

# Milford Australian Absolute Growth Complex ETF

## Product Disclosure Statement

Issue Date 4 April 2025



**MILFORD**

INVESTED IN THE OUTCOME

# Milford Australian Absolute Growth Fund Complex ETF



## Product Disclosure Statement

ARSN 621 244 559  
ASX Code MFOA  
APIR: ETL0750AU  
ISIN: AU0000240558  
Issue Date 4 April 2025

## Contents

1. Fund at a glance	3
2. ASIC Benchmarks	4
3. Disclosure Principles	5
4. Who is Managing the Fund?	7
5. How the Fund Invests	8
6. Managing Risk	11
7. Investing and Withdrawing	13
8. ASX AQUA Rules	14
9. Keeping Track of Your Investment	16
10. Fees and Other Costs	17
11. Taxation	21
12. Other Important Information	24
13. Glossary of Important Terms	28

---

### Investment Manager

Milford Australia Pty Ltd  
ABN 65 169 262 971 AFSL 461253  
Suite 1, Level 41, 25 Martin Place  
Sydney NSW 2000  
Web: [www.milfordasset.com.au](http://www.milfordasset.com.au)

### Custodian

HSBC Bank Australia Limited  
ABN 48 006 434 162  
Level 36, Tower 1  
International Towers Sydney  
100 Barangaroo Avenue  
Sydney NSW 200

### Responsible Entity

Equity Trustees Limited  
ABN 46 004 031 298, AFSL 240975  
GPO Box 2307  
Melbourne VIC 3001  
Ph: +613 8623 5000  
Web: [www.eqt.com.au/insto](http://www.eqt.com.au/insto)

---

### Administrator, Registry and Customer Service

Apex Fund Services Pty Ltd  
ABN 81 118 902 891  
Ph: 1300 133 451  
E: [registry@apexgroup.com](mailto:registry@apexgroup.com)

### General Enquiries

Ph: 1800 161 310  
E: [info@milfordasset.com.au](mailto:info@milfordasset.com.au)

This Product Disclosure Statement (“PDS”) is a summary of general information relating to an investment in the quoted unit class (“units” or “Quoted Class”) of Milford Australian Absolute Growth Fund ARSN 621 244 559 ASX Code MFOA (the “Fund”). The Class is called the Milford Australian Absolute Growth Complex ETF ASX Code: MFOA. The Quoted Class is a class of units for the Fund which is exclusively accessible on the Australian Securities Exchange (“ASX”).

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 dated 4 April 2025 and a copy of this PDS was lodged with ASIC on that date. At the time of lodgement of this PDS with ASIC, Units in the Fund have been admitted to quotation on the Australian Securities Exchange (“ASX”) with the exchange ticker: MFOA. Units in the Fund may be traded on the ASX like any listed security. No representation is made concerning the Fund’s quotation on the ASX. Neither ASIC, ASX nor their officers take any responsibility for the contents of this PDS. Admission to the official list of ASX is in no way an indication of the merits of the Fund.

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 investor directed portfolio service, master trust, wrap account or an investor directed portfolio service-like scheme (“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.

The offer made in this PDS is available only to persons receiving this PDS in Australia (electronically or otherwise). All references to dollars or “\$” in this PDS are to Australian dollars.

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 Apex Fund Services Pty Ltd on 1300 133 451 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. These updates will be published on the ASX Market Announcement Platform and [www.eqt.com.au/insto](http://www.eqt.com.au/insto). Updated information about performance, unit prices, Class size and other general information about the Class will be published on the ASX Market Announcement Platform. A paper copy of the updated information will be provided free of charge on request.

## 1. Fund at a glance

	Summary	For further information
<i>Name of the Class</i>	Milford Australian Absolute Growth Fund Complex ETF	Section 5
<i>ASX Code</i>	MFOA	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</i>	No minimum number of units that investors can buy on the ASX market.	Section 7
<i>Minimum additional investment</i>	You can add to your investment at any time by purchasing additional units on the ASX market.	Section 7
<i>Minimum withdrawal amount</i>	There is no minimum number of units that investors can sell on the ASX market.	Section 7
<i>Valuation frequency</i>	The Fund's assets are normally valued daily.	Section 7
<i>Applications</i>	Throughout the ASX Trading Day.	Section 7
<i>Access to your investment</i>	Throughout the ASX Trading Day. Settlement of your sale proceeds occurs via the CHESS settlement service on the second Business Day after trade date.	Section 7
<i>Income distribution</i>	Bi-annually at 31 December and 30 June	Section 7
<i>Management fees and costs*</i>	0.90% p.a. of the GAV of the Class	Section 10
<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 10

## 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
<b>Benchmark 1: Valuation of assets</b>			
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
<b>Benchmark 2: Periodic reporting</b>			
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.</p> <p>Apex is responsible for calculating the Fund's NAV as the provider of Fund administration services. 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 5.10 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

	<b>Summary</b>	<b>Section (for further information)</b>
<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>	Investors can withdraw from the Fund by selling units on the ASX market through their stockbroker. Investors do not need to complete a withdrawal form. 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.

Equity Trustees will also act as a buyer and seller of units on the ASX market on behalf of the Fund to assist in providing liquidity to investors. Equity Trustees has appointed a market participant to help it perform this market making function.

### **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 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.

### **ASX service providers**

See also section 12 on Market Making and the iNAV for service providers appointed to provide services for the Quoted Class to support its ASX listing.



## 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 the Quoted Class under this PDS.

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

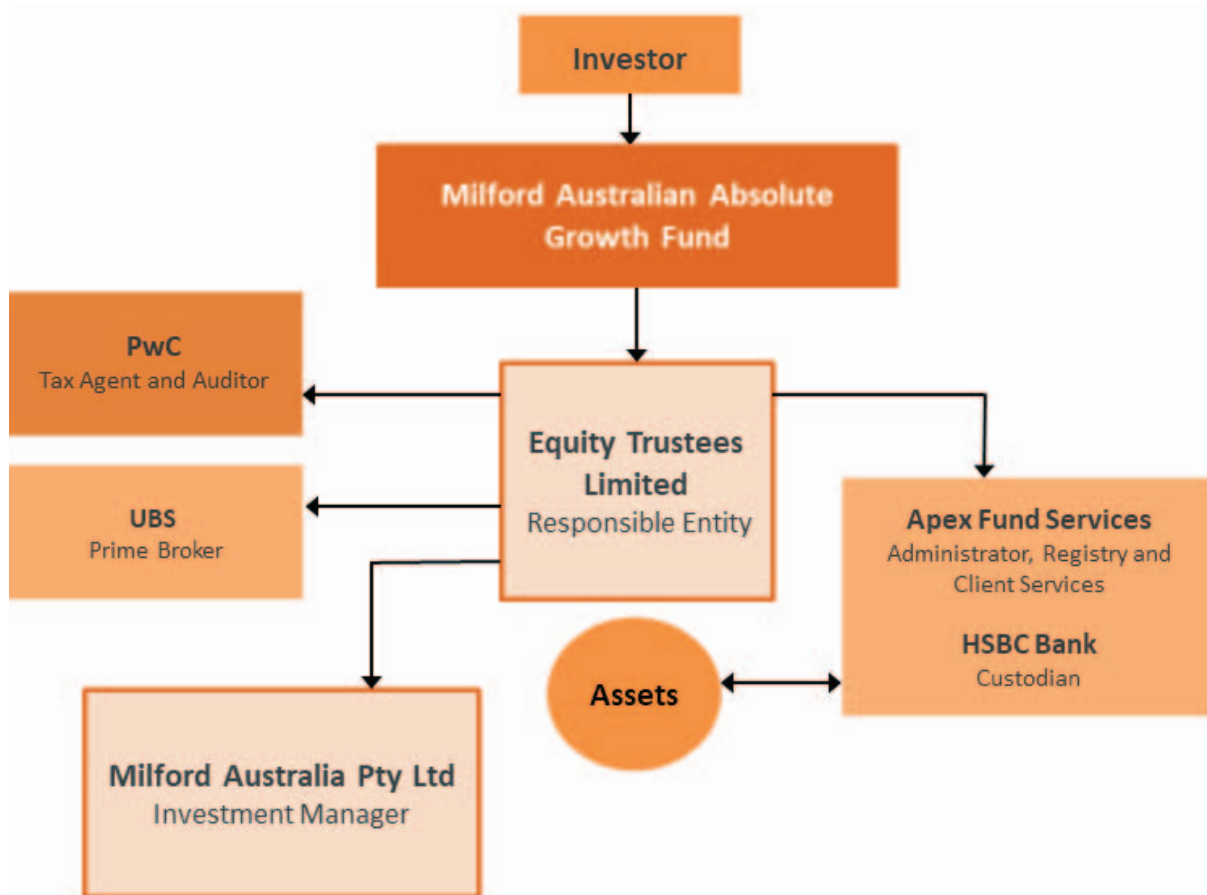
Equity Trustees is the Responsible Entity of the Fund and has appointed Milford as the investment manager to

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.

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. See also section 12 on service providers specifically appointed to provide services for the Quoted Class. 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 administrator, 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. Service Providers specific to the Quoted Class are set out in section 12.

#### 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 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 propriety guide to the appropriate escalation methods or 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.

#### ASX Market risk

The ability to buy and sell units on the ASX market could be limited and may impact the liquidity of your investment. No trading will occur during any period where ASX suspends trading of the Fund's units. It is also possible that the price at which units trade on the ASX market is materially different to the NAV per unit or iNAV.

#### 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.

### iNAV risk

The iNAV is indicative only and may not accurately reflect the true value of the underlying assets of the Fund.

### Market Making risk

The Quoted Class will bear the risk of the Responsible Entity acting as market maker on the Quoted Class's behalf. The Quoted Class may be impacted by an error in the execution of market making activities or in the price at which units are transacted on the ASX market. This may have a negative or positive impact on the Quoted Class's NAV. To manage this risk, the Responsible Entity can increase the spread at which it makes a market. Subject to the ASX AQUA Rules and ASX Operating Rules, the Responsible Entity can also limit or cease its market making activities for a period of time. There is also a risk that the market making agent appointed by the Responsible Entity may make an error in the execution of market making activities. If these errors cannot be corrected, the Quoted Class may incur losses.

### 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 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 these circumstances, the operations, including functions like trading and valuation of the Investment Manager and other service providers, could be reduced, delayed, suspended or otherwise disrupted.

### **Termination of the Fund or removal from quotation risk**

To allow for continued quotation of the Quoted Units under the ASX AQUA Rules, certain requirements are imposed. There is a risk that the Fund will not be able to continue to meet these requirements in the future or that

ASX may change the quotation requirements. The Responsible Entity may also elect to terminate the Quoted Units or the Fund in the future for any reason, such as if the Fund's objectives can no longer be achieved.

### **Conflict of Interest risk**

The Responsible Entity also acts as the internal market maker for the Quoted Class. A conflict might arise between the Fund and investors trading units of the Quoted Class on the ASX due to the Quoted Class's aim to benefit from its market making activities. A conflict may also arise as the Responsible Entity could use market making activities to influence the performance of the Quoted Class. The Responsible Entity maintains a conflicts of interest policy to ensure it manages its obligations to the Quoted Class and the Fund so that any conflicts are managed appropriately.

### **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 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. The Responsible Entity and Milford have a risk management policy that incorporates its business continuity plan to minimise 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.



## 7. Investing and Withdrawing

### Investing

Investors can invest in the Fund by buying Units through a broker who will settle the buy order on the CHES settlement service. Application Forms are not required to be completed and there is no minimum investment amount. The price applied to the investors buy order will be the prevailing market price at the time of purchase as reflected by the price at which they have bought Units on the ASX.

The cost of investing in the Fund will be the price at which you purchase units on the ASX market plus any brokerage fee that you have agreed or negotiated with your stockbroker.

### Additional Investments

Unit holders can add to their investment by purchasing units on the ASX market at any time.

### Terms and conditions for applications

Applications can be made at any time. Subject to the ASX Operating Rules, Equity Trustees reserves the right to refuse any purchase of units without giving a reason.

### Cooling off period

Investors do not have a right to a cooling off period for units purchased on the ASX market.

### Access to your funds

You can sell units on the ASX market through your stockbroker. Your exit price will be the price at which you sell units on the ASX market, less any brokerage fee that you have agreed or negotiated with your stockbroker.

There is no minimum number of units that you can sell on the ASX. You can only sell whole units.

You will receive proceeds from the sale of your units through the ASX CHES settlement service in the same way as if you had sold securities on the ASX market.

### Access via an IDPS

If you have invested indirectly in the Fund through an IDPS, the time to process an off-market withdrawal request will depend on the particular IDPS Operator.

### 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.

### Valuation of the Quoted Class

The Net Asset Value ("NAV") of a unit in the Quoted Class is calculated each Business Day based on the value of the investments in the Quoted Class (less any liabilities of the Quoted Class) divided by the number of Quoted Class units in issue, in accordance with the Constitution of the Fund. An indicative NAV ("iNAV") is also calculated through the ASX Trading Day updating the NAV. The iNAV will be published throughout the ASX Trading Day as calculated. The iNAV is indicative only and we do not assure that the iNAV will always be up to date or accurately reflect the underlying value of the Fund.

### ASX liquidity

Units are transacted (bought and sold) on the secondary market, in the same manner as securities listed on a securities exchange.

The Responsible Entity may provide liquidity to investors on the ASX by acting as a buyer and seller of units. At close of each ASX Trading Day, the Responsible Entity will create or cancel units by applying or withdrawing its net position in units transacted via the ASX. The Responsible Entity has appointed a Market Making Agent to transact and facilitate settlement of trades on its behalf.

The price that the Responsible Entity may transact on will reflect the NAV per unit (as referenced by the iNAV), market conditions and the supply and demand for units during the ASX Trading Day. The Class bears all the risk of market making activities performed by the Responsible Entity on its behalf. This may result in a gain or loss to the Class. Please refer to the Market Making Risk in section 6.

## 8. ASX AQUA Rules

The Units are admitted to trading status on the ASX and are quoted under the AQUA Rules framework. The AQUA Rules are accessible at [www.asx.com.au](http://www.asx.com.au).

The following table sets out the key differences between the ASX Listing Rules and the AQUA Rules (noting that it is the AQUA Rules that will apply to the listing of the Units on the ASX).

Requirement	ASX Listing Rules	ASX AQUA Rules
<b>Continuous Disclosure</b>	Issuers of products under the Listing Rules are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.	<p>The Responsible Entity, as an issuer of a product under the ASX AQUA Rules, will not be subject to the continuous disclosure requirements under Listing Rule 3.1 and section 674 of the Corporations Act for the Quoted Class.</p> <p>However, under the ASX AQUA Rules, the Responsible Entity must provide ASX with information where the non-disclosure of that information may lead to the establishment of a false market in the Quoted Class or would materially affect the price of the Quoted Units.</p> <p>The Responsible Entity is required to disclose information about the NAV per unit daily. The Responsible Entity must also disclose information about:</p> <ul style="list-style-type: none"> <li>• net monthly applications and redemptions.</li> <li>• dividends, distributions and other disbursements; and</li> <li>• any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act.</li> </ul> <p>The Responsible Entity will make any required disclosures through the ASX Market Announcements Platform at the same time as it is disclosed to ASIC.</p>
<b>Periodic Disclosure</b>	Issuers of products under the ASX Listing Rules are required to disclose half yearly and annual financial information or annual reports under Chapter 4 of the ASX Listing Rules.	<p>The Responsible Entity, as an issuer of a product under the ASX AQUA Rules, is not required to disclose half yearly and annual financial information or reports.</p> <p>However, the Responsible Entity is still required to lodge with ASIC financial reports required under Chapter 2M of the Corporations Act.</p>

<b>Corporate Control</b>	Listed managed investment schemes are subject to requirements in the Corporations Act and the ASX Listing Rules relating to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings.	As products quoted under the ASX AQUA Rules are not shares in companies, the issuers of such products are not subject to the corporate governance requirements under the Corporations Act and the ASX Listing Rules.  However, the Responsible Entity, as an issuer of a product quoted under the ASX AQUA Rules, is subject to the general requirement to provide ASX with information concerning itself that may otherwise lead to the establishment of a false market or materially affect the price of the Quoted Class. Section 601FM of the Corporations Act will continue to apply to the Responsible Entity for the removal of a responsible entity of a registered managed investment scheme by unitholders.
<b>Related Party Transactions</b>	Chapter 10 of the ASX Listing Rules specifies controls over related party transactions (which relate to transactions between an entity and other people in a position to influence the entity).	Chapter 10 of the ASX Listing Rules does not apply to AQUA Products, such as the Quoted Class. However, as the Fund is a registered managed investment scheme, it is still subject to the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.
<b>Auditor Rotation Obligations</b>	There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the Corporations Act.	The Responsible Entity, as an issuer of a product quoted under the ASX AQUA Rules, will not be subject to the requirements of Part 2M.4 Division 5 of the Corporations Act. However, the Responsible Entity, will continue to be required to undertake an independent audit of its compliance with the Fund's compliance plan in accordance with section 601HG of the Corporations Act and the auditor must not be the auditor of the Responsible Entity's financial statements (although they may be from the same firm).



## 9. 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.
- An 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 the 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 ASX or ASIC policy can be given to you by making that information available on Equity Trustees’ website.

### Indirect Investors

Please note that Indirect Investors who access the Quoted Class 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;
- 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 for the Fund may be obtained through ASIC’s website at [www.asic.gov.au](http://www.asic.gov.au).

## 10. 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 Complex ETF		
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</i> The fees and costs for managing your investment	0.90% p.a. of the GAV	The management fees component of management fees and costs are accrued daily and paid monthly in arrears and reflected in the unit price. Otherwise, the fees and costs are variable and deducted and reflected in the unit price as they are incurred.
<i>Performance fees<sup>2</sup></i> Amounts deducted from your investment in relation to the performance of the product	0.23% p.a. of the NAV	Performance fees are calculated daily and paid annually in arrears and reflected in the unit price.
<i>Transaction costs</i> The costs incurred by the scheme when buying or selling assets	0.78% of the GAV	Transaction costs are variable and deducted as they are incurred and reflected in the unit price.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)<sup>3</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
<i>Buy-sell spread</i> An amount deducted from your investment representing costs incurred in transactions by the scheme	Not applicable	Not applicable
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Not applicable	Not applicable
<i>Exit fee</i> The fee to close your investment	Not applicable	Not applicable

<i>Switching fee</i>	Not applicable	Not applicable
The fee for changing investment options		

<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> This is an estimate of the performance fee which is payable as an expense of the Quoted Class 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>3</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 of 0.90% p.a. of the GAV of the Quoted Class is payable to the Responsible Entity of the Fund for managing the assets and overseeing the operations of the Quoted Class. The management fees component is accrued daily and paid monthly from the Quoted Class 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, ASX, 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 Quoted Class may include other ordinary expenses of operating the Quoted Class, 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 Quoted Class 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 are 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.

### **Brokerage fees**

When buying and selling units in the Quoted Class via the ASX market, you are likely to incur brokerage fees and charges from your stockbroker.

### **Abnormal expenses**

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

### **Market Making Cost**

The Quoted Class has on-market entry and exit prices based around the iNAV to ensure transactional and operational costs of applications and redemptions, along with the risk of market making, are not borne by existing unitholders.

J.P. Morgan Securities Australia Limited (“JP Morgan”) is the appointed market making agent to execute the Responsible Entity’s market making activities, provide liquidity for the units on the ASX and facilitate settlements. The market making agent earns a fee on the value of all transactions in the Quoted Units from market making activities. The fee is offset by allowances included in the on-market entry and exit prices and is payable by the Responsible Entity from the management fees.

### **Performance fees**

In terms of the performance fees payable to the Investment Manager, a performance fee is payable for the Quoted Class where the investment performance of the Quoted 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 Quoted Class based on the NAV.

Performance fees include amounts that are calculated by reference to the average performance of the Quoted 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 Quoted Class over the period it has commenced is an average of 0.23% 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 the Quoted 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 Quoted Class, the Quoted Class may incur transaction costs such as brokerage, 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 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.

Transaction costs generally arise through the day-to-day trading of a Class's assets as and when they are incurred.

The gross transaction costs for the Quoted Class are 0.78% p.a. of the GAV, 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.

The price at which investors buy and sell units on the ASX may vary from the prevailing iNAV. The prices on the ASX are determined in the secondary market by market participants. The difference, or spread, from the prevailing iNAV may represent a cost, or possible benefit,

### 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.

<b>EXAMPLE - Milford Australian Absolute Growth Fund Complex ETF</b>		
<b>BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR</b>		
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
<b>Plus</b> Management fees and costs	0.90% p.a.	<b>And</b> , for every \$50,000 you have in the Milford Australian Absolute Growth Fund Complex ETF you will be charged or have deducted from your investment \$450 each year
<b>Plus</b> Performance fees	0.23% p.a.	<b>And</b> , you will be charged or have deducted from your investment \$115 in performance fees each year
<b>Plus</b> Transaction costs	0.78% p.a.	<b>And</b> , you will be charged or have deducted from your investment \$390 in transaction costs

of an investment in the Quoted Class. Where units in the Quoted Class are bought and sold on the ASX, the price at which an investor buys or sells units will generally include an allowance to cover transaction costs but will also reflect market conditions and supply and demand for units during a Business Day.

### 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. 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.

### 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 11 below of the PDS.

## EXAMPLE - Milford Australian Absolute Growth Fund Complex ETF

### Equals

Cost of Milford  
Australian  
Absolute  
Growth Fund  
Complex ETF

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: \$955\*

\* Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you such as adviser or broker fees.

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 Quoted Class over the period since it has commenced. The performance of the Quoted Class for this financial year, and the performance fees for the Quoted Class, 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.



# 11. 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.



## 12. Other Important Information

### Market making on the ASX Market

The Quoted Units can be bought and sold on the ASX market in the same way as ASX listed securities.

Equity Trustees, on behalf of the Fund, may provide liquidity to investors on the Securities Exchange by acting as a buyer and seller of units. At the end of each ASX Trading Day, the Responsible Entity will create or cancel units by applying for or redeeming its net position in units bought or sold on the ASX.

When determining the price at which it will buy or sell units, the Responsible Entity will consider aspects such as the NAV per unit, market conditions and the supply and demand for units. The Quoted Class will bear the risk of the market making activities carried out by the Responsible Entity, which may result in a cost or a benefit to the Quoted Class.

Equity Trustees has appointed a market participant, JP Morgan, to transact and facilitate settlement on its behalf to execute these market making activities. The prices on the ASX are determined in the secondary market by market participants who set their own prices at which they wish to buy or sell units in the Fund.

All funds admitted to ASX under Internal Market Making Arrangements must comply with the following:

- publish a frequent indicative iNAV; and
- make delayed disclosures of portfolio holdings at least quarterly with a delay of no more than two months.

Equity Trustee has also engaged an agent to calculate and disseminate the iNAV which will be published on our website at [www.eqt.com.au](http://www.eqt.com.au) throughout the ASX Trading Day. The iNAV will be updated for price movements of underlying fund investments through live market prices and for foreign exchange movements for the Fund's portfolio of international securities. Where there are no stocks held by the Quoted Class that have live market prices during the ASX Trading Day, movements in the iNAV will only reflect the fair value of these stocks with no live market prices.

### CHESS

The Fund uses the ASX Clearing House Electronic Sub-Register System ('CHESS'). Settlement through CHESS ensures investors' transactions are settled in two days (T+2).

### ASX conditions of admission

As part of the Quoted Class's conditions of admission to trading status on the ASX market, the Responsible Entity has agreed to:

- disclose the Quoted Class's portfolio holdings on a quarterly basis within two months of the end of each calendar quarter;
- make available half year and annual financial reports, distribution information and other required disclosures on the ASX Market Announcements Platform; and
- provide the iNAV as described in this PDS.

### ASIC relief

ASIC has granted relief from the ongoing disclosure requirements in section 1017B of the Corporations Act on the condition that the Responsible Entity complies with the continuous disclosure requirements in section 675 of the Corporations Act.

### 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
- its written consent to the inclusion of the statements made about it and the Quoted Class 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 Quoted Class income, and how we calculate it;
- what you are entitled to receive if the Quoted Class is wound up;
- 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 Quoted Class and when we can be reimbursed out of the Quoted Class'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 Quoted Class.

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.

## Termination of the Fund

The Responsible Entity may resolve at any time to terminate and liquidate the Fund or the Quoted Class (if it provides investors with notice) in accordance with the Constitution, the ASX Listing Rules (as apply) and the Corporations Act. Upon termination and after conversion of the assets of the Fund or Quoted Class (as applying) 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 of the Fund or Quoted Class as relevant 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, ASX Listing Rules (as apply) 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 provide products or services to existing investors until 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 investors that this reporting has occurred. Equity Trustees and the Investment Manager are not liable to investors for any loss you may suffer because of compliance with the AML/CTF laws.

## **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 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 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 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. These 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, the 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 the 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.

## 13. Glossary of Important Terms

### **AFSL**

Australian Financial Services Licence.

### **Apex or Administrator**

Apex Fund Services Pty Ltd

### **ASIC**

Australian Securities and Investments Commission.

### **ASX**

Australian Securities Exchange.

### **ASX AQUA Rules**

The ASX rules that apply to the quotation of financial products such as the Quoted Class on the ASX market.

### **ASX Listing Rules**

The Listing Rules of ASX including the ASX AQUA Rules, the ASX Operating Rules and any other applicable rules of the ASX, modified to the extent of any express written waiver by the ASX.

### **ASX Trading Day**

The day and time during which shares are traded on the ASX market.

### **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

### **CHESS**

The Australian settlement system for products trading on the ASX.

### **Constitution**

The document which describes the rights, responsibilities and beneficial interest of both investors and the Responsible Entity for 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 Quoted Class before deducting certain liabilities of the Quoted Class including income entitlements and contingent liabilities.

### **GST**

Goods and Services Tax.

### **Hedge**

An investment made 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.

### **Indicative Net Asset Value or iNAV**

The estimated NAV per Quoted Unit that will be published on EQT's website through the ASX Trading Day to take into account movements in stocks that have live market prices during the ASX Trading Day in the Quoted Class's portfolio.

### **Indirect Investors**

Individuals who invest in the Fund through an IDPS.

### **Market Making Agent or JP Morgan**

J.P. Morgan Securities Australia Limited ACN 003 245 234, the Market Making Agent of the Quoted Class.

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

Value of the investments of the Quoted Class after deducting certain liabilities of them Quoted Class 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.

### **Quoted Class, Quoted Units or units**

The class of units in the Fund quoted on the ASX which are known as the Milford Australian Absolute Growth Fund Complex (ETF ASX Code: MFOA).

### **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 the 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.