19 cases in Northern Hemisphere and any news on a vaccine. As a result, we retain a balanced portfolio that should participate in upside but also limit the full extent of market losses in a decline.

To view Milford's November 2020 Market and Economic Review please see [milfordasset.com/fact-sheet](http://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

### Objective<sup>1</sup>

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 and cash.

<b>Target Allocation</b>	17.5% Income Assets / 82.5% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$212.3 M
<b>Buy-sell Spread</b>	None - swing pricing applies (see PDS for details)
<b>Inception Date</b>	1 March 2018
<b>Benchmark</b>	OCR + 5% p.a.
<b>Base Fund Fee<sup>2</sup></b>	1.05%
<b>Performance Fee</b>	15% of the Fund's returns above the Benchmark <sup>1</sup> , subject to the high watermark.
<b>Total Fund Fees<sup>3</sup></b>	1.50% (includes an est. performance fee)

	Lower risk						Higher risk
<b>Risk Indicator</b>	1	2	3	4	5	6	7
	Potentially lower returns				Potentially higher returns		

# Australian Absolute Growth Fund as at 31 October 2020

## Investment Performance after fees as at 31 October 2020<sup>4</sup>

Unit Price: \$1.1763

	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)	0.36%	1.14%	2.04%	-	-	6.42%
After Tax 10.50%	0.18%	0.90%	1.38%	-	-	6.19%
After Tax 17.50%	0.06%	0.74%	0.93%	-	-	6.03%
After Tax 28.00%	-0.13%	0.49%	0.27%	-	-	5.80%
Benchmark	0.44%	1.30%	5.54%	-	-	6.21%

## Top Equity Holdings

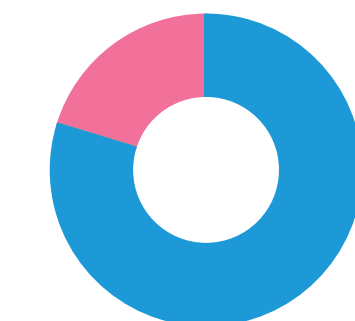
Holdings	% of Fund's NAV
Woolworths	6.65%
National Australia Bank	5.82%
Fisher & Paykel Healthcare	5.71%
CSL	4.99%
ANZ Banking Group	4.91%
BHP Group	3.93%
Transurban Group	3.83%
Spark New Zealand	3.07%
Saracen Mineral Holdings	2.61%
Australian Finance Group	2.61%
Charter Hall Retail	2.49%
IAG	2.47%
Telstra Corp	2.46%
Wesfarmers	2.33%
Sealink Travel Group	2.20%
Magellan Financial Group	2.01%
APA Group	2.00%
Evolution Mining	1.95%
EBOS Group	1.73%
EML Payments	1.60%

## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	19.00%	7.50%
New Zealand Fixed Interest	0.00%	10.00%
International Fixed Interest	0.00%	0%
New Zealand Equities	11.54%	7.50%
Australian Equities	65.83%	72.50%
International Equities	2.33%	2.50%
Other	1.30%	0%

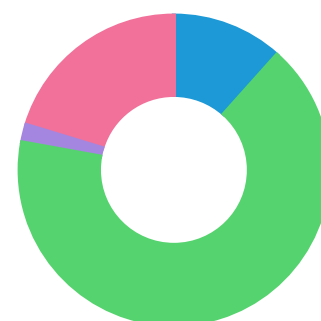
# The actual cash held by the Fund is 8.26%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

## Fund Portfolio Mix



■ Shares 79.70% ■ Cash and Other 20.30%

## Region Exposure



■ New Zealand 11.62% ■ Australia 66.23%  
■ International 1.85% ■ Cash and Other 20.30%

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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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