

Milford Dynamic Small Companies Fund

October 2023



Portfolio Managers



William Curayne
Portfolio Manager



Michael Higgins
Portfolio Manager



Roland Houghton
Co-Portfolio Manager

The sustained sell off in equity markets continued into October as investors grappled with higher interest rates. The S&P/ASX Small Ordinaries fell 5.5% against the Fund (-4.4%). While we managed to avoid a number of sizable downgrades over the month, we unfortunately weren't immune to the broad-based sell off. With the small cap benchmark now off over 10% in three months, we've taken the opportunity to moderately increase invested levels as attractive opportunities present themselves.

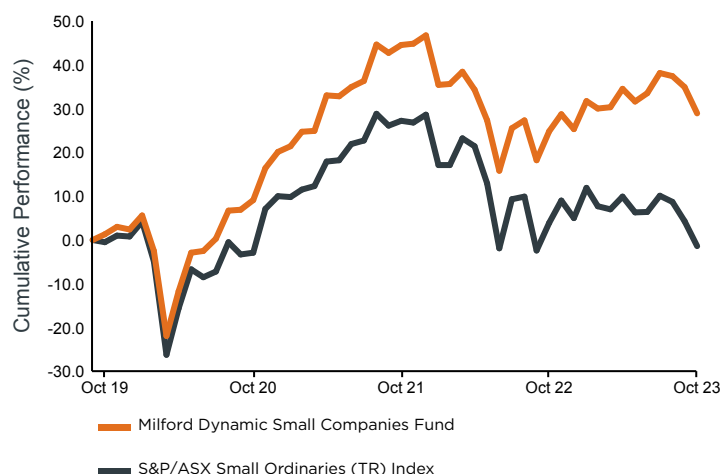
Performance was led by domestic gold miners Capricorn Metals (+14.8%), Silver Lake Resources (+24.3%) and Northern Star Resources (+11.8%) which performed strongly over the month. The rally reflected heightened uncertainty from geopolitical developments in Israel and Palestine. Our gold exposure provides a nice portfolio hedge and should continue to be resilient as safe-haven demand builds and concerns over fiscal deficits increase.

Another strong performer was mining technology company Chrysos Corporation (+8.9%) – a recent addition to the portfolio. Assaying involves the analysis of ore to determine the presence of various elements such as gold and copper. Chrysos' photon assay technology was developed by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and is increasingly being adopted by the sector. Encouragingly, they recently announced a global partnership with Barrick Gold Corporation – the owner of one of the largest portfolio of tier-one gold assets globally.

Key detractors were lithium miner IGO (-24.9%) following a disappointing trading update, coupled with declines in the underlying commodity. The low-cost producer remains our preferred lithium exposure. Terminal provider Smartpay (AU) (-17.4%) remained under pressure as the payments sector fell out of favour on increased competition fear and trading concerns. We continue to hold a core position in the Fund.

As we enter the back-end of the year, we remain cognisant around the lag effects of monetary policy. We still believe there will be more downgrades to (hopefully) side-step over the next six months, as cost-of-living challenges choke spending habits. That said, valuations are no doubt beginning to trend in the right direction. This is a start, and while we may be deploying capital a touch early, we are doing so in a very measured manner given plenty of risks are still ahead of us and hard to quantify.

Investment Performance to October 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 31 Oct	\$1.0937
Fund Size*	\$71.3 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 October 2023

Investment Performance to October 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	-4.44%	-4.14%	3.33%	5.71%	-	-
Milford Dynamic Fund (Strategy) ⁴	-4.44%	-4.14%	3.33%	5.71%	8.90%	10.16%
Benchmark	-5.45%	-10.28%	-5.10%	0.52%	2.55%	4.50%
Over/Underperformance	1.01%	6.14%	8.43%	5.19%	6.35%	5.66%

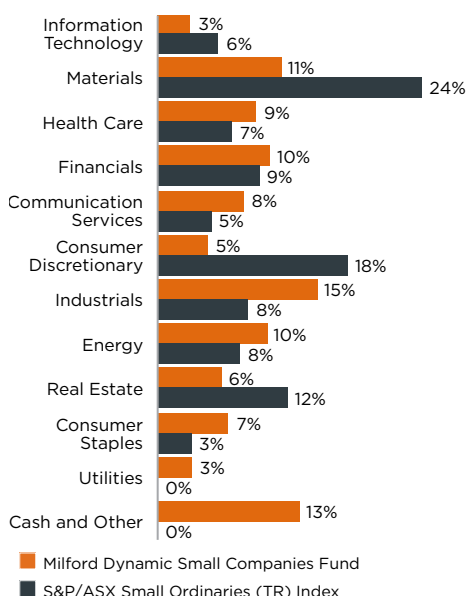
Top Security Holdings

Holdings	% of Fund
Viva Energy Group	4.55%
Contact Energy	3.18%
IPH	3.05%
United Malt	2.97%
Monadelphous	2.93%
Carsales.Com	2.89%
Beach Energy	2.64%
Waypoint REIT	2.38%
Sandfire Resources	2.34%
Smartgroup	2.20%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	81.75%	90%	60-100%
New Zealand Equities	5.17%	0%	0-20%
Cash and Other ⁵	13.09%	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.

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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