

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2021



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

December ended up being a relatively strong month for the equity market as fears surrounding the Omicron variant receded with more evidence emerging of its less severe symptoms and lower hospitalisation rates. The Fund ended the month up 2.1%, behind the ASX 200 Index which was up 2.9%.

Our best performer over the month was biotech Neuren Pharmaceuticals, which stormed +109.4% after announcing positive phase 3 trial results for its drug Trofinetide to treat Rett Syndrome. Meanwhile one of our worst performers was Woolworths after delivering a downgrade to expectations reflecting higher costs of doing business. In other notable portfolio news CSL carried out a discounted equity raise to acquire Swiss business Vifor pharmaceutical, we participated in this given the compelling value on offer.

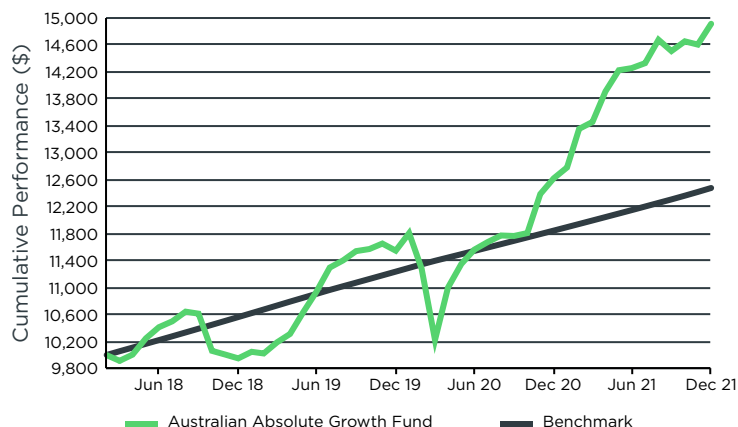
We are now in a situation where monetary policy will almost certainly be tightening, with the Fed flagging faster deceleration of asset purchases, earlier rate rises and a potential for quantitative tightening. We remain mindful this tightening environment is likely to slow growth and drive volatility for markets. We also expect underlying sector rotations to remain a feature.

Given this backdrop the Fund remains relatively cautiously positioned for volatility, with a good mix of quality holdings, those with attractive valuations and some beneficiaries to a rising rate environment. We are also carrying a robust cash level coupled with some derivative protection, which should help cushion any downside volatility we see in the market. Through this we continue to expect stock picking opportunities will appear that we will capitalise on as more attractive risk/reward opportunities present themselves.

To view Milford's January 2022 Market and Economic Review please see [milfordasset.com/fact-sheet](https://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>

Targets an absolute return 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>Minimum recommended investment timeframe</b> | 7 years +   |
| <b>Target Allocation</b>                        | 17.5% Income Assets / 82.5% Growth Assets   |
| <b>Neutral FX Exposure</b>                      | 0%  |
| <b>Net Asset Value (NAV)</b>                    | \$611.6 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>              | 1.30% (includes an est. performance fee)  |

|                       | Lower risk                | 4 |   |   | 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 December 2021

## Investment Performance after fees as at 31 December 2021<sup>4</sup>

Unit Price: \$1.4843

|  | 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) | 2.11%   | 2.79%    | 18.17% | 14.44%         | -              | 10.97%                 |
| After Tax 10.50%                                       | 2.20%   | 2.84%    | 18.22% | 14.44%         | -              | 10.89%                 |
| After Tax 17.50%                                       | 2.26%   | 2.87%    | 18.26% | 14.44%         | -              | 10.83%                 |
| After Tax 28.00%                                       | 2.35%   | 2.92%    | 18.31% | 14.43%         | -              | 10.74%                 |
| Benchmark  | 0.48%   | 1.38%    | 5.34%  | 5.71%          | -              | 5.94%                  |

## Top Equity Holdings

| Holdings            | % of Fund |
|---------------------|-----------|
| CSL                 | 7.39%     |
| NAB                 | 6.82%     |
| Telstra             | 4.68%     |
| Sydney Airport      | 4.50%     |
| BHP Group           | 3.89%     |
| CBA                 | 3.53%     |
| Woolworths          | 3.51%     |
| Coles               | 3.11%     |
| Metcash             | 3.05%     |
| Santos              | 3.01%     |
| Virgin Money        | 2.79%     |
| Contact Energy      | 1.89%     |
| Evolution Mining    | 1.88%     |
| EBOS Group          | 1.81%     |
| Rio Tinto           | 1.67%     |
| GQG Partners        | 1.64%     |
| Aristocrat Leisure  | 1.63%     |
| Charter Hall Retail | 1.56%     |
| IAG                 | 1.52%     |
| Bluescope Steel     | 1.51%     |

## Current Asset Allocation

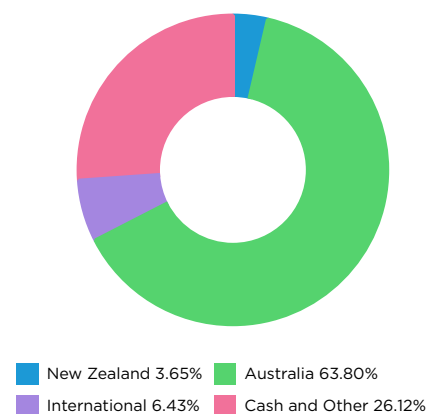
|                              | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Effective Cash #             | 26.12%                | 7.5%                   |
| New Zealand Fixed Interest   | 0.00%                 | 10.0%                  |
| International Fixed Interest | 0.00%                 | 0.0%                   |
| New Zealand Equities         | 5.10%                 | 7.5%                   |
| Australian Equities          | 63.67%                | 72.5%                  |
| International Equities       | 5.11%                 | 2.5%                   |
| Other                        | 0.00%                 | 0.0%                   |

# The actual cash held by the Fund is 19.31%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

## Sector Allocation

| Allocation             | Weight % |
|------------------------|----------|
| Financials             | 16.04%   |
| Materials              | 11.76%   |
| Health Care            | 11.62%   |
| Consumer Staples       | 8.93%    |
| Industrials            | 6.33%    |
| Real Estate            | 4.86%    |
| Communication Services | 4.63%    |
| Energy                 | 3.84%    |
| Other Sectors          | 5.87%    |
| Cash and Other         | 26.12%   |

## 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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