

# Milford Australian Absolute Growth Fund - R Class

September 2024



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager



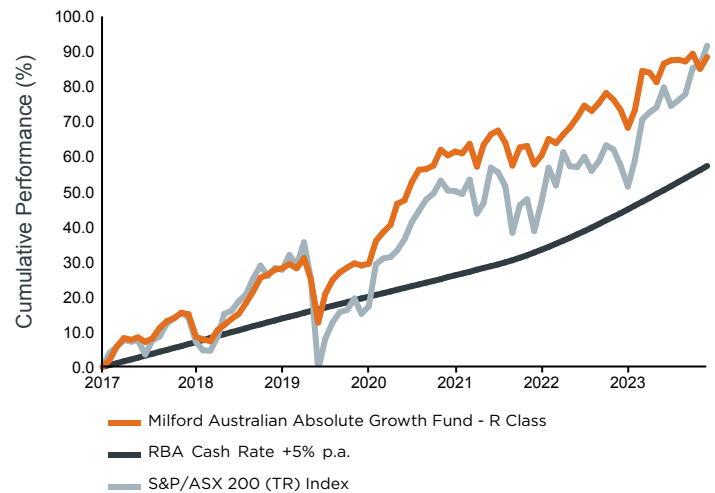
**Jason Kururangi**  
Co-Portfolio Manager

The Fund performed strongly during the month up 1.9%, beating its benchmark by 1.1%. September was a strong month for equity markets, spurred on by a 0.5% cut to interest rates in the US, as well as supportive commentary from Federal Reserve Chairman Jerome Powell. Markets were driven higher late in the month as the People's Bank of China (PBOC) cut interest rates in China, as well as providing additional monetary support. This was then followed by politburo comments flagging additional central government fiscal support for the economy. This is supportive of stabilising China's property market, and looking to support domestic consumption. In Australia this led to significant investment into the resources space, leading the Australian market higher.

Over the month, strong contributions to performance came largely within our resource exposures. Copper led the way with Metals Acquisition (+19.6%), Capstone Copper (+13.1%) and Teck Resources (+10.1%). Iron ore exposures Rio Tinto (+15.8%) and BHP (+17.3%) were also significant beneficiaries on the back of a rallying iron ore price. Other winners in the month included a2 Milk (+11.6%), another perceived beneficiary of domestically-focused consumption stimulus in China. The key stock-specific detractor during the month was biotech company CSL (-6.1) on the back of limited stock-specific positive news, and a general rotation back into resources.

We took advantage of strength in names that had performed well. We started to trim our positions in Metals Acquisition, Teck Resources and Capstone Copper - taking some profits into the positive market sentiment, while keeping a strong resource exposure, given prospects of further Chinese stimulus announcements in weeks to come. We have looked to recycle this into other names that had underperformed, like testing business ALS after a poor trading update signalled weaker sample volumes. We also initiated a position into medical technology company Cochlear, after stock price weakness presented an opportunity to build a position. Our invested level has modestly increased during the month, as the combination of US and Chinese monetary easing, provides further support for markets. Despite this, we still remain somewhat cautious given geopolitical tensions, and valuations at an aggregate market level continue to look full. Into October, we will continue to actively manage our exposure to China and resources, as headlines and exuberance may provide an opportunity to take profits on core positions if they run ahead of fundamentals.

## Investment Performance to September 2024<sup>1</sup>



## Key Fund Facts

<b>Objective</b>	Absolute returns with an annualised return of 5% above the RBA Cash Rate while seeking to preserve investor capital over rolling three-year periods.
<b>Description</b>	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>	ETL1090AU
<b>Redemption Price as at 30 Sep</b>	\$0.9591
<b>Fund Size*</b>	\$476.2 Million
<b>Inception Date</b>	October 2017
<b>Minimum Investment</b>	\$1,000
<b>Recommended Investment Timeframe</b>	7 years +
<b>Buy-sell Spread</b>	+/-0.20%
<b>Entry/Exit Fee</b>	Nil
<b>Management Fee</b>	1.05%
<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

\*The Fund Size represents the total assets of the fund

## Investment Performance to September 2024<sup>2</sup>

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) <sup>3</sup>
Milford Australian Absolute Growth Fund - R Class <sup>4</sup>	1.85%	1.05%	8.71%	5.54%	8.08%	9.47%
Benchmark	0.74%	4.58%	9.34%	7.80%	6.79%	6.69%
Excess Return	1.11%	-3.53%	-0.63%	-2.26%	1.29%	2.78%
S&P/ASX 200 (TR) Index	2.97%	6.65%	21.77%	8.44%	8.37%	9.74%
Excess Return	-1.12%	-5.60%	-13.06%	-2.90%	-0.29%	-0.27%

## Top Security Holdings

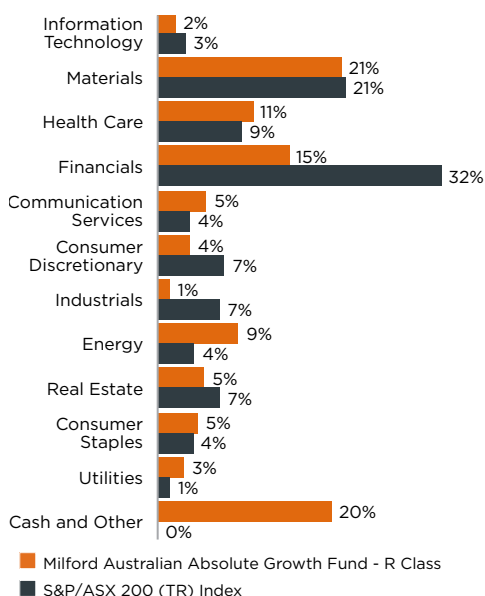
Holdings	% of Fund
BHP	6.37%
CSL	6.23%
Woolworths	3.47%
Telstra	3.33%
Viva Energy Group	3.12%
Macquarie	2.58%
Santos	2.55%
Virgin Money	2.36%
Goodman	2.34%
PSC Insurance Group	2.34%

## Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	75.25%	75-85%	30-100%
Derivatives	0.22%	NA	NA <sup>^</sup>
International Equities	4.96%	0-10%	0-20%
Cash and Other	19.69%	0-20%	0-50%

<sup>^</sup> 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.

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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.

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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.