

# Milford Australian Absolute Growth Fund - R Class

## December 2021



### Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

December ended up being a relatively strong month for the equity market as fears surrounding the Omicron variant receded with more evidence emerging of less severe symptoms and lower hospitalisation rates. The Australian Absolute Growth Fund ended the month up 1.7%, behind the ASX 200 Index which was up 2.8%.

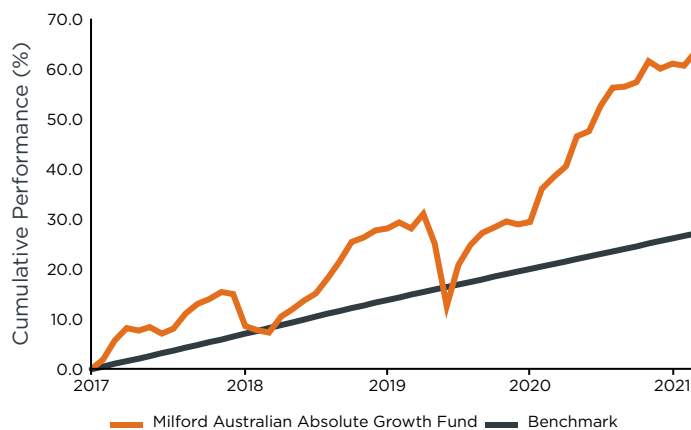
Our best performer over the month was biotech Neuren Pharmaceuticals, which stormed 109.4% after announcing positive phase 3 trial results for its drug Trofinetide. Trofinetide looks likely to be the first FDA approved treatment for Rett Syndrome. We continued to build our position in Neuren after the results given the commercialisation opportunity is significantly de-risked.

One of our worst performers was Woolworths after delivering a downgrade to expectations reflecting higher costs of doing business, particularly in their online channel as states locked down. In other notable portfolio news CSL also announced a deal to acquire Swiss business Vifor pharmaceutical, which is focused on treatments for renal dysfunction and iron deficiency. We participated in its discounted equity raise given the compelling value on offer.

We are now in a situation where monetary policy will almost certainly be tightening, with the Fed flagging faster deceleration of asset purchases, earlier rate rises and a potential for quantitative tightening. We remain mindful this tightening environment is likely to slow growth and drive volatility for markets. We also expect underlying sector rotations to remain a feature.

Given this backdrop the Fund remains relatively cautiously positioned for volatility, with a good mix of quality holdings, those with attractive valuations and some beneficiaries to a rising rate environment. We are also carrying a robust cash level coupled with some derivative protection, which should help cushion any downside volatility we see in the market. Through this we continue to expect stock picking opportunities will appear that we will capitalise on as more attractive risk/reward opportunities present themselves.

### Investment Performance to December 2021\*



\* 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 Dec</b>	\$1.0442
<b>NAV as at 31 Dec</b>	\$143.4 Million
<b>Inception Date</b>	October 2017
<b>Minimum Investment</b>	\$20,000
<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 December 2021\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Australian Absolute Growth Fund	1.71%	4.63%	18.27%	15.10%	-	12.29%
Benchmark	0.42%	2.53%	5.09%	5.53%	-	5.82%
Over/Underperformance	1.29%	2.10%	13.18%	9.57%	-	6.47%
S&P/ASX 200 (TR) Index	2.75%	3.84%	17.23%	13.62%	-	10.60%
Over/Underperformance	-1.04%	0.79%	1.04%	1.48%	-	1.69%

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	7.32%
NAB	6.78%
Telstra	4.65%
Sydney Airport	4.46%
BHP	3.77%
CBA	3.51%
Woolworths	3.49%
Coles	3.09%
Metcash	3.04%
Santos	2.99%

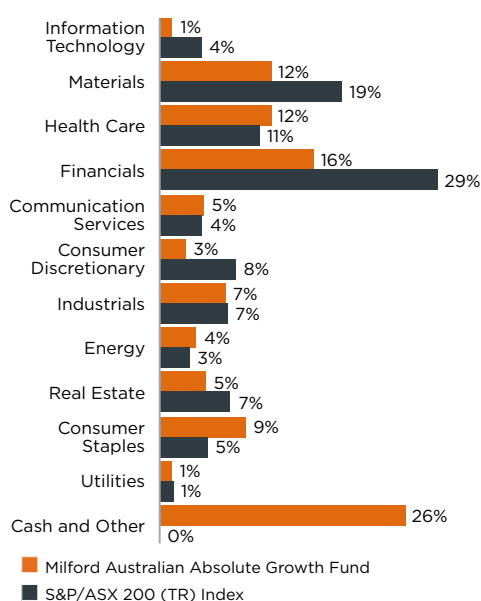
## Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australian Equities*	72.97%	75-85%	0-100%
International Equities	1.28%	0-10%	0-30%
Cash and Other #	25.75%	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.



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