

# Milford Australian Absolute Growth Fund - W Class

## February 2022



### Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Australian Absolute Growth Fund had a strong February rallying 4.0% compared to the ASX 200 return of 2.1%. Exposures to strong performing sectors such as energy and gold miners and avoidance of weak sectors such as IT drove most of the outperformance over the month.

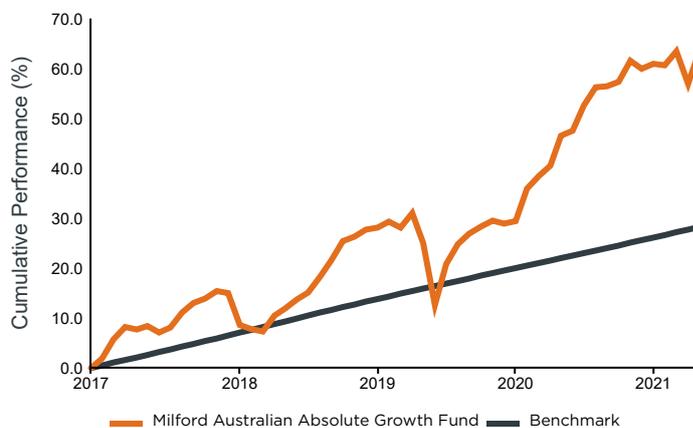
Our largest winners were gold miners Northern Star (+24.4%) and Evolution (+23.2%) and energy company Karoon (+6.8%) which were strong as the underlying commodity prices rallied. The oil and gas markets continue to tighten as demand recovers with travel and strong economic growth while new supply is only increasing incrementally. We continued to add to our energy positions ahead of the Ukraine crisis as this situation will cause further energy shortages due to the disruption in trade with Russia, which is a large energy exporter. Gold miners on the ASX have traded at very depressed valuations and reacted strongly when gold caught favour as a safe haven in an economic and market environment that continues to become more uncertain.

Outside of resources, we saw strong performance from Neuren Pharmaceutical (+9.3%) and Coles (+7.3%) which produced a better-than-expected result. We have significant investments in supermarkets which we believe will benefit from the strong inflation coming through supermarket shelves.

Our largest losers were Virgin Money (-4.6%) and Aristocrat (-7.6%). We had trimmed both positions before they declined.

The Fund's positioning remains overall cautious with key investments in commodities, inflation beneficiaries and defensive stocks. The Ukraine crisis is likely to see further strength in already strong commodity prices and will exacerbate the inflation issue for central banks. They are likely to continue to raise interest rates to combat this inflation. A combination of higher interest rates, high inflation, and the tail off of stimulus cheques is weakening consumers and is likely to impact economic growth this year. This is a key reason for our overall cautiousness and why we will remain very active with our resources investments this year.

### Investment Performance to February 2022\*



\* 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>Redemption Price as at 28 Feb</b>	\$1.291
<b>NAV as at 28 Feb</b>	\$150.6 Million
<b>Inception Date</b>	October 2017
<b>Minimum Investment</b>	\$5,000,000
<b>Recommended Investment Timeframe</b>	5 years +
<b>Buy-sell Spread</b>	+/-0.20%
<b>Entry/Exit Fee</b>	Nil
<b>Management Fee</b>	0.90%
<b>Performance Fee</b>	15.35% p.a. of returns above the benchmark subject to achieving the high watermark.
<b>Fund Pricing</b>	Daily
<b>Distribution Frequency</b>	Biannual

## Investment Performance to February 2022\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Australian Absolute Growth Fund	3.95%	1.02%	11.34%	13.37%	-	11.73%
Benchmark	0.38%	2.50%	5.10%	5.45%	-	5.79%
Over/Underperformance	3.56%	-1.48%	6.24%	7.92%	-	5.94%
S&P/ASX 200 (TR) Index	2.14%	-4.15%	10.19%	8.42%	-	9.08%
Over/Underperformance	1.80%	5.17%	1.15%	4.95%	-	2.65%

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
Woolworths	6.41%
NAB	5.46%
CSL	5.03%
Telstra	4.69%
Santos	4.60%
Metcash	3.96%
Contact Energy	3.51%
Evolution Mining	3.36%
Newcrest Mining	3.05%
Origin Energy	3.01%

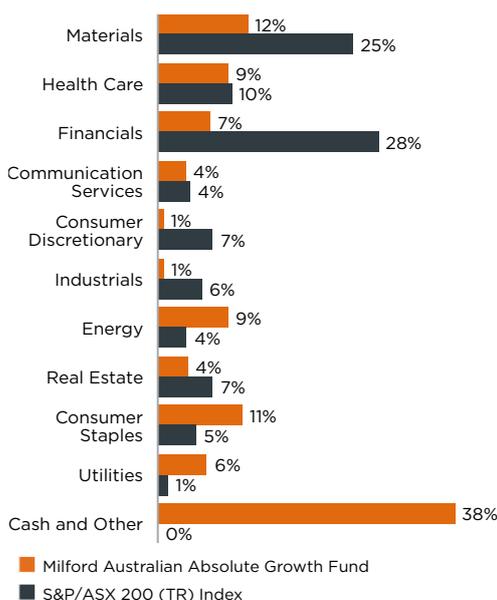
## Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australian Equities*	58.55%	75-85%	0-100%
International Equities	3.38%	0-10%	0-30%
Cash and Other #	38.07%	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 last monthly report.



### Platform Availability

BT Panorama, HUB24, IOOF, Macquarie Wrap, Mason Stevens, mFund, Netwealth, PowerWrap, Praemium

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