

Milford Australian Absolute Growth Fund - R Class

October 2023



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager



Jason Kururangi
Co-Portfolio Manager

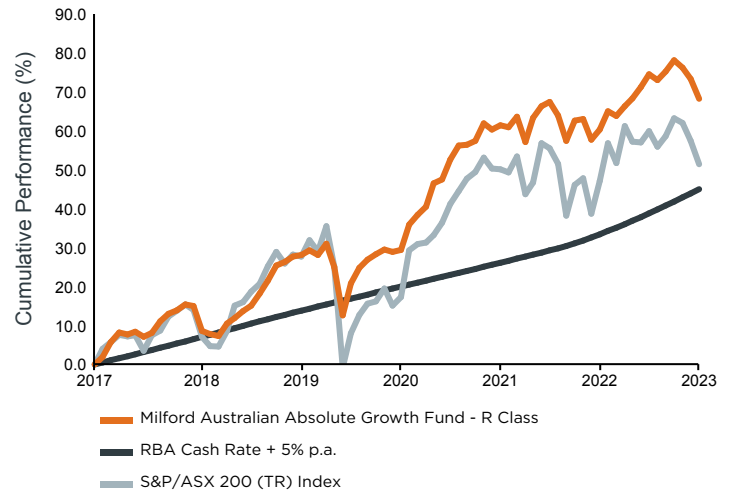
Equity markets continued to sell off in October as investors grappled with higher interest rates. The S&P/ASX 200 index fell 3.8% while the Fund declined 2.9%. As expected, our conservative positioning with higher cash levels cushioned the Fund against this pullback, although we underperformed our stock picking slightly over the month.

Our largest detractors were Smartpay (AU) (-17.4%) and IGO (-24.9%). Smartpay pulled back following some poor updates by key competitors and concerns of economic weakness. We used this as an opportunity to buy some more later in the month. IGO has pulled back, with continued weakness in the lithium price and a disappointing result. While the weakness is not ideal, our position size is only modest at around 1% and we have a relatively small exposure to lithium miners overall. We are monitoring global lithium inventory levels for a sign that the pullback has run its course before picking up more lithium miners.

One of our top performers was gold miner Newmont Corporation which proved defensive, as gold was bid following geopolitical developments in Israel. We believe Newmont to be far more attractively valued than other ASX gold producers.

Over the month we used weakness in the market to increase our exposure to equities by over 10%, and we increased this further in early November. We continue to be resolute in our concerns of the lag effects of monetary policy. We still believe there will be more downgrades to (hopefully) side-step over the next six months, as cost-of-living challenges choke spending habits. That said, valuations are no doubt beginning to trend in the right direction. This is an encouraging start, and while we may be early in deploying capital as opportunities present, we will do so with a measured approach given the risks are still ahead of us and hard to quantify.

Investment Performance to October 2023¹



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 Oct	\$0.8951
Fund Size*	\$306.3 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

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Investment Performance to October 2023²

	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	-2.95%	-3.62%	4.94%	9.15%	9.15%	8.93%
Benchmark	0.74%	4.46%	8.64%	6.51%	6.25%	6.30%
Over/Underperformance	-3.69%	-8.08%	-3.70%	2.64%	2.90%	2.63%
S&P/ASX 200 (TR) Index	-3.78%	-5.30%	2.95%	8.89%	7.18%	7.06%
Over/Underperformance	0.83%	1.68%	1.99%	0.26%	1.97%	1.87%

Top Security Holdings

Holdings	% of Fund
BHP	7.20%
Telstra	5.47%
Newmont	4.68%
Santos	3.91%
CSL	3.44%
Viva Energy Group	3.27%
Woolworths	2.59%
Costa Group	2.47%
Suncorp Group	2.47%
Estia Health	2.42%

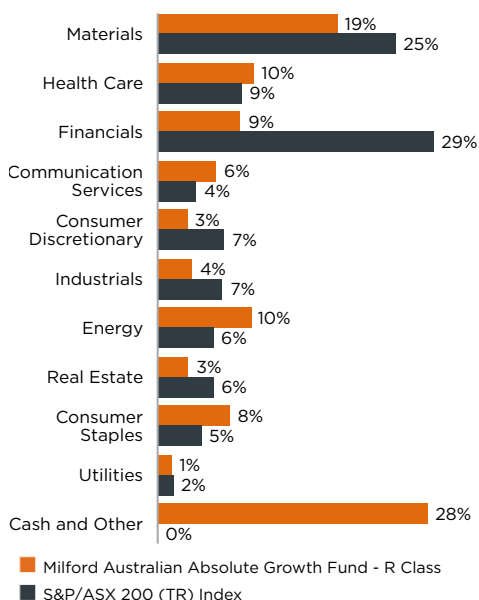
Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australian Equities [*]	71.31%	75-85%	0-100%
Derivatives	-4.28%	NA	NA [^]
International Equities	4.88%	0-10%	0-20%
Cash and Other ⁴	23.66%	0-20%	0-50%

^{*} Includes New Zealand Equities

[^] 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.