

Milford Dynamic Fund (AU)

February 2022

Portfolio Managers



William Curtayne
Portfolio Manager



Michael Higgins
Portfolio Manager

The Dynamic Fund returned 0.1% in February, broadly in line with the S&P/ASX Small Ordinaries benchmark. Energy, resources and industrials were the best performing sectors while highly priced technology and healthcare sectors suffered heavy losses. Our decision to build cash and tilt the portfolio towards defensive and recovery stocks has insulated against macro risks while still providing upside from our individual stock picks.

The gold sector was one of the few sectors which collectively made a positive contribution for the month. Evolution Mining (+23.2%), Silver Lake Resources (+25.9%) and Northern Star (+24.4%) were three portfolio companies that performed strongly reflecting heightened uncertainty from geopolitical developments in Ukraine. Gold should continue to be resilient in the near term as safe-haven demand builds.

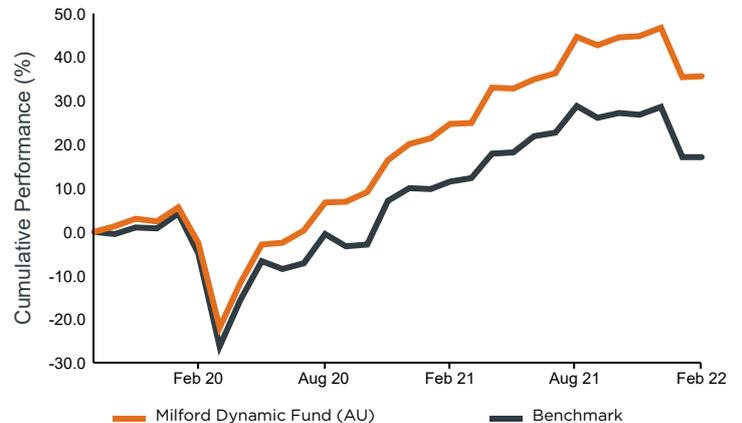
The energy sector was also another key contributor with Santos (+3.9%) and Karoon Energy (+6.8%) the standout performers. We added to both companies over the month, expecting elevated prices will continue from improving demand and a challenged global supply backdrop.

Stock specific news flow was substantial over February reflecting half yearly reporting season. One of our best results was mining service operator Monadelphous Group (+26.4%). Demand for services is high across the board and not just in the mining/resource sector but also in the infrastructure and residential sectors. We suspect near-term contract awards will provide orderbook momentum into 2023.

Laggards included financial platform Praemium (-39.3%) and digital payments business EML Payments (-18.9%). Both companies missed analyst expectations on costs and suffered the consequences. We continue to hold both companies.

As we have previously flagged, the move to combat persistently high inflation rates now requires tighter monetary policies from central banks. Unfortunately, higher energy prices and disrupted supply chains from current geopolitical risks all exacerbate inflationary pressures. With this backdrop, the Fund's positioning favours commodities, those companies that benefit from the reopening or companies with strong pricing power and an ability to pass on costs.

Investment Performance to February 2022*



* 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 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 28 Feb	\$1.2686
NAV as at 28 Feb	\$40.4 Million
Inception Date	October 2019
Minimum Investment	\$20,000
Recommended Investment Timeframe	8 years +
Buy-sell Spread	+/-0.30%
Entry/Exit Fee	Nil
Management Fee	1.23%
Performance Fee	20.50% p.a. of returns above the benchmark subject to achieving the high watermark.
Fund Pricing	Daily
Distribution Frequency	Biannual

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Investment Performance to February 2022*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Dynamic Fund (AU)	0.09%	-6.27%	8.68%	-	-	-
Milford Dynamic Fund (Strategy) ***	0.09%	-6.27%	8.68%	17.64%	14.52%	12.97%
Benchmark	-0.01%	-9.14%	5.02%	7.74%	9.35%	7.59%
Over/Underperformance	0.10%	2.87%	3.66%	9.90%	5.17%	5.38%

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

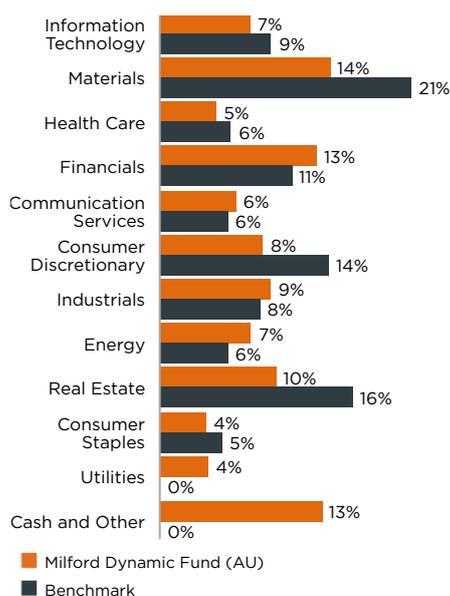
Holdings	% of Fund
Contact Energy	3.92%
Metcash	3.73%
Collins Foods	3.48%
Seven Group	3.47%
IPH	3.34%
Evolution Mining	3.31%
Credit Corp	3.24%
HUB24	2.87%
Santos	2.79%
EBOS Group	2.73%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	82.57%	90.0%	80-100%
New Zealand Equities	4.21%	0%	0-20%
Cash and Other #	13.22%	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, Netwealth, Xplore Wealth Ltd

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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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