

Australian Absolute Growth Fund Introduction

Fund Overview

The Milford Australian Absolute Growth Fund builds on Milford's absolute return investing capability with an Australian Unit Trust, modelled on the company's flagship Active Growth Fund. The fund is managed by our experienced Sydney-based investment team, and leverages the skills of more than 20 investment professionals in Sydney and Auckland. It aims to generate wealth for its investors over the medium term while preserving capital.

Investment Objective

The Fund targets absolute returns with an annualised return objective of 5% above the RBA cash rate while seeking to preserve investor capital over rolling three year periods (net of fees).

Investment Strategy

The Fund aims to generate investment returns 5% higher than the Australian RBA cash rate by investing in a diversified portfolio of predominantly Australian equities, complemented by selective exposure to international equities, fixed interest securities and cash.

The Fund also aims to preserve capital and minimise volatility in terms of higher uncertainty or less conviction by allowing the Fund to be invested in cash up to 100% of the Fund value, and may use derivatives (limited to 10% of the GAV of the Fund) and foreign currency hedging to achieve the desired level of market exposure.

The Fund will not use leverage, with gross exposure not exceeding 100%.

Who the Fund suits

Investors looking for:

- an active approach to investing, with a focus on capital preservation
- absolute positive returns
- a diversified portfolio compared with other equity investments
- an investment with a time horizon of at least five years.

Key Fund Facts

Benchmark	RBA cash rate + 5% p.a.
Inception date	October 2017
Minimum investment	\$20,000
Recommended investment timeframe	5+ years
Management fee*	1.00%
Capped expense recovery*	0.10%
Performance fee*	15% p.a. of returns above the benchmark subject to achieving the high water mark
Buy/Sell spread	+/- 0.20%
Entry/exit fee	Nil
Distribution frequency	Annual (30 June)
Fund pricing	Daily

*Fees are stated exclusive of GST

Target Asset Allocation

Asset class	Typical range	Asset allocation range
Australian equities	75-85%	0-100%
International equities*	0-10%	0-30%
Fixed interest*	0-15%	0-20%
Cash	0-10%	0-100%

*International equities and fixed interest combined will not exceed 45%



Portfolio Manager Details

William Curtayne – Portfolio Manager

William joined Milford in 2010 and has been working from Milford's Sydney office since its establishment in 2014. William is Portfolio Manager of the Australian Absolute Growth Fund and has managed the Milford Dynamic Fund for the past six years. William was also Co-Portfolio Manager of the flagship Milford Active Growth Fund for the past three years. Prior to joining Milford, William competed as a professional triathlete representing New Zealand on the ITU world triathlon circuit. Following the Milford process, William visits and speaks to hundreds of companies every year and conducts detailed financial analysis to uncover high quality investment ideas. William has a Bachelor of Commerce from the University of Auckland majoring in Finance and Economics, and is a CFA Charterholder.



Wayne Gentle – Portfolio Manager

Wayne is the Head of Australian Investments, and Portfolio Manager of the Australian Equities and Australian Absolute Growth Funds, and Co-Portfolio Manager of the Milford Trans-Tasman Fund. He has over 20 years' experience in investment markets and an extensive investment track record in managing a diverse range of Australian Equities portfolios for institutional and retail investors. Prior to joining Milford, Wayne held the position of Deputy Head of Australian Equities at Colonial First State Global Asset Management. Previously, Wayne has held Senior Analyst and Deputy Head of Research roles with Allianz Global Investors, and spent 10 years as a Senior Analyst with JP Morgan. Wayne holds a Bachelor of Economics degree from Sydney University, a Postgraduate Diploma in Applied Finance and Investment from the Securities Institute of Australia, and is a Graduate of the Australian Institute of Company Directors.



Milford's Investment Philosophy

As investment markets are in a state of constant change, Milford adopts an active approach to investing. This allows Milford to take advantage of investment opportunities as they arise, and seek to provide a level of capital protection when markets are less favourable.

The key principles that underpin Milford's philosophy are:

1. An active portfolio management approach with a focus on absolute returns.
2. Fundamental bottom up investment research of the assets invested in and conducting of regular company visits.
3. Understanding the changes in the local and global economic environments and how these changes are likely to impact the markets in which clients' assets are invested.
4. Managing risk and protecting investors' capital through appropriate portfolio diversification and a broad investment universe.
5. Its role as partial 'owners' of the companies in which they invest on behalf of clients. As such, taking an active interest in the corporate governance of many of these entities.

Milford believe this approach to investing clients' funds will deliver strong returns over the medium term while avoiding large capital losses.

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