

# Milford Australian Absolute Growth Fund - R Class

June 2023



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager



**Jason Kururangi**  
Co-Portfolio Manager

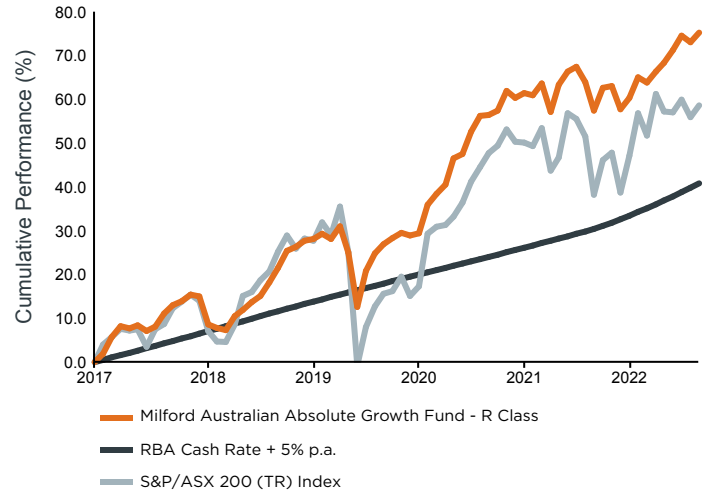
June saw a lot of economic developments globally, while share markets continued to be led by US equities and tech-related stocks. The Australian market rallied 1.8% and the Fund returned 1.3%.

Over the month we saw a wave of Australian-listed retailer downgrades indicating stress is developing with certain cohorts of consumers. Thus far the weakness seems contained to durable goods retailers such as clothing and furniture while spending on restaurants or travel remains robust. This may be the case for a while as durable goods spending is easily deferred post the Covid lockdown binge, while many cohorts still wish (and are able) to travel and eat out. Chinese economic growth continued to disappoint, and stimulus measures so far have been minor and targeted at consumers. The share prices of miners rebounded from recent weakness on hopes of further stimulus, but the market will need to see delivery of larger stimulus or will be disappointed. And finally, the US economy continues to shake off the regional banking crisis, leading to markets pricing in more rate hikes in the US. The RBA is also in a hawkish mindset on concerns the job market remains resilient and inflation is taking too long to cool off.

It was a relatively quiet month on the stock picking front for the Fund, with little in the way of news flow for our companies. CSL declined 9.5% following an earnings downgrade. Smartpay was strong once again and our insurance companies and miners performed well.

We increased our equity exposure modestly, as the ASX fell sharply later in the month, picking up some unloved banks and a few Real Estate Investment Trusts (REITs) given the reasonable value on offer. We also purchased some call options which worked well as the market recovered into month end. As we approach earnings reports in August, we anticipate further earnings weakness but also opportunities over this period.

## Investment Performance to June 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 30 Jun</b>	\$0.9801
<b>Fund Size*</b>	\$249.1 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 June 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>	1.25%	6.92%	11.27%	11.34%	9.17%	10.25%
Benchmark	0.71%	4.16%	7.93%	6.08%	6.07%	6.13%
Over/Underperformance	0.54%	2.76%	3.34%	5.26%	3.10%	4.12%
S&P/ASX 200 (TR) Index	1.76%	4.51%	14.78%	11.13%	7.16%	8.36%
Over/Underperformance	-0.51%	2.41%	-3.51%	0.21%	2.01%	1.89%

## Top Security Holdings

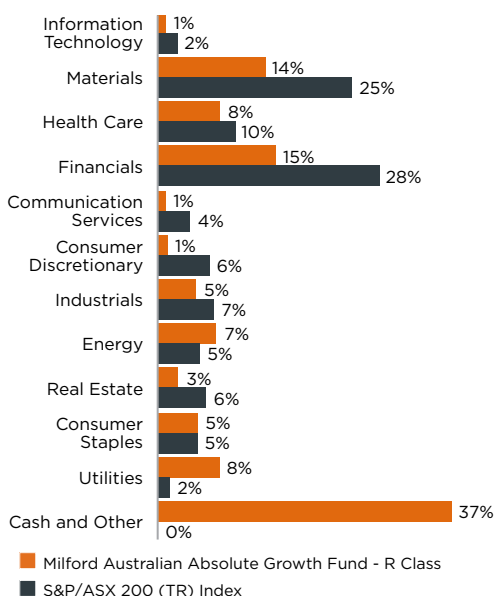
Holdings	% of Fund
NAB	5.98%
Origin Energy	5.91%
CSL	4.74%
BHP	4.69%
Teck Resources	3.84%
Santos	3.53%
ANZ	3.03%
IPH	2.83%
Blackmores	2.47%
Viva Energy Group	2.44%

## Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	62.95%	75-85%	0-100%
Derivatives	4.68%	NA	NA <sup>^</sup>
International Equities	4.46%	0-10%	0-20%
Cash and Other	37.02%	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.

---

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. 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.

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 - R Class'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.