

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2020



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Australian Absolute Growth Fund returned 1.9% in June as share markets continued to recover from the COVID-19 sell-off.

We had a strong performance from Fisher & Paykel Healthcare (+18.7%) which delivered a solid financial result and positive outlook on rising demand for its products to treat COVID-19 patients. Smartpay rallied 27.9% as the New Zealand Commerce Commission approved the sale of its NZ operations and it reported a strong result from its Australian business. Our supermarket investments also performed well, particularly Coles which rallied 12% over the month.

After a sustained rally, our gold miners had a pull back and were the main detractors for the month. We retain a positive view on the gold price as most currencies are devalued by creation of money by central banks' quantitative easing programs.

The recent share market recovery had been the result of virus containment, reopening of the economy, substantial stimulus, and investors reinvesting back in the market. However, we believe the economic environment remains highly uncertain. We are now faced with controlling second wave virus outbreaks, looming completion of fiscal stimulus programs, and investor positioning that is less cautious than in April and May. With this backdrop we have positioned the Fund a bit more defensively again, while retaining significant investments in high quality companies that can produce long-term returns without excessive risk.

To view Milford's July 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>       | \$207.3 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="color: orange;">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 June 2020<sup>4</sup>

Unit Price: \$1.1523

|  | 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) | 1.87%   | 13.09%   | 5.72%  | -              | -              | 6.41%                  |
| After Tax 10.50%                                       | 1.85%   | 13.39%   | 5.32%  | -              | -              | 6.22%                  |
| After Tax 17.50%                                       | 1.84%   | 13.58%   | 5.06%  | -              | -              | 6.10%                  |
| After Tax 28.00%                                       | 1.83%   | 13.88%   | 4.66%  | -              | -              | 5.90%                  |
| Benchmark  | 0.42%   | 1.28%    | 5.84%  | -              | -              | 6.35%                  |

### Top Equity Holdings

| Holdings                 | % of Fund's NAV |
|--------------------------|-----------------|
| Woolworths               | 7.34%           |
| Newmont Mining           | 5.97%           |
| Telstra Corp             | 3.26%           |
| Newcrest Mining          | 3.20%           |
| CSL                      | 2.89%           |
| IAG                      | 2.56%           |
| Evolution Mining         | 2.54%           |
| Coles Group              | 2.52%           |
| Saracen Mineral Holdings | 2.12%           |
| National Australia Bank  | 2.08%           |

### Current Asset Allocation

|                              | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Effective Cash #             | 40.01%                | 7.50%                  |
| New Zealand Fixed Interest   | 0.83%                 | 4.00%                  |
| International Fixed Interest | 0.82%                 | 6.00%                  |
| New Zealand Equities         | 4.42%                 | 7.50%                  |
| Australian Equities          | 46.38%                | 72.50%                 |
| International Equities       | 7.32%                 | 2.50%                  |
| Other                        | 0.22%                 | 0%                     |

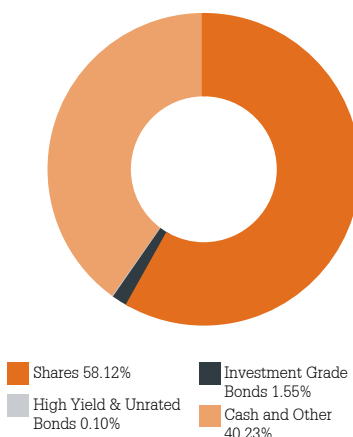
# The actual cash held by the Fund is 29.68%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

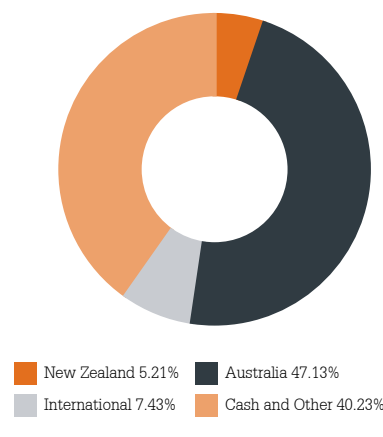
| Holdings                   | % of Fund's NAV |
|----------------------------|-----------------|
| NZLGFA 1.5% 2029           | 0.06%           |
| Housing NZ 3.36% 2025      | 0.05%           |
| NZLGFA 3.5% 2033           | 0.05%           |
| Westpac 2.22% 2024         | 0.05%           |
| ANZ Bank 3.03% 2024        | 0.04%           |
| ING Group 1.45% 2024       | 0.04%           |
| ASB Bank 1.83% 2024        | 0.04%           |
| NHFIC 1.41% 2032           | 0.04%           |
| ANZ Bank Float 2024        | 0.04%           |
| Macquarie Group Float 2025 | 0.04%           |

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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