

# Milford Australian Absolute Growth Fund

April 2021



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Australian Absolute Growth Fund returned 3.4% in April bringing returns over the last year to 26.3%. We had a diverse mix of businesses drive our performance over the month.

Lithium miner Galaxy was our strongest performer during the month (+55.3%), rallying on the back of an announced merger with Orocobre. In our view the deal makes a lot of sense creating a globally relevant scaled Lithium producer with significant growth opportunities, that can capture the accelerating demand for Electric Vehicles. We also had a material contribution from diversified miner Independence Group, which benefitted from positive sentiment around energy transition materials, supplemented by the announced divestment of its Tropicana Gold mine.

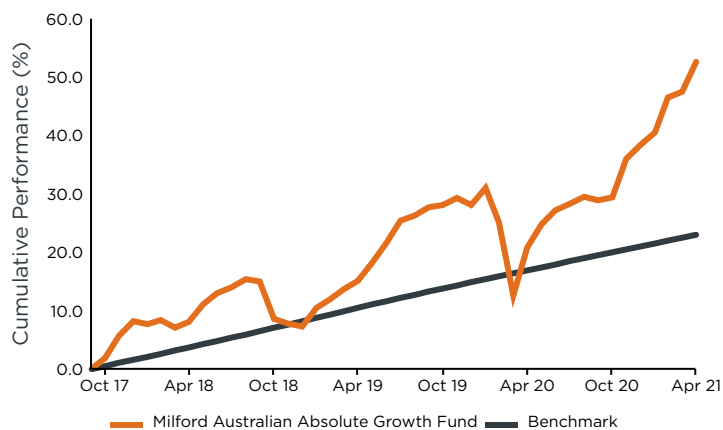
Other standout performers during April included youth retailer Universal Stores (+27.1%) on the back of a strong retail backdrop, and a positive trading update flagging same store sales growth of 28% over the previous year. Our largest negative performer over the month was explosive and fertiliser manufacturer Incitec Pivot, which sold-off on the back of plant turnaround issues at Waggaman plant.

In terms of trading activity, we reinitiated a position in gold miner Evolution mining, a high-quality Gold Miner in the Australian market. More broadly we have been adding modestly to the gold exposure over the last few months given our expectation that as inflation picks up into the second half of the year Gold will likely come back into focus as a safe haven to hedge against inflation risks.

Other new positions included Westpac, amidst signs of improving operational performance and Monadelphous given the buoyant mining conditions. Against this we took profits in Galaxy, IGO, Woolworths and Bluescope, taking advantage of price strength.

Our cash levels increased modestly to 11% over the month as the market continued to surge, and we took the opportunity to lock in some profits in names that had done well, whilst putting in place some modest protection.

## Investment Performance to April 2021\*



\* 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 over rolling three-year periods.

### Description

A diversified portfolio of predominantly Australian equities, complemented by selective exposure to international equities and cash. May use derivatives and foreign currency hedging.

|   |  |
|---|--|
| <b>Benchmark</b>                        | RBA Cash Rate + 5% p.a.  |
| <b>APIR</b>                             | ETL8155AU  |
| <b>mFund Code</b>                       | MFA01  |
| <b>Redemption Price as at 30 Apr</b>    | \$1.3111   |
| <b>NAV as at 30 Apr</b>                 | \$183.7 Million  |
| <b>Inception Date</b>                   | October 2017   |
| <b>Minimum Investment</b>               | \$20,000   |
| <b>Recommended Investment Timeframe</b> | 5 years +  |
| <b>Buy-sell Spread</b>                  | +/-0.20%   |
| <b>Entry/Exit Fee</b>                   | Nil  |
| <b>Distribution Frequency</b>           | Annual (30 June)   |
| <b>Management Fee*</b>                  | 1.00%  |
| <b>Capped Expense Recovery*</b>         | 0.10%  |
| <b>Performance Fee*</b>                 | 15% p.a. of returns above the benchmark subject to achieving the high watermark. |
| <b>Fund Pricing</b>                     | Daily  |

\*Fees are stated exclusive of GST.

## Investment Performance to April 2021\*

|   | 1 Month | 6 Months | 1 year | 3 years (p.a.) | 5 years (p.a.) | Since inception (p.a.)** |
|---|---------|----------|--------|----------------|----------------|--------------------------|
| Milford Australian Absolute Growth Fund | 3.42%   | 17.93%   | 26.30% | 12.18%         | -              | 12.54%                   |
| Benchmark                               | 0.41%   | 2.49%    | 5.17%  | 5.84%          | -              | 5.96%                    |
| Over/Underperformance                   | 3.01%   | 15.44%   | 21.13% | 6.34%          | -              | 6.58%                    |
| S&P/ASX 200 (TR) Index                  | 3.47%   | 20.33%   | 30.76% | 9.50%          | -              | 10.11%                   |
| Over/Underperformance                   | -0.05%  | -2.40%   | -4.46% | 2.68%          | -              | 2.43%                    |

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 02 October 2017.

## Top Security Holdings

| Holdings       | % of Fund |
|----------------|-----------|
| BHP            | 6.80%     |
| NAB            | 6.67%     |
| CSL            | 6.54%     |
| Rio Tinto      | 3.97%     |
| Contact Energy | 3.90%     |
| Northern Star  | 3.31%     |
| Telstra        | 3.29%     |
| Santos         | 3.24%     |
| IGO            | 3.17%     |
| Virgin Money   | 2.83%     |

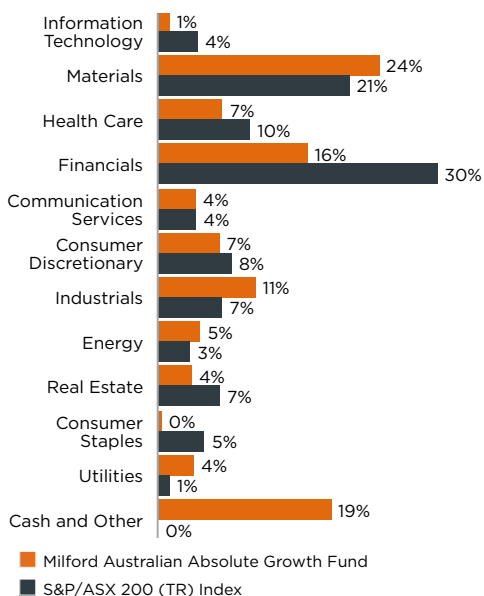
## Current Asset Allocation

|                        | Actual | Typical Range | Maximum Range |
|------------------------|--------|---------------|---------------|
| Australian Equities*   | 78.85% | 75-85%        | 0-100%        |
| International Equities | 2.52%  | 0-10%         | 0-30%         |
| Cash and Other#        | 18.63% | 0-10%         | 0-100%        |

\* Includes New Zealand Equities

# Effective Cash reported above is adjusted to reflect the Fund's notional positions.

## Sector Allocation



## Ratings



## Awards



## Fund Changes

There have been no material changes to the Fund's risk profile or strategy since the last monthly report. There have been no changes to the key service providers or individuals playing a key role in investment since the PDS was issued.

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