

Milford Australian Absolute Growth Fund

May 2020



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

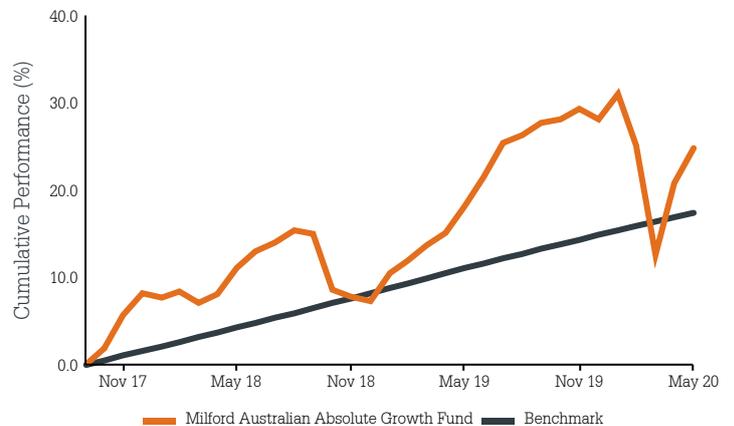
Equity markets continued to recover in May helping the Fund produce a return of 3.3% for the month. The Fund is now pleasingly within 5% of its all-time high achieved in February. This compares favourably to the ASX 200 Index which remains 19% below its all-time high after its very sharp fall in March.

Once again, our six gold mining companies led performance with Evolution Mining (+19.4%) and Saracen Mineral (+17.7%) delivering the highest return. The continued fall in Covid-19 infections in Australia and the reopening economy helped several of our domestic focused cyclical companies. Bus and tourism operator Sealink rallied 16.6% as the market anticipated a strong domestic tourism environment later this year. Retirement community developer Lifestyle Communities increased 26% as encouraging data on housing market activity emerged.

In the final week of the month we saw an aggressive bounce in bank shares, which the market was largely shunning due to concerns over bad debts and possible capital raisings. As the economy improves, bad debts may be less severe, reducing the likelihood of capital raisings.

Defensive businesses such as Woolworths and CSL were sold by many market participants to buy banks and other equities perceived to produce greater returns in an economic recovery. We used this as an opportunity to add to Woolworths and CSL as share prices were close to 20% below their February highs.

Investment Performance to May 2020*



* Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions.

Key Fund Facts

Objective	Absolute returns with an annualised return of 5% above the RBA Cash Rate while seeking to preserve investor capital
Description	A diversified portfolio of predominantly Australian equities, complemented by selective exposure to international equities, fixed interest securities and cash. May use derivatives and foreign currency hedging.
Benchmark	RBA Cash Rate + 5% p.a.
Redemption Price <small>as at 31 May</small>	\$1.1673
NAV <small>as at 31 May</small>	\$109.2 Million
Inception Date	October 2017
Minimum Investment	\$20,000
Recommended Investment Timeframe	5 years +
Buy-sell Spread	+/-0.20%
Entry/Exit Fee	Nil
Distribution Frequency	Annual (30 June)
Management Fee*	1.00%
Capped Expense Recovery*	0.10%
Performance Fee*	15% p.a. of returns above the benchmark subject to achieving the high watermark.
Fund Pricing	Daily

* Fees are stated exclusive of GST.

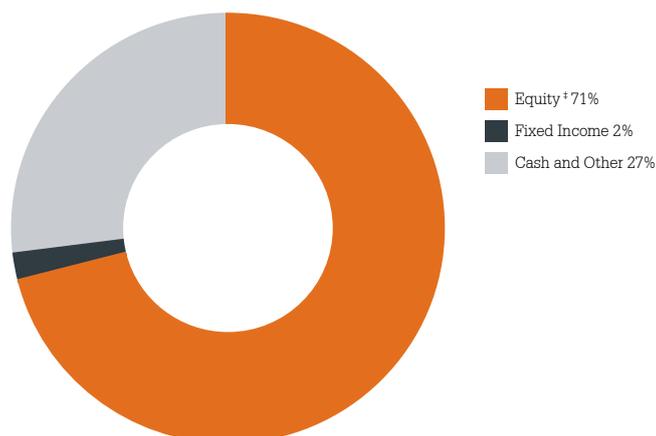
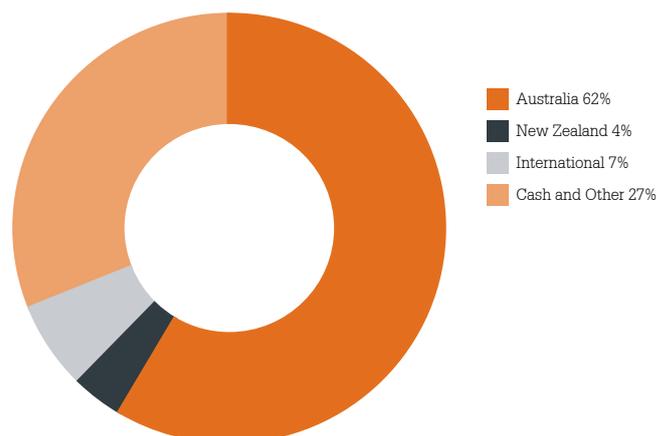
Investment Performance to May 2020¹

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Australian Absolute Growth Fund	3.29%	-3.47%	5.61%	-	-	8.67%
Benchmark	0.44%	2.73%	5.76%	-	-	6.23%

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.

** Inception date of the Fund is 2 October 2017

Current Asset Allocation¹Current Country Allocation¹

Top Security Holdings

Holdings	% of Fund's NAV
Woolworths	7.38%
Newmont Mining	4.70%
Telstra Corp	4.59%
National Australia Bank	3.96%
CSL	3.52%
IAG	3.27%
Transurban Group	3.25%
Evolution Mining	3.01%
Newcrest Mining	2.54%
BHP Group	2.50%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

¹ The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

² Equity will be the net amount, ie the total long less any shorts.

³ Typically the country in which the company issuing the share/bond primarily operates

Fund Changes

There have been no material changes to the below information since the last monthly report:

- The Fund's risk profile
- The Fund's strategy

There have been no changes to the below information since the PDS was issued:

- Key service providers
- Individuals playing a key role in investment

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