

# Australian Absolute Growth Fund

(available to Australian tax residents only)

October 2019



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The Fund produced a small gain of 0.3% in October, slightly ahead of the ASX 200 Index performance of -0.5%.

We had another strong performance from mortgage broker AFG (+22.7%) which continues to rally with the recovering Australian housing market. Other strong performers were panel beater AMA Group (+14.3%), investment platform Praemium (+25.7%) and Healthcare company CSL (+9.6%).

We suffered some losses last month from our New Zealand electricity companies and gold mining companies. The potential closure of New Zealand's Tiwai Point aluminium smelter had a large impact on the share prices of Contact Energy (-13.6%) and Meridian Energy (-11.5%). We did reduce our position in these two businesses shortly after the potential closure was announced as we believe the uncertainty will weigh on their valuations for some time. The gold mining companies pulled back due to a lower gold price and some weaker quarterly operational updates. We saw this as a good opportunity to increase our position.

Over the month we began to reduce our investment in major Australian banks. The sector has performed reasonably strongly this year as the royal commission into banking was more benign than expected and sentiment towards the housing market improved. This positive news is now largely reflected in their share prices, but the industry still faces significant challenges from lower interest rates and an intense competitive environment.

## Investment Performance to October 2019\*



\* 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 RBA Cash Rate 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 Oct</small>	\$1.1984
NAV <small>as at 31 Oct</small>	\$102.5 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 October 2019\*

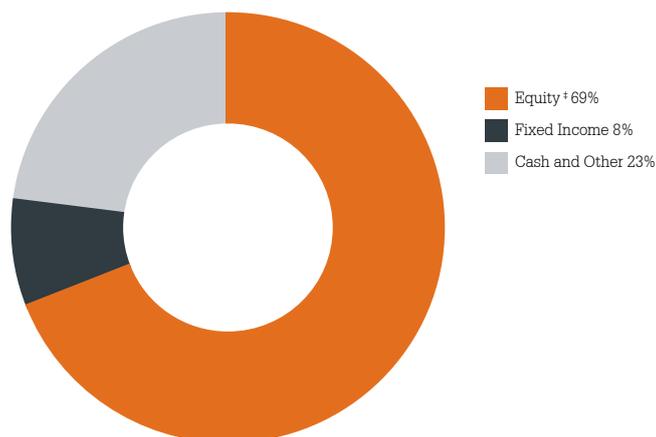
	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Australian Absolute Growth Fund	0.31%	11.30%	17.99%	-	-	12.65%
Benchmark	0.48%	3.02%	6.29%	-	-	6.41%

Past performance is not a reliable indicator of future performance.

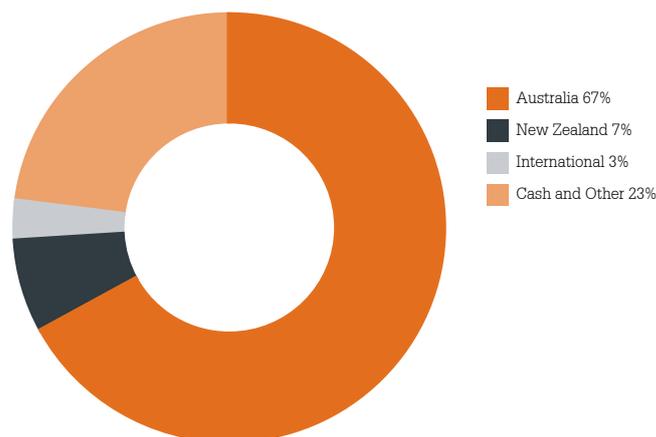
\* Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

\*\* 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
Transurban Group	4.73%
National Australia Bank	4.01%
CSL	3.29%
BHP Group	3.25%
Commonwealth Bank	3.10%
AMA Group	2.98%
Mirvac Group	2.77%
Australian Finance Group	2.57%
a2 Milk Company	2.39%
Westpac Banking Corp	2.31%

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

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

<sup>11</sup> Equity will be the net amount, ie the total long less any shorts.

<sup>11</sup> Typically the country in which the company issuing the share/bond primarily operates

## 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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