

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2021



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

The Fund declined 1.1% in September as the Australian equity market fell nearly 2%. Fears that Chinese property developer Evergrande Group would collapse drove iron ore prices below \$100 from over \$200 in July. This saw large pullbacks in iron ore miners and other metals. Despite buying some BHP last month, we moved to reduce it again early in September as the outlook for the Chinese property sector and iron ore deteriorated, leaving the Fund with minimal exposure when prices collapsed.

The Fund has taken a more conservative invested position with cash at 26% and some derivative protection. While we don't believe China's Evergrande is a "Lehman moment", it confirms that China's economic focus has shifted from stimulating the property market at all costs to investing in future growth sectors such as technology. This may lead to longer term demand issues for iron ore that are not priced into the market expectations. Combine this with short-term headwinds of declining property starts, power outages and steel production curbs ahead of the winter Olympics, we have taken a more cautious stance on iron ore until we see more stimulus from policy makers.

In the meantime, there are still opportunities and winners in this environment. We believe the energy companies have a positive outlook given rising demand as economies reopen and supply shortages due to little new resource development over the past two years. Some banks and insurers will benefit from rising global interest rates and reasonably valued defensives may do well in an uncertain environment. We have increased our positions in these companies.

To view Milford's October 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	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)	\$519.4 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)
Risk Indicator	<div style="display: flex; justify-content: space-between; align-items: center;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; margin: 5px 0;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; align-items: center;"> Potentially lower returns Potentially higher returns </div>

Australian Absolute Growth Fund as at 30 September 2021

Investment Performance after fees as at 30 September 2021⁴

Unit Price: \$1.4442

	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)	-1.14%	1.77%	23.31%	10.98%	-	10.93%
After Tax 10.50%	-1.21%	1.64%	23.38%	10.87%	-	10.83%
After Tax 17.50%	-1.26%	1.54%	23.43%	10.79%	-	10.76%
After Tax 28.00%	-1.34%	1.41%	23.50%	10.67%	-	10.65%
Benchmark	0.42%	1.31%	5.26%	5.81%	-	5.96%

Top Equity Holdings

Holdings	% of Fund
NAB	5.37%
Telstra	4.56%
CSL	3.96%
Sydney Airport	3.65%
Virgin Money	3.31%
Santos	3.02%
Evolution Mining	3.00%
Aristocrat Leisure	2.41%
Charter Hall Retail	2.28%
Collins Foods	2.17%
Cleanaway Waste Management	2.00%
CNH Industrial	1.98%
IGO	1.90%
Bluescope Steel	1.87%
Northern Star	1.53%
BHP Group	1.51%
Macquarie	1.51%
EBOS Group	1.50%
OZ Minerals	1.48%
DGL Group	1.48%

Current Asset Allocation

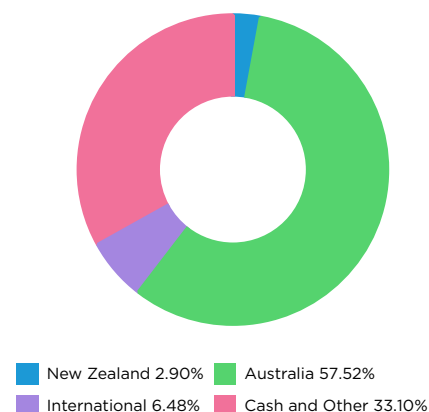
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	33.10%	7.50%
New Zealand Fixed Interest	0.00%	10.00%
International Fixed Interest	0.00%	0.00%
New Zealand Equities	4.00%	7.50%
Australian Equities	57.99%	72.50%
International Equities	4.91%	2.50%
Other	0.00%	0.00%

The actual cash held by the Fund is 26.03%. 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 %
Materials	15.44%
Financials	13.39%
Industrials	9.45%
Communication Services	6.38%
Health Care	6.18%
Consumer Discretionary	5.82%
Energy	4.10%
Real Estate	3.79%
Information Technology	1.12%
Utilities	0.88%
Consumer Staples	0.35%
Cash and Other	33.10%

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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