

Australian Absolute Growth Fund (AUT)

(available to Australian tax residents only)



August 2018

Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

Company full year results were the focus for the Australian share market in August. This month small companies outperformed with the ASX Small Industrials Accumulation Index rallying 4.4% compared to 1.3% by the ASX 100 Accumulation Index, which represents larger companies.

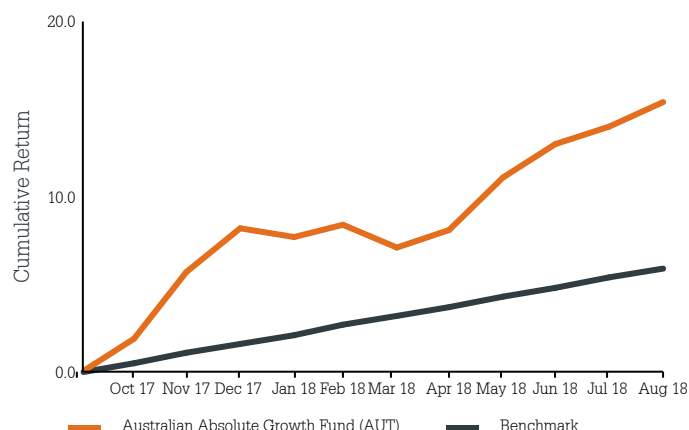
Healthcare and technology companies were particularly strong performers as the market continues to pay higher and higher valuations for the expected growth from these companies. The valuations currently ascribed to some healthcare and technology companies are extremely high, meaning they will likely perform very poorly in market downturns.

The Australian Absolute Growth Fund returned 1.3% during the month. Our worst performers were Experience Co and Origin Energy, down 26.6% and 18.6% respectively. Skydive operator Experience Co delivered a reasonable result but disappointed on the outlook for the next year. Origin Energy disappointed the market with the earnings and outlook for its electricity market performance. We reduced our investment in Origin and invested more in Woodside Petroleum as our preferred energy business.

Our top returning investment was Pro Medicus, which owns a leading software solution used in medical imaging by hospitals. Pro Medicus rallied 21.3%. Investment platform

operator HUB24 rallied 18.7% on a positive outlook for more inflows. Other strong results came from Alliance Aviation (+18.2%), Pinnacle Investments (+19.1%), the a2 Milk Company (+19.8%), Bingo Industries (+20.3%) and Corporate Travel (+13.9%).

Investment Performance to August 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 Aug</small>	\$1.1059
NAV <small>as at 31 Aug</small>	\$92.2 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.

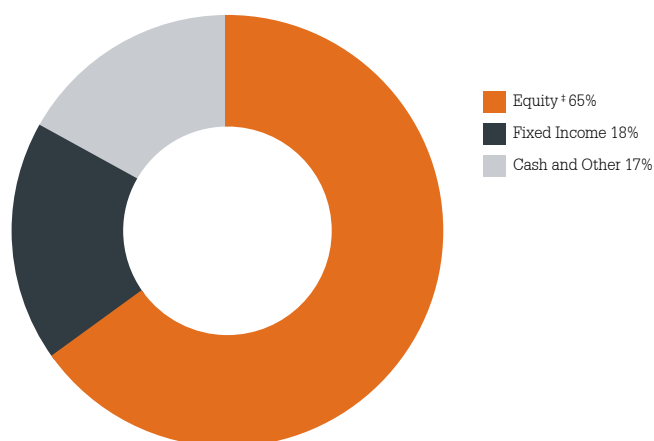
Investment Performance to August 2018*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception**
Australian Absolute Growth Fund (AUT)	1.31%	6.52%	-	-	-	15.44%
Benchmark	0.53%	3.20%	-	-	-	5.94%

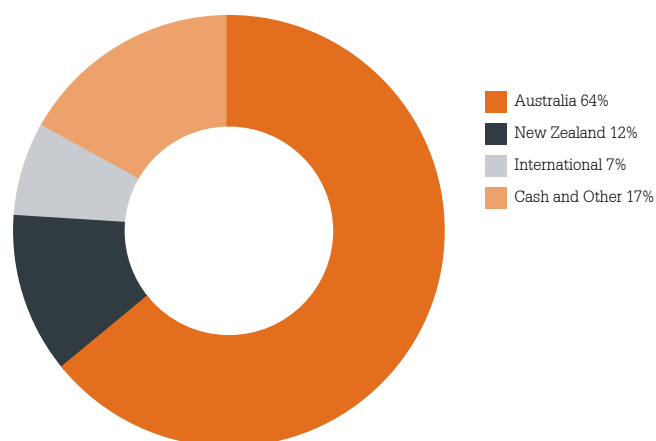
* Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

** Inception date of the Fund is 2 October 2017

Current Asset Allocation¹



Current Country Allocation¹



Top Security Holdings

Holdings	% of Fund's NAV
ANZ 2.12% 2018	7.21%
ANZ 1.90% 2018	4.82%
Orora	4.03%
Credit Corp Group	3.47%
Collins Foods	3.34%
Transurban Group	3.01%
Boral	2.84%
Bingo Industries	2.73%
Mirvac Group	2.69%
Unibail-Rodamco West	2.45%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

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

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

