

Good afternoon,

As at 1 October 2024, we have updated our Product Disclosure Statements on our website including the Additional Information Booklet which also forms part of the PDS for each of the Australian Ethical Managed Funds.

APIR CODE FUND NAME

AUG0002AU Australian Ethical Australian Shares Fund (Retail)

AUG0018AU Australian Ethical Australian Shares Fund (Wholesale)

AUG0001AU Australian Ethical Balanced Fund (Retail)

AUG0017AU Australian Ethical Balanced Fund (Wholesale)

AUG0004AU Australian Ethical Diversified Shares Fund (Retail)

AUG0019AU Australian Ethical Diversified Shares Fund (Wholesale)

AUG0026AU Australian Ethical Emerging Companies Fund (Retail)

AUG0027AU Australian Ethical Emerging Companies Fund (Wholesale)

AUG0021AU Australian Ethical Fixed Interest Fund (Retail)

AUG0023AU Australian Ethical Fixed Interest Fund (Wholesale)

AUG0008AU Australian Ethical High Growth Fund (Retail)

AUG0020AU Australian Ethical High Growth Fund (Wholesale)

AUG0003AU Australian Ethical Income Fund (Retail)

AUG0024AU Australian Ethical Income Fund (Wholesale)

AUG0006AU Australian Ethical International Shares Fund (Retail)

AUG0025AU Australian Ethical International Shares Fund (Wholesale)

AUG7454AU Australian Ethical Moderate Fund (Wholesale)

AUG6267AU Australian Ethical Conservative Fund (Wholesale)

You can find these documents at www.australianethical.com.au/managed-funds/documents/

The changes include:

Change to asset allocation ranges

Following a comprehensive review of the investment strategies for our Managed Funds, there were some changes made to the strategic asset allocation ranges effective 1 October 2024 for all Managed Funds listed at the top of this update. These changes were aimed at improving investment outcomes for investors by increasing our ability to meet the investment objective for the fund. We have also included the target asset allocation for some Managed Funds, which is available in the PDS. You can find these documents at www.australianethical.com.au/managed-funds/documents/.

Indirect costs

Indirect costs form part of management fees and costs and include fees and expenses arising from any investment which qualifies as an interposed vehicle and certain 'over-the-counter' derivatives costs. We have reviewed our indirect costs estimate for the last financial year. Tabled below are the changes to estimated indirect costs based on data as at 30 June 2024. There is no change to the estimated indirect costs for any other managed funds listed at the top of this update.

| Fund | APIR | Estimated indirect costs |
|------------------------------|-----------|--------------------------|
| Balanced Fund (Retail) | AUG0001AU | Prev: 0.13% New: 0.14% |
| Balanced Fund (Wholesale) | AUG0017AU | Prev: 0.13% New: 0.14% |
| High Growth Fund (Retail) | AUG0008AU | Prev: 0.14% New: 0.11% |
| High Growth Fund (Wholesale) | AUG0020AU | Prev: 0.14% New: 0.11% |

The increase in estimated indirect costs is a result of increased costs from the Funds' investments in defensive alternative assets. Alternative investments can provide greater diversification and more consistent returns when added to a portfolio of traditional assets.

Transaction costs

Transaction costs such as brokerage and transactional taxes are incurred by the Fund when the Fund acquires and disposes of securities. We have reviewed our transaction costs estimate for the last financial year. Tabled below are the changes to estimated transaction costs based on data as of 30 June 2024. There is no change to the estimated transaction costs for any other managed funds listed at the top of this update.

| Fund | APIR | Estimated transaction costs |
|---------------------------------|-----------|-----------------------------|
| Australian Shares Fund (Retail) | AUG0002AU | Prev: 0.01% New: 0.00% |
| Balanced Fund (Retail) | AUG0001AU | Prev: 0.00% New: 0.04% |
| Balanced Fund (Wholesale) | AUG0017AU | Prev: 0.01% New: 0.04% |

| | | |
|--|-----------|------------------------|
| Diversified Shares Fund (Wholesale) | AUG0019AU | Prev: 0.01% New: 0.00% |
| Emerging Companies (Wholesale) | AUG0027AU | Prev: 0.01% New: 0.00% |
| High Growth Fund (Retail) | AUG0008AU | Prev: 0.00% New: 0.03% |
| High Growth Fund (Wholesale) | AUG0020AU | Prev: 0.00% New: 0.03% |
| International Shares Fund (Wholesale) | AUG0025AU | Prev: 0.03% New: 0.01% |

Buy/Sell spreads

The Buy/Sell spread is a fee to recover transaction costs incurred in relation to the purchase and sale of the assets of a fund and is used to adjust the unit price. It is an additional cost to you and is incurred when you buy or sell a unit. We will use a Buy/Sell spread to recover transaction costs from you so that other members are not paying for the cost of your transaction. It is not a fee paid to us. The Buy/Sell spread for the Australian Ethical High Growth Fund increased, and the Australian Ethical Moderate Fund decreased, both effective 1 October 2024. This is a result of a general changes in underlying transacting costs. The updated Buy/Sell spreads were included in the PDS that was reissued on 1 October 2024.

| Fund | APIR | Change from | Change to |
|-------------------------------------|-------------|--------------------|------------------|
| High Growth Fund (Retail) | AUG0008AU | 0.05%/0.05% | 0.10%/0.10% |
| High Growth Fund (Wholesale) | AUG0020AU | 0.05%/0.05% | 0.10%/0.10% |
| Moderate Fund (Wholesale) | AUG7454AU | 0.10%/0/10% | 0.05%/0.05% |

Change to Custodian

Effective 1 November 2024, State Street Australia Limited (ABN 21 002 965 200) will replace National Australian Bank Limited ABN 12 004 044 937 (NAB) as custodian of the Fund.

As a result, effective from 1 November 2024, all references to “National Australian Bank Limited (NAB)” in the Funds PDSs are replaced with “State Street Australia Limited.”

Please let me know if you have any questions or need physical copies of the documents.

Kind regards,

Joanne Robb

Manager – Research and Platform
Relationships

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