

# Milford Australian Absolute Growth Fund - W Class

## July 2022



### Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager



**Jason Kururangi**  
Co-Portfolio Manager

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".

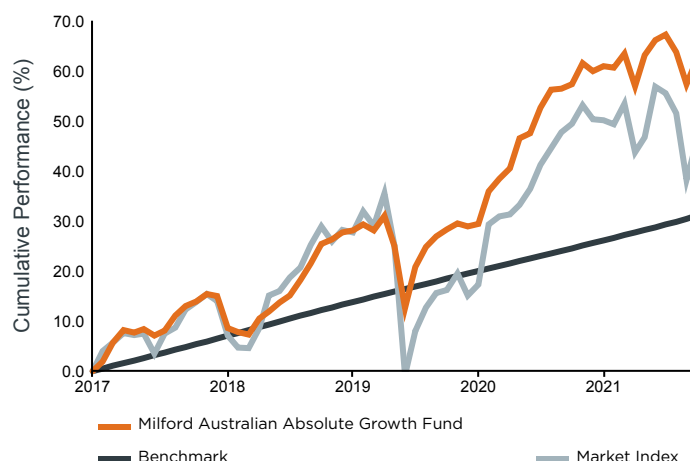
The Australian Absolute Growth Fund gained 3.3% for the month which pleasingly returns the 2022 calendar year performance to largely flat. Further market gains from here should see the Fund move into positive returns for the year while our defensive positioning will limit the downside if the market sell-off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

<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>	ETL8155AU
<b>Redemption Price as at 31 Jul</b>	\$1.1373
<b>NAV as at 31 Jul</b>	\$161.1 Million
<b>Inception Date</b>	October 2017
<b>Minimum Investment</b>	\$50,000
<b>Recommended Investment Timeframe</b>	5 years +
<b>Buy-sell Spread</b>	+/-0.20%
<b>Entry/Exit Fee</b>	Nil
<b>Management Fee</b>	0.90%
<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

## 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	3.26%	3.52%	3.30%	9.02%	-	10.57%
Benchmark	0.52%	2.66%	5.27%	5.34%	-	5.77%
Over/Underperformance	2.74%	0.86%	-1.97%	3.68%	-	4.80%
S&P/ASX 200 (TR) Index	5.75%	1.71%	-2.17%	4.27%	-	8.17%
Over/Underperformance	-2.49%	1.81%	5.47%	4.75%	-	2.40%

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%

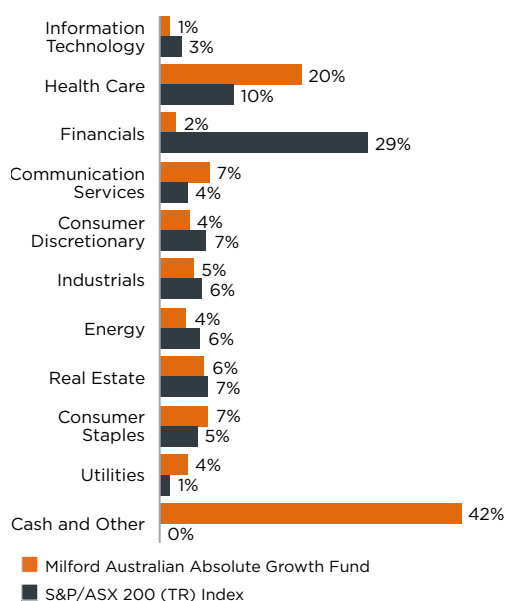
## Current Asset Allocation

	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.



### Platform Availability

Asgard, BT Panorama, HUB24, IOOF, Macquarie Wrap, Mason Stevens, mFund, MLC, MyNorth, Netwealth, PowerWrap, Praemium

---

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's Target Market Determination is available at <https://milfordasset.com.au/forms-documents.au>. 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.

ZENITH DISCLAIMER: The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned June/2021) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>

The Zenith Fund Awards were issued October 2020 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. The Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. To the extent that the Fund Awards constitutes advice, it is General Advice for Wholesale clients only without taking into consideration the objectives, financial situation or needs of any specific person. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice. Investors should obtain a copy of and consider any relevant PDS or offer document before making any investment decisions. Past performance is not an indication of future performance. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.

LONSEC DISCLAIMER: The rating issued 08/2020 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit [lonsec.com.au](http://lonsec.com.au) for ratings information and to access the full report. © 2020 Lonsec. All rights reserved.