

# Milford Dynamic Small Companies Fund

August 2024



## Portfolio Managers



**William Curayne**  
Portfolio Manager



**Michael Higgins**  
Portfolio Manager



**Roland Houghton**  
Co-Portfolio Manager

The Small Ordinaries index fell as much as 6.6% early in the month on US slowdown fears, before recovering to finish down 2.0%. The Fund finished the month marginally better than the benchmark at -1.8%. Reporting season was the focus over the month, with nearly all portfolio companies announcing financial results. The small cap market delivered three times as many downgrades than upgrades, which is a good reminder of the challenging operating conditions smaller companies still face. While it wasn't one of our better reporting seasons in recent memory, we navigated the month well given the volatile conditions.

Performance was led by leading family location safety app Life360 (+15.5%) following an upgrade to its FY24 outlook. High-frequency data continues to be encouraging, suggesting trends across key geographies all continue to improve. Life360 is a top 10 social networking app in 67 countries, making it a valuable distribution channel for advertisers. This is not only a very lucrative potential earnings stream, but also materially de-risks the core business.

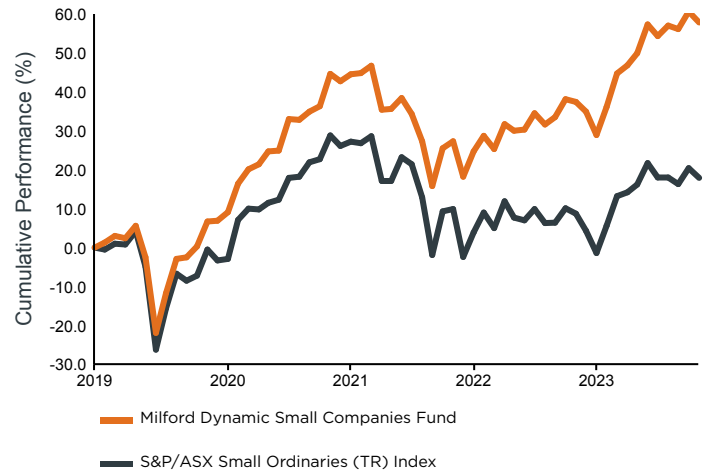
Youth apparel retailer Universal Store (+19.2%) rallied after a strong result, which led to solid margin upgrades to consensus. While we remain cautious on consumer discretionary as a category, we consider Universal relatively better placed given its i) strong management, ii) early state national rollout, iii) faltering peers and, iv) valuation discount to competitors.

Fast-growing consumer payments platform Zip (+25.7%) rallied alongside other 'Buy Now Pay Later' providers, as the sector continues to benefit from a resurgence in interest from US consumers. This, coupled with strong execution, saw ZIP upgrade its medium-term profitability targets. The primary opportunity for Zip remains the lowly-penetrated US consumer credit landscape.

Key detractors included Neuren Pharmaceuticals (-19.2%), which continues to sell off despite encouraging trial results, and Viva Energy (-11.7%) on declining global refiner margins.

August reporting season was incredibly volatile and highlighted the divergent, but broadly challenging operating conditions many companies face. These conditions tend to uncover new opportunities, and we have a growing list of ideas to revisit. We remain generally cautious on our position sizing and exposure to vulnerable areas of the economy, preferring high quality companies we are confident can successfully navigate a weaker economic environment.

## Investment Performance to August 2024<sup>1</sup>



## Key Fund Facts

<b>Objective</b>	The fund targets outperformance of the S&P/ASX Small Ordinaries (TR) Index over the minimum recommended investment timeframe (net of fees)
<b>Description</b>	Primarily invests in small to mid-cap Australian equities
<b>Benchmark</b>	S&P/ASX Small Ordinaries (TR) Index
<b>APIR</b>	ETL6978AU
<b>mFund Code</b>	MFA02
<b>Redemption Price as at 31 Aug</b>	\$1.2511
<b>Fund Size*</b>	\$113.7 Million
<b>Inception Date</b>	October 2019
<b>Minimum Investment</b>	\$1,000
<b>Recommended Investment Timeframe</b>	8 years +
<b>Buy-sell Spread</b>	+/-0.30%
<b>Entry/Exit Fee</b>	Nil
<b>Management Fee</b>	1.23%
<b>Performance Fee</b>	20.5% p.a. of returns above the benchmark subject to achieving the high watermark.
<b>Fund Pricing</b>	Daily
<b>Distribution Frequency</b>	Biannual

\*The Fund Size represents the total assets of the fund

# Milford Dynamic Small Companies Fund August 2024

## Investment Performance to August 2024<sup>2</sup>

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) <sup>3</sup>
Milford Dynamic Small Companies Fund	-1.75%	5.23%	14.80%	2.94%	-	-
Milford Dynamic Fund (Strategy) <sup>4</sup>	-1.75%	5.23%	14.80%	2.94%	9.90%	11.39%
Benchmark	-2.02%	1.52%	8.51%	-2.90%	3.89%	5.87%
Excess Return	0.27%	3.71%	6.29%	5.84%	6.01%	5.52%

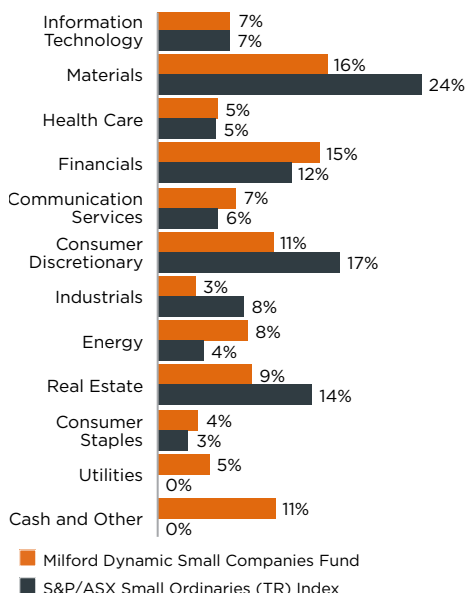
## Top Security Holdings

Holdings	% of Fund
Life360	3.96%
Contact Energy	3.32%
Viva Energy Group	2.96%
Waypoint REIT	2.84%
Flight Centre	2.75%
Carsales.Com	2.45%
PSC Insurance Group	2.36%
Neuren Pharmaceuticals	2.14%
Ridley Corporation	2.09%
Universal Store	2.03%

## Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	79.98%	90%	60-100%
New Zealand Equities	9.32%	0%	0-20%
Cash and Other <sup>5</sup>	10.69%	10%	0-20%

## Sector Allocation



## Ratings



**Morningstar Medalist Rating™**  
As at 31-08-2023  
Analyst-Driven % 55  
Data Coverage % 98

## 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.



## Milford Dynamic Small Companies Fund August 2024

### Platform Availability

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

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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. Returns greater than one year are annualised. 3. Inception date of the Milford Dynamic (Strategy) Fund 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.

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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.

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The Morningstar Medalist Rating™ for Milford Dynamic Small Companies Fund is "Gold" as of 31/08/2023.

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