

# Milford Dynamic Fund (AU)

August 2021



## Portfolio Managers



**William Curtayne**  
Portfolio Manager



**Michael Higgins**  
Portfolio Manager

The Dynamic Fund returned 6.1% in August, outperforming the S&P/ASX Small Ordinaries benchmark by 1.1%. Overall, we saw strong results from companies over reporting season, and somewhat unsurprisingly a lack of future earnings guidance. This resulted in a rather forgiving equity market. The optimism allowed us to take profits in some of our strong performing core positions and redeploy across new ideas.

Performance was led by DGL (Dangerous Goods Logistics), an IPO that listed in May, which rallied ~44% following upgraded guidance. DGL is a founder-led business exposed to the logistics and storage of specialised chemicals. There are stringent regulatory requirements to ensure personal and environmental safety which leads itself to high barriers to entry. The thematic is growing globally as environmental awareness improves.

Lifestyle Communities (+14.9%) another founder-led business, upgraded its 3-year settlement guidance for their in-demand homes. Lifestyle is the owner and operator of affordable, independent living communities catering to the elderly, semi-retired and retired Australians. Residents own their own home, and lease Lifestyle owned land/facilities from where their homes are located. Community facilities are incredible and they're finding high demand amongst a large demographic of between 55 and 69 year olds.

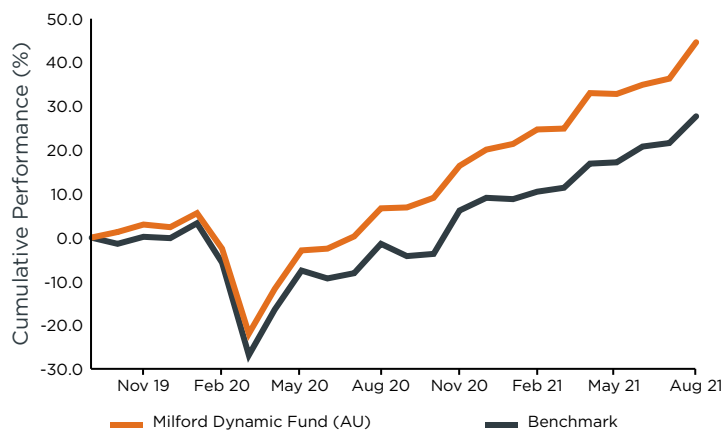
KFC restaurant owner Collins Foods (+11.9%) rallied on no specific news. Collins owns KFC franchises in Australia, Germany and the Netherlands. Collins manages to achieve steady growth each year by opening and acquiring new stores.

Exposures which detracted from performance was iron ore miner Champion Iron (-22.5%) which fell in response to commodity prices and Seven Group (-8.6%) which delivered a largely in line result but disappointed with a lower-than-expected growth rate across its main industrial division.

After well over a hundred company meetings across the team in August, we always compile our takeaways across themes. These themes inform our positioning and provide direction into where we need to be looking for our next investment ideas to drive performance over the next 12 to 24 months.

Outside of the more obvious persistent challenges like labour shortages, shipping delays and general cost pressures, it was notable the degree of insider-selling we saw over the month. We live in a time of great uncertainty, so while this may just highlight a purely rationale response, we have certainly taken the learning on board. As one of the greatest investors of all time Peter Lynch said, "insiders might sell their shares for any number of reasons, but they buy them for only one; they think the price will rise."

## Investment Performance to August 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 Aug</b>	\$1.3543
<b>NAV as at 31 Aug</b>	\$35.7 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.

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## Investment Performance to August 2021\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)****
Milford Dynamic Fund (AU)	6.09%	15.95%	35.53%	-	-	-
Milford Dynamic Fund (Strategy) ***	6.09%	15.95%	35.53%	15.53%	15.56%	14.77%
Benchmark	4.98%	15.58%	29.51%	10.09%	10.99%	9.40%
Over/Underperformance	1.11%	0.37%	6.02%	5.44%	4.57%	5.37%

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

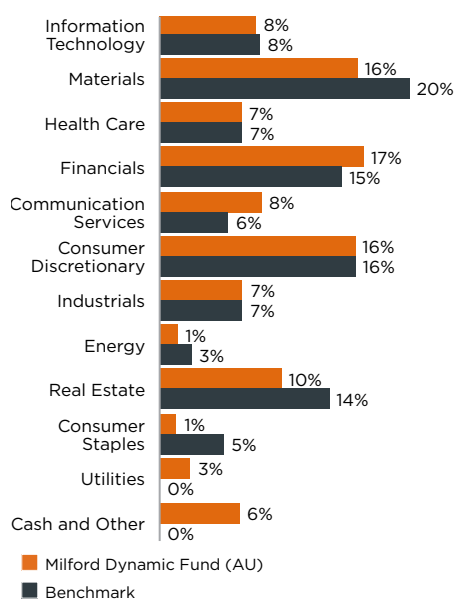
Holdings	% of Fund
Virgin Money	4.30%
Collins Foods	4.25%
Credit Corp	3.32%
IGO	3.26%
Carsales.Com	3.01%
Lifestyle Communities	2.98%
Seven Group	2.85%
Evolution Mining	2.63%
IPH	2.52%
Contact Energy	2.50%

## Current Asset Allocation

	Actual	Neutral	Maximum Range
Australian Equities	90.20%	90%	100%
New Zealand Equities	3.31%	0%	20.0%
Cash and Other #	6.49%	10%	20.0%

# Cash and Other reported above is adjusted to reflect the Fund's notional positions.

## Sector Allocation



## Ratings



## Fund Changes

C M C I I H M C I C PI KMfile