

Milford Australian Absolute Growth Fund - R Class

July 2024



Portfolio Managers



William Curayne
Portfolio Manager



Wayne Gentle
Portfolio Manager



Jason Kururangi
Co-Portfolio Manager

In July, the Australian Equity market had its best month this year, surging 4.2%. Nearly half of that performance was on the last day of the month, as a weaker than expected Australian inflation print refuelled expectations for an RBA rate cut later this year.

The Fund's performance in July was weak compared to the market, rallying +1.2%. This upside capture is lower than we would normally achieve, with some stock picks underperforming on top of cautious overall positioning.

Key contributors over the month were US mining company Newmont Corporation (+16.0%), telecommunications company Telstra (+8.8%) and travel company Flight Centre (+10.1%). Newmont rallied on the back of continued strength in the gold price and a decent quarterly result from the company. It appears more investors are finally moving back into global gold miners after largely shunning the sector over recent years. Telstra continued to recover on optimism about mobile pricing plans and a general rotation back into defensive companies, while Flight Centre continues to show an improved business and robust operating environment.

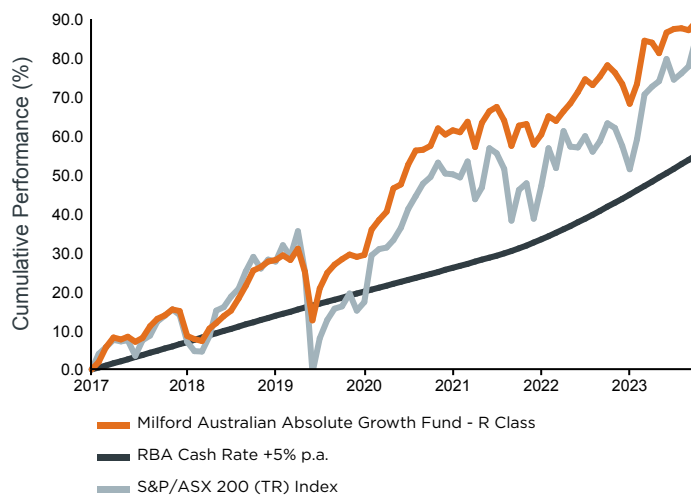
Absolute detractors included gold miner Bellevue which fell 23.2% on the back of a poor operational update and capital raise, and Neuren Pharmaceuticals which fell 9.3%.

Our positioning has not changed materially over the month. We continue to avoid dangerously priced sectors that are dragging a lot of investors in, such as expensive technology companies and banks. Within the technology space there are some better priced companies we do own such as family tracking app Life360 and tech company Xero.

We have a larger than normal position in defensive sectors such as telecommunications, staples and healthcare given the reasonable value on offer, and slowing of the global economy which is likely to drive a rotation into defensive sectors at some point this year.

We have maintained cash on the sidelines and "put option protection" that has paid off very well early in August as the market has fallen very sharply. The sell off appears to have kicked off due to a combination of slowing economic growth in the US, a reverse of the Yen carry trade, investor scepticism around the ability of large tech companies to monetise AI, and uncertainty around the next US President. July showed a "blow off top" in markets, and now that the markets are falling, we can look for good opportunities in the market downturn, and over reporting season.

Investment Performance to July 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 Jul	\$0.9638
Fund Size*	\$460.7 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 July 2024

Investment Performance to July 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	1.17%	2.98%	6.32%	6.34%	8.59%	9.80%
Benchmark	0.76%	4.55%	9.30%	7.56%	6.68%	6.62%
Excess Return	0.41%	-1.57%	-2.98%	-1.22%	1.91%	3.18%
S&P/ASX 200 (TR) Index	4.19%	7.31%	13.53%	7.44%	7.52%	9.44%
Excess Return	-3.02%	-4.33%	-7.21%	-1.10%	1.07%	0.36%

Top Security Holdings

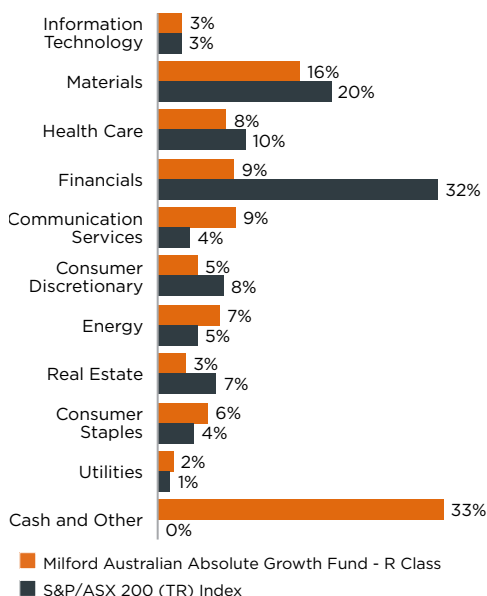
Holdings	% of Fund
Telstra	6.15%
BHP	4.01%
CSL	3.96%
Woolworths	3.55%
Viva Energy Group	3.34%
Virgin Money	2.45%
PSC Insurance Group	2.38%
Neuren Pharmaceuticals	2.12%
Flight Centre	2.05%
a2 Milk	2.03%

Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	67.68%	75-85%	30-100%
Derivatives	-4.87%	NA	NA [^]
International Equities	4.22%	0-10%	0-20%
Cash and Other	28.03%	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.

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.