

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2023



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

August was an eventful month, with Australian result releases and some market volatility that saw a significant market pullback before a recovery later in the month. The Fund was down 1.0% for the month, slightly behind the ASX 200 return of -0.7%.

A couple of poor results offset the contribution of a number of strong results. Iress fell 38% after reporting a disappointing result and outlook. Underlying costs are rising faster than expected, which means the net cost-out benefit we had hoped for has decreased. While we believe Australian/NZ assets will be attractive to a strategic buyer, rising costs and a poor balance sheet have materially reduced our confidence in management's ability to realise value. The size of the Fund's position is very modest and remains under review.

ResMed fell 24.0% also on slower revenue growth and some margin weakness. This was coupled with euphoria surrounding new diabetes and weight loss drugs and their ability to disrupt the medical technology industry.

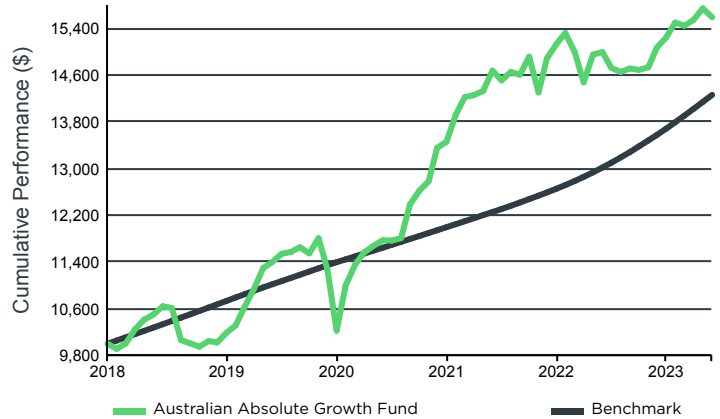
On the positive side we had many good results. Highlights included Carsales (+15.6%), Goodman Group (+13.7%), Monadelphous (+7.7%) and Universal Store (+6.1%) among others.

Through August, there were several companies that we either established new positions in or took much larger positions following weakness post their results. Telstra and Suncorp are a couple of examples.

Over the month, our long equity position increased to 85% and we maintain some derivative protection on top of that. There was a broad degree of caution in company outlook statements and, somewhat unsurprisingly, a lack of future earnings guidance. In our view, the long lag effects of monetary policy mean that economic and behavioural impacts are still ahead of us and hard to quantify. The portfolio is balanced for the wide range of outcomes. As we await more comfort on the economic outlook, we continue to build out a long shopping list of growth businesses to add to the portfolio once they reach more compelling valuations in the coming months.

To view Milford's August 2023 Market and Economic Review please see milfordasset.com/insights.

Cumulative Fund Performance (after fees and before tax)



Assumes the growth of \$10,000 invested at the Fund's inception date.

Key Fund Facts

Objective¹	Targets an absolute return with an annualised return objective of 5% above the New Zealand Official Cash Rate while seeking to protect capital over rolling three year periods
Description	Diversified fund that primarily invests in Australasian equities, complemented by selective exposure to international equities and cash

Minimum recommended investment timeframe	7 years +
Target Allocation	17.5% Income Assets / 82.5% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$607.9 M
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 March 2018
Benchmark	OCR + 5% p.a.
Base Fund Fee²	1.05%
Performance Fee	15% of the Fund's returns above the Benchmark ¹ , subject to the high watermark.
Total Fund Fees³	1.25% (includes an est. performance fee)
Risk Indicator	<div style="display: flex; justify-content: space-between; align-items: center;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>

Australian Absolute Growth Fund as at 31 August 2023

Investment Performance after fees as at 31 August 2023⁴

Unit Price: \$1.5481

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Australian Absolute Growth Fund (Gross Of Tax)	-0.97%	0.94%	3.96%	9.82%	7.93%	8.40%
After Tax 10.50%	-1.00%	1.06%	4.16%	9.84%	7.89%	8.36%
After Tax 17.50%	-1.02%	1.14%	4.29%	9.85%	7.86%	8.34%
After Tax 28.00%	-1.05%	1.27%	4.49%	9.87%	7.81%	8.30%
Benchmark	0.85%	2.55%	9.56%	6.99%	6.65%	6.66%

Top Security Holdings

Holdings	% of Fund
CSL	5.96%
Telstra	5.95%
Origin Energy	5.21%
NAB	3.91%
BHP	3.65%
HCA Holdings	3.63%
United Malt	3.46%
Teck Resources	3.08%
Santos	3.07%
Suncorp Group	2.96%

Current Asset Allocation

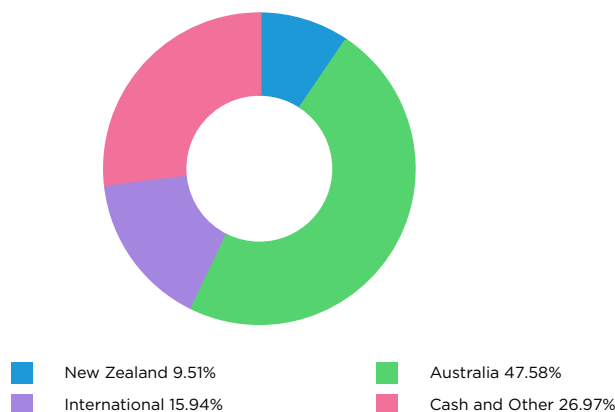
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	26.79%	7.5%
New Zealand Fixed Interest	5.49%	10%
International Fixed Interest	5.61%	0.0%
New Zealand Equities	3.83%	7.5%
Australian Equities	43.36%	72.5%
International Equities	14.83%	2.5%
Other	0.09%	0.0%

The actual cash held by the Fund is 4.01%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Sector Allocation

Allocation	Weight %
Health Care	16.83%
Utilities	9.56%
Materials	9.53%
Financials	9.36%
Energy	6.26%
Communication Services	5.86%
Consumer Staples	4.79%
Industrials	4.14%
Other Sectors	6.70%
Cash and Other	26.97%

Region Exposure



1. After the base fund fee but before tax and before the performance fee. 2. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 3. The Total Fund Fees comprise the Base Fund Fee and any estimated Performance Fee. Please refer to the Product Disclosure Statement for more information as to how these are calculated. 4. Please note past performance is not a guarantee of future returns.

Please refer to the 'Glossary for the Monthly Fact Sheet' at milfordasset.com/fact-sheet for more information about the data published within this document.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Production Disclosure Statement or the latest Quarterly Fund Update.