

# Australian Absolute Growth Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 30 September 2024



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager



**Jason Kururangi**  
Co-Portfolio Manager

The Fund performed strongly during the month up 2.0%, beating its benchmark by 1.2%. September was a strong month for equity markets, spurred on by a 0.5% cut to interest rates in the US, as well as supportive commentary from the Federal Reserve Chairman Jerome Powell. Markets were driven higher late in the month as the People's Bank of China (PBOC) cut interest rates in China, as well as providing additional monetary support. This was then followed by politburo comments flagging additional central government fiscal support for the economy. This is supportive of stabilising China's property market, and looking to support domestic consumption. In Australia this led to significant investment into the resources space, leading the Australian market higher.

Over the month, strong contributions to performance came largely within our resource exposures. Copper led the way with Metals Acquisition (+19.6%), Capstone Copper(+13.1%) and Teck Resources (+10.1%). Iron ore exposures Rio Tinto (+12.5%) and BHP (+17.3%) were also significant beneficiaries on the back of a rallying iron ore price. Other winners in the month included a2 Milk (+11.6%), another perceived beneficiary of domestically-focused consumption stimulus in China. The key stock-specific detractor during the month was biotech company CSL (-6.1) on the back of limited stock-specific positive news, and a general rotation back into resources. We took advantage of strength in names that had performed well.

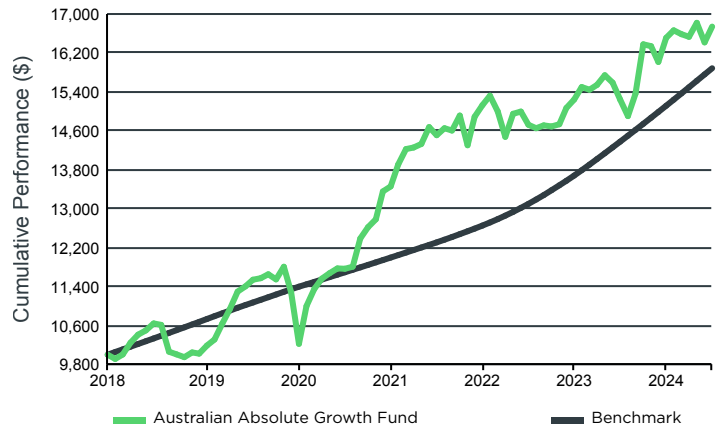
We started to trim our positions in Metals Acquisition, Teck Resources and Capstone Copper - taking some profits into the positive market sentiment, while keeping a strong resource exposure, given prospects of further Chinese stimulus announcements in weeks to come. We have looked to recycle this into other names that presented attractive opportunities including high quality testing business ALQ, after the business missed elevated market expectations which saw the stock sell off, allowing us to add to a business we like at an attractive valuation. We also initiated a position into medical technology company Cochlear, after stock price weakness presented an opportunity to build a position. Our invested level has modestly increased during the month, as the combination of US and Chinese monetary easing, provides further support for markets. Despite this, we still remain somewhat cautious given geopolitical tensions and valuations at an aggregate market level continue to look full. Into October, we will continue to actively manage our exposure to China and resources, as headlines and exuberance may provide an opportunity to take profits on core positions if they run ahead of fundamentals.

To view Milford's September 2024 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

### Objective<sup>1</sup>

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)	\$683.9 M
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 March 2018
Benchmark	OCR + 5% p.a.
Base Fund Fee <sup>2</sup>	1.05%
Performance Fee	15% of the Fund's returns above the Benchmark <sup>1</sup> , subject to the high watermark.
Total Fund Fees <sup>3</sup>	1.25% (includes an est. performance fee)
Risk Indicator	<p>Lower risk <span style="float: right;">Higher risk</span></p> <p>1 2 3 4 5 6 7</p> <p>Potentially lower returns <span style="float: right;">Potentially higher returns</span></p>

# Australian Absolute Growth Fund as at 30 September 2024

## Investment Performance after fees as at 30 September 2024<sup>4</sup>

Unit Price: \$1.66

	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)	1.98%	1.27%	9.84%	4.88%	7.72%	8.13%
After Tax 10.50%	1.94%	1.26%	9.87%	4.92%	7.65%	8.09%
After Tax 17.50%	1.91%	1.25%	9.89%	4.94%	7.60%	8.07%
After Tax 28.00%	1.87%	1.24%	9.92%	4.97%	7.52%	8.02%
Benchmark	0.80%	2.52%	10.49%	8.87%	7.48%	7.28%

## Top Security Holdings

Holdings	% of Fund
BHP	6.30%
CSL	6.18%
Woolworths	3.41%
Telstra	3.28%
Viva Energy Group	3.27%
Virgin Money	2.64%
PSC Insurance Group	2.61%
Macquarie	2.59%
Santos	2.51%
Goodman	2.31%

## Current Asset Allocation

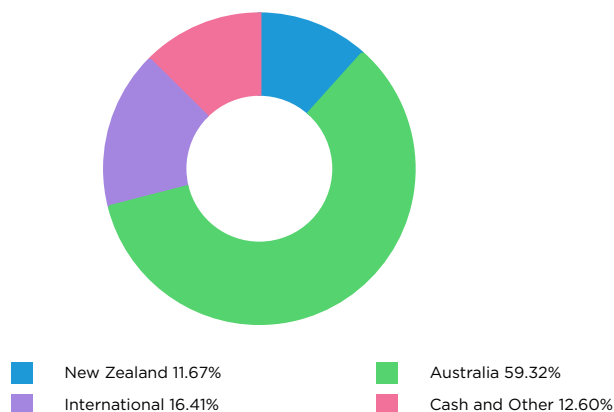
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	12.45%	7.5%
New Zealand Fixed Interest	2.17%	10%
International Fixed Interest	1.88%	0.0%
New Zealand Equities	6.81%	0.0%
Australian Equities	71.82%	77.5%
International Equities	4.72%	5%
Other	0.15%	0.0%

# The actual cash held by the Fund is 9.86%. 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	21.04%
Financials	16.51%
Health Care	10.75%
Energy	9.67%
Real Estate	6.09%
Communication Services	5.69%
Consumer Staples	4.47%
Utilities	4.35%
Other Sectors	8.83%
Cash and Other	12.60%

## 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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