

Milford Dynamic Small Companies Fund

November 2022

Portfolio Managers



William Curtayne
Portfolio Manager



Michael Higgins
Portfolio Manager

Global equity markets were buoyant in November, as risk sentiment improved on the back of softer inflation leading to the assumption of lower central bank interest rates. The Dynamic Small Companies Fund returned 3.2% for the month, behind the S&P/ASX Small Ordinaries which rallied 4.9%. The index was led by Small Resources which rocketed on prospects of China reopening.

Performance was led by Origin Energy (+41.1%) following the bid from Brookfield Asset Management. The indicative proposal was attractive and represented a 55% premium to the last trading share price. The stock is currently trading at a discount to this price, but we feel this should narrow in time as regulatory uncertainties moderate.

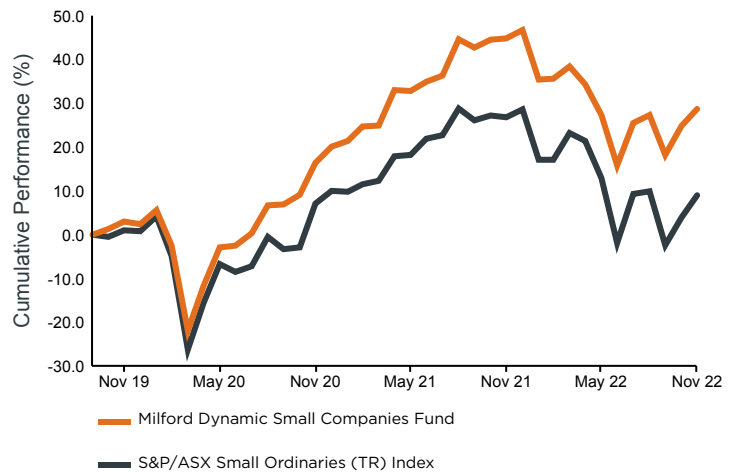
SmartPay (+25.9%) was a notable performer following the release of its first half results which showed very strong revenue and earnings growth. SmartPay is a small terminal operator growing rapidly in a large addressable market. With competitor Tyro under takeover, we feel any market movements will create a significant opportunity for share gains from more nimble operators like SmartPay.

Carsales (+12.4%) provided a positive trading update indicating it had already achieved the cost synergies from its recent acquisition, and that dealer acquisition was continuing. Performance by the recently acquired Trader Interactive business was encouraging, with further revenue opportunities planned in 2023. We view Carsales as a relative defensive technology position. While many other technology companies have been beneficiaries of the Covid environment, it's more nuanced for Carsales and the Covid hangover will be much more minimal.

Detractors included KFC restaurant owner Collins Foods (-18.6%) and global patent attorney IPH (-8.4%), which both disappointed in trading updates.

Many trading updates in November were positive with higher interest rates yet to significantly impact consumer spending. While this looks likely to last until Christmas, our fundamental view is unchanged. We believe economic and behavioural impacts of rate rises will start to emerge over 2023, particularly as the negative wealth effect from falling house prices and debt servicing from fixed to variable rates starts to pinch. We enter the back-end of the year with a diversified portfolio given the wide array of outcomes.

Investment Performance to November 2022¹



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 30 Nov	\$1.1829
Fund Size*	\$47.5 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

Investment Performance to November 2022²

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.) ³
Milford Dynamic Small Companies Fund	3.18%	1.14%	-11.11%	7.72%	-	-
Milford Dynamic Fund (Strategy) ⁴	3.18%	1.14%	-11.11%	7.72%	9.66%	11.22%
Benchmark	4.92%	-3.37%	-14.03%	2.57%	4.36%	6.12%
Over/Underperformance	-1.74%	4.51%	2.92%	5.15%	5.30%	5.10%

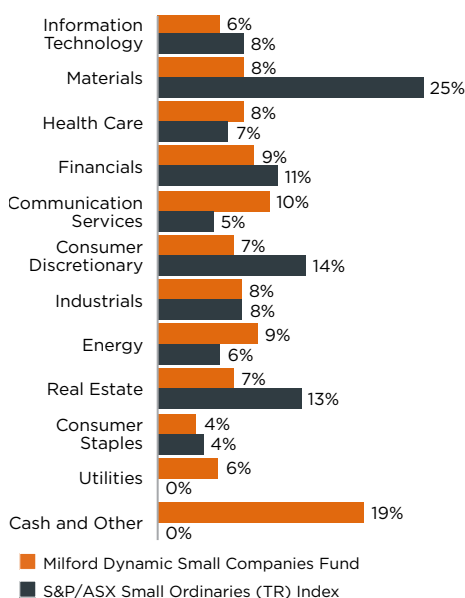
Top Security Holdings

Holdings	% of Fund
Viva Energy Group	4.50%
Contact Energy	3.62%
IPH	3.62%
Resmed	3.16%
Carsales.Com	3.14%
Collins Foods	2.95%
oOh!media	2.87%
Waypoint REIT	2.65%
Netwealth Group	2.35%
GQG Partners	2.27%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	75.84%	90%	0-100%
New Zealand Equities	5.02%	0%	0-20%
Cash and Other ⁵	19.14%	10%	0-20%

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.



Milford Dynamic Small Companies Fund November 2022

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. Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions. Returns greater than one year are annualised. **3.** Inception date of the Milford Dynamic 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.

Disclaimer: Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the responsible Entity for the Milford Dynamic Small Companies Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This Monthly Fact Sheet has been prepared by Milford Australia Pty Ltd. as the Investment Manager, to provide you with general information only. In preparing this Monthly Fact Sheet, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Milford Australia Pty Ltd., Equity Trustees nor any of their related parties, employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance is not a reliable indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.

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.

ZENITH DISCLAIMER: The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned February/2022) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>

LONSEC DISCLAIMER: The rating issued 10/2022 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.