

Milford Australian Absolute Growth Fund - R Class

July 2022



Portfolio Managers



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Equity markets had a strong recovery in July after suffering through a very tough first half year. The rally was driven by the market view that inflation has peaked, interest rates are near peak and US earnings results not being as bad as feared. The rally gained further momentum as hedge funds aggressively covered short positions and the Federal Reserve's 75bp rate hike was viewed as "dovish".

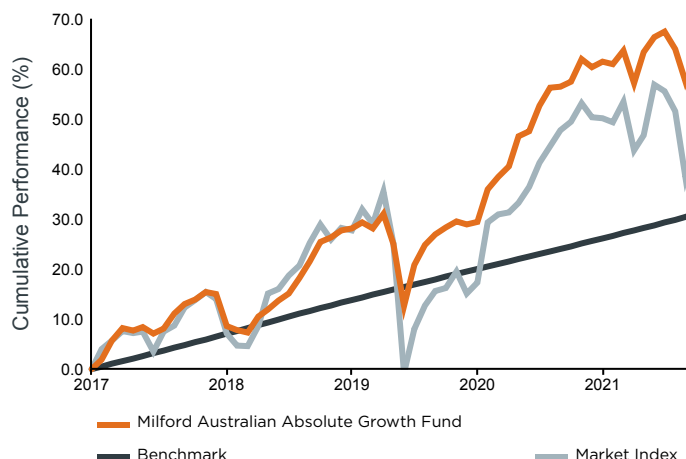
The Australian Absolute Growth Fund gained 3.3% for the month which pleasingly returns the 2022 calendar year performance to largely flat. Further market gains from here should see the Fund move into positive returns for the year while our defensive positioning will limit the downside if the market sell-off resumes.

Our largest winners over the month were unsurprisingly many of our small company investments. Neuren Pharmaceuticals was a standout which rallied 48.4% and went through 52-week highs as new investors uncovered the potential of this business. Other strong small companies were Paladin Energy (+27.6%) and Universal Store (+19.0%) while our best larger company was Goodman Group (+16.0%).

Many of the weaker performers on the ASX were resource companies in a reversal of sector trends seen earlier this year. The Fund has very little exposure to resource companies after selling over the previous few months, but we did suffer some losses in Newcrest (-7.6%) and Santos (-1.6%). We are looking forward to buying certain mining companies over the next year but for now continue to believe it is a sector to avoid given China's reluctance to do large economic stimulus and slowing growth in the western world.

We remain cautiously positioned by holding more cash and owning predominantly high quality and strong cashflow businesses. While year-on-year inflation will be approaching a peak in the coming months, it may still prove stubborn in falling back to levels low enough to appease central bankers. This will continue to be a headache for central banks as economic growth slows and the company earnings downgrade cycle gets much worse over the second half of the year. With the markets now pricing a quick end to inflation and rate cuts early in 2023 the positioning set up is more likely to lead to disappointment in the coming months. The rollercoaster in markets is likely to continue, however Milford's strategy and the Fund positioning is aimed at delivering a smoother ride in the short-term while still achieving strong returns in the long run.

Investment Performance to July 2022*



* 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	\$0.9098
NAV as at 31 Jul	\$161.1 Million
Inception Date	October 2017
Minimum Investment	\$1,000
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 2022*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Australian Absolute Growth Fund	3.29%	3.49%	3.29%	9.05%	-	10.59%
Benchmark	0.52%	2.66%	5.27%	5.34%	-	5.77%
Over/Underperformance	2.77%	0.83%	-1.98%	3.71%	-	4.82%
S&P/ASX 200 (TR) Index	5.75%	1.71%	-2.17%	4.27%	-	8.17%
Over/Underperformance	-2.46%	1.78%	5.46%	4.78%	-	2.42%

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	6.66%
Telstra	5.36%
Contact Energy	3.89%
Resmed	3.85%
Vifor Pharma	3.50%
Coles	2.75%
Metcash	2.73%
HCA Holdings	2.07%
Suncorp Group	1.98%
Neuren Pharmaceuticals	1.62%

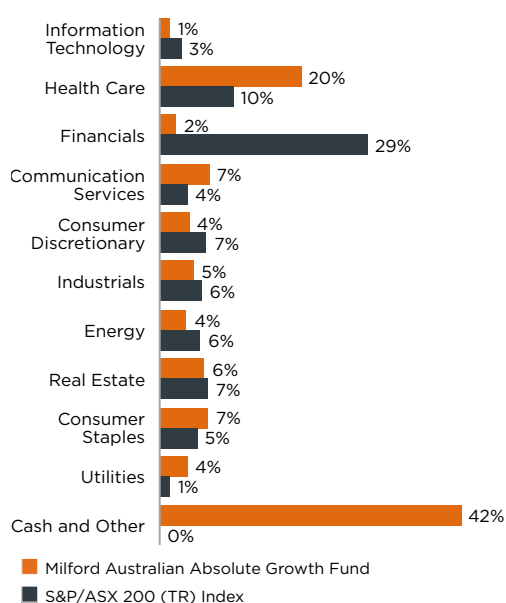
Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australian Equities*	49.66%	75-85%	0-100%
International Equities	8.33%	0-10%	0-30%
Cash and Other #	42.01%	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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