

Milford Australian Absolute Growth Fund - W Class

October 2022

Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager



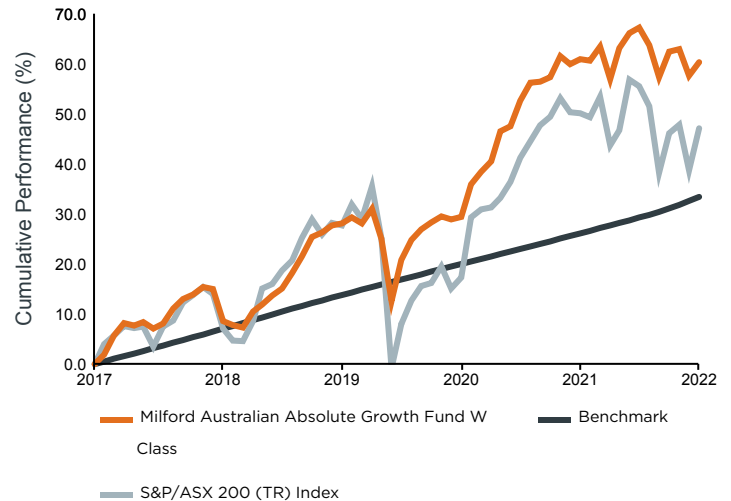
Jason Kururangi
Co-Portfolio Manager

Markets recovered in October as once again investors prepared for central banks to back off interest rate hikes. This saw the ASX 200 increase 6.0% for the month. The Australian Absolute Growth Fund returned 1.7% as we had very little in banking shares, which drove much of the ASX rally, and our overall cautious positioning. The cautious positioning has served the Fund well this year with the Fund only down 1.9% year to date in difficult markets, and we believe this remains the correct approach for the uncertain near term.

Our best performers for the month were Smartpay (+15.6%) which reported a strong quarter, Suncorp (+13.8%) which rallied on better bank margins and Santos (+8.6%) on the back of higher energy prices. Our worst performer was Ampol which fell 5.3% after reporting a disappointing earnings update on some surprise logistic cost issues. These issues are relatively short term in nature and Ampol has very attractive cash flows looking forward. Energy companies remain a key exposure in the Fund due to their high cashflow yields and the positive outlook for energy prices on a five-year view. While we may see temporary declines in the oil price, these declines are unlikely to be long lasting as OPEC+ is now cutting supply to manage oil prices. The rest of the Fund is concentrated in defensive businesses, USD earners and select small and mid-cap stock picks we have a positive view on.

Economies have been robust for 2022 but are beginning to slow and company earnings are just starting to falter. This is due to high inflation and interest rates hurting the financial position of both households and businesses. We are approaching the point where central banks will reduce the size of their interest rate hikes but continue to raise rates as the job market remains tight and inflation has not slowed enough. Markets tend to bottom before earnings hit their lows, but we are very early in the earnings downgrade cycle and intend to remain cautious until earnings declines are further progressed, and interest rates are closer to being cut. We had invested some of our cash earlier in the month but took the opportunity to sell some equities back out as the market rallied into month end.

Investment Performance to October 2022¹



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 Oct	\$1.1221
Fund Size*	\$176.7 Million
Inception Date	October 2017
Minimum Investment	\$50,000
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

*The Fund Size represents the total assets of the fund

Investment Performance to October 2022²

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) ³
Milford Australian Absolute Growth Fund W Class	1.68%	-4.17%	-0.40%	7.75%	9.48%	9.73%
Benchmark	0.62%	3.23%	5.80%	5.44%	5.82%	5.84%
Over/Underperformance	1.06%	-7.40%	-6.20%	2.31%	3.66%	3.89%
S&P/ASX 200 (TR) Index	6.04%	-5.41%	-2.01%	4.82%	7.18%	7.89%
Over/Underperformance	-4.36%	1.24%	1.61%	2.93%	2.30%	1.84%

Top Security Holdings

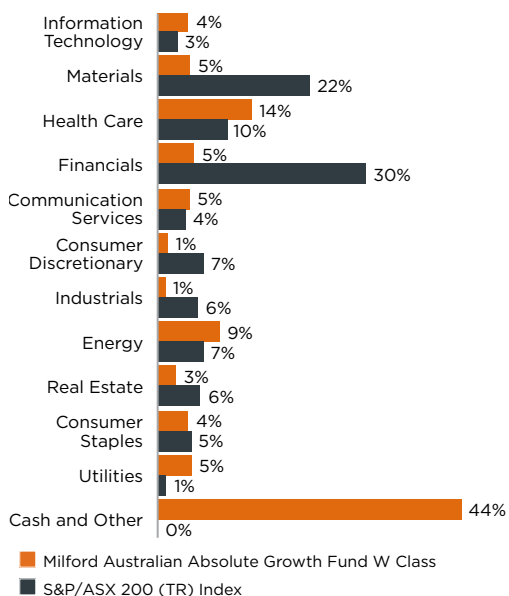
Holdings	% of Fund
CSL	6.12%
Telstra	4.59%
Santos	3.20%
Computershare	2.91%
BHP	2.67%
Resmed	2.63%
Contact Energy	2.53%
Ampol	2.42%
Suncorp Group	2.38%
Origin Energy	2.37%

Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australian Equities [*]	53.72%	75-85%	0-100%
International Equities	2.73%	0-10%	0-30%
Cash and Other ⁴	43.55%	0-10%	0-100%

^{*} Includes New Zealand Equities

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.



Milford Australian Absolute Growth Fund October 2022

Platform Availability

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

1. Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions. **2.** 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. **3.** Inception date of the Fund is 02 October 2017. **4.** Effective Cash reported above is adjusted to reflect the Fund's notional positions.

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/documents-and-forms>. 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/2022) 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 09/2022 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. © 2022 Lonsec. All rights reserved.