

# Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2022



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
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 Fund returned -0.5% 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 -1.8% year to date in difficult markets, and we believe this remains the correct approach for the uncertain near term.

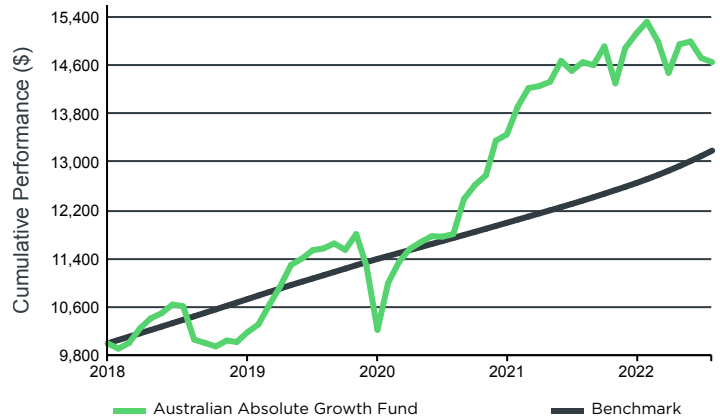
Our best performers for the month were Smartpay (+15.6%) which reported a strong quarter, Suncorp (+13.8%) which rallied on better bank margins and Santos (+8.6%) on the back of higher energy prices. Our worst performer was Ampol which fell 5.3% after reporting a disappointing earnings update on some surprise logistic cost issues. These issues are relatively short term in nature and Ampol has very attractive cash flows looking forward.

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.

To view Milford's November 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

<b>Objective<sup>1</sup></b>	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
<b>Description</b>	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>	\$573.0 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)
<b>Risk Indicator</b>	Lower risk <span style="float: right;">Higher risk</span> 1 2 3 <b>4</b> 5 6 7 Potentially lower returns Potentially higher returns

# Australian Absolute Growth Fund as at 31 October 2022

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

Unit Price: \$1.4562

	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)	-0.48%	-1.98%	0%	8.18%	-	8.52%
After Tax 10.50%	-0.27%	-1.96%	-0.02%	8.03%	-	8.44%
After Tax 17.50%	-0.13%	-1.95%	-0.02%	7.92%	-	8.38%
After Tax 28.00%	0.08%	-1.93%	-0.04%	7.76%	-	8.29%
Benchmark	0.69%	1.97%	6.69%	5.83%	-	6.11%

## Top Equity Holdings

Holdings	% of Fund
CSL	5.94%
Telstra	4.48%
Contact Energy	3.32%
Santos	3.20%
Computershare	2.93%
Resmed	2.61%
Ampol	2.40%
Origin Energy	2.35%
Suncorp Group	2.35%
BHP	2.20%
Woolworths	1.92%
EBOS Group	1.79%
Viva Energy Group	1.73%
Waypoint REIT	1.59%
Graincorp	1.55%
Neuren Pharmaceuticals	1.54%
Coles	1.42%
Woodside Energy Group	1.26%
Collins Foods	1.23%
Boston Scientific	1.15%

## Current Asset Allocation

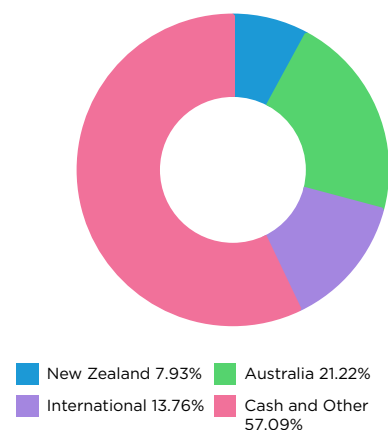
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	57.09%	7.5%
New Zealand Fixed Interest	4.15%	10%
International Fixed Interest	0.00%	0.0%
New Zealand Equities	5.42%	7.5%
Australian Equities	30.75%	72.5%
International Equities	2.59%	2.5%
Other	0.00%	0.0%

# The actual cash held by the Fund is 37.43%. 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	11.47%
Energy	7.61%
Utilities	6.25%
Information Technology	3.91%
Communication Services	3.89%
Consumer Staples	3.51%
Financials	2.46%
Real Estate	1.79%
Other Sectors	2.02%
Cash and Other	57.09%

## 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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