

# Milford Australian Absolute Growth Fund - R Class

## January 2023



### Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager



**Jason Kururangi**  
Co-Portfolio Manager

The Fund returned 1.5% in January and has returned 5.9% over the past 12 months.

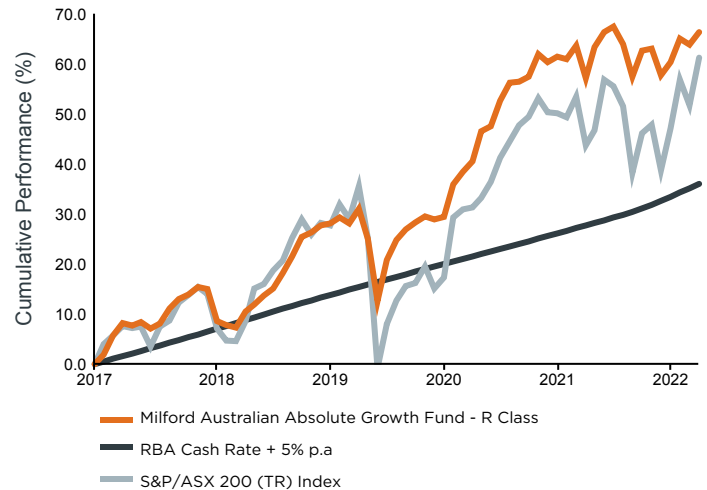
The month began with a very sharp sell-off on the first day of the year. We used this to invest nearly 10% of our cash into the market, which proved a good decision as the market rallied for the rest of the month. The rally was spurred on by positive developments in China and some global economic data that indicated a recession is not as close as feared. Therefore markets have begun to price out the risk of a recession. We trimmed our equities again into this rally over the month.

Our top performer for the month was Smartpay (+22.5%) and our worst performer was Computershare (-9.4%) which suffered on markets increasingly expecting rate cuts this year.

Given the strong market rally this month, has our view changed? Not substantially. China has certainly recovered from Covid faster than anticipated which will support iron ore and other metals for some time. We do think this is more than priced into the valuations of miners who reacted very quickly to China's improvement. The risk of a global recession remains significant despite the market pricing this risk out. Leading economic indicators remain weak and it is likely that lagging hard indicators such as jobs and retail sales will soften over the coming months.

The market rally has forced many Fund Managers to invest their cash and chase this rally, which will make the market very vulnerable for a correction in the coming months. Our view remains negative on the outlook for earnings and as market participants take on more risk, we will focus on capital protection and investing in companies with resilient earnings. Our largest sector weights remain healthcare and staples. We do anticipate a great opportunity to buy cyclical companies later this year, but patience is required for now.

### Investment Performance to January 2023<sup>1</sup>



### Key Fund Facts

<b>Objective</b>	Absolute returns with an annualised return of 5% above the RBA Cash Rate while seeking to preserve investor capital over rolling three-year periods.
<b>Description</b>	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>Redemption Price as at 31 Jan</b>	\$0.9306
<b>Fund Size*</b>	\$198.8 Million
<b>Inception Date</b>	October 2017
<b>Minimum Investment</b>	\$1,000
<b>Recommended Investment Timeframe</b>	7 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

\*The Fund Size represents the total assets of the fund

## Investment Performance to January 2023<sup>2</sup>

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) <sup>3</sup>
Milford Australian Absolute Growth Fund - R Class <sup>4</sup>	1.52%	2.29%	5.86%	8.29%	9.07%	10.01%
Benchmark	0.66%	3.77%	6.53%	5.63%	5.90%	5.94%
Over/Underperformance	0.86%	-1.48%	-0.67%	2.66%	3.17%	4.07%
S&P/ASX 200 (TR) Index	6.23%	10.32%	12.21%	5.96%	8.51%	9.36%
Over/Underperformance	-4.71%	-8.03%	-6.35%	2.33%	0.56%	0.65%

## Top Security Holdings

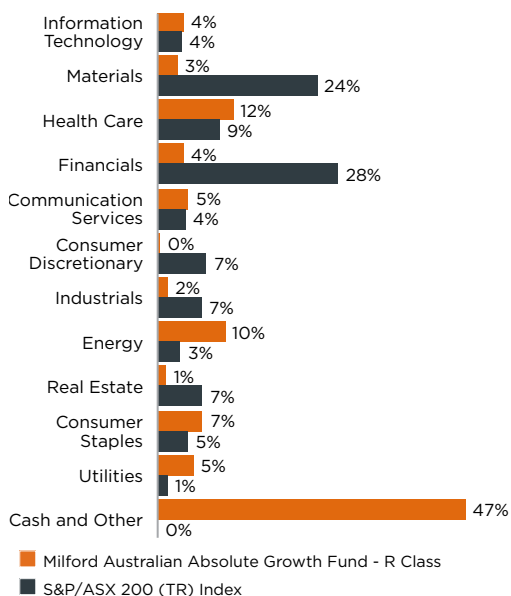
Holdings	% of Fund
CSL	6.51%
OZ Minerals	4.85%
Santos	4.75%
Telstra	4.64%
Ampol	4.05%
Woolworths	3.69%
Origin Energy	3.63%
Suncorp Group	3.56%
Resmed	3.53%
Coles	3.04%

## Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	62.94%	75-85%	0-100%
Derivatives	-10.92%	NA	NA <sup>^</sup>
International Equities	0.77%	0-10%	0-20%
Cash and Other	36.07%	0-20%	0-50%

<sup>^</sup> 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.

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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. Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions. Returns greater than one year are annualised. 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.

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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.