

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2022



## Portfolio Managers



William Curtayne  
Portfolio Manager



Wayne Gentle  
Portfolio Manager

Equity markets had a strong recovery in July after suffering through a very tough first half year.

The Fund gained 3.3% for the month which pleasingly returns the 2022 calendar year performance to largely flat. Further market gains from here should see the Fund move into positive returns for the year while our defensive positioning will limit the downside if the market sell-off resumes.

Our largest winners over the month were unsurprisingly many of our small company investments. Neuren Pharmaceuticals was a standout which rallied 48.4% and went through 52-week highs as new investors uncovered the potential of this business. Other strong small companies were Paladin Energy (+27.6%) and Universal Store (+19.0%) while our best larger company was Goodman Group (+16.0%).

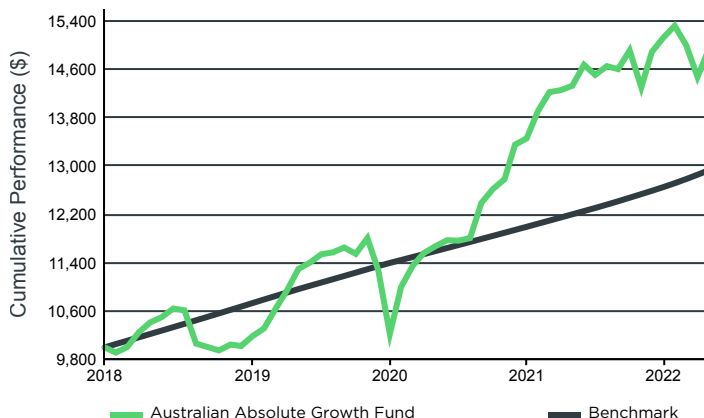
The Fund has very little exposure to resource companies after selling over the previous few months, but we did suffer some losses in Newcrest (-7.6%) and Santos (-1.6%). We are looking forward to buying certain mining companies over the next year but for now continue to believe it is a sector to avoid given China's reluctance to do large economic stimulus and slowing growth in the western world.

We remain cautiously positioned by holding more cash and owning predominantly high quality and strong cashflow businesses. While year-on-year inflation will be approaching a peak in the coming months, it may still prove stubborn in falling back to levels low enough to appease central bankers. This will continue to be a headache for central banks as economic growth slows and the company earnings downgrade cycle gets much worse over the second half of the year. The rollercoaster in markets is likely to continue, however Milford's strategy and the Fund positioning is aimed at delivering a smoother ride in the short term while still achieving strong returns in the long run.

To view Milford's August 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)	\$580.1 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 July 2022

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

Unit Price: \$1.4867

	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)	3.27%	-2.43%	4.32%	9.79%	-	9.52%
After Tax 10.50%	3.39%	-2.47%	4.24%	9.65%	-	9.43%
After Tax 17.50%	3.47%	-2.49%	4.18%	9.55%	-	9.37%
After Tax 28.00%	3.59%	-2.53%	4.10%	9.41%	-	9.27%
Benchmark	0.60%	1.71%	6.00%	5.66%	-	5.99%

## Top Equity Holdings

Holdings	% of Fund
CSL	6.66%
Telstra	5.36%
Contact Energy	3.96%
Resmed	3.85%
Vifor Pharma	3.50%
Coles	2.74%
Metcash	2.74%
HCA Holdings	2.07%
Suncorp Group	1.98%
Neuren Pharmaceuticals	1.68%
Goodman	1.58%
Waypoint REIT	1.53%
Woolworths	1.52%
Charter Hall Retail	1.50%
Cleanaway Waste Management	1.42%
Webjet	1.38%
Lottery Corporation	1.37%
Woodside Energy Group	1.27%
Santos	1.27%
EBOS Group	1.26%

## Current Asset Allocation

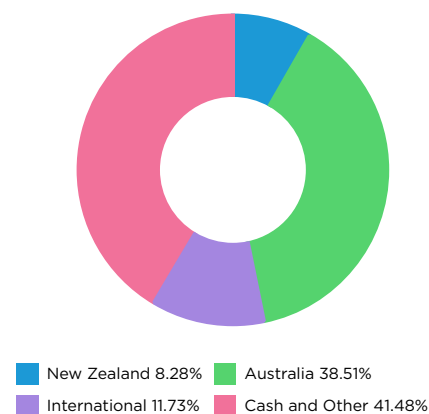
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	41.48%	7.5%
New Zealand Fixed Interest	3.92%	10.0%
International Fixed Interest	0.00%	0.0%
New Zealand Equities	5.58%	7.5%
Australian Equities	42.12%	72.5%
International Equities	6.90%	2.5%
Other	0.00%	0.0%

# The actual cash held by the Fund is 31.40%. 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	18.71%
Communication Services	6.51%
Consumer Staples	6.38%
Real Estate	6.01%
Industrials	5.23%
Utilities	4.79%
Financials	4.03%
Consumer Discretionary	3.84%
Other Sectors	3.02%
Cash and Other	41.48%

## 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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