

Milford Dynamic Small Companies Fund

February 2024



Portfolio Managers



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Portfolio Manager



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February saw a continuation of the rebound in global markets following the prospect of a soft economic landing in the US. The rally was more modest domestically, with technology and consumer cyclicals beating expectations and resources underperforming. The Fund returned 2.2% for the month assisted by a raft of M&A deals, ahead of the S&P/ASX Small Ordinaries benchmark return of 1.7%.

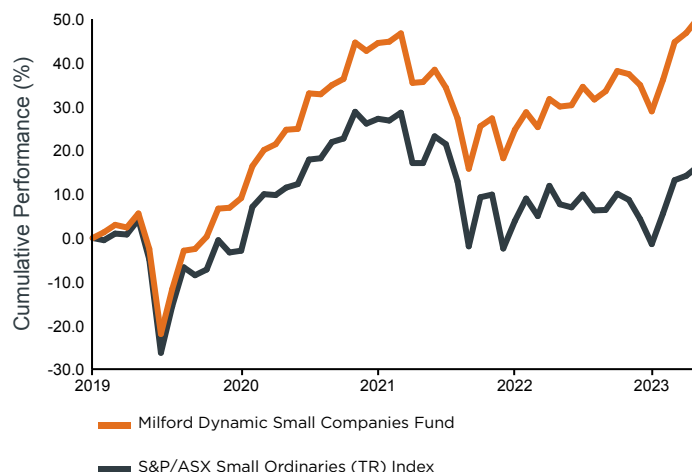
Performance was led by Altium (+30.4%) which rallied following its proposed acquisition by Japan-listed semiconductor company Renesas Electronics. The premium offered is attractive with the transaction unanimously approved by the board. The deal was a very fortunate development given the sizable earnings downgrade the company delivered later in the month. Building materials company CSR (+27.2%) received a takeover from French building materials company Saint-Gobain. CSR is asset rich and the leader in Australian plasterboard and insulation. With growth harder to come by and a weaker A\$, global firms are once again looking at M&A to expand distribution.

Hardware and game developer Light & Wonder (+20.0%) produced another strong earnings result. The US headquartered company is well positioned with multiple growth opportunities including game adjacencies and the roll out of premium content in iGaming. We see Light & Wonder as offering a unique global growth investment opportunity, with a strong medium term growth profile.

Laggards included Neuren Pharmaceuticals (-18.0%) following a strong few months of performance. The company expects additional Phase 2 read-outs for its drugs in Pitt-Hopkins, Prader-Willi and Angelman syndromes over the next 12 months. Ridley Corp was another underperformer which failed to meet the market's high expectations.

There is currently significant crowding in momentum names, with many quality and value stocks underperforming. While this is exemplified by the Mag7 in US markets, we also see the same trend to a lesser degree domestically. This high dispersion has created some pockets of stretched positioning and valuation froth. The environment has created an investing environment ideal to our very active approach to investing. Our style neutral investment approach allows us to take advantage of stock picking opportunities in companies we believe can perform despite uncertain conditions.

Investment Performance to February 2024¹



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 29 Feb	\$1.2675
Fund Size*	\$92 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 February 2024

Investment Performance to February 2024²

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) ³
Milford Dynamic Small Companies Fund	2.15%	9.09%	15.32%	6.32%	-	-
Milford Dynamic Fund (Strategy) ⁴	2.15%	9.09%	15.32%	6.32%	12.48%	11.43%
Benchmark	1.72%	6.88%	7.84%	1.39%	4.42%	6.01%
Excess Return	0.43%	2.21%	7.48%	4.93%	8.06%	5.42%

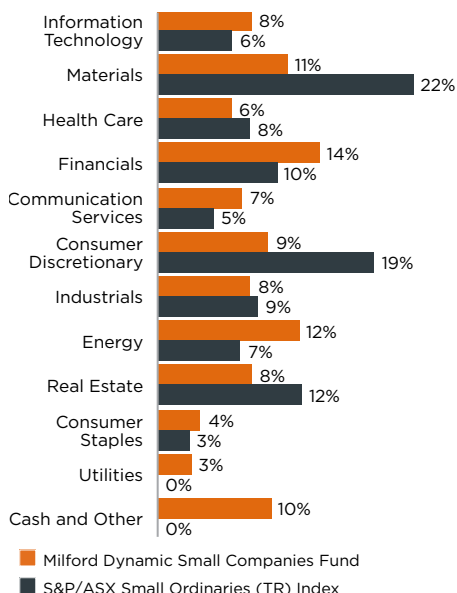
Top Security Holdings

Holdings	% of Fund
Viva Energy Group	4.41%
Carsales.Com	3.56%
Contact Energy	2.82%
Waypoint REIT	2.67%
Beach Energy	2.63%
Monadelphous	2.48%
Light & Wonder	2.47%
Neuren Pharmaceuticals	2.34%
Macquarie Technology	2.31%
Jumbo Interactive	2.27%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	84.98%	90%	60-100%
New Zealand Equities	5.41%	0%	0-20%
Cash and Other ⁵	9.61%	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 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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