

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2022



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

The year has certainly got off to a rocky start with share markets falling sharply in January as investors prepare for interest rates to rise in 2022 and less accommodative financial conditions. As we have been highlighting in recent updates, we had already taken a conservative stance in the Fund in anticipation of this event. Despite our efforts, the Fund still declined 4.1% but this would have been much worse had we not taken defensive action late last year. The ASX 200 index fell 6.4% for the month and was at one point down over 9% before rallying back at the end of the month.

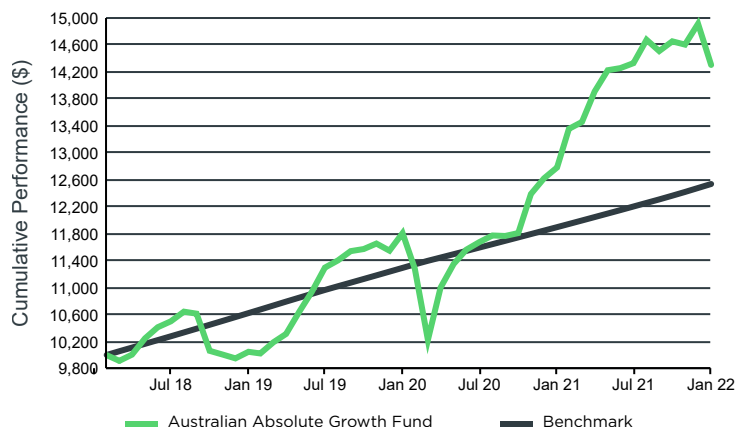
The key positioning we had in the Fund was avoiding expensive companies (many in the technology space) or speculative companies without any earnings as this is where the largest falls occurred. Our positions in energy companies and select miners also helped as they made positive returns over the month. Santos was up 13.2%, Karoon Energy 13.7% and BHP 11.7%. Virgin Money also rallied 8.2% as UK Banks are expected to benefit from higher interest rates. In addition, some short derivative positions returned a good profit as the market fell.

We did take the opportunity to pick up some companies and cover most of our short derivatives as the market fell sharply. In particular we purchased travel and leisure companies that we expect to do well post Omicron. We will look to take profits into market strength and add back derivative cover in line with our strategy to navigate this market environment for our investors. This type of market is favourable to Milford's investment approach and will create opportunities to take advantage of market volatility.

To view Milford's February 2022 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

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.

Minimum recommended investment timeframe	7 years +
Target Allocation	17.5% Income Assets / 82.5% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$606.6 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	1.30% (includes an est. performance fee)

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

Australian Absolute Growth Fund as at 31 January 2022

Investment Performance after fees as at 31 January 2022⁴

Unit Price: \$1.4235

	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)	-4.10%	-2.39%	11.90%	12.49%	-	9.55%
After Tax 10.50%	-4.14%	-2.39%	11.97%	12.38%	-	9.45%
After Tax 17.50%	-4.18%	-2.38%	12.02%	12.31%	-	9.39%
After Tax 28.00%	-4.23%	-2.38%	12.10%	12.20%	-	9.29%
Benchmark	0.48%	1.40%	5.37%	5.68%	-	5.93%

Top Equity Holdings

Holdings	% of Fund
NAB	7.37%
CSL	6.48%
Telstra	4.85%
BHP	4.49%
Sydney Airport	4.39%
Santos	4.17%
Metcash	3.71%
Woolworths	3.62%
Coles	3.03%
Virgin Money	2.67%
CBA	2.49%
Aristocrat Leisure	2.37%
Qantas	2.35%
Contact Energy	2.05%
IAG	1.97%
Rio Tinto	1.90%
EBOS Group	1.79%
Evolution Mining	1.71%
Bluescope Steel	1.65%
GQG Partners	1.59%

Current Asset Allocation

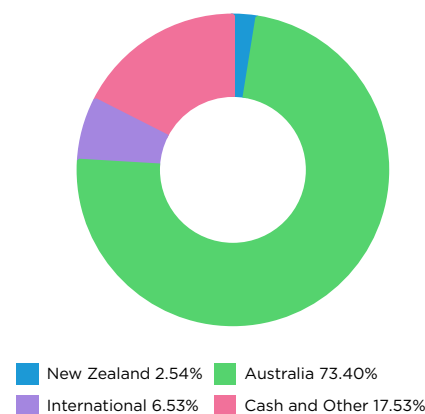
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	17.53%	7.5%
New Zealand Fixed Interest	0.00%	10.0%
International Fixed Interest	0.00%	0.0%
New Zealand Equities	4.23%	7.5%
Australian Equities	77.06%	72.5%
International Equities	1.18%	2.5%
Other	0.00%	0.0%

The actual cash held by the Fund is 16.69%. 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	18.77%
Materials	12.75%
Health Care	10.21%
Consumer Staples	9.99%
Industrials	7.49%
Energy	5.80%
Real Estate	5.49%
Communication Services	4.94%
Other Sectors	7.03%
Cash and Other	17.53%

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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