

Australian  
Ethical



AUSTRALIAN ETHICAL GROWTH OPPORTUNITIES FUND

# Information Memorandum

24 MARCH 2026

# Important information

## About this Information Memorandum

This information memorandum (**Memorandum**) is issued on the date stated on the front cover by Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) (**Australian Ethical, we, our, us**) in its capacity as trustee (Trustee) of the Australian Ethical Growth Opportunities Fund (ABN 82 679 220 828) (**Fund**) in relation to Ordinary, Class B and Class C units in the Fund (**Units**). Australian Ethical is also investment manager of the Fund (**Manager**). Unless otherwise agreed by us, you will be issued Ordinary Units in the Fund. Under the Fund's constitution (**Constitution**), we are able to issue different classes of Units and determine the rights which attach to each class of Units.

This Memorandum provides a summary of the main features of the Fund. The information provided in this Memorandum is general information only and has been prepared without taking into account any person's objectives, financial situation or needs. Prospective investors should rely upon their own enquiries and seek such professional advice as they consider appropriate before deciding whether or not to apply to make an investment in the Fund.

The Fund is a managed investment scheme that is capable of being, but is not registered and is not required to be, registered under the *Corporations Act 2001* (Cth) (**Corporations Act**). Nor is it registered with the Registrar of Financial Service Providers in New Zealand and the offer made in this Memorandum is not a regulated offer for the purposes of the *Financial Markets Conduct Act 2013* (NZ) (**NZ FMC Act**).

This Memorandum is not a 'disclosure document' or a 'product disclosure statement' as defined in the Corporations Act or the NZ FMC Act. This Memorandum does not constitute a recommendation by the Trustee, or any other person, to any recipient of this Memorandum on the merits or otherwise of participating in the Fund.

The information contained within this document is for use only by wholesale clients as defined in sections 761G and 761GA of the Corporations Act (**Wholesale Clients**) and, for New Zealand resident investors, by Wholesale Clients who are also wholesale investors as defined by clause 3(2) of Schedule 1 to the NZ FMC Act (**NZ Wholesale Investors**). Investment is only available to Wholesale Clients receiving this Memorandum (electronically or otherwise) in Australia and NZ Wholesale Investors receiving this Memorandum (electronically or otherwise) in New Zealand. Investors in the Fund are not entitled to cooling off rights under the Corporations Act or otherwise and all applications under this Memorandum are subject to acceptance by the Trustee.

NZ Wholesale Investors wishing to invest in the Fund should be aware that there may be different tax implications of investing in the Fund and should seek their own tax advice as necessary.

The Trustee and its officers, employees or agents do not guarantee the success, repayment of capital, any rate of return on income or capital, or the investment performance of the Fund. An investor's investment does not represent a deposit or other liability of Australian Ethical in its own capacity.

Certain statements contained in this Memorandum may constitute "forward-looking statements" or statements about "future matters" for the purpose of the Corporations Act. These statements can be identified by the use of words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "predict", "guidance", "plan" and other similar expressions.

Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements have been based on the Trustee's current expectations about future events and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such forward-looking statements.

This Memorandum does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Fund in any jurisdiction outside Australia or New Zealand.

This Memorandum must not be reproduced or distributed to any other person (other than professional advisers of the prospective investors receiving it). The distribution of this Memorandum outside Australia or New Zealand may be restricted by law and persons who come into possession of this Memorandum outside Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a breach of applicable securities laws.

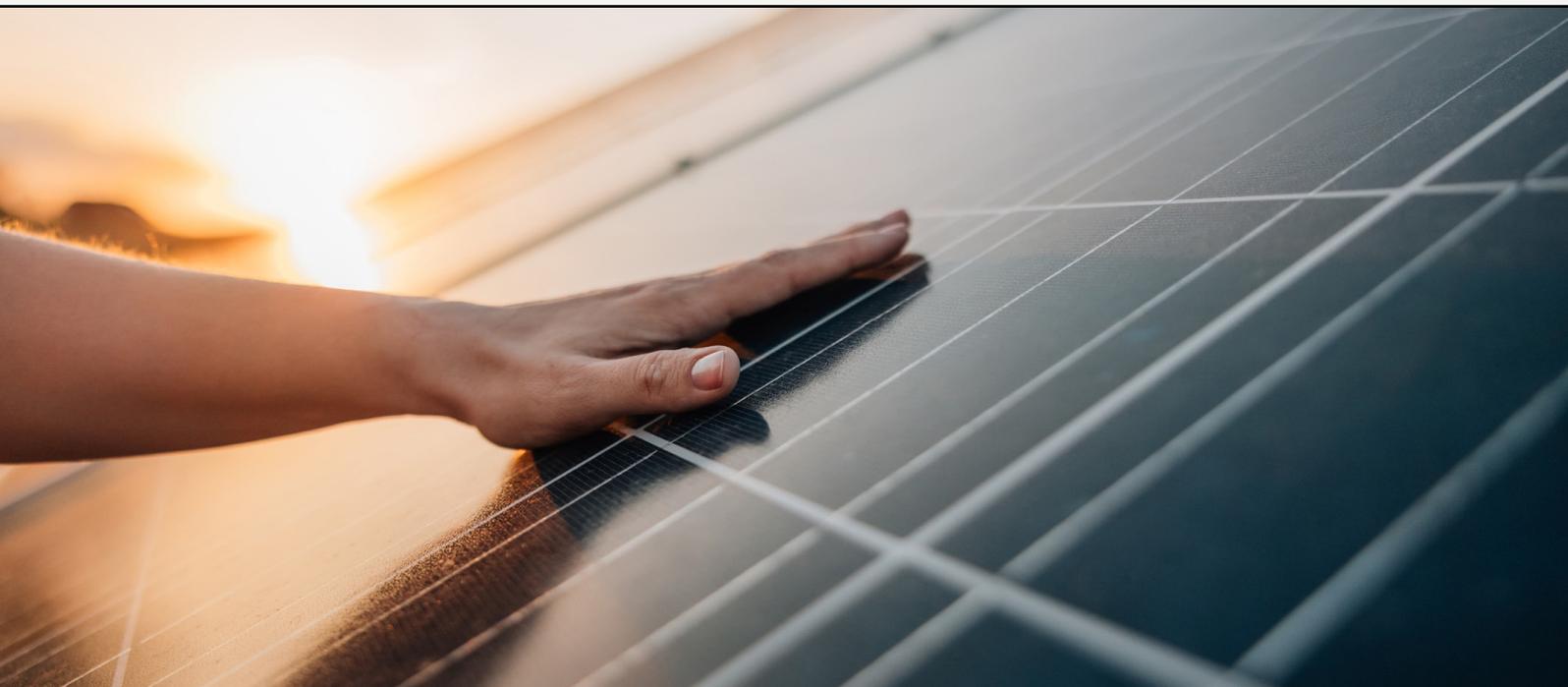
Information in this Memorandum is subject to change from time to time. We may update this Memorandum for changes that are not materially adverse to investors without issuing a supplementary information memorandum. Updated information will be available on the Fund's website at [www.australianethical.com.au/managed-funds/](http://www.australianethical.com.au/managed-funds/) (**Website**). This Memorandum supersedes any other information memorandum, disclosure document or marketing materials from before the date of its issue. No person is authorised to give any information or to make any representation

## Important information

in connection with the matters described in this Memorandum, which is not set out in this Memorandum or the Website. Any information or representation in relation to the matters described in this Memorandum which is not contained in this Memorandum or the Website may not be relied on as having been authorised by us, and no person may rely on any such other information in applying to invest in the Fund.

The Fund's Constitution can be found on our website (at [www.australianethical.com.au/shareholder/corporate-governance/](http://www.australianethical.com.au/shareholder/corporate-governance/)) or alternatively you can contact us and request a copy.

The images included in this Memorandum are for illustrative purposes only. They do not represent actual investments made by the Trustee for the Fund and should not be interpreted as part of this Memorandum.



# Contents

1	Summary of key terms	6	10	Taxation	46
2	About Australian Ethical Investment Ltd	10	11	Additional information	52
3	Cornerstone Investors	14	12	Glossary	57
4	Real assets as an asset class	15			
5	Investment strategy	16			
6	Investment processes	22			
7	Applications and withdrawals	37			
8	Risk factors	41			
9	Fees and costs	44			



# Letter to investors

Dear investors,

We are pleased to invite you to invest in our diversified private markets fund, the Australian Ethical Growth Opportunities Fund (the Fund).

We are Australia's original ethical investment manager, having been established in 1986, and now managing more than A\$14 billion of capital for more than 130,000 underlying investors and members.

This Fund has been established to provide access to a hard-to-replicate portfolio of private investments that seek both to influence progress towards a better future for people and planet, as well as aiming to deliver attractive risk-adjusted market-rate financial returns. We have sought to create, through a mix of investments in funds, co-investments, direct investments, listed equity positions and cash-related positions, a unique investment solution for Wholesale Clients and NZ Wholesale Investors.

Australian Ethical intends that the Fund will provide a large and diversified portfolio of exposures to 'thematics' (outlined in Section 5 (*Investment strategy*); **Thematics**) which we believe have attractive investment tailwinds plus also offer the opportunity to contribute to real-world solutions. These Thematics initially include: decarbonisation, the circular economy, digitalisation, urbanisation and changing demographics.

We have designed the Fund to support wholesale capital investment into private markets, through an open-ended fund structure with monthly applications, access to a large portfolio of diversified investments and periodic liquidity to support portfolio allocation and changing requirements. We feel uniquely placed to make and manage investments across a number of sponsors, sectors and geographies, leveraging our existing relationships across our A\$1 billion-plus private markets portfolio.

This Fund is a core strategy across our multi-asset business and we welcome the opportunity for you to invest alongside us into these private market opportunities.

We look forward to working together with the aim of achieving a dual purpose of investing for a better world while delivering attractive risk-adjusted market-rate financial returns.

Yours sincerely,

**Adam Roberts**  
*Portfolio Manager & Head of Private Markets*  
Australian Ethical Investment Ltd

**Ludovic Theau**  
*Chief Investment Officer*  
Australian Ethical Investment Ltd

# 1 Summary of key terms

FUND NAME	<b>Australian Ethical Growth Opportunities Fund.</b>
FUND STRUCTURE	<p>The Fund is an unlisted, open-ended, unregistered managed investment scheme.</p> <p>The Fund's portfolio can include investments across funds, co-investments, direct investments, listed equity positions and cash-related positions.</p>
TRUSTEE & MANAGER	Australian Ethical.
CUSTODIANS	The Trustee has appointed <u>State Street Australia Ltd</u> (ABN 21 002 965 200) and <u>Perpetual Corporate Trust Ltd</u> (ABN 99 000 341 533) as the custodians of the Fund ( <b>Custodians</b> ). The Custodians' role is to hold legal title to the assets on behalf of the Fund.
ELIGIBLE INVESTORS	Only Wholesale Clients (as defined in section 761G and 761GA of the Corporations Act) can invest. Australian investors must have received this Memorandum in Australia. NZ Wholesale Investors (as defined in clause 3(2) of Schedule 1 to the NZ FMC Act) must have received this Memorandum in New Zealand and must have completed a 'safe harbour certificate' that meets the requirements of clause 44 of Schedule 1 to the NZ FMC Act ( <b>NZ Safe Harbour Certificate</b> ).
INVESTMENT STRATEGY	To provide exposure predominantly to unlisted assets with 'real asset' characteristics (see Section 4 ( <i>Real assets as an asset class</i> )) targeting Thematics, initially including decarbonisation, the circular economy, digitalisation, urbanisation and changing demographics. The Trustee will invest for the Fund predominately in Australia, but may also make foreign investments, and will invest in equity and equity-like instruments. The Fund will have a number of investment exclusions and portfolio composition requirements. Important information relating to the Trustee's investment strategy for the Fund is outlined in Section 5 ( <i>Investment strategy</i> ).
THEMATICS	A majority of the Trustee's investments for the Fund must have a primary or secondary Thematic reflecting decarbonisation or the circular economy. Important information related to the Fund's Thematics is outlined in Section 5 ( <i>Investment strategy</i> ).
INVESTMENT OBJECTIVE	The Trustee aims for the Fund to deliver returns of between <u>11-13%</u> p.a. (after fees and expenses) over 7-year periods.
ETHICAL OBJECTIVE	<p>Australian Ethical believes in the transformative power of money to achieve both positive social and environmental outcomes. Our 'Ethical Charter' (<b>Ethical Charter</b>; explained further in Section 6 (<i>Investment processes</i>)) influences our ethical investment decisions - what we seek to invest in and what we look to restrict investments in - and also guides our corporate activities beyond our funds.</p> <p>Our objective is that our investments are assessed as meeting our ethical investment criteria (<b>Ethical Criteria</b>), more information about which is available in our 'Ethical Guide' (<b>Ethical Guide</b>; see our website at: <a href="http://www.australianethical.com.au/why-ae/ethics/">www.australianethical.com.au/why-ae/ethics/</a>).</p>

# 1 Summary of key terms

<b>FUND NAME</b>	<b><u>Australian Ethical Growth Opportunities Fund.</u></b>
IMPACT OBJECTIVE	<p>'Impact Frontiers' (<b>Impact Frontiers</b>)<sup>1</sup> is an international organisation based in the United States of America (the <b>US</b>) which fosters an environment of learning and market-building collaboration for investors seeking to manage their social and environmental impacts and incorporate impact into investment decision-making. Impact Frontiers' <i>'Five Dimensions of Impact'</i> (<b>Five Dimensions of Impact</b>)<sup>2</sup> is a practical tool for assessing the impacts of enterprises on people and the planet as understood across five dimensions: what, who, how much, contribution and risk.</p> <p>The Trustee has adopted a framework for the Fund for assessing the impact of an investment (<b>Impact Framework</b>). Each unlisted investment is scored against the Impact Framework which aligns with the Five Dimensions of Impact. It is intended that a majority of the Fund's unlisted portfolio by value will achieve a classification (in accordance with the Five Dimensions of Impact) of <i>'Contribute to solutions'</i> (<b>C Score</b>), with the remainder of the Fund's unlisted portfolio achieving a classification of <i>'Benefit stakeholders'</i> (<b>B Score</b>). Important information related to the Fund's impact strategy is outlined in Section 6 (<i>Investment processes</i>).</p>
INVESTMENT AMOUNT	<p>Ordinary Units - <u>A\$100,000</u> initial minimum (although the Trustee may, in its discretion, accept investments of less than this amount).</p> <p>(Class B and Class C Units - see Section 9 (<i>Fees and costs</i>) for more details.)</p>
APPLICATIONS	<p>Generally, applications into the Fund will be processed effective as of the last day of each month. For example, applications made in March on a day when applications are accepted, will receive the Unit price for 31 March. Investors can apply for Units by completing an application form, which can be requested from the Trustee (<b>Application Form</b>). We are not obliged to accept any applications for Units. For more information on making an application, see Section 7 (<i>Applications and withdrawals</i>).</p>

<sup>1</sup> [impactfrontiers.org](http://impactfrontiers.org)

<sup>2</sup> [impactfrontiers.org/norms/five-dimensions-of-impact/](http://impactfrontiers.org/norms/five-dimensions-of-impact/)

# 1 Summary of key terms

<b>FUND NAME</b>	<b><u>Australian Ethical Growth Opportunities Fund.</u></b>
WITHDRAWALS	<p>Investors may apply to withdraw (be redeemed) from the Fund on a quarterly basis with at least one calendar month's prior written notice.</p> <p>Withdrawals (redemptions) are expected to be processed in the following order:</p> <ol style="list-style-type: none"> <li>1. by being matched with any pending applications;</li> <li>2. by being funded through any distributable cash; and</li> <li>3. by being funded through divestments from the listed portion of the portfolio.</li> </ol> <p>The Trustee intends to accept withdrawal requests for up to 2.5% of the Fund's Net Asset Value (<b>NAV</b>) for each quarter. Withdrawal requests over the relevant quarterly 'cap' are likely to be scaled back proportionately.</p> <p>The Trustee has no obligation to accept any withdrawal requests and may apply a higher or lower cap for a given quarter, based on the liquid funds available for redemptions (for example, through capital returned from asset sales).</p> <p>This withdrawal process may be changed by the Trustee giving at least one month's notice on the Website and/or directly to registered holders of Units (<b>Unitholders</b>). See Section 7 (<i>Applications and withdrawals</i>) for further details.</p>
DISTRIBUTION POLICY	<p>The Trustee will aim for the Fund to pay distributions on a semi-annual basis for the periods ending 30 June and 31 December in each year. Only investors who are Unitholders on the record date will be entitled to a distribution. The Trustee's distribution policy for the Fund is to distribute all taxable income, net of Fund costs, expenses and provisions, at least annually. Special distributions may occur from time to time if the Trustee determines that there is excess uninvested capital in the Fund. Such a distribution would occur following the satisfaction of any outstanding redemptions.</p>
MANAGEMENT FEES	<p>The Trustee is entitled to a fee in respect of its management of the business and investments of the Fund, payable from the Fund's assets (<b>Management Fee</b>). The Management Fee referable to Ordinary Units will be <u>0.95%</u> of the Fund's NAV referable to Ordinary Units, each year, calculated daily and paid monthly. (The Management Fee referable to Class B and Class C Units is discussed in Section 9 (<i>Fees and costs</i>)).</p>

# 1 Summary of key terms

<b>FUND NAME</b>	<b><u>Australian Ethical Growth Opportunities Fund.</u></b>
PERFORMANCE FEE	<p>The Trustee is entitled to a fee in respect of the performance of the Fund and its investments, payable from the Fund's assets (<b>Performance Fee</b>). The Performance Fee referable to Ordinary Units will be <u>10%</u> of the total returns of the Fund over a 'hurdle' return of <u>10%</u> each year and once a 'high water mark' has been reached (where any positive performance will in general first be offset by any negative performance in previous periods, but not to an amount less than zero), with a <u>50%</u> catch-up. (The Performance Fee referable to Class B and Class C Units is discussed in Section 9 (<i>Fees and costs</i>)).</p> <p>Any Performance Fee payable will be calculated on an accruals basis and reflected in the Unit price from time to time. Actual cash payments of any accrued Performance Fee will occur annually, subject to a high water mark. Any Performance Fee will be paid out of the assets of the Fund.</p>
FUND EXPENSES & INDIRECT COSTS	<p>The Trustee may incur Fund expenses and indirect costs payable in relation to the management of the Fund that will be deducted from the Fund's assets and reflected in the value of the Units. These may reduce the return of an investment in or of the Fund.</p> <p>Section 9 (<i>Fees and costs</i>) contains detailed description of the Fund expenses and indirect costs payable in relation to the management of the Fund.</p> <p>We estimate that the Fund's indirect management fees, paid to other investment managers or sponsors, described in this section for the financial year ending 30 June 2026 will be 0.63% of the Fund's NAV for that year. Any actual Fund expenses and indirect costs payable in the future will depend on the Fund's investments and the estimate provided here may not be a reliable indicator of future expenses.</p>
BUY / SELL SPREAD	<p><u>0.05% / 0.05%</u>.</p> <p>The buy / sell spread is the Trustee's estimate of the transaction costs of buying and selling the underlying assets of the Fund, as a result of investors buying and selling Units.</p>
UNIT PRICING	<p>The Trustee will price Units daily. The Trustee will calculate the Fund's NAV by deducting the Fund's liabilities (including any accrued fees and expenses) from the aggregate value of its assets. The price for a Unit of a given class will be calculated by dividing the proportion of the Fund's NAV attributable to that class of Units by the number of Units of that class on issue.</p> <p>The price of Units of a given class on application and withdrawal will be calculated by applying a buy or sell spread to the relevant Unit price.</p> <p>The Constitution provides that the Trustee may determine valuation methods and policies from time to time, provided that the method or policy is consistent with ordinary commercial practice and results in a value that is current.</p>
KEY RISKS	<p>In addition to the usual risks of investments, the specific risks of investing in a fund of this kind include liquidity risk and company or project specific risk. See Section 8 (<i>Risk factors</i>) for more details.</p>

# 2 About Australian Ethical Investment Ltd

Australian Ethical Investment Ltd is a publicly listed funds management company, which has a long history of actively seeking out investments that we consider are positive for society and the environment and restricting investments in what we consider to be harmful activities. Since pioneering ethical investment in Australia in 1986, Australian Ethical has grown to manage investments and superannuation on behalf of over 130,000 investors.

## Ethical Investment is our business

Our Ethical Charter, unchanged since 1986, forms part of our company constitution and not only guides Australian Ethical's investment choices, but underpins our own business practices. Further information on our ethical investment style and ethical investment criteria (our Ethical Criteria) is available in our Ethical Guide on our website (at [www.australianethical.com.au/why-ae/ethics/](http://www.australianethical.com.au/why-ae/ethics/)).

Australian Ethical strives to be a leader among ethical and responsible funds. Australian Ethical is a signatory to the 'Principles for Responsible Investment' (PRI) (see [www.unpri.org](http://www.unpri.org)), which are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating environmental, social and governance issues into investment practice. Australian Ethical is one of the founding 'B Corporations' (see [www.bcorporation.com.au](http://www.bcorporation.com.au)) in Australia and in 2014 became the first company listed on the Australian Securities Exchange (ASX) to receive B Corporation certification.

Australian Ethical believes that it's important for businesses to play a leadership role in making the world a better place, not just to make profit. That's why Australian Ethical sets aside 10% of its after-tax profits (before bonus expense) every year to put back into the community through Australian Ethical's registered charity, the [Australian Ethical Foundation Ltd](#) (ABN 14 607 166 503) (**AE Foundation**). This initiative provides financial support to not-for-profit and social impact organisations that contribute to humanitarian, environmental and animal welfare efforts in Australia and overseas.

## Private assets

Australian Ethical manages more than A\$14 billion for its customers, including a private assets portfolio of more than A\$1 billion with more than 50 individual positions with relationships across more than 25 investment partners. This allows Australian Ethical to leverage relationships to access a unique mix of opportunities and attractive economics to partner on investments across funds, co-investments, direct investments, listed equity positions and cash-related positions across sub-sectors, regions and partners to create hard-to-replicate portfolios.

Through the Fund's seed portfolio and existing Australian Ethical and investment team relationships, there is existing connectivity with many high-quality partners both in Australia and globally.

## Proven capabilities

In addition to the Fund, Australian Ethical manages a number of other public and private assets investment funds. This includes the existing [Australian Ethical Infrastructure Debt Fund \(AEIDF\)](#), of which Australian Ethical is also trustee, which provides income from private loans to projects that support the clean energy transition.

Australian Ethical's senior leadership have a combined 60+ years of investing experience, predominantly in private markets, including at Macquarie, Hastings, the CEFC, MLC, Cerberus Capital Management and Westpac.

## 2 About Australian Ethical Investment Ltd

### The investment team for the Fund

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**Ludovic Theau**  
*Chief Investment Officer*  
 M.Eng., G.A.I.C.D.

Ludovic joined Australian Ethical in April 2023 as Chief Investment Officer (CIO).

He has over 30 years' experience in environmental, social and governance (ESG) investing, funds management, commercial and investment banking, and financial advisory work. Ludovic has extensive investment management experience in private markets and in the various Thematics of the Fund, including decarbonisation and urbanisation.

Before joining Australian Ethical, Ludovic was the CIO for the CEFC. He also had previous roles at Hastings Funds Management, Westpac, ABN AMRO, Macquarie Group, UBS and BNP Paribas.

Ludovic holds a Master of Engineering from Ecole Centrale de Paris, France, and is a graduate of the Australian Institute of Company Directors.



**John Woods**  
*Deputy Chief Investment Officer & Head of Multi Assets*  
 B.Eng.(hons.), M.Comm., C.F.A.

John joined Australian Ethical in March 2021. Beyond his role as Deputy CIO, John's primary responsibility is to design and implement investment strategies across the range of multi-asset portfolios at Australian Ethical, including superannuation investment options.

John has 15 years' experience in the investment industry in Australia and Hong Kong, with previous roles as a portfolio manager of both multi-asset and equities portfolios, as well as having been investment strategist at MLC, CLSA and Macquarie Group. John joined the investment industry after roles in technology companies, including IBM.

John graduated from The University of New South Wales with a Master of Commerce and Bachelor of Engineering (Honours). He also holds the Chartered Financial Analyst (CFA) designation.



**Adam Roberts**  
*Head of Private Markets & Fund Portfolio Manager*  
 M.P.A., LL.B., B.Comm., G.A.I.C.D.

Adam joined the Australian Ethical team in June 2024, bringing 15 years' experience investing across real estate, infrastructure, private equity, impact investing and private credit. Adam is also responsible for AEIDF.

Before joining Australian Ethical, Adam held several roles within Macquarie's asset management business, in both APAC and Europe, as well as having been Head of Strategy, where he oversaw business and corporate development. Adam also spent a number of years at a US headquartered ~A\$100 billion global alternative asset manager.

Adam holds a Master of Public Administration from the London School of Economics and Bachelor's degrees in Law and Commerce (majoring in Finance) from Bond University (obtained under scholarship).

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The Fund's investment team is supported by a team of domestic equities and multi-asset professionals with significant experience within investment markets.

## 2 About Australian Ethical Investment Ltd

### Australian Ethical's Impact Advisory Forum

Australian Ethical's 'Impact Advisory Forum' (IAF) will support the Trustee in relation to the impact related components of the Trustee's investment strategy for the Fund by providing perspectives from subject matter experts outside of the Trustee's investment team on the Trustee's approach to impact for the Fund. The IAF will initially comprise the following people. For more information on the IAF, please see page 26.



**Alison George**  
*Chief Impact & Ethics Officer*  
 C.A.(Fellow), M.Env., B.A.(Juris.)

Alison joined Australian Ethical in May 2023 to ensure our investments continue to meet our Ethical Charter and grow our positive outcomes for animals, people, and planet.

Alison has around 20 years' experience in responsible investment and stewardship, working with numerous industry leaders in her prior roles with Pental and Regnan, including supporting sustainable thematic and impact / 'article 9' funds under the European Union Sustainable Finance Disclosure Regulation.

A Chartered Accountant, Alison also completed a Masters of Environment and was previously a corporate sustainability advisor with EY.



**Kate Saunders**  
 B.Comm., M.A.

Kate has roughly 10 years' finance and investment banking experience. She has spent over a decade working in the for-purpose sector in various roles, including working for not-for-profits and social enterprises and later providing advisory services to them.

Her more recent roles have been at the Judith Neilson Foundation and Australian Impact Investments, providing advice to foundations and family offices on socially and environmentally focused impact investments.

Kate currently serves as the Head of AE Foundation. In her spare time, Kate is involved in her family's foundation and is an active member of the Australian Environmental Grantmakers Network, Groundswell Giving and the First Nations Allies group. She also is the Grants Coordinator for a collective giving organisation, Impact100 Sydney North.



**Kylie Charlton**  
*Managing Director – Australian Impact Investments Pty Ltd*  
 B.Comm., M.B.A

Kylie co-founded Australian Impact Investments in 2014 to help pioneer Australia's impact investing sector. With more than 20 years' experience at the intersection of impact investment, responsible investment, and philanthropy, she has played a key role in shaping the field nationally and globally. Kylie was instrumental in launching initiatives such as Australia's first social impact bonds, the Social Enterprise Development and Investment Funds, and Giant Leap Fund I.

She serves as a committee member for leading responsible and impact investment funds, including Betashares Ethical Series and Australian Development Investments, a A\$250 million fund backed by the Department of Foreign Affairs and Trade. In 2008, Kylie also co-founded Unitus Capital to support impact ventures in India.

Recognised among the *AFR 100 Women of Influence* and a multiple recipient of the Australian Impact Investment Awards, Kylie holds an MBA from the Saïd Business School at the University of Oxford and a Bachelor of Commerce from the University of Canberra.

## 2 About Australian Ethical Investment Ltd

### Australian Ethical's Valuation Committee

The primary role of Australian Ethical's 'Valuation Committee' (**Valuation Committee**) is to oversee Australian Ethical's valuation processes and methodologies on an ongoing basis.



**Steve Rankine**  
*Valuation Committee Member,  
Investment Committee Member*  
B.Ec.(Syd.), F.C.A., G.A.I.C.D., F.Fin.

Steve is a member of Australian Ethical's non-executive 'Investment Committee' (**Investment Committee**). He has more than 30 years' experience in investment, consulting and leadership of financial services organisations and global specialist funds management, both in Australia and internationally.

While at Hastings Funds Management Steve held various roles, including heading the European business, re-establishing the infrastructure debt business and heading the global equity asset management function. Before this he was a Managing Director and Head of Debt Capital Markets at Westpac.

Steve is currently a Director of Australian Registry Investments Pty Ltd, AssetInsure Pty Ltd, and a Member of the Equity and Debt Investment Committees for Vantage Infrastructure.



**Mark Simons**  
*Chief Financial Officer,  
Valuation Committee Chair*  
B.Bus.(UTS), C.A., G.A.I.C.D.

Mark chairs Australian Ethical's Valuation Committee which reviews and approves unlisted asset valuations included in superannuation and investments unit prices. He has been Chief Financial Officer at Australian Ethical for over 7 years, responsible for business performance, financial control and fund accounting. During this time he has overseen the business' funds under management grow six-fold.

Mark has an enterprise-wide role, and has been the sponsor of a number of strategic initiatives transforming the Australian Ethical business over the past 7 years, including negotiating new service partnerships and driving institutional grade platform uplifts. Mark led Australian Ethical's merger with the Christian Super Fund and acquisition of the Altius Asset Management business.

Mark has more than 30 years' experience in financial services. His previously held senior roles include Head of Product Finance and Vendor relationships at Australian Ethical, CFO for listed real estate and infrastructure funds at Challenger, Head of Fund Management Services at Perpetual Corporate Trust, Financial Controller at Tyndall and Manager at KPMG.



**Robert Credaro**  
*Valuation Committee Member*  
B.Ec.(hons.) (Syd.), C.F.A.,  
G.A.I.C.D.

Robert Credaro joined Australian Ethical's Valuation Committee on 01 February 2026. Robert brings with him a wealth of experiences as an investment professional. Robert's executive experience includes over 10 years at Aware Super as Head of Private & Public Equity and in the prior 20 years at Macquarie Group with his last role being Chief Investment Officer of Macquarie Bank. Robert is an individual with deep experience in investing and valuing Private Equity and Venture Capital assets. His asset specific and overall investment experience is highly valuable to Australian Ethical and closes an expertise gap in the Valuation Committee's membership. At Aware Super, Robert held prime responsibility for reporting to the Valuation Committee, with a focus on Private Equity, particularly Aware's co-investments. Since retiring from executive roles, Robert has joined two Boards in the funds management industry and is also a member of an Audit, Risk & Compliance Committee.

Robert holds a Bachelor of Economics (Honours) from Sydney University, is a CFA Charterholder and a Graduate of the Australian Institute of Company Directors (GAICD).

# 3 Cornerstone Investors

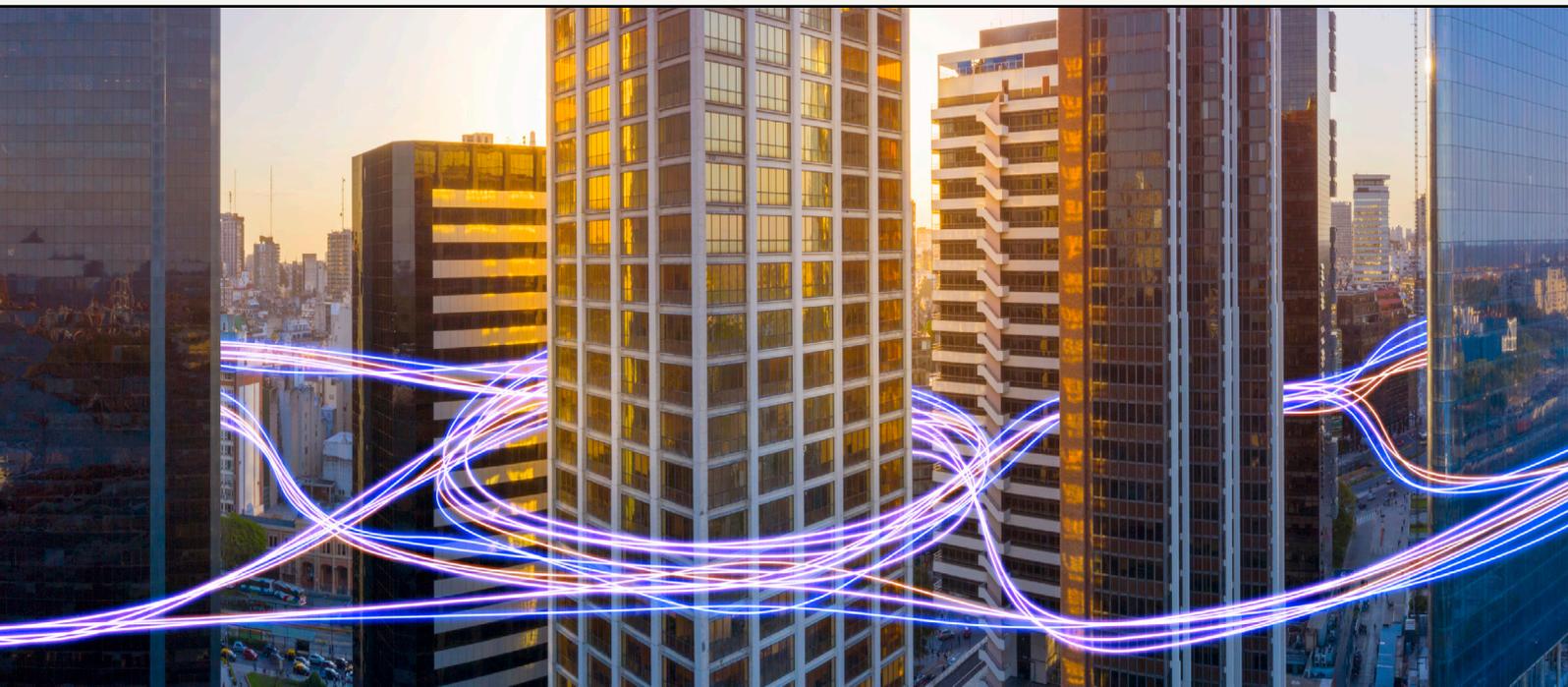
The Trustee will treat certain key institutional investors in the Fund as cornerstone investors (**Cornerstone Investors**), where they meet certain criteria, including that they make an investment in the Fund:

- of at least the lower of: (1) A\$100 million; or (2) the lowest amount currently invested in the Fund by an existing Cornerstone Investor;
- where the investor is a single legal entity or an entity that is not a feeder fund, nominee, or other vehicle established for the purpose of aggregating investments from multiple underlying investors; and
- on substantially similar terms to other Cornerstone Investors' investment(s) in the Fund.

The Fund currently has the following Cornerstone Investors:

- Australian Ethical and members of its corporate group, through a number of managed funds of which they are trustee or responsible entity, including the Australian Ethical Retail Superannuation Fund and Australian Ethical's A\$9.4 billion multi-asset strategies (collectively, **AE Funds**). The AE Funds, collectively, are considered to be a Cornerstone Investor, and have collectively committed A\$375 million to the Fund.

Cornerstone Investors have additional rights and obligations which are discussed in Section 11 (*Additional Information*).



# 4 Real assets as an asset class

Although the Fund has a broad investment mandate that includes unlisted private market investments, the Trustee will seek to have a majority of its investments for the Fund display 'real asset' characteristics.

## What are real assets?

The Trustee will primarily invest for the Fund in unlisted real assets, which will involve providing capital to investment opportunities that are underpinned by physical or tangible assets where there is an inherent physical worth.

Typically, these assets are categorised as infrastructure, real estate, natural capital or asset-backed private equity. They typically have an everyday activity in the communities that we live and operate in and provide essential services that are necessary to support economic and social activities, and the like.

This exposure to hard assets can mean that real assets are a better store of long-term value, due to the inherent need for them.

## Potential benefits of real assets

Real assets offer several benefits, making them an attractive asset class for investors. Some of the key benefits include:

- **Access to unique opportunities** - Private assets can offer access to investment opportunities that are not available through public markets, including private equity, real estate and infrastructure.
- **Stable and predictable cash flows** - Many real assets, in particular Infrastructure projects, typically generate stable and predictable cash flows over the long term.

- **Essential services** - Real assets may provide for relatively inelastic demand and therefore lower risk of volatility throughout market cycles.
- **Inflation-linked** - Real asset revenue streams may have direct or indirect linkage to the Consumer Price Index (CPI) and/or economic activity.
- **Diversification** - Real assets can offer diversification benefits for investors. Real assets' low correlation with traditional asset classes, such as equities and fixed income, can help enhance overall portfolio diversification and potentially reduce overall portfolio risk.
- **Sustainable investment** - Real assets have the potential to align with environmental, social and governance (ESG) considerations, particularly those relating to renewable energy and sustainable development. Investors in the Fund can potentially therefore contribute to positive social and environmental outcomes whilst also achieving financial returns.
- **Government support** - Real assets may enjoy government support, either through direct financing, regulatory frameworks or subsidies. This support can contribute to the stability of some investments.

It is important to note that while real assets offers various benefits, investors should carefully assess the specific risks associated with each investment, considering factors such as regulation, macroeconomic outlooks and sector- and asset-specific risks.

# 5 Investment strategy

## Potential benefits of the Fund

The Fund is a market-rate real assets unlisted fund targeting Thematics.

A summary of the key features and benefits of investing in the Fund is:

- **Access and diversified exposure** - The Fund provides access to a broad range of primarily unlisted investment opportunities alongside leading investment partners, providing diversification at the investment, Thematic and partner levels and resulting in a difficult to replicate institutional-quality portfolio of investments.
- **Thematic investing** - This delivers exposure to future-focused Thematics, initially including decarbonisation, the circular economy, digitalisation, urbanisation and changing demographics, which we believe provide attractive risk-adjusted returns.
- **Unique portfolio of exposures** - The Fund will access a number of semi-direct and co-investment opportunities which are difficult or not possible for investors to access on their own.
- **Expertise and capability** - The Trustee's investment team has more than 60 years combined experience making and managing investments, with long-standing relationships across the market which provide access to unique investments, and significant experience investigating and underwriting opportunities.
- **Suitable structure** - The Fund has been established to maximise its appeal to investors, with an open-ended structure that provides periodic liquidity to meet the changing needs and objectives of Unitholders.
- **Ethics oversight** - All investments are governed by our Ethical Charter, and evaluated by our expert in-house ethics team to navigate complex ethical issues raised and to determine if the positives outweigh any negatives associated with potential investment opportunities.
- **Impact** - The Trustee seeks for the Fund to deliver measurable positive environmental and social outcomes alongside market-rate financial returns through its Impact Framework that applies to the Trustee's unlisted investments for the Fund.
- **Listed equities** - The Fund will have an allocation of up to 20% of its investments in Australian and global listed infrastructure opportunities to provide a potential source of liquidity. This listed exposure may be held either directly by the Trustee for the Fund or by the Trustee investing into another Australian Ethical managed investment vehicle that meets the relevant mandate. No additional management fees will be charged as part of any such arrangement.

## Benefits of Thematic investing

The Trustee will target future-focused investments for the Fund which are aligned with its Thematics. It is intended that these future-focused investments will benefit from current Thematic tailwinds and be positioned for long-term relevance in the sectors and regions that they operate in.

We see three key benefits to Thematic investing:

There are investment tailwinds from changing behaviours, regulatory requirements or evolving practices

- Demographic Shifts - Growing and aging populations affect community needs.
- Changing Business Models - Electrification of industries and sectors.
- Going Digital - Services and processes are evolving requiring new infrastructure.
- Finite Resources - Increasing need to reuse and limit waste.
- Cost-of-living - Pressures are changing behaviours and priorities.

There is a significant capital requirement to adapt and transition to next generation solutions

- Large structural and market changes require significant additional capital to transform and adapt.
- For example, US\$275 trillion is required for the electrification of industry.<sup>3</sup>

<sup>3</sup> *The economic transformation: What would change in the net-zero transition*, McKinsey (2022).

## 5 Investment strategy

### A future-focused mindset targets relevant and long-term business models

- All businesses must continue to stay relevant and not become obsolete, in order to command terminal value.
- Thematic investing includes evaluating the long-term need for, and relevance of, business models.
- Long-term value predicated on long-term business models to continue to provide future cashflows.

These global Thematics are also aligned with our theory of change and provide a broad range of investible sectors, allowing the Trustee to target market-rate returns for the Fund whilst also aiming to deliver contributions of impact to important environmental and social challenges. This allows the Trustee to invest for the Fund for the future, whilst delivering returns today.

### **Important information relating to the Fund's Thematics**

Investments can have primary and secondary Thematics. A majority of the Fund's investments must

have a primary or secondary decarbonisation or the circular economy Thematic that reflects the following investment criteria (**Thematic Overlays**):

**Decarbonisation** - An investment that is reasonably expected to achieve meaningful aggregate emissions reductions and other positive externalities with regard to, where it is reasonably possible to establish, baseline activities for the industry or sector.

**Circular Economy** - An investment that is reasonably expected to achieve meaningful reduction in landfill, virgin inputs or emissions, or improved recycling rates with regard to, where it is reasonably possible to establish, the baseline activities for the industry or sector.

There is no guarantee that the Fund will successfully obtain exposure to some or all of these Thematics. Subject to market conditions and investment environments, we may amend our Thematics to take best advantage of market opportunities.

Important information relating to the Fund's Thematics is outlined below.

### **Summary of Thematics**

Theme	Investment Examples	Portfolio Holding Example
Decarbonisation	Renewable energy assets, energy efficiency projects, transport electrification	Neoen
Circular Economy	Recycling & waste management, resource treatment, nature-based solutions	RepurposeIT
Digitalisation	Data centres, network infrastructure, virtual power plans, smart meters	Octopus Energy
Urbanisation	Social & affordable housing, workforce housing, mixed-use mixed-income projects, sustainable cities	Vertelo
Changing demographics	Retirement living, aged care, specialist disability accommodation	For Purpose Aged Care Australia

Portfolio holding examples are current as at the date of this Memorandum.

Important information relating to the Fund's Thematics is outlined on the previous page.

There is no guarantee that the Fund will successfully obtain exposure to some or all of these Thematics. Subject to market conditions and investment environments, we may amend our Thematics to take best advantage of market opportunities.

## 5 Investment strategy

### Investment strategy

Item	Information								
Fund target size	A\$1 billion.								
Investment objective	The Trustee aims for the Fund to deliver returns of between <u>11-13%</u> p.a. (after fees and expenses) over 7-year periods.								
Investment strategy	To provide exposure predominantly to unlisted assets with 'real asset' characteristics targeting Thematics, initially including decarbonisation, the circular economy, digitalisation, urbanisation and changing demographics. The Trustee will invest for the Fund predominately in Australia, but may also make foreign investments, and will invest in equity and equity-like instruments.								
Minimum suggested investment timeframe	7 years.								
Fund structure	The Fund is an unlisted, open-ended, unregistered managed investment scheme. The Trustee will invest for the Fund across funds, co-investments, direct investments, listed equity positions and cash-related positions.								
Ethical approval	All investments must be assessed as consistent with our Ethical Criteria.								
Prohibited investments	The Trustee will not invest for the Fund in technology for carbon capture and storage (within the meaning of the <i>National Greenhouse and Energy Reporting Act 2007</i> (Cth)) or nuclear technology or nuclear power. Our ethical investing approach also includes restrictions - see further in our Ethical Guide.								
Investment ranges	<p>The Fund's assets will be invested within the following investment ranges based on the Fund's NAV:</p> <table border="1"> <thead> <tr> <th>Asset class</th> <th>Investment ranges</th> </tr> </thead> <tbody> <tr> <td>Alternatives</td> <td>80-100%</td> </tr> <tr> <td>Listed equities</td> <td>0-20%</td> </tr> <tr> <td>Cash or cash equivalents</td> <td>0-10%</td> </tr> </tbody> </table> <p>The above ranges are targets. However, market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment may result in deviations from these ranges.</p>	Asset class	Investment ranges	Alternatives	80-100%	Listed equities	0-20%	Cash or cash equivalents	0-10%
Asset class	Investment ranges								
Alternatives	80-100%								
Listed equities	0-20%								
Cash or cash equivalents	0-10%								
Target portfolio composition	<p>The Trustee aims for the Fund to provide Thematic, partner, region and sector diversification with periodic liquidity (with the investment ranges based on the Fund's NAV).</p> <table border="1"> <tbody> <tr> <td><b>Geographic diversification</b></td> <td>Targeting <u>~30%</u> international exposure (no more than <u>40%</u> of the portfolio).</td> </tr> <tr> <td><b>Position diversification</b></td> <td>No more than <u>20%</u> invested in a single position and <u>40%</u> with a single partner.</td> </tr> <tr> <td><b>Listed limitation</b></td> <td>No more than <u>20%</u> invested in listed securities.</td> </tr> </tbody> </table>	<b>Geographic diversification</b>	Targeting <u>~30%</u> international exposure (no more than <u>40%</u> of the portfolio).	<b>Position diversification</b>	No more than <u>20%</u> invested in a single position and <u>40%</u> with a single partner.	<b>Listed limitation</b>	No more than <u>20%</u> invested in listed securities.		
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<b>Listed limitation</b>	No more than <u>20%</u> invested in listed securities.								

## 5 Investment strategy

Target portfolio composition	<b>Investment diversification</b>	Mixture of funds, co-investments, direct investments, listed equity positions and cash-related positions for liquidity.
	<b>Thematic diversification</b>	Targeting a balanced portfolio of Thematic exposures.
	These are indicative targets for the Fund. Market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment may cause the Fund to move outside these indicative targets.	
Liquidity	The Trustee generally expects that the assets of the Fund will be illiquid, with withdrawal offers typically occurring quarterly and subject to limits. The Fund will have an allocation of up to 20% of its investments in global listed infrastructure opportunities (targeting the Thematics) to provide a potential source of liquidity. This listed exposure may be held either directly by the Trustee for the Fund or by the Trustee investing into another Australian Ethical managed investment vehicle that meets the relevant mandate. No additional management fees will be charged as part of any such arrangement.	
Use of derivatives	<p>The Trustee may use derivatives for risk management (hedging) where considered necessary or prudent; for example, to manage short-term currency exposures. The Trustee will not enter into derivative products for the Fund for speculative purposes. The Trustee will always seek to ensure that the Fund will have sufficient cash to meet any derivative obligations.</p> <p>The Trustee will not engage in short selling or enter securities lending arrangements for the Fund. The Trustee will not use leverage or derivatives to enhance returns of the Fund.</p> <p>The use of derivatives is likely to be in the form of foreign exchange hedges. Foreign exchange hedging is expected to be used for near term obligations or proceeds. The Trustee generally does not intend to hedge Fund underlying assets in foreign currencies.</p>	
Use of debt	The Trustee may utilise short-term debt for the Fund, up to a maximum of <u>20%</u> of the Fund's NAV, to bridge capital requirements. Debt will be used to provide liquidity and operational flexibility, allowing the Trustee to meet the Fund's financial obligations efficiently while awaiting longer-term capital inflows.	
Risk level *	High.	
Fund performance	For up-to-date information on the performance of the Fund, including Unit price and performance history, please visit our website (at <a href="http://www.australianethical.com.au/managed-funds/performance-and-prices/">www.australianethical.com.au/managed-funds/performance-and-prices/</a> ).	

\* Standard risk measures are based in the estimated number of years with a negative return over 20 years for a similar portfolio. The risk level is not a complete assessment of all forms of investment risks. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than the return an investor may expect to meet their objectives.

## 5 Investment strategy

### Investment partners

The Trustee will seek to leverage Australian Ethical's existing relationships and market position to work with leading institutional-grade investment partners to originate and actively manage investment opportunities for the Fund that align with our Thematics.

When considering whether to make an investment, the Trustee will consider a number of factors relating to a potential investment partner for the Fund, including:

- experience and track record in the relevant sector and region;
- realised and unrealised track record;
- size and location of investment team;
- access to industry and operational experts;
- approach to asset management;
- alignment of interests with partner's other managed capital;
- level of control and governance over the investment; and
- costs and incentives.

### Summary of existing investment partners

Investors currently benefit from the Trustee working with the following investment partners across the Fund's existing portfolio of investments:

- Macquarie Asset Management;
- Brookfield Asset Management;
- Palisade Impact;
- Morrison;
- Generation Investment Management;
- For Purpose Investment Partners; and
- IFM Investors.

The list of existing investment partners is current at the date of this Memorandum and may change over time as new investments are made, or existing investments are sold. There is no guarantee that future investments are originated with the existing investment partners. The Trustee may work with other investment partners for the Fund in the future.



## 5 Investment strategy

### Initial portfolio

The Fund benefits from having an existing portfolio of investments across the target Thematics, providing diversified exposure by Thematic, partner and geography. The Trustee will seek to make further Thematic aligned investments for the Fund; however, there is no guarantee that future investments will eventuate.

<b>Investment</b>	<b>Partner</b>	<b>Primary Location</b>	<b>Thematic</b>
Infrastructure fund	Morrison	Australia	Decarbonisation
Energy and technology business	Generation Investment Management	UK	Digitalisation
Recycling business	Palisade Impact	Australia	Circular Economy
Renewable data centre platform	Macquarie Asset Management	US	Digitalisation
Aged care platform	For Purpose Investment Partners	Australia	Changing Demographics
Electric vehicle fleet leasing business	Macquarie Asset Management	India	Decarbonisation
Renewables fund	Macquarie Asset Management	Global	Decarbonisation
Renewables developer	Brookfield Asset Management	Global	Decarbonisation
Diversified Infrastructure Fund	IFM Investors	Australia	Decarbonisation
Fibre broadband infrastructure business	Palisade Impact	Australia	Digitalisation

# 6 Investment processes

## Investment process

The Trustee will undertake a standardised investment process across all of its unlisted investments for the Fund.

Process	Approach
<b>Origination</b>	<ul style="list-style-type: none"> <li>The Trustee has existing relationships within the private markets investing market which it seeks to originate new investment opportunities through.</li> <li>We also have a strong market presence and heritage in climate- and social-related investing.</li> <li>Alongside a commercial screen, the Trustee will conduct an impact assessment to ensure sufficient alignment with relevant aspects of the Fund's Impact Framework to proceed to due diligence.</li> </ul>
<b>Due diligence</b>	<ul style="list-style-type: none"> <li>The Trustee will undertake investment due diligence on all potential investments, including taking into account commercial, legal, financial and tax considerations before making any investment.</li> <li>The Trustee's investment strategy for the Fund centres on working with high-quality partners who typically lead transaction arrangements, with the Trustee independently interrogating the investment proposition.</li> <li>In parallel to commercial due diligence, the Trustee will also undertake impact due diligence to ensure that the investment aligns with the relevant aspects of the Fund's Impact Framework and ethical evaluation, in order to confirm the investment meets our Ethical Criteria.</li> </ul>
<b>Investment decision</b>	<ul style="list-style-type: none"> <li>All investment decisions will require CIO approval to proceed through due diligence to Investment Committee engagement.</li> <li>The Fund is subject to Investment Committee review, which approves any investment decisions under the Investment Committee charter.</li> <li>As part of the investment decision-making process, the Trustee will develop and implement the impact key performance indicators (<b>KPIs</b>) and strategy relating to an investment, including alignment with co-shareholders and management, and embedding measurement within the business (where we can influence this).</li> </ul>
<b>Monitoring &amp; oversight</b>	<ul style="list-style-type: none"> <li>The Trustee will actively monitor all investment positions throughout their period of ownership. This includes engagement with investment partners and strategic input into key decisions and impact initiatives.</li> <li>This process includes monitoring, measuring and reporting on financial and impact outcomes (including KPIs and the impact strategy).</li> <li>Investments are also monitored for continuing consistency with our Ethical Criteria, consistent with our Ethical Guide.</li> <li>The Trustee will report to the Investment Committee and the IAF regarding the financial and impact performance of each investment.</li> <li>The Trustee will determine the NAV of the Fund in accordance with the Constitution and Australian Ethical's 'Asset Valuation Policy' which is overseen by the Valuation Committee.</li> </ul>

## 6 Investment processes

### Ethical evaluation

Australian Ethical believes in the transformative power of money to help achieve positive social and environmental outcomes.

We seek out investments which provide for and support the ethical principles set out in our Ethical Charter that forms part of Australian Ethical's company constitution. These 23 principles guide our examination of whether companies and other investments are part of a path to a better future for people, animals and the environment. We interpret and apply these principles using our more detailed Ethical Criteria, outlined in our Ethical Guide.

Our ethical evaluation process and Ethical Criteria are important because we implement the investment strategy for the Fund by choosing investments which both meet our Ethical Criteria and are aligned with the investment strategy and objectives of the Fund.

The principles of our Ethical Charter are:

Positive principles	Negative principles
<p>We seek investments assessed to provide for and to support:</p> <ul style="list-style-type: none"> <li>a. the development of workers' participation in the ownership and control of their work organisations and places;</li> <li>b. the production of high quality and properly presented products and services;</li> <li>c. the development of locally based ventures;</li> <li>d. the development of appropriate technological systems;</li> <li>e. the amelioration of wasteful or polluting practices;</li> <li>f. the development of sustainable land use and food production;</li> <li>g. the preservation of endangered eco-systems;</li> <li>h. activities which contribute to human happiness, dignity and education;</li> <li>i. the dignity and well-being of non human animals;</li> <li>j. the efficient use of human waste;</li> <li>k. the alleviation of poverty in all its forms;</li> <li>l. the development and preservation of appropriate human buildings and landscapes.</li> </ul>	<p>We restrict investments which are considered to unnecessarily:</p> <ul style="list-style-type: none"> <li>i. pollute land, air or waters;</li> <li>ii. destroy or waste non-recurring resources</li> <li>iii. extract, create, produce, manufacture, or market materials, products, goods or services which have a harmful effect on humans, non human animals or the environment;</li> <li>iv. market, promote or advertise, products or services in a misleading or deceitful manner;</li> <li>v. create markets by the promotion or advertising of unwanted products or services;</li> <li>vi. acquire land or commodities primarily for the purpose of speculative gain; or</li> <li>vii. create, encourage or perpetuate militarism or engage in the manufacture of armaments; or</li> <li>viii. entice people into financial over-commitment; or</li> <li>ix. exploit people through the payment of low wages or the provision of poor working conditions; or</li> <li>x. discriminate by way of race, religion or sex in employment marketing or advertising practices; or</li> <li>xi. contribute to the inhibition of human rights generally.</li> </ul>

© 1986: [Australian Ethical Investment Ltd](#) (ABN 47 003 188 930; AFSL 229949). These principles are extracted from the company constitution of Australian Ethical Investment Ltd. Except as expressly permitted by the *Copyright Act 1968* (Cth) no part of our Ethical Charter may be reproduced in any form or by any process without our prior written permission.

## 6 Investment processes

### Integrated impact approach

We believe that through the allocation of capital towards our target Thematics we can influence progress towards a better future for people and planet, as well as delivering market-rate financial returns.

All of our investments are ethically evaluated to restrict harm and confirm positive contribution to our Ethical Charter priorities, utilising our established Ethical Criteria. In addition to our financial objective, we aim to generate a measurable positive impact across the majority of the Fund's portfolio by investing in solutions that address environmental and/or social challenges, with a particular focus on addressing climate change.

We work with like-minded sponsors and partners who value our ethical engagement and advocacy and invest in opportunities which can help influence positive changes in behaviour, government policy and investment and consumption choices.

### Impact measurement and management

It is intended that a majority of the Fund's unlisted portfolio by weight will achieve a classification (in accordance with the Five Dimensions of Impact) of 'Contribute to solutions' (C Score), with the remainder of the Fund's unlisted portfolio achieving a classification of 'Benefit stakeholders' (B Score). The classification methodology is:

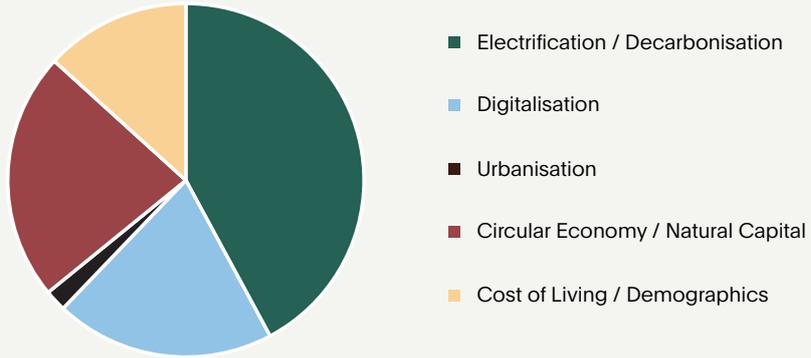
Dimension	Consideration	Scoring methodology
<b>1. What?</b>	What is the unmet need that is being addressed by the investment?	Requires positive (+1 or +2) to continue to be assessed. If there is no starting positive, then asset deemed not investible (Avoid score only).
<b>2. Who?</b>	Does the investment target an underserved community? (For example, developing market, low income, venerable cohort, and the like.)	Includes a (+1) if addressing an underserved community. Otherwise, +0.
<b>Subtotal</b>	Requires score of +2 or higher to progress. Otherwise, impact assessment ends and considered B Score.	
<b>3. How Much?</b>	How substantial and sustained is the impact (considering scale, depth and duration)?	High (+1); Medium (+0); Low (reduces overall score to +2).
<b>Subtotal</b>	Requires score of +3 or higher to progress. Otherwise, assessment ends and considered B Score.	
<b>4. Contribution</b>	Starting position is that private markets are inefficient and require additional capital. Our involvement is typically provision of capital and signalling importance.	Includes (+1) where contribution is material (for example, \$ or % of investment; actively involved) or where there is innovation (for example, unique or frontier business model or structure).
<b>5. Risks</b>	What is the risk that the impact will be different to what is expected (considering participation, drop-off, efficiency and evidence)?	Negative adjustments for Risk. <ul style="list-style-type: none"> <li>• Low: no adjustment;</li> <li>• Medium: (-1) where some concern around one or more risks;</li> <li>• High: (-2) where strong concern around one, or moderate concern around multiple, risks.</li> </ul>
<b>Result</b>	Score of +3 or higher considered C Score attribution. Otherwise, considered B Score attribution.	

## 6 Investment processes

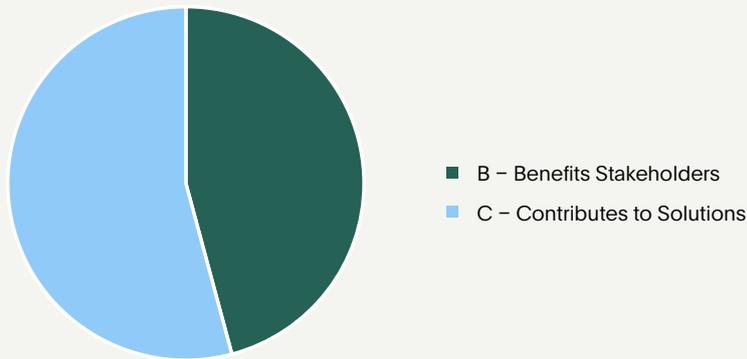
### Impact assessment summary

The following represents the composition of the Fund, after applying the Impact Framework to the Fund's initial portfolio as at 31 December 2025:

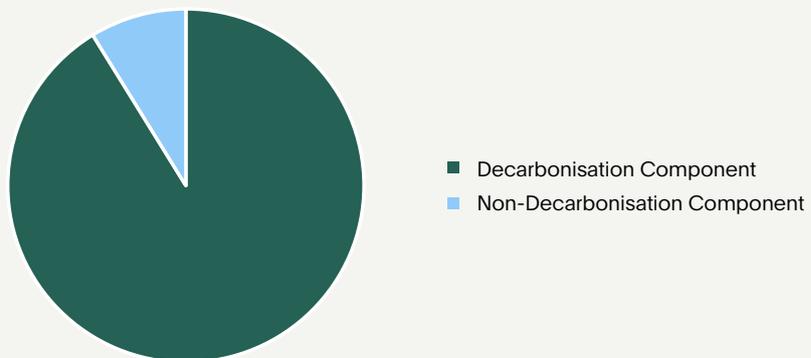
**Thematics**



**Impact Score**



**Decarbonisation Component<sup>1</sup>**



<sup>1</sup> Note: Includes assets that have a primary or secondary decarbonisation or the circular economy Thematic.

## 6 Investment processes

### Impact Advisory Forum

The Trustee has established an Impact Advisory Forum (IAF). The IAF will support the Trustee in overseeing the impact-related components of the Trustee's investment strategy for the Fund, by providing perspectives and recommendations from subject matter experts outside of the Trustee's investment team on the Trustee's approach to impact for the Fund.

The IAF will not have executive powers and will be an advisory forum only. The Trustee will not be obliged to accept such perspectives or recommendations, and IAF members will not be liable to the Trustee or the Fund for any liabilities arising from perspectives or recommendations provided by the IAF to the Trustee.

The IAF will provide its perspectives and recommendations to the Trustee, including in relation to:

- the Trustee's impact measurement and management framework for the Fund;
- an annual review (or more frequently if deemed necessary) of the Fund's Impact Framework, to consider whether it remains relevant and fit-for-purpose in relation to the Trustee's investment strategy for the Fund;
- an annual review of the Trustee's investment portfolio for the Fund as it pertains to impact;
- such impact reporting as may be provided to Unitholders;
- sharing and discussing impact market trends and best practices; and
- the Trustee may request that the IAF examine specific areas in relation to the impact related components of the Trustee's investment strategy for the Fund.

The IAF is envisaged to have between four and seven members, in order to maintain an appropriate size and breadth of experiences to draw upon.

The initial composition of the IAF will be:

- Alison George, Australian Ethical's Chief Impact & Ethics Officer;
- Kate Saunders; and
- Kylie Charlton.

The Trustee, through its portfolio manager for the Fund, will convene IAF meetings as required, but at least semi-annually. The Chair of the IAF will be Australian Ethical's Chief Impact & Ethics Officer. Members of the IAF may change from time to time to best reflect the Trustee's strategy for the Fund and to ensure a broad and diverse range of insights and perspectives.

## 6 Investment processes

### How our themes contribute to impact

#### Decarbonisation

Challenge	<ul style="list-style-type: none"> <li>• US\$275 trillion of capital required for physical energy and land assets to meet net zero by 2050, given the energy sector produces more than 75% of total global emissions.<sup>4</sup> However, there is a ~40% forecast capital shortfall.<sup>5</sup></li> <li>• This equates to ~50% of global corporate profits, or 25% of total tax revenues, or 7% of global household spending.<sup>6</sup></li> <li>• Most of the world is facing challenges in achieving the United Nations' 'Sustainable Development Goals' (SDGs),<sup>7</sup> including SDG 7 (<i>Clean Affordable Energy</i>) and SDG 13 (<i>Climate Action</i>).<sup>8</sup> (See Figure 1 below.)</li> <li>• This has led to installed renewable energy capacity growing at a compound yearly growth rate of 8.1% over 5 year periods seeking to bridge the gap.<sup>9</sup></li> <li>• SDG target 7.3 seeks double the global rate of improvement in energy efficiency by 2030 - to meet this, yearly improvements must now average around 4%.<sup>10</sup></li> <li>• Reaching Australia's 82%<sup>11</sup> target renewable energy requires substantial additional new renewable energy generation.<sup>12</sup></li> <li>• In Australia, transport accounts for 21% of national green-house gas emissions in 2023.<sup>13</sup></li> </ul>
Contribution	<p>The Trustee will provide incremental capital from the Fund into renewable energy projects and platforms that deliver additional physical assets and/or energy efficiency gains, with intention of leading to:</p> <ul style="list-style-type: none"> <li>• lower green-house gas emissions;</li> <li>• higher renewables penetration;</li> <li>• increased renewable energy share in total final energy consumption;</li> <li>• improved energy efficiency; and</li> <li>• improved electric vehicle (EV) penetration.</li> </ul>
Impact	<p>In the International Energy Agency's (IEA) latest 'Net Zero Roadmap' of 2023 (NZE)<sup>14</sup>, renewable energy, energy efficiency and EVs <b>are all key technologies to keep limiting global warming by 1.5 degrees in reach</b> (see Figure 2). In the NZE:</p> <ul style="list-style-type: none"> <li>• global renewable power capacity triples and energy efficiency progress doubles by 2030, while sales of EVs rise sharply;</li> <li>• wind capacity additions rise from 75 gigawatts in 2022 to 320 gigawatts in 2030, and battery storage sees a compound average annual growth rate of 48% between 2022 and 2030;</li> <li>• electric buses increase their share of sales from 4% in 2022 to over 50% in 2030, and electric heavy trucks increase from a 1% to a 33% market share; and</li> <li>• growth in solar power capacity and electric car sales together deliver one-third of the emissions reductions between 2022 and 2030 in the IEA's NZE.</li> </ul>

<sup>4</sup> [www.wri.org](http://www.wri.org)

<sup>5</sup> [www.mckinsey.com](http://www.mckinsey.com)

<sup>6</sup> [www.mckinsey.com](http://www.mckinsey.com)

<sup>7</sup> [www.sdgs.un.org/goals](http://www.sdgs.un.org/goals)

<sup>8</sup> [www.sdgindex.org](http://www.sdgindex.org)

<sup>9</sup> [www.unstats.un.org](http://www.unstats.un.org)

<sup>10</sup> [www.sdgs.un.org](http://www.sdgs.un.org)

<sup>11</sup> [www.cleanenergycouncil.org.au](http://www.cleanenergycouncil.org.au) 2023

<sup>12</sup> [www.cleanenergycouncil.org.au](http://www.cleanenergycouncil.org.au) 2023

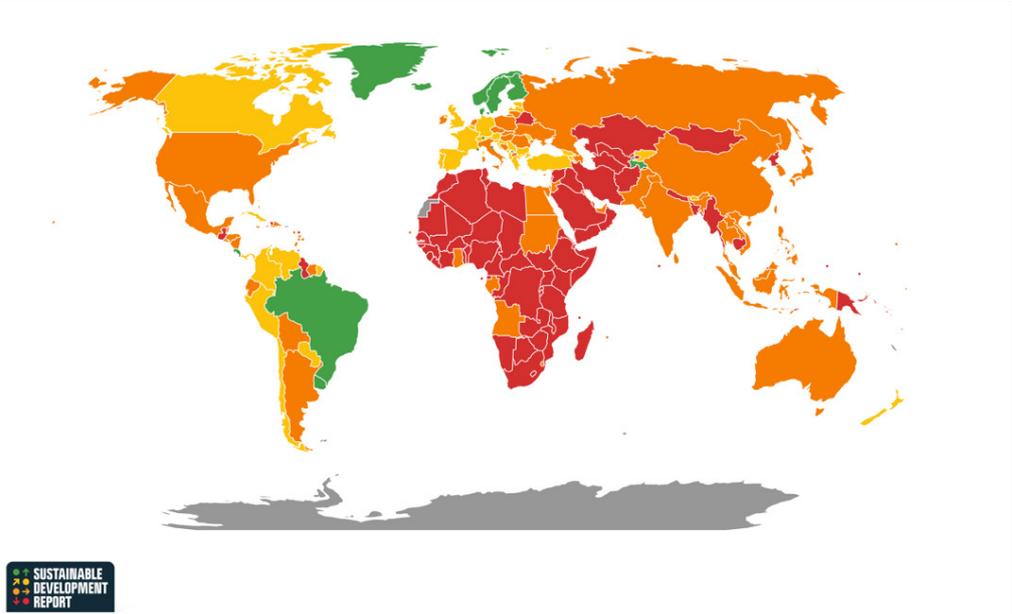
<sup>13</sup> [www.infrastructure.gov.au](http://www.infrastructure.gov.au)

<sup>14</sup> [www.iea.org](http://www.iea.org) 2023

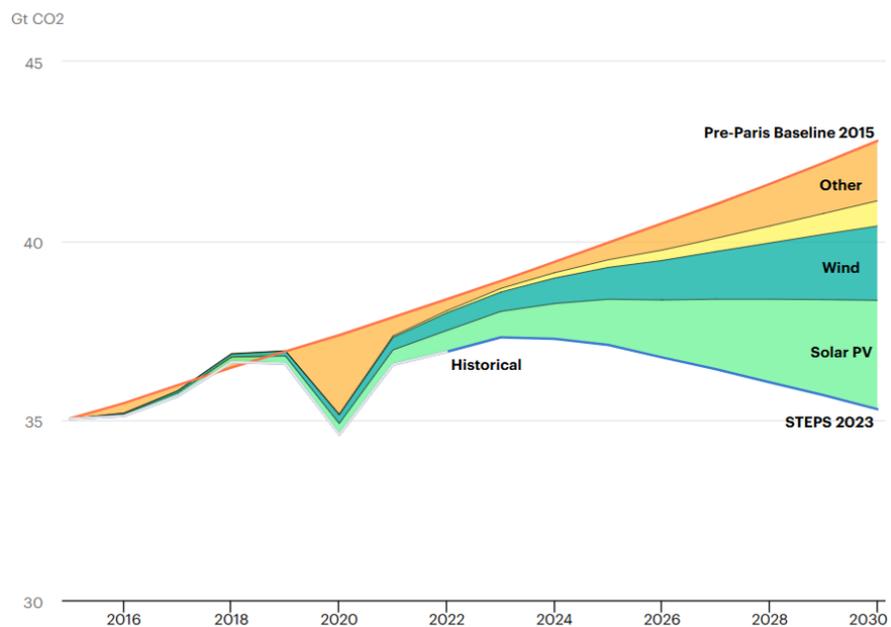
## 6 Investment processes

- Potential sectors
- Traditional renewables assets (wind, solar, storage).
  - Energy efficiency projects.
  - Transport electrification.

**Figure 1:** SDG 7 progress assessment ([www.sdgindex.org](http://www.sdgindex.org)).



**Figure 2:** Global energy sector CO<sub>2</sub> emissions in the Pre-Paris Baseline and Stated Policies Scenarios 2015-2030 ([www.iea.org](http://www.iea.org)).



## 6 Investment processes

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### Circular Economy

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Challenge	<ul style="list-style-type: none"> <li>• We feel that the crisis of unsustainable consumption and production patterns worldwide is fuelling the ongoing triple planetary crisis of climate change, nature loss and pollution.</li> <li>• There are more than 2 billion tonnes of waste dumped on the planet each year, with 99% of all items purchased trashed within 6 months.<sup>15</sup></li> <li>• Global waste is expected to grow by 70% by 2050 unless urgent action is taken. Circular economy activities are a key part of controlling them.<sup>16</sup></li> <li>• Improperly managed waste has an impact on human health and the environment through disease spread and hazardous waste contamination, while effective waste management (including collection) enables recycling and reuse.</li> <li>• Achievement of SDG 12 (<i>Responsible Consumption and Production</i>) is seriously challenged in most jurisdictions globally (see Figure 3 below) with recycling and composting being well off target.<sup>17</sup></li> <li>• In 2022, 19% of global food was wasted, while 783 million people suffered from hunger. SDG target 12.3 aims at halving per capita global food waste at the retail and consumer levels and reducing food losses along production and supply chains, including post-harvest losses.</li> <li>• In 2022, e-waste generation rose to 7.8 kg <i>per capita</i> from 6.2 kg <i>per capita</i> in 2015, but only 1.7 kg <i>per capita</i> was properly managed.<sup>18</sup></li> <li>• Australians are throwing away nearly 76 million tonnes of waste every year, much of which ends up in landfill. By 2035, Australia aims to double its circularity - transforming how we use, reuse, and regenerate resources across the economy.<sup>19</sup></li> </ul>
Contribution	<p>The Trustee will provide incremental capital from the Fund into projects and platforms that aim to deliver resource efficiencies (diversion, repurpose, recycle, reduce), leading to:</p> <ul style="list-style-type: none"> <li>• reduced landfill;</li> <li>• lower emissions;</li> <li>• improved recycling rates; and</li> <li>• reduced virgin inputs.</li> </ul>
Impact	<ul style="list-style-type: none"> <li>• Municipal waste streams globally are still comprised predominantly of highly recyclable materials such as food and garden waste, paper and cardboard and metals. (See Figure 4 below.)</li> <li>• Organic waste streams are a sustainable source of bioenergy as they avoid the land use conflicts that arise with other sources (food versus fuel) enabling decarbonization where electrification is not suitable, such as high temperature heat for industrial processes. (See the IEA's NZE.)</li> <li>• Resource recovery is a key circular economy approach.</li> </ul>
Potential sectors	<ul style="list-style-type: none"> <li>• Recycling and waste management.</li> <li>• Resource (for example, water) treatment.</li> <li>• Nature-based solutions.</li> </ul>

<sup>15</sup> The World Counts [www.theworldcounts.com](http://www.theworldcounts.com)

<sup>16</sup> UNEP Waste Management Outlook 2024  
[www.unep.org](http://www.unep.org)

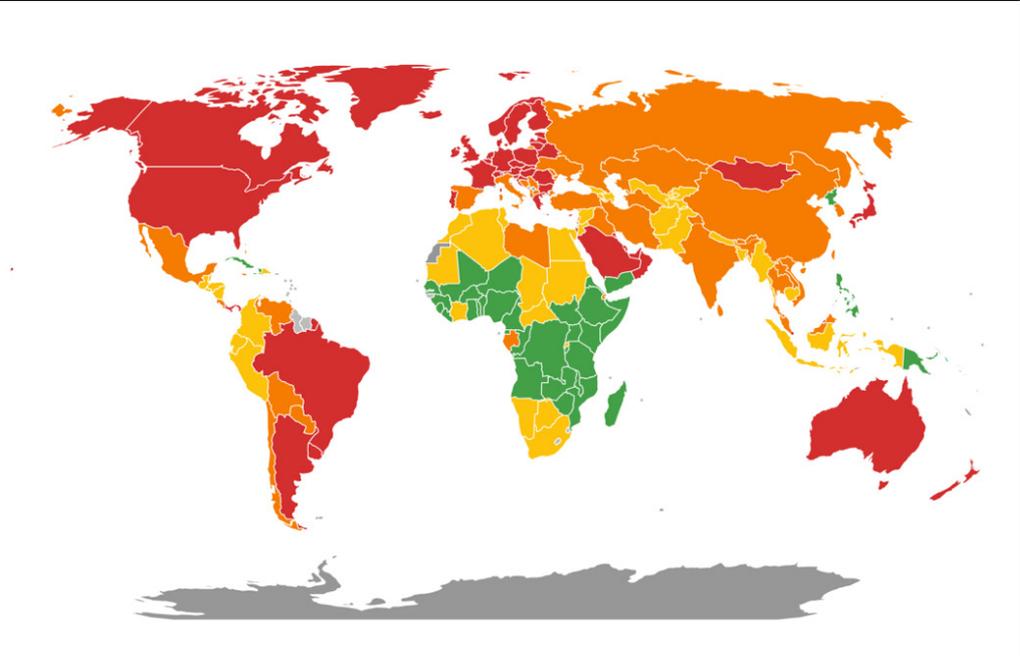
<sup>17</sup> [www.SDGindex.org](http://www.SDGindex.org)

<sup>18</sup> [www.sdgs.un.org](http://www.sdgs.un.org)

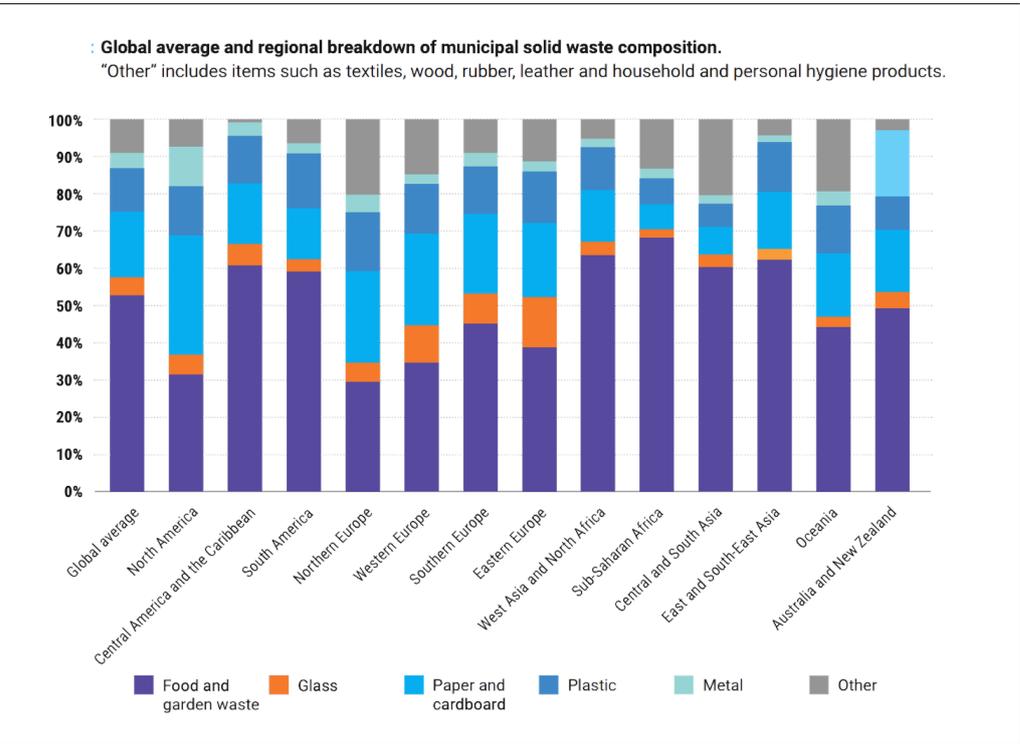
<sup>19</sup> DCCEW Circular Economy Framework 2024  
[www.dcceew.gov.au](http://www.dcceew.gov.au)

## 6 Investment processes

**Figure 3:** SDG 12 progress assessment ([www.sdgindex.org](http://www.sdgindex.org)).



**Figure 4:** Municipal solid waste composition (Global Waste Management Outlook 2024; [www.unep.org](http://www.unep.org)).



## 6 Investment processes

Digitalisation	
Challenge	<ul style="list-style-type: none"> <li>• The digital sector is driving innovation, economic growth and job creation, generating positive spillovers on the broader economy.<sup>20</sup></li> <li>• Unprecedented growth in data and analytical capabilities is propelling digitalisation to a new era, with profound implications for low- and middle-income countries, requiring significant infrastructure upgrades. The information and communication technology (ICT) sector has emerged as the biggest purchaser of renewable energy in the world.<sup>21</sup></li> <li>• We feel that while digital adoption is accelerating, the digital divide continues to widen, exacerbating the poverty and productivity divide.</li> <li>• The rise in a digital economy can increase inequality with education and employment increasing reliance on digital connectivity and literacy. Many Organisation for Economic Cooperation and Development (OECD) countries still face significant differences in household internet access between top and bottom income quartiles (see Figure 6 below), while in lesser developed countries the challenge is still in connecting populations to the internet (see Figure 5 below).</li> <li>• Nine in ten new US jobs require digital skills and access to affordable high-speed internet is necessary to avoid being left behind.<sup>22</sup></li> <li>• In Australia, digital inclusion at national level has improved steadily, but the number of Australians who are highly excluded remain substantial, especially for indigenous people.<sup>23</sup></li> </ul>
Contribution	<p>The Trustee will provide incremental capital from the Fund into infrastructure projects where there is a thoughtful approach to resource efficiency or inclusive characteristics, with the aim of achieving:</p> <ul style="list-style-type: none"> <li>• greater connectivity;</li> <li>• lower emissions; and</li> <li>• improved resource efficiency.</li> </ul>
Impact	<ul style="list-style-type: none"> <li>• Technology and innovation are important to the achievement of SDG 8 (<i>Decent Work and Economic Growth</i>) and SDG 9 (<i>Industry, Innovation and Infrastructure</i>).<sup>24</sup></li> <li>• We feel that artificial intelligence (AI) holds huge potential to accelerate productivity growth and bring vast benefits to the global economy and society, including in crucial areas - notably in agriculture, health care, education, energy, financial inclusion, climate resilience and insurability.</li> <li>• Uses for AI across power systems are likely to soar in the years to come as electrification and intermittency both increase with decarbonisation efforts. In addition to better forecasting of energy supply and demand, applications could include managing and controlling grids, using an array of data from sensors, smart meters and other internet-of-things devices; and facilitating demand response.<sup>25</sup></li> </ul>

<sup>20</sup> World Bank Digital Progress and Trends 2023  
[www.worldbank.org](http://www.worldbank.org)

<sup>21</sup> World Bank Digital Progress and Trends 2023  
[www.worldbank.org](http://www.worldbank.org)

<sup>22</sup> [www.nationalskillscoalition.org](http://www.nationalskillscoalition.org)

<sup>23</sup> [www.digitalinclusionindex.org.au](http://www.digitalinclusionindex.org.au)

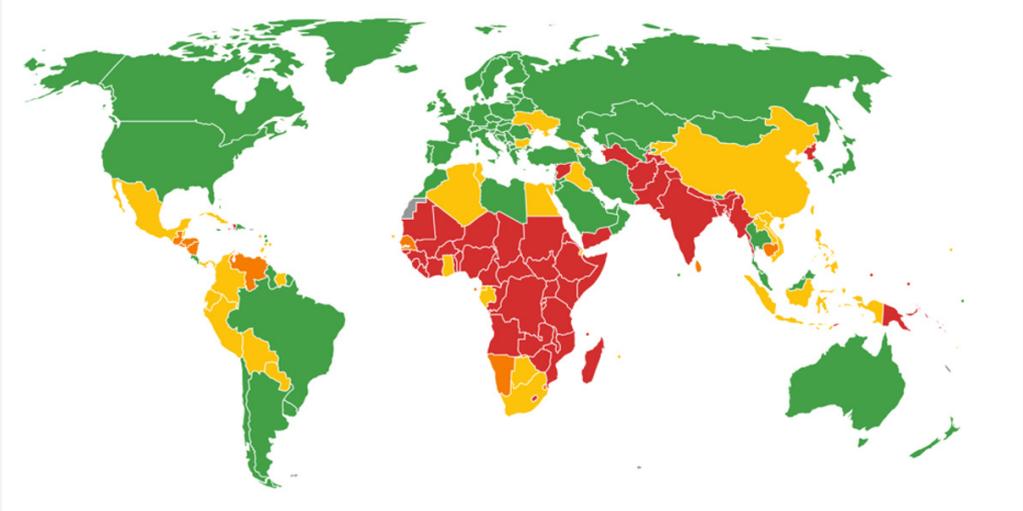
<sup>24</sup> [www.sdgs.un.org](http://www.sdgs.un.org)

<sup>25</sup> [www.iea.org](http://www.iea.org)

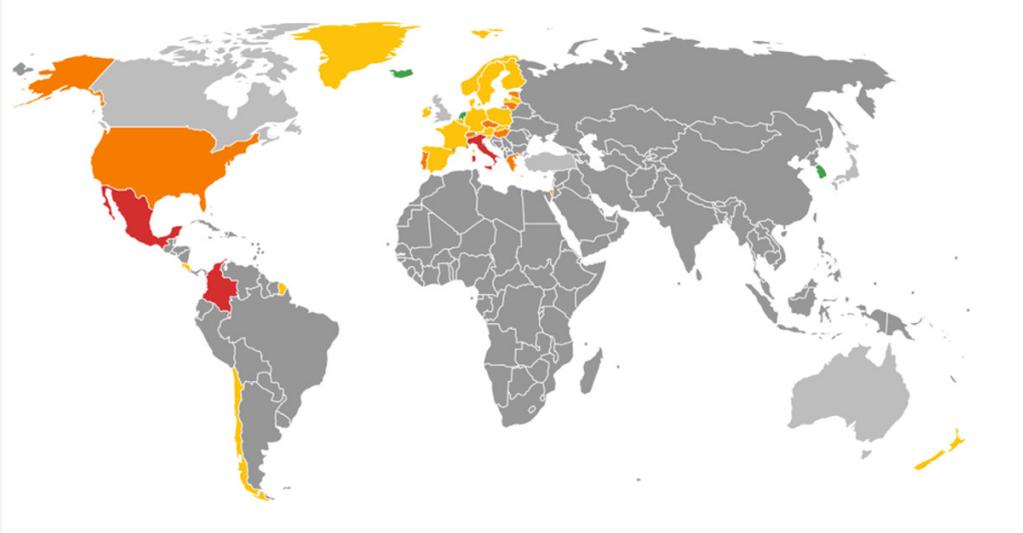
## 6 Investment processes

- 
- Potential sectors
- Data centres.
  - Network infrastructure.
  - Virtual Power Plans (VPPs).
  - Smart meters.
- 

**Figure 5:** SDG 9 indicator: Population using the internet ([www.sdgindex.org](http://www.sdgindex.org)).



**Figure 6:** SDG 9 indicator: gap in internet access by income collected for OECD countries only ([www.sdgindex.org](http://www.sdgindex.org)).



## 6 Investment processes

Urbanisation	
Challenge	<ul style="list-style-type: none"> <li>The majority of OECD nations have a significant percentage of their populations facing rent over-burden (where total housing costs represent more than 40% of disposable income (see Figure 7 below), while SDG 11 (<i>Sustainable Cities and Communities</i>) target 11.1 aims at access for all to adequate, safe and affordable housing and basic services by 2030.<sup>26</sup></li> <li>In Australia, housing affordability is at the worst levels on record, whilst 1-in-10 households have 3 or more spare bedrooms (~3.5 million nationwide).<sup>27</sup></li> <li>Australian median income families can only afford &lt;13% of houses available for sale, and family with <u>A\$200,000</u> yearly income (in the top 20th percentile) can afford less than half of such houses.<sup>28</sup></li> <li>Australia's population is projected to reach 30 million by 2030, with the majority of this growth occurring in our major cities. This rapid urbanisation will place significant demands on our already stretched infrastructure, housing, and public services.<sup>29</sup></li> <li>Australian cities face several urgent challenges:<sup>30</sup> <ul style="list-style-type: none"> <li>– <i>housing affordability crisis</i> - rising costs are making homeownership and renting unattainable to many Australians;</li> <li>– <i>climate vulnerability</i> - extreme weather and rising temperatures demand climate adaptive infrastructure;</li> <li>– <i>equitable access to services</i> - disparities in access to employment, health and education limit urban inclusivity; and</li> <li>– <i>urban growth pressure</i> - rapid urbanization is straining infrastructure, requiring better planning.</li> </ul> </li> </ul>
Contribution	<p>The Trustee will provide incremental capital from the Fund into climate adaptive and socially inclusive projects in urban areas that support the development of additional housing supply with a focus on underserved segments of the community with the aim of delivering:</p> <ul style="list-style-type: none"> <li>additional housing stock;</li> <li>additional affordable supply and</li> <li>energy efficient homes.</li> </ul>
Impact	<p>We feel that sustainable urbanisation can improve the social outcomes for all residents, including marginalised and vulnerable groups to have more equal opportunities and access to resources, services and goods.</p>
Potential sectors	<ul style="list-style-type: none"> <li>Social &amp; affordable housing.</li> <li>Workforce housing.</li> <li>Mixed-use mixed-income projects.</li> </ul>

<sup>26</sup> [www.sdgs.un.org](http://www.sdgs.un.org)

<sup>27</sup> 2021 Australian Census [www.abs.gov.au](http://www.abs.gov.au)

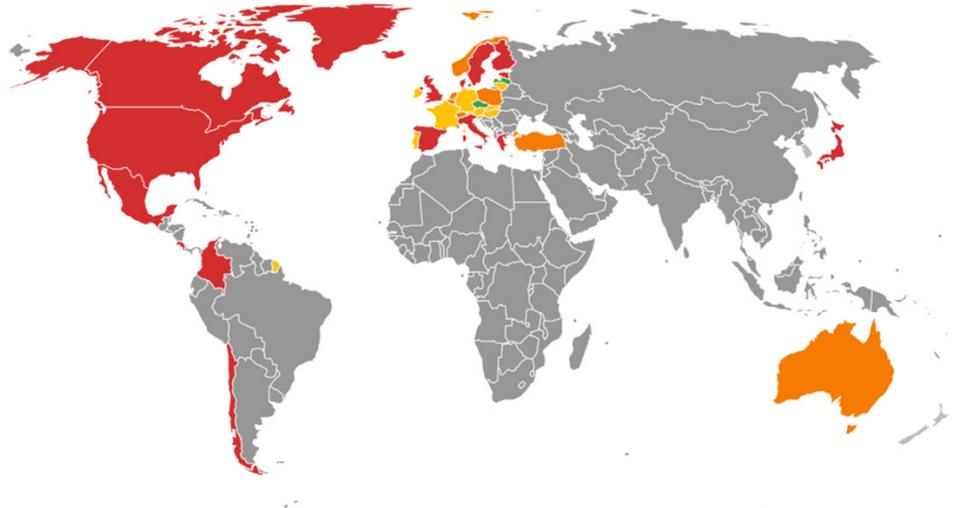
<sup>28</sup> PropTrack Housing Affordability Report [www.proptrack.com.au](http://www.proptrack.com.au)

<sup>29</sup> [www.abs.gov.au](http://www.abs.gov.au)

<sup>30</sup> [www.urbanpolicyplatform.org](http://www.urbanpolicyplatform.org)

## 6 Investment processes

**Figure 7:** SDG 11 indicator: rent overburden (collected for OECD countries only) ([www.sdgindex.org](http://www.sdgindex.org))



## 6 Investment processes

<b>Changing Demographics</b>	
Challenge	<ul style="list-style-type: none"> <li>The number of people aged 65 years or older worldwide is projected to more than double, rising from 761 million in 2021 to 1.6 billion in 2050. The number of people aged 80 years or older is growing even faster. Population ageing is an irreversible global trend. It is the inevitable result of the demographic transition - the trend towards longer lives and smaller families - that is taking place even in countries with relatively youthful populations.<sup>31</sup></li> <li>In Australia, sectors such as aged care and disability services have received significant government investment but large gaps in service provision and intended impact outcomes remains.<sup>32</sup></li> </ul>
Contribution	<p>The Trustee will support the development of additional housing supply with a focus on underserved segments of the community and will invest for the Fund in projects that aim to support the health and wellbeing of an aging population, with the intention of delivering:</p> <ul style="list-style-type: none"> <li>additional purpose-built or specialised dwellings;</li> <li>additional affordable housing supply; and</li> <li>improved energy efficiency.</li> </ul>
Impact	<ul style="list-style-type: none"> <li>This demographic shift will result in a requirement for more than 3 times more suitable retirement housing versus forecast.<sup>33</sup></li> <li>The Trustee estimates that there is an unmet need of ~200,000 new beds to support homelessness and people with disabilities.<sup>34</sup></li> <li>Progress on each of these fronts should advance SDG target 11.1: by 2030, ensure access for all to adequate, safe and affordable housing and basic services.</li> <li>Adequate and affordable housing helps curb inequality for these vulnerable groups (see Figure 8 below).</li> </ul>
Potential sectors	<ul style="list-style-type: none"> <li>Retirement living.</li> <li>Aged care.</li> <li>Specialist disability accommodation.</li> </ul>

<sup>31</sup> United Nations [www.un.org](http://www.un.org);  
World Health Organization [www.who.int](http://www.who.int)

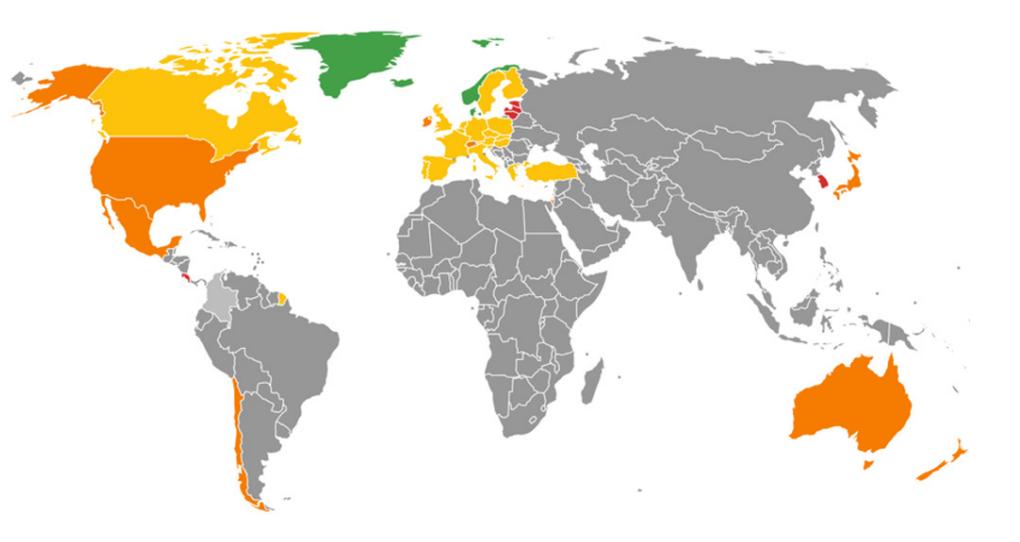
<sup>32</sup> Final report of the Aged Care Taskforce  
[www.health.gov.au](http://www.health.gov.au)

<sup>33</sup> ABC [www.abc.net.au](http://www.abc.net.au); ABS [www.abs.gov.au](http://www.abs.gov.au)

<sup>34</sup> AEI analysis

## 6 Investment processes

**Figure 8:** SDG 10 (*Reduced Inequalities*) indicator: percentage of people of 66 years of age or more whose income falls below half the median household income of the total population (collected for OECD countries only) ([www.sdgindex.org](http://www.sdgindex.org)).



# 7 Applications and withdrawals

## Applying directly to the Trustee

Generally, new applications to invest directly into the Fund will be processed effective the last Business Day of each month (where a **Business Day** means a day, other than a Saturday, Sunday or public holiday in Sydney, when banks are open for general banking business, or such other day as determined by the Trustee). You can apply to make an investment in the Fund by completing an Application Form, which can be requested from the Trustee, together with a **Wholesale Client Certificate** (being a certificate provided by a qualifying accountant that confirms an investor is a Wholesale Client on the basis of the investor's income and/or wealth) and, if you are a NZ Wholesale Investor, a NZ Safe Harbour Certificate (that meets the requirements of clause 44 of Schedule 1 to the NZ FMC Act that confirms you are a NZ Wholesale Investor), and for all investors your application must be accompanied by the required supporting identification information, to the Unit registrar for the Fund (**Registrar**), being:

Boardroom Pty Ltd  
(ABN 14 003 209 836)  
(as registrar of the *Australian Ethical Growth Opportunities Fund*)  
P: GPO Box 3993, Sydney NSW 2001  
T: +61 (0)2 9290 9600  
W: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au).

The Unit price for entry to the Fund will be based on the Fund's NAV less the buy spread. The minimum initial investment amount for Ordinary Units is A\$100,000. (The minimum initial investment amount for the remaining classes is discussed in Section 9 (*Fees and costs*)).

We may accept initial and additional investment applications for smaller amounts at our discretion. The processing of applications for lower amounts may be delayed while approval is sought for the lower application amount. We may also reject applications at our discretion.

All application amounts are required to be paid in Australian dollars (**\$, A\$**).

The Application Form can be requested from the Trustee.

## Indirect investors

If you wish to invest indirectly into the Fund, through an 'Investor Directed Portfolio Service' (**IDPS**) or IDPS-like scheme (commonly referred to as a 'wrap account') for

Wholesale Client investments, the minimum investment amount will be determined by the operator of the wrap account and may be higher or lower than if you invest directly into the Fund.

Applications to invest in or withdrawal from the Fund received through a wrap account or IDPS may have a different processing or cut-off time applied. You will need to follow the application process as advised by the operator of that service.

## Processing your transactions

We will only process your application and issue Units to you once we have received:

- your completed initial Application Form or additional investment Application Form, including a Wholesale Client Certificate and the required identification information (and a NZ Safe Harbour Certificate if you are a NZ Wholesale Investor); and
- your cleared application monies into the Fund's applications trust account (the details of which are stated in the Application Form).

Generally, if we receive your validly completed application request and application monies before 3:00 p.m. (Sydney time) on the last Business Day of each month (**Application Cut-Off**), we will process it using the application Unit price calculated for the last Business Day of the relevant month. Unit prices for the last Business Day of each month will generally be available the next Business Day. However, there may be a short delay between when an application is processed and when it appears on your transaction statement.

Any validly completed Application Forms received after the Application Cut-Off will be taken to have been received for the Application Cut-Off of the following month.

No interest is due to you on application money, proceeds of withdrawal requests and distribution amounts, which are held in a trust account before being processed.

The Constitution provides that the Trustee may determine valuation methods and policies from time to time, provided that the method or policy is consistent with ordinary commercial practice and results in a value that is current.

## 7 Applications and withdrawals

### Additional investments

Generally, you can make additional investments into the Fund, which will be processed monthly. Payment for your additional investment can be made using BPAY® or electronic funds transfer. Before making additional investments, make sure that you have reviewed the Website for any recent updates and any changes to this Memorandum. The Trustee also offers a monthly 'Regular Investment Plan' for the Fund (**Regular Investment Plan**).

To start a Regular Investment Plan, complete the 'Regular Investment Plan' section on the Application Form.

The nominated amount will be deducted from your account on the 15th day of each month. It is an investor's responsibility to ensure that sufficient funds are in the nominated account at the time the direct debit is made. You can stop or change the amount of your regular monthly investment at any time. The minimum additional investment under the Regular Investment Plan is A\$100.

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### Payment of your application monies

We can accept payment of your application monies in Australian dollars by BPAY® or electronic funds transfer. Instructions for making additional investments using BPAY® are set out in the previous section entitled 'Additional investments'.

If you wish to pay by BPAY®, we will send you your BPAY® details once we've received your Application Form and set up your account.

If you wish to pay by electronic funds transfer, please contact us on 1800 021 227 (+61 2 7229 0499 for international callers) or [investors@australianethical.com.au](mailto:investors@australianethical.com.au).

### Withdrawing directly from the Fund

Due to the nature of the assets in which the Fund will invest, it is not expected to be practical for the Trustee to offer unlimited opportunities to withdraw from the Fund. The Fund's Constitution allows the Trustee to set a process for withdrawals, and change the details from time to time. The process that will apply until further notice is set out below.

Investors may apply to withdraw from the Fund on a quarterly basis with at least 1 calendar month's prior written notice. See the table below for an example of how this works.

The Trustee intends to accept withdrawal requests for up to 2.5% of the Fund's NAV (calculated at the closing date of the previous quarter) for each quarter. Withdrawal requests over the relevant quarterly 'cap' are likely to be scaled back proportionately, and the excess amount of the withdrawal request will roll over into the following quarter. Rolled-over withdrawal requests will be given priority over new withdrawal requests in each quarter.

The Trustee has no obligation to accept any requests to withdraw from the Fund, and may apply a higher or lower cap for a given quarter, based on the liquid funds available for redemptions.

In the normal course, the Trustee will source funds to meet quarterly redemptions: firstly, by matching withdrawal requests with any subscriptions; secondly, by using any distributable cash; and thirdly, through divesting elements of Fund's the portfolio of listed investments.

Where additional liquidity is available (for example, from the realisation of an investment), the Trustee may offer additional liquidity if there are excess redemption requests. Likewise, where there is insufficient liquidity, the quarterly redemption facility may be suspended.

The timing of the quarterly withdrawal facility will be as shown in the table below. Withdrawal requests may be made by submitting a withdrawal form to the Trustee at any time between the opening and closing dates for redemption requests.

## 7 Applications and withdrawals

Opening date for redemption requests <sup>1</sup>	Closing date <sup>2</sup>	Effective date of Unit price applied to withdrawal <sup>3</sup>	Payment generally made by
1 April	30 June	31 July	15th Business Day in August
1 July	30 September	31 October	15th Business Day in November
1 October	31 December	31 January	15th Business Day in February
1 January	31 March	30 April	15th Business Day in May

<sup>1</sup> Or the first Business Day of the month, if later.

<sup>2</sup> Or the last Business Day of the month, if earlier. The Trustee may accept later redemption requests.

<sup>3</sup> If any of these are not Business Days, the previous Business Day will apply. In certain circumstances set out in the Fund's Constitution, the period for processing redemption requests or payment after the effective date of redemption of Units may be extended; for example, if a market on which the Fund's assets are traded is closed or trading is restricted, it is not practicable to buy or sell the Fund's assets or determine the Unit price, or for other reasons to protect the Fund or if suspension is in the best interests of Unitholders as a whole.

### Withdrawal offers

The Fund's Constitution also gives the Trustee the discretion to make offers to Unitholders for them to withdraw from the Fund in addition to, or instead of, offering the redemption process described above. If the Trustee decides to make such a withdrawal offer, the details will be posted on the Website. The Trustee currently intends that any such withdrawal offer would be open for a fixed period and for a specified total amount, and acceptances are likely to be scaled back proportionately if they exceeded that total.

### Payment of your redemption proceeds

You can usually expect to receive payment into your nominated bank account within 15 Business Days after the effective date of the Unit price applied to the relevant withdrawal. However, payment of your withdrawal amount may be delayed and take up to a month.

We can only pay redemption proceeds to an Australian bank account held in the name of the investor. We are unable to pay redemption proceeds to a third-party bank account. Normally we will pay redemption proceeds to the bank account you nominated on your Application Form when you opened your investment or if you submit a withdrawal request to the Trustee, the bank account nominated on your withdrawal request, or if you have subsequently notified us of a change to your nominated account, we will pay proceeds to that account.

We will send you a confirmation of your redemption once it has been processed and paid.

### Withdrawals by NZ Wholesale Investors

Withdrawal requests received from NZ Wholesale Investors must specify:

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

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

- foreign exchange spreads between Australian and New Zealand dollars (the currency exchange rates differ daily); and
- overseas telegraphic transfer costs.

Withdrawals will only be paid directly to the NZ Wholesale Investor's bank account held in the name of the investor in Australian dollars, and will only be paid if the investor has provided a valid SWIFT code for the financial institution with which the bank account is held. Withdrawal payments will not be made to third parties.

## 7 Applications and withdrawals

### Enhanced liquidity strategy

At 31 December 2030 and every two years afterwards (each such period being a **Liquidity Review Period**), the Trustee will consider the total amount and duration of outstanding redemption requests (if any) and determine if it considers that there is a need for a strategy to enhance the liquidity of the Fund during the next Liquidity Period in light of such requests.

The Trustee currently intends that if, at the relevant time, two-thirds of redemptions requests remain unmet over the preceding Liquidity Review Period (or previous up to 5 year period, in the case of the first Liquidity Review Period) or the Trustee otherwise determines in its discretion, then at the relevant time:

- an enhanced liquidity strategy will be required.
- the Trustee will as soon as is reasonably practicable (and in any event by no later than 3 months) prepare and present to all Unitholders the strategy the Trustee proposes to undertake to address the outstanding redemptions and to manage liquidity for the Fund going forward (for example, including (but not limited to) asset sales, divestments and other strategic initiatives) along with a timeline for implementation; and
- the strategy will also require unanimous approval by Cornerstone Investors before the Trustee may implement it.

From 31 December 2030 onwards, if:

- at any stage (whether during a Liquidity Review Period or not) more than 75% of Unitholders have submitted redemption requests; or
- at the end of each Liquidity Review Period, there are any redemptions that have remained outstanding for more than two years, then the Trustee must promptly hold a meeting of Unitholders in accordance with the Constitution and propose a resolution, requiring votes in favour representing at least 75% of the Units on issue in order to be passed, to resolve either:
  - to end and wind up the Fund; or
  - to extend the current or next (as applicable) Liquidity Review Period.

The Trustee intends to develop such an enhanced liquidity strategy to manage liquidity during the next two year period.

### Ending the Fund

If at any time from 31 December 2030 onwards, either: (i) Unitholders representing at least 75% in aggregate of the Units of all classes collectively on issue are seeking redemptions; or (ii) at the end of each Liquidity Review Period, there are any redemptions that remain outstanding for more than two years, the Trustee will convene a meeting of Unitholders to vote on whether or not to terminate and wind up the Fund, and if at that meeting Unitholders representing at least 75% in aggregate of the Units of all classes collectively on issue (including, for the avoidance of doubt, any Unitholders which are related bodies corporate of the incumbent Trustee) vote in favour, the Fund will end and be wound up in accordance with the Constitution.

### Transfers of Units

Investors may transfer their Units in accordance with the Constitution, which includes between investors and classes. This may be done at any time, irrespective of the extent to which redemption requests are being processed at that time. Transfers will not be effective until registered by us.

We can refuse transfers in whole or part and need not give reasons.

There may be tax implications and other costs which arise from a transfer of legal or beneficial ownership of Units.

### Suspensions

We may suspend applications, withdrawals and/or the payment of withdrawals in certain circumstances specified in the Constitution, including where we consider that it is desirable for the protection of the Fund or if an emergency exists and, as a result, it is not possible for us to acquire or dispose of assets or determine the application or withdrawal price fairly.

If you lodge a withdrawal request during a suspension period it will not be processed and will lapse.

# 8 Risk factors

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest levels of short-term risk. When considering a potential investment in the Fund, it is also important to understand that:

- the value of your investment will go up and down, depending on the market prices of the assets held in the Fund;
- the Fund may over- or under-perform against the Trustee's objectives or other investment products, whether they are invested ethically or sustainably or otherwise;
- investment returns are not guaranteed and will vary;
- you may lose some or all of the money you invest;
- future investment returns may differ from past returns;
- you may not be able to withdraw some or all of your investment at the time of your choosing; and
- laws affecting your investment in the Fund may change in the future.

The appropriate level of risk for you will depend on a range of factors, including your age, investment timeframe, where other parts of your wealth are invested, and your tolerance to fluctuations in the value of your investment. If you are unsure about these areas, you should seek professional advice.

The significant risks of investing in the Fund include the following (which is not intended to be an exhaustive description of the risks involved in an investment in the Fund):

**Risk of investing ethically and sustainably** - You should be aware that investing ethically and sustainably means that the investment universe will generally be more limited than non-ethical, non-sustainable portfolios in similar asset classes. This means that the Fund may not have exposure to specific assets which over- or under-perform over the investment cycle. It follows that the returns and volatility of the Fund may be higher or lower than its non-ethical non-sustainable peers over all investment terms.

**Manager risk** - The Fund's investments may be managed by an external investment manager, such as pooled managed funds. These go through an ethical evaluation process. Whilst we expect that the strategy and investment process for the externally managed investments will lead to investments which are consistent with our Ethical Charter, there may be certain circumstances in which we hold investments that are inconsistent with our Ethical Charter. If through our periodic ethical review process, which is generally every 2 years, we assess that an externally managed investment is inconsistent with our Ethical Charter, we may divest or choose to engage with the external investment manager or underlying investment company to attempt to address the concern. There are no fixed maximum periods for the divestment process or for engagement to address the concern. See further our Ethical Guide.

**Company or project specific risk** - Investments that the Fund makes, whether in companies or projects, will be subject to certain risks to which those companies or projects are themselves exposed. These risks include factors such as changes in management, actions of competitors and regulators, changes in technology and market trends.

**Market and economic risk** - There are risks that the market price of the Fund's assets will fluctuate. This may be as a result of factors such as economic conditions, legal or tax rules, government regulations, market sentiment, local and international political events, social factors, pandemic outbreaks, environmental and technological issues.

**Climate change** - Climate-related risks include physical risks from extreme weather events, transition risks from shifting policies and technologies, market risks driven by changing demand and investor sentiments, and legal and reputational risks. These risks can have an impact on the value and performance of investments of and in the Fund.

**Concentration risk** - While the Trustee intends for the Fund to diversify across counterparties, project types and industries, the Fund may face concentration risk to the extent that investments are predominantly located in the Australia region. This concentration could, in certain circumstances, lead to increased volatility in the Fund's NAV for each Unit and increased risk of poor performance.

## 8 Risk factors

**Investment liquidity and exit risk** - Investments of the Fund are expected to be long-dated and illiquid in nature. The ability of the Fund to dispose of an investment will depend on the redemption terms of the investment and market liquidity. Under certain market conditions, there is a risk that such investments cannot be readily converted into cash or at an appropriate price. In such circumstances, unless the Trustee decides to suspend withdrawals, the Trustee may be unable to liquidate sufficient of the Fund's assets to meet its obligations (including payment of withdrawal requests) within required timeframes or it may be required to sell assets at a substantial loss or incur transaction costs, in order to do so. This may have an impact on the redemption price of Units.

**Co-investment risk** - The Trustee may co-invest for the Fund with third parties. Possible risks of such investments include investor financial difficulties, inconsistent interests or goals from those of the Fund, or the co-investor being in a position to take action contrary to the Trustee's investment objectives for the Fund.

**Credit risk (default risk)** - There is a risk that the Fund may incur a loss arising from the failure of another party to a contract (the counterparty) to meet its obligations. This would include a borrower failing to meet principal or interest repayments on private debt. Substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations.

**Cyber security risk** - This risk relates to the potential for unauthorised access, data breaches or disruptions in the Fund's systems, which could result in financial losses or compromised investor information, as seen in cases of hacking or malware attacks on financial institutions.

**Currency risk** - This is the risk that changes in foreign currency exchange rates will affect the value of international investments held in the Fund. Not all the assets in the Fund will be hedged. As a result, the value of the Trustee's international investments for the Fund in Australian dollars will vary as exchange rates vary. At our discretion we may, in the future, hedge some or all of the Fund's currency exposure.

**Derivatives and hedging risk** - The Trustee may use derivatives for the Fund for the purpose of risk management, where appropriate. To the extent that derivatives are used in a risk management hedging strategy, there is the risk that exposures are not fully hedged due to the mismatch of performance between derivatives and underlying assets. Changes in the value of derivatives may occur due to a range of factors that include rises or falls in the value of the derivative in line with movements in the value of the underlying asset, potential liquidity of the derivative and counterparty credit risk.

**Distribution policy risk** - Under the Trustee's distribution policy for the Fund, there may be circumstances where the distributions received by investors in cash may be insufficient to cover an investor's tax payable on the income of the Fund attributable to the investor.

**Fund risk** - Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. The performance of the Fund or the security of an investor's capital is not guaranteed. There is no guarantee that the Trustee's investment strategy for the Fund will be managed successfully, or that the Fund will meet its investment objectives. Failure to do so could negatively affect the performance of the Fund. An investment in the Fund is governed by the terms of the Constitution and this Memorandum, each as amended from time to time, and an investor's Application Form.

**Interest rate risk** - This is the risk that changes in interest rates will positively and negatively affect the values of the investments, and therefore the returns, of the Fund.

**Origination and deployment risk** - The nature of the Trustee's target assets for the Fund, being private assets, requires a period of identification (to find suitable assets), origination (to qualify for investment) and transaction execution (to complete due diligence, documentation, and the like). There is a risk that the Trustee will be unable to generate sufficient deal flow for the Fund or deploy capital promptly, which may have an impact on performance.

**Performance Fee risk** - The Performance Fee calculation mechanism may result in a variable amount of Performance Fee being accrued, depending on the Fund's performance at a given point in time. The Performance Fee is calculated at the Fund level and is accrued daily and reflected in the Unit price.

## 8 Risk factors

As a result, there is a risk that investors may bear a higher or lower share of the Performance Fee depending on the timing of their investment in the Fund. (See further Section 9 (*Fees and costs*)).

**Personnel risk** - The skill and performance of the Trustee's investment team can have a significant impact (both directly and indirectly) on the investment returns of the Fund. Changes in key personnel and resources of the Trustee's investment team may also have a material impact on investment returns of the Fund.

**Pooled investment scheme risk** - The market prices at which the Trustee is able to invest inflows to, or sell assets to fulfil outflows from, the Fund may differ from the prices used to calculate the Fund's NAV for each Unit. Investors in the Fund may therefore be affected by other investors entering and exiting the Fund. The impact will depend on the size of inflows or outflows relative to the size of the Fund, and on the price volatility of the Trustee's investments for the Fund. Inflows and outflows may also affect the taxable income attributed to an investor during a financial year.

**Regulatory risk** - There is a risk that a change in laws and regulations governing a security, sector or financial market could have an adverse impact on the Fund or on the Fund's investments. A change in laws or regulations can increase the costs of operating a business and/or change the competitive landscape.

**Fund liquidity risk** - The Fund invests in assets which are generally expected to be illiquid, which can limit the ability of investors to have their Units redeemed. The Trustee intends to impose certain redemption restrictions on investors, including limiting redemptions of Units to up to 2.5% of the Fund's NAV each quarter. In order to provide liquidity, the Fund may hold listed securities and cash-related positions. These investments may affect the ability of the Trustee to achieve the stated target return for the Fund. In addition, the holding of listed securities may expose the Fund to market price volatility risk.

**Broken deal expenses** - When the Trustee agrees or indicates an interest to participate in an investment for the Fund with a third-party and such prospective investment is not completed, there may none-the-less be significant costs, expenses and fees relating to such prospective investment, including for due diligence, structuring and payment of 'broken deal fees' (being costs associated with investment pursued but not completed).

**Taxation** - The Fund may be affected by changes in taxation legislation. Taxation law may change as a result of legislation, case law, court rulings and determinations issued by tax authorities.

**Thematic investment risk** - There is a risk the Trustee may take a view that a Thematic investment may become unviable or unavailable over time. Additionally, there is no guarantee that the Fund will successfully obtain exposure to some or all of the Fund's Thematics.

**Investments in other Australian Ethical managed funds** - The Trustee may gain exposure to listed markets for the Fund by investing in another fund managed by Australian Ethical which holds a portfolio of listed investments. Australian Ethical, as the manager of both funds, may face competing obligations that could influence decision-making. While the Trustee's holding in the listed portfolio fund will typically offer a source of liquidity to the Fund, under certain circumstances the manager of the listed portfolio fund may place restrictions on redemptions which may affect the liquidity of the Fund. For clarity, no additional management fees would be charged as part of any such arrangement.

**Valuation risk** - The Trustee will determine the Net Asset Value (NAV) of the Fund in accordance with Australian Ethical's 'Asset Valuation Policy'. However, the valuation of certain assets, particularly those that are illiquid or not frequently traded, may involve the use of estimates, assumptions, or methodologies that are subject to judgment. As a result, the NAV at which investors subscribe for or seek redemption of Units may differ from a value that might have been determined by an independent third party using different assumptions or valuation techniques. This may result in investors entering or exiting the Fund at a higher or lower NAV than would otherwise have been the case, which could affect the value of their investment proceeds.

# 9 Fees and costs

Unless otherwise stated, all fees and costs are quoted inclusive of Goods and Services Tax (**GST**) and net of any applicable 'Reduced Input Tax Credits' (**RITCs**).

## Management Fee

The Trustee's Management Fee referable to Ordinary Units will be 0.95% each year of the Fund's NAV referable to Ordinary Units, calculated daily and paid monthly from the Fund's assets. (Additional Unit classes and their fees are discussed below.) This amount is paid to the Trustee (in its own capacity) for managing the Fund and its assets and overseeing the operations of the Fund (including asset origination, transaction execution, portfolio composition and ongoing asset management). Other Fund expenses and indirect costs incurred by the Trustee in connection with the management of the Fund will be deducted from the Fund's assets because, under the Fund's Constitution, in addition to the Management Fee, the Trustee is entitled to be indemnified from the assets of the Fund for any liability properly incurred by it in performing properly any of its duties or exercising any of its powers in relation to the Fund or attempting to do so.

## Performance Fee

The Trustee (in its own capacity) is entitled to be paid the Performance Fee in respect of the performance of the Fund and its investments, payable from the Fund's assets.

The Performance Fee referable to Ordinary Units will involve the Trustee being entitled to receive 10% of the Fund's total returns (*inclusive* of distributions and changes in the Fund's NAV) referable to Ordinary Units (**Total Return**), *provided that*:

- the Fund's NAV referable Ordinary Units in the relevant financial year increases so as to provide an internal rate of return (IRR) of at least 10% each year after fees (**Hurdle**); and
- any increase in the Total Return in the relevant financial year will be offset by any *decrease* in previous financial years (but not to a negative amount (**High Water Mark**)),

and if the Total Return exceeds the sum of the Hurdle and the High Water Mark, any remaining amounts will be distributed as follows:

- 50% to investors and 50% to the Trustee (in its own capacity) until such time as the Trustee has received an amount equal to 10% of the Total Return (a 'catch-up'); and
- afterwards, 10% of any remaining amount to the Trustee (in its own capacity),

with any performance fee payable being calculated on an accruals basis and reflected in the price of Ordinary Units, with actual cash payments of accrued Performance Fees occurring annually in arrears.

## Buy / Sell Spread

The Trustee will charge a 'buy / sell spread' of 0.05% / 0.05% of the amount of any investment into or withdrawal from the Fund. The buy / sell spread is a cost designed to recover transaction costs incurred in relation to the purchase and sale of assets of the Fund and is used to adjust the Unit price. It is an additional cost to you and is incurred when you contribute to, or transfer or withdraw from the Fund. We will use a buy / sell spread to recover an amount from you to set against such transaction costs, so that other investors are not paying for the cost of your transaction. It is not a fee paid to us, but into the Fund.

We may vary the buy / sell spread from time to time if transaction costs change. Notice will not normally be provided; however, updated information will be available on the Website and in regular communications.

## Fund expenses and indirect costs

The Fund's Constitution allows the Trustee to recover all reasonably incurred expenses in relation to the proper performance of its duties in respect of the Fund. If applicable, when expenses are paid by the Trustee, they will be deducted from the Fund's assets and reflected in the value of the Units. Expenses will generally be paid when incurred.

The Trustee may invest for the Fund in investments offered or arranged by other investment managers or sponsors, who may, in the ordinary course, be entitled to fees or payments in connection with the investment by the Trustee in investments arranged or offered by them, and are entitled to retain any such fees (whether structured as performance fees, management fees, carried interest, or in any other manner) without liability to account to the Fund or any other person.

## 9 Fees and costs

We estimate that the Fund's indirect management fees, paid to other investment managers or sponsors, described in this section for the financial year ending 30 June 2026, will be 0.63% of the Fund's NAV for that year.

With respect to certain investments of the Fund, external investment managers or sponsors may be entitled to a performance fee. Cash payments of external investment manager performance fees may be accrued and only paid when an investment is realised. Cash payments of external investment manager performance fees will be paid out of the underlying investments of the Fund. These amounts are subject to future performance and have not been estimated. The impact of such indirect costs will typically be reflected in the Unit price of the Fund, and as such will be an additional cost to Unitholders but will not be paid to the Trustee (in its own capacity).

The Trustee may also incur indirect costs for the Fund through investments offered or arranged by other investment managers or sponsors who may, in the ordinary course of performing their duties, incur expenses which, if applicable, are likely to be deducted from the value of those investments and reflected in the value of Units accordingly.

### Can the fees change?

The circumstances in which the fees and expenses currently charged to the Fund by the Trustee may be increased, include where costs have increased (for example, an increase in custody fees or costs relating to regulatory changes). Any increase in the Management Fee charged will be notified to investors at least 30 days before the change takes effect. The maximum Management Fee payable to the Trustee under the Constitution is 4% each year of the Fund's NAV.

### Ability to negotiate fees

Under the Constitution, the Trustee may agree fee arrangements with individual Unitholders, or classes of Unitholders, on a basis that differs from those applying to other Unitholders. The Trustee may also agree with a Unitholder, or a class of Unitholders, to rebate a percentage of the remuneration or fees charged to the account of a Unitholder or class of Unitholders.

The Trustee has agreed to different arrangements relating to the Management Fee and the Performance Fee with the holders of Class B and Class C Units, who are all (or will all be) Cornerstone Investors, in view of the substantial size of their investments in the Fund (with a minimum initial investment amount of at least the lower of: (1) A\$100 million; or (2) the lowest amount currently invested in the Fund by an existing Cornerstone Investor), which are different to the arrangements for Ordinary Unitholders described in this Memorandum.

# 10 Taxation

This Section 10 (*Taxation*) is a general summary of certain Australian tax implications associated with investing in the Fund and does not provide a comprehensive guide to the tax consequences associated with making, holding or disposing of an investment in the Fund. It should not be relied upon as taxation advice, and we strongly recommend you seek professional tax advice specific to your personal circumstances before applying to make an investment in the Fund.

This summary is based on the tax laws of Australia in force, as well as the interpretation of the Australian Taxation Office (ATO), the various State Revenue Offices and the courts, as at the date of the publication of this Memorandum. Taxation laws are subject to continual change (including retrospectively) that may have an impact on the taxation of the Fund and investors. Each Investor must take full and sole responsibility for the associated tax implications arising from an investment in the Fund and any changes in those tax implications during the investment. The Trustee and its advisors take no responsibility for the tax implications of an investment in the Fund.

The information is general in nature only and is intended for use by Australian resident investors who hold their investment in the Fund on capital account. This summary does not intend to cover all tax implications of investing in the Fund, and this summary does not apply to other certain types of investors (for example, if you hold your investment in the Fund indirectly, as trading stock or otherwise as part of a trade or profit-making undertaking or scheme, within the Australian 'taxation of financial arrangements' regime, through a wrap account, master fund or other platform or as a custodian, nominee or trustee).

## Taxation treatment of the Fund

The Fund is an Australian resident trust for Australian income tax purposes. The Fund is intended to operate so that no Australian income tax is paid by the Fund. Instead, the Fund's investors are subject to any Australian income tax consequences based on their share of the Australian taxable income and any tax offsets of the Fund for each income year.

However, it is possible that the Fund may be taxed like a company and subject to the Australian corporate tax rate for a particular income year if it is a 'public trading trust' under Division 6C of Part III of the *Income Tax Assessment Act 1936* (Cth) (ITAA36) at any time during an income year.

The Trustee will monitor the status of the Fund to determine the appropriate treatment and notify investors accordingly. The Trustee does not currently expect that the Fund will be a 'public trading trust' based on the current strategy for the Fund, and the remaining comments in this section are provided on this basis.

Tax losses incurred by the Fund remain within the Fund and cannot be distributed to Unitholders. Provided that the Fund satisfies the relevant loss testing requirements, the Trustee may be able to offset the Fund's carry forward tax losses against the assessable income it derives in a future income year.

## Capital account election of Managed Investment Trusts (MITs)

The Fund is expected to qualify as a MIT for the purposes of the *Income Tax Assessment Act 1997* (Cth) (ITAA97). Subject to the Fund qualifying as a MIT, the Trustee intends for the Fund to make an irrevocable election (a 'MIT Capital Election') to apply a deemed 'capital' treatment for gains and losses on 'covered assets', such as shares and units in the Fund's underlying investments.

If the Fund qualifies as a MIT, this election should require the Fund to recognise any sale of the 'covered assets' on capital account, so that any net gain from the sale is distributed to investors as a capital gain. Investors may be able to access the capital gains tax (CGT) discount, thereby reducing their tax liability.

## Attribution Managed Investment Trust (AMIT) regime

The Trustee intends to elect to treat the Fund as an AMIT under the AMIT regime of the Australian tax laws. The application of the AMIT regime is elective; however, if the Fund qualifies as an AMIT, that choice is irrevocable (although the Fund may cease to be an AMIT in the future if it ceases to qualify).

Where the Fund qualifies as an AMIT, key features of that regime include:

- a share of the Australian taxable income and tax offsets of the Fund for each income year will be attributed to each investor (as determined by the Trustee on a fair and reasonable basis);
- the taxable income and tax offsets of the Fund retain their character for Australian tax purposes in the hands of investors as they flow through the Fund; and
- where the amount of Australian taxable income or tax offsets estimated for the Fund at the end of an

## 10 Taxation

income year is different to the amount that is finally calculated, the difference is generally carried forward and adjusted for investors in the year in which the variation is discovered.

The amounts attributed to Unitholders may include:

- income (like interest and foreign income);
- capital gains: and/or
- tax offsets (including foreign income tax offsets (FITOs)).

At the end of each income year, the Trustee will send each investor an 'AMIT Member Annual' statement (**AMMA Statement**) that provides a consolidated view of all the distributions we have paid to that investor from the Fund and the relevant Australian tax components attributed to that investor in respect of that income year from the Fund.

Qualification as a MIT and/or an AMIT depends on a variety of factors and the Trustee cannot guarantee that the Fund will qualify as such. Should the Fund be unable to qualify as a MIT and/or an AMIT, certain of the above-mentioned tax treatments may not be available in respect of the Fund and your investment in the Fund would be subject to the general Australian tax rules for trusts. The general tax rules for trusts have not been outlined within this Memorandum.

### Attribution and distributions from the Fund

Your share of the Fund's taxable income for an income year attributed to you by the Trustee and set out on the AMMA Statement for you should be included in calculating your Australian taxable income for that income year, irrespective of when distributions are received from the Fund or whether the distributions are reinvested (refer more detail below).

A guide to help you transfer the information contained in your AMMA Statement into your tax return is available on our website (at [www.australianethical.com.au/taxguide/](http://www.australianethical.com.au/taxguide/)).

As noted above, amounts attributed to you will generally preserve the same character in your hands as when they were derived for the Fund (for example, as dividends, interest, capital gains, and the like).

Where the total distributions you receive from the Fund in respect of an income year are more or less than your share of the taxable income and non-assessable non-exempt income of the Fund for that income year, there

may be increases or decreases to the CGT cost base of your investment in the Fund, which will be notified to you in your AMMA Statement. If the cost base of your Units is reduced to nil, any further decreases to your cost base will give rise to assessable capital gains for you.

In the event the Trustee pays foreign tax in respect of the Fund, the distribution from the Fund may include a FITO, which you may need to take into account in determining your taxable income. Furthermore, you may be able to utilise the FITOs to reduce your tax liability. Any excess or unused FITOs for a particular income year cannot be carried forward and will be lost.

Distributions reinvested will be treated as though the distribution is received in the hands of the investor and then used to acquire additional Units. The distributions reinvested will be assessed in the same manner as any other distribution and the cost base of the acquired units will be equal to the quantum of distribution reinvested.

### Disposal of Units

Where you hold your investment on capital account, you will be subject to CGT on disposal of your investment and consequently may realise a capital gain or a capital loss.

Where you realise a capital gain on Units that have been held for at least 12 months, certain investors may be able to apply the relevant CGT discount (after reducing the gross capital gains by realised capital losses including carry forward capital losses) to such gains. The current applicable CGT discount is 50% for resident individuals and qualifying trusts, and 33.33% for complying superannuation funds and pooled superannuation trusts.

Cost base adjustments notified in the AMMA Statement may affect the amount of capital gain or loss realised on disposal.

### Tax File Number (TFN) and Australian Business Number (ABN)

Providing a TFN or ABN is not compulsory for investors. However, unless exempt, if an investor does not provide their TFN or ABN, the Trustee may need to withhold tax from income distributions at the highest personal marginal rate (currently 45%), plus the Medicare levy (currently 2%) and any other applicable levies. Investors can provide their TFN, ABN, or an appropriate exemption when submitting the application form for an initial investment.

## 10 Taxation

### Non-resident Investors

The tax implications for all non-residents investors have not been outlined within this Memorandum. However, we have included a high level summary of the tax implications for investors resident in New Zealand below. Investors not resident in Australia should seek their own tax advice to understand the impact on their income or returns from the Fund.

The Trustee may be required to withhold Australian withholding tax from distributions from the Fund of certain Australian sourced income to non-resident investors (including income attributed under the AMIT regime but not physically distributed). The rate of withholding imposed will depend on both the nature of the income and the jurisdiction of residence of the non-resident investor.

Further, the Australian Government announced proposed changes to the Australian CGT regime for foreign residents as part of the 2024-25 Federal Budget. Australia's CGT regime for foreign residents ensures that interests in an entity that meet certain holding criteria remains subject to Australia's CGT regime if the entity's underlying value is principally derived from Australian real property. Amongst other things, the proposed changes by the Australian Government intend to broaden the type of assets that are considered 'taxable Australian real property' and therefore subject to the regime. Any developments in respect to these proposed changes should be monitored closely in the context of how they may apply to non-resident's investments in the Fund.

### US Foreign Account Tax Compliance Act and OECD Common Reporting Standard

We are required to identify investors who are, or who are controlled by, tax residents of countries other than Australia in order to meet information reporting requirements under local and international laws, including the US Foreign Account Tax Compliance Act (**FATCA**) and the OECD's 'Common Reporting Standard' (**CRS**) and their Australian implementation. Information collected may be reported to the ATO, and through them to foreign tax authorities (including the US Internal Revenue Service (**IRS**)).

If information you provide suggests that you are, or are controlled by, persons who may be a tax resident of a country(ies) other than Australia, we may be required to include your information in our annual FATCA and/

or CRS report to the ATO. Failure to provide requested information may lead to the Trustee being unable to process your application. If at any time there is a change to your foreign tax status details or a change of controlling persons, you must promptly inform the Trustee.

### GST

The acquisition, disposal, redemption or transfer of Units in, and any distributions from, the Fund will not be subject to GST in Australia.

The Trustee may incur GST on expenses for the Fund, for which it may be eligible to claim input tax credits or reduced input tax credits for GST paid on certain expenses.

### Duty

Duty is a State and Territory tax imposed under different regimes applicable to the State or Territory in which the Fund's Australian investments are located. The duty implications of an investor's investment into the Fund can be complex and will depend on the circumstances applicable to the investor, as well as the status of the Fund for duty purposes at the relevant time and the location of the Australian investments. Each State and Territory (except Queensland) imposes "landholder duty" on the acquisition of a "significant interest" in a unit trust that directly or indirectly holds land or an interest in land and, in some cases, fixed assets owned separately from land. For these purposes, an "interest" is defined in terms of an entitlement to a distribution of property in the event that a distribution of all property were to occur (for example, on a winding up), ignoring most debt interests, and is often determined by the proportion of units held or acquired (for example, where there is only one class of units, or all unit classes carry the same entitlement to a distribution of property).

For unlisted unit trusts, a significant interest is:

- in Victoria and New South Wales - 20%, which can be increased to 50% where the unit trust is registered as a "wholesale unit trust scheme" with the relevant Commissioner of State Revenue, which depends (amongst other things) on the composition of the investors; and
- in other jurisdictions (other than Queensland, which has a separate regime) - 50%.

## 10 Taxation

Whether a person acquires or holds a significant interest is tested on an aggregate basis, together with:

- any associated or related persons, such as related bodies corporate or trusts with common beneficiaries and other prescribed relationships, as defined in the relevant State or Territory; and
- persons who acquire their interest by acting in concert or as part of substantially one arrangement.

Queensland applies a different regime and imposes transfer duty on the acquisition and surrender of a trust interest of any percentage in a unit trust that directly or indirectly holds "dutiable property", which includes land, unless the unit trust qualifies as a type of "public unit trust". That is, unlike the other jurisdictions, there is no minimum acquisition threshold, other than for certain "public unit trusts". The most relevant category of "public unit trust" in the circumstances is a "pooled public investment unit trust", in which case a 50% acquisition threshold applies in determining if duty is chargeable.

Where duty is charged, it is generally calculated by reference to the interest acquired, the value of the relevant underlying property in the jurisdiction charging duty and the rate of duty in that jurisdiction. Where no land is held which meets the definition of residential property, the current maximum rate of duty in Australia is 6.5%, with lower rates applying at lower "dutiable values", including a nil rate in Queensland where the "dutiable value" of an acquisition is less than A\$5,000.

Prospective investors should seek their own independent advice on the duty implications of their particular investment (including on issue, redemption (including redemption by other investors in the Fund), purchase, sale or transfer). The Trustee expects that the Fund should be able to satisfy the relevant criteria to qualify as a "pooled public investment unit trust" for Queensland duty purposes, once subscription requests are satisfied. The Fund is not registered as a "wholesale unit trust scheme" in Victoria or New South Wales and the Trustee does not expect the Fund to be able to register as such.

### New Zealand Taxation Overview

This summary provides general guidance on New Zealand tax implications for New Zealand resident investors (**NZ Investors**). As laws may change and tax treatment varies by individual, NZ Investors should seek independent professional advice before investing in the Fund.

This summary applies to direct investments in the Fund. Indirect investors should consider the platform used, as they may be subject to ordinary tax rules even if the Foreign Investment Fund (**FIF**) rules do not apply. The summary assumes no NZ Investor holds a 10% or greater interest in the Fund. Tax treatment for investments in Australian securities differs from that for New Zealand securities.

### Fund Classification

The Fund is an Australian unit trust, which is treated as a "company" for New Zealand tax purposes. NZ Investors are therefore considered shareholders in an Australian resident company.

### New Zealand Dividend Taxation

The rules below apply to natural persons and certain trusts with offshore investments costing NZ\$50,000 or less, unless they opt into the FIF rules. The threshold excludes some ASX-listed shares and qualifying Australian unit trusts.

### Distributions

Below the NZ\$50,000 threshold, income distributions to or reinvestments in the Fund by NZ Investors are taxed as dividends at the NZ Investor's marginal rate. The full dividend, including any Australian withholding tax, must be included in the NZ Investor's income tax return or overseas income summary. A credit may be available for the withheld tax in Australia, limited to the New Zealand tax liability on the dividend.

### Withdrawal of Units

Any gain exceeding the original Unit issue price (plus any reinvested distribution amounts), converted to New Zealand dollars at the time of withdrawal, will be treated as a dividend when the Units are redeemed, unless:

- the withdrawal is 15% or more of the NZ Investor's total investment and the Fund has available subscribed capital at least equal to the withdrawal proceeds; or
- the withdrawal is not a *pro rata* cancellation and the Fund has available subscribed capital at least equal to the withdrawal proceeds.

Finally, there is an over-arching requirement that the withdrawal is not in place of the payment of a dividend. If it is treated as a dividend, the tax consequences will follow the same rules as those outlined above for distributions.

## 10 Taxation

### Disposal of Units

Proceeds from the disposal of Units are taxable only if:

- the NZ Investor is engaged in trading shares or similar assets (including units in unit trusts);
- the Units were acquired primarily for resale; or
- the proceeds arise from a profit-making scheme or undertaking.

NZ Investors who are taxable on amounts received on the sale or disposal of their Units will be allowed a tax deduction equal to the amount applied in application for the Units being redeemed. We recommend NZ Investors seek tax advice in such circumstances to confirm their tax position.

### **New Zealand Foreign Investment Fund Taxation**

The FIF rules below apply to NZ Investors who cannot, or choose not to, apply the dividend taxation approach described above.

NZ Investors will be taxed on their Units under the FIF rules, unless the NZ\$50,000 cost threshold, explained above, applies. The investment in the Fund will not fall within the very limited FIF rules exemption for certain Australian unit trusts, nor within the exemption for Australian companies listed on the official list of the ASX.

NZ Investors will need to calculate their FIF income each year under one of five calculation methods, being:

- fair dividend rate (**FDR**) method;
- comparative value (**CV**) method;
- attributable FIF income method;
- deemed rate of return method; or
- cost method.

Strict rules govern the method that may be used for calculating FIF income and also restrict the ability to change between methods. Individuals and eligible family trusts can choose between the FDR method and CV method, depending on which method produces the lower taxable income each income year. However, the selected method must be applied consistently to all FIF interests for that income year.

### FDR method

The default approach for calculating taxable income under the FIF rules is the FDR method, which may be applied annually or periodically.

Under the FDR annual method, a NZ Investor is taxed on 5% of the New Zealand dollar value of their total offshore share portfolio (including the investment in the Fund) as of the start of the income year. The FDR periodic method only applies to NZ Investors that are a "unit valuing fund" or other NZ Investors who value their Units on a regular basis.

However, the FDR method cannot be used if:

- the investment is in a 'controlled foreign company' (**CFC**), or
- the investment is restricted from using the FDR method, such as certain debt-like instruments (including foreign exchange-hedged investments).

### CV method

Individuals and family trusts may choose to be taxed under the CV method, which calculates actual gains (including changes in market value, distributions and net proceeds from disposals or withdrawals) if this amount is less than the deemed 5% return under the FDR method for the year.

If a FIF method is selected for the Fund (such as the FDR or CV method), it must be applied to all offshore portfolio equity investments, subject to the FIF rules for that income year.

### Investment losses

No tax deductions are allowed under the FDR or CV methods if the Units decline in value during a tax year.

### Disposal of Units

Gains on disposal are not taxable under the FDR method unless Units are "quick sale" Units. These are Units bought and sold within the same year or the same valuation period.

To calculate the "quick sale" adjustment, the NZ Investor's FDR income for the year is increased by the lesser of:

- 5% of the "cost" of the quick sale Units, and
- the NZ Investor's actual return on the quick sale Units.

Where the CV method is applied for the period in which the disposal occurs, proceeds derived from the disposal of the Units will be taken into account in the CV method calculation.

#### Australian withholding tax

Australian withholding tax deducted from Fund distributions may be credited against a NZ Investor's income tax liability under the FIF rules. The credit is limited to the lesser of the New Zealand tax payable on the FIF income or the amount of Australian withholding tax paid. However, NZ Investors generally cannot claim a tax credit for overseas withholding tax applied to the Fund's underlying investments.

#### FIF reforms

On 26 August 2025, the New Zealand Government introduced the *Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill 2025 (NZ)*, which will reform some aspects of the FIF rules, with retrospective effect from 01 April 2025 (assuming it is enacted in its current form). The reforms will allow eligible taxpayers to apply a realisation-based calculation, referred to as the 'revenue account method' (**RAM**), for FIF taxable income. Under the RAM, only dividends and gains in the value of foreign investments on disposal (or possibly on emigration) are taxed.

The RAM will only be available to:

- New Zealand migrants who become fully tax resident in New Zealand (usually after the expiration of their transitional tax residence exemption period) on or after 01 April 2024; and
- returning New Zealanders who have been non-New Zealand tax resident for at least five years.

For all other existing New Zealand taxpayers, the existing FIF rules will continue to apply.

NZ Investors who may be eligible to apply the new RAM should seek detailed professional advice as to whether the RAM can apply to their investments in the Fund, given their personal facts and circumstances.

#### **New Zealand GST**

No New Zealand GST applies to distributions or transactions involving Units.



# 11 Additional information

## New Zealand selling restriction

Each NZ Wholesale Investor applying for Units acknowledges and agrees that:

- no offer, sale or transfer of any Units has been, or will be, made by the NZ Wholesale Investor, directly or indirectly;
- no interests in, or options over, any Units have been, or will be, granted, issued or transferred by the NZ Wholesale Investor, directly or indirectly; and
- no information memorandum, offering materials or advertisement in relation to any offer of Units has been, or will be, distributed by the NZ Wholesale Investor, directly or indirectly.

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

- notice will be provided to us if the relevant investor ceases to be a NZ Wholesale Investor.

## Distribution policy

Distribution of the Fund's taxable income will generally occur semi-annually. You will be notified of the composition of your distribution and the types of income and capital components annually. The Trustee will aim to distribute all taxable income, less any Fund expenses and costs, at least annually. In some instances, at the Trustee's discretion, the Trustee may also make additional special distributions from the Fund, typically when there is surplus capital. Your share of any distributions will be proportionate to the number of Units you hold on the last day of the distribution period, relative to the number of Units on issue at that time. The amount you receive will vary from year to year and, on occasion, no distribution may be made.

Under the AMIT rules, investors will be assessed for tax on the income of the Fund attributed to them. The tax cost base of your Units will increase to the extent that the income of the Fund attributed to investors exceeds the cash distribution paid. For more details, see the overview in Section 10 (*Taxation*).

We will send you a tax statement after the end of each financial year detailing the amounts attributed to you, to assist in the preparation of your tax return.

Distributions can be reinvested or paid to your nominated bank account. If no selection is made, or we are unable to pay it to you for any reason, your income

will be automatically reinvested and additional Units issued in your name. You may change this selection by notifying us and you may select whether to reinvest or receive a direct credit from the Fund. An instruction to reinvest your distribution needs to be in place no later than 3:00 p.m. on the last Business Day of the quarter. You only need to tell us once if you want your income payment reinvested. After that, you will only need to inform us if you wish to change your instructions. If you reinvest your distribution, the transaction date for this will be the day after the end of the distribution period. The distribution reinvestment Unit price will be the Unit price at the end of the final distribution period, after provision for the distribution.

Details relating to each distribution will be published on the Website (at [www.australianethical.com.au/managed-funds/distributions/](http://www.australianethical.com.au/managed-funds/distributions/)). The Trustee's distribution policy for the Fund described in this Memorandum is current as at the date of this Memorandum, but is subject to change from time to time.

## Reinvestment of distributions disclosures - NZ Wholesale Investors

The distribution reinvestment plan described in this Memorandum is offered to NZ Wholesale Investors on the following basis:

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

There is available, on request and free of charge, a copy of the most recent annual report (if any) of the Fund, the most recent financial statements (if any) of the Fund (which are not currently required to be audited), this Memorandum and the Fund's Constitution (including any amendments). These documents may be obtained electronically from [www.australianethical.com.au](http://www.australianethical.com.au).

## 11 Additional information

### Side letters

The Trustee may enter into any side letters or side arrangements with Unitholders and/or other persons in relation to the operation and management of the Fund, without the consent of any other person, provided that such arrangements are not prohibited by any provision of the Constitution. The Trustee and all Unitholders agree that the terms of a side letter with a particular Unitholder, which may include rights to payments from the Trustee (in its personal capacity, or as trustee of the Fund) and waiver or delay by the Unitholder of rights under the Fund's Constitution, are binding on such Unitholder, the Trustee and the Fund. Any right granted to a Unitholder in any such side letter or side arrangement is not assignable without the prior written consent of the Trustee (in its absolute discretion). The Trustee (in its absolute discretion) may determine whether or not to disclose the terms of a side letter to another investor.

### Valuation approach

The Trustee will price Units in the Fund daily. The Trustee will calculate the Fund's NAV by deducting the liabilities (including any accrued fees and expenses) of the Fund from the aggregate value of its assets.

The Constitution provides that the Trustee may determine valuation methods and policies from time to time, provided that the method or policy is consistent with ordinary commercial practice and results in a value that is current. The Trustee will conduct valuations in accordance with Australian Ethical's 'Asset Valuation Policy'. Australian Ethical will provide its Asset Valuation Policy to Unitholders upon request. In undertaking a valuation, the Trustee may rely upon valuations or prices supplied by third parties and/or industry standard pricing models. The Trustee intends that valuations will generally be undertaken at fair value, in accordance with internationally accepted accounting standards.

The Trustee may appoint an independent valuation expert to review the carrying value of any asset of the Fund, as the Trustee deems necessary.

The Fund will have a unique mix of investments, which may include funds, co-investments, direct investments, listed equity positions and cash-related positions. It is expected that when calculating the daily Unit price, the aggregate value of the Fund's investments will be comprised of the following:

- for unlisted investments, where the investment is a:
  - fund investment, the most recently available NAV statement provided by the external fund manager (or equivalent);
  - co-investment, the most recently available valuation statement provided by either the company (which has utilised a third-party provider to determine the valuation) or the external lead sponsor which has facilitated the Trustee's investment for the Fund; or
  - direct investments, the most recently available valuation statement provided by either the company or procured by the Trustee (which has utilised a third-party provider to determine the valuation); and
- for investments that are traded on an exchange, the last closing price on the last Business Day of each month.

### Valuation Committee and Auditor

Australian Ethical's Valuation Committee will review valuations of the Fund's underlying investments at least annually. Key members of the Valuation Committee and summary biographies are provided in Section 2 (*About Australian Ethical Investment Ltd*).

The financial statements of the Fund are not currently required to be audited. However, the Trustee intends that the Fund will be audited annually following 30 June of each year. As at the date of this Memorandum, KPMG (ABN 51 194 660 183) has been appointed as the auditor of the Fund.

### Secure online access

Keep track of your investments through our secure online access system 'InvestorServe', which is available at your convenience 24 hours a day, 7 days a week (see [www.investorserve.com.au](http://www.investorserve.com.au)).

When you make your initial investment in the Fund, we will post you a confirmation letter and a personal identification number (PIN) to enable you to activate your account. Alternatively, you can contact us at any time and we can help you set up your InvestorServe account. With InvestorServe you can:

- view your account balances and transaction histories, including regular Investment payments;
- view distribution and tax statements;
- display and change your contact and banking details; and

## 11 Additional information

- select the way you would prefer us to communicate with you.

We recommend that you regularly visit the Website to obtain the latest information about your investment. Any information that is material to your investment will be provided on the Website.

### **Anti-Money Laundering and Counter-Terrorism Financing and other obligations**

Australian Ethical is required to comply with laws and regulations relating to the prevention of money laundering and counter terrorism financing and sanctions. From time to time, we may take various actions we believe necessary to comply with these laws and relevant internal policies, including requiring additional information from you in order to verify your identity (or the identity of your legal representative, anyone acting on your behalf, or any beneficial owners or third parties) or to verify the source of your application monies before providing services, and re-identifying you. We may be required to delay, block, freeze or not process transactions. Where you supply documentation relating to the verification of your identity, we are required to keep a record of this documentation for at least 7 years.

We may be required to report information about you to the relevant authorities, and are under no obligation to tell you when this occurs. Such actions may have an impact on your investment and could result in a loss of income and capital invested. Australian Ethical will not be liable for any loss (including consequential loss) resulting from any such actions.

### **Privacy policy**

We respect your privacy. Protecting your personal information is important to us. We may collect personal information from you and, if relevant, from your financial adviser. We may take steps to verify the information collected. Where you provide us with personal information about someone else (for example, your power of attorney, or related persons including the beneficial owners connected with your investment) you must have their consent to provide their personal information to us.

We will use your personal information to:

- process your application; provide and administer your investment and send you information; improve and personalise our products and services; conduct product and market research; and
- inform you about other products and services that may be useful to you; and comply with our obligations under the law, including with respect of anti-money laundering, financial services and taxation laws.

Please read our Privacy Policy and our Privacy Collection Notice (Managed Funds) which outlines the type of information we collect about you and how we will use that information. These documents are available on our website (at: [www.australianethical.com.au/privacy-policy/](http://www.australianethical.com.au/privacy-policy/)).

### **Confidentiality**

Further, we will keep any information (including your account details) you send to us confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information. We will only disclose information that we have about you in accordance with our Privacy Policy and to the extent specifically required by law and for the purposes of managing the Fund (including disclosing information in connection with any query or claim).

Investors must keep confidential any information we send to you about the Fund, and must not disclose it, other than to your staff, professional advisers and agents, and as required by law or other binding obligation.

### **Conflicts of interest, investment allocations and related party transactions**

Subject to the law, ASIC policy and the Constitution, the Trustee and its officers, employees, agents and advisers may from time to time:

- act in various capacities (such as adviser, manager and responsible entity / trustee of another fund vehicle) in relation to, or be otherwise involved in (such as by way of investment), other business activities that may be aligned or in competition with the interests of investors in the Fund;

- deal with each other in relation to the Fund, in which case the dealing will generally be on arm's length terms or approved by the Trustee's investment team;
- invest in and deal in any capacity with the same investments as that of the Trustee for the Fund, on similar or different terms;
- establish investment vehicles that may co-invest in the investments of the Trustee for the Fund; and/or
- recommend that investments be bought or sold on behalf of the Fund, regardless of whether at the same time the relevant person may buy, sell or recommend, in the same or in a contrary manner, the purchase or sale of identical investments in relation to itself or other parties.

The Trustee will manage the Fund in line with Australian Ethical's 'Trade and Private Assets Allocation Policy' which governs offers of investment opportunities to the Fund and Australian Ethical's other managed funds and portfolios.

The Trustee will manage any conflicts of interest and related party transactions in accordance with Australian Ethical's 'Conflicts Management Framework', the law, ASIC policy and the Constitution. The Trustee will make its relevant policies available upon request.

### Trustee removal

The Constitution provides that, subject at all times to the requirements of any relevant Law, if:

- a. the Trustee has committed:
  - ii. fraud; or
  - iii. a substantial material act of:
    - A. gross negligence;
    - B. wilful misconduct; or
    - C. breach of law,
 in relation to its operation of the Fund;
- b. the Trustee becomes insolvent; or
- c. the Trustee is prohibited by law from performing its obligations:
  - i. in the management of the Fund under the Constitution or the current information memorandum or other offering documents for the Fund; or
  - ii. as trustee of another fund vehicle that invests in the Fund,

then Unitholders representing more than 5% in aggregate of the Units of all classes collectively on issue may call a meeting of Unitholders to vote on removing the Trustee as trustee of the Fund, and if at that meeting Unitholders representing more than 50% in aggregate of the Units of all classes collectively on issue (including, for the avoidance of doubt, any Unitholders which are related bodies corporate of the incumbent Trustee) vote in favour removing the Trustee as trustee of the Fund, the Trustee must resign as trustee of the Fund in favour of such suitably qualified replacement trustee of the Fund as may be nominated by Unitholders representing more than 50% in aggregate of the Units of all classes collectively on issue, subject to payment to the Trustee of any fees (other than any accrued Performance Fees) due to it for the proper performance of its duties and provided that in the reasonable opinion of the incumbent Trustee (in the exercise of its fiduciary duties to the Unitholders) the replacement trustee of the Fund is suitable in all respects to act as trustee of the Fund.

### Cornerstone Investors - additional terms and disclosures

In view of the significant size of the investments made and proposed to be made by the AE Funds trustee (a Cornerstone Investor) in the Fund, the Trustee has agreed certain additional arrangements with the AE Funds trustee:

#### • Lock-up

- The AE Funds trustee has agreed not to seek redemption of any of its interests in the Fund for a period of 5 years following its initial investment.

#### • Approval rights

Cornerstone Investors' unanimous approval is required for any:

- changes to the following aspects of the Trustee's investment strategy for the Fund:
  - » geographical diversification;
  - » prohibited investments; and
  - » the Thematic Overlays, including thresholds for the Thematics relating to decarbonisation and the circular economy;
- material changes to the diversification limits within the Trustee's investment strategy for the Fund relating to:
  - » investments in single positions and with single partners; and
  - » the listed element of the portfolio;

- material changes to the Trustee’s use of debt and distribution policies for the Fund;
  - related party transactions relating to acquisitions and disposals (other than those on market-based terms);
  - proposed enhanced liquidity strategy for the Fund; and
  - proposal to register the Fund with ASIC (and if such registration were to be required and a Cornerstone Investor would not otherwise approve it, the Trustee would waive any restrictions on that Cornerstone Investor seeking a redemption of its interest in the Fund in order to obtain that approval).
- **Uncalled commitments** - The AE Funds trustee’s investment in the Fund in relation to Class C Units includes the concept of uncalled capital commitments, to fund appropriately uncalled capital commitments of the Trustee relating to the Fund’s underlying investments. These uncalled capital commitments of the AE Funds trustee are irrevocable and the Trustee can call this capital at any time with 10 Business Days’ notice. The commitments are also fixed as to amount and time, although the Trustee and the AE Funds trustee may agree to changes. Units will be issued to the AE Funds trustee at the prevailing month-end Fund NAV at the time of the capital call. Units will be issued fully-paid once the relevant capital is funded, before which they will not have been issued and the AE Funds trustee will have no entitlements (voting, distributions and the like) in relation to them. For the avoidance of doubt, there will be no partly paid Units.
  - **Reverse pre-emption** - From approximately 3 years after the date of this Memorandum:
    - if a Cornerstone Investor (a **Buying CI**) wishes to subscribe for Units, the Trustee will first enquire with all other Cornerstone Investors as to whether they wish to sell any Units (so becoming a **Selling CI**); and
    - if so, the Buying CI will make an offer to buy such Units (proportionately to the number of Units each Selling CI wishes to sell) at the price for each Unit determined under the Constitution, *less 5%*, and:
      - » if any Selling CIs accept that offer, the Buying CI and the Selling CIs must complete the transaction within such time frame as they may agree; and

» if no Selling CIs accept that offer, the Buying CI may subscribe for new Units; or

– if not, the Buying CI may subscribe for new Units.

### Complaints and enquiries

We welcome your enquiries and comments. If you are not satisfied with any aspect of our service, please contact our Client Service team on 1800 021 227 or email [investors@australianethical.com.au](mailto:investors@australianethical.com.au).

We aim to acknowledge receipt of your complaint within 1 Business Day after receiving it, or as soon as practicable. We will endeavour to respond to your complaint within the maximum response time of 30 days. If you are not satisfied with the final complaint outcome proposed, any aspect of the complaints handling process or a delay in responding by the maximum response time, you may contact the Australian Financial Complaints Authority (**AFCA**), but please note that AFCA has a discretion to exclude complaints by Wholesale Clients from its process.

AFCA operates the external complaints resolution scheme and their services are provided at no charge to you:

The Australian Financial Complaints Authority (AFCA):

W: [afca.org.au](http://afca.org.au)

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

A: GPO Box 3, Melbourne VIC 3001

T: 1800 931 678

# 12 Glossary

Term	Definition
<b>\$, A\$ or dollar</b>	means the lawful currency of the Commonwealth of Australia;
<b>AE Foundation</b>	means the <a href="#">Australian Ethical Foundation Ltd</a> (ABN 14 607 166 503);
<b>AE Funds</b>	means any managed fund of which Australian Ethical or a member of its corporate group is trustee or responsible entity;
<b>AEIDF</b>	means the <a href="#">Australian Ethical Infrastructure Debt Fund</a> , of which Australian Ethical is trustee;
<b>AI</b>	means artificial intelligence;
<b>AFCA</b>	means the Australian Financial Complaints Authority;
<b>AFSL</b>	means Australian financial services licence;
<b>AMIT</b>	means 'Attribution Managed Investment Trust';
<b>AMMA Statement</b>	means 'AMIT Member Annual' statement;
<b>Application Cut-Off</b>	means 3:00 p.m. (Sydney time) on the last Business Day of each month, being the time by which we should receive your validly completed application request and application monies;
<b>Application Form</b>	means a form to apply for Units, which can be requested from the Trustee;
<b>ASX</b>	means Australian Securities Exchange;
<b>Australian Ethical, we, our, us</b>	means <a href="#">Australian Ethical Investment Ltd</a> (ABN 47 003 188 930, AFSL 229949);
<b>B Score</b>	means a classification (in accordance with the Five Dimensions of Impact) for an investment of 'Benefit stakeholders';
<b>Business Day</b>	means a day, other than a Saturday, Sunday or public holiday in Sydney, when banks are open for general banking business, or such other day as determined by the Trustee;
<b>CFC</b>	means a 'controlled foreign company', being a foreign company that is owned either by: (1) a group of five or fewer New Zealand residents that holds total interests of more than 50% in the company; or (2) a single New Zealand resident who holds an interest of 40% or more in the company;
<b>CGT</b>	means Capital Gains Tax;
<b>CIO</b>	means Chief Investment Officer;
<b>Constitution</b>	means the Fund's constitution, originally entered into by the Trustee on 15 November 2024, as amended from time to time;
<b>Cornerstone Investors</b>	means key institutional investors (meeting certain criteria) in the Fund;
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth);
<b>C Score</b>	means a classification (in accordance with the Five Dimensions of Impact) for an investment of 'Contribute to solutions';
<b>Custodians</b>	means the custodians of the Fund, being <a href="#">State Street Australia Ltd</a> (ABN 21 002 965 200) and <a href="#">Perpetual Corporate Trust Ltd</a> (ABN 99 003 341 533);

## 12 Glossary

Term	Definition
<b>CV</b>	means the 'comparative value' method of calculating FIF income for New Zealand tax purposes;
<b>Ethical Charter</b>	means our 'Ethical Charter', explained further in Section 6 ( <i>Investment processes</i> );
<b>Ethical Criteria</b>	means our ethical investment criteria, more information about which is available in our Ethical Guide;
<b>Ethical Guide</b>	means our 'Ethical Guide', available at <a href="http://www.australianethical.com.au/why-ae/ethics">www.australianethical.com.au/why-ae/ethics</a> ;
<b>EV</b>	means electric vehicle;
<b>FDR</b>	means the 'fair dividend rate' method of calculating FIF income for New Zealand tax purposes;
<b>FIF</b>	means a 'Foreign Investment Fund' for New Zealand tax purposes;
<b>FITO</b>	means 'foreign income tax offset';
<b>Five Dimensions of Impact</b>	means Impact Frontiers' <i>'Five Dimensions of Impact'</i> , a practical tool for assessing the impacts of enterprises on people and the planet as understood across five dimensions: what, who, how much, contribution and risk;
<b>Fund</b>	means the <u>Australian Ethical Growth Opportunities Fund</u> ;
<b>GST</b>	means Goods and Services Tax;
<b>IAF</b>	means the Fund's 'Impact Advisory Forum';
<b>IEA</b>	means the International Energy Agency;
<b>Impact Framework</b>	means a framework adopted by the Trustee for the Fund for assessing the impact of an investment;
<b>Impact Frontiers</b>	means 'Impact Frontiers', an international organisation based in the US which fosters an environment of learning and market-building collaboration for investors seeking to manage their social and environmental impacts and incorporate impact into investment decision-making;
<b>Investment Committee</b>	means Australian Ethical's non-executive 'Investment Committee';
<b>KPIs</b>	means key performance indicators;
<b>Liquidity Review Period</b>	means a 2 year period in respect of which the Trustee will consider an enhanced liquidity strategy to manage redemption requests;
<b>Management Fee</b>	means a fee the Trustee is entitled to in respect of its management of the business and investments of the Fund, payable from the Fund's assets, as further described in this Memorandum;
<b>Manager</b>	means the investment manager of the Fund, being Australian Ethical;
<b>Memorandum</b>	means this information memorandum;
<b>NAV</b>	means Net Asset Value;
<b>NZE</b>	means the IEA's latest 'Net Zero Roadmap' of 2023;
<b>NZ FMC Act</b>	means the <i>Financial Markets Conduct Act 2013</i> (New Zealand);
<b>NZ Safe Harbour Certificate</b>	means a 'safe harbour certificate' that meets the requirements of clause 44 of Schedule 1 to the NZ FMC Act;

## 12 Glossary

Term	Definition
<b>NZ Wholesale Investors</b>	means in the case of a New Zealand investor, a Wholesale Client who also meets the definition of wholesale investor under clause 3(2) of Schedule 1 to the NZ FMC Act;
<b>OECD</b>	means Organisation for Economic Cooperation and Development;
<b>Performance Fee</b>	means a fee the Trustee is entitled to in respect of the performance of the Fund and its investments, payable from the Fund's assets, as further described in this Memorandum;
<b>RAM</b>	means the proposed 'revenue account method' for calculating FIF income for New Zealand tax purposes;
<b>Registrar</b>	means the Unit registrar for the Fund, being <u>Boardroom Pty Ltd</u> (ABN 14 003 209 836);
<b>Regular Investment Plan</b>	means the 'Regular Investment Plan' for the Fund;
<b>SDGs</b>	means the United Nations' 'Sustainable Development Goals' ( <a href="http://www.sdgs.un.org/goals/">www.sdgs.un.org/goals/</a> );
<b>Thematics</b>	means the 'thematics' for the Fund outlined in Section 5 ( <i>Investment strategy</i> ), initially including decarbonisation, the circular economy, digitalisation, urbanisation and changing demographics;
<b>Thematic Overlays</b>	means that a majority of the Fund's investments must have a primary or secondary decarbonisation or the circular economy Thematic, explained further in Section 5 ( <i>Investment strategy</i> );
<b>Trustee</b>	means the trustee of the Fund (ABN 82 679 220 828), being Australian Ethical;
<b>Unitholders</b>	means registered holders of Units;
<b>Units</b>	means units in the Fund;
<b>US</b>	means the United States of America;
<b>Valuation Committee</b>	means Australian Ethical's 'Valuation Committee';
<b>Website</b>	means the Fund's website at <a href="http://www.australianethical.com.au/managed-funds/">www.australianethical.com.au/managed-funds/</a> ;
<b>Wholesale Clients</b>	means wholesale clients as defined in sections 761G and 761GA of the Corporations Act; and
<b>Wholesale Client Certificate</b>	means a certificate provided by a qualifying accountant that confirms an investor is a Wholesale Client on the basis of the investor's income and/or wealth.

**Australian  
Ethical**



**Contact us**

**Phone:** 1800 021 227

**Email:** [investors@australianethical.com.au](mailto:investors@australianethical.com.au)

**Web:** [australianethical.com.au](http://australianethical.com.au)

**Post:** Australian Ethical Investment Ltd

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Sydney NSW 2001