

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2019



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

The Fund produced a return of 3.3% in July which was ahead of the ASX 200 Accumulation Index return of 2.9%. This brings the calendar year return to 13.5%. Our main contributors for the month were Australian Finance Group (+23.2%), a2 Milk (+22.8%), National Australia Bank (+6.7%) and our gold mining stocks which rallied strongly for the third consecutive month.

Australian Finance Group (AFG) continued its post-election rally and is now up 42% this year. Signs of an improving housing market and increased demand for financing have improved the outlook for mortgage brokers. Despite this rally, AFG is only on 10 times earnings with net cash and an improving outlook so we have retained our full holding.

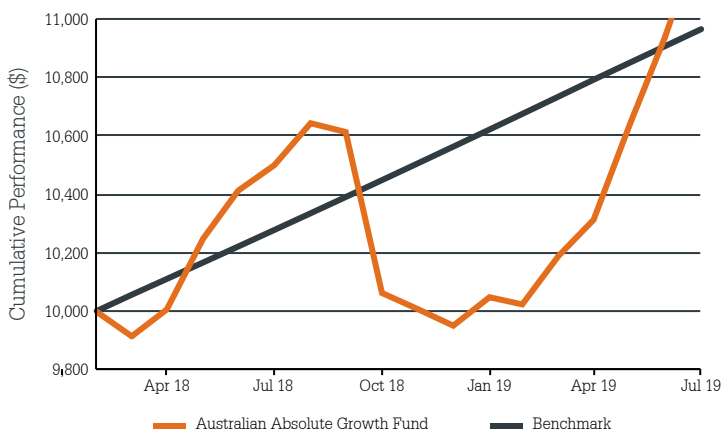
a2 Milk retraced its April and May declines and reached new highs as the market became increasingly optimistic of a strong result in August. National Australia Bank (NAB) announced the appointment of New Zealander Ross McEwan as its next CEO which we view favourably.

Low interest rates in Australia should continue to support equity returns but the sharpness of this year's rally creates some risk of a pullback in the near term. The Fund aims to manage downside market risk, so we have reduced our equity exposure slightly over the month and retain a portfolio weighted to high quality businesses.

To view Milford's August 2019 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

Objective ¹	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, fixed interest securities and cash
Target Allocation	17.5% Income Assets / 82.5% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$156.9 M
Buy-sell Spread	None
Inception Date	1 March 2018
Benchmark	OCR + 5% p.a.
Base Fund Fee ²	1.05%
Performance Fee	15% of the Fund's returns above the Benchmark ¹ , subject to the high watermark.
Total Fund Fees ³	1.41% (includes an est. performance fee)
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 31 July 2019⁴

Unit Price: \$1.1271

	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)	3.29%	9.54%	7.59%	-	-	8.97%
After Tax 10.50%	3.33%	9.52%	7.55%	-	-	8.97%
After Tax 17.50%	3.36%	9.50%	7.52%	-	-	8.97%
After Tax 28.00%	3.40%	9.48%	7.48%	-	-	8.97%
Benchmark	0.54%	1.60%	6.69%	-	-	6.72%

Top Equity Holdings

Holdings	% of Fund's NAV
National Australia Bank	5.18%
CSL	4.52%
BHP Group	3.98%
Transurban Group	3.85%
Contact Energy	2.39%
a2 Milk Company	2.33%
Australian Finance Group	2.31%
Bluescope Steel	2.04%
Macquarie Group	2.02%
Newcrest Mining	1.91%

Current Asset Allocation

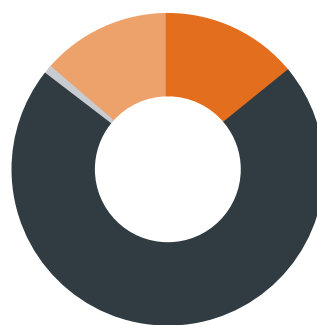
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	13.22%	7.50%
New Zealand Fixed Interest	6.50%	4.00%
International Fixed Interest	8.56%	6.00%
New Zealand Equities	8.84%	7.50%
Australian Equities	61.55%	72.50%
International Equities	0.85%	2.50%
Other	0.48%	0%

Top Fixed Interest Holdings

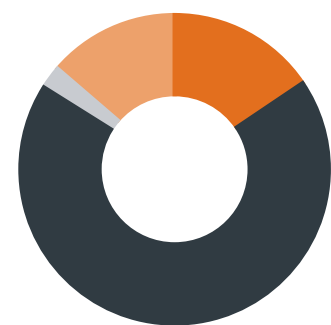
Holdings	% of Fund's NAV
NAB Float 2024	1.00%
ANZ Bank Float 2022	0.88%
Westpac Float 2022	0.49%
NZ Govt. Inflation Indexed 2% 2025	0.45%
Westpac 2.22% 2024	0.41%
ANZ Bank 3.03% 2024	0.38%
Transpower 2.73% 2024	0.36%
BNZ 3.648% 2023	0.31%
ANZ Bank Float 2021	0.30%
Spark New Zealand 3.37% 2024	0.24%

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' at milfordasset.com/fact-sheet for more information about the data published within this document.

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