

Milford Dynamic Fund (AU)

February 2021



Portfolio Managers



William Curtayne
Portfolio Manager



Michael Higgins
Portfolio Manager

The Dynamic Fund returned 2.8% in February, outperforming the S&P/ASX Small Ordinaries benchmark by 1.2%. Our performance during reporting season was one of the best in recent memory with some of our highest conviction ideas amongst the better performers.

Performance was led by our largest position SeaLink (+32.6%) following a stellar result. SeaLink continues to win key commuter bus contracts, having secured routes in SA, QLD, WA and Singapore over the year. The upcoming tender pipeline also looks promising with the planned privatisation of key commuter routes in NSW & VIC. Our base case is for ~\$450m additional revenue to be won over the following 6 months. In the marine and tourism business, Sealink continues to be a beneficiary of a cyclical boom from domestic holiday makers travelling to local island destinations.

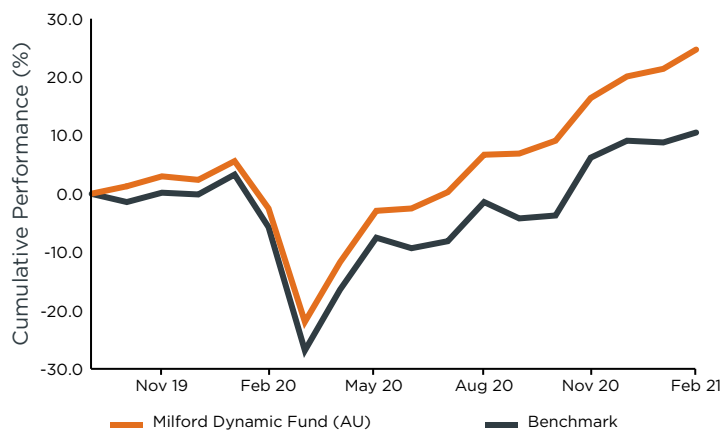
EML Payments (+29.6%) was another notable performer having delivered stronger earnings than the market expected. EML is well positioned to benefit from the structural shift to digital payments. They generate revenue from Gross Debit Value which will continue to grow in line with contract wins across a multitude of sectors and new verticals.

Other top performers include Virgin Money UK (+39.5%), an ASX listed UK bank. Virgin Money was owned by NAB before getting spun-out and rebranded two years ago. Virgin Money provides exposure to rising rates and an improving mortgage market in the UK. It remains relatively cheap against peers at 0.7x book value.

Detractors included gold miner Northern Star (-20.5%) as the gold price remains under pressure and Fisher & Paykel Healthcare (-16.1%) as Covid-19 "winners" sold-off in favour of cyclicals.

The prospect of a broad recovery in economic activity continues. This is being driven by steady progress on vaccinations which have begun rollout domestically and steady fiscal and monetary support. However, a significant risk across equity markets are the clear pockets of speculation that are emerging. While this is more acute in global markets, there are initial signs closer to home in valuations on loss-making businesses and some IPOs. Our style neutral approach has allowed us to tilt the portfolio towards recovery stocks where we can identify relative value.

Investment Performance to February 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 28 Feb	\$1.2435
NAV as at 28 Feb	\$27.8 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 February 2021*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Dynamic Fund (AU)	2.77%	16.89%	27.91%	-	-	-
Milford Dynamic Fund (Strategy) ***	2.77%	16.89%	27.91%	13.71%	14.92%	13.56%
Benchmark	1.55%	12.05%	17.18%	7.21%	11.70%	7.94%
Over/Underperformance	1.22%	4.84%	10.73%	6.51%	3.22%	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 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

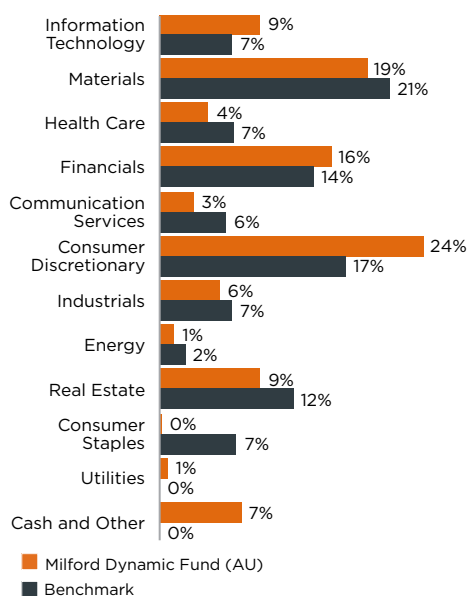
Holdings	% of Fund
Sealink Travel	5.52%
Collins Foods	4.09%
IGO	3.89%
Virgin Money	3.56%
EML Payments	3.56%
Seven Group	3.27%
HUB24	2.97%
Lifestyle Communities	2.86%
IDP Education	2.64%
Australian Finance	2.55%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	90.98%	90%	80-100%
New Zealand Equities	1.61%	0%	0-20%
Cash and Other #	7.41%	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.

Disclaimer: Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the responsible Entity for the Milford Dynamic Fund (AU). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This Monthly Fact Sheet has been prepared by Milford Australia Pty Ltd. as the Investment Manager, to provide you with general information only. In preparing this Monthly Fact Sheet, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Milford Australia Pty Ltd., Equity Trustees nor any of their related parties, employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance is not a reliable indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.