

Milford Australian Absolute Growth Fund - W Class

May 2022



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

May was a challenging month for equity markets and was really a game of two halves. Early in the month concerns around slower global growth, against a backdrop of rising interest rates and tighter financial conditions weighed on sentiment. Whilst in the second half of the month markets bounced off their recent lows. Our cautious positioning helped the Australian Absolute Growth Fund end with a return of -2.1% compared to the ASX 200 return of -2.6%.

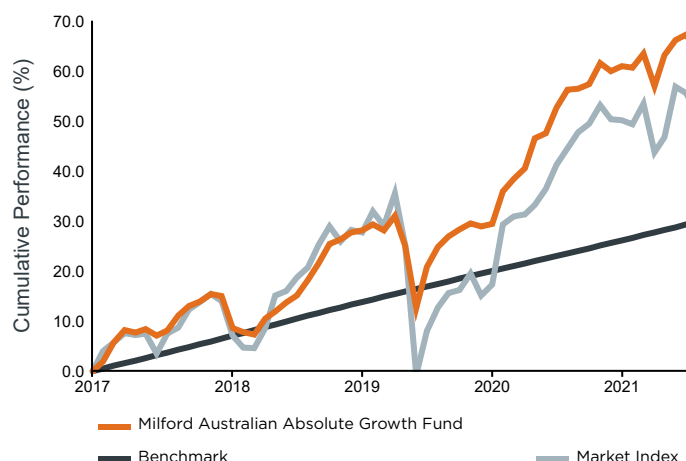
Our top performer was US energy company EOG Resources which rallied 17.3% over the month with strong oil prices. Other energy names such as Santos also did well over the month. Global fund management group GQG, rallied 17.1% on the back of strong performance, solid flows and the inclusion in a global index which supported technical buying. We generally like founder led businesses, and GQG is led by founding Portfolio Manager Rajiv Jain. He has significant skin in the game and much like our approach to investing, is an all-weather manager who should perform through the cycle.

Diversified miner BHP was also a positive contributor, benefitting from a significant shift in sentiment as investors increasingly reflected expectations Chinese stimulus will support steel demand.

We remain cautious about equity markets more broadly as they continue to transition in an environment of higher inflation, higher interest rates and tighter liquidity. As in all market conditions we continue to actively manage positions to take advantage of opportunities as they arise. We continue to favour positions in companies with resilient earnings such as supermarkets, neighbourhood shopping centre landlords and blood plasma company CSL. As monetary policy runs its course, valuations become more attractive and allocations to equities by investors normalise, we will be able to take a more bullish stance within the Fund.

This month we are pleased to welcome Jason Kururangi as a co-manager to the Fund. This is a reflection of Jason's impressive portfolio management track-record prior to joining Milford and his contribution to the Fund over the past couple of years.

Investment Performance to May 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 | ETL8155AU |
| Redemption Price as at 31 May | \$1.2957 |
| NAV as at 31 May | \$163.8 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 May 2022*

| | 1 Month | 6 Months | 1 year | 3 years (p.a.) | 5 years (p.a.) | Since inception (p.a.)** |
|---|---------|----------|--------|----------------|----------------|--------------------------|
| Milford Australian Absolute Growth Fund | -2.12% | 1.94% | 4.83% | 11.48% | - | 11.15% |
| Benchmark | 0.44% | 2.53% | 5.12% | 5.34% | - | 5.76% |
| Over/Underperformance | -2.56% | -0.59% | -0.29% | 6.14% | - | 5.39% |
| S&P/ASX 200 (TR) Index | -2.60% | 1.44% | 4.84% | 7.84% | - | 9.31% |
| Over/Underperformance | 0.48% | 0.50% | -0.01% | 3.64% | - | 1.84% |

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 | 7.21% |
| BHP | 4.12% |
| Metcash | 3.64% |
| NAB | 3.40% |
| Contact Energy | 3.11% |
| Rio Tinto | 2.93% |
| Suncorp Group | 2.93% |
| Santos | 2.58% |
| Telstra | 2.50% |
| Irongate | 2.39% |

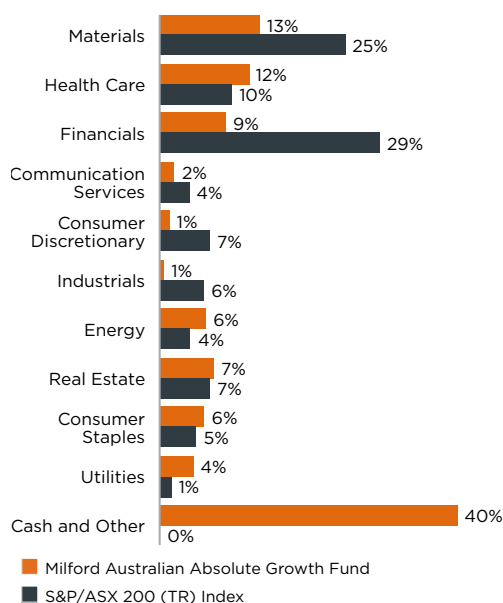
Current Asset Allocation

| | Actual | Typical Range | Maximum Range |
|------------------------|--------|---------------|---------------|
| Australian Equities* | 60.46% | 75-85% | 0-100% |
| International Equities | 0% | 0-10% | 0-30% |
| Cash and Other # | 39.54% | 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, 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 for ratings information and to access the full report. © 2020 Lonsec. All rights reserved.