

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2022



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Fund produced a small 0.3% gain in August and is up 2.2% for the calendar year. Equity markets were strong earlier in the month before pulling back sharply late in the month following Fed Reserve Chairman Jerome Powell's speech at the Jackson Hole central bankers' symposium.

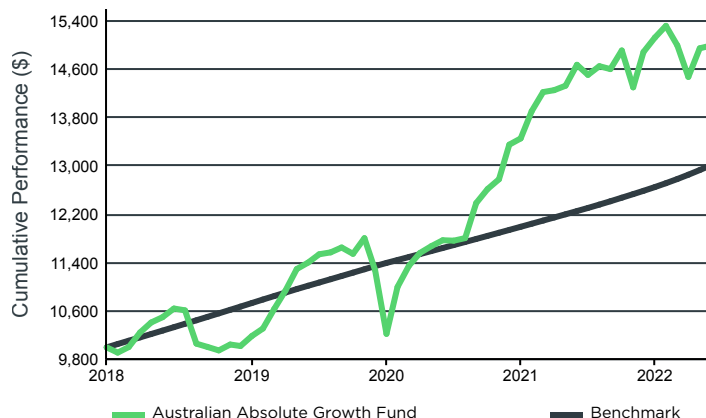
Most of our holdings reported their full year results over the month with most reporting reasonable earnings and some having strong gains, such as IPH (+11.7%) and Webjet (+7.2%). Energy companies also performed strongly as they reported strong cash flows and energy prices rallied again. TPG declined 15.6% after a poor result but it was fortunately a small position in the Fund. We sold nearly our entire positions in supermarkets Woolworths and Coles as they become overvalued which was fortunate as the companies pulled back sharply after reporting a more uncertain outlook than the market expected. As their share prices declined, we began to buy back into these companies again with a focus on Woolworths rather than Coles due to its better cost outlook.

Overall ASX industrials future earnings expectations were revised down 3% over the month which is the largest negative revision since COVID-19 hit in March 2020, although -3% is not a terrible number, in the context of market fears it could have been worse. We think there is substantial earnings risk ahead for many industries and companies which is why the Fund remains positioned in quality and defensive companies with a more certain earnings outlook and maintains a significant cash position. As earnings decline this will create a great opportunity to invest our cash and profit from the eventual recovery.

To view Milford's September 2022 Market and Economic Review please see [milfordasset.com/fact-sheet](https://milfordasset.com/fact-sheet).

## Cumulative Fund Performance

(after fees and before tax)



Assumes the growth of \$10,000 invested at the Fund's inception date.

## Key Fund Facts

### Objective<sup>1</sup>

Targets an absolute return with an annualised return objective of 5% above the New Zealand Official Cash Rate while seeking to protect capital over rolling three year periods

### Description

Diversified fund that primarily invests in Australasian equities, complemented by selective exposure to international equities and cash

Minimum recommended investment timeframe	7 years +
Target Allocation	17.5% Income Assets / 82.5% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$590.3 M
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 March 2018
Benchmark	OCR + 5% p.a.
Base Fund Fee <sup>2</sup>	1.05%
Performance Fee	15% of the Fund's returns above the Benchmark <sup>1</sup> , subject to the high watermark.
Total Fund Fees <sup>3</sup>	1.25% (includes an est. performance fee)

	Lower risk						Higher risk
Risk Indicator	1	2	3	4	5	6	7
	Potentially lower returns				Potentially higher returns		

# Australian Absolute Growth Fund as at 31 August 2022

## Investment Performance after fees as at 31 August 2022<sup>4</sup>

Unit Price: \$1.491

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Australian Absolute Growth Fund (Gross Of Tax)	0.31%	-0.01%	2.17%	9.55%	-	9.41%
After Tax 10.50%	0.31%	0.02%	2.05%	9.39%	-	9.32%
After Tax 17.50%	0.31%	0.05%	1.97%	9.29%	-	9.26%
After Tax 28.00%	0.31%	0.08%	1.85%	9.13%	-	9.16%
Benchmark	0.63%	1.80%	6.21%	5.70%	-	6.03%

## Top Equity Holdings

Holdings	% of Fund
Telstra	4.84%
CSL	4.64%
Contact Energy	4.01%
Santos	3.38%
Suncorp Group	2.52%
Shell	2.07%
Ampol	2.05%
HCA Holdings	1.94%
Nearmap	1.89%
Woodside Energy Group	1.79%
EBOS Group	1.78%
Neuren Pharmaceuticals	1.70%
Computershare	1.67%
QBE Insurance Group	1.59%
Incitec	1.56%
Waypoint REIT	1.52%
Woolworths	1.47%
Webjet	1.25%
Resmed	1.22%
Charter Hall Retail	1.09%

## Current Asset Allocation

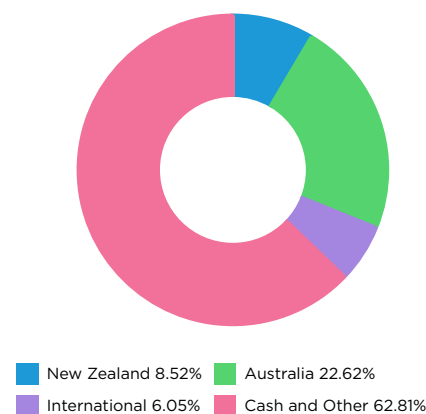
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	62.81%	7.5%
New Zealand Fixed Interest	4.32%	10.0%
International Fixed Interest	0.00%	0.0%
New Zealand Equities	6.14%	7.5%
Australian Equities	21.86%	72.5%
International Equities	4.87%	2.5%
Other	0.00%	0.0%

# The actual cash held by the Fund is 37.00%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

## Sector Allocation

Allocation	Weight %
Health Care	9.14%
Energy	8.87%
Utilities	4.72%
Communication Services	4.64%
Information Technology	3.59%
Consumer Discretionary	1.91%
Industrials	1.55%
Consumer Staples	1.37%
Other Sectors	1.40%
Cash and Other	62.81%

## Region Exposure



1. After the base fund fee but before tax and before the performance fee. 2. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 3. The Total Fund Fees comprise the Base Fund Fee and any estimated Performance Fee. Please refer to the Product Disclosure Statement for more information as to how these are calculated. 4. Please note past performance is not a guarantee of future returns.

Please refer to the 'Glossary for the Monthly Fact Sheet' at [milfordasset.com/fact-sheet](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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