

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2020



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

After returning 1.9% in December, the Fund finished the year with a 9.3% return compared to 2.0% by the ASX 200 (TR) Index (NZD-Hedged). The top contributors for the year were our gold miners (Evolution Mining and Saracen Mineral), and derivative hedges that paid off handsomely in the March sell-off. Our worst performing investments were real estate companies that suffered due to the COVID lockdowns and have yet to fully recover.

In December, the Fund had strong returns from our iron ore miners BHP (+11.5%), RIO (+12.3%) and Fortescue (+28.5%) as iron ore prices surged through US\$160/t. We also invested in the Nuix IPO which rallied 55.4% in December.

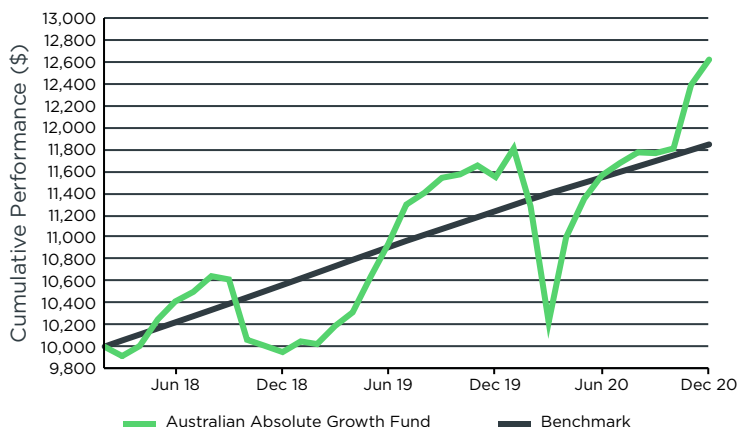
Over the month we added mining business IGO following its acquisition of one of the world's best lithium mines located in Western Australia. IGO also produces gold and nickel, but we see substantial upside from the lithium operations due to the increasing demand for electric vehicles which consequently drives battery and lithium demand.

We retain a positive view on the Australian equity market as the vaccine distribution allows the economic recovery to continue. While we will see setbacks from the COVID-19 wave in the Northern Hemisphere and spot outbreaks in Australia, these should prove temporary as the vaccine distribution eventually brings the virus under control. A global economic recovery is positive for many of our investments in the resources, financial and housing sectors.

To view Milford's January 2021 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 and cash.

Target Allocation	17.5% Income Assets / 82.5% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$240.3 M
Buy-sell Spread	None - swing pricing applies (See PDS for details)
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	1.50% (includes an est. performance fee)

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

Australian Absolute Growth Fund as at 31 December 2020

Investment Performance after fees as at 31 December 2020⁴

Unit Price: \$1.2569

	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)	1.88%	7.26%	9.29%	-	-	8.54%
After Tax 10.50%	2.10%	7.33%	9.14%	-	-	8.41%
After Tax 17.50%	2.24%	7.38%	9.04%	-	-	8.33%
After Tax 28.00%	2.46%	7.45%	8.89%	-	-	8.20%
Benchmark	0.44%	1.30%	5.41%	-	-	6.15%

Top Equity Holdings

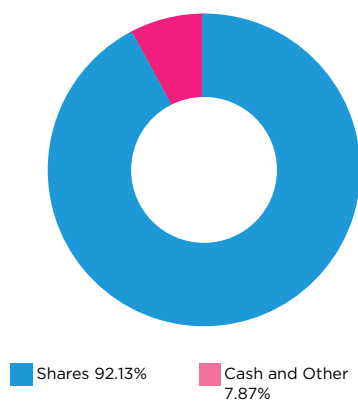
Holdings	% of Fund
NAB	6.38%
BHP	5.98%
Woolworths	4.28%
Fisher & Paykel	4.09%
ANZ	3.97%
Rio Tinto	3.65%
Telstra	3.27%
Wesfarmers	2.90%
Santos	2.83%
IAG	2.64%
Charter Hall Retail	2.61%
Australian Finance	2.42%
Virgin Money	2.36%
IGO	2.18%
CSR	2.05%
Coles	2.02%
Spark	1.91%
Atlas Arteria	1.89%
Seven Group	1.87%
CBA	1.75%

Current Asset Allocation

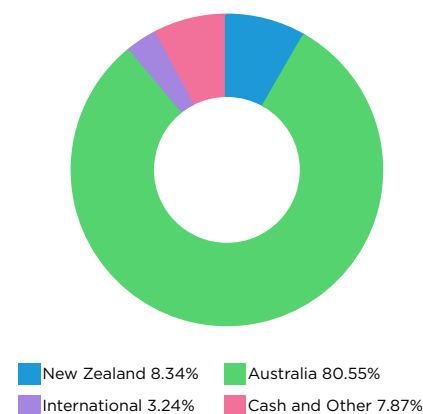
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.87%	7.50%
New Zealand Fixed Interest	0.00%	10.00%
International Fixed Interest	0.00%	0%
New Zealand Equities	8.27%	7.50%
Australian Equities	82.94%	72.50%
International Equities	0.92%	2.50%
Other	0.00%	0%

The actual cash held by the Fund is 7.98%. 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



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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