

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2022



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Fund returned 1.6% in March to bring the 1-year return to a pleasing 12.4%.

Our best performer was IGO which rose 29.4% on the back of strong nickel and lithium prices. Nickel supply out of Russia is expected to be heavily disrupted and the war has increased the need to accelerate the energy transition to renewables which supports both lithium and nickel demand. Our other top performers include Origin Energy (+11.8%), BHP (+10.9%), NAB (+11.8%) as both resources and Australian financials performed well last month. Outside of resources our top performer was supermarket Metcash (+10.2%) which is well placed and well-priced for accelerating inflation in Australia.

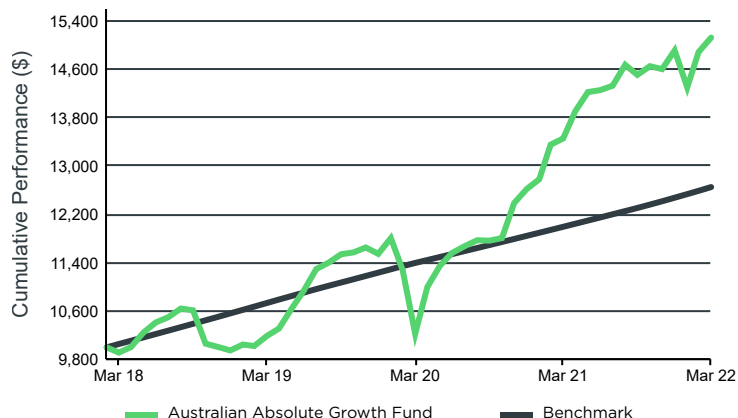
Our worst performer was Virgin Money (-9.4%) as UK and global banks did not perform as well as their domestic counterparts due to increasing concerns about global growth. We had trimmed our position recently at high prices but retain a core position given Virgin's attractive valuation and earnings exposure to higher interest rates.

The Fund has performed true to label in this volatile start to the year. We have an overall cautious view on global and Australian equities as combined headwinds of inflation and higher interest rates lead to lower profit margins, weaker growth, and valuation headwinds for companies. Australia should feel these pressures later than most other countries but ultimately is still exposed. As such we have reduced our equity exposure into this recent rally but have maintained significant exposures to attractive areas such as resources, supermarkets and select stock picks.

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

<b>Minimum recommended investment timeframe</b>	7 years +
<b>Target Allocation</b>	17.5% Income Assets / 82.5% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$652.7 M
<b>Buy-sell Spread</b>	None - swing pricing applies (See PDS for details)
<b>Inception Date</b>	1 March 2018
<b>Benchmark</b>	OCR + 5% p.a.
<b>Base Fund Fee<sup>2</sup></b>	1.05%
<b>Performance Fee</b>	15% of the Fund's returns above the Benchmark <sup>1</sup> , subject to the high watermark.
<b>Total Fund Fees<sup>3</sup></b>	1.25% (includes an est. performance fee)

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

# Australian Absolute Growth Fund as at 31 March 2022

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

Unit Price: \$1.5047

	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)	1.60%	1.43%	12.40%	14.08%	-	10.66%
After Tax 10.50%	1.67%	1.40%	12.24%	13.97%	-	10.57%
After Tax 17.50%	1.72%	1.37%	12.13%	13.90%	-	10.51%
After Tax 28.00%	1.78%	1.34%	11.96%	13.79%	-	10.42%
Benchmark	0.50%	1.41%	5.48%	5.63%	-	5.93%

## Top Equity Holdings

Holdings	% of Fund
CSL	4.26%
Metcash	3.97%
Santos	3.94%
Contact Energy	3.91%
Telstra	3.60%
Evolution Mining	3.56%
Newcrest Mining	3.34%
Woolworths	3.05%
Origin Energy	2.37%
Coles	2.25%
Rio Tinto	2.25%
Virgin Money	2.14%
IGO	2.12%
EOG Resources	2.09%
NAB	2.01%
Northern Star	2.01%
Bluescope Steel	1.94%
OZ Minerals	1.91%
Resmed	1.25%
HCA Holdings	1.12%

## Current Asset Allocation

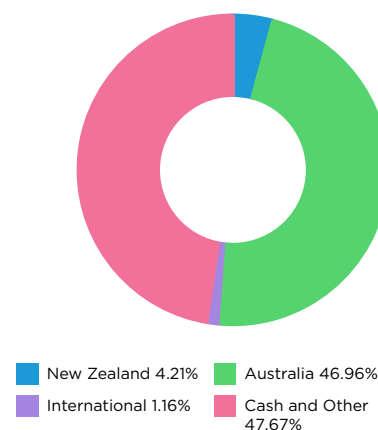
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	47.67%	7.5%
New Zealand Fixed Interest	0.00%	10.0%
International Fixed Interest	0.00%	0.0%
New Zealand Equities	5.23%	7.5%
Australian Equities	47.10%	72.5%
International Equities	0.00%	2.5%
Other	0.00%	0.0%

# The actual cash held by the Fund is 34.75%. 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 %
Materials	17.60%
Consumer Staples	8.03%
Energy	7.33%
Health Care	7.10%
Utilities	5.89%
Financials	2.97%
Communication Services	2.26%
Real Estate	2.04%
Other Sectors	-0.89%
Cash and Other	47.67%

## 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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