

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2023



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

Moderating inflation numbers and robust economic growth in July saw the markets doubling down on the “goldilocks” narrative of low inflation and a soft landing. This saw equity markets globally and in Australia push higher. The Fund continued to gain ground and finished up 1.3% for the month.

Within the equity market, robust global economic data saw a rotation away from crowded defensive equities and back into unloved cyclical equities, as equity investors unwound bets on an imminent recession. This was something we had been waiting for after selling our fully valued defensive positions, such as supermarkets and Telstra, in recent months and adding to beaten up and unloved banks and cyclicals.

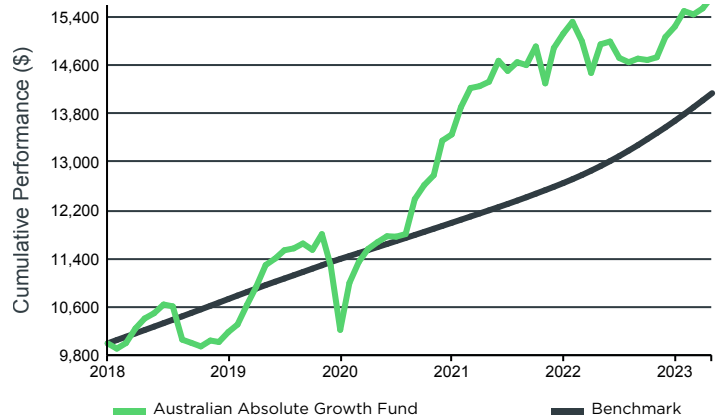
Other stocks that were strong over the month were our small positions in Universal Store (+20.1%), Neuren Pharmaceuticals (+6.4%) and Monadelphous Group (+16.2%). We had added to Universal Store in June as it fell following a poor trading update. The decision to buy was based on our positive medium outlook for the business, and we appear to have been rewarded earlier than expected on this investment. Neuren rose after signing a new distribution deal with Acadia Pharmaceuticals for its in development NNZ-2591 drug for Rett and Fragile X syndromes.

We are pleased with the Fund’s upside participation as markets move higher, while still taking relatively low levels of absolute risk. In August we look forward to Australian company results, as this tends to always throw up a few opportunities to buy companies that we believe are priced incorrectly following results.

To view Milford’s July 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)	\$608.7 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 July 2023

Investment Performance after fees as at 31 July 2023⁴

Unit Price: \$1.5634

	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)	1.28%	1.57%	5.30%	10.48%	8.44%	8.73%
After Tax 10.50%	1.37%	1.65%	5.54%	10.55%	8.39%	8.70%
After Tax 17.50%	1.44%	1.71%	5.69%	10.59%	8.37%	8.68%
After Tax 28.00%	1.53%	1.79%	5.92%	10.66%	8.32%	8.64%
Benchmark	0.85%	2.53%	9.32%	6.85%	6.59%	6.60%

Top Security Holdings

Holdings	% of Fund
NAB	7.54%
CSL	5.09%
BHP	4.98%
Teck Resources	4.05%
Santos	3.85%
Telstra	3.47%
Coles	3.24%
Newmont Mining	3.00%
United Malt	2.97%
Origin Energy	2.96%

Current Asset Allocation

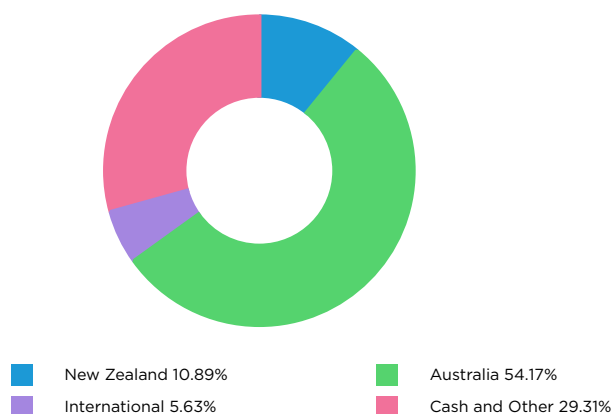
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	29.31%	7.5%
New Zealand Fixed Interest	7.38%	10%
International Fixed Interest	8.13%	0.0%
New Zealand Equities	3.27%	7.5%
Australian Equities	46.69%	72.5%
International Equities	5.22%	2.5%
Other	0.00%	0.0%

The actual cash held by the Fund is 5.30%. 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	16.98%
Materials	11.79%
Energy	9.65%
Consumer Staples	8.32%
Health Care	8.11%
Utilities	7.14%
Industrials	5.48%
Real Estate	3.43%
Other Sectors	-0.21%
Cash and Other	29.31%

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.

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