

Milford Dynamic Small Companies Fund

January 2023



Portfolio Managers



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Portfolio Manager



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Portfolio Manager

January saw a sharp rebound in global markets following China's reopening and the prospect of a soft economic landing in the US. The rally was broad based, with the resource sector leading the charge. The Fund returned 5.1% for the month, behind the S&P/ASX Small Ordinaries index which rallied 6.6%. Overall, we were pleased that our stock picking kept us within reach despite a far less risky portfolio.

Smartpay's (+22.5%) momentum continued following the release of a trading update in November which showed very strong revenue and earnings growth. Smartpay is a small terminal operator growing rapidly in a large addressable market.

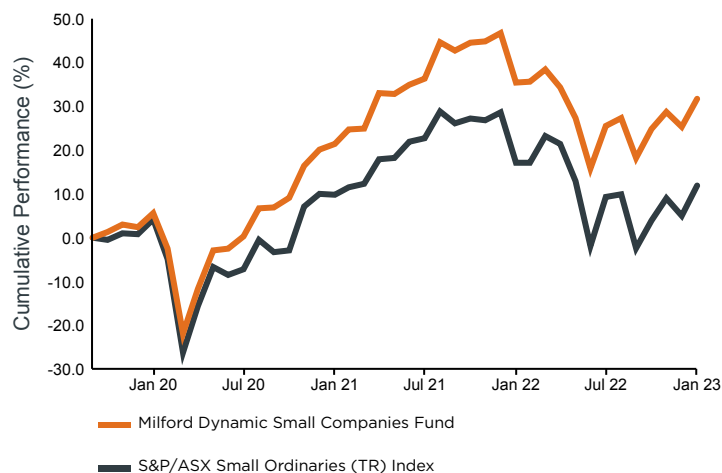
KFC restaurant owner Collins Foods (+11.5%) rebounded following a challenging 2022, which saw the company downgrade earnings due to margin pressure. We suspect Collins will benefit from trading down as consumers are faced with cost of living pressures. We believe the price point of \$25 to feed a family of four is an attractive alternative. Collins has an excellent balance sheet and trades on an undemanding valuation multiple.

Leading outdoor advertising company oOh!media (+11.7%) continued its recovery from depressed Covid levels. Encouraging industry data recently released suggests the outdoor category is tracking ahead of pre-Covid levels, reflecting improved mobility. While outdoor advertising is not immune to a cyclical downturn, it should be more resilient.

Laggards included diversified telco Macquarie Telecom (-6.1%) and Origin Energy (-3.2%). While Origin is currently trading below its indicative proposal price, we feel this should narrow in time as regulatory uncertainties moderate.

Early retail trading updates released in January have supported the rebound in equity markets and suggest a relatively robust December quarter. We expect the market may struggle to maintain this optimism as the impact of the Reserve Bank of Australia's monetary tightening reduces spending power progressively over 2023. As opportunities present themselves, we will look to establish longer term buy and hold positions in quality businesses at attractive valuations. We have selectively started this process given our elevated cash position, however only in moderate size.

Investment Performance to January 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 31 Jan	\$1.2026
Fund Size*	\$50.3 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 January 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	5.09%	4.94%	-2.73%	7.63%	-	-
Milford Dynamic Fund (Strategy) ⁴	5.09%	4.94%	-2.73%	7.63%	9.44%	11.28%
Benchmark	6.56%	2.35%	-4.44%	2.41%	4.35%	6.30%
Over/Underperformance	-1.47%	2.59%	1.71%	5.22%	5.09%	4.98%

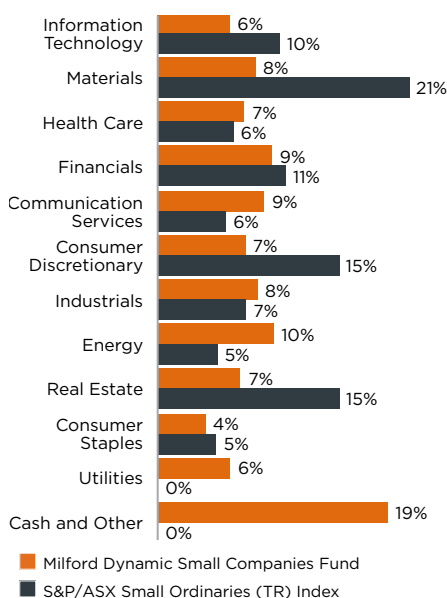
Top Security Holdings

Holdings	% of Fund
Viva Energy Group	4.82%
Contact Energy	3.36%
Collins Foods	3.11%
IPH	3.10%
Resmed	3.00%
Seven Group	2.80%
oOh!media	2.74%
Waypoint REIT	2.69%
SmartPay	2.67%
Origin Energy	2.61%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	76.21%	90%	0-100%
New Zealand Equities	4.78%	0%	0-20%
Cash and Other ⁵	19.01%	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.



Milford Dynamic Small Companies Fund January 2023

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. Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions. Returns greater than one year are annualised. 3. Inception date of the 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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