

Milford Australian Absolute Growth Fund

February 2020



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

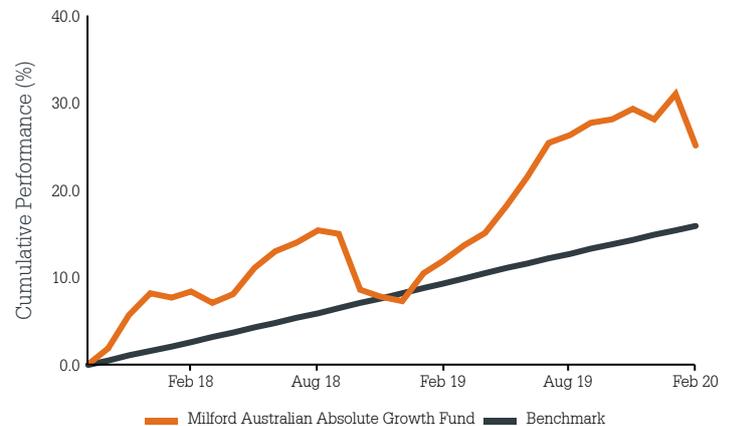
The Fund declined by 4.5% in February as the coronavirus spread globally driving the S&P/ASX 200 Index to a 7.7% decline. When Milford concluded earlier in the month that there was a high probability the virus would spread globally, we took some derivative protection and reduced our exposure to the most directly impacted businesses – mainly commodity and cyclical businesses.

As the market declined, we began to selectively buy higher quality companies that will be relatively insulated even if conditions worsen. These included Telstra, Woolworths, GPT Group, Dexus Property Group and Newcrest Mining. Woolworths may benefit as there is evidence many people are stockpiling essentials. In a similar fashion, core holding, The a2 Milk Company performed relatively strongly as mothers in China stockpiled infant formula.

AMA Group, a panel beating consolidator, was our largest detractor over the month after reporting a poor result due to a combination of dry weather, resulting in less vehicle collisions, and escalating costs to repair vehicles. We reduced our position to reflect the increasing financial risk of the business.

It is possible that markets continue to decline in the short-term. If this occurs, our skew to high quality businesses with minimal debt should see the Fund hold up better than the broader market while still positioned to benefit from a market recovery when coronavirus concerns abate.

Investment Performance to February 2020*



* Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions.

Key Fund Facts

Objective	Absolute returns with an annualised return of 5% above the RBA Cash Rate while seeking to preserve investor capital
Description	A diversified portfolio of predominantly Australian equities, complemented by selective exposure to international equities, fixed interest securities and cash. May use derivatives and foreign currency hedging.
Benchmark	RBA Cash Rate + 5% p.a.
Redemption Price <small>as at 29 Feb</small>	\$1.1697
NAV <small>as at 29 Feb</small>	\$105.9 Million
Inception Date	October 2017
Minimum Investment	\$20,000
Recommended Investment Timeframe	5 years +
Buy-sell Spread	+/-0.20%
Entry/Exit Fee	Nil
Distribution Frequency	Annual (30 June)
Management Fee*	1.00%
Capped Expense Recovery*	0.10%
Performance Fee*	15% p.a. of returns above the benchmark subject to achieving the high watermark.
Fund Pricing	Daily

* Fees are stated exclusive of GST.

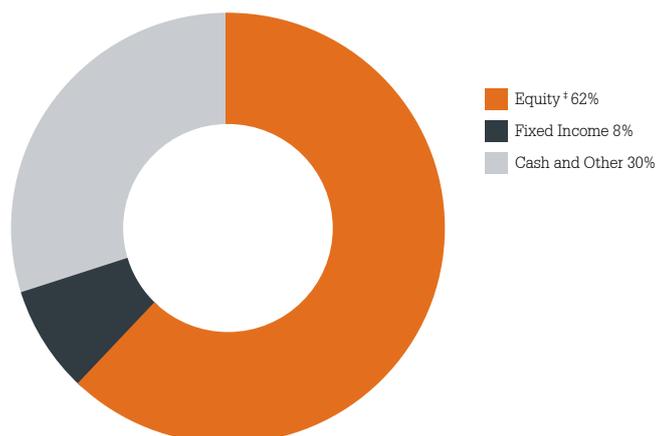
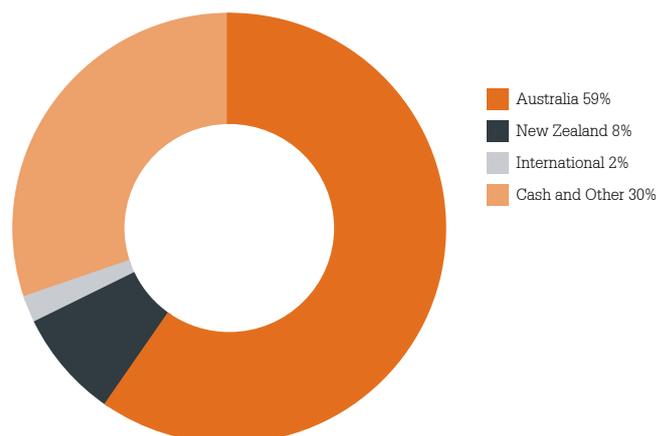
Investment Performance to February 2020*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Australian Absolute Growth Fund	-4.55%	-1.00%	11.72%	-	-	9.72%
Benchmark	0.44%	2.85%	6.06%	-	-	6.33%

Past performance is not a reliable indicator of future performance.

* Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

** Inception date of the Fund is 2 October 2017

Current Asset Allocation¹Current Country Allocation¹¹

Top Security Holdings

Holdings	% of Fund's NAV
National Australia Bank	4.93%
Woolworths	4.30%
Telstra Corp	4.04%
Westpac Banking Corp	3.87%
GPT Group	3.25%
Charter Hall Group	2.99%
a2 Milk Company	2.89%
Sealink Travel Group	2.45%
Newcrest Mining	2.37%
Mirvac Group	2.21%

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

¹ The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

¹¹ Equity will be the net amount, ie the total long less any shorts.

¹¹ Typically the country in which the company issuing the share/bond primarily operates

Fund Changes

There have been no material changes to the below information since the last monthly report:

- The Fund's risk profile
- The Fund's strategy

There have been no changes to the below information since the PDS was issued:

- Key service providers
- Individuals playing a key role in investment

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