

Milford Dynamic Fund (AU)

(ETL6978AU)



June 2020

Portfolio Managers



William Curtayne
Portfolio Manager



Michael Higgins
Portfolio Manager

The Dynamic Fund returned 0.3% in June, outperforming the S&P/ASX Small Ordinaries benchmark by 2.0%. Over the prior 12 months, the Fund strategy has pleasingly delivered a 6.7% return against the benchmark return of -5.7%.

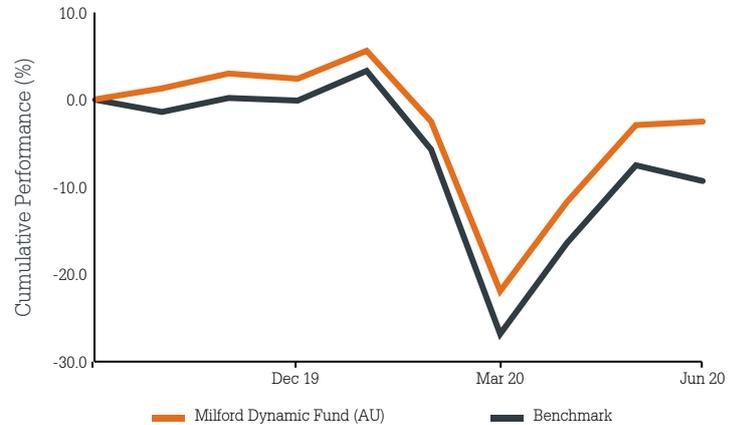
We were pleased the Fund materially outperformed the market during the severe sell-off in February and March, but also rallied strongly in the subsequent recovery. A key risk control in the fund is finding companies that are less likely to suffer a permanent loss of shareholder value. Over the last seven years since inception, the Fund strategy has captured approx. 100% of the market-upside and 50% of the market-downside.

Performance was led by two companies we previously identified earlier in the year as beneficiaries from COVID-19 conditions, they were KFC restaurant owner Collins Foods (+17.8%) and respiratory technology company Fisher & Paykel Healthcare (+18.5%). Collins Foods confirmed its earnings resiliency by beating expectations underpinned by increased drive-thru and strong e-commerce delivery sales. Fisher & Paykel also beat market earnings expectations as clinical best practice for COVID-19 evolved from invasive incubation to Fisher & Paykel's primary Nasal High Flow Therapy.

Detractors included gold miner Evolution (-7.0%) and financial platform HUB24 (-12.5%) – we continue to add to both positions on weakness.

The recent COVID-19 volatility has created an investing environment ideal for a very active approach to investing. In many cases, small capitalisation companies are the best placed to take advantage of investment opportunities in this environment. While we have shifted the Fund to be slightly more defensive once again, we remain invested in quality companies we believe can continue to perform despite uncertain conditions.

Investment Performance to June 2020*



* Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions.

Key Fund Facts

Objective	The fund targets outperformance of the S&P/ASX Small Ordinaries (TR) Index
Description	Primarily invests in small to mid-cap Australian equities
Benchmark	S&P/ASX Small Ordinaries (TR) Index
Redemption Price <small>as at 30 Jun</small>	\$0.9717
NAV <small>as at 30 Jun</small>	\$20.4 Million
Inception Date	October 2019
Minimum Investment	\$20,000
Recommended Investment Timeframe	5 years +
Buy-sell Spread	+/-0.30%
Entry/Exit Fee	Nil
Distribution Frequency	Annual (30 June)
Management Fee*	1.10%
Capped Expense Recovery*	0.10%
Performance Fee*	20% p.a. of returns above the benchmark subject to achieving the high watermark.
Fund Pricing	Daily

* Fees are stated exclusive of GST.

Investment Performance to June 2020¹

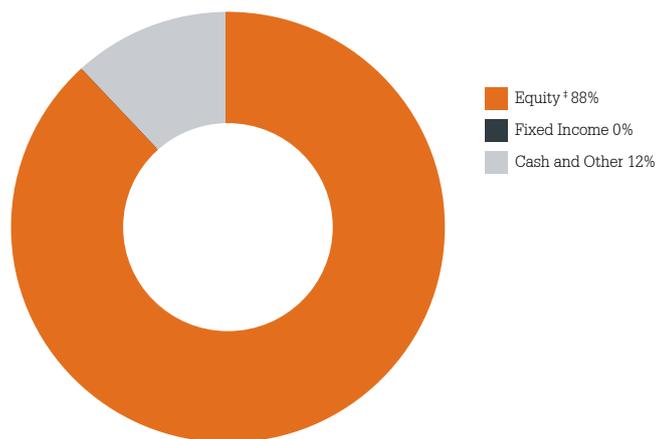
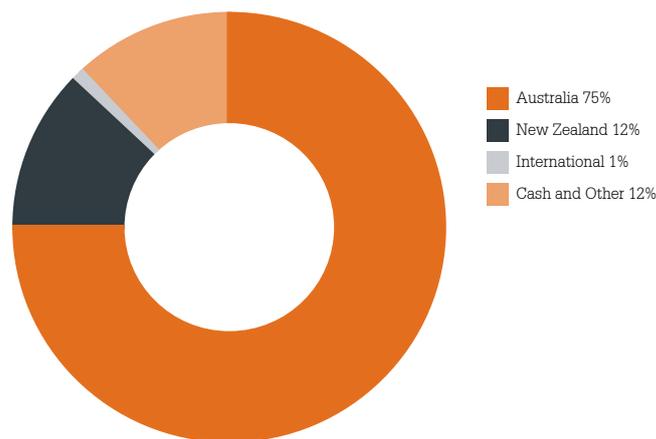
	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception (p.a.) ^{**}
Milford Dynamic Fund (AU)	0.34%	-4.79%	-	-	-	-
Milford Dynamic Fund (Strategy) ^{***}	0.34%	-4.79%	6.71%	10.89%	9.81%	10.87%
Benchmark	-1.95%	-9.21%	-5.67%	6.10%	7.89%	5.62%

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.

** Inception date of the Milford Dynamic Fund (Strategy) is 1 October 2013.

††† 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 Fund (AU) 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 Fund (AU).

Current Asset Allocation¹Current Country Allocation^{††}

Top Security Holdings

Holdings	% of Fund's NAV
Evolution Mining	5.11%
Collins Foods	3.84%
Saracen Mineral Holdings	3.41%
Sealink Travel Group	3.25%
Bapcor	3.24%
EQT Holdings	2.89%
IPH	2.71%
HUB24	2.68%
EML Payments	2.65%
Seven Group Holdings	2.54%

Fund Changes

There have been no material changes to the below information since the last monthly report:

- The Fund's risk profile
- The Fund's strategy

There have been no changes to the below information since the PDS was issued:

- Key service providers
- Individuals playing a key role in investment

¹ The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

[†] Equity will be the net amount, ie the total long less any shorts.

^{††} Typically the country in which the company issuing the share/bond primarily operates

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