

# Australian Absolute Growth Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 31 December 2023



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager



**Jason Kururangi**  
Co-Portfolio Manager

December started with a bang as November's risk-on rally continued into the close of the year. Further evidence of cooling inflation continued to see pressure on longer term interest rates and support company valuations. This was then accentuated by less push back from the federal reserve around the potential for and timing of rate cuts, spurring markets forward. Against this backdrop, the Fund returned 6.6% for the month, participating in most of the 7.3% ASX 200 rally. Our strong performance over the month was driven by increasing our market exposure early in the month coupled with strong stock selection through the month, before reducing exposure into the end of the year. We are pleased that this brought fund performance for the calendar year of 11.9%, and compared favourably to a strong market with the ASX 200 returns of 12.4%, whilst maintaining a more conservative portfolio.

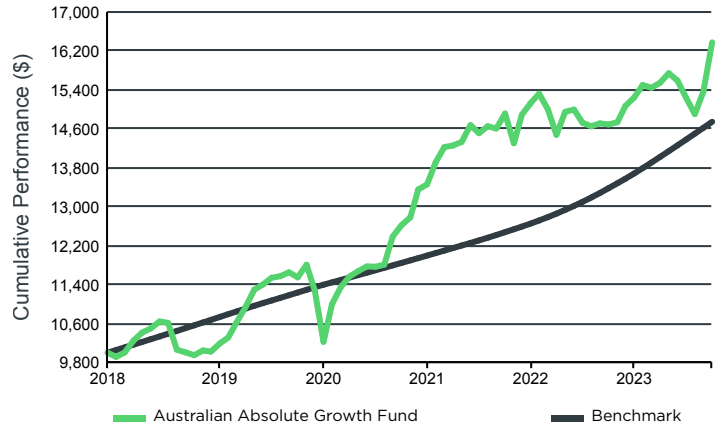
Stock selection was led by Neuren Pharmaceuticals, which rallied 61.1% following the readout of results for NNZ-2591 treating Phelan McDermid. The consistency of the results, efficacy and benign safety profile exceeded our high expectations. Viva Energy also rallied 13.3% on the ACCC (competition regulator) approval of the acquisition of OTR. We view the deal as transformative for Viva's retail ambitions. Generally resource stocks also traded well in December and in particular Iron Ore on the back of seasonal restocking, low port inventories, resilient steel production and improving sentiment around China stimulus continuing to support Iron Ore prices.

Given the strong rally over November and December we materially reduced our equity exposure into the end of December. From our perspective the risk/reward proposition looked far less compelling. We continue to expect volatility in markets as we navigate shifting monetary policy settings amidst a changing inflation and growth backdrop. We will continue to actively manage our equity exposure and stock selection, given we remain broadly constructive on the economic backdrop and are continuing to search for opportunities to deploy cash and add to our a well diversified portfolio.

To view Milford's December 2023 Market and Economic Review please see [milfordasset.com/insights](https://milfordasset.com/insights).

For previous fund reports see [milfordasset.com/fund-reports](https://milfordasset.com/fund-reports).

## Cumulative Fund Performance (after fees and before tax)



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

## Key Fund Facts

<b>Objective<sup>1</sup></b>	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
<b>Description</b>	Diversified fund that primarily invests in Australasian equities, complemented by selective exposure to international equities and cash

<b>Minimum recommended investment timeframe</b>	7 years +
<b>Target Allocation</b>	17.5% Income Assets / 82.5% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$695.8 M
<b>Buy-sell Spread</b>	None - swing pricing applies (See PDS for details)
<b>Inception Date</b>	1 March 2018
<b>Benchmark</b>	OCR + 5% p.a.
<b>Base Fund Fee<sup>2</sup></b>	1.05%
<b>Performance Fee</b>	15% of the Fund's returns above the Benchmark <sup>1</sup> , subject to the high watermark.
<b>Total Fund Fees<sup>3</sup></b>	1.25% (includes an est. performance fee)
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="display: flex; justify-content: space-around; width: 100%; text-align: center;"> <span>1</span> <span>2</span> <span>3</span> <span style="border: 2px solid green; border-radius: 50%; padding: 2px;">4</span> <span>5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between; width: 100%; font-size: small;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

# Australian Absolute Growth Fund as at 31 December 2023

## Investment Performance after fees as at 31 December 2023<sup>4</sup>

Unit Price: \$1.6256

	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)	6.62%	7.45%	11.49%	9.08%	10.48%	8.82%
After Tax 10.50%	6.57%	7.29%	11.22%	9.04%	10.45%	8.74%
After Tax 17.50%	6.54%	7.18%	11.04%	9.02%	10.43%	8.68%
After Tax 28.00%	6.49%	7.01%	10.78%	8.98%	10.40%	8.60%
Benchmark	0.85%	2.55%	10.19%	7.58%	6.90%	6.88%

## Top Security Holdings

Holdings	% of Fund
Telstra	5.89%
Santos	5.20%
Woolworths	5.15%
CSL	5.02%
BHP	4.85%
NAB	3.99%
Viva Energy Group	3.36%
Rio Tinto	3.21%
Neuren Pharmaceuticals	3.13%
Newmont	2.80%

## Current Asset Allocation

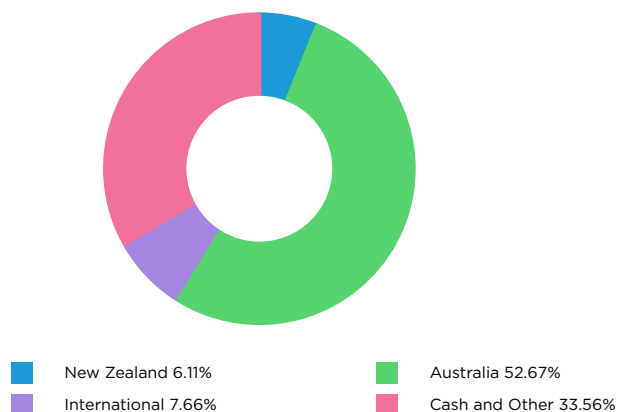
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	32.71%	7.5%
New Zealand Fixed Interest	2.11%	10%
International Fixed Interest	1.82%	0.0%
New Zealand Equities	3.10%	0.0%
Australian Equities	56.89%	77.5%
International Equities	2.52%	5%
Other	0.85%	0.0%

# The actual cash held by the Fund is 15.63%. 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 %
Financials	13.10%
Energy	12.87%
Materials	11.00%
Health Care	9.99%
Consumer Staples	6.45%
Communication Services	5.69%
Utilities	3.41%
Consumer Discretionary	2.12%
Other Sectors	1.81%
Cash and Other	33.56%

## 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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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