

Milford Dynamic Fund (AU)

June 2021



Portfolio Managers



William Curtayne
Portfolio Manager



Michael Higgins
Portfolio Manager

The Dynamic Fund increased 1.6% in June, trailing the S&P/ASX Small Ordinary index by 1.4%. Over the past 12 months performance has been strong with the Fund returning 38.5%, 5.2% ahead of benchmark. We were particularly pleased to outperform the market during three distinct phases over the past 18 months i) the COVID-19 sell-off in March 2020, ii) the subsequent V-shaped recovery, and finally iii) the vaccine paradigm. Over the last seven years since inception, the Fund strategy has captured approx. 112% of the market-upside and 67% of the market-downside.

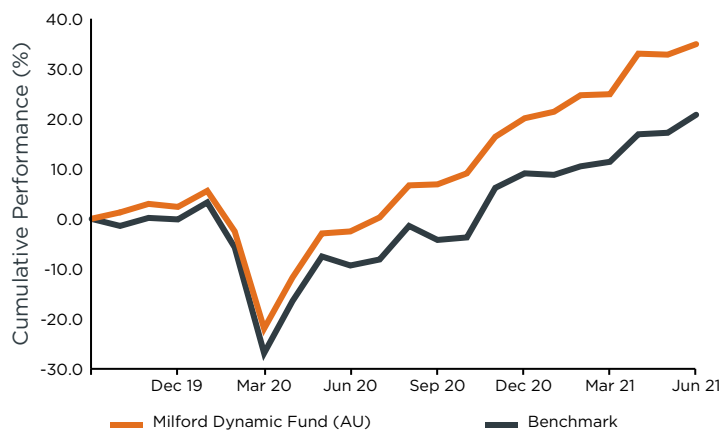
Performance was led by interconnection software platform Megaport (+22.9%). Megaport is exposed to the growing thematic of global connectivity and demand for secure data connections. Momentum in the business is very strong and the offering is clearly resonating with customers. While we are believers in the long-term potential of Megaport, we took the opportunity to trim our position to revisit at more attractive prices.

We were pleased that a recent addition to the Fund in ResMed (+20.8%) was a strong performer over the month of June. ResMed is a global company involved in the development, manufacturing and marketing of respiratory disorder products. Timing was fortuitous with key competitor Philips recalling a sleep and respiratory care product over health risks early in the month creating an immediate opportunity for ResMed. Other winners included HUB24 (+6.3%). HUB24 is a structural winner as financial advisors migrate away from the major banks, favouring smaller more nimble advice firms which use HUB24.

Two exposures which detracted from performance were gold miners Evolution (-16.8%) and Northern Star (-16.4%). On the back of strong May performance, we trimmed our positions early in the month before an important US Federal reserve meeting. Our concern that any policy pivot could put upward pressure on the US Dollar and commodity weakness proved to be accurate. While medium-term we see good prospects for copper, lithium and iron ore miners, in the short-term commodities may remain under pressure as China enters its seasonally weaker demand period in July and August. We will look to add to resource stocks towards the end of this period.

The recent COVID-19 volatility has created an investing environment ideal for a very active approach to investing. In many cases, small capitalisation companies are best placed to take advantage of investment opportunities in this environment. We remain invested in quality companies and deflation beneficiaries we believe can continue to perform despite uncertain conditions.

Investment Performance to June 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 over rolling five-year periods
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 30 Jun	\$1.3453
NAV as at 30 Jun	\$31.7 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 June 2021*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Dynamic Fund (AU)	1.64%	12.32%	38.45%	-	-	-
Milford Dynamic Fund (Strategy)***	1.64%	12.32%	38.45%	14.78%	15.81%	14.09%
Benchmark	3.08%	10.76%	33.23%	8.60%	11.24%	8.83%
Over/Underperformance	-1.44%	1.56%	5.22%	6.18%	4.57%	5.26%

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 01 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

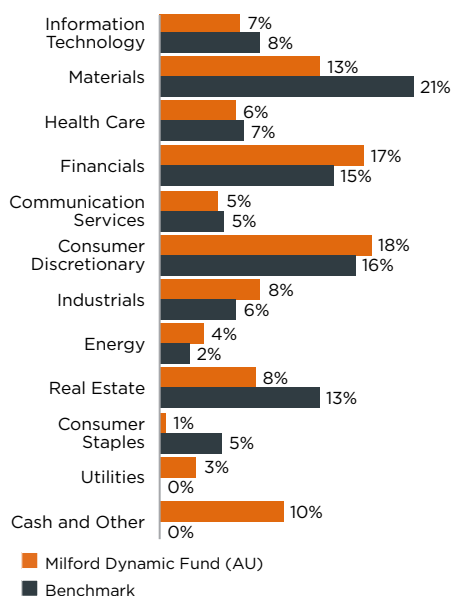
Holdings	% of Fund
Collins Foods	4.37%
Virgin Money	3.91%
HUB24	3.83%
Seven Group	3.67%
Sealink Travel	3.19%
Contact Energy	3.07%
Bapcor	2.73%
IGO	2.71%
Lifestyle Communities	2.61%
Santos	2.23%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	85.65%	90%	80-100%
New Zealand Equities	4.04%	0%	0-20%
Cash and Other #	10.31%	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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