

# Dynamic Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2019



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Michael Higgins**  
Portfolio Manager

July was exceptionally strong for the Fund returning 4.9%, consolidating a 9.6% return for the quarter. We were pleased to outperform the small cap industrial benchmark by 1.1%. Underpinning the strong performance was a broad spread of small caps, not just the narrow band of expensive technology stocks.

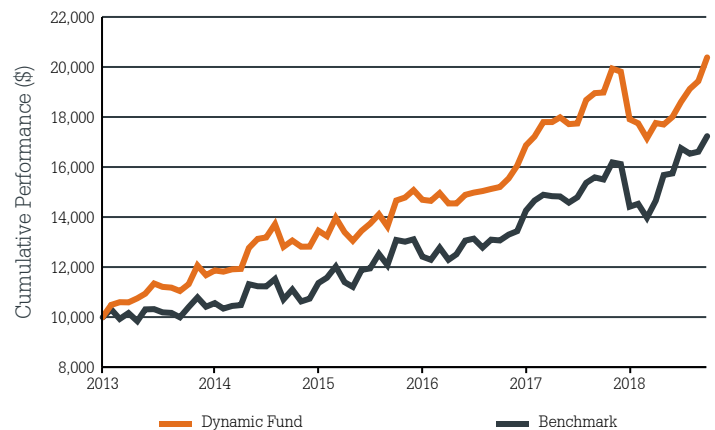
Our winners for the month comprised a healthy blend of both growth and value core positions including mortgage broker Australian Finance Group (+23.2%), a2 Milk (+22.8%) and auto-parts retailer Bapcor (+12.4%). AFG has rated higher as the domestic property market shows signs of stabilisation. Over the past two weeks, clearance activity across Sydney and Melbourne has held above 70% – rates not seen since mid-2017. While a rebound in clearance rates is clearly encouraging and is typically a leading indicator, we note that volumes remain very low.

Detractors for the month included debt collector Credit Corp (-5.2%), promising biotech Next Science (-25.5%) and Wellcom (-3.7%). We have modest expectations leading into reporting season, however, have begun the month nicely with a takeover of Wellcom at a 32% premium. Our current elevated cash weighting leaves us well positioned to take advantage of the typical market volatility in August. We will continue to focus on companies with excellent multi-year growth outlooks and those we consider good value with resilience through the cycle.

To view Milford's August 2019 Market and Economic Review please see [milfordasset.com/fact-sheet](http://milfordasset.com/fact-sheet).

## Cumulative Fund Performance

(after fees and before tax)



Assumes the growth of \$10,000 invested at the Fund's inception date.

## Key Fund Facts

<b>Objective<sup>1</sup></b>	Capital growth by out-performing the relevant share market index over a minimum of five years
<b>Description</b>	Primarily invests in small to mid-cap Australasian equities
<b>Target Allocation</b>	10% Income Assets / 90% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$256.4 M
<b>Buy-sell Spread</b>	None
<b>Inception Date</b>	1 October 2013
<b>Benchmark</b>	S&P/ASX Small Industrials Accumulation Index (100% NZD-hedged)
<b>Base Fund Fee<sup>2</sup></b>	1.35%
<b>Performance Fee</b>	15% of the Fund's returns above the Benchmark <sup>1</sup> , subject to the high watermark.
<b>Total Fund Fees<sup>3</sup></b>	1.35%
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="text-align: center;"> <span>1</span> <span>2</span> <span>3</span> <span style="color: orange;">4</span> <span>5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

Investment Performance after fees as at 31 July 2019<sup>4</sup>

Unit Price: \$2.0177

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Dynamic Fund (Gross Of Tax)	4.89%	9.56%	7.39%	11.60%	12.47%	12.99%
After Tax 10.50%	4.89%	9.56%	7.35%	11.51%	12.32%	12.89%
After Tax 17.50%	4.89%	9.56%	7.33%	11.46%	12.22%	12.83%
After Tax 28.00%	4.90%	9.56%	7.29%	11.37%	12.07%	12.74%
Benchmark	3.74%	2.87%	11.15%	9.61%	10.61%	9.79%

## Top Security Holdings

Holdings	% of Fund's NAV
Collins Foods	3.43%
Credit Corp Group	3.26%
Australian Finance Group	3.19%
IDP Education	3.04%
Webjet	2.74%
a2 Milk Company	2.73%
Bapcor	2.70%
EQT Holdings	2.69%
Xero	2.56%
Contact Energy	2.56%

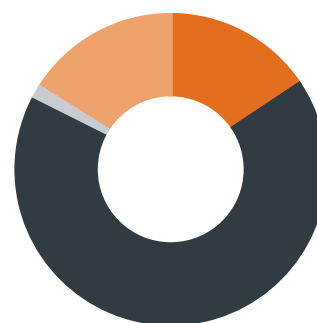
## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	15.21%	10.00%
New Zealand Fixed Interest	0.00%	0%
International Fixed Interest	0.00%	0%
New Zealand Equities	13.72%	0%
Australian Equities	70.19%	90.00%
International Equities	0.00%	0%
Other	0.88%	0%

## Sector Exposure

Allocation	Weight %
Consumer Discretionary	17.73%
Information Technology	11.69%
Financials	11.62%
Industrials	11.05%
Real Estate	9.03%
Materials	6.27%
Health Care	6.22%
Consumer Staples	4.16%
Other Sectors	6.14%
Cash and Other	16.09%

## Country Exposure



■ New Zealand 15.66%
 ■ Australia 66.73%
 ■ International 1.52%
 ■ Cash and Other 16.09%

1. After the base fund fee but before tax and before the performance fee. 2. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 3. The Total Fund Fees comprise the Base Fund Fee and any estimated Performance Fee. Please refer to the Product Disclosure Statement for more information as to how these are calculated. 4. Please note past performance is not a guarantee of future returns.

Please refer to the 'Glossary for the Monthly Fact Sheet' at [milfordasset.com/fact-sheet](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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