

Milford Australian Absolute Growth Fund - R Class

March 2023



Portfolio Managers



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The Australian equity market produced a muted 0.2% decline for March which belies significant volatility intra-month and within sectors. The banking crisis that began in the US with the collapse of a few regional banks, caused a sharp sell-off early in the month. Weakness was concentrated in financials and cyclical sectors, while defensive sectors and technology shares outperformed. The markets rallied back over the second half of the month as bank bail outs and liquidity lines stemmed contagion (for now) and eased investor concerns.

The Fund returned 1.7% as defensive positioning and strong stock picking contributed nicely in March. Neuren Pharmaceuticals was the standout performer, rallying 84.2% on the back of FDA approval for Trofinetide. This drug treats Rett syndrome, a genetic neurological disorder that presents in young females, and is expected to hit the shelves in the US in April.

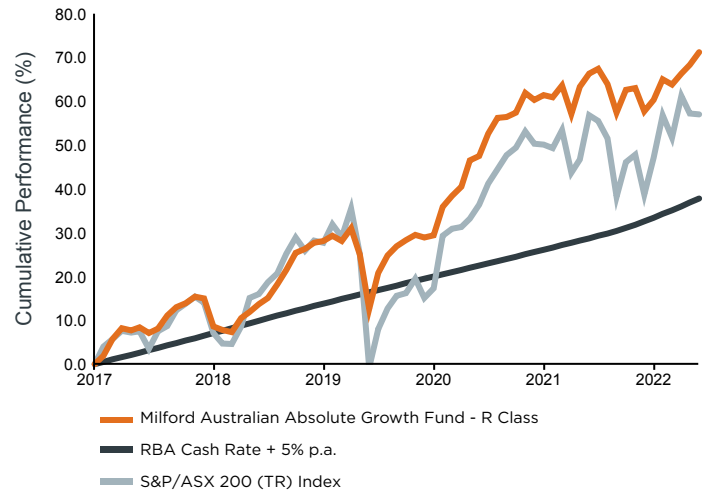
Other key winners were our iron ore and gold miners. We added significantly to our positions in BHP and Rio Tinto as their share prices pulled back in early March. These companies were caught up in the global rotation out of cyclicals and into defensive and tech companies. As this rotation slowed, both companies rallied back strongly later in the month. With our gold miners we added to Newcrest Mining, Evolution Mining and Northern Star early in the month, but as share prices rallied approximately 18.1% over the month, we decided to take some back off the table and lock in some profits. We retain a reasonable position in gold miners as a hedge against the US allowing inflation to get out of control through their continued pumping of liquidity to combat every crisis.

We had only 2% in banks heading into this recent crisis, so we avoided most of the losses in the space. As banks sold-off, we used this opportunity to pick up some major Australian banks. We view these purchases as tactical in nature, as stiff competition in mortgages and deposits is likely to cap significant upside for Australian banks this year.

Our largest losers were insurers which declined as bond yields declined, which reduced returns on their investment books.

We deployed a reasonable portion of the Fund's cash into opportunities this month, which helped the Fund participate in the late month rally. Our 2023 view remains cautious as the earnings outlook worsens, recessions move nearer on the back of a likely tightening in credit, and inflation may frustrate the ability of central banks to react to slowing growth. We will continue to manage the Fund's risk level to this view but will strive to use market setbacks like the one in March to pick up attractive investments.

Investment Performance to March 2023¹



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
Redemption Price as at 31 Mar	\$0.9578
Fund Size*	\$224.8 Million
Inception Date	October 2017
Minimum Investment	\$1,000
Recommended Investment Timeframe	7 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

*The Fund Size represents the total assets of the fund

Milford Australian Absolute Growth Fund March 2023

Investment Performance to March 2023²

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) ³
Milford Australian Absolute Growth Fund - R Class ⁴	1.71%	8.57%	2.93%	15.00%	9.83%	10.28%
Benchmark	0.70%	3.94%	7.07%	5.78%	5.96%	6.01%
Over/Underperformance	1.01%	4.63%	-4.14%	9.22%	3.87%	4.27%
S&P/ASX 200 (TR) Index	-0.16%	13.19%	0.10%	16.53%	8.70%	8.56%
Over/Underperformance	1.87%	-4.62%	2.83%	-1.53%	1.13%	1.72%

Top Security Holdings

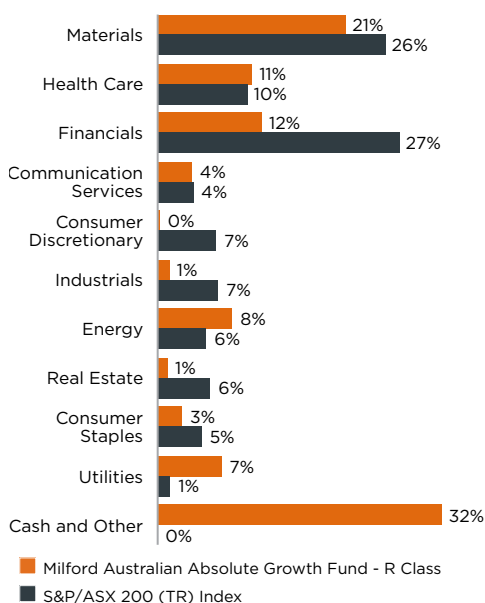
Holdings	% of Fund
OZ Minerals	6.50%
CSL	5.90%
BHP	5.77%
Origin Energy	5.50%
Telstra	4.32%
Santos	3.83%
Rio Tinto	3.24%
Newcrest Mining	3.00%
NAB	2.96%
Neuren Pharmaceuticals	2.87%

Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	70.28%	75-85%	0-100%
Derivatives	-4.16%	NA	NA [^]
International Equities	1.78%	0-10%	0-20%
Cash and Other	27.62%	0-20%	0-50%

[^] 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. 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.