

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2020



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Fund returned 0.8% in August as equity markets continued to recover from the March sell-off. The bulk of our portfolio reported full year earnings over the month which saw some significant price moves and revealed some opportunities.

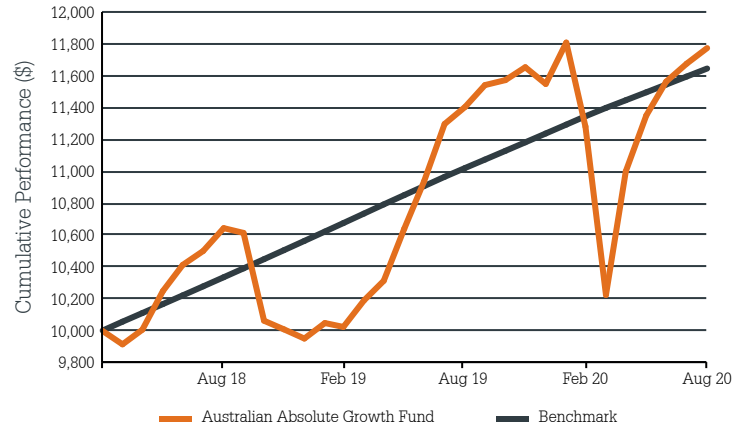
Our strongest results were from Charter Hall Group (+18.9%), Corporate Travel Management (+83.2%), Sealink Travel Group (+12.8%) and Bapcor (+13.7%). These businesses are exposed to the domestic economy and have recovered from the COVID-19 economic lockdowns faster than expected. Our weakest performances were from our gold miners which pulled back with the gold price, justifying our decision to trim our holdings last month. We also had weaker results from Insurance Australia Group (IAG) and Telstra. We sold our holding in Telstra as our thesis of an improving competitive environment looks unlikely following aggressive comments from Optus. We increased our position in IAG slightly as we think it offers attractive value and COVID-19 impacts are not as severe as the market is implying.

With the possibility of encouraging vaccine developments before the year's end, we have added some businesses that are likely to benefit from positive vaccine developments. These include CSL, Sydney Airport, Corporate Travel Management, property companies and some banks. As a result, our equity exposure continues to increase but we retain a balanced portfolio focussed on higher quality companies with strong balance sheets.

To view Milford's September 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

<b>Objective<sup>1</sup></b>	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.
<b>Description</b>	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>	\$215.2 M
<b>Buy-sell Spread</b>	None
<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)
<b>Risk Indicator</b>	<p>Lower risk <span style="float: right;">Higher risk</span></p> <p style="text-align: center;">1   2   3   <b>4</b>   5   6   7</p> <p>Potentially lower returns <span style="float: right;">Potentially higher returns</span></p>

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

Unit Price: \$1.173

	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)	0.84%	3.73%	3.24%	-	-	6.73%
After Tax 10.50%	0.93%	3.88%	2.93%	-	-	6.63%
After Tax 17.50%	0.99%	3.99%	2.72%	-	-	6.55%
After Tax 28.00%	1.09%	4.14%	2.40%	-	-	6.44%
Benchmark	0.44%	1.30%	5.67%	-	-	6.27%

### Top Equity Holdings

Holdings	% of Fund's NAV
CSL	6.09%
Woolworths	6.01%
National Australia Bank	5.69%
Transurban Group	4.18%
BHP Group	4.15%
Mirvac Group	3.94%
ANZ Banking Group	3.67%
Newmont Mining	3.37%
GPT Group	2.89%
IAG	2.73%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	26.92%	7.50%
New Zealand Fixed Interest	0.76%	10.00%
International Fixed Interest	0.82%	0%
New Zealand Equities	3.76%	7.50%
Australian Equities	63.43%	72.50%
International Equities	4.31%	2.50%
Other	0.00%	0%

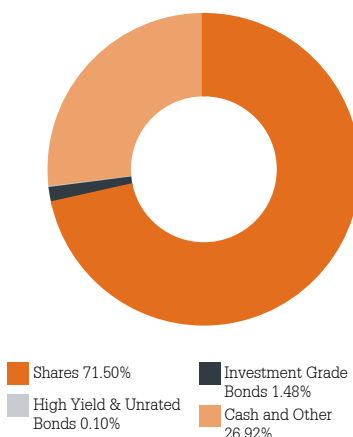
# The actual cash held by the Fund is 15.62%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

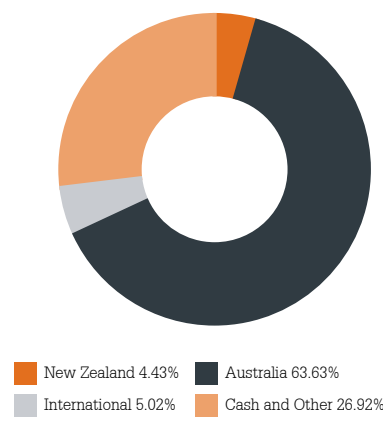
Holdings	% of Fund's NAV
NZLGFA 1.5% 2029	0.05%
Housing NZ 3.36% 2025	0.05%
NZLGFA 3.5% 2033	0.04%
Westpac 2.22% 2024	0.04%
ING Group 1.45% 2024	0.04%
Transpower 1.735% 2025	0.04%
ASB Bank 1.83% 2024	0.04%
ANZ Bank Float 2024	0.04%
Macquarie Group Float 2025	0.03%
NZ Government Bond 4.5% 2027	0.03%

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

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