

Milford Dynamic Small Companies Fund

July 2024



Portfolio Managers



William Curayne
Portfolio Manager



Michael Higgins
Portfolio Manager



Roland Houghton
Co-Portfolio Manager

The Fund returned 2.9% for the month, behind the S&P/ASX Small Ordinaries which rallied 3.5%. Overall, we were pleased that our stock picking kept us within reach, given the sharpness of the rally on the final day of the month.

July saw a sharp rebound in global markets following the prospect of a soft economic landing and rate cuts. The rally was broad based, with industrials the best performing across the board, and resources relatively underperforming.

Performance in the Fund was led by South Australian copper developer Rex Minerals which rallied 71.2% after entering a scheme of arrangement with MACH Metals. We added Rex to a basket of promising copper miners in April, as concerns over large deficits in global ore supply put upward pressure on prices. Key dynamics underpinning our view are i) generally stronger global economic growth, ii) approaching Federal Reserve easing interest rates, iii) global supply shocks to key mines in Congo, Zambia and Chile, iv) additional demand from AI/data centre required investment.

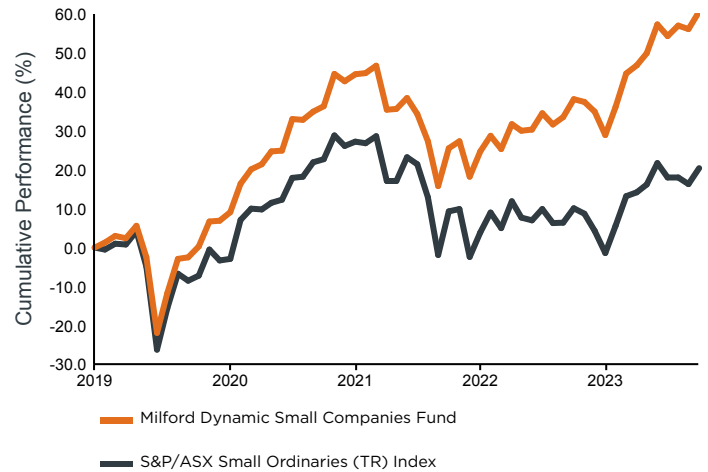
Service station and convenience retailer Waypoint REIT (WPR) rallied 16.6%. WPR has been one of our preferred defensive exposures, with an under-gearred balance sheet, asset divestment programme underway, and active buyback. The 6% dividend yield is still attractive in this environment, albeit less so post the recent rally.

Recent addition to the Fund, travel company Flight Centre, rallied 10.1%. Flight Centre is a larger, leaner and higher Return on Invested Capital (ROIC) business than pre-Covid. A total of 60% of bricks and mortar retail sites have been closed, offset by expansion into higher ROIC segments like luxury, cruise, corporate and independent agencies. Flight Centre is now a top three provider of corporate travel services in the US, while its leisure segment is exposed to demographics which are less affected by mortgage stress, specifically in luxury and baby boomer segments.

Key detractors included Neuren Pharmaceuticals (-9.3%) and Bellevue Gold (-23.2%) which downgraded near-term guidance and raised capital.

We think expectations of early rate cuts in Australia may prove premature. Our focus is increasingly drawn towards high-quality businesses characterised by defensive attributes. We remain deliberately well diversified given the unpredictable macro landscape ahead of us. The choppy conditions have created an investing environment ideal for our investing approach.

Investment Performance to July 2024¹



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	\$1.2734
Fund Size*	\$111.3 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

Milford Dynamic Small Companies Fund July 2024

Investment Performance to July 2024²

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) ³
Milford Dynamic Small Companies Fund	2.86%	9.41%	16.29%	5.61%	-	-
Milford Dynamic Fund (Strategy) ⁴	2.86%	9.41%	16.29%	5.61%	10.89%	11.67%
Benchmark	3.49%	5.39%	9.29%	-0.64%	3.50%	6.12%
Excess Return	-0.63%	4.02%	7.00%	6.25%	7.39%	5.55%

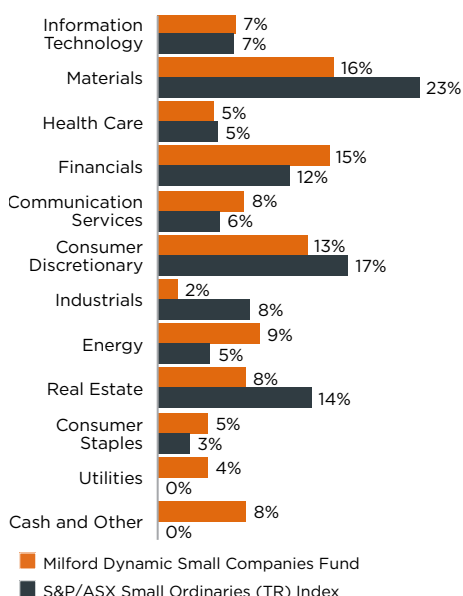
Top Security Holdings

Holdings	% of Fund
Life360	3.61%
Contact Energy	3.26%
Viva Energy Group	3.25%
Flight Centre	2.98%
Carsales.Com	2.94%
Waypoint REIT	2.87%
Neuren Pharmaceuticals	2.57%
Webjet	2.48%
PSC Insurance Group	2.39%
a2 Milk	2.37%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	83.93%	90%	60-100%
New Zealand Equities	8.15%	0%	0-20%
Cash and Other ⁵	7.92%	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 July 2024

Platform Availability

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

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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