

# Australian Absolute Growth Fund

(available to Australian tax residents only)

May 2019



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Wayne Gentle**  
Portfolio Manager

The ASX 200 Index increased 1.7% in May, significantly outperforming global share markets as the surprise election result supported Australian shares. The Fund performed better again with a 2.6% return, driven by a higher exposure, compared to the market, to companies that benefited from the election result.

The Coalition victory is positive for sectors exposed to the Australian housing market as Labor's policies were expected to result in further house price declines. This means the housing market may already have seen its bottom, or if not, is close to it.

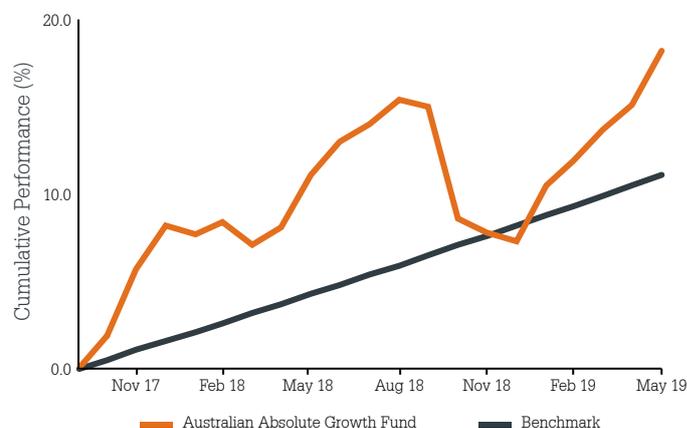
Shares in industries exposed to housing rallied such as banks, mortgage brokers, residential developers, building materials and automotive retailers. The Fund benefited through recent purchases of bank shares and a substantial position in mortgage broker Australian Finance Group which rallied 39.6%.

We also had strong returns from Evolution Mining (+21.3%) and Aristocrat Leisure (+12.9%), which reported a better than expected result.

Looking forward, the continuation of a Coalition Government should continue to benefit domestic housing related sectors which the Fund is well positioned for. However, we do not expect a substantial acceleration from the Australian economy over the next couple of years.

With the strong year-to-date rally in Australian shares, we have cashed in gains on some of our higher-risk investments and have a portfolio strongly weighted to higher quality businesses.

## Investment Performance to May 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 May</small>	\$1.1319
NAV <small>as at 31 May</small>	\$92.5 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.

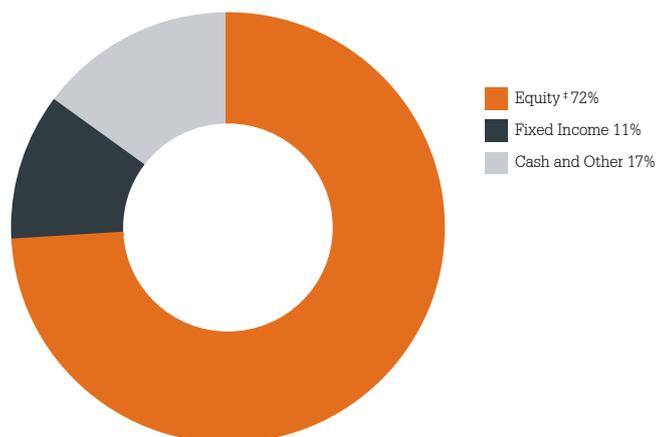
## Investment Performance to May 2019<sup>†</sup>

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) <sup>**</sup>
Australian Absolute Growth Fund	2.65%	9.60%	6.37%	-	-	10.58%
Benchmark	0.54%	3.19%	6.50%	-	-	6.52%

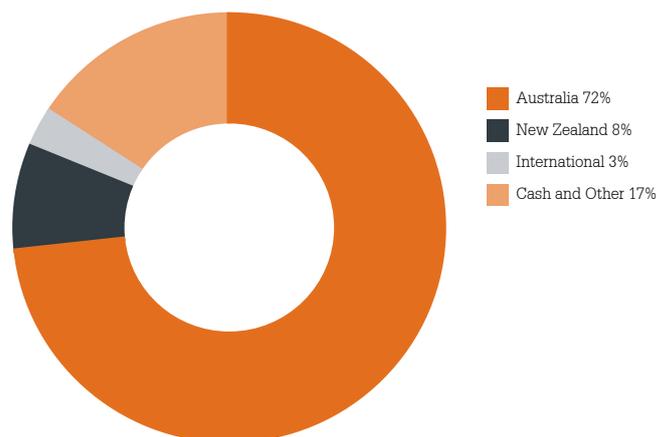
\* Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

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

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



## Current Country Allocation<sup>†1</sup>



## Top Security Holdings

Holdings	% of Fund's NAV
BHP Group	5.02%
CSL	4.75%
Commonwealth Bank	4.52%
National Australia Bank	3.95%
Transurban Group	3.60%
Rio Tinto	3.04%
Contact Energy	2.40%
Evolution Mining	2.38%
Australian Finance Group	2.25%
Orora	2.24%

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

<sup>†1</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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