

# Australian Absolute Growth Fund (AUT)

(available to Australian tax residents only)



## February 2018

### Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

Global equity markets were volatile in February, as fears of higher inflation caused a market sell off. At one point in the month, the S&P/ASX 200 Accumulation Index was down 3.6%. But the market recovered strongly to finish February up 0.4%. The Australian Absolute Growth Fund performed slightly better with a 0.6% return. This brings the Fund's return since its October inception to 8.4%.

Over the last four weeks most of our investments released their half year earnings reports. Our strongest performers in February were: the a2 Milk Company (+47.5%); Corporate Travel Management (+25.7%); IDP Education (+19.9%); Australian Finance Group (+9.4%) and Qantas (+11.8%).

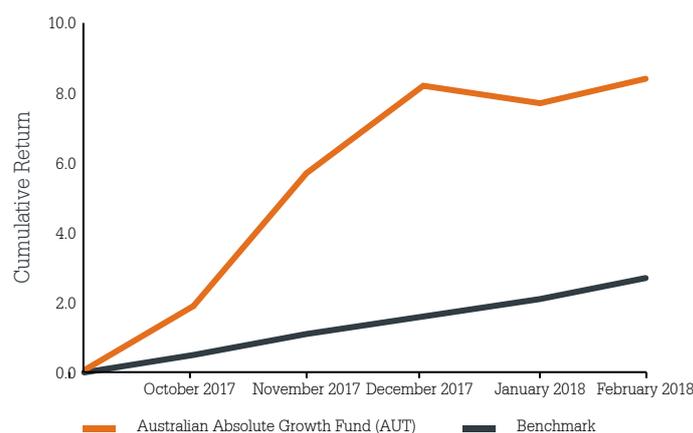
Our worst performers were: EML Payments (-27.3%); MNF Group (-17.2%) and Chorus (-7.5%). While their results fell short of expectations, their investment cases remain intact, so we have maintained or increased our investments in these businesses.

We are currently in the later stages of the business cycle. This means earnings growth should be robust, but interest rates are likely to rise, which could cause equity valuation multiples to fall.

Even so, we should still see positive share market performance, as earnings growth exceeds the impact of

declining valuation multiples. But the longer this cycle progresses, the nearer we get to an economic downturn, where share prices will almost certainly fall. The time to be 100% invested in equities will be coming out of the next downturn. For now, we believe a 65% to 80% exposure to equities is prudent. This exposure balances the positive near-term prospects against the risks of a market correction.

### Investment Performance to February 2018\*



\* Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions.

### Key Fund Facts

Objective	Absolute returns with an annualised return of 5% above the benchmark while seeking to preserve investor capital
Description	A diversified portfolio of predominantly Australian equities, complemented by selective exposure to international equities, fixed interest securities and cash. May use derivatives and foreign currency hedging.
Benchmark	RBA Cash Rate + 5% p.a.
Redemption Price <small>as at 28 Feb</small>	\$1.0874
NAV <small>as at 28 Feb</small>	\$73.2 Million
Inception Date	October 2017
Minimum Investment	\$20,000

Recommended Investment Timeframe	5 years +
Buy-sell Spread	+/-0.20%
Entry/Exit Fee	Nil
Distribution Frequency	Annual (30 June)
Management Fee*	1.00%
Capped Expense Recovery*	0.10%
Performance Fee*	15% p.a. of returns above the benchmark subject to achieving the high watermark.
Fund Pricing	Daily

\* Fees are stated exclusive of GST.

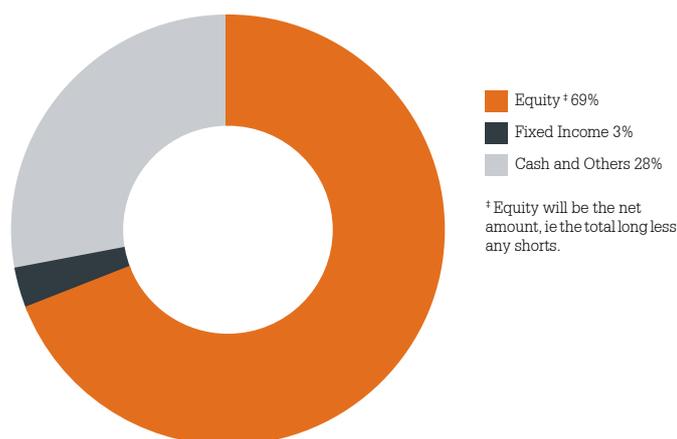
## Investment Performance to February 2018<sup>†</sup>

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception <sup>**</sup>
Australian Absolute Growth Fund (AUT)	0.58%	-	-	-	-	8.37%
Benchmark	0.53%	-	-	-	-	2.66%

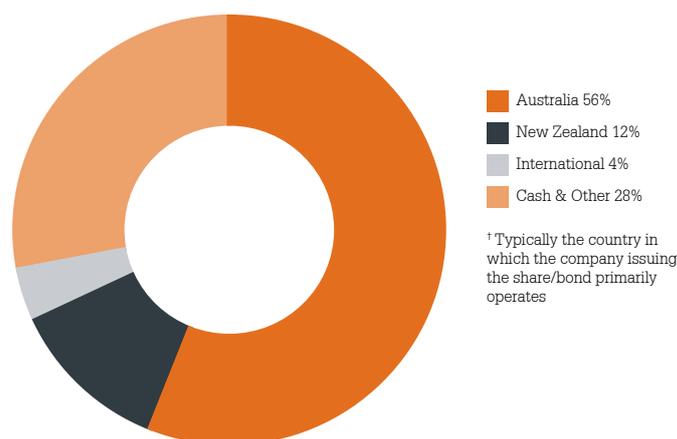
<sup>†</sup> Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

<sup>\*\*</sup> Inception date of the Fund is 2 October 2017

## Current Asset Allocation



## Current Country Allocation<sup>†</sup>



## Top Security Holdings

Holdings	% of Fund's NAV
Westpac Banking Corp	3.91%
National Australia Bank	3.25%
Sydney Airport	2.70%
Mirvac Group	2.49%
Amcor	2.05%
Aveo Group	2.02%
Aristocrat Leisure	2.02%
Eclix Group	2.01%
Contact Energy	1.99%
Xero	1.98%

## Fund Changes

There have been no material changes to the below information since the last monthly report:

- The Fund's risk profile
- The Fund's strategy

There have been no changes to the below information since the PDS was issued:

- Key service providers
- Individuals playing a key role in investment

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