

Milford Dynamic Small Companies Fund

July 2023



Portfolio Managers



William Curtayne
Portfolio Manager



Michael Higgins
Portfolio Manager



Roland Houghton
Co-Portfolio Manager

The Fund returned 3.4% for the month, shy of the S&P/ASX Small Ordinaries which achieved a return of 3.5%. Overall, we were pleased that our stock picking kept us within reach, despite a far less risky portfolio.

Performance was led by Beach Energy (+19.6%) – a recent addition to the Fund. Beach is exposed to global oil markets, along with the Australian and NZ domestic gas market. Reserves are located onshore Cooper Basin (SA) and offshore Otway (VIC). Beach has been plagued by major downgrades to reserves, capex blow outs and negative exploration results over the past few years. We recently took a more positive view given it was cheap and had incredibly low expectations into upcoming earnings results.

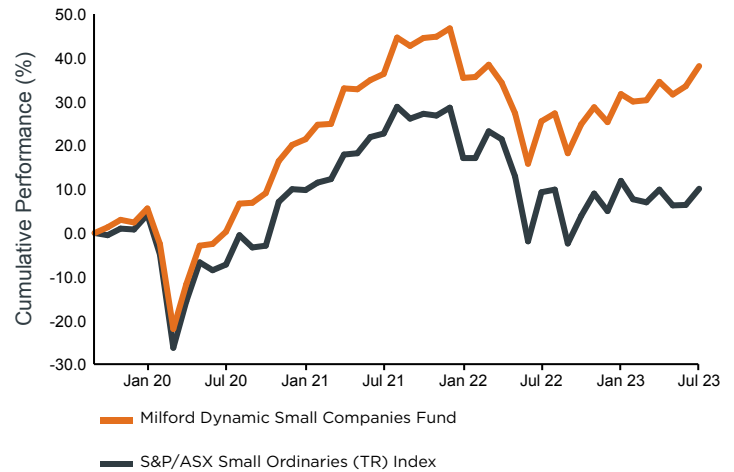
Project award momentum in Monadelphous Group (+16.2%) continued in July. We're anticipating further construction contracts in lithium and rare earths to be announced by year end. While Monadelphous generates the majority of revenue from recurring maintenance-style work, it is large one-off construction contracts that can really move the needle in an upcycle.

Australian Ethical Investment (+23.2%) – another recent addition to the Fund – continued its stellar run. Australian Ethical is one of the oldest and longest standing ethical fund managers in Australia. It is exposed to the boom in ethical investing and is the fastest growing superannuation fund in Australia over the past five years by members and Assets Under Management.

Detractors included our preferred lithium miner IGO (-9.2%) following an operational result, and Kelsian (-4.5%) on no major news.

Equity markets celebrated weaker inflation numbers in July. Current data coupled with robust growth is a goldilocks scenario for equity markets. We remain more circumspect, aware that equity markets tend to extrapolate the present (in both directions!). We continue to believe the path to a soft landing in Australia is narrow. We have long been of the view that as the economy weakens, 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 July 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 Jul	\$1.1716
Fund Size*	\$64.4 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

Milford Dynamic Small Companies Fund July 2023

Investment Performance to July 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	3.44%	4.83%	10.01%	11.24%	-	-
Milford Dynamic Fund (Strategy) ⁴	3.44%	4.83%	10.01%	11.24%	9.11%	11.21%
Benchmark	3.54%	-1.54%	0.77%	5.90%	3.18%	5.80%
Over/Underperformance	-0.10%	6.37%	9.24%	5.34%	5.93%	5.41%

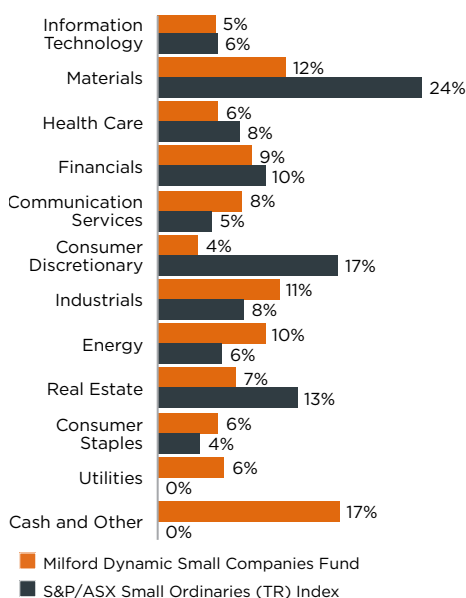
Top Security Holdings

Holdings	% of Fund
Viva Energy Group	4.37%
Contact Energy	3.61%
IPH	3.46%
Carsales.Com	3.09%
Monadelphous	2.81%
Waypoint REIT	2.75%
IGO	2.64%
IRESS	2.63%
Origin Energy	2.59%
Beach Energy	2.56%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	77.54%	90%	0-100%
New Zealand Equities	5.89%	0%	0-20%
Cash and Other ⁵	16.57%	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. 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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