

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 29 February 2024



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager



Jason Kururangi
Co-Portfolio Manager

February saw continued strength in US equities, while Australian equities produced modest gains as leadership continues to be in technology companies with resources pulling back. Some signs of a tick up in inflation in the US led to higher rates over the month, as expectations of rate cuts continued to be pushed back.

The Fund returned -2.0% over the month as our sector selection and stock picking did not work out over this reporting season. The Fund is weighted more to resources and energy - which were the worst sectors in the ASX over the month - and has only modest investments in financials, consumer discretionary and IT stocks which were the stronger sectors. We are comfortable with our sector allocations from the risk/reward offered.

On the stock picking front, our key winners were The A2 Milk Company (+19.9%), Light & Wonder (+20.0%), Xero (+14.9%) and Carsales (+11.4%). A2 Milk has had an improvement in its infant formula sales channels. Light & Wonder has had success with the launch of a new game. Xero has been cutting costs and improving its product in Australia and New Zealand.

On the negative side, a number of stocks contributed to the Fund's decline over the month, in some of our larger positions. After a strong few months, Neuren Pharmaceuticals pulled back 18.0%. We remain optimistic about Neuren's drug Daybue and its pipeline drug NNZ2591. Our other losers were in resources and energy where commodity prices have continued to pull back. South32 was down 11.9% while BHP and Rio Tinto were both down 7.1% and 6.8% respectively. Santos pulled back 6.4% as a possible merger with Woodside did not proceed.

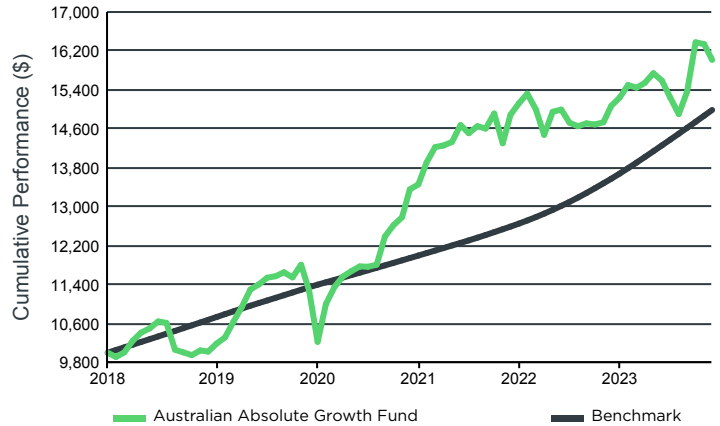
With economic growth accelerating in the US, and not as bad as feared in Europe, we may see a strong recovery in commodities as China stimulus begins to help with its economic growth and resources demand. The Fund maintains a balanced asset allocation, with some cash to reflect markets that are modestly expensive and over-extended, but invested enough to participate in further market gains. We have used reporting season to top up some of our positions that were weak, and some new positions in businesses with improved outlooks.

To view Milford's February 2024 Market and Economic Review please see milfordasset.com/insights.

For previous fund reports see 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

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)	\$675.2 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 29 February 2024

Investment Performance after fees as at 29 February 2024⁴

Unit Price: \$1.5894

	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)	-1.99%	4.25%	6.27%	6.24%	9.82%	8.16%
After Tax 10.50%	-2.00%	4.23%	6.00%	6.24%	9.73%	8.09%
After Tax 17.50%	-2.00%	4.22%	5.81%	6.23%	9.67%	8.04%
After Tax 28.00%	-2.01%	4.19%	5.54%	6.23%	9.57%	7.96%
Benchmark	0.80%	2.52%	10.41%	7.86%	7.02%	6.97%

Top Security Holdings

Holdings	% of Fund
BHP	5.69%
Santos	4.93%
Viva Energy Group	3.92%
Telstra	3.91%
CSL	3.55%
Altium	3.47%
Rio Tinto	3.22%
Neuren Pharmaceuticals	3.07%
Suncorp Group	2.50%
Shell	2.36%

Current Asset Allocation

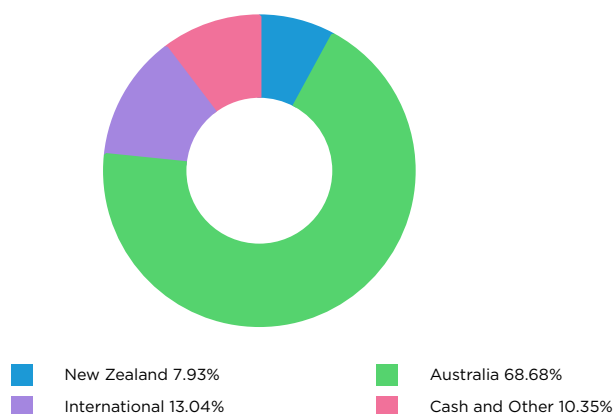
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	9.48%	7.5%
New Zealand Fixed Interest	2.23%	10%
International Fixed Interest	1.93%	0.0%
New Zealand Equities	3.18%	0.0%
Australian Equities	75.36%	77.5%
International Equities	6.95%	5%
Other	0.87%	0.0%

The actual cash held by the Fund is 16.71%. 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 %
Materials	20.61%
Energy	15.68%
Financials	13.10%
Health Care	9.32%
Communication Services	6.98%
Consumer Discretionary	6.83%
Information Technology	5.27%
Consumer Staples	3.33%
Other Sectors	8.53%
Cash and Other	10.35%

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.