

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2019



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Fund returned 1.7% in March, which was a subdued month for the broader Australian share market. Markets continued to overlook the slowing growth outlook and draw confidence from falling long-term interest rates.

During the month we went on a research trip to China to check on the health of the economy and the outlook for commodity prices. Economic conditions appear to be stabilising after policy makers loosened monetary conditions and cut tax rates incrementally over the last year. This should support demand for iron ore – Australia's largest export – when at the same time there is a shortage of iron ore supply following the tragic collapse of a large mine tailings dam in Brazil. We increased our position in iron ore mining companies BHP and Rio Tinto following this trip.

Top contributors for the month were Contact Energy (+13.0%), Transurban (+5.9%), Collins Foods (+12.6%) and AMA Group (+16.8%). These companies benefitted from the fall in long-term interest rates and an increase in demand for defensive companies. Weaker contributors were Commonwealth Bank (-4.5%), Smart Group (-6.6%) and Westpac (-3.9%).

Looking forward, the upcoming Australian Federal election will be a key area of focus. Domestic conditions are slowing with the housing market weakness, but the recent increase in the iron ore price provides a large boost to the

government's tax revenue which could be spent on supportive policies.

To view Milford's April 2019 Market and Economic Review please [click here](#).

## Cumulative Fund Performance

(after fees and before tax)



Assumes the growth of \$10,000 invested at the Fund's inception date.

## Key Fund Facts

<b>Objective<sup>1</sup></b>	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.
<b>Description</b>	Diversified fund that primarily invests in Australasian equities, complemented by selective exposure to international equities, fixed interest securities and cash
<b>Target Allocation</b>	17.5% Income Assets / 82.5% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$143.6 M
<b>Buy-sell Spread</b>	None
<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>	1.22% (includes an est. performance fee)
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="text-align: center;"> <span>1</span> <span>2</span> <span>3</span> <span style="color: orange;">4</span> <span>5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

## Investment Performance after fees as at 31 March 2019<sup>4</sup>

Unit Price: \$1.0168

	3 Months	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Australian Absolute Growth Fund (Gross Of Tax)	2.40%	-4.00%	2.77%	-	-	1.74%
After Tax 10.50%	2.65%	-4.02%	2.83%	-	-	1.69%
After Tax 17.50%	2.81%	-4.03%	2.86%	-	-	1.65%
After Tax 28.00%	3.06%	-4.05%	2.91%	-	-	1.60%
Benchmark	1.65%	3.32%	6.75%	-	-	6.76%

### Top Equity Holdings

Holdings	% of Fund's NAV
CSL	5.06%
Westpac Banking Corp	4.37%
Commonwealth Bank of Australia	3.91%
Transurban Group	3.86%
Rio Tinto	3.17%
National Australia Bank	3.10%
Evolution Mining	2.66%
Contact Energy	2.61%
BHP Group	2.61%
Smartgroup Corp	2.48%

### Current Asset Allocation

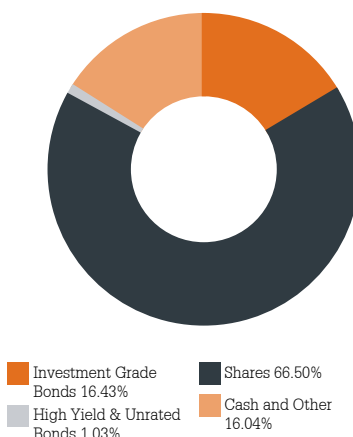
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	16.04%	7.50%
New Zealand Fixed Interest	8.48%	4.00%
International Fixed Interest	8.98%	6.00%
New Zealand Equities	7.83%	7.50%
Australian Equities	57.70%	72.50%
International Equities	0.97%	2.50%
Other	0.00%	0%

### Top Fixed Interest Holdings

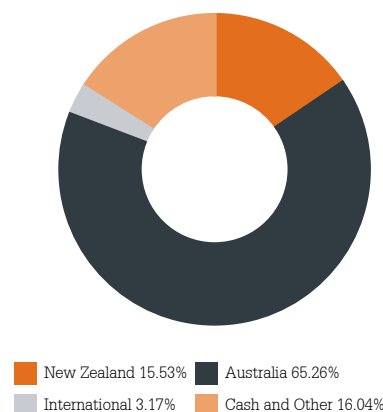
Holdings	% of Fund's NAV
ANZ Bank Float 2022	1.35%
NAB Float 2024	1.04%
Westpac Float 2022	0.57%
Christchurch City 3.58% 2024	0.49%
ASB Bank 6.65% 2024	0.44%
NZ Govt. Inflation Indexed 2% 2025	0.42%
ANZ Bank 3.03% 2024	0.38%
Spark New Zealand 3.37% 2024	0.35%
ANZ Bank 2021	0.35%
IBRD 2.5% 2024	0.35%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

### Fund Portfolio Mix



### Country 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' [here](#) for more information about the data published within this document.

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