

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2020



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Fund largely held ground in September with a 0.1% decline as the ASX 200 fell 3.6%. The Fund's positioning in higher quality companies with valuation support insulated the portfolio from substantial losses over the month.

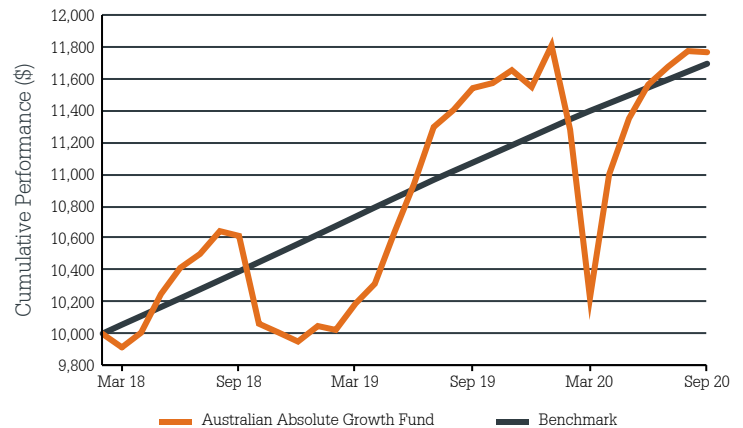
Sealink was the strongest performer (+18.3%) on anticipation of further contract wins in its transport business. We also expect their ferry and accommodation services to do well as Australian's travel locally this summer. Our largest detractor was Woolworths (-7.0%) which pulled back after strong recent gains. We took the opportunity to increase our position into this decline. Woolworths has a very stable business, and we anticipate it can generate close to 10% annual returns over the coming years.

We enter an interesting period until the end of the year where the outcome of various events will largely determine the fortunes of the equity markets. These events include fiscal stimulus packages, developments on COVID-19 vaccines and the outcome of the US presidential election. Positive outcomes will likely see the underperforming cyclical sectors such as REITs and financials outperform, while negative outcomes will likely see general market weakness and outperformance from defensive stocks such as supermarkets and healthcare. Our portfolio is positioned towards higher quality defensive holdings with some contrarian cyclical investments that would perform strongly on positive fiscal and vaccine developments.

To view Milford's October 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 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>	\$218.9 M
<b>Buy-sell Spread</b>	None - swing pricing applies (see PDS for details)
<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>	1.50% (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;"> <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 September 2020<sup>4</sup>

Unit Price: \$1.1721

	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)	-0.06%	1.76%	1.95%	-	-	6.49%
After Tax 10.50%	-0.21%	1.78%	1.45%	-	-	6.32%
After Tax 17.50%	-0.31%	1.79%	1.12%	-	-	6.21%
After Tax 28.00%	-0.46%	1.80%	0.61%	-	-	6.04%
Benchmark	0.42%	1.30%	5.60%	-	-	6.24%

### Top Equity Holdings

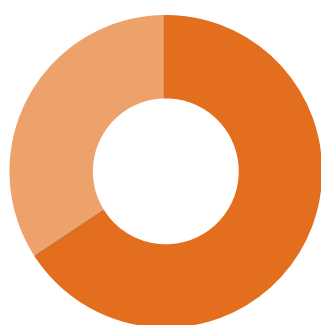
Holdings	% of Fund's NAV
Woolworths	6.36%
CSL	5.94%
National Australia Bank	5.22%
Transurban Group	3.73%
BHP Group	3.29%
Spark New Zealand	3.13%
ANZ Banking Group	3.11%
Mirvac Group	2.87%
Charter Hall Retail	2.43%
IAG	2.27%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	34.33%	7.50%
New Zealand Fixed Interest	0.00%	10.00%
International Fixed Interest	0.00%	0%
New Zealand Equities	7.43%	7.50%
Australian Equities	56.76%	72.50%
International Equities	1.48%	2.50%
Other	0.00%	0%

# The actual cash held by the Fund is 25.11%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### 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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