

# Milford Dynamic Fund (AU)

## December 2020



### Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Michael Higgins**  
Portfolio Manager

After a volatile 12 months, 2020 was a strong year for the Dynamic Fund delivering a 17.4% return against the Small Ordinaries benchmark return of 9.2%. The Fund rallied by 3.2% in December outperforming the benchmark by 0.4%.

Performance was led by diversified miner IGO, which rose 37.4% following the acquisition of the world's largest and lowest cost hard rock lithium mine in the world. Lithium is a critical component in battery storage. The take up of electric vehicles is the key demand driver and there is growing evidence that this is once again accelerating in China and Europe.

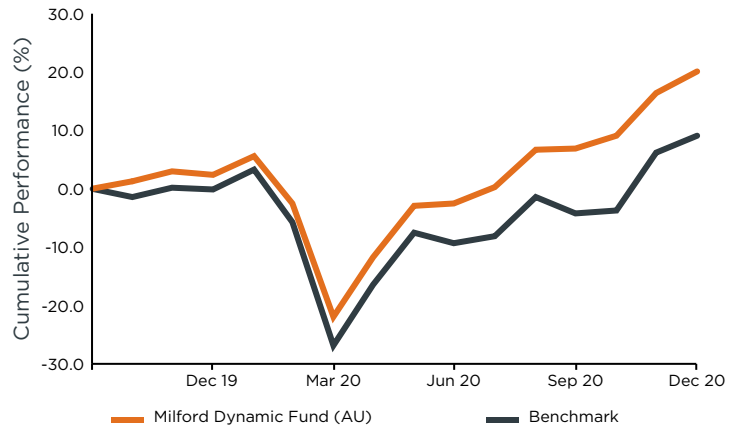
Digital forensics software platform NUIX was another key contributor after rallying 55.4% from IPO. NUIX is a global leader in normalising data from multiple sources before it can be forensically examined. Their key clients are impressive and include Amazon, the US Department of Justice, and the SEC. Revenues are largely subscription and the cyber security markets they operate in are forecast to grow rapidly.

EML Payments (+12.1%) is well positioned to benefit from the structural shift to digital payments. They generate revenue from Gross Debit Value which will continue to grow in line with contract wins across a multitude of sectors and new verticals.

Laggards included international student placement and English language testing provider IDP Education (-18.9%) and COVID-19 beneficiary Fisher & Paykel Healthcare (-7.2%) - we retain a positive view on both companies.

While the Fund's recent performance has been strong, the market remains volatile. We remain cognisant that we are in a period of elevated uncertainty with a broad range of potential market moving scenarios in play. Our decision over the past 3 months to favour recovery stocks has worked well. As a potential vaccine reduces the tail risk of a severe economic outcome, we remain cautiously optimistic into 2021.

### Investment Performance to December 2020\*



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

### Key Fund Facts

<b>Objective</b>	The fund targets outperformance of the S&P/ASX Small Ordinaries (TR) Index
<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 Dec</b>	\$1.1977
<b>NAV as at 31 Dec</b>	\$26.3 Million
<b>Inception Date</b>	October 2019
<b>Minimum Investment</b>	\$20,000
<b>Recommended Investment Timeframe</b>	5 years +
<b>Buy-sell Spread</b>	+/-0.30%
<b>Entry/Exit Fee</b>	Nil
<b>Distribution Frequency</b>	Annual (30 June)
<b>Management Fee*</b>	1.10%
<b>Capped Expense Recovery*</b>	0.10%
<b>Performance Fee*</b>	20% p.a. of returns above the benchmark subject to achieving the high watermark.
<b>Fund Pricing</b>	Daily

\* Fees are stated exclusive of GST.

## Investment Performance to December 2020\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Dynamic Fund (AU)	3.20%	23.26%	17.35%	-	-	-
Milford Dynamic Fund (Strategy) ***	3.20%	23.26%	17.35%	12.70%	12.51%	13.29%
Benchmark	2.76%	20.28%	9.21%	6.57%	10.46%	7.94%
Over/Underperformance	0.44%	2.98%	8.14%	6.13%	2.05%	5.35%

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 2019. \*\*\* 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).

## Top Security Holdings

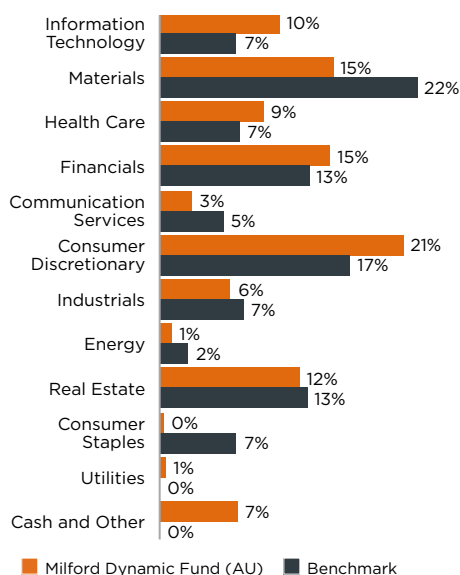
Holdings	% of Fund
Sealink Travel	3.99%
Fisher & Paykel	3.69%
Collins Foods	3.46%
EML Payments	3.24%
Lifestyle Communities	3.14%
Seven Group	3.10%
CSR	3.02%
Australian Finance	2.73%
IGO	2.71%
HUB24	2.68%

## Current Asset Allocation

	Actual	Neutral	Maximum Range
Cash and Other #	6.72%	10%	0-20%
Australian Equities	91.10%	90%	80-100%
New Zealand Equities	2.18%	0%	0-20%

# Cash and Other reported above is adjusted to reflect the Fund's notional positions.

## 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 PDS was issued.

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