

Australian Absolute Growth Fund

(available to Australian tax residents only)



December 2018

Portfolio Managers



William Curtayne
Portfolio Manager



Wayne Gentle
Portfolio Manager

The Fund declined by 0.5% in December compared to a 0.1% decline by the ASX 200 Index and a 4.2% decline by the ASX Small Ordinaries Index.

Our top performer for the month was gold miner Evolution Mining (+17.5%) which continued to rally as uncertainty in global markets drove up the gold price. We also had gains on our other two gold mining stocks, Newcrest (+5.1%) and Northern Star (+15.8%).

Other positives included contracting and service business Downer EDI (+7.8%) and health products group CSL (+4.4%). Both companies were purchased at attractive prices during the month.

Our largest detractors were cyclical businesses Ooh! Media (-20.6%) and Aristocrat (-6.2%) which declined on fears of slowing economic growth.

The Fund remains defensively positioned, with higher cash holdings, lower equity exposure and some hedging in the form of derivative positions and gold stocks.

The removal of central bank stimulus around the world is likely to continue to cause volatility and repricing of financial assets. Except for banks and resources, the Australian share market is trading 10 to 15% above long-

run average valuations. This valuation headwind combined with a large downturn in Sydney and Melbourne house prices, suggests there is still downside risk for Australian shares in 2019.

We will be watching closely for the right time to increase our exposure to equities, which could be towards the middle or end of 2019.

Investment Performance to December 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 Dec</small>	\$1.0279
NAV <small>as at 31 Dec</small>	\$86.1 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.

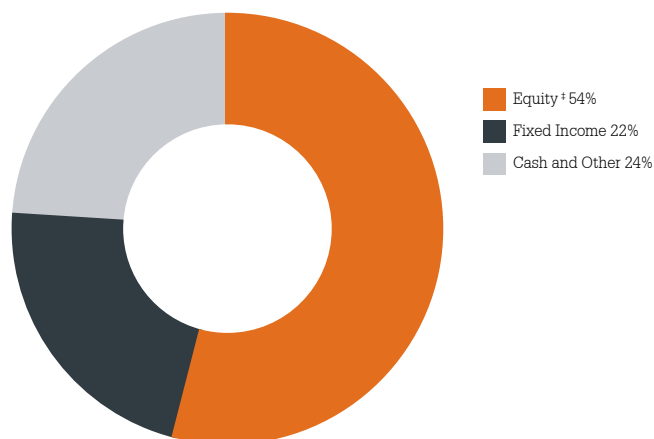
Investment Performance to December 2018*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Australian Absolute Growth Fund	-0.47%	-5.04%	-0.86%	-	-	5.82%
Benchmark	0.53%	3.20%	6.50%	-	-	6.52%

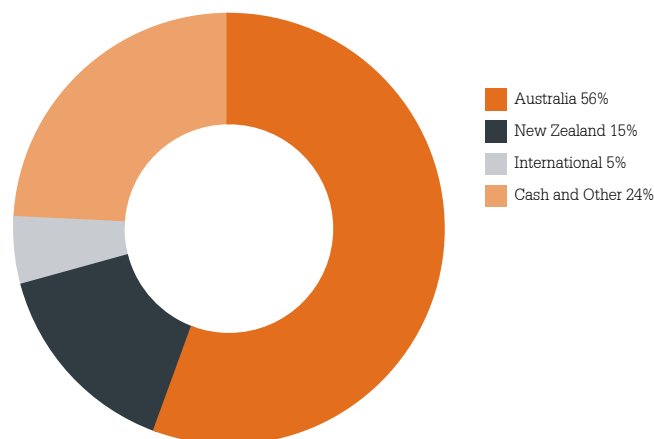
* Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

** Inception date of the Fund is 2 October 2017

Current Asset Allocation¹



Current Country Allocation¹



Top Security Holdings

Holdings	% of Fund's NAV
Kiwibank 3.10% 2019	3.60%
ANZ 2.97% 2019	3.60%
CSL	3.11%
National Australia Bank	3.09%
Westpac Banking Corp	3.07%
Aristocrat Leisure	2.91%
Contact Energy	2.88%
Evolution Mining	2.69%
Newcrest Mining	2.36%
Scentre Group	2.28%

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

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

² Equity will be the net amount, ie the total long less any shorts.

³ 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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