

# Milford Dynamic Fund (AU)

March 2021



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Michael Higgins**  
Portfolio Manager

It has been an exceptional 12 months for the Dynamic Fund having delivered a 60.0% return, 7.8% ahead of the ASX/Small Ordinaries benchmark. The Fund returned a more subdued 0.2% return in March, 0.6% behind the benchmark.

Performance was led by a diverse mix of businesses over the month. We had a strong contribution from the Bank of Queensland (+17.7%) capital raise, and we opportunistically supported the sell-down of Genworth Mortgages (+12.3%) by its North American parent. Both businesses are benefitting from accelerating housing credit growth and stronger house prices which underpin lower bad debt claims and insurance losses.

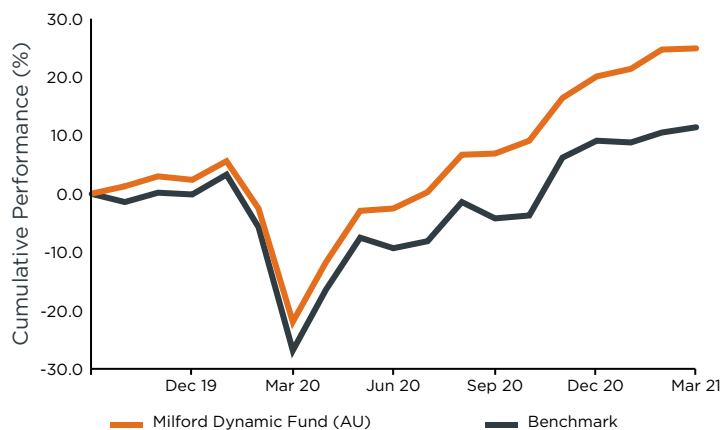
Other winners include Bluescope (+16.0%) which generates significant cash flows as margins on US steel products sustain record levels. Australian operations are also experiencing strong demand for Colorbond steel roofs and fences.

KFC restaurant owner Collins Foods, which we have been invested in since 2012, also experienced a strong month (+8.8%). The business continues to be a beneficiary of increased consumer confidence in key states of Queensland and Western Australia. Both regions have been lucky to avoid significant COVID break outs which has supported intrastate travel as regional and coastal areas are inundated with travellers.

Detractors included portable respirator manufacturer and distributor CleanSpace Technologies (-67.2%) as sales of masks to US hospitals collapsed with internal procurement teams focused purely on the vaccine rollout. Lithium miner IGO (-10.7%) also gave back some recent gains.

In the past few years economic growth has been scarce, which has partly explained the valuation premium attributed with technology companies. Now, the prospect of a broad recovery in economic activity has become real and more importantly expansive. This is being driven by steady progress on vaccinations which have begun rollout domestically and steady fiscal and monetary support. With this in mind, we continue to favour companies with a strong earnings outlook and exposure to an economic recovery over stocks where valuations have become stretched.

## Investment Performance to March 2021\*



\* 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
<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 Mar</b>	\$1.2455
<b>NAV as at 31 Mar</b>	\$28.1 million
<b>Inception Date</b>	October 2019
<b>Minimum Investment</b>	\$20,000
<b>Recommended Investment Timeframe</b>	5 years +
<b>Buy-sell Spread</b>	+/-0.30%
<b>Entry/Exit Fee</b>	Nil
<b>Distribution Frequency</b>	Annual (30 June)
<b>Management Fee *</b>	1.10%
<b>Capped Expense Recovery *</b>	0.10%
<b>Performance Fee *</b>	20% p.a. of returns above the benchmark subject to achieving the high watermark.
<b>Fund Pricing</b>	Daily

\*Fees are stated exclusive of GST.

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## Investment Performance to March 2021\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Dynamic Fund (AU)	0.16%	16.87%	59.99%	-	-	-
Milford Dynamic Fund (Strategy) ***	0.16%	16.87%	59.99%	14.38%	14.31%	13.42%
Benchmark	0.79%	16.20%	52.15%	8.33%	10.69%	7.96%
Over/Underperformance	-0.63%	0.67%	7.84%	6.05%	3.62%	5.46%

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 1 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

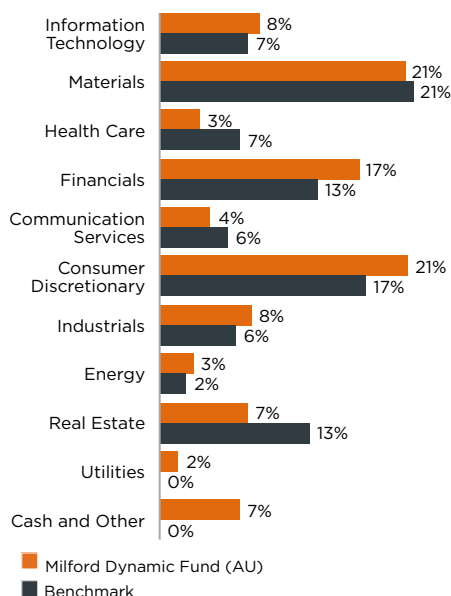
Holdings	% of Fund
Collins Foods	4.62%
Sealink Travel	3.76%
IGO	3.71%
Virgin Money	3.65%
Seven Group	3.51%
EML Payments	3.42%
Northern Star	3.23%
Lifestyle Communities	2.83%
HUB24	2.76%
Bapcor	2.53%

## Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	90.74%	90%	80-100%
New Zealand Equities	2.59%	0%	0-20%
Cash and Other #	6.67%	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 PDS was issued.

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