

# Milford Australian Absolute Growth Fund - W Class

## September 2022

### Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager



**Jason Kururangi**  
Co-Portfolio Manager

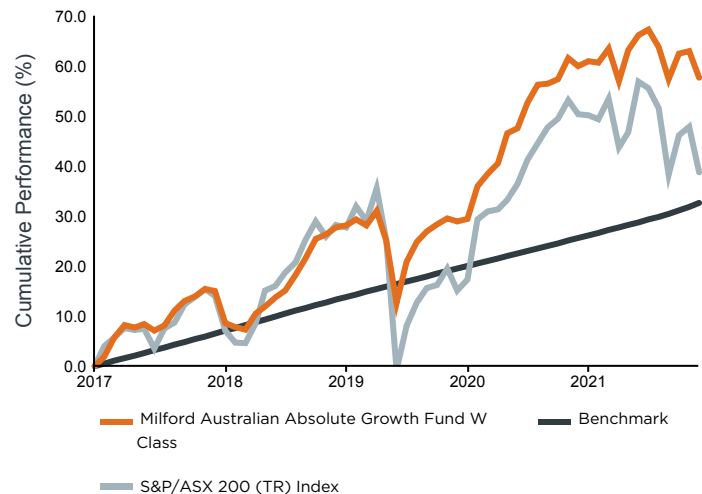
Equity markets sold-off sharply in September on the back of inflation data that remained too hot resulting in a large sell-off in bonds. With inflation remaining stubbornly high there is limited scope for central banks to ease back from interest rate hikes and bond yields repriced higher as investors digested this reality. This ultimately drove equities to also reprice lower given interest rates are the yard stick used to determine the valuation on equities. It is our belief that we will need to see weakness in job markets before core inflation returns to reasonable levels below 3%. While job market weakness will likely eventuate at some point next year, there is limited sign of it occurring now which is keeping the pressure on central banks to continue tightening. What we may see however is more serious fractures in the financial system that could cause a temporary turnaround in monetary policy which would be positive for markets. That by definition requires more bad news before the good news on policy pivot.

Our cautious positioning meant that as expected the Fund's decline in September was much less than the market at 3.3% compared to the ASX 200 decline of 6.2%. We did add back some equities into this weakness but only in moderate size as we retain a cautious medium-term view.

Our winner for the month was once again Neuren Pharmaceutical which was up 13.3% in a tough month. Losers were some of our energy names including Santos which was down 10.1%.

As this equity weakness continues, we will begin to establish longer term buy and hold opportunities at attractive prices. Growth and technology stocks have now come off a long way and some of them are approaching reasonable levels (if not yet highly discounted levels). As economic weakness sets in more broadly in 2023 the time will come to buy homebuilders, retailers and other early-stage cyclicals. Until then, we anticipate more volatility both up and down which we intend to navigate with caution and selective buying on weakness.

### Investment Performance to September 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.

<b>Benchmark</b>	RBA Cash Rate + 5% p.a.
<b>APIR</b>	ETL8155AU
<b>Redemption Price as at 30 Sep</b>	\$1.1036
<b>NAV as at 30 Sep</b>	\$169 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 September 2022\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Australian Absolute Growth Fund W Class	-3.26%	-5.11%	-1.43%	7.27%	-	9.54%
Benchmark	0.58%	3.01%	5.59%	5.39%	-	5.81%
Over/Underperformance	-3.84%	-8.12%	-7.02%	1.88%	-	3.73%
S&P/ASX 200 (TR) Index	-6.17%	-11.56%	-7.69%	2.67%	-	6.77%
Over/Underperformance	2.91%	6.45%	6.26%	4.60%	-	2.77%

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	7.50%
Telstra	6.29%
Contact Energy	3.54%
Woolworths	3.43%
Resmed	3.37%
Santos	3.05%
Suncorp Group	2.99%
Computershare	2.98%
Ampol	2.24%
Shell	2.09%

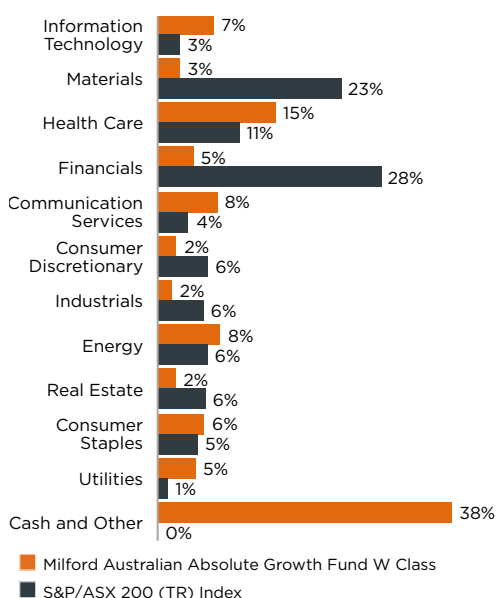
## Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australian Equities*	57.84%	75-85%	0-100%
International Equities	4.54%	0-10%	0-30%
Cash and Other#	37.62%	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.

During the month, Mainstream Fund Services Pty Ltd replaced National Australia Bank Limited as the provider of administrator services for the Fund. There have been no other 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

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