

# Milford Dynamic Small Companies Fund

## March 2023



### Portfolio Managers



**William Curayne**  
Portfolio Manager



**Michael Higgins**  
Portfolio Manager



**Roland Houghton**  
Co-Portfolio Manager

The Fund returned 0.2% for the month, ahead of the S&P/ASX Small Ordinaries which declined 0.7%. The resources sector outperformed the broader market in March, driven by corporate activity in the lithium space and a raging gold price.

Performance was led by Neuren Pharmaceuticals which rallied 84.2% following regulatory approval of its drug Trofinetide for sale in the United States. Trofinetide is the first ever drug to be approved to treat Rett syndrome – a rare neurological disease predominantly affecting females. The approval effectively transforms Neuren from a prospective biotech into a leader in global neurological clinical disorders. Additional early-stage drugs in the portfolio, treating markets far larger than Rett syndrome, provide further valuation optionality.

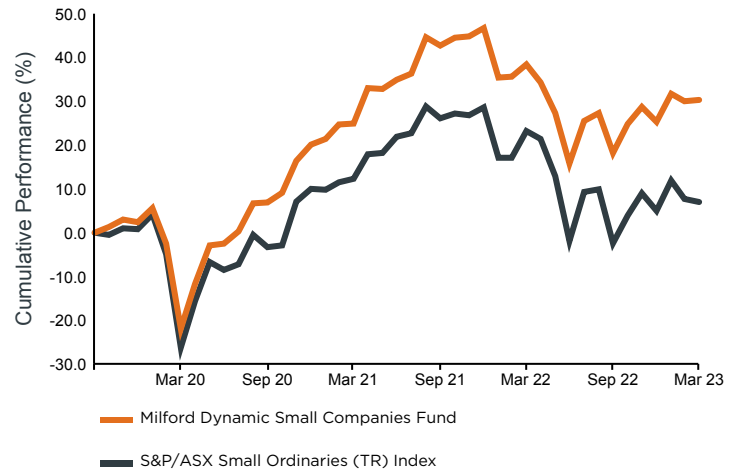
Fuel retailer Viva Energy (+7.0%) rallied following continued robust margins, highlighting industry rationality. Global refining margins are improving, reflecting the recovery in global fuel demand allowing better profits in their Geelong refinery after several tough years. Viva has something that no other refiner has globally, a pseudo-floor in refining margins provided by a contract with the Australian government. Energy security is so critical that the government legislated in 2021 to ensure the country doesn't become 100% dependent on imported fuel. This has improved the future quality and resiliency of earnings which is under-appreciated by the market.

Gold was one of the few sectors which collectively made a positive contribution for the month. Evolution Mining (+14.7%), Silver Lake (+16.4%) and Northern Star (+20.5%) were three portfolio companies that performed well, reflecting heightened uncertainty from macro-economic and geopolitical pressures. While our gold exposure was a source of frustration over 2022, we remain constructive in the near term as safe-haven demand builds.

Detractors included global patent attorney IPH (-8.6%) which suffered a cyber-attack. Unfortunately, this is becoming an all too familiar occurrence globally. We continue to hold the position.

The recent volatility has created an investing environment ideal to our very active approach. While our overall view for 2023 remains cautious due to the impact of RBA monetary tightening on consumer balance sheets, we have been pleased with Q1 performance having delivered a 4.7% return, 2.8% ahead of the benchmark. Our style neutral investment approach allows us to take advantage of stock picking opportunities in companies we believe can perform despite uncertain conditions.

### Investment Performance to March 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 Mar</b>	\$1.1892
<b>Fund Size*</b>	\$53.1 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 March 2023

## Investment Performance to March 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	0.20%	10.20%	-5.86%	18.61%	-	-
Milford Dynamic Fund (Strategy) <sup>4</sup>	0.20%	10.20%	-5.86%	18.61%	9.31%	10.94%
Benchmark	-0.72%	9.55%	-13.19%	13.16%	3.89%	5.69%
Over/Underperformance	0.92%	0.65%	7.33%	5.45%	5.42%	5.25%

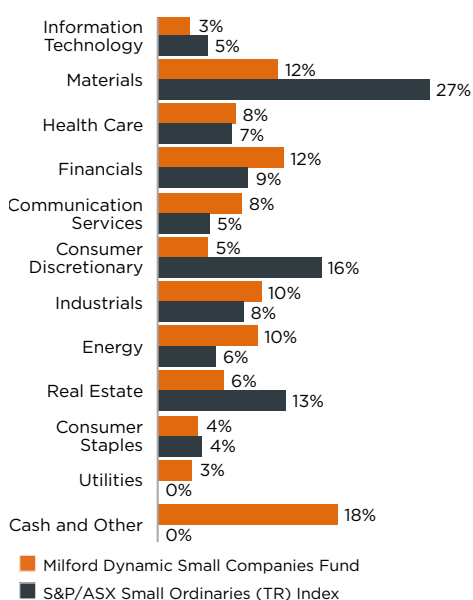
## Top Security Holdings

Holdings	% of Fund
Viva Energy Group	4.94%
Contact Energy	3.38%
IPH	3.14%
Seven Group	2.99%
Neuren Pharmaceuticals	2.69%
Monadelphous	2.62%
Resmed	2.58%
SmartPay	2.52%
Carsales.Com	2.45%
Waypoint REIT	2.42%

## Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	76.61%	90%	0-100%
New Zealand Equities	5.67%	0%	0-20%
Cash and Other <sup>5</sup>	17.72%	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

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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. 3. 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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