

Milford Australian Absolute Growth Fund - R Class

June 2024



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager



Jason Kururangi
Co-Portfolio Manager

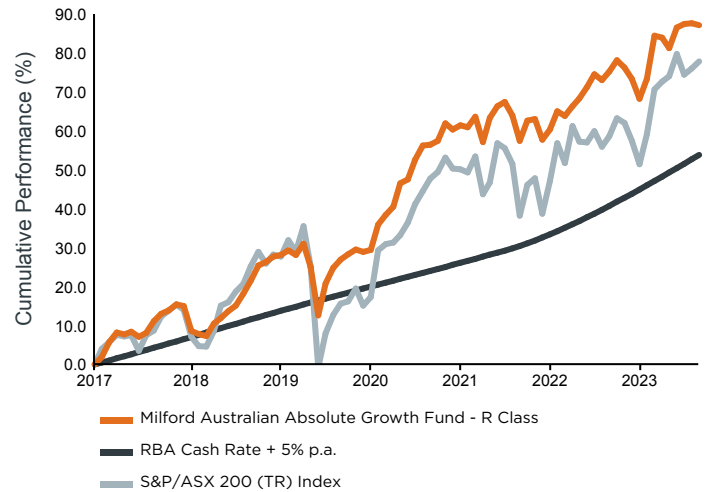
In June we had plenty of macro headlines driving broad equity performance. Offshore political developments with the rise of the far left and far right in French politics, and Biden weakening in US Presidential polls, drove some bond and equity market volatility. The US economy continued its recent slowing trend after having accelerated earlier this year, which has seen more rate cuts priced back into 2024. Meanwhile, hot inflation data in Australia has made RBA rate cuts look less likely, and increases the risk of a rate hike this year. Against this backdrop, the ASX 200 rallied 1.0% while the Fund was down 0.2%, with the underperformance largely explained by the Fund not holding the major banks. Some top contributors were our large positions in Woolworths (+6.9%), telecommunications company Telstra (+4.3%), and insurer Suncorp (+9.4%) while the key detractor was payment provider Smartpay (-4.7%).

The strategy currently is to hold more defensive and quality companies and be very selective on what we own in cyclicals and growth stocks. This is due to (1) the US economy being increasingly weak with consumer spending slowing and cracks growing in the labour market; (2) Chinese economic weakness and lack of sizeable stimulus; (3) sticky inflation and risks of rate hikes in Australia a headwind to equities and; (4) expensive valuations in Australia particularly in banks and growth stocks.

The Fund sold a lot of its mining exposure at good levels back in May. Despite the pullback in the materials and mining space, we are holding off buying exposure back due to the economic weakness mentioned above in the US and China. The set up in resources may be attractive later this year when rate cuts in the US, and possible increased stimulus in China, may set up for an economic acceleration in 2025. The one area we have been adding is gold miners, where we maintain a bullish view on gold due to global central banks rebuilding gold reserves for geopolitical reasons, and Chinese household demand for gold as a store of wealth.

We are comfortable avoiding banks at these valuations, while our growth stock focuses on strong business-specific tailwinds such as biopharmaceutical company Neuren Pharmaceuticals, global digital travel business Webjet and location tracking company Life360. We have had team members travelling to Canada, USA and UK in the past month, which has generated some good opportunities to follow up on in July.

Investment Performance to June 2024¹



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
Redemption Price as at 30 Jun	\$0.9821
Fund Size*	\$452.3 Million
Inception Date	October 2017
Minimum Investment	\$1,000
Recommended Investment Timeframe	7 years +
Buy-sell Spread	+/-0.20%
Entry/Exit Fee	Nil
Management Fee	1.05%
Performance Fee	15.35% p.a. of returns above the benchmark subject to achieving the high watermark.
Fund Pricing	Daily
Distribution Frequency	Biannual

*The Fund Size represents the total assets of the fund

Milford Australian Absolute Growth Fund June 2024

Investment Performance to June 2024²

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) ³
Milford Australian Absolute Growth Fund - R Class ⁴	-0.24%	1.46%	6.83%	6.16%	9.02%	9.73%
Benchmark	0.74%	4.55%	9.28%	7.44%	6.62%	6.59%
Excess Return	-0.98%	-3.09%	-2.45%	-1.28%	2.40%	3.14%
S&P/ASX 200 (TR) Index	1.01%	4.22%	12.10%	6.37%	7.26%	8.90%
Excess Return	-1.25%	-2.76%	-5.27%	-0.21%	1.76%	0.83%

Top Security Holdings

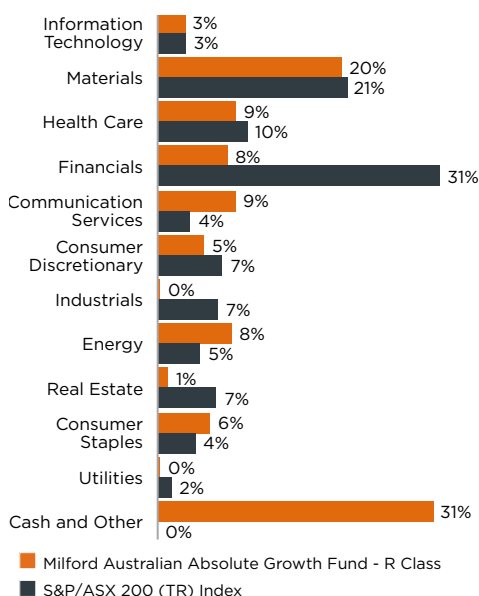
Holdings	% of Fund
Telstra	6.42%
CSL	5.43%
Woolworths	5.02%
CSR	3.91%
BHP	3.68%
Viva Energy Group	3.19%
Altium	2.96%
Santos	2.80%
Neuren Pharmaceuticals	2.78%
Webjet	2.45%

Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	74.40%	75-85%	30-100%
Derivatives	-7.77%	NA	NA [^]
International Equities	2.81%	0-10%	0-20%
Cash and Other	22.43%	0-20%	0-50%

[^] refer to PDS for limits on derivative exposure

Sector Allocation



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.

1. Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions. 2. Past performance is not a reliable indicator of future performance. Returns greater than one year are annualised. 3. Inception date of the Fund is 02 October 2017. 4. The performance stated combines the performance of the Australian Absolute Growth Fund - W Class from 2 October 2017 to 30 June 2021, and the performance of the Milford Australian Absolute Growth Fund - R Class thereafter. 5. Cash and Other reported above is adjusted to reflect the Fund's notional positions.

Disclaimer: Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the responsible Entity for the Milford Australian Absolute Growth Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This Monthly Fact Sheet has been prepared by Milford Australia Pty Ltd. as the Investment Manager, to provide you with general information only. In preparing this Monthly Fact Sheet, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Milford Australia Pty Ltd., Equity Trustees nor any of their related parties, employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance is not a reliable indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.

Milford Australian Absolute Growth Fund - R Class's Target Market Determination is available at <https://milfordasset.com.au/documents-and-forms>. The Target Market Determination is a document describing who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.