

Australian Absolute Growth Fund

January 2018



Portfolio Managers



William Curtayne
Portfolio Manager



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Portfolio Manager

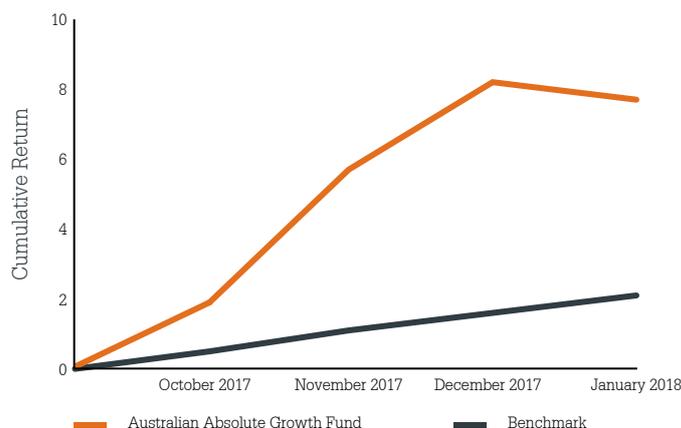
January was an eventful month in global markets with a significant rise in the US 10-year treasury rates from 2.41% to 2.71%. This move was in response to improving expectations for US growth and concerns that inflation will return. The improving growth outlook, combined with an expected increase in company earnings from Trump's corporate tax rate cuts, drove a 5.5% rally in US equities for the month. Unfortunately, this strength was not replicated in Australian and New Zealand equities with the ASX 200 Accumulation Index and NZX 50 Gross Index returning -0.4% and 0.5% respectively.

The Fund fell 0.4% as its income equity and bank holdings declined in response to the interest rate move. Australian income equities are now reasonably valued, so the Fund is increasing its investments in Sydney Airport and Mirvac after reducing these holdings in December.

One of our top performing investments this month was Xero. We purchased Xero in December and early January as it sold off around its removal from the

NZX 50 share index. It has since rallied 21% from the lows in December and we remain optimistic about Xero's prospects. Its accounting software is now a clear leader in Australia and appears to be on track to replicate this success in the UK. Future upside exists from other geographies and selling non-accounting software through their large small business channel.

Investment Performance to January 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 31 Jan</small> | \$1.0811 |
| NAV <small>as at 31 Jan</small> | \$72.4m |
| 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.

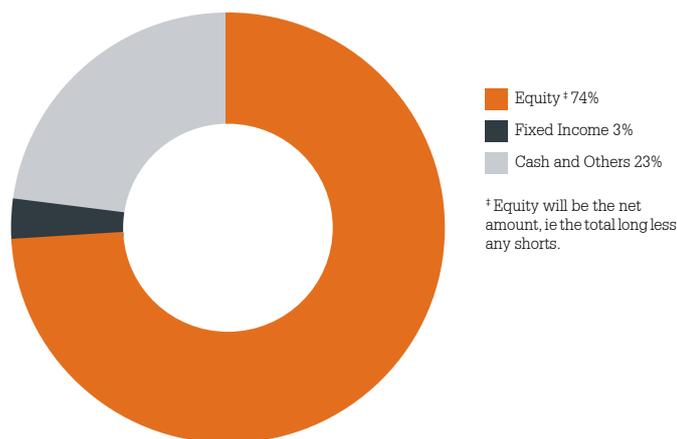
Investment Performance to January 2018[†]

| | 1 Month | 6 Months | 1 year | 3 years (p.a.) | 5 years (p.a.) | Since Inception ^{**} |
|---------------------------------|---------|----------|--------|----------------|----------------|-------------------------------|
| Australian Absolute Growth Fund | -0.44% | - | - | - | - | 7.74% |
| Benchmark | 0.53% | - | - | - | - | 2.12% |

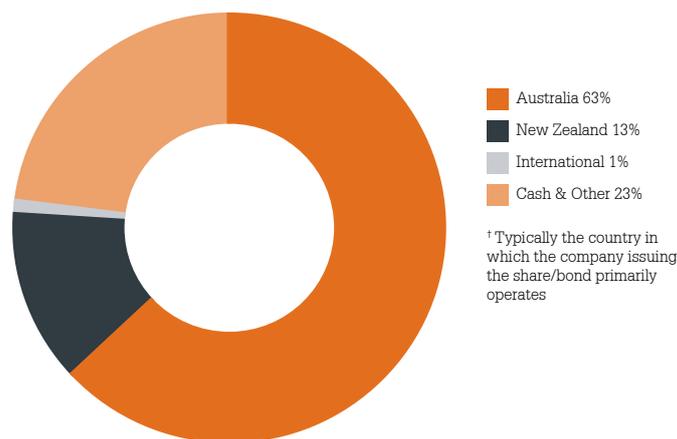
[†] Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

^{**} Inception date of the Fund is 2 October 2017

Current Asset Allocation



Current Country Allocation[†]



Top Security Holdings

| Holdings | % of Fund's NAV |
|-------------------------|-----------------|
| National Australia Bank | 5.07% |
| Westpac Banking Corp | 4.84% |
| Suncorp Group | 3.40% |
| Graincorp | 2.80% |
| Aristocrat Leisure | 2.24% |
| Contact Energy | 2.08% |
| Xero | 2.08% |
| Chorus | 1.82% |
| Australian Finance | 1.71% |
| Spark New Zealand | 1.68% |

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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