

# Milford Dynamic Small Companies Fund

December 2023



## Portfolio Managers



**William Curayne**  
Portfolio Manager



**Michael Higgins**  
Portfolio Manager



**Roland Houghton**  
Co-Portfolio Manager

2023 was a solid year for Australian small cap equities, with markets rebounding sharply in the last two months of the year on the prospect of a soft economic landing in the US. The Fund returned 6.3% for December, behind the S&P/ASX Small Ordinaries which rallied 7.2%.

We were pleased to pass our four-year performance anniversary for the Fund, having delivered a cumulative 44.7% return since inception in October 2019 against the benchmark return of 13.2%. The underlying Dynamic strategy since inception over 10 years ago, has returned 11.2% p.a. against the benchmark return of 5.8% p.a.

Performance was led by Neuren Pharmaceuticals which rallied 61.1% following the successful readout results for its NNZ-2591 drug which treats the debilitating Phelan McDermid Syndrome. The consistency of the results, efficacy and benign safety profile exceeded our high expectations. The company remains catalyst rich, with Daybue quarterly sales update due in February, and additional topline results for its drug in Pitt-Hopkins, Prader-Willi and Angelman syndromes over the next 12 months.

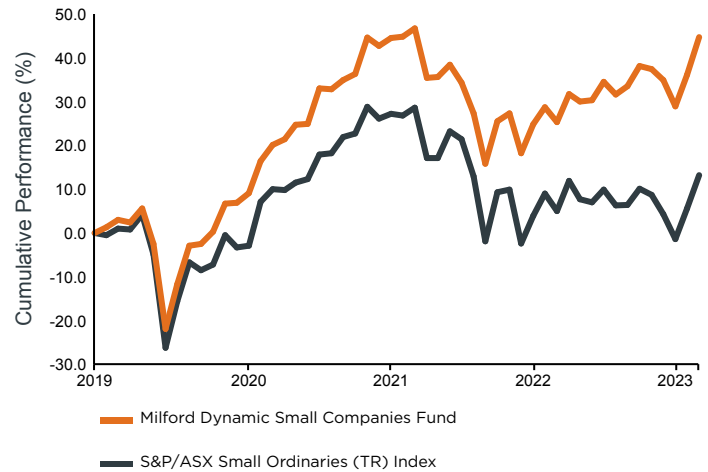
Our largest position Viva Energy rallied 13.3% on the ACCC (competition regulator) approval of the acquisition of OTR. We view the deal as transformative for Viva's retail ambitions. Not only is it highly EPS accretive, it also provides a proven format and retail capability they can use to revamp its Coles Express network.

Singapore telco Tuas (+31.1%) delivered a strong AGM update which supported our investment thesis. Mobile customers continued to grow while cash and margins beat expectations.

Laggards included Las Vegas-based content, hardware and game developer Light & Wonder which fell 7.4% on no news. General insurer Insurance Australia fell 4.7% reflecting falling interest rates.

With tight labour markets, robust wage growth and heavy migration inflows, expectations of rate cuts in Australia may prove to be premature. Nevertheless, we expect significant volatility around the highly contentious soft-landing vs hard-landing debate. We enter the new year with a well diversified and nimble portfolio given the wide array of outcomes.

## Investment Performance to December 2023<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 Dec</b>	\$1.2279
<b>Fund Size*</b>	\$85.2 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 December 2023

## Investment Performance to December 2023<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	6.31%	8.41%	15.45%	6.41%	-	-
Milford Dynamic Fund (Strategy) <sup>4</sup>	6.31%	8.41%	15.45%	6.41%	12.41%	11.24%
Benchmark	7.23%	6.42%	7.82%	0.95%	6.40%	5.84%
Over/Underperformance	-0.92%	1.99%	7.63%	5.46%	6.01%	5.40%

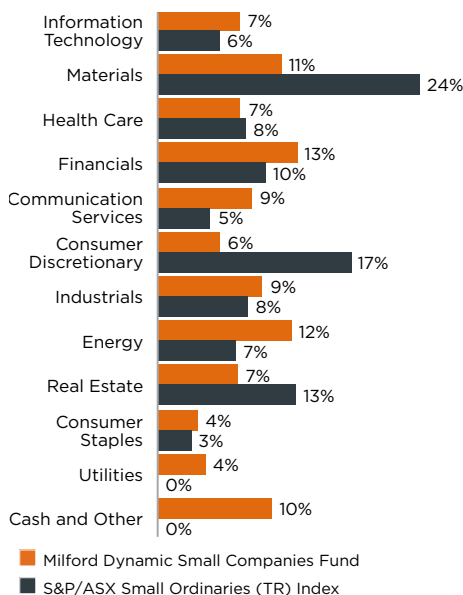
## Top Security Holdings

Holdings	% of Fund
Viva Energy Group	4.87%
Carsales.Com	3.03%
Contact Energy	2.90%
Neuren Pharmaceuticals	2.68%
Waypoint REIT	2.58%
Monadelphous	2.50%
Beach Energy	2.49%
HUB24	2.48%
Collins Foods	2.35%
Macquarie Technology	2.14%

## Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	84.67%	90%	0-100%
New Zealand Equities	4.96%	0%	0-20%
Cash and Other <sup>5</sup>	10.37%	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.



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### Platform Availability

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

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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 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.

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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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