Milford Australian Absolute Growth Fund - R Class

October 2026

Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager



Jason Kururangi
Co-Portfolio Manager

October was a mixed month for global markets. A stronger oil price and doubts over the pace of AI investment saw the local market outperform global indices. The ASX 200 rose 1.4%, but there was strong dispersion beneath the surface with financials, utilities and healthcare rallying while materials fell. The Fund returned 2.5% during the month driven by energy positions and favourable materials positioning relative to the market.

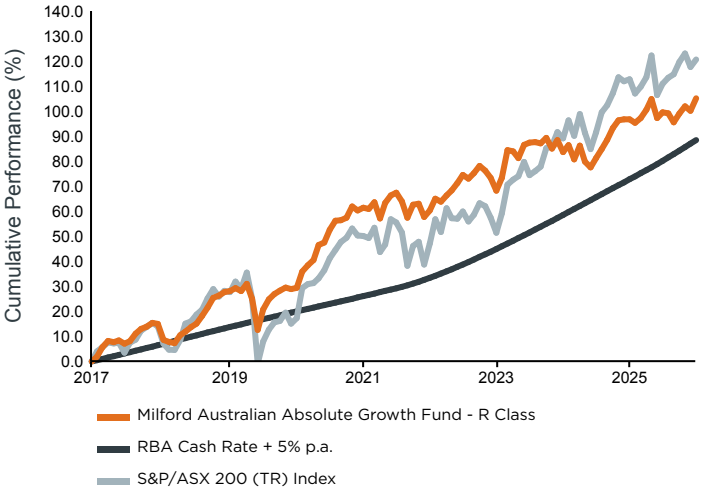
Oil and energy stocks rallied over the month as the blockades continued around the Persian Gulf and oil inventories continued lower. Key performers were Chevron (+15.3%), BP (+14.5%), Santos (+7.3%) and Schlumberger (+10.3%). To lock in some gains the Fund reduced our oil producers slightly but maintained a sizeable position given the precarious global energy inventory positions and difficulty getting a US-Iran deal to restore normal energy flows.

BHP (-5.4%) and Rio Tinto (-11.8%) declined as the market questioned the sustainability of the AI rollout and by extrapolation the demand for copper. The Fund was partially protected from this decline through some put options owned on BHP and Rio Tinto for just this risk This weakness in large resources did lead to a rally in financials and banks despite the outlook for banks worsening.

Looking ahead, uncertainty remains elevated both domestically and globally. In Australia, the housing market faces the risk of its most significant downturn in decades, while persistent inflation may limit the scope for interest rate relief. Globally, markets continue to assess the durability of the AI investment cycle alongside an emerging energy crisis that could improve significantly if a geopolitical resolution is reached, or worsen if tensions persist. The Fund has sought to capitalise on these dislocations through investments in energy companies and selected high-dividend Australian equities. However, with markets not fully pricing risks around housing, energy or slowing AI investment, volatility may remain elevated. As a result, the Fund has increased equity derivative protection while maintaining meaningful exposure to attractive equity opportunities.

Cumulative Performance (after fees and expenses)

31 October 2026



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 Oct	$0.8853
Fund Size*	$337.7 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	Annual

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

Milford Australia Pty Ltd
ABN 65 169 262 971 AFSL 461253

Suite 1, Level 41, 25 Martin Place
Sydney NSW 2000

Phone: 1800 161 310
milfordasset.com.au

Milford Australian Absolute Growth Fund as at 31 October 2026

Investment Performance to 31 October 2026

	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]	2.49%	3.10%	4.28%	6.84%	4.91%	8.23%
RBA Cash Rate + 5% p.a.	0.78%	2.30%	9.08%	9.15%	8.37%	7.23%
Excess Return	1.71%	0.80%	-4.80%	-2.31%	-3.46%	1.00%
S&P/ASX 200 (TR) Index	1.38%	0.45%	3.69%	13.35%	8.00%	9.10%
Excess Return	1.11%	2.65%	0.59%	-6.51%	-3.09%	-0.87%

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

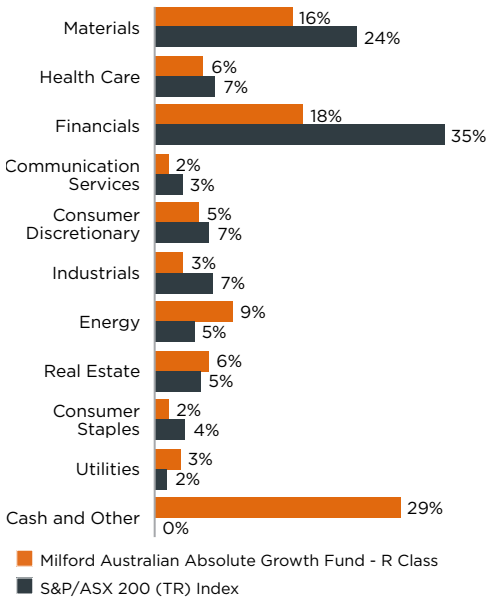
Top Security Holdings

Holdings	% of Fund
BHP Group	7.67%
CBA	5.28%
CSL	4.38%
Rio Tinto	3.29%
ANZ Group	3.07%
Lottery Corporation	3.07%
Goodman Group	2.38%
Westpac	2.25%
Woodside Energy	2.21%
Northern Star	1.97%

Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	73.09%	75-85%	30-100%
International Equities	5.74%	0-10%	0-20%
Cash and Other	19.65%	0-20%	0-50%
Net Long Exposure	77.62%	N/A	50-100%
Gross Exposure	106.68%	N/A	50-150%

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 October 2026

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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.