

Milford Australian Absolute Growth Fund - R Class

July 2021

Portfolio Managers



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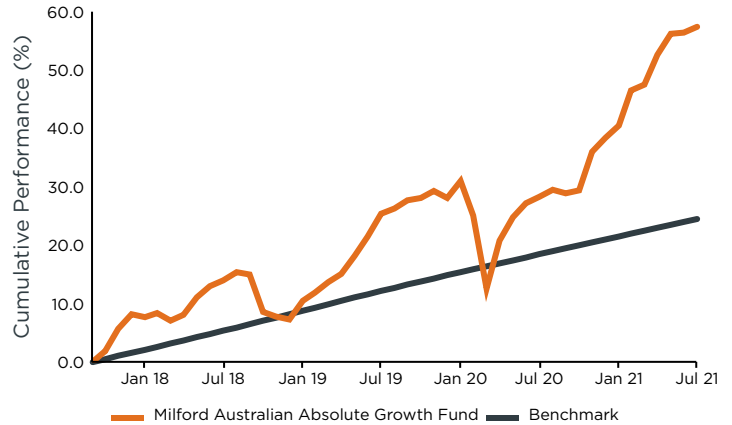
The Australian Absolute Growth Fund returned 0.7% in a relatively quiet July. The worsening Sydney COVID-19 Delta strain outbreak was the key economic event over the month, but even this had a relatively small impact on the equity market other than some modest weakness in banks and some other cyclicals. Once again, lockdowns in Australia are being met with fiscal support that at a broad level will keep consumer savings at a healthy level until high vaccination rates allow lockdowns to ease later this year.

Our strongest performers over the month were miners BHP (+10.1%), IGO (+22.0%) and industrials Seven Group (+14.3%) and DGL (+18.0%). IGO rallied as it completed its acquisition of lithium assets and the lithium commodity price saw renewed strength. Seven Group effectively took control of Boral over the month which was taken positively by the market. And recent IPO DGL continues to attract new investor interest as the opportunity in chemicals logistics is appreciated by more market participants. DGL is a well-managed New Zealand business that has expanded to have significant operations in Australia.

Our largest losers were Westpac and Santos which largely followed a global pullback in banks and energy companies. We expect bank share prices to improve as vaccination levels improve globally and in Australia, and central banks move into the tapering phase of monetary stimulus. Post month end Santos has announced a merger with Oil Search which we see as a positive move both strategically and for the valuation of the business.

The profit outlook for the Australian share market remains positive and we expect this to underpin a base case of continued strength in equities. The key risks are extended positioning in the equity market and the possibility of disorderly withdrawal of monetary stimulus bought about by sustained inflation pressures. We are managing this environment by maintaining a reasonably fully invested equity position with some put options as tail risk protection. Next month we look forward to opportunities that should present during the August result releases.

Investment Performance to July 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.

Benchmark	RBA Cash Rate + 5% p.a.
APIR	ETL1090AU
mFund Code	MFA04
Redemption Price as at 31 Jul	\$1.0047
NAV as at 31 Jul	\$204.1 Million
Inception Date	October 2017
Minimum Investment	\$20,000
Recommended Investment Timeframe	5 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

Investment Performance to July 2021*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Australian Absolute Growth Fund^	0.67%	12.08%	22.71%	11.38%	-	12.58%
Benchmark	0.42%	2.50%	5.14%	5.72%	-	5.90%
Over/Underperformance	0.25%	9.58%	17.57%	5.66%	-	6.68%
S&P/ASX 200 (TR) Index	1.10%	13.78%	28.56%	9.48%	-	11.04%
Over/Underperformance	-0.43%	-1.70%	-5.85%	1.90%	-	1.54%

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.

^ 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.

Top Security Holdings

Holdings	% of Fund
NAB	5.51%
Westpac	5.24%
BHP	4.99%
Telstra	4.76%
ANZ	4.69%
CSL	3.45%
Evolution Mining	3.40%
Virgin Money	3.33%
Santos	2.87%
Sydney Airport	2.61%

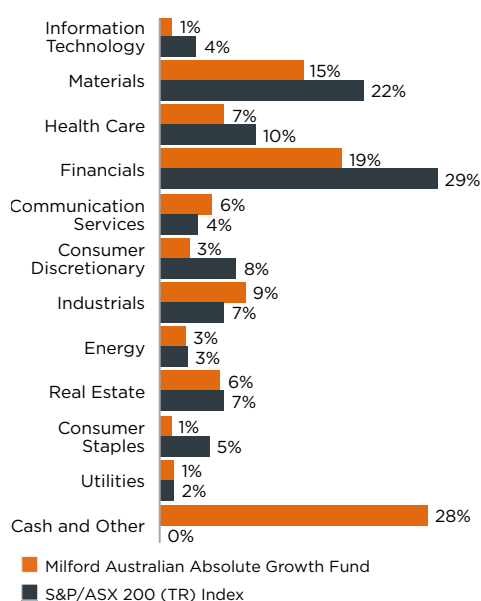
Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australian Equities*	70.42%	75-85%	0-100%
International Equities	1.33%	0-10%	0-30%
Cash and Other #	28.25%	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 PDS was issued.



Milford Australian Absolute Growth Fund July 2021

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