

Milford Dynamic Fund (AU)

September 2021

Portfolio Managers



William Curtayne
Portfolio Manager



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Portfolio Manager

The Dynamic Fund fell 1.3% in September, moderately outperforming the S&P/ASX Small Ordinaries benchmark which dropped 2.1%. It's been an incredibly strong period of equity market performance considering uncertainties like lockdowns, elevated government spending and inflationary pressures with the Fund returning 5.8% for the quarter and 33.5% for the year.

Performance was led by IDP Education which rallied 18.4% over the month on optimism about the great reopening. IDP has been a stalwart of the Strategy for the past 5 years. We first bought at \$3.90 in January 2017. IDP have many of the characteristics we look for in a quality company and we think it provides one of the only direct exposures to India, growth in Global Higher Education and the proliferation of English language testing.

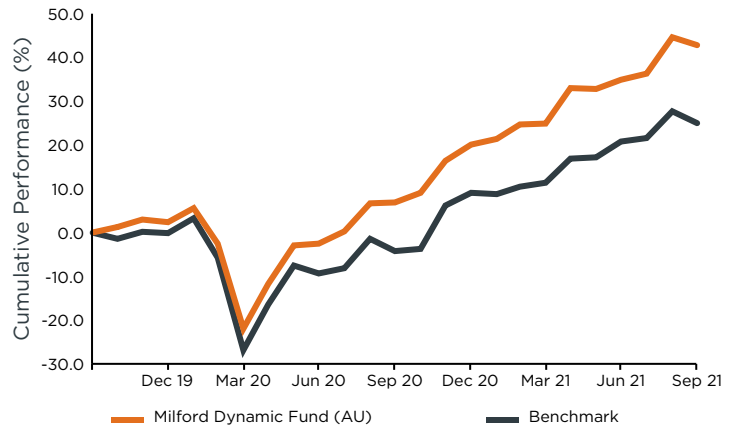
Lifestyle Communities (+13.3%) continued its stellar run over the past few months. Lifestyle is one of the key founder-led/founder-associated businesses which make up nearly 25% of the Dynamic Fund. Lifestyle is the owner and operator of affordable, independent living communities catering to the elderly, semi-retired and retired Australians. Residents own their own home, and lease Lifestyle owned land/facilities from where their homes are located. Community facilities are incredible and they're finding high demand amongst a large demographic of between 55 and 69 year olds.

Paladin Energy (+35.3%) rallied on the favourable supply and demand dynamic appearing in the uranium market. The realisation that uranium is a reliable, low carbon energy source continues to evolve globally.

Exposures which detracted from performance were gold miner Evolution Mining (-10.7%) and building materials company Bluescope Steel (-17.1%). We also took profits in Sealink after an incredible performance over the past 24 months.

While our recent performance has been strong, the market remains volatile. We remain cognisant that we are in a period of elevated uncertainty with a broad range of potential market moving scenarios in play. Global risks currently appear to be escalating, with supply chain bottlenecks and energy shortages the latest additions to an ever-growing list of inflationary pressures. As we mentioned last month, we have continued to take profits in several of our core positions in favour of new ideas. This rotation also provides some dry powder to take advantage of any equity market weakness in the final quarter.

Investment Performance to September 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 Sep	\$1.3368
NAV as at 30 Sep	\$36.6 Million
Inception Date	October 2019
Minimum Investment	\$20,000
Recommended Investment Timeframe	5 years +
Buy-sell Spread	+/-0.30%
Entry/Exit Fee	Nil
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
Distribution Frequency	Annual (30 June)

*Fees are stated exclusive of GST.

Milford Dynamic Fund (AU) September 2021

Investment Performance to September 2021*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)****
Milford Dynamic Fund (AU)	-1.29%	14.27%	33.54%	-	-	-
Milford Dynamic Fund (Strategy)***	-1.29%	14.27%	33.54%	15.27%	14.86%	14.42%
Benchmark	-2.14%	12.23%	30.41%	9.43%	10.18%	9.00%
Over/Underperformance	0.85%	2.04%	3.13%	5.84%	4.68%	5.42%

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

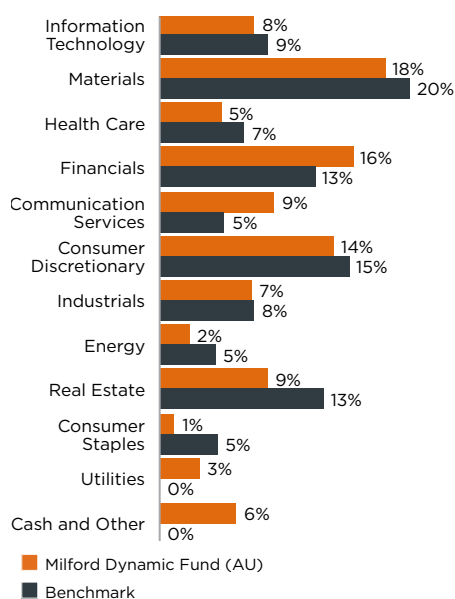
Holdings	% of Fund
Collins Foods	4.10%
Carsales.Com	3.51%
Virgin Money	3.50%
Credit Corp	3.38%
Contact Energy	3.24%
Lifestyle Communities	3.09%
Seven Group	2.89%
HUB24	2.83%
IPH	2.77%
IDP Education	2.46%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	89.05%	90%	80-100%
New Zealand Equities	4.70%	0%	0-20%
Cash and Other #	6.25%	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 last monthly report.

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Milford Dynamic Fund (AU)’s Target Market Determination is available at <https://milfordasset.com.au/forms-documents>. 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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