

# Milford Dynamic Small Companies Fund

## May 2022



### Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Michael Higgins**  
Portfolio Manager

May was a challenging month for equity markets, with the prospect of slower global growth against a backdrop of rising interest rates and tighter financial conditions. While we weren't immune from the volatility, our cautious positioning and elevated cash position provided some resistance to the sell-off. The Dynamic Small Companies Fund returned -5.3% in May, outperforming the S&P/ASX Small Ordinaries Index which fell -7.0%.

Performance was led by global fund manager GQG (+17.1%) which rallied on continued outperformance against global benchmarks. We like founder led businesses, and GQG is expertly led by founding Portfolio Manager Rajiv Jain. He has significant skin in the game and much like our approach to investing, is an all-weather manager who should outperform through the cycle.

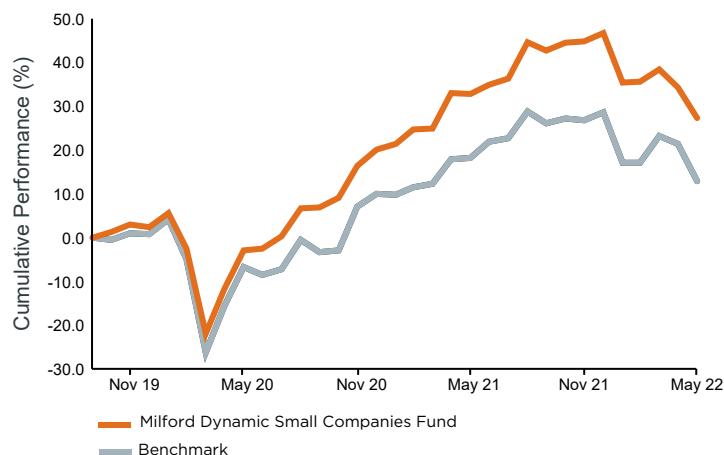
Intellectual Property (IP) services firm IPH (+3.9%) performed resiliently over the month. IPH is the leading IP services firm in the APAC region. Having led the consolidation of the ANZ market, it has the potential to expand globally into new markets. Its growth profile is supported by excellent cash flow and a strong balance sheet. IPH is a key defensive position in the Fund, with earnings also leveraged to a declining Australian Dollar.

Mining service provider Monadelphous (+5.5%) was steady over the month. Monadelphous is winning new contracts across the resources and energy sectors in Australia and PNG. The earnings trajectory in FY23 looks encouraging following a period of disruption from Covid in Western Australia.

Detractors included Collins Foods (-10.8%) and Metcash (-10.0%). We remain confident of their medium-term outlook with Metcash in particular a beneficiary of grocery and hardware inflation.

Our style neutral approach has allowed us to build cash and tilt the portfolio towards defensive and recovery stocks where we see relative value. We own very few high valuation multiple companies which are casualties of tight liquidity. As we await more clarity in the economic outlook, we continue to build out a long shopping list of quality businesses to add to the portfolio once they reach more attractive valuation levels.

### Investment Performance to May 2022\*



\* Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions.

### Key Fund Facts

<b>Objective</b>	The fund targets outperformance of the S&P/ASX Small Ordinaries (TR) Index over the minimum recommended investment timeframe (net of fees)
<b>Description</b>	Primarily invests in small to mid-cap Australian equities
<b>Benchmark</b>	S&P/ASX Small Ordinaries (TR) Index
<b>APIR</b>	ETL6978AU
<b>mFund Code</b>	MFA02
<b>Redemption Price as at 31 May</b>	\$1.1911
<b>NAV as at 31 May</b>	\$41 Million
<b>Inception Date</b>	October 2019
<b>Minimum Investment</b>	\$20,000
<b>Recommended Investment Timeframe</b>	8 years +
<b>Buy-sell Spread</b>	+/-0.30%
<b>Entry/Exit Fee</b>	Nil
<b>Management Fee</b>	1.23%
<b>Performance Fee</b>	20.50% p.a. of returns above the benchmark subject to achieving the high watermark.
<b>Fund Pricing</b>	Daily
<b>Distribution Frequency</b>	Biannual

## Investment Performance to May 2022\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Dynamic Small Companies Fund	-5.25%	-12.11%	-4.13%	-	-	-
Milford Dynamic Fund (Strategy)***	-5.25%	-12.11%	-4.13%	12.29%	12.35%	11.76%
Benchmark	-7.01%	-11.02%	-4.56%	5.50%	8.49%	6.91%
Over/Underperformance	1.76%	-1.09%	0.43%	6.79%	3.86%	4.85%

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 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.

## Top Security Holdings

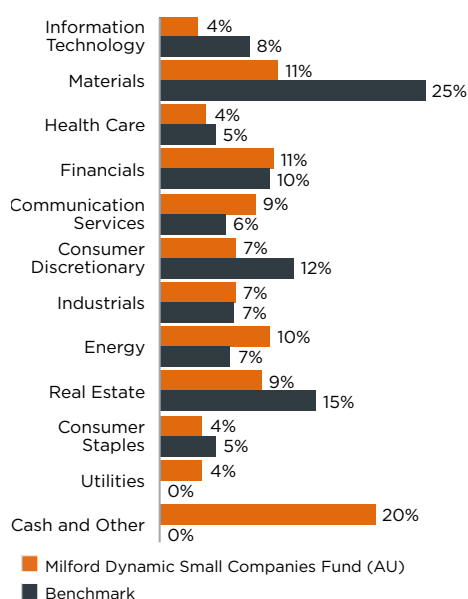
Holdings	% of Fund
Contact Energy	3.96%
Metcash	3.95%
IPH	3.48%
Collins Foods	3.23%
Viva Energy Group	3.22%
Evolution Mining	3.06%
oOh!media	2.78%
Santos	2.69%
EBOS Group	2.69%
HUB24	2.52%

## Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	76.05%	90.0%	80-100%
New Zealand Equities	3.96%	0%	0-20%
Cash and Other #	19.99%	10.0%	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.



### Platform Availability

Asgard, BT Panorama, HUB24, IOOF, Macquarie Wrap, Mason Stevens, mFund, MyNorth, Netwealth, Praemium, Xplore Wealth Ltd

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Milford Dynamic Small Companies Fund'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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