

Milford Dynamic Small Companies Fund

April 2023



Portfolio Managers



William Curtayne
Portfolio Manager



Michael Higgins
Portfolio Manager



Roland Houghton
Co-Portfolio Manager

Global equity markets were buoyant in April, as confidence returned following a period of uncertainty driven by offshore banking failures. The choppy conditions have created an investing environment ideal for our agnostic investing approach. The Fund returned 3.2% in April, ahead of the S&P/ASX Small Ordinaries which rallied 2.9%.

Performance was led by Australia/New Zealand terminal provider Smartpay which rallied 25.0% following a quarterly and strategic update. Smartpay continues to gain market share and rapidly grow annuity revenues. With competitor Tyro under takeover, we feel any market movements will create a significant opportunity for share gains from more nimble operators like Smartpay. Furthermore, we feel the potential opportunity from upgrading its NZ terminal fleet to a similar revenue model as seen in Australia, is underestimated by the market.

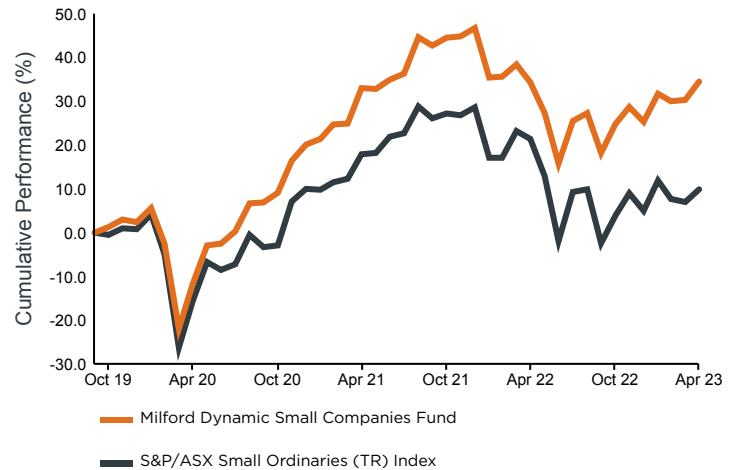
Global patent attorney IPH rallied 9.7% following the conclusion of a cyber incident announced in March. The unfortunate event was handled well by management, with marginal delayed revenue and a minor one-off expense. IPH provides the Fund with defensive attributes and trades at an attractive valuation and dividend yield. We also consider merger and acquisition activity to be a further positive catalyst over 2023.

Leading automotive marketplace Carsales continues to perform well (+7.4%) reflecting in its international growth prospects. Over the past two years the group has increased exposure in the US with its Trader Interactive acquisition and in Brazil with the leading automotive digital marketplace Webmotors. The expansion provides diversification and adds leverage to markets far greater than Australia.

Detractors included youth apparel retailer Universal Store (-7.7%). While we remain cautious towards consumer discretionary as a category, we consider Universal relatively better placed given its i) strong management, ii) early state national rollout, iii) exposure to a more resilient cohort and iv) a valuation discount to competitors.

We're entering a critical phase in the domestic economy where the lagged impact from 10x consecutive rate rises will begin to drag on consumer balance sheets. While we remain defensively positioned, we have long been of the view that as the economy slows, we will rotate back into quality growth companies at attractive valuations. We have selectively started this process given our elevated cash position, however only in moderate size to date.

Investment Performance to April 2023¹



Key Fund Facts

Objective	The fund targets outperformance of the S&P/ASX Small Ordinaries (TR) Index over the minimum recommended investment timeframe (net of fees)
Description	Primarily invests in small to mid-cap Australian equities
Benchmark	S&P/ASX Small Ordinaries (TR) Index
APIR	ETL6978AU
mFund Code	MFA02
Redemption Price as at 30 Apr	\$1.2277
Fund Size*	\$57.6 Million
Inception Date	October 2019
Minimum Investment	\$1,000
Recommended Investment Timeframe	8 years +
Buy-sell Spread	+/-0.30%
Entry/Exit Fee	Nil
Management Fee	1.23%
Performance Fee	20.5% p.a. of returns above the benchmark subject to achieving the high watermark.
Fund Pricing	Daily
Distribution Frequency	Biannual

*The Fund Size represents the total assets of the fund

Investment Performance to April 2023²

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) ³
Milford Dynamic Small Companies Fund	3.24%	7.80%	0.11%	15.07%	-	-
Milford Dynamic Fund (Strategy) ⁴	3.24%	7.80%	0.11%	15.07%	9.99%	11.21%
Benchmark	2.78%	5.77%	-9.43%	9.23%	3.90%	5.94%
Over/Underperformance	0.46%	2.03%	9.54%	5.84%	6.09%	5.27%

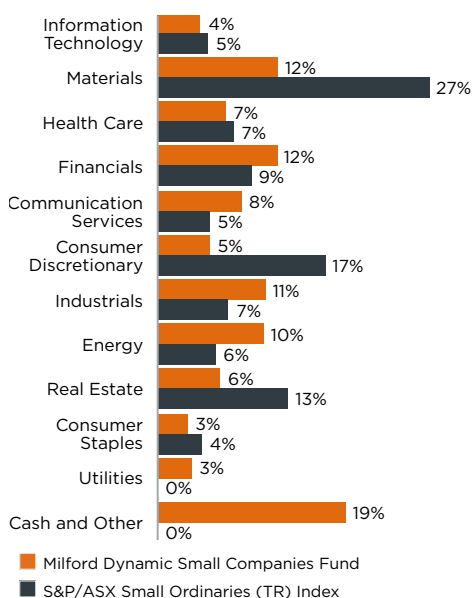
Top Security Holdings

Holdings	% of Fund
Viva Energy Group	4.19%
IPH	3.48%
Contact Energy	3.33%
SmartPay	3.16%
Seven Group	3.01%
Carsales.Com	2.87%
Neuren Pharmaceuticals	2.75%
Monadelphous	2.56%
Resmed	2.54%
Collins Foods	2.27%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	75.65%	90%	0-100%
New Zealand Equities	5.83%	0%	0-20%
Cash and Other ⁵	18.52%	10%	0-20%

Sector Allocation



Ratings



Fund Changes

There have been no material changes to the Fund's risk profile or strategy since the last monthly report. There have been no changes to the key service providers or individuals playing a key role in investment since the last monthly report.



Platform Availability

Asgard, BT Panorama, HUB24, IOOF, Macquarie Wrap, Mason Stevens, mFund, MLC, MyNorth, Netwealth, PowerWrap, Praemium, Xplore Wealth Ltd

1. Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions. 2. Past performance is not a reliable indicator of future performance. 3. Inception date of the Milford Dynamic Fund (Strategy) is 01 October 2013. 4. The Milford Dynamic Fund (Strategy) performance combines the performance of the Milford Dynamic Fund (NZ) from 1 October 2013 to 30 September 2019 and the performance of the Milford Dynamic Small Companies Fund thereafter. The performance of the Milford Dynamic Fund (NZ) has been adjusted to reflect the difference in fee structure and neutral currency exposure from the Milford Dynamic Small Companies Fund. 5. Cash and Other reported above is adjusted to reflect the Fund's notional positions.

Disclaimer: Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the responsible Entity for the Milford Dynamic Small Companies Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This Monthly Fact Sheet has been prepared by Milford Australia Pty Ltd. as the Investment Manager, to provide you with general information only. In preparing this Monthly Fact Sheet, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Milford Australia Pty Ltd., Equity Trustees nor any of their related parties, employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance is not a reliable indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.

Milford Dynamic Small Companies Fund's Target Market Determination is available at <https://milfordasset.com.au/documents-and-forms>. The Target Market Determination is a document describing who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

ZENITH DISCLAIMER: The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned February/2022) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>

LONSEC DISCLAIMER: The rating issued 10/2022 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.