

Milford Australian Absolute Growth Fund

December 2020



Portfolio Managers



William Curtayne
Portfolio Manager



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Portfolio Manager

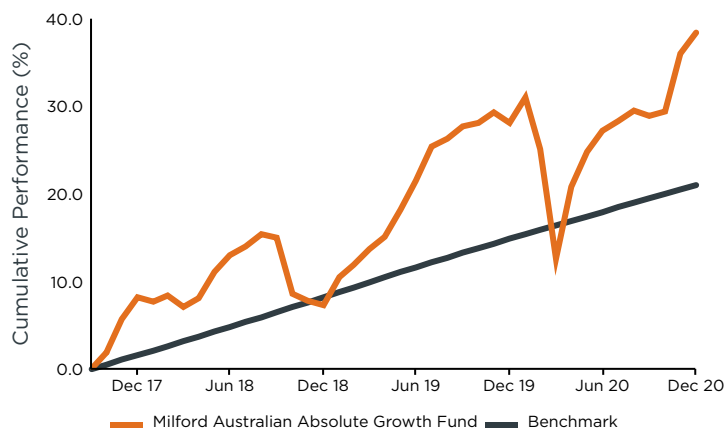
After returning 1.8% in December, the Fund finished the year with a 8.0% return compared to 1.4% by the ASX 200 (TR) Index. The top contributors for the year were our gold miners (Evolution Mining and Saracen Mineral), and derivative hedges that paid off handsomely in the March sell-off. Our worst performing investments were real estate companies that suffered due to the COVID lockdowns and have yet to fully recover.

In December, the Fund had strong returns from our iron ore miners BHP (+11.5%), RIO (+12.3%) and Fortescue (+28.5%) as the iron ore prices surged through US\$160/t. We took some profits on Fortescue but have maintained our BHP and RIO holdings. Our investments in recent IPO's did well, with our holding in Nuix rallying 55.4% in December, and Australian clothing retailer Universal Stores up 17.8%.

Over the month we added mining business IGO following its acquisition of one of the world's best lithium mines located in Western Australia. IGO also produces gold and nickel, but we see substantial upside from the lithium operations due to the increasing demand for electric vehicles which consequently drives battery and lithium demand.

We retain a positive view on the Australian equity market as the vaccine distribution allows the economic recovery to continue. While we will see setbacks from the COVID-19 wave in the Northern Hemisphere and spot outbreaks in Australia, these should prove temporary as the vaccine distribution eventually brings the virus under control. A global economic recovery is positive for many of our investments in the resources, financial and housing sectors. We look forward to another year and the opportunities it will bring.

Investment Performance to December 2020*



* Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions.

Key Fund Facts

Objective	Absolute returns with an annualised return of 5% above the RBA Cash Rate while seeking to preserve investor capital
Description	A diversified portfolio of predominantly Australian equities, complemented by selective exposure to international equities and cash. May use derivatives and foreign currency hedging.
Benchmark	RBA Cash Rate + 5% p.a.
APIR	ETL8155AU
mFund Code	MFA01
Redemption Price as at 31 Dec	\$1.1889
NAV as at 31 Dec	\$144.5 Million
Inception Date	October 2017
Minimum Investment	\$20,000
Recommended Investment Timeframe	5 years +
Buy-sell Spread	+/-0.20%
Entry/Exit Fee	Nil
Distribution Frequency	Annual (30 June)
Management Fee*	1.00%
Capped Expense Recovery*	0.10%
Performance Fee*	15% p.a. of returns above the benchmark subject to achieving the high watermark.
Fund Pricing	Daily

* Fees are stated exclusive of GST.

Investment Performance to December 2020*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Australian Absolute Growth Fund	1.77%	8.98%	8.00%	8.53%	-	10.51%
Benchmark	0.42%	2.59%	5.33%	6.00%	-	6.05%
Over/Underperformance	1.35%	6.39%	2.67%	2.53%	-	4.46%
S&P/ASX 200 (TR) Index	1.21%	13.20%	1.40%	6.73%	-	8.63%
Over/Underperformance	0.56%	-4.22%	6.60%	1.80%	-	1.88%

Past performance is not a reliable indicator of future performance.

* Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

** Inception date of the Fund is 2 October 2017.

Top Security Holdings

Holdings	% of Fund
NAB	6.33%
BHP	5.87%
Woolworths	4.25%
Fisher & Paykel	4.06%
ANZ	3.94%
Rio Tinto	3.62%
Telstra	3.24%
Wesfarmers	2.88%
Santos	2.80%
IAG	2.62%

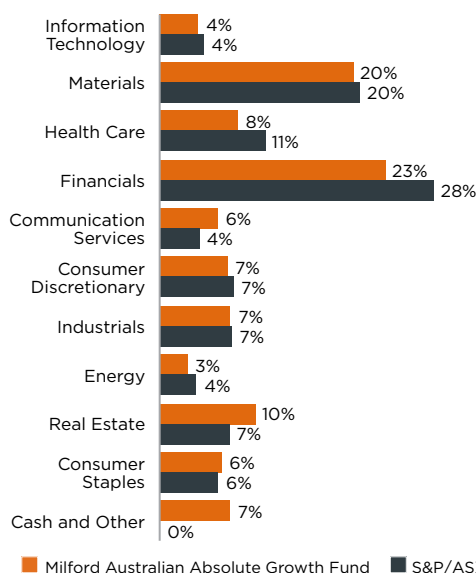
Current Asset Allocation

	Actual	Typical Range	Maximum Range
Cash and Other #	7.10%	0-10%	0-100%
Australian Equities*	91.96%	75-85%	0-100%
International Equities	0.94%	0-10%	0-30%

* Includes New Zealand Equities

Cash and Other reported above is adjusted to reflect the Fund's notional positions.

Sector Allocation



Ratings



Awards



Fund Changes

There have been no material changes to the Fund's risk profile or strategy since the last monthly report. There have been no changes to the key service providers or individuals playing a key role in investment since the PDS was issued.

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