

Australian Absolute Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2023



Portfolio Managers



William Curtayne
Portfolio Manager



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Portfolio Manager



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Equity markets continued to sell off in October as investors grappled with higher interest rates. The S&P/ASX 200 index fell 3.8% while the Fund declined 2.2%. As expected, our conservative positioning with higher cash levels cushioned the Fund against this pullback, although we slightly underperformed our stock picking over the month.

Our largest detractors were Smartpay (NZ) (-21.2%) and IGO (-24.9%). Smartpay pulled back following some poor updates by key competitors and concerns of economic weakness. We used this as an opportunity to buy some more later in the month. IGO has pulled back, with continued weakness in the lithium price and a disappointing result. While the weakness is not ideal, our position size is only modest at around 1% and we have a relatively small exposure to lithium miners overall. We are monitoring global lithium inventory levels for a sign that the pullback has run its course before picking up more lithium miners.

One of our top performers was gold miner Newmont Corporation which proved defensive, as gold was bid following geopolitical developments in Israel. We believe Newmont to be far more attractively valued than other ASX gold producers.

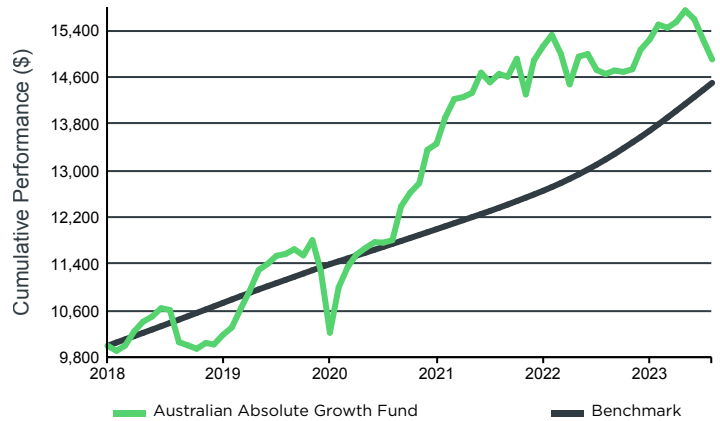
Over the month we used weakness in the market to increase our exposure to equities by over 10%, and we increased this further in early November. We continue to be resolute in our concerns of the lag effects of monetary policy. We still believe there will be more downgrades to (hopefully) side-step over the next six months, as cost-of-living challenges choke spending habits. That said, valuations are no doubt beginning to trend in the right direction. This is an encouraging start, and while we may be early in deploying capital as opportunities present, we will do so with a measured approach given the risks are still ahead of us and hard to quantify.

To view Milford's October 2023 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)	\$580.1 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 October 2023

Investment Performance after fees as at 31 October 2023⁴

Unit Price: \$1.4794

	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)	-2.22%	-5.34%	1.70%	8.07%	8.17%	7.29%
After Tax 10.50%	-2.33%	-5.55%	1.68%	8.14%	8.12%	7.22%
After Tax 17.50%	-2.40%	-5.68%	1.66%	8.19%	8.08%	7.17%
After Tax 28.00%	-2.50%	-5.89%	1.64%	8.26%	8.02%	7.09%
Benchmark	0.85%	2.55%	9.94%	7.28%	6.78%	6.77%

Top Security Holdings

Holdings	% of Fund
Telstra	5.49%
BHP	4.81%
Newmont	4.63%
Santos	3.97%
CSL	3.47%
Viva Energy Group	3.26%
Estia Health	2.90%
IPH	2.64%
United Malt	2.60%
Costa Group	2.60%

Current Asset Allocation

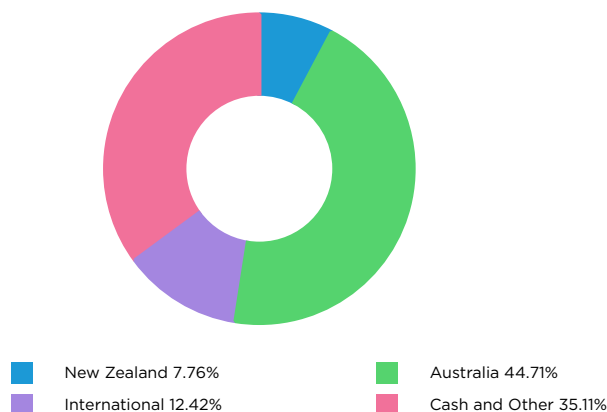
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	35.10%	7.5%
New Zealand Fixed Interest	4.77%	10%
International Fixed Interest	4.70%	0.0%
New Zealand Equities	2.94%	7.5%
Australian Equities	45.44%	72.5%
International Equities	7.04%	2.5%
Other	0.01%	0.0%

The actual cash held by the Fund is 6.19%. 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	14.63%
Energy	8.72%
Health Care	8.62%
Consumer Staples	6.21%
Financials	5.63%
Communication Services	5.60%
Industrials	4.43%
Utilities	3.81%
Other Sectors	7.24%
Cash and Other	35.11%

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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