

Milford Australian Absolute Growth Fund - R Class

July 2025



Portfolio Managers



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July was a strong month for equity markets characterised by a solid earnings season out of the US and broadly supportive economic measures. The ASX200 rallied 2.4%, in line with the Nasdaq (+2.4%) and slightly ahead of the S&P500. The Fund outperformed the ASX200, rising 2.5%, and was ahead of its benchmark over the month.

The top contributor was healthcare business CSL which rose 13.1% and contributed 90bps to Fund performance. CSL has worked through challenges over the past years and is now getting into a position to return to consistent earnings growth, driven by its core Behring business. It is not well owned by the market and, trading on 22x earnings, is attractively valued, especially for its medium earnings growth compared to many other large ASX listed companies. Some risks remain; its flu vaccine business continues to struggle with low vaccination rates in the US and there is uncertainty over what the US Government's drug pricing policies may mean for Behring. Ultimately, we think CSL has a very good outlook, but do not be surprised if there is another short-term setback this year on the back of drug pricing policies.

Other strong performers were financial services company Insignia Financial (+23.7%) on a confirmed takeover offer, Biopharmaceutical company Neuren Pharmaceuticals (+22.5%), mining companies ALS (+8.0%) on a strong mining assay outlook and Lynas, which rallied 21.6% on positive US policies for rare earth metals.

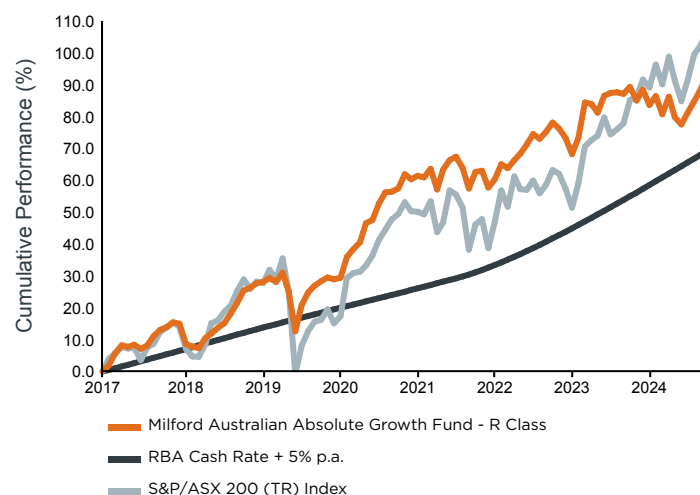
The main negative performers were companies which performed well in previous months, notably mining services company Develop Global (-12.0%) and gold miner Greatland Resources (-25.5%).

The Fund continues with a balanced overall investment position at just under 80% equity exposure. We have some call options and put options as the market isn't expecting much price movement, making options attractive. This allows us to gain exposure to further market gains and protect against any share reversal.

The current economic and policy outlook is reasonably supportive for markets. The main risks, however, come from positioning that is getting longer again, which means that investors are expecting prices to rise. Any reversal in current market momentum is still likely to require a substantial negative catalyst which may happen, but is not all that likely. Due to a strategic mix of investments and option hedges, the Fund remains well-positioned should any positive or negative surprises emerge.

Cumulative Performance (after fees and expenses)

31 July 2025



Performance since inception and assumes reinvestment of distributions. Past performance is not a reliable indicator of future performance.

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	\$0.9757
Fund Size*	\$467.9 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 as at 31 July 2025

Investment Performance to 31 July 2025

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Australian Absolute Growth Fund - R Class ¹	2.50%	6.60%	2.04%	5.91%	8.53%	8.77%
RBA Cash Rate + 5% p.a.	0.72%	2.17%	9.18%	8.88%	7.39%	6.95%
Excess Return	1.78%	4.43%	-7.14%	-2.97%	1.14%	1.82%
S&P/ASX 200 (TR) Index	2.36%	8.17%	11.81%	12.33%	12.26%	9.74%
Excess Return	0.14%	-1.57%	-9.77%	-6.42%	-3.73%	-0.97%

Past performance is not a reliable indicator of future performance. Returns greater than one year are annualised.

Top Security Holdings

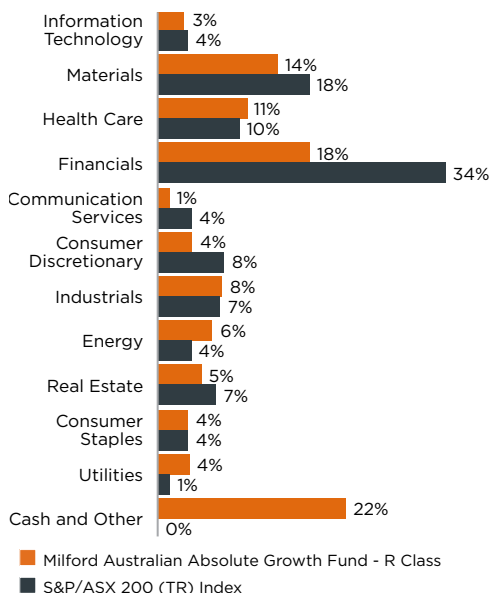
Holdings	% of Fund
CSL	6.47%
BHP	4.18%
ALS	2.62%
Santos	2.57%
NAB	2.14%
ANZ Group Holdings	2.07%
Cleanaway Waste Management	1.98%
Rio Tinto	1.98%
Xero	1.95%
Woodside Energy Group	1.62%

Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	71.57%	75-85%	30-100%
Derivatives	1.57%	NA	NA [^]
International Equities	1.92%	0-10%	0-20%
Cash and Other	23.50%	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.

Milford Australian Absolute Growth Fund as at 31 July 2025

1. 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.