

Milford Australian Absolute Growth Fund - R Class

March 2025



Portfolio Managers



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March was a volatile month for global equity markets. Markets continued to pull back on uncertainty relating to Trump's tariffs, risks of higher inflation, and perceptions of slowing US growth. The Fund was down 1.3%, ahead of the broader Australian equity market. Our more defensive positioning, against the broader ASX200, helped cushion the Fund's volatility during the month.

Through March, the standout sector performer was gold mining. Fortunately, despite having taken profits this year across the gold space, the Fund retained solid exposures across the sector through Genesis Minerals (+16.7%), Newmont (+16.1%), Vault (+9.9%) and Northern Star (+8.3%).

In terms of top stock performer, notable standout was payment terminal provider Smartpay (+41.7%), following two separate conditional proposals for its acquisition. One was from Tyro and the other was from an undisclosed international company. A key performer among defensive stocks was Australian energy infrastructure company APA Group (+7.0%), spurred on by a relief rally that a capital raise had been ruled out, along with a solid forecast yield.

At a market level, the weakness over the month was dominated by stocks that had seen strong momentum in 2024 or those exposed to a perception of a slowdown in US consumption. Examples included payment technology business Block, Inc. (-16.1%); along with Australian companies NextDC (-15.2%) and Goodman Group (-9.2%), which had both been beneficiaries of data centre demand driven by elevated AI expectations. They were both sold off on fears around softening data centre demand versus the markets' prior high expectations.

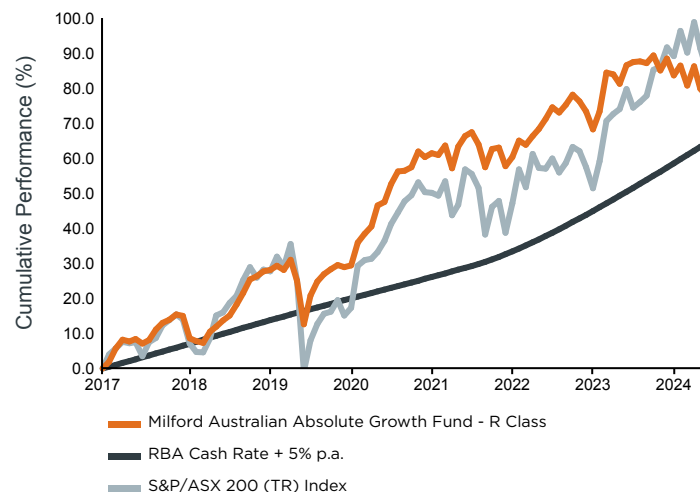
The US tariffs announced last week were greater than most forecasters' worst case expectations. The resulting market sell-off was relatively orderly Thursday and turned into outright liquidation on Friday. The Fund was well positioned heading into this with near 60% net equity exposure including a lot of put option protection and the portfolio weighted to defensive stock holdings.

We think a significant policy pivot by Trump, or the US Fed is required to have confidence the worst is over. The Fed will eventually help - but not yet. Jerome Powell said on Friday they are waiting and watching for now. Small policy pivots around tariffs are likely and will drive sharp market rallies followed by further market falls if aggregate tariffs are not walked back in a large way. The timing of this is important, as the longer these high tariffs remain, the harder it will be to prevent a significant impact on US economic growth and inflation. The Australian economy and ASX should not be as impacted as the US, but for now we will likely see ASX move in the same direction as US equities.

We intend to incrementally buy into weakness and when the markets inevitably rally from some level, we have the option to reduce exposure again if we remain cautious on the medium term. The major policy pivot is the key signal for us to take the Fund fully invested in equities. The volatility in the meantime can be used to the Fund's advantage as it was positioned cautiously heading into this.

Cumulative Performance (after fees and expenses)

31 March 2025



Performance since inception and assumes reinvestment of distributions. Past performance is not a reliable indicator of future performance.

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 31 Mar	\$0.8972
Fund Size*	\$446.4 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 as at 31 March 2025

Investment Performance to 31 March 2025

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Australian Absolute Growth Fund - R Class ¹	-1.27%	-1.75%	-4.81%	2.19%	9.53%	7.95%
RBA Cash Rate + 5% p.a.	0.74%	2.20%	9.32%	8.50%	7.15%	6.86%
Excess Return	-2.01%	-3.95%	-14.13%	-6.31%	2.38%	1.09%
S&P/ASX 200 (TR) Index	-3.39%	-2.80%	2.84%	5.62%	13.24%	8.54%
Excess Return	2.12%	1.05%	-7.65%	-3.43%	-3.71%	-0.59%

Past performance is not a reliable indicator of future performance. Returns greater than one year are annualised.

Top Security Holdings

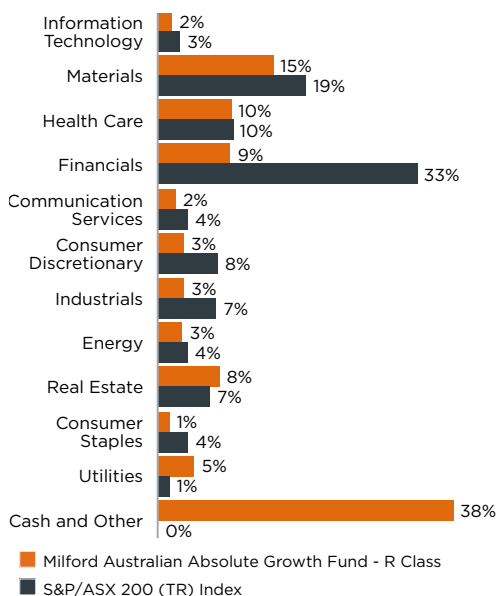
Holdings	% of Fund
CSL	4.34%
BHP	4.22%
Amcor	2.57%
Resmed	2.20%
NAB	2.10%
Rio Tinto	2.03%
Origin Energy	1.83%
Goodman	1.82%
APA	1.71%
Santos	1.70%

Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	68.87%	75-85%	30-100%
Derivatives	-10.19%	NA	NA [^]
International Equities	0.65%	0-10%	0-20%
Cash and Other	27.50%	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.



Milford Australian Absolute Growth Fund as at 31 March 2025

1. 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.

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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.