

Australian Absolute Growth Fund (AUT)

(available to Australian tax residents only)



February 2019

Portfolio Managers



William Curtayne
Portfolio Manager



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Portfolio Manager

February was another strong month for the Australian share market with a combination of domestic and external developments driving the rally.

The main positive domestic developments were a benign final report from the banking Royal Commission and a surge in the iron ore price following the tragic collapse of a tailings dam at a major Brazilian mine. This led to strong rallies in bank and mining companies which the Fund largely missed due to relatively small positions in these sectors compared to the concentrated weights in the ASX 200 market index.

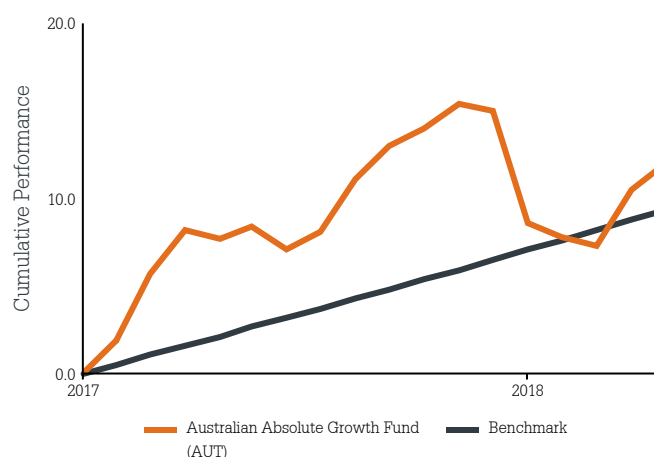
Most Australian companies reported their half year earnings during the month. Overall market results were soft without being disastrous. Our stronger results this month were the a2 Milk Company (+14.0%), Bluescope Steel (+9.1%) and Goodman Group (+9.8%) while our weaker results were Smart Group (-16.1%) and Unibail-Rodamco-Westfield (-9.6%).

We established several new positions over the month and increased our weighting to banks as the risk in these companies reduced following the Royal Commission.

It was disappointing to not capture the rally this month, but it is part of our strategy in this Fund to be more cautious when uncertainty is elevated. We retain a reasonably defensive bias in the portfolio given economic conditions and valuations.

We expect there will be better opportunities to buy high quality businesses at lower valuations as the year progresses.

Investment Performance to February 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 28 Feb</small>	\$1.0722
NAV <small>as at 28 Feb</small>	\$90 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.

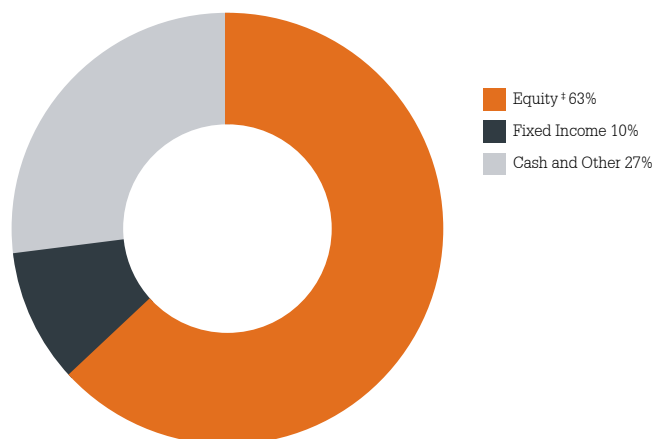
Investment Performance to February 2019*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Australian Absolute Growth Fund (AUT)	1.30%	-3.05%	3.27%	-	-	8.33%
Benchmark	0.53%	3.20%	6.50%	-	-	6.54%

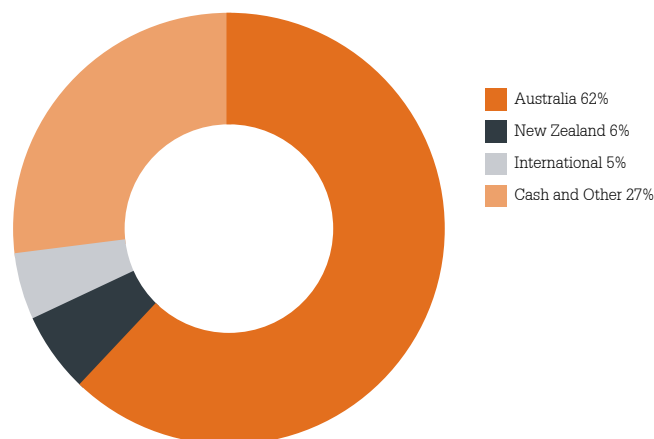
* Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

** Inception date of the Fund is 2 October 2017

Current Asset Allocation¹



Current Country Allocation¹¹



Top Security Holdings

Holdings	% of Fund's NAV
Westpac Banking Corp	5.05%
CSL	4.52%
Commonwealth Bank	4.11%
Transurban Group	3.80%
National Australia Bank	3.55%
Contact Energy	3.21%
a2 Milk Company	2.09%
Aristocrat Leisure	2.02%
Sydney Airport	1.93%
IAG	1.83%

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.

¹¹ Equity will be the net amount, ie the total long less any shorts.

¹¹ 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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