

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 29 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.

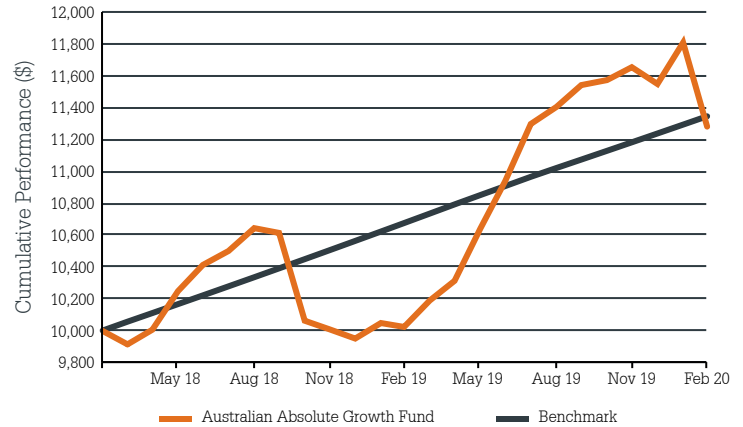
AMA Group, a panel beating consolidator, was our largest detractor over the month after reporting a poor result due to a combination of dry weather, resulting in less vehicle collisions, and escalating costs to repair vehicles. We reduced our position to reflect the increasing financial risk of the business.

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.

To view Milford's March 2020 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>	\$194.2 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="text-align: center;"> <p>1 2 3 <b>4</b> 5 6 7</p> </div> <div style="display: flex; justify-content: space-between;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

## Investment Performance after fees as at 29 February 2020<sup>4</sup>

Unit Price: \$1.1245

	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)	-4.47%	-3.20%	12.54%	-	-	6.20%
After Tax 10.50%	-4.56%	-3.42%	12.20%	-	-	6.04%
After Tax 17.50%	-4.63%	-3.57%	11.96%	-	-	5.94%
After Tax 28.00%	-4.73%	-3.80%	11.61%	-	-	5.78%
Benchmark	0.46%	1.46%	6.28%	-	-	6.52%

### Top Equity Holdings

Holdings	% of Fund's NAV
National Australia Bank	4.89%
Woolworths	4.40%
Telstra Corp	4.20%
Westpac Banking Corp	3.84%
GPT Group	3.21%
Charter Hall Group	2.91%
a2 Milk Company	2.85%
Sealink Travel Group	2.43%
Newcrest Mining	2.35%
Mirvac Group	2.19%

### Current Asset Allocation

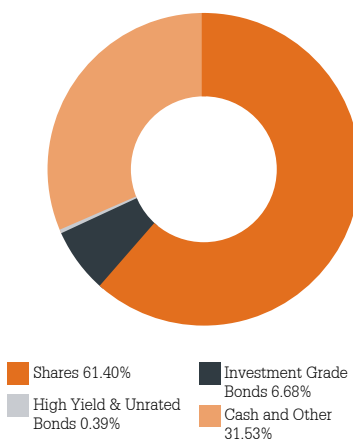
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	31.53%	7.50%
New Zealand Fixed Interest	3.01%	4.00%
International Fixed Interest	4.06%	6.00%
New Zealand Equities	7.84%	7.50%
Australian Equities	52.97%	72.50%
International Equities	0.59%	2.50%
Other	0.00%	0%

### Top Fixed Interest Holdings

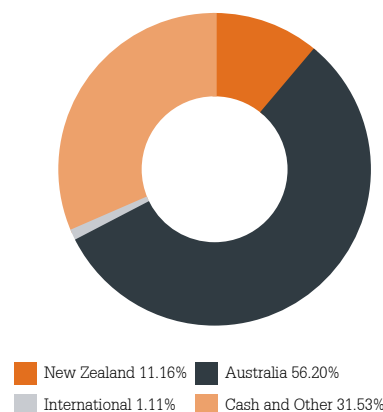
Holdings	% of Fund's NAV
ANZ Bank Float 2022	0.68%
NAB Float 2024	0.57%
Westpac Float 2022	0.38%
ANZ Bank Float 2021	0.23%
NZLGFA 1.5% 2029	0.19%
Westpac Float 2021	0.18%
Westpac Float 2023	0.15%
ANZ Bank 3.03% 2024	0.14%
ASB Bank 1.83% 2024	0.13%
ANZ Bank Float 2024	0.12%

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

### Fund Portfolio Mix



### Region 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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