

# Australian Absolute Growth Fund

(available to Australian tax residents only)



## January 2019

### Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Australian market recovered in January after a sharp sell-off in the final quarter of 2018. The Fund returned 3.0% for the month while maintaining a defensively positioned portfolio.

Our top performers for the month were Aristocrat Leisure (+12.8%) and Unibail-Rodamco-Westfield (+16.1%) which both rallied after being oversold in the December sell-off. Industry datapoints for Aristocrat continue to be positive and support our investment thesis, while Unibail's dividend yield is still attractive at these levels. Our gold mining investments in Newcrest Mining and Evolution Mining also continued to rally with the gold price. We had a small loss from our investments in Westpac and CBA which sold-off late in January ahead of the Royal Commission release. There was also a small loss from our short and derivative positions which gave up some of the gains made in previous months.

We remain cautious on the outlook for the Australian economy and exposed businesses as the housing market continues to weaken and impact other parts of

the economy. February half year results reporting will provide some indication of what is in store for the year.

We expect a good buying opportunity to emerge as slowing economic conditions are reflected in company earnings and share prices. In the meantime, we are focusing on individual companies and sectors that can perform well in this environment.

### Investment Performance to January 2019\*



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

### Key Fund Facts

<b>Objective</b>	Absolute returns with an annualised return of 5% above the benchmark while seeking to preserve investor capital
<b>Description</b>	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.
<b>Benchmark</b>	RBA Cash Rate + 5% p.a.
<b>Redemption Price</b> <small>as at 31 Jan</small>	\$1.0584
<b>NAV</b> <small>as at 31 Jan</small>	\$88.7 Million
<b>Inception Date</b>	October 2017
<b>Minimum Investment</b>	\$20,000

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

\* Fees are stated exclusive of GST.

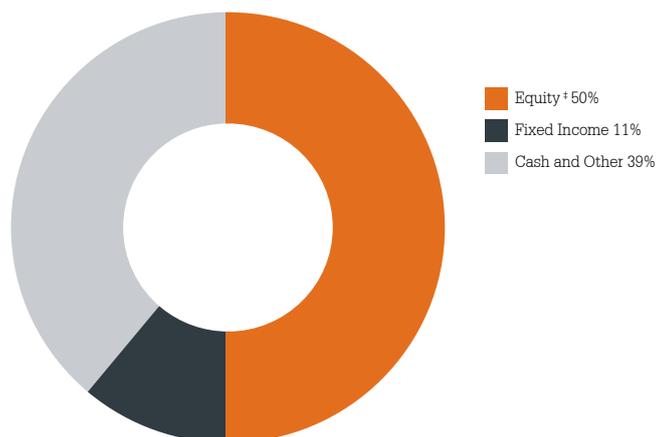
## Investment Performance to January 2019\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Australian Absolute Growth Fund (AUT)	2.97%	-3.04%	2.54%	-	-	7.78%
Benchmark	0.53%	3.20%	6.50%	-	-	6.51%

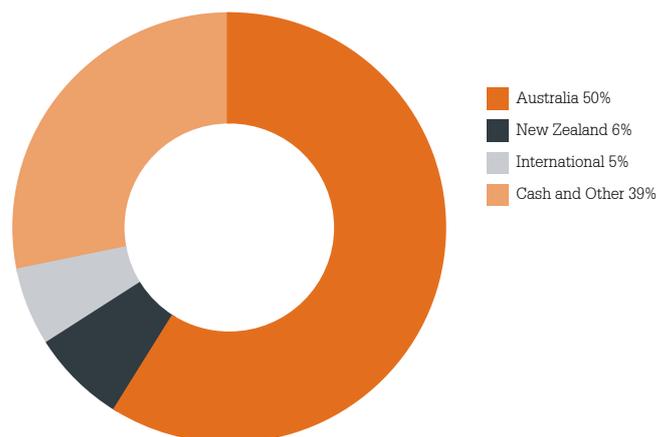
\* Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

\*\* Inception date of the Fund is 2 October 2017

## Current Asset Allocation<sup>1</sup>



## Current Country Allocation<sup>11</sup>



## Top Security Holdings

Holdings	% of Fund's NAV
CSL	3.36%
Contact Energy	3.09%
Transurban Group	3.05%
National Australia Bank	2.98%
Aristocrat Leisure	2.93%
Westpac Banking Corp	2.93%
Newcrest Mining	2.42%
Evolution Mining	2.25%
Unibail-Rodamco-Westfield	2.16%
Tabcorp Holdings	2.13%

Note: From this month onwards, term deposits are being reported as Cash instead of Fixed Income, as such they will no longer appear as Top Security Holdings.

## 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

<sup>1</sup>The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

<sup>†</sup>Equity will be the net amount, ie the total long less any shorts.

<sup>††</sup>Typically the country in which the company issuing the share/bond primarily operates

Milford Australia Pty Ltd ABN 65 169 262 971  
 AFSL 461253 Suite 5, Level 33, MLC Centre  
 19-29 Martin Place, Sydney NSW 200  
 Phone 1300 133 451 milfordasset.com.au

