

Milford Dynamic Fund (AU)

October 2021

Portfolio Managers



William Curtayne
Portfolio Manager



Michael Higgins
Portfolio Manager

The Dynamic Fund rallied 1.2% in October as the domestic market shrugged off concerns about supply chain bottlenecks and energy shortages. The Fund moderately outperformed the S&P/ASX Small Ordinaries benchmark which returned 0.9%.

Performance was once again led by Paladin Energy (27.5%) which rallied on the favourable supply and demand dynamic appearing in the uranium market. The market continues to tighten and the view on uranium as a reliable, low carbon energy source continues to improve globally.

Australian Ethical Investments (+23.8%) continued its stellar run over the past few months. Australian Ethical is one of the oldest and longest standing ethical fund managers in Australia. They are exposed to the boom in ethical investing and are the fastest growing superannuation fund in Australia over the last 5 years by members and Assets Under Management.

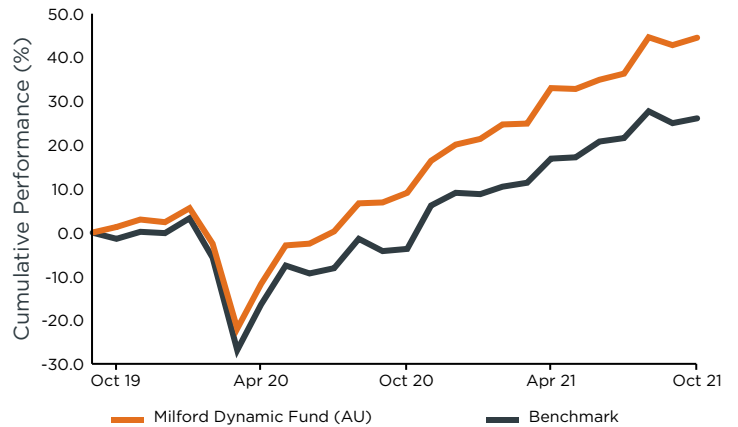
Karoon Energy (+17.0%) delivered their best quarterly production result so far under operatorship. A strategy day presentation further enhanced our view on the depth of talent now at Karoon. This gives comfort that operations, and the execution of organic growth plans due in 2022, should continue. Longer term optionality around developing previous discoveries and/or M&A are also a possibility.

Exposures which detracted from performance were digital payments company EML Payments (-24.2%) which indicated progress was slow regarding regulation challenges and sports wagering platform PointsBet (-19.1%) which posted an underwhelming quarterly update.

After a strong run in equity markets, global risks are escalating. Government and central banks are tightening purse strings in the face of inflationary pressures and a full recovery. Investors must now grapple with the possibility of lower economic growth and much less stimulus.

As we mentioned last month, we have taken profits in several of our core positions in favour of new ideas. This rotation also builds dry powder to take advantage of any equity market weakness in the final quarter.

Investment Performance to October 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 31 Oct	\$1.353
NAV as at 31 Oct	\$38.9 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.

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Investment Performance to October 2021*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Dynamic Fund (AU)	1.21%	8.66%	32.40%	-	-	-
Milford Dynamic Fund (Strategy)***	1.21%	8.66%	32.40%	19.73%	15.74%	14.43%
Benchmark	0.92%	7.88%	31.01%	13.52%	11.45%	9.03%
Over/Underperformance	0.29%	0.78%	1.39%	6.21%	4.29%	5.40%

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

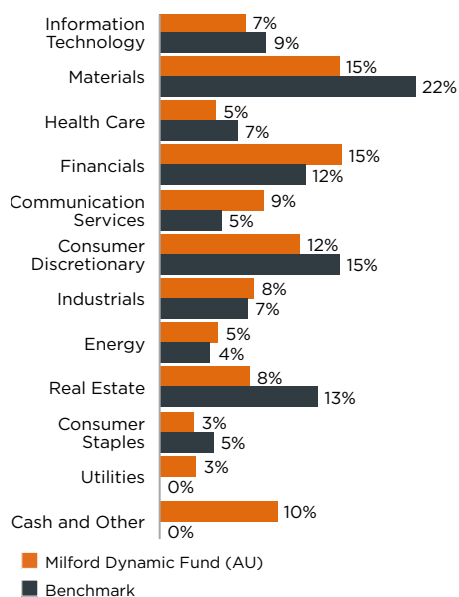
Holdings	% of Fund
Collins Foods	3.88%
Credit Corp	3.38%
Contact Energy	3.08%
Seven Group	3.07%
IPH	2.96%
Carsales.Com	2.95%
Lifestyle Communities	2.85%
Virgin Money	2.71%
Sandfire Resources	2.66%
Evolution Mining	2.53%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	85.30%	90%	80-100%
New Zealand Equities	4.74%	0%	0-20%
Cash and Other #	9.96%	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.au>. 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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