

# Milford Australian Absolute Growth Fund - R Class

## August 2022



### Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager



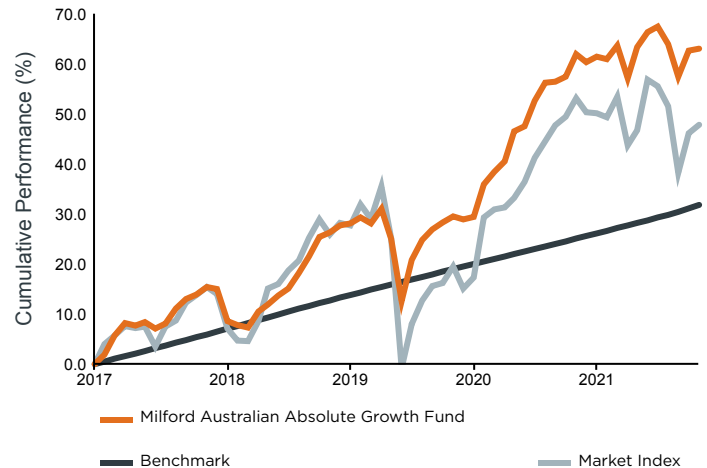
**Jason Kururangi**  
Co-Portfolio Manager

The Australian Absolute Growth Fund produced a small 0.3% gain in August and is up 0.7% for the calendar year. Equity markets were strong earlier in the month before pulling back sharply late in the month following Fed Reserve Chairman Jerome Powell's speech at the Jackson Hole central bankers' symposium. His comments were clear and concise with the message that the Fed must keep monetary policy tight until they are sure inflation is under control and will sacrifice economic growth and jobs if necessary. This removed the markets view that rate cuts would begin early next year and increased the fear that central banks may continue raising rates into slowing economic growth and falling company profits. Similar messages have been made by the Bank of England and the European Central Bank. Inflation data is now an even more important driver of future monetary policy and markets as central banks have made it clear weak economic data won't change their policy course while inflation remains too high.

Most of our holdings reported their full year results over the month with most reporting reasonable earnings and some having strong gains such as IPH (+11.7%) and Webjet (+7.2%). Energy companies also performed strongly as they reported strong cash flows and energy prices rallied again. TPG declined 15.6% after a poor result but it was fortunately a small position in the Fund. We sold nearly our entire positions in supermarkets Woolworths and Coles as they become overvalued which was fortunate as the companies pulled back sharply after reporting a more uncertain outlook than the market expected. As their share prices declined, we began to buy back into these companies again with a focus on Woolworths rather than Coles due to its better cost outlook.

Overall ASX industrials future earnings expectations were revised down 3% over the month which is the largest negative revision since COVID-19 hit in March 2020, although -3% is not a terrible number, in the context of market fears it could have been worse. We think there is substantial earnings risk ahead for many industries and companies which is why the Fund remains positioned in quality and defensive companies with a more certain earnings outlook and maintains a significant cash position. As earnings decline this will create a great opportunity to invest our cash and profit from the eventual recovery.

### Investment Performance to August 2022\*



\* 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 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.

<b>Benchmark</b>	RBA Cash Rate + 5% p.a.
<b>APIR</b>	ETL1090AU
<b>mFund Code</b>	MFA04
<b>Redemption Price as at 31 Aug</b>	\$0.9121
<b>NAV as at 31 Aug</b>	\$169.1 Million
<b>Inception Date</b>	October 2017
<b>Minimum Investment</b>	\$1,000
<b>Recommended Investment Timeframe</b>	5 years +
<b>Buy-sell Spread</b>	+/-0.20%
<b>Entry/Exit Fee</b>	Nil
<b>Management Fee</b>	1.05%
<b>Performance Fee</b>	15.35% p.a. of returns above the benchmark subject to achieving the high watermark.
<b>Fund Pricing</b>	Daily
<b>Distribution Frequency</b>	Biannual

## Investment Performance to August 2022\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Australian Absolute Growth Fund	0.25%	-0.19%	0.72%	8.88%	-	10.46%
Benchmark	0.56%	2.85%	5.42%	5.36%	-	5.79%
Over/Underperformance	-0.31%	-3.04%	-4.70%	3.52%	-	4.67%
S&P/ASX 200 (TR) Index	1.18%	0.75%	-3.43%	5.51%	-	8.28%
Over/Underperformance	-0.93%	-0.94%	4.15%	3.37%	-	2.18%

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 02 October 2017.

## Top Security Holdings

Holdings	% of Fund
CSL	7.24%
Telstra	5.99%
Contact Energy	3.80%
Santos	3.40%
Woolworths	2.98%
Suncorp Group	2.66%
Shell	2.09%
Ampol	2.05%
Computershare	2.00%
Nearmap	1.89%

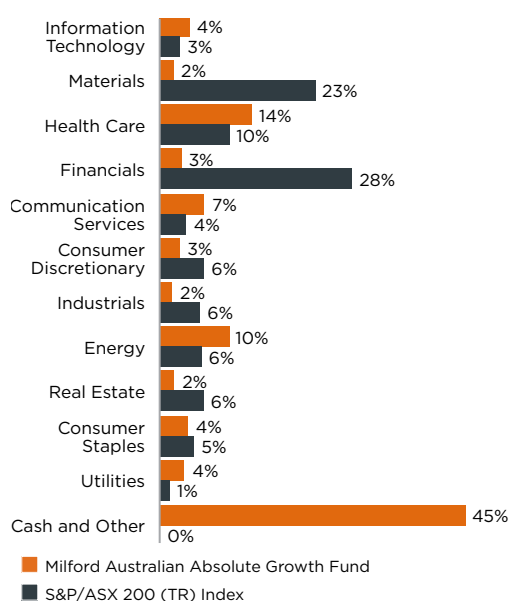
## Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australian Equities*	49.84%	75-85%	0-100%
International Equities	5.07%	0-10%	0-30%
Cash and Other #	45.09%	0-10%	0-100%

\* Includes New Zealand Equities

# Effective Cash 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 last monthly report.



## Milford Australian Absolute Growth Fund August 2022

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