

Milford Australian Absolute Growth Fund

June 2021



MILFORD

INVESTED IN THE OUTCOME

Portfolio Managers



William Curtayne
Portfolio Manager



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The ASX 200 rose for the ninth consecutive month helping the Australian Absolute Growth Fund along to a 0.2% monthly gain. This completes a great first half year for the Fund with a return of 13.0%.

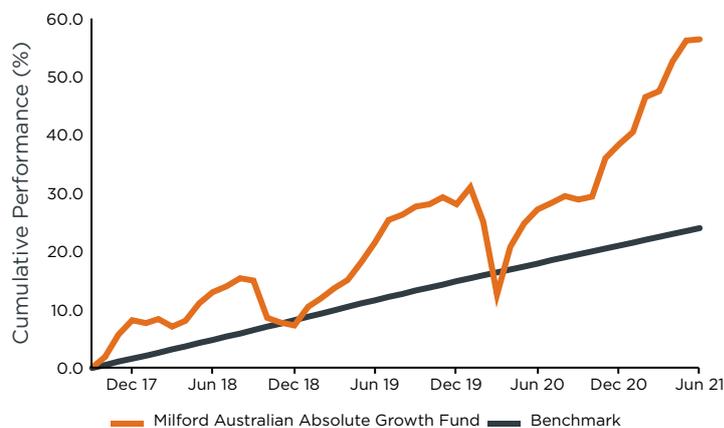
The key market events over the month were the first hawkish policy comments from the US Federal Reserve and an incredibly strong Australian jobs reports. The Australian unemployment rate has now fallen below the 5.1% level it was prior to COVID-19 and we have also seen improvements in job market participation. These events make it likely that the RBA will raise cash interest rates much earlier than its current 2024 target. Increasing interest rates are typically positive for bank margins and earnings so on the back of this we increased our position in banks over the month with purchases of ANZ, Westpac and Bank of Queensland.

The other major positioning move over the month was the trimming of our gold and mining stocks prior to the Federal Reserve meeting which preceded a sell-off in commodities. We were anticipating US Dollar strength and commodity weakness on any hawkish statements and this proved to be correct. While in the medium-term we see good prospects for copper, lithium and iron ore miners, in the short-term commodities may remain under pressure as China enters its seasonally weaker demand period in July and August. We will look to add to resource stocks towards the end of this period.

Our top contributor over the month was ResMed which we fortunately purchased prior to a product recall by competitor Philips that helped ResMed rally 20.8% over the month. Telstra was also a strong performer (+6.8%) as it divested 49% of its tower infrastructure business for an attractive price.

Cash remains somewhat elevated in the Fund as we wait for better risk/reward prices in key stock picks and the opportunity to add back to resources companies in the next couple of months.

Investment Performance to June 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.

Benchmark	RBA Cash Rate + 5% p.a.
APIR	ETL1090AU
mFund Code	MFA01
Redemption Price as at 30 Jun	\$1.3439
NAV as at 30 Jun	\$197.8 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 June 2021*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Australian Absolute Growth Fund	0.15%	13.04%	23.19%	11.44%	-	12.68%
Benchmark	0.41%	2.50%	5.15%	5.76%	-	5.91%
Over/Underperformance	-0.26%	10.54%	18.04%	5.68%	-	6.77%
S&P/ASX 200 (TR) Index	2.26%	12.90%	27.80%	9.58%	-	10.98%
Over/Underperformance	-2.11%	0.14%	-4.61%	1.86%	-	1.70%

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
Westpac	6.76%
BHP	5.47%
NAB	5.37%
ANZ	5.08%
Telstra	4.19%
CSL	3.60%
Santos	3.41%
Virgin Money	3.38%
Resmed	2.89%
Bank of Queensland	2.58%

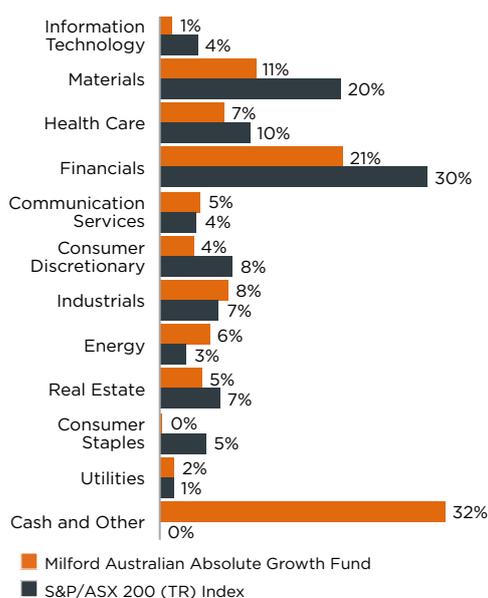
Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australian Equities*	66.49%	75-85%	0-100%
International Equities	1.48%	0-10%	0-30%
Cash and Other #	32.03%	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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