

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2020



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

Equity markets continued to recover in May helping the Fund produce a return of 3.2% for the month. The Fund is now pleasingly within 5% of its all-time high achieved in February. This compares favourably to the ASX 200 Index which remains 19% below its all-time high after its very sharp fall in March.

Once again, our six gold mining companies led performance with Evolution Mining (+19.4%) and Saracen Mineral (+17.7%) delivering the highest return. The continued fall in Covid-19 infections in Australia and the reopening economy helped several of our domestic focused cyclical companies. Bus and tourism operator Sealink rallied 16.6% as the market anticipated a strong domestic tourism environment later this year. Retirement community developer Lifestyle Communities increased 26% as encouraging data on housing market activity emerged.

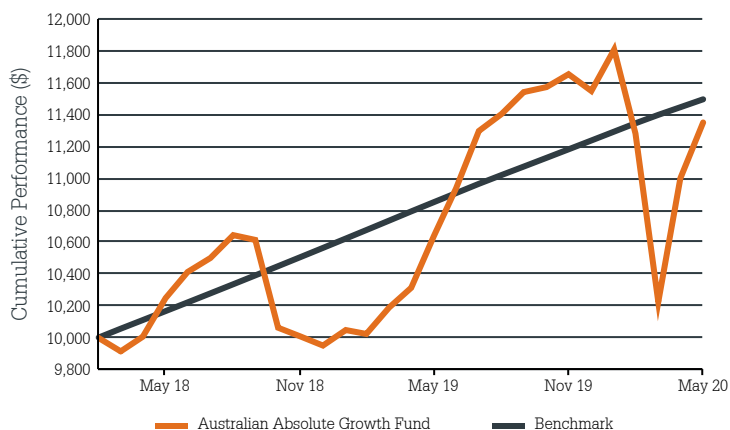
In the final week of the month we saw an aggressive bounce in bank shares, which the market was largely shunning due to concerns over bad debts and possible capital raisings. As the economy improves, bad debts may be less severe, reducing the likelihood of capital raisings.

Defensive businesses such as Woolworths and CSL were sold by many market participants to buy banks and other equities perceived to produce greater returns in an economic recovery. We used this as an opportunity to add to Woolworths and CSL as share prices were close to 20% below their February highs.

To view Milford's June 2020 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)	\$190.2 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="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 May 2020⁴

Unit Price: \$1.1312

	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)	3.19%	0.62%	6.68%	-	-	5.78%
After Tax 10.50%	3.28%	0.52%	6.23%	-	-	5.59%
After Tax 17.50%	3.34%	0.45%	5.92%	-	-	5.47%
After Tax 28.00%	3.43%	0.34%	5.47%	-	-	5.27%
Benchmark	0.44%	1.33%	5.95%	-	-	6.39%

Top Equity Holdings

Holdings	% of Fund's NAV
Woolworths	7.21%
Newmont Mining	4.61%
Telstra Corp	4.46%
National Australia Bank	3.88%
CSL	3.45%
IAG	3.18%
Transurban Group	3.16%
Evolution Mining	2.95%
Newcrest Mining	2.49%
BHP Group	2.43%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	28.19%	7.50%
New Zealand Fixed Interest	0.92%	4.00%
International Fixed Interest	0.77%	6.00%
New Zealand Equities	4.11%	7.50%
Australian Equities	59.60%	72.50%
International Equities	6.31%	2.50%
Other	0.10%	0%

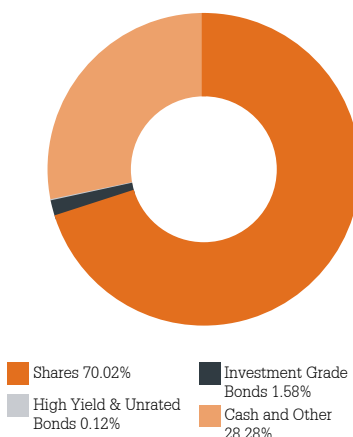
The actual cash held by the Fund is 18.96%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

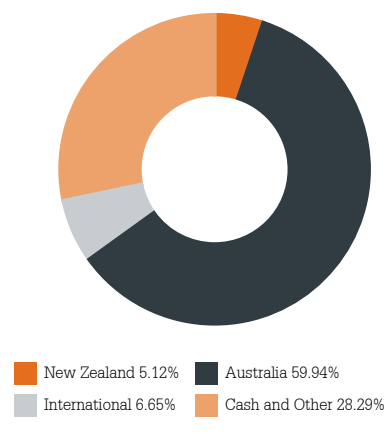
Holdings	% of Fund's NAV
NZLGFA 1.5% 2029	0.06%
Housing NZ 3.36% 2025	0.05%
Westpac 2.22% 2024	0.05%
ANZ Bank 3.03% 2024	0.04%
ASB Bank 1.83% 2024	0.04%
ANZ Bank Float 2024	0.04%
Macquarie Group Float 2025	0.04%
ING Group 1.45% 2024	0.03%
John Deere 1.75% 2024	0.03%
NZLGFA 3.5% 2033	0.03%

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 for more information about the data published within this document.

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