

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2023



Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

May was a reasonably quiet month with low volatility in broad markets and a slide lower in Australian shares. The Fund ended the month down 0.4%, faring better than the ASX 200 index which declined 2.4%. Australian shares underperformed global equities as economic data in China disappointed, and optimism about China's post-Covid recovery faded. This saw weakness in miners on the ASX which the Fund had fortunately reduced to a modest weighting back in April. We have begun to use this weakness to buy some mining companies back, focusing on copper producers. While copper is suffering with other metals in the near term, it has very positive longer-term fundamentals and will likely be one of the first metals to rebound sharply. We have concentrated our buying in Canadian copper producer Teck Resources.

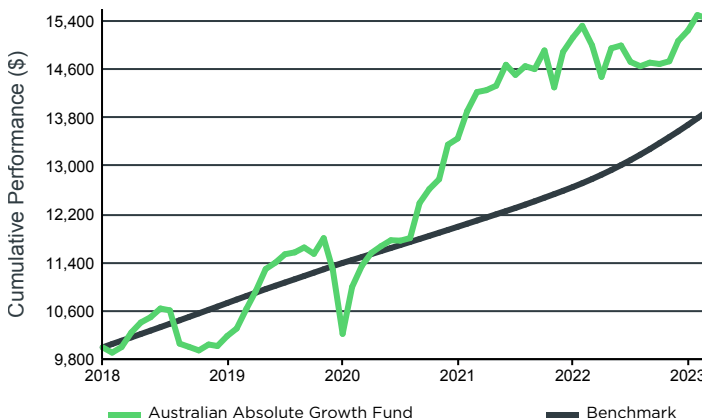
One area of resources we had substantial exposure to has been lithium producers. Lithium prices had been in decline over the past year as battery producers destocked excess inventories. This destocking appears to have run its course, resulting in a recent recovery in lithium prices and shares of lithium miners IGO, Allkem and Pilbara Minerals. With this recovery underway, we sold out of Allkem and Pilbara Minerals over the month.

Our stock picking has gone superbly over the past few months, allowing the Fund to move ahead while taking relatively little risk. The markets will be challenged over the coming months with a drain in liquidity from quantitative tightening and increased government debt issuance, and a continued deterioration in company earnings. These headwinds are sufficient to keep us focused on capital preservation and select stock picks while waiting for safer and more attractive opportunities later in the year to invest our cash.

To view Milford's May 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)	\$594.2 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 31 May 2023

Investment Performance after fees as at 31 May 2023⁴

Unit Price: \$1.534

	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)	-0.36%	2.49%	2.98%	10.82%	8.55%	8.63%
After Tax 10.50%	-0.42%	2.32%	3.09%	10.85%	8.49%	8.56%
After Tax 17.50%	-0.47%	2.21%	3.16%	10.87%	8.45%	8.52%
After Tax 28.00%	-0.54%	2.04%	3.26%	10.90%	8.38%	8.45%
Benchmark	0.84%	2.45%	8.76%	6.56%	6.47%	6.48%

Top Security Holdings

Holdings	% of Fund
CSL	7.16%
NAB	6.18%
Origin Energy	4.98%
Santos	3.87%
Teck Resources	3.79%
Newmont Mining	3.25%
IPH	2.97%
Neuren Pharmaceuticals	2.88%
BHP	2.75%
CBA	2.17%

Current Asset Allocation

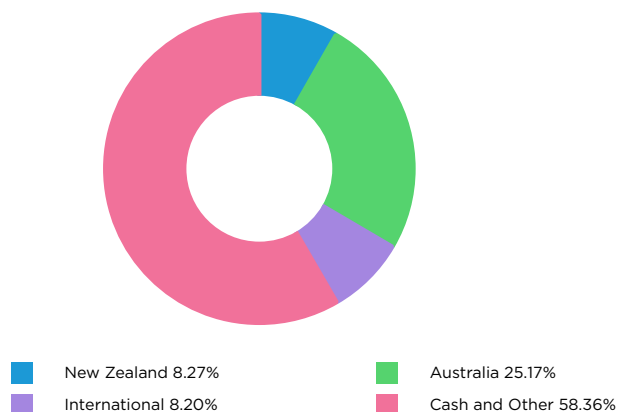
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	58.36%	7.5%
New Zealand Fixed Interest	4.52%	10%
International Fixed Interest	3.85%	0.0%
New Zealand Equities	4.08%	7.5%
Australian Equities	24.62%	72.5%
International Equities	4.57%	2.5%
Other	0.00%	0.0%

The actual cash held by the Fund is 25.14%. 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	10.60%
Utilities	8.80%
Health Care	7.81%
Materials	7.11%
Energy	5.32%
Industrials	4.43%
Government	1.43%
Consumer Staples	0.20%
Other Sectors	-4.06%
Cash and Other	58.36%

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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