

Milford Australian Absolute Growth Fund - W Class

November 2021



Portfolio Managers



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Portfolio Manager



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Portfolio Manager

November was shaping up as a reasonable month until fears of the Omicron variant saw a late month retreat. The Australian Absolute Growth Fund ended the month down 0.2% while the ASX 200 Index fell 0.5%.

Our best performer of the month was Goodman Group (+12.7%) which rallied to new highs as its profit outlook continued to improve on structural demand for industrial property. Stalwart position Collins Foods (+10.2%) delivered yet another strong result. KFC stores in Australia performed well but the upside surprise was a strong result from their European stores on the back of stronger margins. We also had good contributions from some mining stocks with gold miner Evolution up 11.0%, copper miner Sandfire up 8.1% and nickel and lithium miner IGO rallying 9.3%.

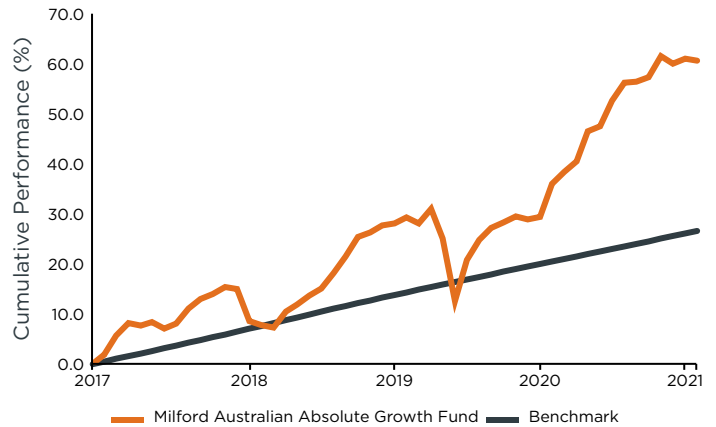
Our worst performer was Virgin Money (-14.2%) which delivered a poor cost outlook at their result. While disappointing, management are taking the right approach and investing in digital capabilities to position the bank for the future. We increased our position slightly into the weakness.

As we reach the end of the year some long approaching risks have arrived (inflation and rate hikes) while a new risk has appeared (Omicron). Omicron appears to be more transmissible, and vaccines are likely somewhat less effective against it – although we don't know this for certain yet. The next variable is whether it is less severe than Delta as anecdotes currently suggest. If Omicron is bad, lockdowns are likely not to be as widespread as previous ones, but we are also unlikely to see the same level of fiscal and monetary support.

On the monetary side, the Fed acknowledged last week that inflation is no longer transitory and is preparing to lean against it. Both the Fed and the Bank of England have also said that Omicron would exacerbate inflation pressures (we agree). We are now in a situation where monetary policy will almost certainly be tightening with the Omicron variable perhaps only delaying the timing by a month or two. Inflation has become a large political issue, which increases the risk of faster rate hikes for political reasons which would be a problem for markets convinced of slow and controlled hikes.

The Fund has been reducing risk for several months now and has improved the quality of its holdings which should help it through any volatility that occurs. Stock picking opportunities will be thrown up with this uncertainty which we are well placed to capitalise on given our higher cash levels.

Investment Performance to November 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	ETL8155AU
Redemption Price as at 30 Nov	\$1.2712
NAV as at 30 Nov	\$137.4 Million
Inception Date	October 2017
Minimum Investment	\$5,000,000
Recommended Investment Timeframe	5 years +
Buy-sell Spread	+/-0.20%
Entry/Exit Fee	Nil
Management Fee	0.90%
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 November 2021*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Australian Absolute Growth Fund	-0.21%	2.85%	18.13%	14.21%	-	12.05%
Benchmark	0.41%	2.51%	5.09%	5.57%	-	5.83%
Over/Underperformance	-0.62%	0.34%	13.04%	8.64%	-	6.22%
S&P/ASX 200 (TR) Index	-0.54%	3.35%	15.48%	12.56%	-	10.11%
Over/Underperformance	0.33%	-0.50%	2.65%	1.65%	-	1.94%

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
NAB	6.56%
CSL	5.02%
Telstra	4.60%
Sydney Airport	3.71%
Woolworths	3.50%
Santos	3.13%
CBA	2.87%
Virgin Money	2.73%
BHP	2.59%
Evolution Mining	2.45%

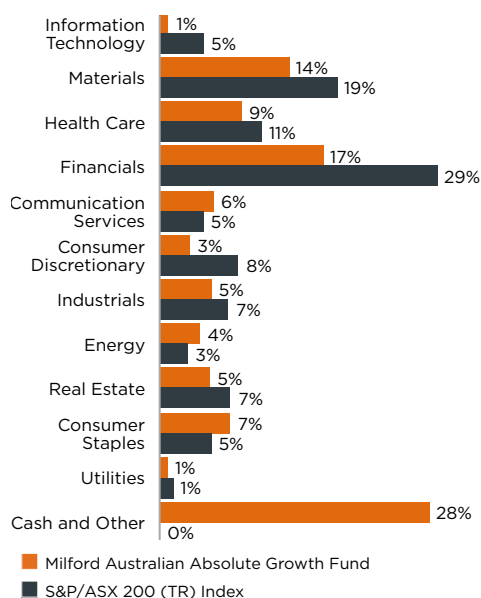
Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australian Equities*	69.93%	75-85%	0-100%
International Equities	1.85%	0-10%	0-30%
Cash and Other #	28.22%	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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