

# Milford Australian Absolute Growth Fund

## Product Disclosure Statement

Issue Date 4 April 2025



**MILFORD**

INVESTED IN THE OUTCOME

# Milford Australian Absolute Growth Fund



## Product Disclosure Statement

ARSN 621 244 559  
APIR Class W: ETL8155AU  
APIR Class R: ETL1090AU  
Issue Date 4 April 2025

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### Investment Manager

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### Custodian

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### Responsible Entity

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This Product Disclosure Statement (“PDS”) was issued on 4 April 2025. This PDS is for the offer of interests in the following classes of units of the Milford Australian Absolute Growth Fund ARSN 621 244 559 (referred throughout this PDS as the “Fund”): Milford Australian Absolute Growth Fund – Class W (APIR code: ETL8155AU) and Milford Australian Absolute Growth Fund – Class R (APIR code: ETL1090AU).

The PDS has been prepared and issued by Equity Trustees Limited (ABN 46 004 031 298, Australian Financial Services Licence (“AFSL”) No. 240975) in its capacity as the Responsible Entity of the Fund (referred throughout this PDS as the “Responsible Entity”, “Equity Trustees”, “us” or “we”). The investment manager is Milford Australia Pty Ltd (ABN 65 169 262 971 AFSL No. 461253) (referred to throughout this PDS as the “Investment Manager” or “Milford”).

This PDS is prepared for your general information only. It is not intended to be a recommendation by the Responsible Entity, Investment Manager or any associate, employee, agent or officer of the Responsible Entity, Investment Manager or any other person to invest in the Fund. This PDS does not take into account the investment objectives, financial situation or needs of any particular investor. You should not base your decision to invest in the Fund solely on the information in this PDS. You should consider the suitability of the Fund in view of your personal financial circumstances, investment objectives and needs. You may want to seek advice before making an investment decision.

The Responsible Entity has authorised the use of this PDS as disclosure to investors and prospective investors of an IDPS. This PDS is available for use by persons applying for units in the Fund through an IDPS (“Indirect Investors”). The operator of an IDPS is referred to in this PDS as the “IDPS Operator” and the disclosure document for an IDPS is referred to as the “IDPS Guide”. If you invest through an IDPS, your rights and liabilities will be governed by the terms and conditions of the IDPS Guide. Investors should carefully read these terms and conditions before investing in the Fund. Please refer to the “Investment and withdrawals” section for further information on investments through an IDPS.

Equity Trustees, the Investment Manager and their employees, associates, agents or officers do not guarantee the success, repayment of capital or any rate of return on income or capital or the investment performance of the Fund. Past performance is no indication of future performance. An investment in the Fund does not represent a deposit with or a liability of Equity Trustees, the Investment Manager or any of their associates. An investment is subject to investment risk, including possible delays in repayment and loss of income or capital invested. Units in the Fund are offered and issued by the Responsible Entity on the terms and conditions described in this PDS. You should read this PDS in its entirety.

Any forward looking statements included in this PDS involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Equity Trustees, the Investment Manager and their officers, employees, agents or associates. Actual future events may vary materially from any forward looking statements and the assumptions on which those statements are based. Given these uncertainties, you are cautioned to not place undue reliance on such forward looking statements.

In particular, in considering whether to invest in the Fund, investors should consider the risk factors that could affect the financial performance of the Fund. Some of the risk factors affecting the Fund are summarised in section 6.

Unless otherwise stated, all fees quoted in the PDS are inclusive of Goods and Services Tax (“GST”) after allowing for an estimate for Reduced Input Tax Credits (“RITCs”), and all amounts are in Australian dollars.

If you are a Retail Client you may have a right to a ‘cooling off’ period in relation to an investment in the Fund within 14 days of the earlier of:

- confirmation of the investment being received or available; and
- the end of the fifth Business Day after the units are issued.

The right to cool off may not apply if you are an Indirect Investor, even if you are a Retail Client. Indirect Investors should seek advice from their IDPS Operator or consult the IDPS Guide or similar type document as to whether cooling off rights apply.

The offer made in this PDS is available only to persons receiving this PDS in Australia (electronically or otherwise) and Wholesale Investors (as defined in the Glossary) receiving this PDS (electronically or otherwise) in New Zealand who have completed a Wholesale Investor Certificate attached to the Application Form. All references to dollars or “\$” in this PDS are to Australian dollars.

This PDS has not been, and will not be, lodged with the Registrar of Financial Service Providers in New Zealand, and is not a Product Disclosure Statement under the Financial Markets Conduct Act 2013 (New Zealand). The offer made in this PDS is not a regulated offer for the purposes of the Financial Markets Conduct Act 2013 (New Zealand). New Zealand Wholesale Investors wishing to invest in the Fund should be aware that there may be different tax implications of investing in the Fund and should seek their own tax advice as necessary. If you received this PDS electronically we will provide a paper copy free upon request during the life of this PDS. The PDS is available on [www.milfordasset.com.au](http://www.milfordasset.com.au) or [www.eqt.com.au/insto](http://www.eqt.com.au/insto) or you can request a copy free of charge by contacting Milford on 1800 161 310 or Equity Trustees on +613 8623 5000.

This PDS does not constitute a direct or indirect offer of securities in the US or to any US Person as defined in Regulation S under the US Securities Act of 1933 as amended (“US Securities Act”). Equity Trustees may vary its position and offers may be accepted on merit at Equity Trustees’ discretion. The units in the Fund have not been, and will not be, registered under the US Securities Act unless otherwise determined by Equity Trustees and may not be offered or sold in the US to, or for, the account of any US Person (as defined) except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

Information in this PDS that is not materially adverse is subject to change from time to time. We may update this information. You can obtain any updated information:

- by contacting Milford on 1800 161 310; or
- by visiting the Milford website at [www.milfordasset.com.au](http://www.milfordasset.com.au)

A paper copy of the updated information will be provided free of charge on request.

# 1. Fund at a glance

Feature	Summary	For further information
<i>Name of the Fund</i>	Milford Australian Absolute Growth Fund	Section 5
<i>APIR Code</i>	Class W: ETL8155AU <sup>1</sup> Class R: ETL1090AU	Section 5
<i>ARSN</i>	621 244 559	Section 5
<i>Investment objective</i>	The Fund targets absolute returns with an annualised return objective of 5% above the RBA cash rate while seeking to preserve investor capital over rolling three year periods (net of fees).	Section 5
<i>Fund Benchmark</i>	RBA cash rate + 5% per annum	Section 5
<i>Investment strategy</i>	The Fund aims to generate investment returns 5% higher than the RBA cash rate by investing in a diversified portfolio of predominantly Australian equities, complemented by selective exposure to international equities and cash. The Fund also aims to preserve capital and minimise volatility in times of higher uncertainty or less conviction by allowing the Fund to be invested in cash up to 50% of the Fund value, and may use Derivatives (limited to 10% of the Gross Asset Value (GAV) of the Fund) and foreign currency hedging to achieve the desired level of market exposure.	Section 5
<i>The type(s) of investor(s) for whom the Fund would be suitable</i>	Designed for investors with a medium to high risk tolerance who are seeking absolute returns over a long-term investment period.	Section 5
<i>Recommended investment timeframe</i>	7 Years +	Section 5
<i>Minimum initial investment<sup>2</sup></i>	Class W: \$50,000 <sup>1</sup> Class R: \$1,000	Section 7
<i>Minimum additional investment</i>	\$1,000. You can also invest via direct debit on a monthly basis using the savings plan. The minimum monthly savings plan investment into the Fund is \$100 per month.	Section 7
<i>Minimum withdrawal amount</i>	Class W: \$1,000 <sup>1</sup> Class R: \$1,000	Section 7
<i>Minimum balance<sup>2</sup></i>	Class W: \$50,000 <sup>1</sup> Class R: \$1,000	Section 7
<i>Cut off time for applications and withdrawals</i>	12.00 pm (Australian Eastern Standard Time) on each Business Day	Section 7
<i>Valuation frequency</i>	The Fund's assets are normally valued daily.	Section 7
<i>Applications</i>	Accepted each Business Day.	Section 7
<i>Withdrawals</i>	Accepted each Business Day	Section 7
<i>Income distribution</i>	Bi-annually at 31 December and 30 June	Section 7
<i>Management fees and costs</i>	Class W: 0.90% p.a. of the GAV of the Class <sup>1</sup> Class R: 1.05% p.a. of the GAV of the Class	Section 9
<i>Performance fee:</i>	15.35% p.a. of returns above the Fund Benchmark to be paid annually	
<i>Entry fee/exit fee</i>	Nil	Section 9
<i>Buy/Sell spread</i>	+/- 0.20% on applications into the Fund, and withdrawals out of the Fund.	Section 9

<sup>1</sup>Please see the definition of a 'Wholesale Client' in the Glossary of Important Terms in Section 12 to see if you are able to invest in Class W of the Fund.

<sup>2</sup>The minimums may be waived by us in our absolute discretion.

## 2. ASIC Benchmarks

The Fund is a 'hedge fund' for the purposes of Australian Securities and Investments Commission ("ASIC") Regulatory Guide 240 ("RG 240"). The following table and the tables in Sections 1 and 3 set out a summary of the disclosure ASIC requires for hedge funds, the key features of the Fund and a guide to where more detailed information can be found in this PDS. A copy of RG 240 dated October 2022 (as may be amended, supplemented or replaced from time to time) is available from [www.asic.gov.au](http://www.asic.gov.au).

The information summarised in the relevant tables and explained in detail in the identified section reference is intended to assist investors with analysing the risks of investing in the Fund. Investors should consider this information together with the detailed explanation of various benchmarks and principles referenced throughout this PDS and the key risks of investing in the Fund highlighted in Section 6 of this PDS.

ASIC Benchmark	Is the benchmark satisfied?	Summary	For further information
Benchmark 1: Valuation of assets			
This benchmark addresses whether valuations of the Fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.	Yes	<p>Equity Trustees has appointed an independent administrator, Apex Fund Services Pty Ltd ("Apex" or the "Administrator"), to provide administration services for the Fund.</p> <p>The Fund satisfies ASIC Benchmark 1 by having its non-exchange traded assets independently priced by Apex.</p> <p>Over-the-counter ("OTC") Derivatives are generally valued by reference to the counterparty settlement price which is based upon broad financial market indices.</p>	Section 5
Benchmark 2: Periodic reporting			
This benchmark addresses whether the Responsible Entity of the Fund will provide periodic disclosure of certain key information specified by ASIC on an annual and monthly basis.	Yes	The Responsible Entity will provide periodic disclosure of certain key information on an annual and monthly basis.	Section 8

### 3. Disclosure Principles

	Summary	Section (for further information)
<i>Investment strategy</i>	<p>The Fund aims to generate investment returns 5% higher than the RBA cash rate by investing in a diversified portfolio of predominantly Australian equities, complemented by selective exposure to international equities and cash. The Fund also aims to preserve capital and minimise volatility in times of higher uncertainty or less conviction by allowing the Fund to be invested in cash up to 50% of the Fund value and may use Derivatives (limited to 10% of the GAV of the Fund) and foreign currency hedging to achieve the desired level of market exposure.</p> <p>See Section 5.7 for further information on how the Derivatives are monitored.</p>	Section 5.2
<i>Investment manager</i>	<p>Equity Trustees Limited, as Responsible Entity of the Fund, has appointed Milford Australia Pty Ltd as the Investment Manager of the Fund.</p> <p>See Section 4 in relation to the expertise of the Investment Manager and the Investment Management Agreement under which the Investment Manager has been appointed.</p> <p>Under the Investment Management Agreement between the Investment Manager and Equity Trustees, Equity Trustees can terminate the Investment Manager's appointment where the Investment Manager becomes insolvent, materially breaches the agreement and does not correct the breach, ceases to carry on its business as investment manager or in certain other circumstances. In the event that Equity Trustees terminates the Investment Manager following one of these events, the Investment Manager's appointment would cease upon any termination date specified in the notice, and the Investment Manager would be entitled to receive fees in accordance with the agreement until the effective date of termination.</p>	Section 4
<i>Fund structure</i>	<p>The Fund is an Australian unit trust registered under the Corporations Act as a managed investment scheme.</p> <p>The Responsible Entity of the Fund is Equity Trustees Limited. Equity Trustees Limited may appoint service providers to assist in the ongoing operation, management and administration of the Fund.</p> <p>The key service providers to the Fund are:</p> <ul style="list-style-type: none"> <li>• Milford Australia Pty Ltd, the investment manager of the Fund;</li> <li>• HSBC Bank Australia Limited, the custodian of the assets of the Fund; and</li> <li>• Apex Fund Services Pty Ltd, the provider of administration, registry and client services for the Fund.</li> </ul> <p>See Section 5.3 for further information on other key service providers, Equity Trustees' role in monitoring the performance of service providers and a diagram of the flow of funds through the Fund.</p>	Section 5.3
<i>Valuation, location and custody of assets</i>	<p>HSBC Bank Australia Limited ("HSBC") is the custodian of the Fund and provides custody services. Apex is responsible for calculating the Fund's NAV as the provider of Fund administration services.</p> <p>HSBC and Apex respectively maintain the financial books and records so far as may be necessary to give a complete record of all transactions carried out respectively by them on behalf of the Fund.</p> <p>See section 5.9 for further information on the valuation and custodial arrangements.</p> <p>Apex Fund Services Pty Ltd is also the provider of registry and client services.</p>	Section 5.9

	Summary	Section (for further information)
<i>Liquidity</i>	The majority of assets currently traded and held by the Fund are liquid and are expected to be liquid for the purposes of the Corporations Act.	Section 5.4
<i>Leverage</i>	The Fund will not borrow money to gear or to otherwise add leverage.	Section 5.2, 5.5 and 6
<i>Derivatives</i>	The Fund is permitted to use Derivatives to a maximum of 10% of the GAV. The Fund may invest in Derivatives to increase or decrease its exposure to investments. For key risks to the Fund associated with the collateral requirements of the derivative counterparties, please see Section 6.	Section 5.2, 5.5, 5.7 and 6
<i>Short selling</i>	The Fund is permitted to use short selling up to a maximum limit of 10% of GAV. The risks associated with short selling and the ways in which the Investment Manager seeks to mitigate those risks are set out in Sections 5.6 and 6. See Section 5.7 for further information on how the Derivatives are monitored.	Section 5.6 and 6
<i>Withdrawals</i>	Daily. Withdrawal requests must be received by 12pm (AEST) on any Business Day to receive that day's unit price. Withdrawals are usually processed within 5 Business Days after receipt of a correctly completed withdrawal request. Payment of withdrawals is usually made by deposit to your nominated bank account. See Section 7 for more information on making a withdrawal.	Section 7

## 4. Who is Managing the Fund?

### **The Responsible Entity**

#### **Equity Trustees Limited**

Equity Trustees Limited ABN 46 004 031 298 AFSL 240975, a subsidiary of EQT Holdings Limited ABN 22 607 797 615, which is a public company listed on the Australian Securities Exchange (ASX: EQT), is the Fund's Responsible Entity and issuer of this PDS. Established as a trustee and executorial service provider by a special Act of the Victorian Parliament in 1888. Today, Equity Trustees is a dynamic financial services institution which continues to grow the breadth and quality of products and services on offer.

Equity Trustees' responsibilities and obligations as the Fund's Responsible Entity are governed by the Fund's constitution ("Constitution"), the Corporations Act and general trust law. Equity Trustees has appointed Milford Australia Pty Ltd as the investment manager of the Fund. Equity Trustees has appointed a custodian to hold the assets of the Fund. The custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests.

### **The Investment Manager**

#### **Milford Australia Pty Ltd**

Milford is a wholly owned subsidiary of Milford Asset Management Limited ("MAM"). MAM was formed in 2003 and is the parent company of a well-established, award winning investment management group with offices across Australia and New Zealand. Milford Australia is a boutique investment firm that was established in April 2014 to enable investors to take advantage of the investment expertise and experience of the MAM investment team.

### **The Custodian**

#### **HSBC Bank Australia Limited**

Equity Trustees has appointed HSBC Bank Australia Limited as Custodian to hold the assets of the Fund. The Custodian's role is limited to holding the assets of the

Fund as agent of the Responsible Entity. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. The Custodian has no liability or responsibility to you for any act done or omission made in accordance with the terms of the Custody Agreement. The Custodian makes no statement in this PDS and has not authorised or caused the issue of it.

The Custodian holds investments of the Fund as bare trustee and such investments are not investments of HSBC Bank Australia Limited or any other member of the HSBC Bank Australia Limited group of companies (HSBC Group). Neither HSBC Bank Australia Limited, nor any other member of HSBC Group, guarantees the performance of the investment or the underlying assets of the Fund, or provide a guarantee or assurance in respect of the obligations of the Responsible Entity or its related entities.

### **The Unit Registrar and Administrator**

#### **Apex Fund Services Pty Ltd**

Apex Fund Services Pty Ltd (referred to throughout this PDS as the "Administrator" or "Apex") is the provider of unit registry and client services and maintains investor records for the Fund.

Apex's role is limited to Fund administration, unit registry and client services. Apex is a specialist fund administrator for the financial services industry.

Apex has given and not withdrawn its consent to be named in this PDS.



## 5. How the Fund Invests

### 5.1 Investment Objective

The Fund targets absolute returns with an annualised return objective of 5% above the RBA cash rate while seeking to preserve capital over rolling three year periods (net of fees).

The investment objective is not intended to be a forecast. It is only an indication of what the investment strategy aims to achieve.

### 5.2. Investment Strategy

The Fund aims to generate investment returns 5% higher than the RBA cash rate by investing in a diversified portfolio of predominantly Australian equities, complemented by selective exposure to international equities and cash.

#### *Investment guidelines*

The following are indicative asset allocation ranges for the Fund:

Asset class	Typical range %	Maximum
Australian equities	75-85	30-100
International equities*	0-10	0-20
Cash**	0-20	0-50

\*Of which New Zealand equities can be 0% - 20%;

- Foreign currency exposure-neutral position 0% (max +/- 0-30%).

\*\*Cash includes investments in term deposits.

#### *Derivatives*

- Limit of 10% (See section 5.7 for further detail regarding this limit)
- Can be used for short selling (10% limit)
- Not used to achieve leverage.

The Fund may also make other investments as permitted by the Fund's Constitution. The Fund is permitted to invest in listed equities and equities which plan to list on the relevant securities exchanges within the next 6 months.

### 5.3. Fund Structure

The Fund is an Australian unit trust registered under the Corporations Act as a managed investment scheme and is governed by the Constitution. The Fund is permitted to have more than one class of units and currently has four classes of units. Investors are offered units in class W and class R under this PDS. Class W units have a different fee schedule than class R, reflecting the wholesale nature of these investors.

The Fund comprises assets which are acquired in accordance with the investment strategy. Investors receive units when they invest, however, it does not give the investor an interest in any particular asset. The value

The Fund also aims to preserve capital (over a rolling three year period) and minimise volatility in times of higher uncertainty or less conviction by allowing the Fund to be invested in cash up to 50% of the Fund value, and may use Derivatives (limited to 10% of the GAV of the Fund) and foreign currency hedging to achieve the desired level of market exposure.

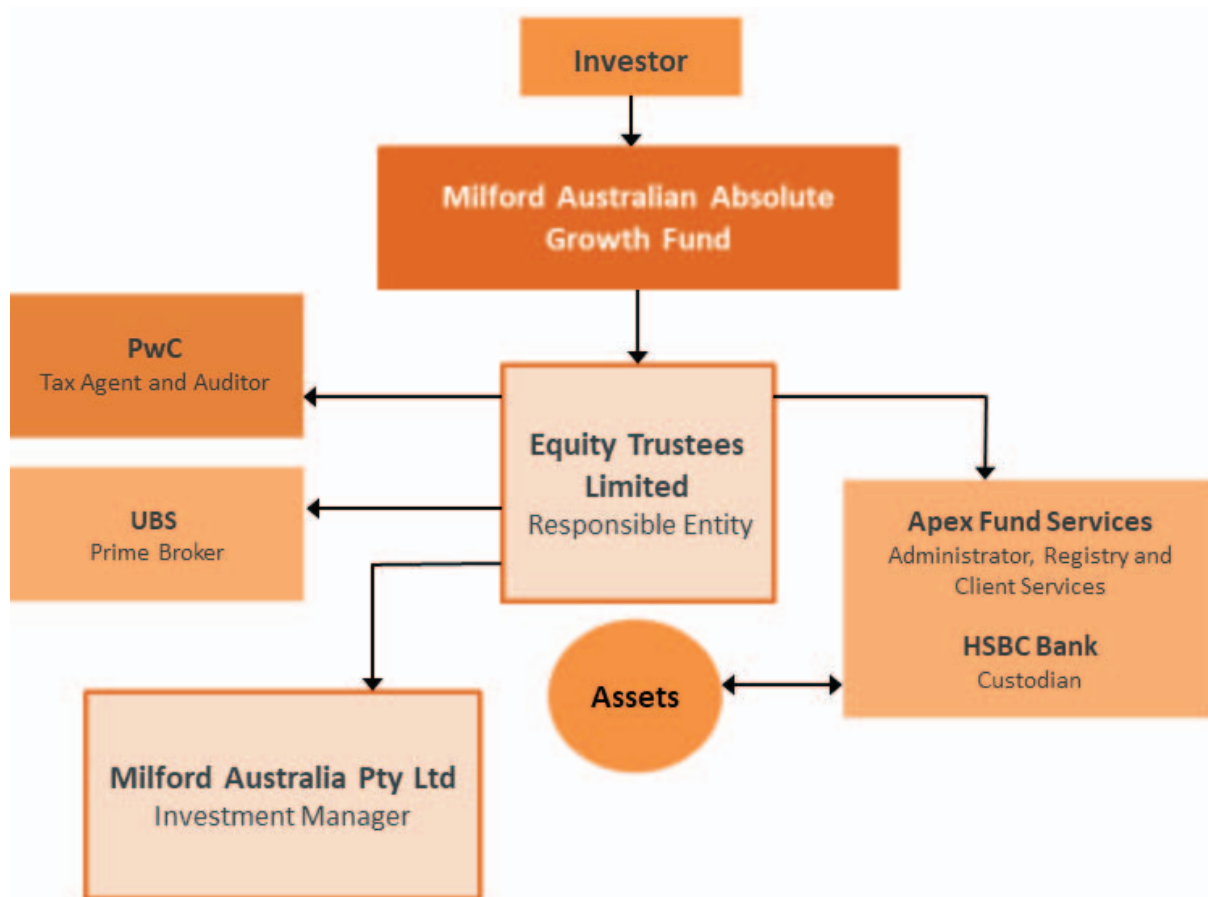
The Fund is permitted to use short selling up to a maximum limit of 10% of GAV through the use of physical securities or Derivatives to buy and sell specific securities.

of a unit in the Fund is determined by reference to the assets and liabilities of the class of units held in the Fund.

Equity Trustees is the Responsible Entity of the Fund and has appointed Milford as the investment manager to manage the investments of the Fund on a day to day basis.

The Responsible Entity has engaged a number of key professional service providers to provide a range of investment, administration and back office services to the Fund including custody, administration and transaction execution as well as for registry and customer service.

The Responsible Entity has entered into service agreements with the service providers, and will, with the assistance of Milford, regularly monitor the performance of the service providers against service standards set out in the relevant agreements. The service providers and their relationship to the Fund, and the flow of funds through the Fund are shown in the diagram below:



The key service providers to the Fund are:

- Milford Australia Pty Ltd, the investment manager of the Fund;
- HSBC Bank Australia Limited, the custodian of the assets of the Fund; and
- Apex Fund Services Pty Ltd, the provider of administration, registry and client services for the Fund.

Service providers to the Fund may change without prior notice to investors. Investors will be notified of any change to service providers in the regular reports available as described in section 8. Risks relating to the use of third party service providers are outlined in section 6.

## 5.4. Liquidity

As at the date of this PDS, Milford estimates, should the need arise, to be able to realise 80-100% of the Fund's assets, within 10 Business Days.

The Fund does not set any specific restrictions in terms of the liquidity of the Fund. Liquidity, however, is an important consideration which is taken into account as part of the ongoing investment strategy management of the Fund.

Please refer to Section 6 of this PDS for further information on liquidity risk and how this risk will be managed.

## 5.5. Leverage

Leverage occurs when a fund has exposure to underlying assets which is more than the amount invested. This could occur if the Fund borrows money to invest or through the use of Derivatives. It is not the intention of the Fund to borrow money, to gear or add leverage so as to increase the net invested position of the Fund greater

than the GAV of the Fund. However, the Fund will invest in Derivatives to increase or decrease its exposure to investments but will not use Derivatives to create leverage.

## 5.6. Short Selling

The Fund is permitted to use short selling up to a maximum limit of 10% of GAV through the use of physical securities or Derivatives to buy and sell specific securities.

## 5.7. Derivatives

- The Fund is permitted to use Derivatives (across all asset classes) up to a maximum limit of 10%<sup>1</sup> of GAV excluding Derivatives which are used for the purposes of managing foreign currency exposure.
- The Fund is also permitted to use foreign exchange Derivatives for hedging an asset of the Fund against, or to minimise liability from, a fluctuation in market values<sup>2</sup>.

When used, Derivatives may include listed exchange traded and OTC securities (including Contract for Differences, index futures, swaps, options and Foreign Exchange forward contracts).

The aggregate exposure of the Fund to all OTC derivative counterparties will not exceed a maximum of 10% of the NAV of the Fund. The collateral provided by the Fund under the OTC derivative is cash.

For the purposes of monitoring Derivative exposures, Derivative instruments that share a common underlying asset are treated as a single exposure, equivalent to the net position of the individual exposures. Total Derivative exposure is then monitored as the absolute sum of each of the net positions.

<sup>1</sup> The Fund is permitted to exceed the 10% Derivative limit (except for OTC derivatives), provided that when the contracts were entered the Fund's total derivative exposure was below 10% and the exceeding of the 10% limit was caused by the market movements of long options (long put and long calls).

<sup>2</sup> For example, foreign exchange forwards for currency hedging of New Zealand dollars back to Australian dollars.

## 5.8. Currency Policy

Equities are denominated in their local currency. Currency is taken into account at the portfolio level and positions are adopted purely as a hedging tool to reduce overall currency risk.

## 5.9. Valuation and Custody of Assets

All assets in the Fund are independently valued by the Administrator and held by an independent custodian.

## 5.10. Labour standards and environmental, social and ethical considerations

Equity Trustees has delegated investment decisions including ESG considerations to the Investment Manager.

Milford's investment process considers the environment, social and governance performance of a company as one of a number of factors when deciding whether to select, retain or realise an investment in the Fund.

Investments are assessed against Milford's proprietary internal ESG checklist, which considers various factors, including climate related targets and transition plans, health and safety performance, modern slavery risk, and governance settings.

Milford's preference is to engage with companies to address areas of sustainability weakness or concern. Milford believes the biggest impact can be made by engaging with the companies the Fund invests in to drive them to improve the sustainability of their practices.

Milford engages with companies in the Fund in three main ways:

1. Proactive engagement: Milford provides regular feedback to company management teams and boards.
2. Reactive engagement: Milford will respond to unexpected controversies such as major breaches of environmental or social requirements, as determined by Milford's Controversy Matrix.
3. Active proxy voting: Milford communicates expectations through proxy voting and shares concerns with boards when required.

While Milford's preference is to engage to address areas of sustainability weakness or concern, Milford will use its ESG Exclusion List in individual cases if required.

Companies will be added to the Milford ESG Exclusion List that:

- Fail the Milford ESG checklist;
- Are the subject of a severe controversy as determined by the Controversy Matrix; or
- Following continued refusal to cooperate with an engagement as dictated by the Milford Escalation Framework (a proprietary guide to the appropriate escalation methods for pursuing engagement outcomes). Milford also applies a number of business activity exclusions, including companies that manufacture a range of weaponry, tobacco and cannabis. The business activity exclusions include subsidiary or parent companies that are also involved in those activities.

For full details of Milford's engagement activities and exclusions please refer to <https://milfordasset.com.au/about-us/sustainable-investing>

Further, Milford can use indirect investments for market exposure and hedging purposes. Milford monitors the extent to which these indirect investments have exposure to companies on Milford's internal ESG Exclusion List with a view to ensuring the exposure is immaterial in aggregate across all Milford funds.

Further details regarding Milford's approach to sustainable investing can be found at <https://milfordasset.com.au/document/sustainable-investment-statement>.

## 5.11. Significant Benefits

Some of the significant benefits of investing in the Fund are as follows:

- Potential to generate strong investment returns 5% higher than the RBA cash rate through a diversified portfolio of predominantly Australian equities, across a range of market conditions.
- A focus on absolute returns rather than benchmark relative returns, with the aim to preserve capital in times of heightened uncertainty, risk or less conviction in available investment ideas.
- The Fund provides access to the investment expertise of Milford's investment team in Australia and MAM in New Zealand.
- The Fund employs systematic measuring, monitoring and management of investment risk.
- The Fund provides regular investment reporting (annual as well as periodic) with respect to your investment.

## 6. Managing Risk

All investments carry risks. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The significant risks below should be considered in light of your risk profile when deciding whether to invest in the Fund. Your risk profile will vary depending on a range of factors, including your age, the investment time frame (how long you wish to invest for), your other investments or assets and your risk tolerance.

The Responsible Entity and the Investment Manager do not guarantee the liquidity of the Fund's investments, repayment of capital or any rate of return or the Fund's investment performance. The value of the Fund's investments will vary. Returns are not guaranteed, and you may lose money by investing in the Fund. The level of returns will vary and future returns may differ from past returns. Laws affecting managed investment schemes may change in the future. The structure and administration of the Fund is also subject to change.

In addition, we do not offer advice that takes into account your personal financial situation, including advice about whether the Fund is suitable for your circumstances. If you require personal financial or taxation advice, you should contact a licensed financial adviser and/or taxation adviser.

### Key Risks

Some of the things that may cause the Fund's value to move up and down are summarised below. These risks are not exhaustive:

#### General Investment Risks

##### Investment return risk

Past performance is no guarantee of future performance. As Milford is an active manager, there is a risk that the Fund may underperform compared with its investment objective or with the market.

##### Market risk

Returns of the Fund will be affected by the performance of the investments chosen for the Fund which may in turn, be affected by the performance of the investment markets generally. This risk, related to market performance, includes demand and supply in the market and economic and regulatory conditions, including market sentiment, inflation, interest rates, employment, political events, environmental (including climate change) and technological issues, and consumer demands.

##### Interest rate risk

This refers to the risk that the market value of the investments of the Fund can change due to changes in interest rates.

##### Liquidity risk

Some investments may not be easily converted into cash with little or no loss of capital and minimum delay, because of insufficient availability of buyers, suspension of trading on request from the market regulator or the entity involved, fund outflows, or disruptions in the market place. Securities of small entities in particular may, and especially in falling markets, become less liquid. Milford may hold a small number of unlisted securities that are far less liquid than listed securities.

##### Currency risk

Where underlying investments are invested in jurisdictions outside of Australia, the returns may be affected by movements between the other currencies and the Australian dollar.

##### Entity risk

The Fund's investment in an entity may be affected by unexpected changes in that entity's operations or business environment, including the risk that the entity may become insolvent. If this occurs the Fund may receive a smaller or no return from, or it may lose, its investment in the entity.

##### Counterparty risk

A counterparty to a contract may fail to meet their obligations under it, causing loss to the Fund. This potentially arises with various investments including Derivatives.

##### Derivative risk

Because the Fund may use Derivative instruments such as futures and options, that are contracts between two parties that usually derive their value from the price of an underlying physical asset or market index, the investment movements may be more volatile than if a Fund is invested solely in equities. Derivatives can be used to manage risks, but may expose the Fund to other risks. This means that the use of Derivatives can lead to higher gains or losses than a portfolio that does not use Derivatives. The Responsible Entity and Milford have Derivatives policies in place including on the types of Derivatives used, controls on their use and the processes for assessing compliance with those controls. A Derivative may involve gearing, that is, liability for a loss from a change in price of a security, currency or index which exceeds the amount of cash or assets initially required to establish the Derivative. The Responsible Entity mitigates this price risk through diversification and a careful selection of securities and other financial instruments.

##### Short selling risk

Short selling involves selling securities that may or may not be owned by the seller and then borrowing these securities for delivery to the purchaser with the obligation to replace the borrowed securities at a later date. A short sale involves the risk of a theoretically unlimited increase in the price of the particular investment sold short, which could result in the inability of the Fund holding the Derivative to cover the short position. The Fund engages in short selling to capture a desired underweight position, but limits this to 10% of GAV (see Section 5 for further details).

##### Fund of funds risk

The Fund may invest into underlying funds. An investment of a Fund in an underlying managed fund may be affected by unexpected changes in that underlying managed fund's operations or business environment. There may also be a risk that the underlying managed fund may have its assets frozen for a period of time or that the manager of that fund suspends withdrawals. This may have an impact on your ability to withdraw, from the Fund.

##### Pandemic and other unforeseen event risk

Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected

course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on the economies and financial markets either in specific countries or worldwide and consequently on the value of the Fund's investments. Further, under such circumstances the operations, including functions such as trading and valuation, of the Investment Manager and other service providers could be reduced, delayed, suspended or otherwise disrupted.

#### **Fund risk**

The Fund could terminate, the fees and expenses could change, the Investment Manager or the Responsible Entity could be replaced and the Investment Manager's investment professionals could change.

#### **Other general risks**

Outlined below are other general risks which we believe may affect the Fund, along with the Responsible Entity and Milford's approach to seek to reduce the risk. The value of your investment and your ability to withdraw funds may be affected by some or all of the following risks.

#### **Service provider risk**

You could be adversely affected if any of the various parties involved in the operation of the Fund, including us, or service providers fail to perform their obligations. This could impact your returns or the ability to withdraw your funds. We actively monitor and review the performance of all key service providers in performing their agreed contractual arrangements.

#### **Operational Risk**

This is the risk of technological or process failure or impacts from the wider financial market in general. This could impact your returns or the ability to withdraw your funds. The Responsible Entity and Milford have a risk management policy that incorporates its business continuity plan in order to minimise business disruption from failures or unforeseen events.

#### **Regulatory and tax risk**

Fund performance may be affected by regulatory changes and changes to tax legislation in Australia or other global jurisdictions, which could have an impact on the value of your investment. To reduce these risks, Milford's investment process takes into account the tax and regulatory implications of its investment decisions.

#### **Fund liquidity and repayment risk**

This is the risk that the Fund cannot make withdrawal payments on time. This is due to a mismatch between the maturity profile of the investments and the amounts required to meet repayments. We have the right to defer repayments, switches and transfers if we believe the realisation of assets to meet the repayment is not practicable, would be materially prejudicial to all investors, or is not desirable for the protection of the Fund. Milford aims to have the Fund primarily invest in liquid assets and markets with appropriate diversification. We also monitor the liquidity profile of the Fund and the historic withdrawal profile.



## 7. Investing and Withdrawing

### Initial / Online Applications

Investors can acquire units by completing an Application Form. Applicants must be 18 years of age or over. The minimum investment amount for Class W is \$50,000 and Class R is \$1,000. We may waive the minimum investment amount for Class W units at our absolute discretion.

To invest directly please complete the Application Form accompanying this PDS and send your original Application Form to:

Apex Fund Services Pty Ltd  
Client Services Registry Team  
GPO Box 4968  
Sydney NSW 2001

Application money should be transferred to the bank account details shown in the Application Form.

As an alternative to completing the hard copy Application Form, investors may prefer to complete an online version of the Application Form (please go to <https://milfordasset.com.au/invest-now> for further instructions). If you choose to apply for units in the Fund online you will be required to register, confirm your acceptance of the terms and conditions, and download a copy of this PDS prior to proceeding. The online Application Form allows investors to complete the AML and KYC requirements online and to submit the application using an electronic signature. Please note that the online Application Form is only available for initial applications and cannot be used for additional investments.

Indirect Investors should use the Application Form attached to their IDPS Guide (not the Application Form accompanying this PDS) to invest in the Fund. You will need to contact your IDPS Operator regarding the cut-off times for pricing purposes and the minimum investment amount.

The price at which units are acquired is determined in accordance with the Constitution ("Application Price"). The Application Price, in general terms, is equal to the NAV of the Class, divided by the number of units on issue for that class plus any transaction costs.

Unit prices are calculated daily.

The cut-off time for applications is 12:00pm (Australian Eastern Standard Time) on any Business Day for receipt of that day's unit price. Applications can be made between 9:00 a.m. and 5:00 p.m. on any Business Day. However, for unit pricing purposes any application received after 12:00 p.m. on a Business Day will generally be treated as having been received the following Business Day.

Transaction costs may reduce the number of units which you receive when applying for units. See the 'Buy/Sell Spread' information in the fees section for further information.

The Application Price will vary as the market value of assets in the Fund rises or falls.

### Additional Applications

Unit holders can add to their investment by completing an Application Form accompanying the current PDS. The minimum additional investment is \$1,000.

You can also invest via direct debit on a monthly basis using the savings plan. The minimum monthly savings plan investment into the Fund is \$100 per month.

### Terms and conditions for applications

Applications can be made at any time. Application cut-off times and unit pricing are set out in the initial applications section above.

Please note that we do not pay interest on application monies.

Equity Trustees reserves the right to refuse any application without giving a reason. If for any reason Equity Trustees refuses or is unable to process your application to invest in the Fund, Equity Trustees will return your application money to you, subject to regulatory considerations, less any taxes or bank fees in connection with the application. You will not be entitled to any interest on your application money in this circumstance.

Under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, applications made without providing all the information and supporting identification documentation requested on the Application Form cannot be processed until all the necessary information has been provided. As a result, delays in processing your application may occur.

### Cooling off period

If you are a Retail Client you may have a right to 'cool off' in relation to an investment in the Fund, you have up to 14 days from the earlier of:

- confirmation of the investment being received or available; and
- the end of the fifth Business Day after the units are issued or sold.

A Retail Client may exercise this right by notifying Equity Trustees in writing. A Retail Client is entitled to a refund of their investment adjusted for any increase or decrease in the relevant Application Price between the time we process your application and the time we receive the notification from you, as well as any other tax and other reasonable administrative expenses and transaction costs associated with the acquisition and termination of the investment.

The right of a Retail Client to cool off does not apply in certain limited situations, such as if the issue is made under a distribution reinvestment plan, switching facility or represents additional contributions required under an existing agreement. Also, the right to cool off does not apply to you if you choose to exercise your rights or powers as a unit holder in the Fund during the 14 day period; this could include selling part of your investment or switching it to another product.

Indirect Investors should seek advice from their IDPS Operator as to whether cooling off rights apply to an investment in the Fund by the IDPS. The right to cool off in relation to the Fund is not directly available to an Indirect Investor. This is because an Indirect Investor does not acquire the rights of a unitholder in the Fund. Rather, an Indirect Investor directs the IDPS Operator to arrange for their monies to be invested in the Fund on their behalf. The terms and conditions of the IDPS Guide or similar type document will govern any rights an Indirect Investor may have in this regard.

## Making a withdrawal

Investors of the Fund can withdraw their investment by written request to:

Apex Fund Services Pty Ltd  
Client Services Registry Team  
GPO Box 4968  
Sydney NSW 2001

Or sending it by fax to +612 9251 3525

The minimum withdrawal amount is \$1,000 for Class W and Class R, subject to the minimum balance requirements. The price at which units are withdrawn is determined in accordance with the Constitution ("Withdrawal Price"). The Withdrawal Price, in general terms, is equal to the NAV of the Class, divided by the number of units on issue for that class less any transaction costs.

Unit prices are calculated daily.

The cut-off time for withdrawals is 12:00 pm (AEST) on any Business Day.

Transaction costs may reduce the amount which you receive on withdrawal. See the 'Buy/Sell spread' information in the fees section for further information.

The Withdrawal Price will vary as the market value of assets referable to the Fund rises or falls.

If you are an Indirect Investor, you need to provide your withdrawal request directly to your IDPS Operator. The time to process a withdrawal request will depend on the particular IDPS Operator.

Withdrawal requests received from New Zealand investors must specify:

- The withdrawal amount in Australian dollars; or
- The number of units to be withdrawn

We are unable to accept withdrawal amounts quoted in New Zealand dollars. If you are a New Zealand investor, please note that the withdrawal amount paid to you will be in Australian dollars and may differ from the amount you receive in New Zealand dollars due to:

- Foreign Exchange spreads between Australian and New Zealand dollars (the currency exchange rates differs daily); and
- Overseas Telegraphic Transfer costs.

Withdrawals will only be paid directly to the New Zealand investor's AUD denominated bank account held in the name of the investor with an Australian-domiciled bank. Withdrawal payments will not be made to third parties.

## Access to funds

Apex will generally pay withdrawals within 5 Business Days of receipt of a withdrawal request by transferring the withdrawal proceeds to your nominated bank account.

Equity Trustees reserves the right to fully redeem your investment upon 30 days' notice if your investment balance in the Fund falls below \$50,000 for the W Class or \$1,000 for the R Class as a result of processing your withdrawal request.

If Equity Trustees increases this minimum balance, Equity Trustees may, after giving 30 days' notice to a unit holder who holds units with an aggregate Withdrawal Price less than the then current minimum balance, redeem that unitholder's units without a need for a withdrawal request. Equity Trustees may also request that a unit holder dispose of their units to a person who is an Eligible Person or where the Fund is liquid (as defined in the

Corporations Act), lodge a withdrawal request in respect of all units the unit holder holds within 30 days (or such longer period as the Trustee may determine from time to time). If the unit holder fails to comply with that request and the Fund is liquid, Equity Trustees may compulsorily redeem the unit holder's units.

If you have invested indirectly in the Fund through an IDPS, you need to provide your withdrawal request directly to your IDPS Operator. The time to process a withdrawal request will depend on the particular IDPS Operator.

## Terms and conditions for withdrawals

Once your withdrawal request is received, your instruction may be acted on without further enquiry if the instruction bears your account number or investor details and your (apparent) signature(s), or your authorised signatory's (apparent) signature(s).

Equity Trustees and/or Apex reserve the right to ask for the production of original documents or other information to authenticate the communication. In the case of mis-receipt or corruption of any message, you will be required to re-send the documents. Please note that messages sent via email must contain a duly signed document as an attachment.

No withdrawal proceeds will be paid until Apex has received the withdrawal request signed by the investor or an authorised signatory. Neither Equity Trustees nor Apex shall be responsible for any mis-delivery or non-receipt of any facsimile or email. Facsimiles or emails sent to Apex shall only be effective when actually received by Apex.

When you are withdrawing, you should take note of the following:

- We are not responsible or liable if you do not receive, or are late in receiving, any withdrawal money that is paid according to your instructions.
- We may contact you to check your details before processing your withdrawal form. This may cause a delay in finalising payment of your withdrawal money. No interest is payable for any delay in finalising payment of your withdrawal money.
- If we cannot satisfactorily identify you as the withdrawing investor, we may refuse or reject your withdrawal request or payment of your withdrawal proceeds will be delayed. We are not responsible for any loss you consequently suffer.
- As an investor who is withdrawing, you agree that any payment made according to instructions received by post or courier, email or fax, shall be a complete satisfaction of our obligations, despite any fact or circumstances such as the payment being made without your knowledge or authority.
- You agree that if the payment is made according to these terms, you and any person claiming through or under you, shall have no claim against us about the payment.
- The Constitution allows Equity Trustees to deny a withdrawal request where accepting the request would cause the fund to cease to be liquid or where the fund is not liquid (as defined in the Corporations Act). When the fund is not liquid, an investor can only withdraw when Equity Trustees makes a withdrawal offer to investors in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

Under the Corporations Act and the constitution for the fund, an investor does not have a right to withdraw from the fund if the fund is illiquid. In such circumstances you can only withdraw where Equity Trustees makes a withdrawal offer in accordance with the Corporations Act. Equity Trustees is not obliged to make such offers.

A fund will be liquid if at least 80% of its assets are liquid assets (generally cash and marketable securities). In addition, if Equity Trustees is unable to repatriate funds to meet withdrawal payments, it may suspend the calculation of the Net Asset Value and withhold withdrawal proceeds.

## Distributions

The Fund intends to distribute income bi-annually at the end of December and June. Distributions will be calculated on the last day of period end, and are normally paid to investors within 14 Business Days after the period end although the distribution at 30 June may take longer. Equity Trustees may amend the distribution frequency without notice.

An investor's share of any distributable income is calculated in accordance with the Constitution and is generally based on the number of units held by the investor at the end of the distribution period and the distributable income.

Investors can have their distribution reinvested or paid to a nominated bank account. Investors who do not indicate a preference will have their distributions automatically reinvested immediately after the period end.

In some circumstances, where an investor makes a large withdrawal request (5% or more of the units on issue in the Fund at the start of the relevant distribution period), their withdrawal proceeds may be taken to include a component of distributable income.

## New Zealand investors

If New Zealand investors elect to have their distribution paid in cash, they will need to nominate an AUD denominated bank account held in their own name with an Australian domiciled bank otherwise it must be reinvested. Cash distributions will only be paid in Australian dollars to such an account. When the distribution is reinvested, New Zealand investors will be allotted units in accordance with the terms and conditions set out in this PDS.

The distribution reinvestment plan described in this PDS is offered to New Zealand investors on the following basis:

- At the time the price of the units allotted pursuant to the distribution reinvestment plan is set, the Responsible Entity will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the units if the information were publicly available.
- The right to acquire, or require the Responsible Entity to issue, units will be offered to all investors of the same class, other than those resident outside New Zealand who are excluded so as to avoid breaching overseas laws.
- Units will be issued on the terms disclosed to you, and will be subject to the same rights as units issued to all investors of the same class as you.

There is available from the Responsible Entity, on request and free of charge, a copy of the most recent annual report of the Fund, the most recent financial statements of the Fund, the auditor's report on those financial statements, the PDS and the Constitution for the Fund (including any amendments). Other than the Constitution, these documents may be obtained electronically from <https://www.eqt.com.au/corporates-and-fund-managers/fund-managers/institutional-funds/institutional>

## Valuation of the Fund

The value of the investments of the Fund is determined daily by the Administrator. Generally, investments will be valued at the next available market value but other valuation methods and policies may be applied by the Administrator if appropriate.

The value of a unit in the Fund is determined on the basis of the value of the investments in the Fund (after taking into account any liabilities of the Fund), in accordance with the Constitution of the Fund.

For example, the application price of a unit in the Fund is based on the NAV of the Fund divided by the number of units on issue plus an allowance for transaction costs required for buying investments. This allowance is known as the buy spread. At the date of this PDS, the buy spread is +/- 0.20% on applications into the Fund, and withdrawals out of the Fund.

## Joint account operation

For joint accounts, each signatory must sign withdrawal requests. Please ensure both signatories sign the declaration in the Application Form. Joint accounts will be held as joint tenants.

## Authorised signatories

You can appoint a person, partnership or company as your authorised signatory. To do so, please nominate them on the initial Application Form and have them sign the relevant sections. If a company is appointed, the powers extend to any director and officer of the company. If a partnership is appointed, the powers extend to all partners. Such appointments will only be cancelled or changed once we receive written instructions from you to do so.

Once appointed, your authorised signatory has full access to operate your investment account for and on your behalf. This includes the following:

- making additional investments;
- requesting income distribution instructions to be changed;
- withdrawing all or part of your investment;
- changing bank account details;
- enquiring and obtaining copies of the status of your investment; and
- having online account access to your investment.
- If you do appoint an authorised signatory:
  - you are bound by their acts;
  - you release, discharge and indemnify us from and against any losses, liabilities, actions, proceedings, account claims and demands arising from instructions received from your authorised representatives; and



- you agree that any instructions received from your authorised representative shall be complete satisfaction of our obligations, even if the instructions were made without your knowledge or authority.

## Electronic instructions

If an investor instructs Equity Trustees and/or Apex by electronic means, such as an online application form, the investor releases Equity Trustees and/or Apex from and indemnifies Equity Trustees and/or Apex against, all losses and liabilities arising from any payment or action Equity Trustees and/or Apex makes based on any instruction (even if not genuine) that Equity Trustees and/or Apex receives by an electronic communication bearing the investor's investor code and which appears to indicate to Equity Trustees and/or Apex that the communication has been provided by the investor e.g. a signature which is apparently the investor's and that of an authorised signatory for the investment or an email address which is apparently the investor's. The investor also agrees that neither they nor anyone claiming through them has any claim against Equity Trustees and/or the Apex or the Fund in relation to such payments or actions. There is a risk that a fraudulent withdrawal request can be made by someone who has access to an investor's investor code and a copy of their signature or email address. Please take care.

## SAVINGS PLAN

You can increase your investment in the Fund through a monthly direct debit from your nominated bank account. The minimum additional investment for the Fund under the savings plan is \$100 per month. Direct debits will be processed on the 19th calendar day of the month.

If this is not a business day then the direct debit will be processed on the next occurring business day. See the 'Direct Debit Request Service Agreement below.

The following is your Direct Debit Service Agreement with Apex Fund Services Pty Ltd ABN 81 118 902 891 who acts as the unit registry provider of the Fund. The agreement is designed to explain what your obligations are when undertaking a Direct Debit arrangement with us. It also details what our obligations are to you as your Direct Debit Provider.

We recommend you keep this agreement in a safe place for future reference. It forms part of the terms and conditions of your Direct Debit Request (DDR) and should be read in conjunction with your Direct Debit Request form or additional application form (as applicable).

## DEFINITIONS

**Account** means the account held at your financial institution from which we are authorised to arrange for funds to be debited.

**Agreement** means this Direct Debit Request Service Agreement between you and us.

**Banking day** means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

**Debit day** means the day that payment by you to us is due.

**Debit payment** means a particular transaction where a debit is made.

**Direct debit request** means the Direct Debit Request in the application form or additional application form

**Us or we** means Apex Fund Services, (the Debit User) you have authorised by signing a Direct Debit Request.

**You** means the customer who has signed or authorised by other means the Direct Debit Request.

Your financial institution means the financial institution nominated by you on the DDR at which the account is maintained.

## 1. DEBITING YOUR ACCOUNT

a) By signing a Direct Debit Request or by providing us with a valid instruction, you have authorised us to arrange for funds to be debited from your account. You should refer to the Direct Debit Request and this agreement for the terms of the arrangement between us and you.

b) We will only arrange for funds to be debited from your account as authorised in the Direct Debit Request or we will only arrange for funds to be debited from your account if we have sent to the address nominated by you in the Direct Debit Request, a billing advice which specifies the amount payable by you to us and when it is due.

c) If the debit day falls on a day that is not a banking day, we may direct your financial institution to debit your account on the following banking day. If you are unsure about which day your account has or will be debited you should ask your financial institution.

## 2. AMENDMENTS BY US

a) We may vary any details of this agreement or a Direct Debit Request at any time by giving you at least fourteen (14) days written notice.

## 3. AMENDMENTS BY YOU

a) You may change, stop or defer a debit payment, or terminate this agreement by providing us with at least fourteen (14 days) notification by writing to:

Unit Registry Apex Fund Services Pty Ltd GPO BOX 4968  
Sydney NSW 2001

Or

II. by telephoning us on 1300 133 451 during business hours; or

III. arranging it through your own financial institution.

## 4. YOUR OBLIGATIONS

a) It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the Direct Debit Request.

b) If there are insufficient clear funds in your account to meet a debit payment:

I. you may be charged a fee and/or interest by your financial institution;

II. you may also incur fees or charges imposed or incurred by us; and

III. you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.

c) You should check your account statement to verify that the amounts debited from your account are correct

d) If Apex Fund Services Pty Ltd is liable to pay goods and services tax ("GST") on a supply made in connection with this agreement, then you agree to pay Apex Fund Services Pty Ltd on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

## 5. DISPUTE

a) If you believe that there has been an error in debiting your account, you should notify us directly on 1300 133 451 and confirm that notice in writing with us as soon as possible so that we can resolve your query more quickly. Alternatively, you can take it up with your financial institution direct.

b) If we conclude as a result of our investigations that your account has been incorrectly debited we will respond to your query by arranging for your financial institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your account has been adjusted.

c) If we conclude as a result of our investigations that your account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding in writing.

## 6. ACCOUNTS

You should check:

I. with your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions.

II. your account details which you have provided to us are correct by checking them against a recent account statement; and

III. with your financial institution before completing the Direct Debit Request if you have any queries about how to complete the Direct Debit Request.

## 7. CONFIDENTIALITY

a) We will keep any information (including your account details) in your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.

b) We will only disclose information that we have about you:

I. to the extent specifically required by law; or

II. for the purposes of this agreement (including disclosing information in connection with any query or claim).

## 8. NOTICE

a) If you wish to notify us in writing about anything relating to this agreement, you should write to

Apex Fund Services Pty Ltd GPO Box 4968

Sydney NSW 2001

b) We will notify you by sending a notice in the ordinary post to the address you have given us in the Direct Debit Request.

Any notice will be deemed to have been received on the third banking day after posting.

## 8. Keeping Track of Your Investment

### Complaints resolution

Equity Trustees has an established complaints handling process and is committed to properly considering and resolving all complaints. If you have a complaint about your investment, please contact us on:

Phone: 1300 133 472

Post: Equity Trustees Limited

GPO Box 2307, Melbourne VIC 3001

Email: [compliance@eqt.com.au](mailto:compliance@eqt.com.au)

We will acknowledge receipt of the complaint within 1 Business Day or as soon as possible after receiving the complaint. We will seek to resolve your complaint as soon as practicable but not more than 30 calendar days after receiving the complaint. Other types of complaints and complex complaints may have a different maximum response timeframe. We will let you know if a different maximum timeframe will apply to your complaint.

If you are not satisfied with our response to your complaint, you may be able to lodge a complaint with the Australian Financial Complaints Authority ("AFCA").

Contact details are:

Online: [www.afca.org.au](http://www.afca.org.au)

Phone: 1800 931 678

Email: [info@afca.org.au](mailto:info@afca.org.au)

Post: GPO Box 3, Melbourne VIC 3001.

The external dispute resolution body is established to assist you in resolving your complaint where you have been unable to do so with us. However, it's important that you contact us first.

If you are an Indirect Investor, then enquiries and complaints should be directed to the operator of the IDPS.

### Reports

We will make the following statements available to all investors;

- A transaction confirmation statement, showing a change in your unit holding (provided when a transaction occurs or on request).
- The Fund's annual audited accounts for each period ended 30 June.
- Semi-annual distribution statement.
- Annual distribution, tax and confirmation of holdings statements for each period ended 30 June.
- Annual Investor Update detailing each of the following:
  - the actual allocation to each asset type;
  - the liquidity profile of the portfolio assets as at the end of the period;
  - the maturity profile of the liabilities as at the end of the period;
  - the derivative counterparties engaged (including capital protection providers);
  - the leverage ratio (including leverage embedded in the assets of the Fund, other than listed equities and bonds) as at the end of the period; and
  - the key service providers if they have changed since the latest report given to investors, including any change in their related party status.

The latest Fund's annual audited accounts will be available online from [www.eqt.com.au/insto](http://www.eqt.com.au/insto).

The following information is available on Milford's website and/or is disclosed monthly:

- the current total NAV of the Fund and the withdrawal value of a unit in each class of units as at the date the NAV was calculated;
- the monthly or annual investment returns over at least a five-year period (or, if the Fund has not been operating for five years, the returns since its inception);
- any change to key service providers if they have changed since last report given to investors;
- for each of the following matters since the last report on those matters:
  - the net return on the Fund's assets after fees, costs and taxes;
  - any material change in the Fund's risk profile;
  - any material change in the Fund's strategy; and
  - any change in the individuals playing a key role in investment decisions for the Fund.

By investing, you agree that, to the extent permitted by law, any periodic information which is required to be given to you under the Corporations Act or ASIC policy can be given to you by making that information available on Equity Trustees' or the Investment Manager's website.

### Indirect Investors

Please note that Indirect Investors who access the Fund through an IDPS will receive reports directly from the IDPS Operator and not from the Responsible Entity. However, Equity Trustees will make available the reports described above to relevant IDPS Operators as required, excluding Fund administration reports which Apex will provide to the IDPS Operators. Indirect Investors should refer to their IDPS Guide for information on the reports they will receive regarding their investment.

### Continuous Disclosure

If and when the Fund has 100 or more direct investors, it will be classified by the Corporations Act as a 'disclosing entity'. As a disclosing entity the Fund will be subject to additional regular reporting and disclosure obligations. Investors would have a right to obtain a copy, free of charge, of any of the following documents for the Fund:

- the most recent annual financial report lodged with ASIC ("Annual Report");
- any subsequent half yearly financial report lodged with ASIC after the lodgement of the Annual Report; and
- any continuous disclosure notices lodged with ASIC after the Annual Report but before the date of this PDS.

Equity Trustees will comply with any continuous disclosure obligation by lodging documents with ASIC as and when required.

Copies of these documents lodged with ASIC in relation to the Fund may be obtained through ASIC's website at [www.asic.gov.au](http://www.asic.gov.au).

## 9. Fees and Other Costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

### Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment. For Indirect Investors, the fees listed in the 'Fees and Other Costs' section of this PDS are in addition to any other fees and charges charged by your IDPS operator.

### Fees and Costs Summary

Milford Australian Absolute Growth Fund		
Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs<sup>1</sup></b>		
<i>Management fees and costs<sup>2</sup></i> The fees and costs for managing your investment	Class W = 0.90% of the GAV of the Class Class R = 1.05% of the GAV of the Class	The management fees component of management fees and costs are accrued daily and paid from a Class monthly in arrears and reflected in the unit price. Otherwise, the fees and costs are variable and deducted and reflected in the unit price of the Class as they are incurred.
<i>Performance fees<sup>3</sup></i> Amounts deducted from your investment in relation to the performance of the product	Class W = 0.37% of the NAV of the Class Class R = 0.11% of the NAV of the Class	Performance fees are calculated daily and paid annually in arrears from a Class and reflected in the unit price.
<i>Transaction costs</i> The costs incurred by the scheme when buying or selling assets	Class W = 0.53% of the GAV of the Class Class R = 0.53% of the GAV of the Class	Transaction costs are variable and deducted from a Class as they are incurred and reflected in the unit price. They are disclosed net of amounts recovered by the buy-sell spread.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)<sup>4</sup></b>		
<i>Establishment fee</i> The fee to open your investment	Not applicable	Not applicable
<i>Contribution fee</i> The fee on each amount contributed to your investment	Not applicable	Not applicable

## Milford Australian Absolute Growth Fund

<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	0.20% upon entry and 0.20% upon exit	These costs are an additional cost to the investor but are incorporated into the unit price and arise when investing application monies and funding withdrawals from the Class and are not separately charged to the investor. The Buy Spread is paid into the Class as part of an application and the Sell Spread is left in the Class as part of a redemption.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Not applicable	Not applicable
<b>Exit fee</b> The fee to close your investment	Not applicable	Not applicable
<b>Switching fee</b> The fee for changing investment options	Not applicable	Not applicable

<sup>1</sup> All fees quoted above are inclusive of Goods and Services Tax (GST) and net of any Reduced Input Tax Credits (RITC). See below for more details as to how the relevant fees and costs are calculated.

<sup>2</sup> The management fee component of management fees and costs can be negotiated. See “Differential fees” in the “Additional Explanation of Fees and Costs” below.

<sup>3</sup> This is an estimate of the performance fee which is payable as an expense of the Fund to the Investment Manager. See the “Performance fees” in “Additional Explanation of Fees and Costs” and the Example of annual fees and costs for an investment option sections below for more information.

<sup>4</sup> If you have a financial adviser, then you may also have to pay additional fees to your adviser. Details of those fees should be set out in the Statement of Advice or Financial Services Guide given to you by your adviser.

## Additional Explanation of Fees and Costs

### Management fees and costs

The management fees and costs include amounts payable for administering and operating the Fund, investing the assets of the Fund, expenses and reimbursements in relation to the Fund and indirect costs if applicable.

Management fees and costs do not include performance fees or transaction costs, which are disclosed separately.

The management fees component of management fees and costs of 0.90% p.a. of the GAV of Class W and 1.05% p.a. of the GAV of Class R is payable to the Responsible Entity of the Fund for managing the assets and overseeing the operations of the Fund. The management fees component is accrued daily and paid from a Class monthly in arrears and reflected in the unit price. As at the date of this PDS, the management fees component covers certain ordinary expenses such as Responsible Entity fees, investment management fees, custodian fees, and administration and audit fees.

The indirect costs and other expenses component of 0.00% p.a. of the GAV of the Fund may include other ordinary expenses of operating the Fund, as well as management fees and costs (if any) arising from interposed vehicles in or through which the Fund invests. The indirect costs and other expenses component is variable and reflected in the unit price of the Fund as the relevant fees and costs are incurred. They are borne by investors, but they are not paid to the Responsible Entity or Investment Manager.

The indirect costs and other expenses component is based on the relevant costs incurred during the financial year ended 30 June 2024.

Actual indirect costs for the current and future years may differ. If in future there is an increase to indirect costs disclosed in this PDS, updates will be provided on Equity Trustees' website at [www.eqt.com.au/insto](http://www.eqt.com.au/insto) where they are not otherwise required to be disclosed to investors under law.

### Abnormal expenses

Abnormal expenses other than those referred to in the management fees and costs section above may be reimbursed from the Fund. These are costs which are not expected to be incurred on a regular basis, such as the costs of holding an investor meeting.

### Performance fees

In terms of the performance fees payable to the Investment Manager, a performance fee is payable where the investment performance of a Class exceeds the performance of the Benchmark over each annual calculation period. The performance fees are 15.35% p.a. of this excess, calculated daily and paid annually in arrears from the Fund based on the NAV.

Performance fees include amounts that are calculated by reference to the average performance of a Class. The performance fee estimate that is disclosed in the Fees and Costs Summary is generally based on an average of the performance fees over the previous five financial years.

However, for a Class that was not in operation for the previous five financial years, the performance fee average is calculated by reference to the average for the number of financial years in which the Class has operated. The performance fee for Class W over the



previous five years is an average of 0.37% p.a. of the Class NAV and the performance fee for Class R over its first three financial years of operation is 0.11% p.a. of the Class NAV.

Performance fees are capped at 0.95% of the average daily NAV for each Class.

No performance fees are payable until any absolute performance losses from prior periods has been made up (this feature is sometimes referred to as a high-watermark).

Please note that the performance fees disclosed in the Fees and Costs Summary is not a forecast as the actual performance fee for the current and future financial years may differ. The Responsible Entity cannot guarantee that performance fees will remain at their previous level or that the performance of the Fund will outperform the Benchmark.

It is not possible to estimate the actual performance fee payable in any given period, as we cannot forecast what the performance of a Class will be. Information on current performance fees will be updated from time to time and available at [www.eqt.com.au/insto](http://www.eqt.com.au/insto).

### Transaction costs

In managing the assets of the Fund, the Fund may incur transaction costs such as brokerage, buy-sell spreads in respect of the underlying investments of the Fund, settlement costs, clearing costs and applicable stamp duty when assets are bought and sold, and the costs of OTC Derivatives that reflect transaction costs that would arise if the Fund held the ultimate reference assets, as well as the costs of OTC Derivatives used for hedging purposes. Transaction costs also include costs incurred by interposed vehicles in which the Fund invests (if any), that would have been transaction costs if they had been incurred by the Fund itself. Transaction costs are an additional cost to the investor where they are not recovered by the Buy/Sell Spread, and are generally incurred when the assets of the Fund are changed in connection with day-to-day trading or when there are applications or withdrawals which cause net cash flows into or out of the Fund.

The Buy/Sell Spread that is disclosed in the Fees and Costs Summary is a reasonable estimate of transaction costs that a Class will incur when buying or selling assets of the Class. These costs are an additional cost to the investor but are incorporated into the unit price and arise when investing application monies and funding withdrawals from a Class and are not separately charged to the investor. The Buy Spread is paid into a Class as part of an application and the Sell Spread is left in the Class as part of a redemption and not paid to Equity Trustees or the Investment Manager. The Buy/Sell Spread is 0.20% upon entry and 0.20% upon exit. The dollar value of these costs based on an application or a withdrawal of \$50,000 is \$100 for each individual transaction. The Buy/Sell Spread can be altered by the Responsible Entity at any time and [www.eqt.com.au/insto](http://www.eqt.com.au/insto) will be updated as soon as practicable to reflect any change. The Responsible

Entity may also waive the Buy/Sell Spread in part or in full at its discretion. The transaction costs figure in the Fees and Costs Summary is shown net of any amount recovered by the Buy/Sell Spread charged by the Responsible Entity.

Transaction costs generally arise through the day-to-day trading of a Class's assets and are reflected in the Class's unit price as an additional cost to the investor, as and when they are incurred.

The gross transaction costs for the Class are 0.73% p.a. of the GAV of Class W and 0.73% p.a. of the GAV of Class R, which is based on the relevant costs incurred during the financial year ended 30 June 2024.

However, actual transaction costs for future years may differ.

### Can the fees change?

Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution. The current maximum management fee to which Equity Trustees is entitled is 2.00% of the GAV of a Class. However, Equity Trustees does not intend to charge that amount and will generally provide investors with at least 30 days' notice of any proposed increase to the management fees component of management fees and costs. In most circumstances, the Constitution defines the maximum level that can be charged for fees described in this PDS. Equity Trustees also has the right to recover all reasonable expenses incurred for the proper performance of its duties in managing the Fund and as such these expenses may increase or decrease accordingly, without notice.

### Payments to IDPS Operators

Subject to the law, annual payments may be made to some IDPS Operators because they offer the Fund on their investment menus. Product access is paid by the Investment Manager out of its investment management fee and is not an additional cost to the investor.

### Differential fees

The Investment Manager may from time to time negotiate a different fee arrangement (by way of a rebate or waiver of fees) with certain investors who are Australian Wholesale Clients based on larger investment amounts. Please contact the Investment Manager on 1800 161 310 for further information.

### Adviser Service Fee

If you have a financial adviser, a service charge may be separately negotiated with your financial adviser and deducted from your investment monies before they are invested to buy units. This payment is separate from the costs referred to in section 9 above of the PDS.

Details of any service charge should be set out in the Statement of Advice or Financial Services Guide given to you by your financial adviser.

### Taxation

Information on tax can be found in section 10 below of the PDS.

## Example of annual fees and costs for an investment option

This table gives an example of how the ongoing annual fees and costs in the investment option for this product can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

### EXAMPLE - Milford Australian Absolute Growth Fund – Class R

#### BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR

**EXAMPLE - Milford Australian Absolute Growth Fund – Class R**

Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
<b>Plus</b> Management fees and costs	1.05% p.a.	<b>And</b> , for every \$50,000 you have in the Milford Australian Absolute Growth Fund – Class R you will be charged or have deducted from your investment \$525 each year
<b>Plus</b> Performance fees	0.11% p.a.	<b>And</b> , you will be charged or have deducted from your investment \$55 in performance fees each year
<b>Plus</b> Transaction costs	0.53% p.a.	<b>And</b> , you will be charged or have deducted from your investment \$265 in transaction costs
<b>Equals</b> Cost of Milford Australian Absolute Growth Fund – Class R		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of: \$845* <b>What it costs you will depend on the Class you choose and the fees you negotiate.</b>

\* Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as the Buy/Sell Spread.

This example assumes the \$5,000 contribution occurs at the end of the first year, therefore the fees and costs are calculated using the \$50,000 balance only.

**Warning: If you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.**

ASIC provides a fee calculator on [www.moneysmart.gov.au](http://www.moneysmart.gov.au), which you may use to calculate the effects of fees and costs on account balances. The performance fees stated in this table are based on the average performance fee for Class R, for its first three years of operation. The performance of the Class for this financial year, and the performance fees for Class R, may be higher or lower or not payable in the future. It is not a forecast of the performance of a Class or the amount of the performance fees in the future.

The indirect costs and other expenses component of management fees and costs and transaction costs may also be based on estimates. As a result, the total fees and costs that you are charged may differ from the figures shown in the table.

### Cost of product for 1 year

The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your investment over a 1-year period for all investment options. It is calculated in the manner shown in the Example of annual fees and costs.

The cost of product assumes a balance of \$50,000 at the beginning of the year with a contribution of \$5,000 during the year. (Additional fees such as an establishment fee or an exit fee may apply: refer to the Fees and costs summary for the relevant option.)

You should use this figure to help compare this product with other products offered by managed investment schemes.

**Milford Australian Absolute Growth Fund – Class W****Cost of product: \$900**

## 10. Taxation

### Taxation

The following information summarises some of the Australian taxation issues you may wish to consider before making an investment in the Fund and assumes that you hold your investment in the Fund on capital account and are not considered to be carrying on a business of investing, trading in investments or investing for the purpose of profit making by sale. The information should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ.

A number of tax reform measures are currently under review by the Australian Government. These reforms may impact on the tax position of the Fund and its investors. Accordingly, it is recommended that investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

#### **General**

The Fund is an Australian resident trust for Australian tax purposes. Therefore, the Fund is required to determine its net income (taxable income) for the year of income. On the basis that investors are presently entitled (which is the intention of Equity Trustees) to the net income of the Fund (including net taxable capital gains) or will be attributed their share of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund and the Fund is not a public trading trust, the Fund should be treated as a flow-through trust for tax purposes. This means that investors should be taxed on their share of the Fund's net taxable income or the amount attributed to them, and the Fund should not be subject to Australian income tax.

In the case where the Fund makes a loss for Australian tax purposes, the Fund cannot distribute the tax loss to investors. However, the tax loss may be carried forward by the Fund for offset against taxable income of the Fund in subsequent years, subject to the operation of the trust loss rules.

#### ***Attribution Managed Investment Trust ("AMIT") – core rules***

The Fund may qualify as an eligible Attribution Managed Investment Trust (AMIT), and if so, intends to elect into the AMIT regime. The AMIT legislation applies an attribution model whereby Equity Trustees as the Responsible Entity of the Fund attributes amounts of trust components of a particular character to investors on a fair and reasonable basis consistent with the operation of the Fund's Constitution, which includes provisions in relation to AMIT. Under the AMIT rules, the following will apply:

**Fair and reasonable attribution:** Each year, the Fund's determined trust components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) will be allocated to investors on a "fair and reasonable" attribution basis, rather than being allocated proportionally based on each investor's present entitlement to the income of the Fund.

**Unders or overs adjustments:** Where the Fund's determined trust components for a year are revised in a subsequent year (e.g. due to actual amounts differing to

the estimates of income, gains / losses or expenses), then unders and overs may arise. Unders and overs will generally be carried forward and adjusted in the year of discovery.

**Cost base adjustments:** Where the distribution made is less than (or more than) certain components attributed to investors, then the cost base of an investor's units may be increased (or decreased). Details of cost base adjustments will be included on an investor's annual tax statement, referred to as an AMIT Member Annual Statement ("AMMA").

**Large withdrawals:** In certain circumstances, gains may be attributed to a specific investor, for example, gains on disposal of assets to fund a large withdrawal being attributed to the redeeming investor.

**Penalties:** In certain circumstances (e.g. failure to comply with certain AMIT rules), specific penalties may be imposed.

The new rules are intended to reduce complexity, increase certainty and reduce compliance costs for managed investment trusts and their investors. Where the Fund does not elect into the AMIT regime, or has made the election but the election is not effective for the income year (e.g. the Fund does not satisfy the requirements to be a managed investment trust for the income year), the Tax Law applicable to non-AMITs should be relevant. In particular, the Fund should not generally pay tax on behalf of its investors and instead, investors should be assessed for tax on any income and capital gains generated by the Fund to which they become presently entitled.

#### ***Deemed Capital Gains Tax ("CGT") Election***

Eligible managed investment trusts ("MITs") may make an election to apply a deemed capital account treatment for gains and losses on disposal of certain eligible investments (including equities and units in other trusts but excluding Derivatives, debt securities and foreign exchange contracts). Where the election is made the Fund should hold its eligible investments on capital account and gains/(losses) from the disposal of eligible investments should be treated as capital gains/(losses). Capital gains arising on the disposal of eligible investments held for 12 months or greater may be eligible to be treated as discount capital gains.

Where the CGT election is not made, the Fund should hold its eligible investments on revenue account and gains/(losses) from the disposal of eligible investments should be treated as revenue gains or losses.

#### ***Controlled Foreign Company ("CFC") Provisions***

There are certain tax rules (i.e. the CFC provisions) which may result in assessable income arising in the Fund in relation to investments in foreign equities, where certain control thresholds are met. If such interests were to be held at the end of the income year, the taxable income of the Fund may include a share of net income and gains (i.e. CFC attributable income) from such investments.

#### ***Taxation of Financial Arrangements ("TOFA")***

The TOFA rules may apply to certain "financial arrangements" held by the Fund. In broad terms, the TOFA regime seeks to recognise "sufficiently certain" returns on certain financial arrangements on an accruals basis for tax purposes rather than on a realisation basis.



Where returns from Derivative instruments are not “sufficiently certain” they will continue to be recognised on a realisation basis, unless specific tax timing elections are made.

### **Taxation Reform**

The tax information included in this PDS is based on the taxation legislation and administrative practice as at the issue date of this PDS, together with proposed changes to the taxation legislation as announced by the Government. However, the Australian tax system is in a continuing state of reform, and based on the Government’s reform agenda, it is likely to escalate rather than diminish. Any reform of a tax system creates uncertainty as to the full extent of announced reforms, or uncertainty as to the meaning of new law that is enacted pending interpretation through the judicial process. These reforms may impact on the tax position of the Fund and its investors. Accordingly, it will be necessary to closely monitor the progress of these reforms, and investors should seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

### **Tax File Number (“TFN”) and Australian Business Number (“ABN”)**

It is not compulsory for an investor to quote their TFN or ABN. If an investor is making this investment in the course of a business or enterprise, the investor may quote an ABN instead of a TFN. Failure by an investor to quote an ABN or TFN or claim an exemption may cause the Responsible Entity to withhold tax at the top marginal rate, plus the Medicare Levy, on gross payments including distributions or attribution of income to the investor. The investor may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

By quoting their TFN or ABN, the investor authorises Equity Trustees to apply it in respect of all the investor’s investments with Equity Trustees. If the investor does not want to quote their TFN or ABN for some investments, Equity Trustees should be advised.

### **GST**

The Fund is registered for GST. The issue or withdrawal of units in the Fund and receipt of distributions are not subject to GST.

The Fund may be required to pay GST included in management and other fees, charges, costs and expenses incurred by the Fund. However, to the extent permissible, the Responsible Entity will claim on behalf of the Fund a proportion of this GST as a reduced input tax credit. Unless otherwise stated, fees and charges quoted in this PDS are inclusive of GST and take into account any available reduced input tax credits. The Fund may be entitled to as yet undetermined additional input tax credits on the fees, charges or costs incurred. If the Responsible Entity is unable to claim input tax credits on behalf of the Fund, the Responsible Entity retains the ability to recover the entire GST component of all fees and charges.

The impact of GST payments and credits will be reflected in the unit price of the Fund. Investors should seek professional advice with respect to the GST consequences arising from their unit holding.

## **Australian Taxation of Australian Resident Investors**

### **Distributions**

For each year of income, each Australian resident investor will be required to include within their own tax calculations and tax return filings the assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund attributed to them by Equity Trustees as the Responsible Entity of the Fund.

The tax consequences for investors in the Fund depends on the tax components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund attributed to them.

Investors will receive an Annual Tax Statement (or an “AMMA” for an AMIT) detailing all relevant taxation information concerning attributed amounts and cash distributions, including any Foreign Income Tax Offset (“FITO”) and franking credit entitlements, returns of capital, assessable income, and any upwards or downwards cost base adjustment in the capital gains tax cost base of their units in the Fund (in the case of an AMIT).

An investor may receive their share of attributed tax components of the Fund or net income in respect of distributions made during the year or where they have made a large withdrawal from the Fund, in which case their withdrawal proceeds may include their share of net income or attributed tax components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits). In addition, because Australian investors can move into and out of the Fund at different points in time, there is the risk that taxation liabilities in respect of gains that have benefited past investors may have to be met by subsequent investors.

### **Foreign Income**

The Fund may derive foreign source income that is subject to tax overseas, for example withholding tax. Australian resident investors should include their share of both the foreign income and the amount of the foreign tax withheld in their assessable income. In such circumstances, investors may be entitled to a FITO for the foreign tax paid, against the Australian tax payable on the foreign source income. To the extent the investors do not have sufficient overall foreign source income to utilise all of the FITOs relevant to a particular year of income, the excess FITOs cannot be carried forward to a future income year.

### **Disposal of Units by Australian Resident Investors**

If an Australian resident investor transfers or redeems their units in the Fund, this may constitute a disposal for tax purposes depending on their specific circumstances.

Where an investor holds their units in the Fund on capital account, a capital gain or loss may arise on disposal and each investor should calculate their capital gain or loss according to their own particular facts and circumstances. As noted above, proceeds on disposal may include a component of distributable income. In calculating the taxable amount of a capital gain, a discount of 50% for individuals and trusts or 33 & 1/3% for complying Australian superannuation funds may be allowed where the units in the Fund have been held for 12 months or more. No CGT discount is available to corporate investors.

Any capital losses arising from the disposal of the investment may be used to offset other capital gains the investor may have derived. Net capital losses may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income.

The discount capital gains concession may be denied in certain circumstances where an investor (together with associates) holds 10% or more of the issued units of the Fund, the Fund has less than 300 beneficiaries and other requirements are met. Investors who together with associates are likely to hold more than 10% of the units in the Fund should seek advice on this issue.

#### ***Australian Taxation of Non-Resident Investors***

##### ***Tax on Income***

The Fund expects to derive income which may be subject to Australian withholding tax when attributed by Equity Trustees as the Responsible Entity of the Fund to non-resident investors.

Australian withholding tax may be withheld from distributions of Australian source income and gains attributed to a non-resident investor. The various components of the net income of the Fund which may be regarded as having an Australian source include Australian sourced interest, Australian sourced other gains, Australian sourced dividends and CGT taxable Australian property.

We recommend that non-resident investors seek independent tax advice before investing, taking into account their particular circumstances and the provisions of any relevant Double Taxation Agreement/Exchange of Information Agreement ("EOI") between Australia and their country of residence.

#### ***Disposal of Units by Non-Resident Investors***

Based on the Fund's investment profile, generally non-resident investors holding their units on capital account should not be subject to Australian capital gains tax on the disposal of units in the Fund unless the units were capital assets held by the investor in carrying on a business through a permanent establishment in Australia. Australian tax may apply in certain circumstances if the non-resident holds their units on revenue account. CGT may also apply in some cases where the Fund has a direct or indirect interest in Australian real property. We recommend that non-resident investors seek independent tax advice in relation to the tax consequences of the disposal of their units.

#### ***New Zealand resident taxation***

If you are a New Zealand resident wishing to invest in Australia, we strongly recommend that you seek independent professional tax advice. New Zealand resident investors will be taxed on their units under the foreign investment fund rules or ordinary tax rules, depending on their circumstances. Australian tax will be withheld at prescribed rates from distributions to non-residents to the extent that the distributions comprise relevant Australian sourced income or gains.

## 11. Other Important Information

### Consent

Each of the Investment Manager, the Administrator and the Custodian (the “Service Providers”) has given and, as at the date of this PDS, has not withdrawn:

- its written consent to be named in this PDS in the relevant capacity; and
- its written consent to the inclusion of the statements made about it and the Fund and which are specifically attributed to it, in the form and context in which they appear.

The Service Providers have not otherwise been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. None of the Service Providers nor their employees or officers accept any responsibility arising in any way for errors or omissions, other than those statements for which it has provided its written consent to Equity Trustees for inclusion in this PDS.

### Constitution of the Fund

The Fund is permitted to have more than one class of units and currently has four classes of units. Subject to the rights, obligations and restrictions of a class, each Unit represents an equal undivided fractional beneficial interest in the assets of the Fund as a whole subject to liabilities, but does not give you an interest in any particular property of the Fund.

Equity Trustees’ responsibilities and obligations, as the Responsible Entity of the Fund, are governed by the Constitution as well as the Corporations Act and general trust law. The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the Responsible Entity of the Fund, and investors. Some of the provisions of the Constitution are discussed elsewhere in this PDS.

Other provisions relate to an investor’s rights under the Constitution, and include:

- an investor’s right to share in any Fund income, and how we calculate it;
- what you are entitled to receive when you withdraw or if the Fund is wound up;
- an investor’s right to withdraw from the Fund - subject to the times when we can cease;
- processing withdrawals, such as if a Fund becomes ‘illiquid’;
- the nature of the units - identical rights attach to all units within a class; and
- an investor’s rights to attend and vote at meetings - these provisions are mainly contained in the Corporations Act.

There are also provisions governing our powers and duties, including:

- how we calculate unit prices, the maximum amount of fees we can charge and expenses we can recover;
- when we can amend the Constitution - generally we can only amend the Constitution where we reasonably believe that the changes will not adversely affect investors’ rights. Otherwise the Constitution can only be amended if approved at a meeting of investors;

- when we can retire as the Responsible Entity of the Fund - which is as permitted by law;
- when we can be removed as the Responsible Entity of the Fund - which is when required by law; and
- our broad powers to invest, borrow and generally manage the Fund.

The Constitution also deals with our liabilities in relation to the Fund and when we can be reimbursed out of the Fund’s assets.

For example:

- subject to the Corporations Act we are not liable for acting in reliance and good faith on professional advice;
- subject to the Corporations Act we are not liable for any loss unless we fail to act in good faith or we act negligently; and
- we can be reimbursed for any liabilities we incur in connection with the proper performance of our powers and duties in respect of the Fund.

As mentioned above, Equity Trustees’ responsibilities and obligations as the Responsible Entity of the Fund are governed by the Constitution of the Fund, the Corporations Act and general trust law, which require that we:

- act in the best interests of investors and, if there is a conflict between investors’ interests and our own, give priority to investors;
- ensure the property of the Fund is clearly identified, held separately from other funds and our assets, and is valued regularly;
- ensure payments from the Fund’s property are made in accordance with the Constitution and the Corporations Act; and
- report to ASIC any breach of the Corporations Act in relation to the Fund which has had, or is likely to have, a materially adverse effect on investors’ interests. Copies of the Constitution are available, free of charge, on request from Equity Trustees.

Copies of the Constitution are available, free of charge, on request from Equity Trustees.

### Termination of the Fund

The Responsible Entity may resolve at any time to terminate and liquidate the Fund (if it provides investors with notice) in accordance with the Constitution and the Corporations Act. Upon termination and after conversion of the assets of the Fund into cash and payment of, or provision for, all costs, expenses and liabilities (actual and anticipated), the net proceeds will be distributed pro-rata among all investors according to the aggregate of the Withdrawal Price for each of the units they hold in the Fund.

### Our legal relationship with you

Equity Trustees’ responsibilities and obligations, as the Responsible Entity of the Fund, are governed by the Constitution of the Fund, as well as the Corporations Act and general trust law. The Constitution of the Fund contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the Responsible Entity of the Fund, and investors.

Equity Trustees may amend the Constitution if it considers that the amendment will not adversely affect investors' rights. Otherwise the Constitution may be amended by way of a special resolution of investors.

To the extent that any contract or obligation arises in connection with the acceptance by Equity Trustees of an application or reliance on this PDS by an investor, any amendment to the Constitution may vary or cancel that contract or obligation.

Further, that contract or obligation may be varied or cancelled by a deed executed by Equity Trustees with the approval of a special resolution of investors, or without that approval if Equity Trustees considers the variation or cancellation will not materially and adversely affect investor's rights.

### **Compliance plan**

Equity Trustees has prepared and lodged a compliance plan for the Fund with ASIC. The compliance plan describes the procedures used by Equity Trustees to comply with the Corporations Act and the Constitution of the Fund. Each year the compliance plan for the Fund is audited and the audit report is lodged with ASIC.

### **Unit pricing discretions policy**

Equity Trustees has developed a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating unit prices (including determining the value of assets and liabilities). A copy of the policy and, where applicable and to the extent required, any other relevant documents in relation to the policy (such as records of any discretions which are outside the scope of, or inconsistent with, the unit pricing policy) will be made available to investors free of charge on request.

### **Indemnity**

Equity Trustees, as the Responsible Entity of the Fund, is indemnified out of the Fund against all liabilities incurred by it in performing or exercising any of its powers or duties in relation to the Fund. To the extent permitted by the Corporations Act, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. Subject to the law, Equity Trustees may retain or pay out from the assets of the Fund any sum necessary to affect such an indemnity.

### **Anti-Money Laundering and Counter Terrorism Financing ("AML/CTF")**

Australia's AML/CTF laws require Equity Trustees to adopt and maintain a written AML/CTF Program. A fundamental part of the AML/CTF Program is that Equity Trustees must hold up-to-date information about investors (including beneficial owner information) in the Fund.

To meet this legal requirement, existing investors may also be asked to provide KYC Documents as part of an ongoing customer due diligence/verification process to comply with AML/CTF laws. If applicants or investors do not provide the applicable KYC Documents when requested, Equity Trustees may be unable to process an application, or may be unable to provide products or services to existing investors until such time as the information is provided.

To comply with AML/CTF Laws, Equity Trustees may also disclose information including your personal information that it holds about the applicant, an investor, or any beneficial owner, to its related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether inside or outside Australia).

Equity Trustees may be prohibited by law from informing applicants or investors that such reporting has occurred. Equity Trustees and the Investment Manager shall not be liable to applicants or investors for any loss you may suffer because of compliance with the AML/CTF laws.

You may be required to provide the KYC documents to your broker (rather than the Administrator).

### **Foreign Account Tax Compliance Act ("FATCA")**

The Australian Government has signed an intergovernmental agreement ("IGA") with the United States of America ("U.S."), which requires all Australian financial institutions to comply with the FATCA Act enacted by the U.S..

Under FATCA, Australian financial institutions are required to collect and review their information to identify U.S. residents and U.S. controlling persons that invest in assets through non-U.S. entities. This information is reported to the ATO. The ATO may then pass that information onto the U.S. Internal Revenue Service.

To comply with the FATCA obligations, we may request certain information from you. Failure to comply with FATCA obligations may result in the Fund, to the extent relevant, being subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. If the Fund suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, we will not be required to compensate investors for any such withholding and the effect of the amounts withheld will be reflected in the returns of the Fund.

### **Common Reporting Standard ("CRS")**

The CRS is developed by the Organisation of Economic Co-operation and Development and requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. Australian financial institutions need to document and identify reportable accounts, implement due diligence procedures and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries.

To comply with the CRS obligations, we may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS.

### **Your privacy**

The Australian Privacy Principles contained in the Privacy Act 1988 (Cth) ("Privacy Act") regulate the way in which we collect, use, disclose, and otherwise handle your personal information. Equity Trustees is committed to



respecting and protecting the privacy of your personal information, and our Privacy Policy details how we do this.

It is important to be aware that, to provide our products and services to you, Equity Trustees may need to collect personal information about you and any other individuals associated with the product or service offering. In addition to practical reasons, this is necessary to ensure compliance with our legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and taxation legislation). If you do not provide the information requested, we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s).

You must therefore ensure that any personal information you provide to Equity Trustees is true and correct in every detail. If any of this personal information (including your contact details) changes, you must promptly advise us of the changes in writing. While we will generally collect your personal information from you, your broker or adviser or the Investment Manager and Administrator directly, we may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

In terms of how we deal with your personal information, Equity Trustees will use it for the purpose of providing you with our products and services and complying with our regulatory obligations. Equity Trustees may also disclose it to other members of our corporate group, or to third parties who we work with or engage for these same purposes. Such third parties may be situated in Australia or offshore, however we take reasonable steps to ensure that they will comply with the Privacy Act when collecting, using or handling your personal information.

The types of third parties that we may disclose your information to include, but are not limited to:

- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- those providing services for administering or managing the Fund, including the Investment Manager, Custodian and Administrator, auditors, or those that provide mailing or printing services;
- our other service providers;
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC; and
- other third parties who you have consented to us disclosing your information to, or to whom we are required or permitted by law to disclose information to.

Equity Trustees or the Investment Manager may from time to time provide you with direct marketing and/or educational material about products and services they believe may be of interest to you. You have the right to “opt out” of such communications by contacting us using the contact details below.

In addition to the above information, Equity Trustees’ Privacy Policy contains further information about how we handle your personal information, and how you can access information held about you, seek a correction to that information, or make a privacy-related complaint.

Full details of Equity Trustees’ Privacy Policy is available at [www.eqt.com.au](http://www.eqt.com.au). You can also request a copy by contacting Equity Trustees’ Privacy Officer on +61 3 8623 5000 or by email to [privacy@eqt.com.au](mailto:privacy@eqt.com.au).

## Information on underlying investments

Information regarding the underlying investments of the Fund will be provided to an investor of the Fund on request, to the extent Equity Trustees is satisfied that such information is required to enable the investor to comply with its statutory reporting obligations. This information will be supplied within a reasonable timeframe having regard to these obligations.

## Indirect Investors

You may be able to invest indirectly in the Fund via an IDPS by directing the IDPS Operator to acquire units on your behalf. If you do so, you will need to complete the relevant forms provided by the IDPS Operator. This will mean that you are an Indirect Investor in the Fund and not a unitholder or member of the Fund. Indirect Investors do not acquire the rights of a unitholder as such rights are acquired by the IDPS Operator who may exercise, or decline to exercise, these rights on your behalf.

Indirect Investors do not receive reports or statements from us and the IDPS Operator’s application and withdrawal conditions determine when you can direct the IDPS Operator to apply or redeem. Your rights as an Indirect Investor should be set out in the disclosure document issued by the IDPS Operator.

## NZ Selling Restriction

The offer made to New Zealand investors is available only to, and may only be accepted by, a Wholesale Investor who has completed a Wholesale Investor Certification. The offer made in this PDS is not a regulated offer for the purposes of the Financial Markets Conduct Act 2013 (New Zealand). Each New Zealand investor acknowledges and agrees that:

(a) he, she or it has not offered, sold, or transferred, and will not offer, sell, or transfer, directly or indirectly, any units in the Fund; and

(b) he, she or it has not granted, issued, or transferred, and will not grant, issue, or transfer, any interests in or options over, directly or indirectly, any units in the Fund; and

(c) he, she or it has not distributed and will not distribute, directly or indirectly, a PDS or any other offering materials or advertisement in relation to any offer of any units in the Fund,

in each case in New Zealand other than to a person who is a Wholesale Investor; and

(d) he, she or it will notify Equity Trustees if he, she, or it ceases to be a Wholesale Investor.

All references to “Wholesale Investor” in this document are a reference to an investor who is both a Wholesale Client under the Australian Corporations Act 2001 and Wholesale Investor in terms of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) and (unless otherwise agreed with the Responsible Entity) who invests in the Fund via a custody service providing New Zealand Foreign Investment Fund tax reporting.

## 12. Glossary of Important Terms

### **AFSL**

Australian Financial Services Licence.

### **Apex or Administrator**

Apex Fund Services Pty Ltd.

### **Application Form**

The Application Form that accompanies the PDS.

### **ASIC**

Australian Securities and Investments Commission.

### **ATO**

Australian Taxation Office.

### **AUSTRAC**

Australian Transaction Reports and Analysis Centre.

### **Business Day**

A day other than Saturday or Sunday on which banks are open for general banking business in Melbourne or Sydney or if the administrator of the Fund primarily performs its administrative functions in respect of the Fund in a city other than Melbourne, the city in which the administrator performs such functions.

### **Buy/Sell Spread**

The difference between the Application Price and Withdrawal Price of units in the Funds, which reflects the estimated transaction costs associated with buying or selling the assets of the Fund, when investors invest in or withdraw from the Funds.

### **Class**

A class of units in the Fund.

### **Constitution**

The document which describes the rights, responsibilities and beneficial interest of both investors and the Responsible Entity in relation to the Fund, as amended from time to time.

### **Corporations Act**

The Corporations Act 2001 and Corporations Regulations 2001 (Cth), as amended from time to time.

### **Derivative**

A financial contract whose value is based on, or derived from, an asset class such as shares, interest rates, currencies or currency exchange rates and commodities. Common Derivatives include options, futures and forward exchange contracts.

### **Equity Trustees**

Equity Trustees Limited (ABN 46 004 031 298) who possess an AFSL No. 240975.

### **Fund**

Milford Australian Absolute Growth Fund ARSN 621 244 559

### **Fund Benchmark**

RBA cash + 5%

### **Gross Asset Value (GAV)**

Value of the investments of the Fund before deducting certain liabilities including income entitlements and contingent liabilities.

### **GST**

Goods and Services Tax.

### **Hedge**

An investment made in order to reduce the risk of adverse price movements in a security by taking an offsetting position in another investment.

### **HSBC Bank Australia Limited or Custodian**

HSBC Bank Australia Limited

### **IDPS**

Investor-Directed Portfolio Service or investor-directed portfolio-like managed investment scheme. An IDPS is generally the vehicle through which an investor purchases a range of underlying investment options from numerous investment managers. In New Zealand, the IDPS needs to be licensed as a Discretionary Investment Management Service provider.

### **Indirect Investors**

Individuals who invest in the Fund through an IDPS.

### **Net Asset Value (NAV)**

Value of the investments of a Class after deducting certain liabilities including income entitlements and contingent liabilities.

### **OTC Derivatives**

Derivatives sold over the counter rather than traded on a listed market.

### **PDS**

This Product Disclosure Statement, issued by Equity Trustees.

### **RBA Cash Rate**

The rate calculated by the Reserve Bank of Australia which it charges for overnight unsecured loans between banks settled in the Reserve Bank information and Transfer System.

### **Responsible Entity**

Equity Trustees Limited.

### **Retail Client**

Persons or entities defined as such under section 761G of the Corporations Act.

### **RITC**

Reduced Input Tax Credit. Equity Trustees will apply for reduced input tax credits where applicable to reduce the cost of GST to a Fund.

### **US Person**

A person so classified under securities or tax law in the United States of America ("US") including, in broad terms, the following persons:

(a) any citizen of, or natural person resident in, the US, its territories or possessions; or

(b) any corporation or partnership organised or incorporated under any laws of or in the US or of any other jurisdiction if formed by a US Person (other than by accredited investors who are not natural persons, estates or trusts) principally for the purpose of investing in securities not registered under the US Securities Act of 1933; or

(c) any agency or branch of a foreign entity located in the US; or

(d) a pension plan primarily for US employees of a US Person; or

(e) a US collective investment vehicle unless not offered to US Persons; or

(f) any estate of which an executor or administrator is a US Person (unless an executor or administrator of the estate who is not a US Person has sole or substantial investment discretion over the assets of the estate and such estate is governed by non-US law) and all the estate income is non-US income not liable to US income tax; or

(g) any Fund of which any trustee is a US Person (unless a trustee who is a professional fiduciary is a US Person and a trustee who is not a US Person has sole or substantial investment discretion over the assets of the trust and no beneficiary (or settlor, if the trust is revocable) of the trust is a US Person); or

(h) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; or

(i) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the US for the benefit or account of a US Person.

### **Wholesale Client**

Person or entity which is not a Retail Client under Australian law under s761G of the Corporations Act or any other person who is not required to be given a regulated disclosure document under the Corporations Act. Please refer to Section 8 of the Application Form for the criteria to meet the definition of a Wholesale Client in order to be able to invest in Class W of the Fund.

### **Wholesale Investor**

In the case of a New Zealand investor, means a Wholesale Client who also meets the definition of wholesale investor in terms of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) and (unless otherwise agreed with the Responsible Entity) who invests in the Fund via a custody service providing New Zealand Foreign Investment Fund tax reporting.