

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2019



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Fund returned 1.2% for September. Government bond yields rose earlier in the month which set off an equity market rotation out of sectors that have benefitted from lower bond yields, such as income and growth stocks, and into cyclicals and value stocks which rallied. The Fund has a slight bias to income generating shares but maintains a diversified mix of investments, so our performance was not significantly impacted by this rotation.

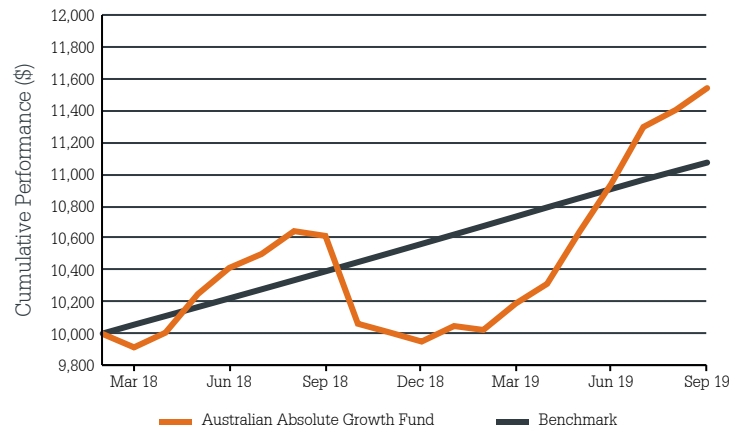
Earlier in the month oil prices rallied strongly after an attack on Saudi Arabia's Aramco facilities. We were fortunate to buy some oil companies prior to this event on a view that oil companies were attractively valued and would perform very well if China and the US manage to reach a trade deal. We also purchased more after the attack and have maintained our position as we await further news on Aramco supply disruptions and trade negotiations.

Collins Foods was one of the top contributors for the month, largely due to passive index buying as it was included in the ASX 200 Index, hence we took the opportunity to reduce our holding as its share price approached fair value. NAB also contributed strongly as investors became more positive on the Australian housing market and outlook for bank lending growth. Next month we expect updates from many of our companies at their annual shareholder meetings.

To view Milford's October 2019 Market and Economic Review please see [milfordasset.com/fact-sheet](http://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

<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>	\$167.4 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>	1.41% (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="display: flex; justify-content: center; align-items: center; gap: 10px;"> <span>1</span> <span>2</span> <span>3</span> <span style="border: 1px solid orange; padding: 2px;">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 30 September 2019<sup>4</sup>

Unit Price: \$1.1508

	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)	1.20%	5.52%	8.74%	-	-	9.46%
After Tax 10.50%	1.24%	5.66%	8.88%	-	-	9.52%
After Tax 17.50%	1.27%	5.76%	8.97%	-	-	9.57%
After Tax 28.00%	1.31%	5.90%	9.10%	-	-	9.63%
Benchmark	0.48%	1.53%	6.57%	-	-	6.65%

### Top Equity Holdings

Holdings	% of Fund's NAV
National Australia Bank	5.44%
Transurban Group	4.67%
Commonwealth Bank	4.51%
BHP Group	4.21%
Woodside Petroleum	4.11%
CSL	2.98%
Contact Energy	2.88%
a2 Milk Company	2.43%
Westpac Banking Corp	2.42%
Macquarie Group	2.38%

### Current Asset Allocation

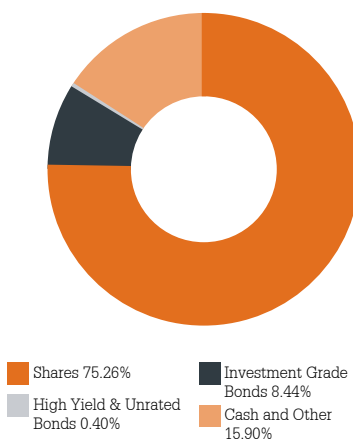
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	15.79%	7.50%
New Zealand Fixed Interest	3.73%	4.00%
International Fixed Interest	5.11%	6.00%
New Zealand Equities	8.24%	7.50%
Australian Equities	66.19%	72.50%
International Equities	0.83%	2.50%
Other	0.11%	0%

### Top Fixed Interest Holdings

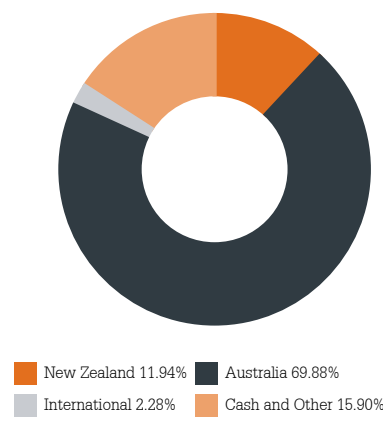
Holdings	% of Fund's NAV
ANZ Bank Float 2022	0.81%
NAB Float 2024	0.58%
Westpac Float 2022	0.44%
ANZ Float Float 2021	0.28%
Westpac Float 2021	0.21%
ANZ Bank 3.03% 2024	0.19%
Westpac Float 2023	0.18%
ANZ Bank Float 2024	0.17%
Westpac 2.22% 2024	0.16%
NZLGFA 1.5% 2029	0.15%

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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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