

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2020



Portfolio Managers



William Curtayne
Portfolio Manager



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Portfolio Manager

Despite the latest Melbourne lockdowns and gradual spread of the COVID-19 outbreak to Sydney, domestic equity markets remained robust through July. The Australian Absolute Growth Fund did relatively well, delivering 1.0% in July, outperforming the S&P/ASX200 which returned 0.5% for the month.

Sectors heavily impacted by the Melbourne lockdown such as banks, travel and A-REITs performed poorly over the month while we saw renewed strength in safe-haven companies, such as supermarkets Coles and Woolworths, where the Fund has a significant investment. We had been positioned defensively for the possibility of renewed lockdowns, so as the market moves played out, we adapted our positioning. This involved reducing our supermarket holdings, buying bank shares, and slowly increasing our overall exposure to equities.

Another large contributor to performance was our allocation to gold miners. The gold price in US dollars accelerated its upward trajectory nearly reaching \$2,000/oz and eclipsing its previous high of \$1,921 reached in 2011. The faltering global economic recovery, and continued money creation by central banks through quantitative easing programs encouraged a new wave of investors in gold bullion. As a result, we took profits on some of our gold mining companies as we believe the gold price now looks somewhat overheated. The Fund still retains a 10% exposure to gold miners.

The focus this month will be company full year result releases and meeting with the management teams from most of our invested companies.

To view Milford's August 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, cash and cash equivalents.
Target Allocation	17.5% Income Assets / 82.5% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$211.1 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	1.50% (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;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 31 July 2020⁴

Unit Price: \$1.1635

	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)	0.97%	6.14%	3.35%	-	-	6.61%
After Tax 10.50%	1.05%	6.30%	3.00%	-	-	6.46%
After Tax 17.50%	1.10%	6.40%	2.77%	-	-	6.36%
After Tax 28.00%	1.17%	6.56%	2.41%	-	-	6.20%
Benchmark	0.44%	1.30%	5.74%	-	-	6.31%

Top Equity Holdings

Holdings	% of Fund's NAV
Woolworths	5.96%
Telstra Corp	4.74%
National Australia Bank	4.22%
Transurban Group	3.18%
BHP Group	3.13%
Rio Tinto	2.84%
CSL	2.75%
Newmont Mining	2.54%
IAG	2.51%
Coles Group	2.21%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	29.39%	7.50%
New Zealand Fixed Interest	0.85%	4.00%
International Fixed Interest	0.83%	6.00%
New Zealand Equities	6.17%	7.50%
Australian Equities	58.79%	72.50%
International Equities	3.97%	2.50%
Other	0.00%	0%

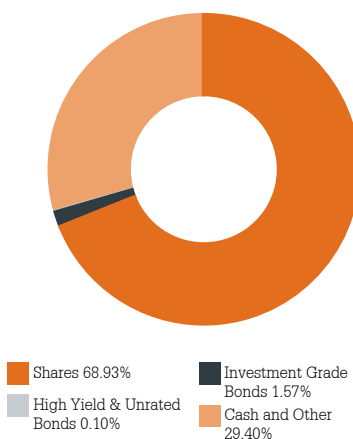
The actual cash held by the Fund is 23.56%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

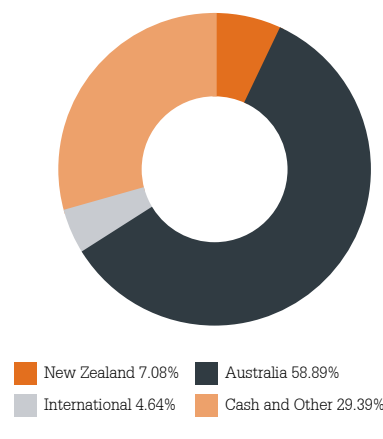
Holdings	% of Fund's NAV
NZLGFA 1.5% 2029	0.06%
Housing NZ 3.36% 2025	0.05%
NZLGFA 3.5% 2033	0.05%
Westpac 2.22% 2024	0.04%
ANZ Bank 3.03% 2024	0.04%
Commonwealth of Australia 1.75% 2051	0.04%
ING Group 1.45% 2024	0.04%
ASB Bank 1.83% 2024	0.04%
ANZ Bank Float 2024	0.04%
Macquarie Group Float 2025	0.04%

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 for more information about the data published within this document.

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