

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2019



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

The Fund produced a small gain of 0.3% in October, slightly ahead of the ASX 200 Index performance of -0.4%.

We had another strong performance from mortgage broker AFG (+22.7%) which continues to rally with the recovering Australian housing market. Other strong performers were panel beater AMA Group (+14.3%), investment platform Praemium (+25.7%) and healthcare company CSL (+9.6%).

We suffered some losses last month from our New Zealand electricity companies and gold mining companies. The potential closure of New Zealand's Tiwai Point aluminium smelter had a large impact on the share prices of Contact Energy (-13.6%) and Meridian Energy (-11.5%). We did reduce our position in these two businesses shortly after the potential closure was announced as we believe the uncertainty will weigh on their valuations for some time. The gold mining companies pulled back due to a lower gold price and some weaker quarterly operational updates. We saw this as a good opportunity to increase our position.

Over the month we began to reduce our investment in major Australian banks. The sector has performed reasonably strongly this year as the royal commission into banking was more benign than expected and sentiment towards the housing market improved. This positive news is now largely reflected in their share prices, but the industry still faces significant challenges from lower interest rates and an intense competitive environment.

To view Milford's November 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

Objective¹	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)	\$171.1 M
Buy-sell Spread	None
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	1.41% (includes an est. performance fee)
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="text-align: center;"> 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 October 2019⁴

Unit Price: \$1.1539

	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)	0.27%	2.44%	15.01%	-	-	9.13%
After Tax 10.50%	0.25%	2.52%	15.23%	-	-	9.18%
After Tax 17.50%	0.24%	2.57%	15.38%	-	-	9.21%
After Tax 28.00%	0.22%	2.64%	15.61%	-	-	9.26%
Benchmark	0.50%	1.49%	6.51%	-	-	6.61%

Top Equity Holdings

Holdings	% of Fund's NAV
Transurban Group	4.65%
National Australia Bank	3.96%
CSL	3.21%
BHP Group	3.21%
Commonwealth Bank	3.06%
AMA Group	2.95%
Mirvac Group	2.75%
Australian Finance Group	2.52%
a2 Milk Company	2.35%
Westpac Banking Corp	2.27%

Current Asset Allocation

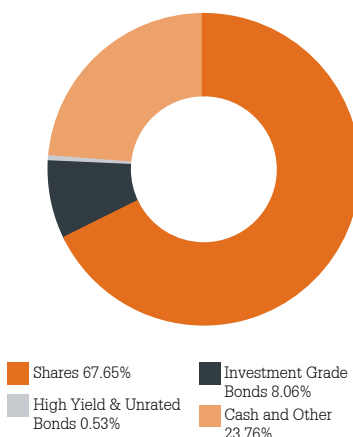
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	23.60%	7.50%
New Zealand Fixed Interest	3.67%	4.00%
International Fixed Interest	4.92%	6.00%
New Zealand Equities	6.85%	7.50%
Australian Equities	59.95%	72.50%
International Equities	0.85%	2.50%
Other	0.16%	0%

Top Fixed Interest Holdings

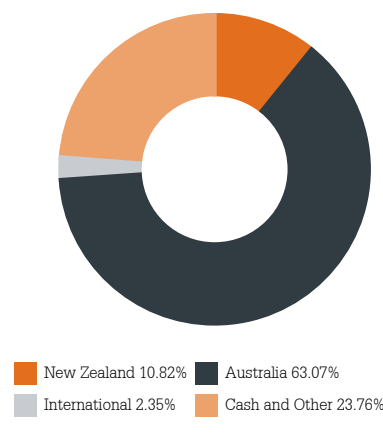
Holdings	% of Fund's NAV
ANZ Bank Float 2022	0.80%
NAB Float 2024	0.57%
Westpac Float 2022	0.43%
ANZ Bank Float 2021	0.27%
Westpac Float 2021	0.21%
NZLGFA 1.5% 2029	0.19%
ANZ Bank 3.03% 2024	0.18%
Westpac Float 2023	0.18%
ANZ Bank Float 2024	0.16%
Westpac 2.22% 2024	0.15%

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 for more information about the data published within this document.

Level 28, 48 Shortland Street, Auckland
 PO Box 960, Shortland Street, Auckland 1140
 Free phone 0800 662 345
milfordasset.com

