

Milford Australian Absolute Growth Fund - R Class

April 2023



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager



Jason Kururangi
Co-Portfolio Manager

Global equity markets were remarkably calm in April as the volatility from the March banking crisis subsided. The ASX 200 pushed ahead 1.9% and the Fund gained 1.9%.

Earlier in the month the Fund was more invested after deploying cash during the March sell-off. This combined with some good stock picks helped the Fund keep pace with the rally over the month. Our view for 2023 remains one of caution given slowing economic growth, company earnings and inflation risks. While inflation is slowing, it remains over 5% at the core level in most developed economies when annualising the most recent data points. This is still too high and creates the risk that market pricing of interest rate cuts later this year is premature. With the Australian market approaching recent highs again, we have been selling some investments that have exceeded fair value, and increased cash levels.

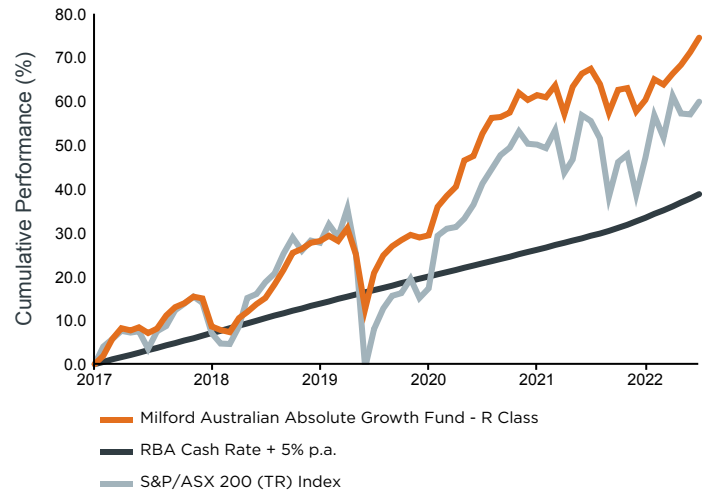
Our strongest stock pick of the month was payments company Smartpay which rallied 25.0%. Smartpay continues to place more terminals in market and grow its annuity revenues. Lithium miners were strong in March with IGO and Pilbara Minerals up 7% and 7.6% respectively. There are signs that the lithium inventory destocking cycle may be coming to an end which could see lithium prices stabilise. However, we do expect a bumpy ride for lithium miners as the bottoming of the commodity price is likely to be an elongated process.

We made further gains with our gold miners over the month, with Newcrest benefitting from a revised takeover offer from Newmont. We used this strength to reduce our gold miners as they have largely benefitted from the view that rates will be cut soon and as mentioned above, we are concerned this is premature.

Iron ore miners bounced nearly 10% from their lows in March. However, the rebar (reinforcing) steel price in China continued to fall, which is likely a sign that the recovery in the Chinese property construction market is disappointing or at least delayed. We decided to trim our BHP and Rio Tinto positions due to this development, which proved fortunate as the iron ore price and iron ore miners' share prices quickly followed falling steel prices. We are looking for signs of the steel market bottoming before adding to positions again.

In May we expect more trading updates from companies which will give us an indication of how earnings are tracking this year and some more stock picking opportunities may arise.

Investment Performance to April 2023¹



Key Fund Facts

Objective	Absolute returns with an annualised return of 5% above the RBA Cash Rate while seeking to preserve investor capital over rolling three-year periods.
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	ETL1090AU
Redemption Price as at 30 Apr	\$0.9764
Fund Size*	\$235.1 Million
Inception Date	October 2017
Minimum Investment	\$1,000
Recommended Investment Timeframe	7 years +
Buy-sell Spread	+/-0.20%
Entry/Exit Fee	Nil
Management Fee	1.05%
Performance Fee	15.35% p.a. of returns above the benchmark subject to achieving the high watermark.
Fund Pricing	Daily
Distribution Frequency	Biannual

*The Fund Size represents the total assets of the fund

Investment Performance to April 2023²

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) ³
Milford Australian Absolute Growth Fund - R Class ⁴	1.94%	8.88%	4.23%	13.06%	10.06%	10.50%
Benchmark	0.68%	4.00%	7.36%	5.87%	5.99%	6.05%
Over/Underperformance	1.26%	4.88%	-3.13%	7.19%	4.07%	4.45%
S&P/ASX 200 (TR) Index	1.85%	8.71%	2.83%	14.00%	8.26%	8.78%
Over/Underperformance	0.09%	0.17%	1.40%	-0.94%	1.80%	1.72%

Top Security Holdings

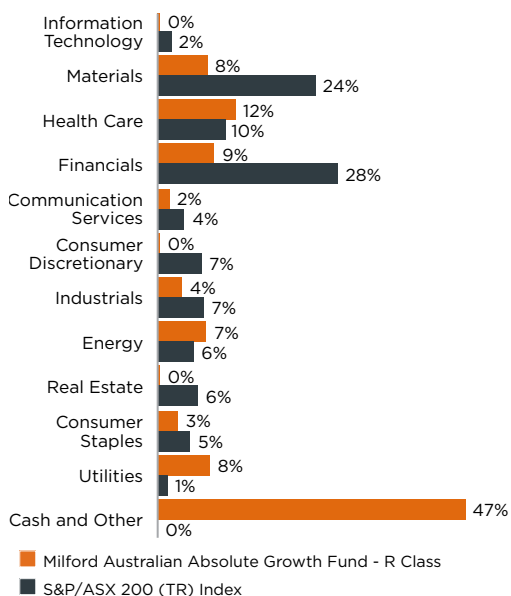
Holdings	% of Fund
CSL	7.94%
Origin Energy	6.05%
Santos	3.75%
BHP	3.18%
Neuren Pharmaceuticals	2.92%
IPH	2.22%
Whitehaven Coal	2.00%
Telstra	2.00%
NAB	1.99%
CBA	1.72%

Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	56.50%	75-85%	0-100%
Derivatives	-4.74%	NA	NA [^]
International Equities	1.53%	0-10%	0-20%
Cash and Other	41.78%	0-20%	0-50%

[^] refer to PDS for limits on derivative exposure

Sector Allocation



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 last monthly report.

1. Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions. 2. Past performance is not a reliable indicator of future performance. 3. Inception date of the Fund is 02 October 2017. 4. The performance stated combines the performance of the Australian Absolute Growth Fund - W Class from 2. October 2017 to 30 June 2021, and the performance of the Milford Australian Absolute Growth Fund - R Class thereafter.

Disclaimer: Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the responsible Entity for the Milford Australian Absolute Growth Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This Monthly Fact Sheet has been prepared by Milford Australia Pty Ltd. as the Investment Manager, to provide you with general information only. In preparing this Monthly Fact Sheet, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Milford Australia Pty Ltd., Equity Trustees nor any of their related parties, employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance is not a reliable indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.

Milford Australian Absolute Growth Fund's Target Market Determination is available at <https://milfordasset.com.au/documents-and-forms>. The Target Market Determination is a document describing who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.