

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 28 February 2021



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

The Australian Absolute Growth Fund rallied strongly in February, up 4.5%, bringing the twelve-month return to 18.4%, well ahead of the 7.2% return by the ASX 200 and 5.3% by the benchmark (OCR + 5%).

This outperformance was driven by a higher allocation to miners and financials and avoidance of expensive growth stocks and rate-sensitive bond proxies. As the market became more optimistic about vaccine rollouts, and then concerned about an overheating economy, cyclical companies like miners and financials rallied while bond yields broke higher causing growth stocks to sell-off.

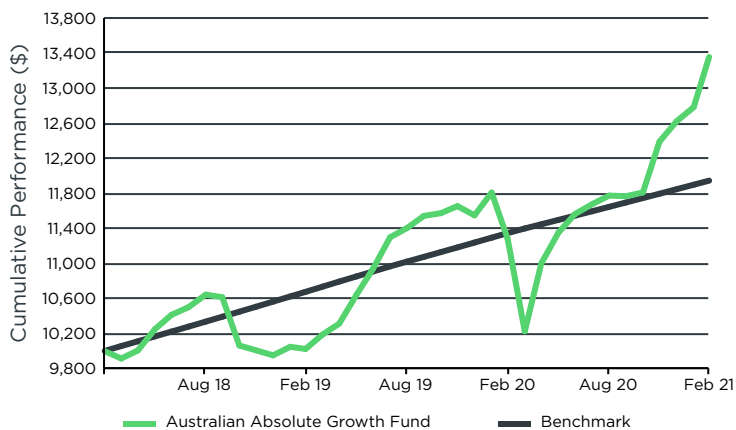
Virgin Money UK, an ASX listed UK bank was our strongest performer over the month. It rallied 39.5% as investors took a less pessimistic view towards bad debts and profit margins. Our mining company investments also made large contributions, as did our small cap stock picks Universal Stores (+21.4%) and Sealink (+32.6%) which both reported very strong results.

As the Fund took profits on our fully valued positions over the last two months, we made the decision to allow cash to increase. The strong share market returns over the last year have pushed the valuations on certain parts of the market to levels where we see unfavourable risk-return dynamics. As such we will avoid these areas and wait for opportunities to deploy our cash into businesses where the risk-return equation is favourable.

To view Milford's March 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)	\$271.6 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)



Australian Absolute Growth Fund as at 28 February 2021

Investment Performance after fees as at 28 February 2021⁴

Unit Price: \$1.3298

	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)	4.48%	7.80%	18.39%	10.12%	-	10.12%
After Tax 10.50%	4.49%	7.96%	18.27%	9.97%	-	9.97%
After Tax 17.50%	4.49%	8.07%	18.18%	9.87%	-	9.87%
After Tax 28.00%	4.50%	8.23%	18.06%	9.72%	-	9.72%
Benchmark	0.39%	1.27%	5.27%	6.10%	-	6.10%

Top Equity Holdings

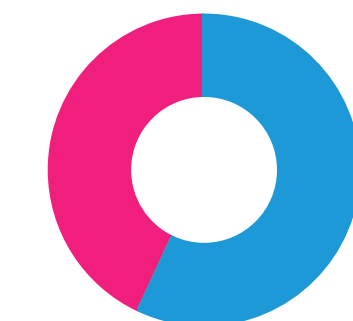
Holdings	% of Fund
NAB	6.42%
CSL	4.49%
IGO	3.55%
Telstra	3.34%
Charter Hall Retail	2.95%
BHP	2.85%
IAG	2.64%
Qantas	2.40%
Virgin Money	2.38%
Rio Tinto	2.37%
Aristocrat Leisure	2.20%
Bluescope Steel	2.19%
Woodside Petroleum	2.06%
Santos	1.88%
Incitec	1.83%
Atlas Arteria	1.71%
Sealink Travel	1.70%
Universal Store	1.67%
Scentre Group	1.58%
Seven Group	1.53%

Current Asset Allocation

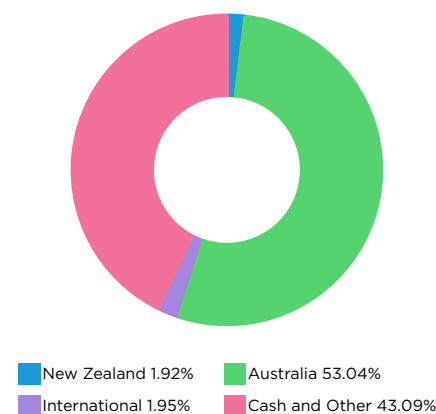
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	42.13%	7.50%
New Zealand Fixed Interest	0.00%	10.00%
International Fixed Interest	0.00%	0%
New Zealand Equities	2.18%	7.50%
Australian Equities	54.73%	72.50%
International Equities	0.00%	2.50%
Other	0.96%	0%

The actual cash held by the Fund is 26.79%. 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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