

Milford Australian Absolute Growth Fund - R Class

May 2024



Portfolio Managers



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May was characterised by a bounce back in equity markets after a weaker April, with some US data points easing concerns around inflation re-accelerating. The S&P 500 index closed +4.8%, led higher by AI beneficiary Nvidia, materially outperforming the ASX 200 (+0.9%). Against this backdrop, the Fund was up 0.1%, modestly underperforming the ASX 200.

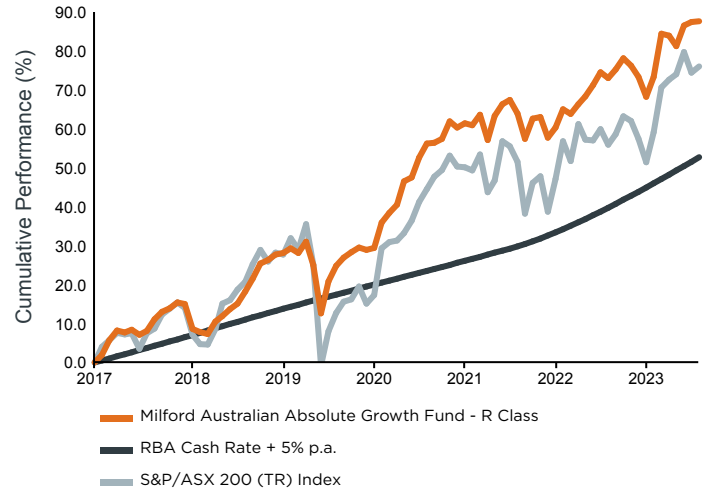
The Fund began the month with significant positions across base metals and that was a key source of portfolio repositioning during the month. As the month progressed, we progressively took profits on resources into strong commodity markets. We reduced our copper miners as the copper price rally become more speculative. In a similar vein, we took profits on aluminium and alumina (synthetic aluminium) space by reducing our positions in both Alumina and South32. Gold and energy positions were reduced as they rallied earlier in the month. Overall, this positions the Fund well to add back resources exposure into weakness playing out in commodities in early June.

At a stock level, performance was again led by Neuren Pharmaceuticals (+12.7%) following the readout results for NNZ-2591 treating Pitt-Hopkins syndrome. Another strong performer was A2 Milk which is seeing a reacceleration of sales in China. We increased our positions in travel stocks Webjet and Flight Centre, given strong stock-specific drivers of these businesses.

After a strong start to the year, valuations across the market are reflecting significant optimism. Against these strong markets, we continue to be selective in our existing holdings, looking to identify opportunities where we can see resilient growth in what is a challenging and oscillating economic backdrop. We continue to find good bottom-up, stock-specific ideas despite strong markets.

Against this backdrop, the Fund maintains a balanced asset allocation with some cash to reflect less favourable return for risk conditions and some put-option protection, but with enough invested to participate in further market gains and able to capture the benefits from our stock specific views.

Investment Performance to May 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 31 May	\$0.9845
Fund Size*	\$439.6 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 May 2024

Investment Performance to May 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	0.08%	8.27%	8.43%	6.30%	9.68%	9.90%
Benchmark	0.76%	4.58%	9.26%	7.32%	6.57%	6.55%
Excess Return	-0.68%	3.69%	-0.83%	-1.02%	3.11%	3.35%
S&P/ASX 200 (TR) Index	0.92%	10.66%	12.93%	6.80%	7.82%	8.85%
Excess Return	-0.84%	-2.39%	-4.50%	-0.50%	1.86%	1.05%

Top Security Holdings

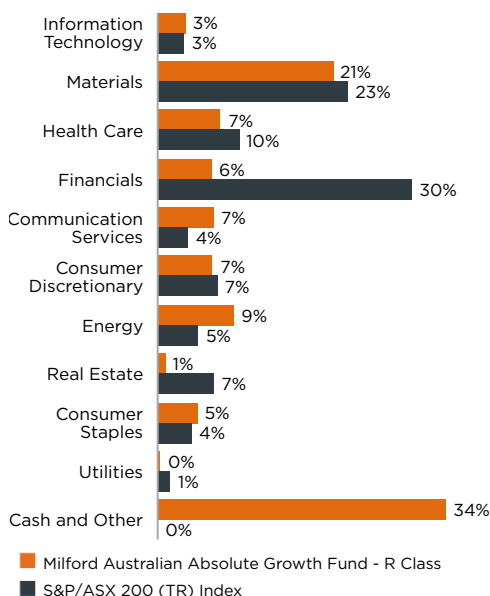
Holdings	% of Fund
BHP	6.37%
CSL	5.24%
Telstra	4.81%
Woolworths	3.97%
CSR	3.97%
Viva Energy Group	3.63%
Santos	3.37%
Neuren Pharmaceuticals	2.80%
PSC Insurance Group	2.49%
Webjet	2.46%

Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	75.49%	75-85%	0-100%
Derivatives	-11.06%	NA	NA [^]
International Equities	1.40%	0-10%	0-20%
Cash and Other	22.86%	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.

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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.