

Milford Dynamic Small Companies Fund

September 2023



Portfolio Managers



William Curayne
Portfolio Manager



Michael Higgins
Portfolio Manager



Roland Houghton
Co-Portfolio Manager

Equity markets sold-off in September as a response to a large sell-off in bonds on the realisation that rates will be higher for longer. The S&P/ASX Small Ordinaries fell 4.0% for the month against the Fund (-1.8%). Our cautious positioning and elevated cash position provided some resistance to the sell-off, with the 3 year annualised downside capture of 55.7%. We were pleased to officially lock in a four-year cumulative since inception performance of 34.9% against the benchmark return of 4.3%. The month also marks the ten-year inception performance of the same strategy, which has returned 10.8% p.a. against the benchmark return of 5.1% p.a. The Fund strategy has captured over 100% of the market-upside and approximately 56% of the market-downside.

Performance was led by prospective South Australian uranium miner Boss Energy (+39.7%). Recent strong performance reflects the rapidly improving sentiment towards nuclear energy. The market continues to tighten, and the view on uranium as a reliable, low carbon energy source continues to improve globally.

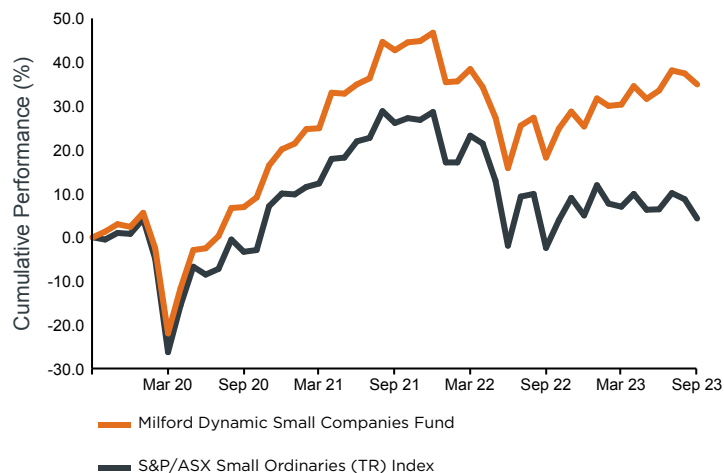
Seven Group Holdings (+12.7%) is the owner of Caterpillar dealership WesTrac in WA and NSW, Australia's largest equipment hire business Coates Hire, Boral and a stake in Beach Energy. The diversified conglomerate provides leverage to demand for domestic resources and the infrastructure capex cycle, which we suspect will be a multi-year journey.

Beach Energy (+7.3%) 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 Energy 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.

Detractors included Waypoint REIT (-8.4%) on higher rates and Neuren Pharmaceuticals (-12.1%) on a potential competing drug for Rett syndrome being developed by Anavex Life Sciences. We continue to hold a core position in the company as the risk/reward is still attractive.

In our view, the long lag effects of monetary policy mean that economic and behavioural impacts are still ahead of us and hard to quantify. We enter the back end of the year with a diversified portfolio, given the wide array of outcomes. As we await more comfort on the economic outlook, we continue to build out a long shopping list of growth businesses to add to the portfolio once they reach more compelling valuations in the coming months.

Investment Performance to September 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 30 Sep	\$1.1445
Fund Size*	\$72.4 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 September 2023

Investment Performance to September 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	-1.84%	3.55%	14.12%	8.07%	-	-
Milford Dynamic Fund (Strategy) ⁴	-1.84%	3.55%	14.12%	8.07%	7.68%	10.75%
Benchmark	-4.04%	-2.47%	6.85%	2.57%	1.63%	5.13%
Over/Underperformance	2.20%	6.02%	7.27%	5.50%	6.05%	5.62%

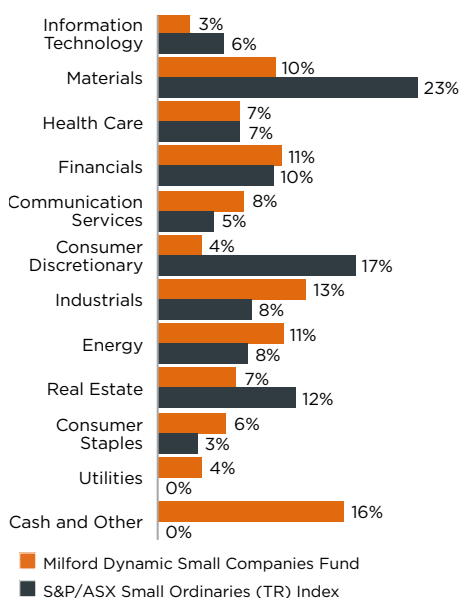
Top Security Holdings

Holdings	% of Fund
Viva Energy Group	4.66%
IPH	3.17%
Contact Energy	3.13%
United Malt	2.90%
Monadelphous	2.76%
Carsales.Com	2.70%
Beach Energy	2.63%
IGO	2.58%
Waypoint REIT	2.31%
SmartPay	2.21%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	78.60%	90%	0-100%
New Zealand Equities	5.11%	0%	0-20%
Cash and Other ⁵	16.29%	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 September 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. 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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