

Milford Australian Absolute Growth Fund - R Class

January 2024



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager



Jason Kururangi
Co-Portfolio Manager

Another year is underway with a continued strong run by large technology stocks offshore in a similar vein to 2023. The ASX 200 bounced around over the month and ultimately finished with a modest gain of 1.2%. The Fund return was largely flat with a -0.3% return, predominantly as it holds less banks than the ASX 200 index. After a strong run by the Fund over the past couple of months, we are pleased with the absolute returns over the last quarter and hope to build on that this year.

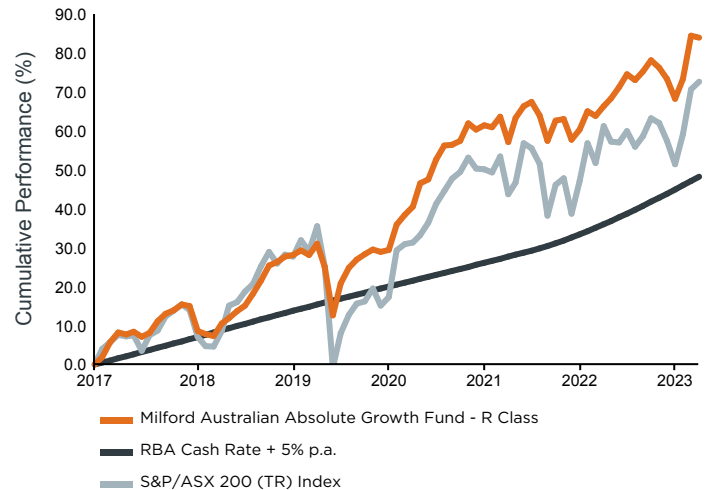
Our stronger performers over the month were Smartpay, IAG and our bank shares, while our losers were largely concentrated in material stocks. These have been one of the weaker sectors in equities, driven by concerns on both Global and Chinese economic growth. We had trimmed a lot of our mining exposure in BHP and RIO into the recent rally which controlled our losses in January and also gave us the opportunity to buy back in as they declined to attractive valuations. China continued to incrementally increase stimulus measures which should support commodity prices in time.

A few other sector changes. We trimmed banks as they rallied to near all-time expensive levels. We exited our Woolworths investment after strong gains and increasing probabilities that governments on both sides of the Tasman look to investigate competition concerns in the supermarket industry. We modestly increased our exposure to energy companies, as prices declined and sentiment towards the space turned bearish.

Overall, we raised cash and trimmed our equity exposure, with markets trading near all-time highs. This is unlikely to be a long-standing cautious position as we acknowledge the favourable backdrop of reasonable US growth and low inflation (for now) does create good conditions for equities and may drive continued strength in share markets around the world. The situation is a bit more complicated in Australia where annualised inflation still runs just above 4% and the RBA's February meeting shows they retain a hawkish bias. There is a risk that a more hawkish RBA relative to other central banks, and China's weak growth, cause the ASX to lag other markets over the next few months. With plenty of positives and negatives around the world for equities, and quickly evolving economic and geopolitical situations, we will not be stubborn in overly bullish or bearish views.

Reporting season arrives this month and will likely throw up some good stock picking opportunities which we intend to take advantage of.

Investment Performance to January 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 Jan	\$0.9649
Fund Size*	\$395 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 January 2024

Investment Performance to January 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	-0.31%	3.25%	10.54%	9.39%	10.73%	10.09%
Benchmark	0.76%	4.54%	8.97%	6.86%	6.39%	6.41%
Over/Underperformance	-1.07%	-1.29%	1.57%	2.53%	4.34%	3.68%
S&P/ASX 200 (TR) Index	1.19%	5.79%	7.09%	9.57%	9.71%	9.00%
Over/Underperformance	-1.50%	-2.54%	3.45%	-0.18%	1.02%	1.09%

Top Security Holdings

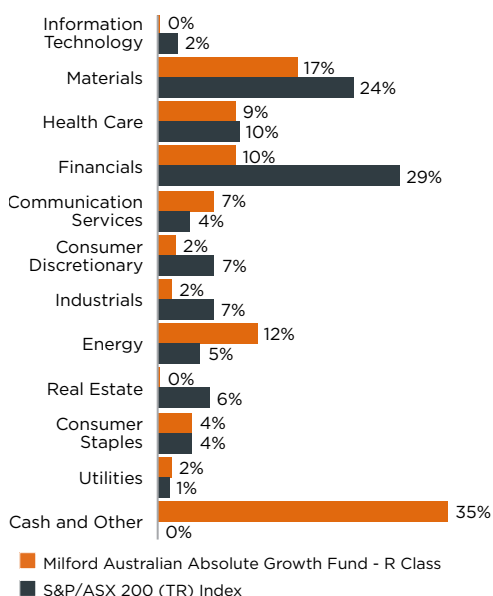
Holdings	% of Fund
BHP	7.16%
Telstra	6.24%
Santos	4.95%
CSL	4.30%
Costa Group	3.92%
Rio Tinto	3.55%
NAB	3.49%
Neuren Pharmaceuticals	3.01%
Viva Energy Group	2.72%
South32	2.45%

Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	63.79%	75-85%	0-100%
Derivatives	-3.28%	NA	NA [^]
International Equities	4.12%	0-10%	0-20%
Cash and Other	31.98%	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.

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.