

MELIOR AUSTRALIAN IMPACT FUND

Monthly report | August 2025

PERFORMANCE SUMMARY

	1 Month (%)	Quarter (%)	6 months (%)	1 Year (%)	3 Years (% p.a)	5 Years (% p.a)	Since Inception* (% p.a)
Melior Australian Impact Fund (net of fees)	3.4	8.9	12.9	12.1	9.7	9.8	8.9
S&P/ASX 300 Total Return Index	3.2	7.2	11.8	14.9	12.8	12.2	9.0
Outperformance/(Underperformance)	+0.2	+1.7	+1.1	-2.8	-3.1	-2.4	-0.1%

*Inception 1st July 2019. **Past performance is not a reliable indicator of future performance.** Total returns shown for the Fund have been calculated using exit prices after taking into account all ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. The Melior Australian Impact Fund (Fund) has a long-term outperformance horizon of seven years. This Fund is likely to be appropriate for investors with "High" or "Very High" risk and return profiles. A suitable investor for this Fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the Product Disclosure Statement (**PDS**) for further information.

MARKET COMMENTARY

It was another strong month for Australian shares, the S&P/ASX 300 advancing 3.2%. A volatile August reporting season saw investors punishing or rewarding several blue-chip companies with large share price reactions. More companies beat FY25 estimates than missed, however downgrades to outlooks were a feature, with only 17% of companies having their forward earnings upgraded post results.

Employment was a focus in the US. The number of new jobs reportedly created over the past few months was revised sharply lower, indicating a weaker US economy than initially thought (however immigration policy is also impacting supply of workers). This elicited strong criticism from President Trump, who is ramping up pressure on the Federal Reserve board members to cut interest rates. A higher unemployment rate would and did provide Fed Chair Powell with scope to turn more dovish, and that led to gains in equities. Geopolitical and trade negotiations continued in the background of US corporate earnings updates, which are trading water despite the uncertainty.

Materials was the best performing sector on the ASX 300 in August (+9.4%), driven by stronger spot prices across Iron Ore, Gold, Copper and Lithium. The latter was helped by news that several Chinese lithium mines, including those supplying the growing electric vehicle market, would have their production suspended temporarily. Conversely, Health Care (-12.9%) was the worst performing sector on the ASX.

PORTFOLIO UPDATE

The Fund returned +3.4% (after fees) in August, outperforming the benchmark S&P/ASX 300 Index by 0.2%. The largest positive contribution came from the Industrials sector. Bus and ferry operator Kelsian (held) jumped 33.2% over the month on the back of better earnings from both its domestic and US divisions, good cash flow generation and an improved balance sheet. Kelsian is rolling out zero emission buses as it works with state governments to electrify bus depots and fleets.

The Financials sector also contributed strongly to relative performance, thanks largely to stock selection. Westpac (held) is our largest active weight among the banks, and it reported a strong quarterly update with markets income and margins beating analysts' forecasts. IT stocks also contributed to outperformance, particularly NextDC (held) which presented a bullish outlook for demand in their data centres given rapid adoption of cloud and AI technology among their customers.

The sectors detracting most from relative performance were Health Care and Utilities. CSL (held) disappointed the market with its result and outlook; and announced it would spin off vaccine business CSL Seqirus into a separately listed company. NZ renewable energy utility Meridian (held) was weak ahead of its result at the end of August, and so dragged on relative performance, but has since rebounded after providing comfort it is starting to deliver higher profits than last year as hydro and wind conditions improve.



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Past performance is not indicative of future performance. Listed equities markets can experience volatility, particularly in the short term. Investments in listed equities markets are therefore generally classified as higher risk than other asset classes such as fixed income and cash. As the Fund invests most of its assets in Australian listed equities, it should be considered a high risk investment. Please refer to the PDS for details of the types of risks which are associated with investing in the Fund.