

# Milford Dynamic Fund (AU)

July 2021



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Michael Higgins**  
Portfolio Manager

Despite the extended Sydney lockdown and gradual spread of the COVID-19 outbreak to other states, domestic equity markets remained robust through July. Lockdowns have been met with added fiscal support, which is proving supportive until higher vaccination rates allow an orderly reopening. The Dynamic Fund increased 1.0% over the month, 0.3% ahead of the S&P/ASX Small Ordinaries index.

Performance was led by diversified miner IGO (22.0%). Final quarter production results beat expectations reflecting better nickel, copper and especially lithium prices. IGO is the owner of the largest and lowest cost hard rock lithium mine in the world. Lithium is a critical component in battery storage and the take up of electric vehicles is a key long term demand driver.

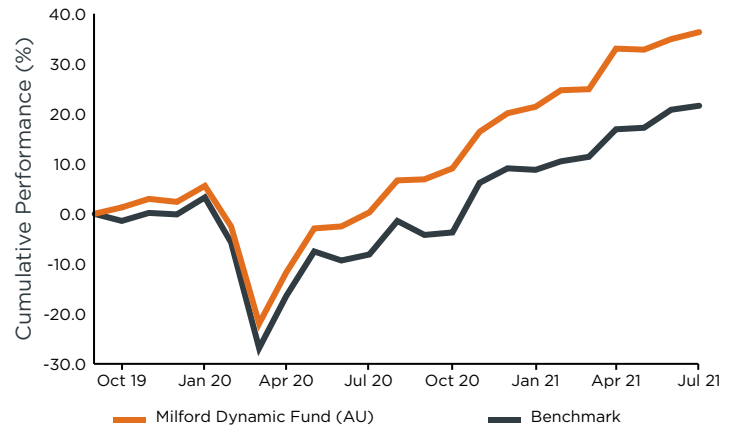
Seven Group (14.3%) – the owner of Caterpillar dealership Westrac in WA and NSW, Coates Hire and a stake in Beach Energy – has now accumulated 70% of building materials group Boral. Incredibly, Seven has achieved effective control of up to approximately \$5bn in available cash for distribution which equates to a good majority of their initial investment.

Macquarie Telecom (27.9%) announced a data centre expansion of 50 MW. This represents a major expansion from plans and reflects added confidence in the demand outlook. Macquarie Telecom has been a long-standing investment in the Fund having returned ~4x since our first investment.

Exposures which detracted from performance were investment platform HUB24 (-15.6%) which had run hard into the confirmation of record quarterly flows and gold miner Evolution Mining (-7.1%) which disappointed with downgraded short-term earnings expectations. We took advantage of the weakness in Evolution and increased our position size.

Reporting season provides a great opportunity to reconnect with portfolio company management teams and reassess our investment thesis. The inevitable volatility will also be sure to uncover some opportunities to deploy capital into oversold companies. We expect boards to be more reluctant than normal in providing quantitative guidance, which means fundamental research and industry meetings will continue to be essential. Our overall expectations remain constructive which should underpin continued strength in equities.

## Investment Performance to July 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 over rolling five-year periods
<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 Jul</b>	\$1.2766
<b>NAV as at 31 Jul</b>	\$33.3 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>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
<b>Distribution Frequency</b>	Annual (30 June)

\*Fees are stated exclusive of GST.

## Milford Dynamic Fund (AU) July 2021

### Investment Performance to July 2021\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Dynamic Fund (AU)	1.02%	12.32%	35.87%	-	-	-
Milford Dynamic Fund (Strategy)***	1.02%	12.32%	35.87%	15.13%	14.38%	14.08%
Benchmark	0.68%	11.80%	32.30%	9.21%	9.57%	8.83%
Over/Underperformance	0.34%	0.52%	3.57%	5.92%	4.81%	5.25%

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

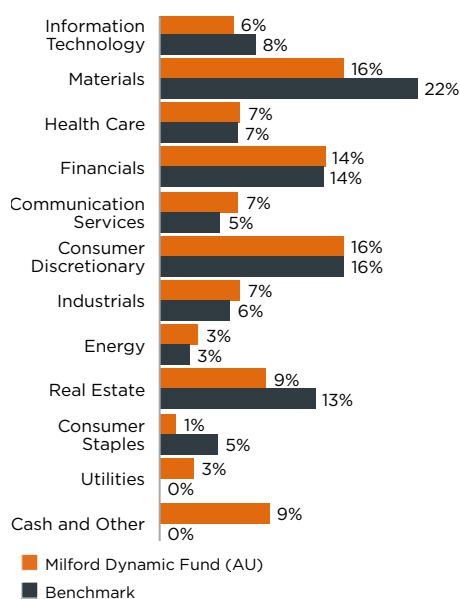
Holdings	% of Fund
Seven Group	4.17%
Virgin Money	4.15%
Collins Foods	4.11%
IGO	3.41%
Evolution Mining	3.05%
Contact Energy	2.94%
Sealink Travel	2.88%
Lifestyle Communities	2.78%
Credit Corp	2.59%
EBOS Group	2.45%

### Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	86.64%	90%	80-100%
New Zealand Equities	3.87%	0%	0-20%
Cash and Other #	9.49%	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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