

Milford Australian Absolute Growth Fund - R Class

April 2024



Portfolio Managers



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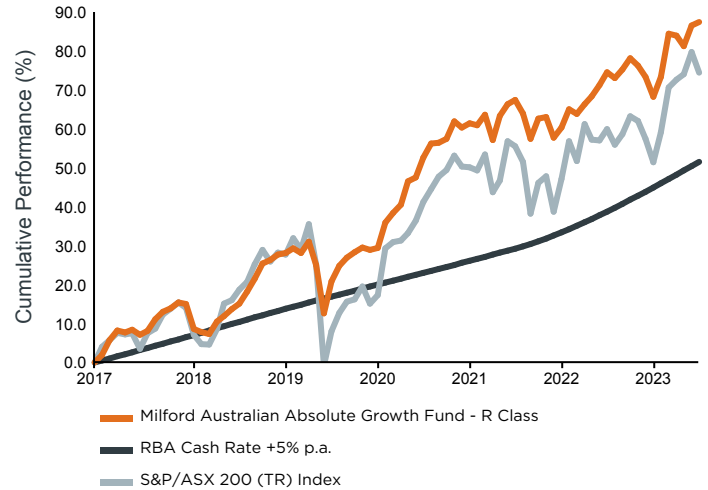
The Fund gained 0.5% in April despite market weakness. This is attributable to our weighting towards resources companies that performed strongly on strong global economic data, and investors once again seeking a resources hedge against increasing inflation. Meanwhile, major banks the Fund is not invest in pulled back, and various industrial and technology stocks underperformed.

Equity markets pulled back in April after a strong rally since October, with the ASX 200 index declining 2.9% and the S&P 500 index 4.1%. Re-accelerating inflation data and a robust labour market in the US have caused expectations of rate cuts to be pushed out until the end of the year. Markets are now pricing only one Fed cut in 2024, after expecting six cuts at the end of last year. This has caused bond yields to move higher, combined with extended long positioning in equity markets. Likewise in Australia, a hot March CPI number has resulted in the market pricing out RBA cuts, with a small probability of a hike by year end. We began the year with the market expecting two RBA rate cuts.

Our key winners were South32 (+19.7%) on stronger aluminium prices, Newmont (+18.6%) on strong gold prices, and a broad bucket of copper miners which cumulatively represented 7.0% of the Fund over the month. In addition, there were solid contributions from Rio Tinto (+7.2%) and our key technology stock pick Life360 (+5.2%). Looking forward, market direction will be a battle between earnings growth and renewed monetary policy headwinds, combined with long investor positioning. Our outlook for Australian profits has improved, led by resources, but remains modest for industrials and banks. Hence our portfolio remains weighted to resources companies, although some positions have been trimmed after large gains in March. Copper is our preferred commodity on a medium-term view, given structural demand growth and constrained supply in the near term.

We expect monetary policy is likely to weigh on the performance of many industrial stocks over the next few months and likely bank shares also. Outside of resources we favour quality businesses such as Telstra, CSL, insurers and select growth stock picks.

Investment Performance to April 2024¹



Key Fund Facts

Objective	Absolute returns with an annualised return of 5% above the RBA Cash Rate while seeking to preserve investor capital over rolling three-year periods.
Description	A diversified portfolio of predominantly Australian equities, complemented by selective exposure to international equities and cash. May use derivatives and foreign currency hedging.
Benchmark	RBA Cash Rate + 5% p.a.
APIR	ETL1090AU
Redemption Price as at 30 Apr	\$0.9837
Fund Size*	\$426 Million
Inception Date	October 2017
Minimum Investment	\$1,000
Recommended Investment Timeframe	7 years +
Buy-sell Spread	+/-0.20%
Entry/Exit Fee	Nil
Management Fee	1.05%
Performance Fee	15.35% p.a. of returns above the benchmark subject to achieving the high watermark.
Fund Pricing	Daily
Distribution Frequency	Biannual

*The Fund Size represents the total assets of the fund

Investment Performance to April 2024²

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) ³
Milford Australian Absolute Growth Fund - R Class ⁴	0.53%	11.44%	7.41%	7.10%	10.24%	10.02%
Benchmark	0.74%	4.55%	9.21%	7.20%	6.52%	6.52%
Excess Return	-0.21%	6.89%	-1.80%	-0.10%	3.72%	3.50%
S&P/ASX 200 (TR) Index	-2.94%	15.17%	9.07%	7.30%	7.99%	8.82%
Excess Return	3.47%	-3.73%	-1.66%	-0.20%	2.25%	1.20%

Top Security Holdings

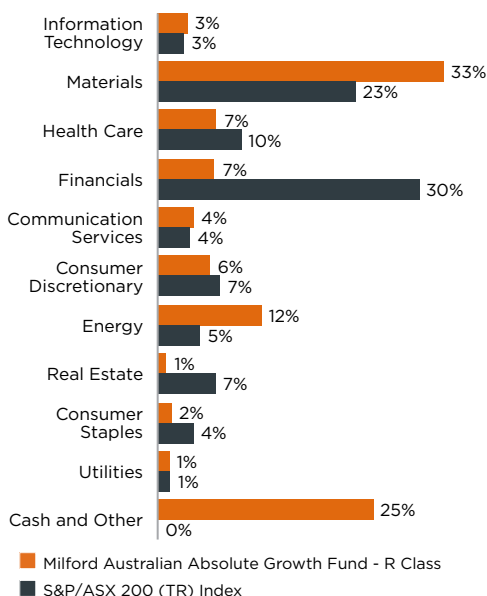
Holdings	% of Fund
BHP	6.68%
CSL	4.55%
Telstra	4.44%
Newmont	4.37%
Viva Energy Group	3.69%
Santos	3.65%
South32	2.62%
Woodside Energy Group	2.59%
Altium	2.49%
Neuren Pharmaceuticals	2.46%

Current Asset Allocation

	Actual	Typical Range	Maximum Range
Australasian Equities	77.40%	75-85%	0-100%
Derivatives	-7.25%	NA	NA [^]
International Equities	4.27%	0-10%	0-20%
Cash and Other	17.98%	0-20%	0-50%

[^] refer to PDS for limits on derivative exposure

Sector Allocation



Fund Changes

There have been no material changes to the Fund's risk profile or strategy since the last monthly report. There have been no changes to the key service providers or individuals playing a key role in investment since the last monthly report.

1. Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions. 2. Past performance is not a reliable indicator of future performance. Returns greater than one year are annualised. 3. Inception date of the Fund is 02 October 2017. 4. The performance stated combines the performance of the Australian Absolute Growth Fund - W Class from 2 October 2017 to 30 June 2021, and the performance of the Milford Australian Absolute Growth Fund - R Class thereafter. 5. Cash and Other reported above is adjusted to reflect the Fund's notional positions.

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Milford Australian Absolute Growth Fund - R Class's Target Market Determination is available at <https://milfordasset.com.au/documents-and-forms>. The Target Market Determination is a document describing who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.