

Milford Dynamic Fund (AU)

January 2021



Portfolio Managers



William Curtayne
Portfolio Manager



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Portfolio Manager

The Dynamic Fund returned 1.0% in January, outperforming the S&P/ASX Small Ordinaries benchmark by 1.3%. The first two weeks of January saw the Fund reach an intra-month high of 4.2% before retracing gains as global uncertainties from new strains of COVID-19 and speculative retail activity in US markets dragged on confidence.

Performance was led by a recent addition in the Fund – Australian Ethical Investments (+39.2%). Australian Ethical is one of the oldest and longest standing ethical fund managers in Australia. They are exposed to the boom in ethical investing and are the fastest growing superannuation fund in Australia over the last 5 years by members and assets under management.

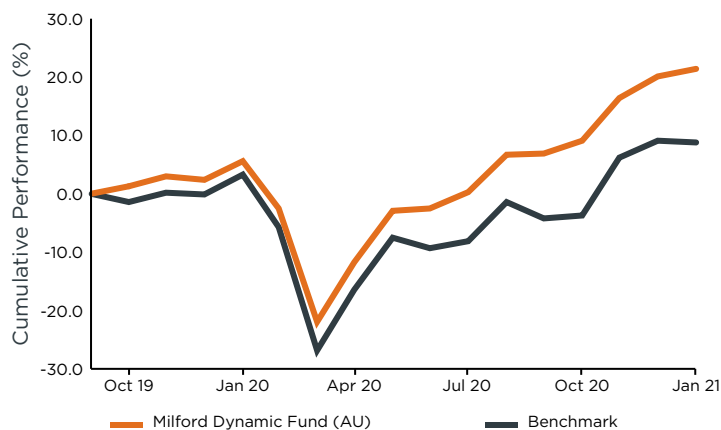
SmartPay (+25.4%) was a notable performer that released a strong update on new terminal sales and anticipated new business following operational issues at key competitor Tyro. SmartPay is a small terminal operator growing rapidly in a large addressable market. We think the recent decision by ANZ Bank to divest its terminal business could be the beginning of a broader exit across other major banks. Any market movements will create a significant opportunity for market share gains from nimble operators like SmartPay.

Other top performers include PointsBet (+31.5%) which rallied on quarterly results. PointsBet continues to benefit from the progressive opening of sports wagering in the US. Their relationship with NBC announced last year and entry into Illinois underpinned a 70% quarter-on-quarter increase in active customers.

Detractors included Polynovo (-32.2%) on slower sales into US hospitals given COVID-19 and EML Payments (-7.9%) on 1st half earnings uncertainty given rolling global shutdowns.

As a potential vaccine reduces the tail risk of a severe economic outcome, we continue to increase our exposure to cyclical companies where we can identify relative value. Our target is to achieve a better-balanced portfolio which will benefit from a vaccine-led economic recovery later this year. That said, our core positions remain in quality companies we believe can continue to perform despite uncertain conditions.

Investment Performance to January 2021*



* 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
APIR	ETL6978AU
mFund Code	MFA02
Redemption Price as at 31 Jan	\$1.21
NAV as at 31 Jan	\$26.9 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.

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Investment Performance to January 2021*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Dynamic Fund (AU)	1.03%	20.96%	14.89%	-	-	-
Milford Dynamic Fund (Strategy) ***	1.03%	20.97%	14.89%	13.09%	13.67%	13.29%
Benchmark	-0.25%	18.33%	5.38%	6.68%	11.56%	7.80%
Over/Underperformance	1.28%	2.63%	9.51%	6.41%	2.11%	5.49%

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

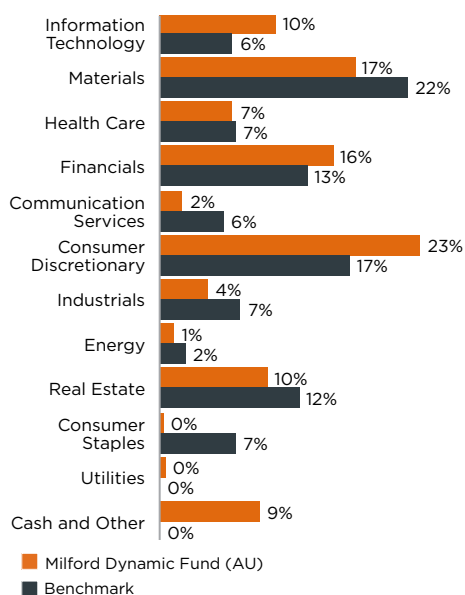
Holdings	% of Fund
Sealink Travel	3.95%
Collins Foods	3.90%
IGO	3.65%
HUB24	3.15%
CSR	2.98%
EML Payments	2.92%
Seven Group	2.90%
Lifestyle Communities	2.68%
Australian Finance	2.67%
Virgin Money	2.64%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	89.76%	90%	80-100%
New Zealand Equities	1.35%	0%	0-20%
Cash and Other #	8.89%	10%	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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