

21 October 2024

NOTICE TO INVESTORS

AUSTRALIAN ETHICAL INFRASTRUCTURE DEBT FUND

APIR: AUG4961AU

Purpose of this Notice

Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) is the Responsible Entity of the Australian Ethical Infrastructure Debt Fund (Fund).

This notice is issued by Australian Ethical to provide updated information to all investors in the Fund with respect to the Information Memorandum (IM) dated 1 February 2024. This notice is made to ensure that investors are informed of recent changes, which are not materially adverse.

Change to Custodian

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

As a result, effective from 1 November 2024, all references to "National Australian Bank Limited (NAB)" in the Fund IM are replaced with "State Street Australia Limited." Other matters disclosed in the IM remain unchanged.

Here to Help

If you have questions about these changes, please call us on 1800 021 227, Monday to Friday 8:30am to 5:30pm AEST/AEDT.

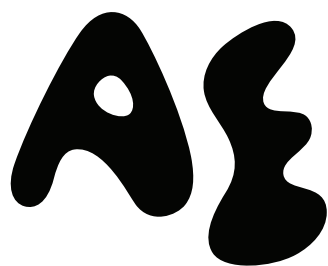
Australian
Ethical



AUSTRALIAN ETHICAL INFRASTRUCTURE DEBT FUND

Information Memorandum

1 FEBRUARY 2024



Important Information

About this Information Memorandum

This Information Memorandum (**Memorandum**) is issued by Australian Ethical Investment Limited (ABN 47 003 188 930, AFSL 229949) (**Australian Ethical, we, our, us, Trustee**) in its capacity as Trustee for the Australian Ethical Infrastructure Debt Fund ABN 78 283 158 021 (**Fund**) in relation to Class W units in the Fund. Under the Fund's constitution, we are able to issue different classes of units and determine the rights which attach to each class of units.

Australian Ethical has appointed Infradebt Pty Ltd ABN 54 162 814 495, AFSL 438 986 (**Infradebt**) as a Specialist Investment Manager for Australian infrastructure debt assets for the Fund.

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 to invest in the Fund.

The Fund is a managed investment scheme that is not registered and is not required to be registered under the Corporations Act 2001 (Cth). This Memorandum is not a 'disclosure document' or a 'Product Disclosure Statement' as defined in the Corporations 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 section 761G and 761GA of the Corporations Act. Investment is only available to Wholesale Clients receiving this Memorandum (electronically or otherwise) in Australia. 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.

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

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 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. The distribution of this Memorandum outside Australia may be restricted by law and persons who come into possession of this Memorandum outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation 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 Memorandum. Updated information will be available on our website at www.australianethical.com.au/managed-funds.

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

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1 Summary of key terms

FUND NAME	Australian Ethical Infrastructure Debt Fund
FUND STRUCTURE	<p>The Fund is an unlisted, open-ended, unregistered managed investment scheme.</p> <p>The Fund's portfolio can include units in the Infradebt Ethical Fund ABN 74 418 876 505, the Infradebt Energy Transition Fund ABN 13 856 174 959 (together, the Underlying Infradebt Funds) and the Australian Ethical Income Fund ARSN 089 919 120 (together, the Underlying Funds), and direct loan assets; bond futures and interest rate swaps may also be acquired.</p>
TRUSTEE AND INVESTMENT MANAGER	<p>Australian Ethical Investment Ltd</p> <p>ABN 47 003 188 930, AFSL 229 949</p>
SPECIALIST INVESTMENT MANAGER	Infradebt Pty Limited ABN 54 162 814 495, AFSL 438 986
CUSTODIANS	National Australian Bank Limited ABN 12 004 044 937 (NAB) and Perpetual Corporate Trust Limited ABN 99 003 341 533 have been appointed as the Custodians of the Fund. Their role as Custodians is limited to holding the assets of the Fund.
ELIGIBLE INVESTORS	Only Wholesale Clients (as defined in section 761G and 761GA of the Corporations Act 2001 (Cth)) can invest where they have received this Memorandum in Australia.
INVESTMENT STRATEGY	To provide exposure to a diversified range of loans to renewable energy projects (such as solar, wind, and battery assets), as well as loans for social infrastructure (such as schools and hospitals) and property projects with a social or environmental benefit (such as social housing). The Fund invests predominately in Australia but may also invest in foreign assets over time. These loans are typically privately originated and illiquid in nature.
INVESTMENT OBJECTIVE	The Fund aims to deliver returns of 2-3% above the RBA cash rate per annum (after fees and expenses) over 5-year periods.
ETHICAL INVESTMENTS	Australian Ethical believes in the transformative power of money to achieve both positive social and environmental outcomes. The Australian Ethical Charter (explained further in section 4) 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. Because Infradebt, an external investment manager, will make many of the decisions about asset acquisitions for this Fund, it is possible that there may be differences in the way the Australian Ethical Charter is applied as compared to Australian Ethical making all of the investment decisions itself. Infradebt apply their Responsible Investment Policy when making investment decisions, for more information refer to the ethical evaluation process starting on page 15.
MINIMUM INITIAL INVESTMENT	\$100,000, however the Trustee, at their discretion, may elect to accept investments less than this amount.

1 Summary of key terms

FUND NAME	Australian Ethical Infrastructure Debt Fund
APPLICATIONS	<p>Generally, applications into the Fund are processed effective the last day of each month.</p> <p>Investors can apply for units in the Fund by completing an application form. We are not obliged to accept any applications for units in the Fund. For more information on making an application, refer to page 18.</p>
WITHDRAWALS	<p>Investors may apply to withdraw from the Fund on a quarterly basis with at least 1 calendar month prior notice.</p> <p>Until further notice, the Trustee intends to accept withdrawal requests for up to 5% of the Class's Net Asset Value (NAV) for each quarter until the NAV of Class W offered under this Memorandum reaches \$50 million. Where the Class's NAV is over \$50 million, the Trustee intends to accept redemption requests for up to 2.5% of the Class's NAV for each quarter. Withdrawal requests over the relevant quarterly 'cap' will be scaled back pro rata, and the excess will be cancelled.</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.</p> <p>This redemption process may be changed by the Trustee giving at least a month's notice on the Fund's website and/or directly to Investors. See page 19 for further details.</p>
DISTRIBUTIONS	<p>The Fund aims to pay distributions on a quarterly basis for the periods ending 31 March, 30 June, 30 September, and 31 December. Only investors who are Investors on the record date will be entitled to a distribution, for example, investors that make an application effective 31 March won't be eligible for a distribution for that quarter because the issue of units will not occur until the first business day of April.</p>
MANAGEMENT FEES	<p>The Trustee's Management Fee applicable to the Class W Units offered under this Memorandum is 0.35% p.a. of the Class's NAV calculated and paid monthly in arrears from the Fund's assets at the end of each month.</p> <p>Infradebt charge a management fee of 0.40% p.a. on Gross Assets (ex. GST) of the direct loan assets and in the Underlying Infradebt Funds. Gross Assets includes the Net Asset Value of Loans/investments plus the amount of outstanding undrawn loan/ investment commitments. This fee will be passed through to the Fund either via the unit price of the Underlying Infradebt Funds or as an expense to the Fund.</p>
PERFORMANCE FEE	<p>With respect to certain direct loan assets, Infradebt is entitled to a performance fee. A performance fee also applies in respect of one of the Underlying Infradebt Funds. There is no performance fee charged on the overall performance of the Fund.</p> <p>The performance fee is generally 20% of excess returns above a base interest rate of the assets plus 3%. Any performance fee payable is calculated on an accruals basis. Total performance fees accrued is capped at 0.20% of the Fund's NAV in any one year. Actual cash payments of accrued performance fees occur when an investment is realised and are not subject to the cap. Any performance fees are paid out of the assets of the Fund.</p>

1 Summary of key terms

FUND NAME	Australian Ethical Infrastructure Debt Fund
EXPENSES OF THE SPECIALIST INVESTMENT MANAGER AND OTHER EXPENSES OF THE FUND	<p>The additional cost to Investors of third party costs that Infradebt will recover in respect of the Underlying Infradebt Funds and direct loan assets they manage is estimated to be 0.07% p.a. of the Fund's NAV for the current financial year ending 30 June 2024. These costs relate to independent loan valuations, taxation advisory and compliance and audit fees.</p> <p>There are no additional expenses at the Fund level as the Trustee will meet the ordinary ongoing expenses of the Fund out of its Management Fee.</p> <p>The actual expenses and other costs payable in the future (if any) will depend on the investments of the Fund and the estimate provided here may not be a reliable indicator of future expenses.</p>
TOTAL FEES AND COSTS	We estimate the total fees and costs, described above, to be 0.85% p.a. of the Class's NAV for the current financial year ending 30 June 2024.
BUY/SELL SPREAD	<p>0.05%/0.05%</p> <p>The buy/sell spread is an estimate of the transaction costs of buying and selling the underlying assets of the Fund as a result of investors buying and selling units in the Fund.</p>
UNIT PRICING	<p>The Fund is priced monthly.</p> <p>The NAV of the Fund is calculated by deducting the liabilities (including any accrued fees and expenses) of the Fund from the aggregate value of assets. The Class Unit Price is calculated by dividing the proportion of the NAV attributable to Class W by the number of units on issue in the Class.</p> <p>The application and withdrawal prices are then calculated by applying a buy or sell spread to the Class 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	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 6 for details.

2 About Australian Ethical Investment Limited

Australian Ethical Investment Ltd (Australian Ethical) is a publicly listed funds management company, which has a long history of actively seeking out investments that are positive for society and the environment and restricting investments in, what we consider, harmful activities. Since pioneering ethical investment in Australia in 1986, Australian Ethical has grown to manage investments and superannuation on behalf of over 120,000 investors.

Ethical Investment is our only business

The Australian Ethical Charter, unchanged since 1986, forms part of our constitution and not only guides Australian Ethical's investment choices, but underpins our own business practices.

Australian Ethical strives to be a leader among ethical and responsible funds. Australian Ethical is a signatory to the Principles for Responsible Investment (PRI) (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 in Australia and in 2014 the first company listed on the ASX to receive B Corporation certification.

Australian Ethical believe 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 via Australian Ethical's community grants program, through Australian Ethical's registered charity, the Australian Ethical Foundation Limited (ABN 14 607 166 503). 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.

This Fund includes investments which are not directly managed by us, but rather managed by Infradebt through pooled managed funds and mandates.

We expect that Infradebt's implementation of its investment strategy and process will lead to investments that are consistent with our Ethical Charter (see page 15 for details).

We will periodically review Infradebt for consistency with our Ethical Charter, generally every two years. Our review includes the implementation of Infradebt's investment strategy and responsible investment process.

If we assess that Infradebt's investment is inconsistent with our Ethical Charter, we may choose to divest or to engage with the external investment manager or underlying investee to attempt to address the concern. If that engagement is unsuccessful, we will then proceed with divestment. Once the ethical decision to divest is made, we proceed to sell the investment in accordance with a prudent investment process. There may be significant delay in disposal or realisation depending on the nature and terms of the investments.

2 About Australian Ethical Investment Limited

Australian Ethical's Investment team



Ludovic Theau
Chief Investment Officer
MEng, GAICD

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

He has over 30 years of experience in ESG investing, funds management, commercial and investment banking and financial advisory.

Prior to joining, Ludovic was the Chief Investment Officer for the Clean Energy Finance Corporation, Australia's Green Bank. 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
and Head of Multi Assets
CFA

John is responsible for the Australian Ethical Infrastructure Debt Fund. John joined Australian Ethical in March 2021. John's primary responsibility is to design and implement investment strategies across the range of multi-asset portfolios at Australian Ethical, including the super 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 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.



Yong Tan
Senior Investment Analyst
CFA

Yong joined the investment team in November 2022, (from Christian Super) and has more than 10 years of experience in investments. He assists in the management of the multi-asset portfolios through manager research, investment analysis and portfolio monitoring. His focus is on defensive asset classes, including global fixed income, and alternatives, such as private credit, insurance-linked securities, and infrastructure.

Yong graduated from the University of New South Wales (UNSW) with a degree in Commerce, majoring in Accounting and Finance. He holds the Chartered Financial Analyst (CFA) designation.

3 About Infradebt Pty Ltd

Infradebt is a boutique infrastructure fund manager focused on originating, structuring and managing private debt investments for infrastructure projects in Australia. Renowned as a key financier of renewable initiatives in Australia, the company has supported more than 50 projects nationwide.

Distinguishing itself in the Australian infrastructure debt sector, Infradebt's strategy is characterised by a commitment to ethical investing and active participation in the energy transition.

Infradebt adopts a transparent investment approach, offering investors direct visibility into the allocation of their capital. Additionally, the company provides insights into the environmental and social benefits resulting from the deployment of invested capital. This information will be made available on our website at www.australianethical.com.au/managed-funds.



3 About Infradebt Pty Ltd



Alexander Austin
Co-founder and CEO

Alexander has a long, successful track record in funds management, portfolio advisory and construction. With over 25 years of direct global infrastructure investment experience – he is one of Australia's most experienced investment professionals in the sector.

As CEO he is responsible for design and execution of the strategy of Infradebt. Prior to Infradebt's foundation in 2013, he was a founding partner of Access Capital Advisers (which is now branded Whitehelm/PATRIZIA), one of the pioneers of Australian infrastructure investment.

During his tenor at Access, Alexander led the firm's Infrastructure debt efforts and was extensively involved in its infrastructure investments across both brownfields and greenfields transactions as well as debt and equity investments. Alexander's responsibilities covered deal assessment and execution, as well as asset management.

Additionally, Alexander had significant portfolio strategy and risk management responsibilities.

Alexander has a Bachelor of Economics (honours) and Bachelor of Science from ANU and is a Fellow of the Institute of Actuaries.



Alex Ramsey
Co-founder and Investment Director

Alex is responsible for investment sourcing and origination, investment analysis, asset management and capital raising. Alex is a member of Infradebt's investment committee and is a director of the Infradebt Board.

In addition to his extensive infrastructure investment experience, Alex has extensive commercial finance and public policy experience with a career spanning 27 years.

Prior to this role at Infradebt, Alex was the CFO of Access Capital Advisers. In 2010, Alex co-founded Sustineo – a firm that specialises in the provision of advisory services supporting social and economic development projects globally.

Alex has an extensive understanding of social and economic policy development and public procurement practices as well as commercial finance experience. This knowledge assists in shaping Infradebt's approach to social and economic infrastructure projects where seeking the dual alignment of public sector and investor objectives is critical.

Alex is a Chartered Accountant and has a Master of Business Administration and a Master of International Finance from Deakin University.



Chin-Lee Yu
Co-founder and Investment Director

Chin-Lee is responsible for investment sourcing and origination, investment analysis, deal execution and asset management. Chin-Lee is responsible for development and review of Infradebt's investment framework.

Chin-Lee has over 20 years of experience in financial markets across infrastructure, corporate advisory and listed equities.

Prior to Infradebt Chin-Lee was an analyst at Corality, a specialist financial modelling and debt advisory practice. Chin-Lee was the lead financial modeller on infrastructure deal teams. He has significant transaction experience across a range of sectors including power generation, social infrastructure, airports, natural resources and mining services.

Prior to Corality, Chin-Lee was a trading analyst at Dimensional Fund Advisors. Chin-Lee's focus was on portfolio management and trading and his responsibilities included screening of stocks, portfolio rebalancing, investment attribution, algorithmic trading and automation of investment and trading processes.

Chin-Lee has a Bachelor of Laws and Bachelor of Commerce (Finance/Economics) from the University of Auckland and a Master of Commerce (Quantitative Finance) from the University of Sydney.

4 Investment approach

What is Infrastructure Debt?

The Fund primarily invests in infrastructure debt, which involves lending funds to finance projects dedicated to developing, constructing, or enhancing essential physical structures and facilities supporting societal or economic functions. This form of debt can be issued by private corporations or specialised entities created for specific projects.

Infrastructure debt for renewable energy projects specifically focuses on financing initiatives dedicated to developing, constructing, and operating renewable energy infrastructure, such as solar, wind, hydro, or geothermal power generation. The Fund will also invest in energy storage projects (such as utility scale batteries or pumped hydro). Energy storage is critical to allow increased utilisation of variable renewable energy resource such as wind and solar. The utilisation of infrastructure debt in the realm of renewable energy is instrumental in providing the financial resources required for the capital-intensive nature of such projects. The Fund may also invest in social infrastructure (such as schools and hospitals) and property projects with a social or environmental benefit (such as social housing).

Infrastructure debt is intricately tied to individual projects rather than corporate entities, and the income generated by this project directly services the debt. Consequently, these long-term arrangements generally include more protective covenants than standard corporate debt, mitigating risks inherent in project finance.

Potential benefits of Infrastructure Debt

Infrastructure debt offers several benefits to investors, making it an attractive asset class for investors. Some of the key benefits include:

- **Stable and Predictable Cash Flows:** Infrastructure projects often generate stable and predictable cash flows over the long term.
- **Diversification:** Infrastructure debt offers diversification benefits for investors. Its low correlation with traditional asset classes, such as equities and fixed income, can help enhance overall portfolio diversification and potentially reduce overall portfolio risk.

- **Risk-Adjusted Returns:** Infrastructure debt is generally considered to have a favourable risk-return profile. The stable cash flows, long-term nature of the investments, and often lower volatility compared to other asset classes contribute to potentially attractive risk-adjusted returns.
- **Credit risk management:** Investment-grade or strong non-investment-grade quality, robust covenant protection and high value collateral, can lead to lower default rates and higher recovery rates than comparable credit¹.
- **Sustainable investment:** Many infrastructure projects, particularly those related to renewable energy and sustainable development, align with environmental, social, and governance (ESG) considerations. Investors in infrastructure debt can contribute to positive social and environmental outcomes while still achieving financial returns.
- **Attractive to Income-Oriented Investors:** The regular interest payments associated with infrastructure debt make it particularly attractive to income-oriented investors, such as retirees or those seeking consistent income streams.
- **Relatively Low Default Risk:** Infrastructure debt, especially in project finance structures, is linked directly to the cash flows generated by the underlying project. This direct linkage, along with protective covenants, can help reduce default risk and potentially lead to higher recovery rates in case of default.
- **Government Support:** Infrastructure projects often enjoy government support, either through direct financing, regulatory frameworks, or subsidies. This support contributes to the stability of these investments.

It's important to note that while infrastructure debt offers various benefits, investors should carefully assess the specific risks associated with each investment, considering factors such as regulatory changes, construction risk, and project-specific challenges.

1 Moody's Investors Service, 6 August 2019

4 Investment approach

Investment Process

Infradebt seeks to partner with leading sponsors and asset owners, and aims to directly originate, arrange and structure private loans secured by the underlying project's cash flows. Infradebt's focus is to generate strong risk-adjusted returns that consider complexity and illiquidity premiums.

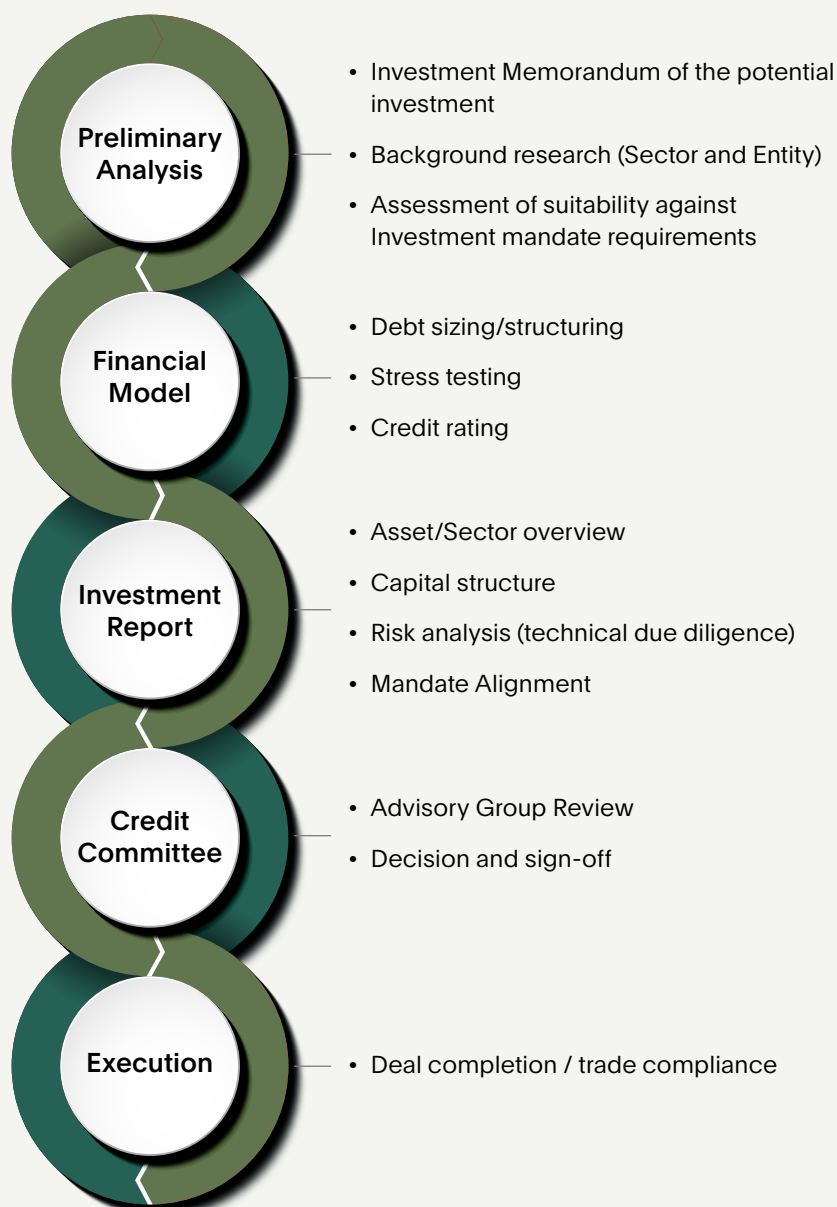
The Fund mandate allows for investments in projects of all sizes, but the Fund will have a particular focus providing customised debt structures that reflect the unique natures of these projects in Australia.

Certain borrowers, for example small (and sometimes community owned) solar or wind farms as well as smaller social infrastructure or social housing projects, are poorly served by the mainstream banking industry which tend to provide fairly standardised lending structures. In addition, the institutional and incentive arrangements for project finance teams of the major banks are inevitably focused on competing for lending opportunities on the largest projects. By focusing on projects with unique attributes Infradebt expects to face less competition from other lenders and be able to achieve higher risk adjusted returns.

Infradebt screens numerous investment opportunities each year, all opportunities undergo preliminary analysis for portfolio fit. Should the project move beyond preliminary analysis, detailed entity/project/sector research is undertaken including development of a comprehensive financial model and investment report. This detailed modelling allows analysis of key asset risks as well as the proper analysis of the asset's financing structure and refinancing risks.

In addition to entity-level research, Infradebt undertakes extensive research on each infrastructure sub-sector (renewables, (public-private partnerships PPPs), utilities etc) drawing on the experience of the team and the Advisory Group.

Finally, Infradebt's investment processes includes various points of peer and senior review, including, if appropriate, their Advisory Group, with approval and final signoff being provided by their investment committee.



4 Investment approach

Investment Strategy

Investment objective	The Fund aims to deliver total returns of 2-3% above the RBA Cash Rate p.a. (after fees and expenses) over 5-year periods.										
Investment Strategy	To provide exposure to a diversified range of loans to renewable energy projects (such as solar, wind and battery assets), as well as loans for social infrastructure (such as schools and hospitals) and property projects with a social or environmental benefit (such as social housing). The Fund invests predominately in Australia but may also invest in foreign assets over time. These loans are typically privately originated and illiquid in nature.										
Minimum suggested timeframe	5 years										
Investment ranges	<p>The Fund's assets are invested within the following investment ranges:</p> <table> <tr> <th>Asset class</th><th>Investment ranges</th></tr> <tr> <td>Senior secured loans</td><td>65-100%</td></tr> <tr> <td>Subordinated loans</td><td>0-35%</td></tr> <tr> <td>Derivatives</td><td>0-15%</td></tr> <tr> <td>Cash and short-term fixed interest</td><td>0-20%</td></tr> </table> <p>The above ranges are targets, however, there may be deviations as capital is raised, and subsequently deployed.</p>	Asset class	Investment ranges	Senior secured loans	65-100%	Subordinated loans	0-35%	Derivatives	0-15%	Cash and short-term fixed interest	0-20%
Asset class	Investment ranges										
Senior secured loans	65-100%										
Subordinated loans	0-35%										
Derivatives	0-15%										
Cash and short-term fixed interest	0-20%										
Use of derivatives	<p>Derivatives will be used for risk management (hedging) where necessary or prudent, particularly to manage duration risk.</p> <p>The Fund will not enter into derivative products for speculative purposes. The Investment Manager will always seek to ensure that it will have sufficient cash to meet any derivative obligations.</p> <p>The Fund will not engage in short selling or enter securities lending arrangements. The Fund will not use leverage or derivatives to enhance returns of the Fund.</p>										
Modified Duration	The Fund targets a Modified Duration of less than 1.										
Risk level¹	Medium										
Fund performance	For up-to-date information on the performance of the Fund, including Unit Price, and performance history, please visit australianethical.com.au/managed-funds/performance-and-prices/ .										

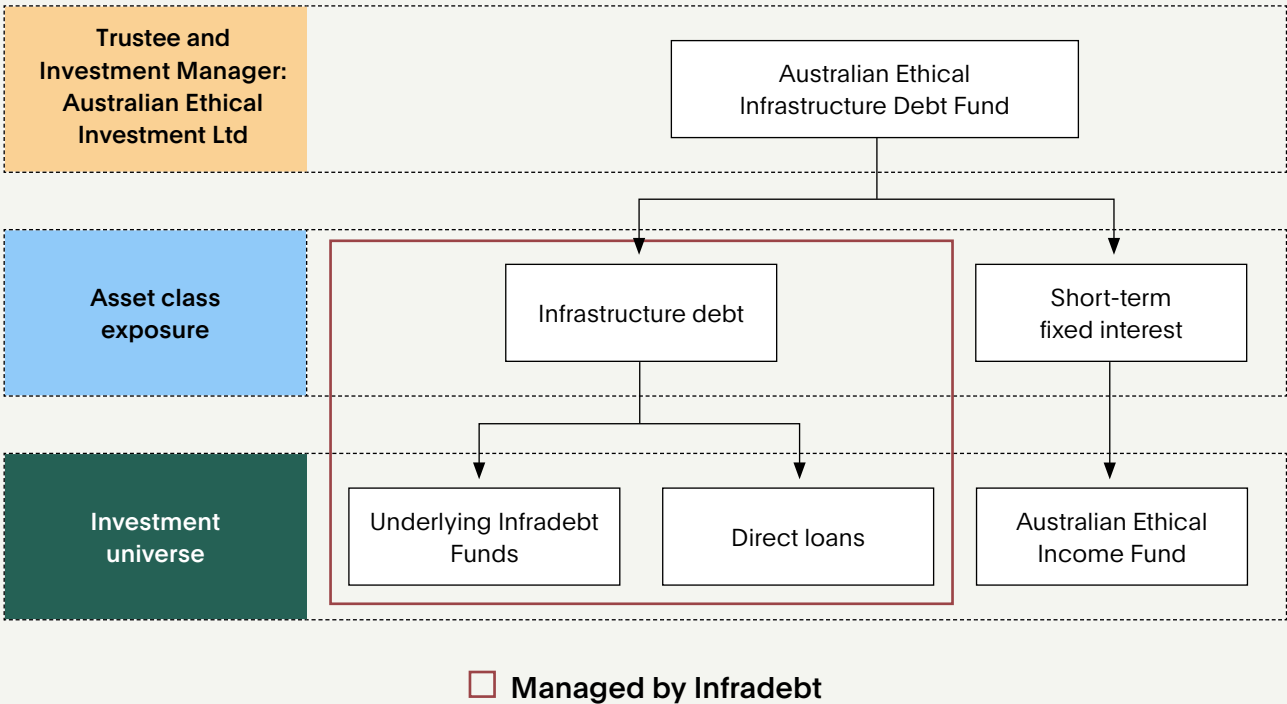
¹ Standard risk measures are based in the estimated number of years with a negative return over 20 years for a similar portfolio. The risk level is not a complete assessment of all forms of investment risks. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than the return an investor may expect to meet their objectives.

4 Investment approach

FUND STRUCTURE

The Fund is an unlisted, open-ended, unregistered managed investment scheme. The Fund will hold units in the Infradebt Ethical Fund, the Infradebt Energy Transition Fund (together, the Underlying Infradebt Funds) and the Australian Ethical Income Fund (together, the Underlying Funds), and may acquire direct loan assets via an Investment Management Agreement (IMA) with Infradebt. Derivatives are used to manage duration risk, aiming to reduce the risk of capital loss in the Fund.

The Fund will be seeded with a total of \$120m from a related entity, built up over approximately 12 months, across the Underlying Infradebt Funds and the IMA. Withdrawal of the seed capital is not permitted until 2027 and scaled restrictions apply until 2033. The IMA with Infradebt may be terminated on 12 months' notice. If that occurs, Infradebt has the option to purchase all of the IMA assets at market value, but the Fund would continue to hold its investments in the Underlying Funds.



4 Investment approach

The ethical evaluation process

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 the Australian Ethical Charter that forms part of Australian Ethical's constitution. These twenty-three 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.

The principles of our Ethical Charter

Positive principles	Negative principles
We seek investments assessed to support:	We restrict investments assessed to unnecessarily:
a. the development of workers' participation in the ownership and control of their work organisations and places	i. pollute land, air or water
b. the production of high quality and properly presented products and services	ii. destroy or waste non-recurring resources
c. the development of locally based ventures	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
d. the development of appropriate technological systems	iv. market, promote or advertise, products or services in a misleading or deceitful manner
e. the amelioration of wasteful or polluting practices	v. create markets by the promotion or advertising of unwanted products or services
f. the development of sustainable land use and food production	vi. acquire land or commodities primarily for the purpose of speculative gain
g. the preservation of endangered eco-systems	vii. create, encourage or perpetuate militarism or engage in the manufacture of armaments
h. activities which contribute to human happiness, dignity and education	viii. entice people into financial over-commitment
i. the dignity and well-being of non-human animals	ix. exploit people through the payment of low wages or the provision of poor working conditions
j. the efficient use of human waste	x. discriminate by way of race, religion or sex in employment marketing or advertising practices
k. the alleviation of poverty in all its forms	xi. contribute to the inhibition of human rights generally.
l. the development and preservation of appropriate human buildings and landscapes.	

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4 Investment approach

These 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 rely on Infradebt to interpret and apply these principles using their Responsible Investment Policy, see below.

The key themes of the Fund are:

Theme	Types of investments	Current Portfolio Holding Example
Renewable Energy	Solar and wind farms, battery energy storage systems	Swan Hill Solar Farm
Social Infrastructure	Hospitals, schools	Royal Women’s Hospital
Sustainable Property	Social housing, or financing of leasehold renewable assets	RELA ¹ concurrent lease portfolio

Australian Ethical has completed due diligence on Infradebt’s investments from an ethics perspective and consider these themes to further the aims of the Ethical Charter. Infradebt will apply their Responsible Investment Policy as part of their due diligence prior to investment. Australian Ethical will monitor the investments made by Infradebt, generally every 2 years, to ensure they further the aims of the Ethical Charter. However, Australian Ethical cannot guarantee that all investments in the Fund's portfolio will meet those standards at all times.

1. Renewable Energy Lease Agreement, see rela.com.au



4 Investment approach

Infradebt's Responsible Investment Policy

Positive Screens

Infradebt believe consideration of ESG issues in the investment process is integral to responsible investment. They maintain a positive screening list to guide their investment decision making process. Infradebt will seek to finance/invest in projects that actively address environmental challenges:

- Renewable generation or assisting with increased renewable generation
- Avoidance of climate change or mitigation of the impacts of climate change.

Infradebt will seek to finance/invest in companies that actively address social challenges:

- Economically sustainable development (e.g. projects that improve productivity and reduce costs)
- Positive social impacts, for example: positive engagement with, and support of, local communities, indigenous and traditional owners, prevention of modern slavery, good health and wellbeing, workforce diversity and reduced inequalities.

Infradebt will seek to finance / invest in companies that actively promote and can demonstrate best practice governance principles in:

- Corporate governance and risk management
- Financial governance, reporting and transparency
- ESG implementation and integration
- Anti-money laundering
- Anti-bribery and corruption

Negative screens

Infradebt apply exclusionary/negative screening to all of its investments and avoid dealings with companies or organisations that are directly involved in activities that are harmful to, or not respecting the rights of people, animals and the environment.

Infradebt will not knowingly finance/invest in any entities which are active in the production or trading of goods or services that Infradebt considers harmful to society, including but not limited to:

- controversial weapons;
- tobacco, nicotine alternatives and tobacco-based products; and
- illegal drugs.

Infradebt will not knowingly finance/invest in any entities which:

- are stranded or have a clear potential to become stranded (such as infrastructure associated with non-renewable energy sources);
- not compatible with the net zero by 2050 pathway or have no practical path to decarbonisation (e.g. coal fired generation, fossil gas pipelines or fossil gas processing facilities);
- do not comply consistently with international, national, state and local laws in the countries in which they are active; and
- do not uphold good corporate governance principles or are involved with bribery, money laundering or corruption or modern slavery.

5 Applications and withdrawals

Applying directly to the Fund

Generally, new applications directly into the Fund are processed effective the last business day of each month. You can make an investment in the Fund by completing an application form online or submitting a paper application form together with a Wholesale Investor Certificate and the required supporting identification information to the Unit Registry. The entry price for Class W Units in the Fund will be the NAV of Class W per Unit less the buy spread. The minimum initial investment is \$100,000.

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.

The application form is available to complete online at australianethical.com.au

Indirect Investors

If you invest into the Fund indirectly 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 in the Fund directly.

Applications and withdrawals received via a wrap account or IDPS may have a different processing or cut-off time applied. You must 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 application form or additional investment application form, including a Wholesale Investor Certificate and the required identification information; and
- your cleared application monies into the Fund's application trust account.

Generally, if we receive your validly completed application request and application monies before 3:00 pm (Sydney time) on the last Business Day of each month (Application Cut-Off), it will be processed using

the application price calculated for the last business day of each month. Unit prices for the last Business Day of each month are generally available after 7 Business Days. Therefore there may be a short delay between when an application is processed and when it appears on your transaction statement.

Where an application is received during a distribution month (March, June, September and December), the application will not be entitled to a distribution for that quarter.

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

No interest is earned on application money, proceeds of withdrawal requests and distribution amounts, which are held in a trust account prior to 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.

Additional investments

Generally, you can make additional investments into the Fund, which are processed monthly. Payment for your additional investment can be made using BPAY® or cheque. Before making additional investments, make sure you have reviewed our website for any recent updates and any changes to this Memorandum. The Fund also offers a monthly Regular Investment Plan. The nominated amount will be deducted from your account on the 15th of each month. It is an investor's responsibility to ensure sufficient funds are in the elected account at the time the direct debit is made. You can stop or change the amount of your regular monthly investment at any time.

To start a Regular Investment Plan, complete the Regular Investment Plan section on the Managed Funds online application form or on the paper application form available on our website.

Minimum additional investment and minimum Regular Investment Plan is \$100.

5 Applications and withdrawals

Payment of your application monies

We can accept payment of your application monies in Australian Dollars by cheque or BPAY®. Instructions for making additional investments using BPAY® are set out in the previous section entitled "Additional investments".

If you wish to pay by cheque, please make your cheque payable to "Australian Ethical Applications on Trust" and mail the cheque to the Unit Registry with your application form or application confirmation email (if you notified the Unit Registry of your application via the online investor portal).

If you wish to pay via BPAY®, we will send you your BPAY® details once we've received your application form and set up your account.

Any interest earned on the application trust account is retained by the Trustee.

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 redeem from the Fund on a quarterly basis with at least 1 calendar month's prior notice. Refer to the table below for an example of how this works.

The Trustee intends to accept withdrawal requests for up to 5% of the NAV of this Class W (calculated at the closing date of the previous quarter) for each quarter until the Class's NAV reaches \$50 million. Where the Class's NAV is over \$50 million, the Trustee intends to accept withdrawal requests for up to 2.5% of the Class's NAV for each quarter. Withdrawal requests over the relevant quarterly 'cap' will be scaled back pro rata, and the excess amount of the withdrawal request will be taken to be withdrawn and will be canceled.

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

In the normal course, funds to meet quarterly redemptions will be sourced primarily from the amortisation of direct loans, as well as reinvested distributions, new applications into the Fund and the allocation to the Australian Ethical Income Fund.

Where additional liquidity is available, for example from the maturity of a loan, the Trustee will offer additional liquidity if the redemption requests are oversubscribed. 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 at any time between the opening and closing dates for redemption requests.

Opening date for redemption requests ¹	Closing date ²	Effective Date of unit price applied to withdrawal ³	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

1. Or the first Business Day of the month, if later.

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

3. If any of these aren't 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 Investors as a whole.

5 Applications and withdrawals

Withdrawal Offers

The Fund's constitution also gives the Trustee the discretion to make Withdrawal Offers in addition to, or instead of, offering the redemption process described above. If the Trustee decides to make a Withdrawal Offer, the details will be posted on the Fund's Website. A Withdrawal Offer would be open for a fixed period and for a specified total amount, and acceptances would be scaled back pro rata 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 quarter end however payment of your withdrawal 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.

Transfer of Units

Investors may transfer their Units in accordance with the Constitution. 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.

Suspension

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 during a suspension period it will not be processed and will lapse.



6 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 level of short-term risk. When considering your 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 by the Fund;
- the performance of the Fund may over or underperform against its 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:

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 underperform 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 majority of the Fund is managed by an external investment manager, Infradebt, including through pooled managed funds and mandates. These go through an ethical review process. Whilst we expect that the strategy and investment process for the externally managed investment will lead to investments which are consistent with our Ethical Charter, there may be certain circumstances where we hold investments

that are inconsistent with our Ethical Charter. If through our periodic ethical review process, which is generally every two years, we assess that an externally managed investment is inconsistent with the 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.

Company or project specific risk: Loans that the Fund provides to underlying borrowers (either directly or indirectly via investment in another fund), whether companies or projects, will be subject to certain risks to which those companies or projects are themselves exposed. These risks may impact the fair market value of the loans. 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: Risks, including 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 impact the value and performance of investments in the Fund.

Concentration risk: While the Fund intends to diversify across counterparties, project types, and industries, it may face concentration risk to the extent that investments are predominantly located in the Australia region and the renewable energy segment of the market. This concentration could, in certain circumstances, lead to increased volatility in the Fund's NAV per Unit and increased risk of poor performance. Infradebt will manage concentration risk through careful borrower and security selection and intends to deploy capital in tranches.

6 Risk factors

Liquidity and exit risk: Investments of the Fund are expected to be long dated and are illiquid in nature.

The ability of the Fund to dispose of an investment will depend on the redemption terms of the Underlying Infradebt Funds (see page 14), market liquidity, the terms agreed with borrowers, and the maturity date of the loans. The liquidity of the investments to which the Fund is exposed will also depend on the borrower's ability to repay a loan.

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 Fund may be unable to liquidate sufficient assets to meet its obligations, including payment of withdrawals, 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 impact the redemption price of Units.

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 includes 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. There is also a risk of breach of any covenants agreed upon in lending documentation, for which various remedies may apply.

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.

Derivatives and hedging risk: The Fund may use derivatives 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 asset. 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 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 investment strategy of the Fund will be managed successfully, or that the Fund will meet its investment objectives. Failure to do so could negatively impact 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.

Interest rate risk or spread risk: There is a risk that the value of fixed rate loans may be affected by interest rate movements if not hedged. Floating rate loans may be written with reference to the Bank Bill Swap Rate, while the Fund's objective is specified against the RBA Cash Rate. This creates a basis risk introduced by the relative movement of these two rates.

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

Personnel risk: The skill and performance of the Specialist Investment Manager can have a significant impact (both directly and indirectly) on the investment returns of the Fund. Changes in key personnel and resources of the Specialist Investment Manager may also have a material impact on investment returns of the Fund.

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

6 Risk factors

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.

Renewable energy industry risks: The Fund will target investments in the renewable energy industry. Key risks associated with this industry are discussed below. Where possible, risks will be mitigated, however, some cannot be completely eliminated.

- **Construction and operations risk:** Renewable energy projects face a variety of construction and operations risks, including delays, cost overruns, unexpected maintenance or outages, labour availability and so on. In extreme situations, these risks could impact the ability of borrowers to meet their obligations to the Fund. In practice, loans will include various protection mechanisms to address this category of risks, such as fixed price contracts, penalties for delays, performance guarantees, minimum capitalisation levels, etc.
- **Energy price risk:** It is highly likely the Fund will invest into assets that derive revenue from the generation and sale of electricity. Some of this revenue will likely be sold at prevailing spot prices into the National Electricity Market (NEM) or other markets. As such, borrowers' revenues may be exposed to spot prices and long-term price changes. In adverse market conditions, this could impact the ability of borrowers to meet their obligations to the Fund. Risk relating to energy prices is reduced where electricity is sold by borrowers under power purchase agreements (PPA), which lock in fixed electricity prices between buyers and sellers.
- **Renewable electricity generation risk:** Over short time frames, renewable energy generation is subject to variations in local conditions such as weather (cloud cover, wind speed etc.) or local constraints (transmission grid damage or failure, fires and floods etc.). Such conditions can materially impact the output of a renewable energy generator or other asset performance and, where significant, may impact the ability of borrowers to meet their obligations to the Fund. This risk is mitigated by the Fund seeking diversification of borrowers across geographies (regions of the NEM) and technologies (wind, solar, battery etc.).
- **Revenue forecasting risk:** Related to the variability of revenue generation, there is a risk that revenue forecasts calculated on historical data for the purpose of debt sizing is not applicable to the future. This may be managed through use of reasonable scenarios and comparison with third party estimates.
- **Technology risk:** There is a risk that the underlying project technology suffers from unexpected failure or may fail to perform in line with design specifications over the life of the facility. This risk may be heightened with newer technologies, such as large-scale grid connected batteries. If material, this may impact the ability of borrowers to meet their obligations to the Fund. To address this risk, the Fund will seek to conduct extensive technical due diligence and ensure equipment warranties or similar.

7 Fees and costs

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

Management Fees

The Trustee's Management Fee applicable to the Class W Units offered under this Memorandum is 0.35% p.a. of the Class's NAV calculated and paid monthly in arrears from the Fund's assets at the end of each month. This amount is paid to the Trustee for managing the assets of the Fund and overseeing the operations of the Fund. The Management Fee covers all ordinary fees, costs, charges, expenses and outgoings that are incurred in connection with the Fund (such as administration and accounting costs, registry fees, audit and tax fees, and investor reporting expenses).

Infradebt charge a management fee of 0.40% p.a. on Gross Assets (ex GST) of the direct loan assets and Underlying Infradebt Funds. Gross Assets includes the Net Asset Value of Loans/investments plus the amount of outstanding undrawn loan/ investment commitments. This fee will be passed through to the Fund either via the unit price of the Underlying Infradebt Funds or as an expense to the Fund.

Where the Fund incurs extraordinary expenses and outgoings, the Trustee may pay for these from the Fund's assets. We may pay extraordinary expenses and outgoings from the Fund's assets because, under the Constitution of the Fund, 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 us in performing properly any of our duties or exercising any of our powers in relation to the Fund or attempting to do so.

Performance fee

With respect to certain direct loan assets, Infradebt is entitled to a performance fee. A performance fee also applies in respect of one of the Underlying Infradebt Funds. There is no performance fee charged on the overall performance of the Fund.

The performance fee is generally 20% of excess returns above a base interest rate of the assets plus 3%. For direct loan assets, any performance fee payable is calculated on an accruals basis and . Performance fees accrued on direct loan assets are capped at 0.20% of the Fund's NAV in any one year. Actual cash payments of accrued performance fees occur when an investment is realised and are not subject to the cap. Any performance fees are paid out of the assets of the Fund.

Buy/Sell Spread

The Fund charges a buy/sell spread of 0.05%/0.05% of the investment or withdrawal amount. The buy/sell

spread is a fee 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, transfer or redeem. We will use a buy/sell spread to recover transaction costs from you so that other investors are not paying for the cost of your transaction. It is not a fee paid to us.

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 our website and in regular communications

Expenses of the Specialist Investment Manager and other expenses

The additional cost to Investors of third party costs that Infradebt will recover in respect of the Underlying Infradebt Funds and direct assets they manage is estimated to be 0.07% p.a. of the Fund's NAV. These costs relate to independent loan valuation, taxation advisory and compliance and audit fees.

There are no additional expenses at the Fund level as the Trustee will meet the ordinary ongoing expenses of the Fund out of its Management Fee. The actual expenses and other costs payable in the future (if any) will depend on the investments of the Fund and the estimate provided here may not be a reliable indicator of future expenses.

Total fees and costs

We estimate the total fees and costs described above to be 0.85% p.a. of the Class's NAV for the current financial year ending 30 June 2024.

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 related to regulatory changes). Any increase in the management fees charged will be notified to investors at least 30 days in advance before the change takes effect. The maximum Management Fee payable to the Trustee under the Constitution is 2% p.a. of the NAV of the Fund.

Ability to negotiate fees

We may negotiate reduced fees with any Wholesale Client and apply these discounts at our discretion.

Distribution Fee

The Trustee receives a distribution fee from Infradebt of 0.10% p.a. of the Fund's investment commitments above \$300m.

8 Taxation

This section 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 investing in the Fund. This summary is based on the tax laws of Australia as at the date of the publication of this document, which may change (including retrospectively). This summary does not apply to 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.

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

Australian Ethical intends for the Fund to make an irrevocable election ("MIT Capital Election") to apply a deemed "capital" treatment for gains and losses on "covered assets" such as shares and units in the Underlying Funds.

Australian Ethical intends to elect to treat the Fund as an 'attribution managed investment trust' (AMIT) under the AMIT regime. Whilst the AMIT regime continues to apply to the Fund, 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 Australian Ethical 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 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 Investors in the Fund may include:

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

At the end of each income year, Australian Ethical will send each investor an 'AMIT Member Annual' (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 an AMIT depends on a variety of factors and Australian Ethical 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 advantages would 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.

Attribution and distributions by the Fund

Your share of a Fund's taxable income for an income year attributed to you by that Fund and set out on the AMMA Statement 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.

A guide to help you transfer the information contained in the AMMA Statement into your tax return is available at 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 by the Fund (e.g. as dividends, interest, capital gains etc.).

Where the 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 in the Fund is reduced to nil, any further decreases to your cost base will give rise to assessable capital gains for you.

8 Taxation

In the event the Fund pays foreign tax, the distribution from the Fund may include a foreign income tax offset ("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.

The Fund may be required to withhold Australian withholding tax from distributions of certain Australian sourced income to non-resident investors (including income attributed under the AMIT regime but not physically distributed). The rate of withholding suffered will depend on both the nature of the income and the jurisdiction of residence of the non-resident investor. Non-resident investors should seek their own tax advice to understand the impact on their income from the Fund.

Disposal of units

Where you hold your investment on capital account, you will be subject to capital gains tax ("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 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.

US Foreign Account Tax Compliance Act (FATCA) and OECD Common Reporting Standard (CRS)

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 FATCA and CRS and their Australian implementation. Information collected may be reported to the Australian Taxation Office, and through them to foreign tax authorities (including the US Internal Revenue Service (IRS)).

If at any time information suggests that you are or are controlled by persons who may be a tax resident of a country(ies) other than Australia, you may be contacted to provide further information. Failure to provide information may lead to certain additional reporting requirements applying to the account, to Australian Ethical being unable to process your application, to us reporting your non-compliance to tax authorities and/or to us being required to withhold or deduct tax from payments to you from the Fund. Neither Australian Ethical nor the Fund will compensate you for any tax withheld. If at any time there is a change to your foreign tax status details or a change of controlling persons, you must inform Australian Ethical.

GST

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



9 Additional information

Distributions

Distribution of the Fund's distributable income generally occurs quarterly. You will be notified of the composition of your distribution and the types of income and capital annually. 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 the end of the distribution period. 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 Taxation overview in Section 8.

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.

Income 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 in the Fund purchased in your name. You may change this selection by notifying us and you may select whether to reinvest or receive a direct credit for each Fund you are invested in. An instruction to reinvest your distribution needs to be in place no later than 3pm 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 advise us if you wish to change your instructions. If you reinvest your distribution, the transaction date for this will be the day after the distribution period. The distribution reinvestment price will be the final distribution period end price after provision for the distribution.

Details in relation to each distribution will be published on the Fund's website at australianethical.com.au/managed-funds/distributions/. The distribution policy of the Fund is current as at the date of this Memorandum and may be subject to change from time to time.

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. When you make your initial investment in the Fund, we will post you a confirmation letter and a 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;
- select the way you would prefer us to communicate with you.

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

Consent

Infradebt has given written consent (which has not been withdrawn at the date of this Memorandum) to being named in the form and context in which they are named, in this Memorandum and the correctness of all statements attributable to it and:

- has not authorised or caused the issue of this Memorandum;
- does not make or purport to make any statement in the Memorandum (or any statement on which a statement in the Memorandum is based) other than as specified; and
- to the maximum extent permitted by law, takes no responsibility for any part of the Memorandum other than the reference to their name in a statement included in the Memorandum with their consent as specified.

9 Additional information

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, any beneficial owners from third parties) or to verify the source of your application monies prior to 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 impact on your investment and could result in a loss of income and principal invested. Australian Ethical shall 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 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;
- 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: australianethical.com.au/privacy-policy/

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

We aim to acknowledge receipt of your complaint within 1 business day of 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

E info@afca.org.au

A GPO Box 3, Melbourne, VIC 2001

T 1800 931 678

10 Glossary

Defined terms and other terms used in the Memorandum	Definition
\$, A\$ or dollar	The lawful currency of Australia.
AFCA	Australian Financial Complaints Authority.
AFSL	Australian Financial Services Licence.
AMIT	Attribution Managed Investment Trust.
AML/CTF Act	The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
Application Cut-Off	3:00 pm (Sydney Time) on the last Business Day of each month to receive the application price for that month.
ASIC	Australian Securities and Investments Commission.
ATO	Australian Taxation Office.
AUSTRAC	Australian Transaction Reports and Analysis Centre
Business Day(s)	Business Day is a day, other than a Saturday or Sunday, a bank holiday or public holiday in Sydney, New South Wales or such other days as determined by the Trustee.
Constitution	The Constitution of the Fund.
Corporations Act	Corporations Act 2001 (Cth).
CRS	Common Reporting Standard.
Ethical Charter	The Australian Ethical Charter.
FATCA	Foreign Account Tax Compliance Act.
Gross Assets	Net Asset Value of Loans/investments plus the amount of outstanding undrawn loan/ investment commitments
GST	Goods and Services Tax.
IMA Assets	Assets held directly in the Fund and not through the Underlying Funds.
Investment Manager	Australian Ethical Investment Limited ABN 47 003 188 930 AFSL 229949
Investor	A holder of units in the Fund.
Memorandum	This information memorandum
Modified Duration	Modified duration is a measure of the change in the value of a security in response to a change in interest rates. Modified duration follows the concept that interest rates and bond prices move in opposite directions. The measure indicates the effect that a 100-basis-point (1%) change in interest rates will have on the price of a bond.
RITC	Means reduced input tax credits
Specialist Investment Manager	Infradebt Pty Ltd ABN 54 162 814 495, AFSL 438 986
Trustee	Australian Ethical Investment Limited ABN 47 003 188 930 AFSL 229949

10 Glossary

Defined terms and other terms used in the Memorandum	Definition
Underlying Funds	Infradebt Ethical Fund ABN 74 418 876 505, Infradebt Energy Transition Fund ABN 13 856 174 959, Australian Ethical Income Fund ARSN 089 919 120 [and any other investment vehicle in which the Fund acquires a substantial investment]
Underlying Infradebt Funds	Infradebt Ethical Fund ABN 74 418 876 505 and Infradebt Energy Transition Fund ABN 13 856 174 959
Unit Registry	Boardroom Pty Ltd
Wholesale Client	Means persons defined as such under section 761G and 761GA of the Corporations Act.
Wholesale Investor Certificate	A certificate provided by a qualified Accountant that confirms an investor is a Wholesale Client



**Australian
Ethical**



Contact us

Phone: 1800 021 227

Email: investors@australianethical.com.au

Web: australianethical.com.au

Post: Reply Paid 3993, Sydney NSW 2001

Application form

For Australian Ethical Infrastructure Debt Fund investors

This application form is for investment in the Australian Ethical Infrastructure Debt Fund (**the Fund**). Interests in the Fund are issued by Australian Ethical Investment Ltd (ABN 47 003 188 930; AFSL 229949) in its capacity as Trustee of the Fund. This application form must not be circulated or distributed unless accompanied by the Australian Ethical Infrastructure Debt Fund Information Memorandum (IM). The IM contains information relevant to investing in the Australian Ethical Infrastructure Debt Fund, available at australianethical.com.au/managed-funds/pds. You should read the Australian Ethical Infrastructure Debt Fund IM prior to making an application to invest.

All new applicants are required to complete the Wholesale client declarations and Accountant's Certificate (when applicable) to confirm that the Applicant is a Wholesale Client under the Corporations Act 2001 (Cth), which can be found at the end of the application form.

Please send your completed form to:

investors@australianethical.com.au

or Australian Ethical Investment Ltd
Reply Paid 3993, Sydney NSW 2001

Got a question?

We're happy to help! Email us at investors@australianethical.com.au or call us on 1800 021 227

Type of account

- | | |
|--|--|
| <input type="checkbox"/> Individual or Joint | Complete sections A + B + H + J |
| <input type="checkbox"/> Adult for Child Under 18 | Complete sections A + B + C + H + J |
| <input type="checkbox"/> Trust, Super Fund* or SMSF* | |
| <input type="checkbox"/> Individual Trustee | Complete sections A + B (for each trustee) + D + I + J |
| <input type="checkbox"/> Corporate Trustee | Complete sections A + D + E + H + I + J |
| <input type="checkbox"/> Company | Complete sections A + E + H + I + J |
| <input type="checkbox"/> Partnership | Complete sections A + B (for each partner) + E + H + I + J |
| <input type="checkbox"/> Sole Trader | Complete sections A + B + F + H + J |
| <input type="checkbox"/> Association / Co-operative | Complete sections A + G + H + I + J |

*Section H is not relevant for regulated superannuation funds or SMSFs.

Section A: Primary contact details

Title	
<input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> Other, please specify	
Full given name(s)	Surname

Residential or office address

(Companies, Corporate Trustees, Associations and Co-operatives: Please provide registered office address as per ASIC or registration body. A PO Box can not be accepted.)

Address

City

State

Postcode

Country

Postal address (if different)

Address

City

State

Postcode

Country

Home/work phone

Mobile

Email

Communications Preference

☐ Email ☐ Post

Section B: Individual details

Individual 1

Title

☐ Mr ☐ Mrs ☐ Ms ☐ Miss ☐ Other, please specify

Full given name(s)

Surname

Tax File Number (TFN)^

Date of birth (DD/MM/YYYY)

Individual 2

Title

☐ Mr ☐ Mrs ☐ Ms ☐ Miss ☐ Other, please specify

Full given name(s)

Surname

Tax File Number (TFN)^

Date of birth (DD/MM/YYYY)

^ It is not compulsory to quote your TFN when investing in our Managed Funds, nor is it an offence not to do so. However, if you do not quote your TFN or claim an exemption, tax will be deducted at the highest marginal tax rate plus Medicare levy when distributions are made.

Section C: Adult on behalf of child under 18 application

Please note, the adult(s) will be the legal owner(s) of the account. Once the child is 18, they are able to open their own account and you can transfer legal ownership by submitting a 'Transfer Request' Form.*

Name of the child/children

For the rest of this application, please provide the details of the adult(s) making the application for the child.

* There may be tax implications arising from a transfer of legal ownership. You should seek professional taxation advice if you are unsure about these implications

Section D: Trust, super fund or SMSF details

Legal name of Trust, super fund or SMSF

Type of trust (for example family trust, super fund, SMSF, discretionary trust)

ABN or ACN

Tax File Number (TFN)^

Country Trust Established

Full Name – Settlor of the Trust[#]

[^] It is not compulsory to quote your TFN when investing in our Managed Funds, nor is it an offence not to do so. However, if you do not quote your TFN or claim an exemption, tax will be deducted at the highest marginal tax rate plus Medicare levy when distributions are made.

[#] The person/s who settles the initial sum or assets to create the Trust.

Section E: Company or partnership details

Full name of company or partnership

ABN or ACN

Tax File Number (TFN)^

Names of Director(s) and Company Secretary

Office Title (e.g. Director, Company Secretary)

[^] It is not compulsory to quote your TFN when investing in our Managed Funds, nor is it an offence not to do so. However, if you do not quote your TFN or claim an exemption, tax will be deducted at the highest marginal tax rate plus Medicare levy when distributions are made.

Section F: Sole trader details

Business name of sole traders

ABN

Section G: Association / Co-operative details

Full legal name of association / Co-operative

☐ Unincorporated association ☐ Incorporated association ☐ Registered co-operative

ABN or ACN

Tax File Number (TFN)^

Name of Chairperson / President

Name of Secretary

Name of Treasurer

^ It is not compulsory to quote your TFN when investing in our Managed Funds, nor is it an offence not to do so. However, if you do not quote your TFN or claim an exemption, tax will be deducted at the highest marginal tax rate plus Medicare levy when distributions are made.

Section H: Tax information

Common Reporting Standards (CRS) and US Foreign Account Tax Compliance Act (FATCA) declaration (mandatory)

Australian Ethical is required to collect the tax status of investors in accordance with the OECD Common Reporting Standard (CRS) and the USA Foreign Account Tax Compliance Act (FATCA).

If you are a tax resident of a country outside of Australia we may be legally obligated to confirm this with the Australian Taxation Office. Tax Residency rules differ by country. Whether an individual is a tax resident of a particular country is often (but not always) based on the amount of time a person spends in a country, the location of a person's residence or place of work. For the US, tax residency can be as a result of citizenship or residency.

This section is mandatory for all investors, EXCEPT those investing via an SMSF or other regulated superannuation fund.

Any person, company or trust that:

- is an individual or joint investor, company or trust; or
- exercises control over an applicant company; or
- is a trustee, beneficiary or settlor of an applicant trust, MUST complete this section.

Is the entity or individual/s applying a tax resident of Australia?

☐ Yes ☐ No

Is the entity or individual/s applying a tax resident of any country outside of Australia?

- ☐ Yes - you must complete the individual/s details on the following page
- ☐ No - Please continue to **'Additional documentation required'** on the next page

Individual 1

Country

Tin

Country

Tin

If no TIN, list reason A, B or C

Individual 2

Country

Tin

Country

Tin

If no TIN, list reason A, B or C

If there are more countries, provide details on a separate sheet and tick this box.

A TIN (or the equivalent) is the number assigned by each country for the purposes of administering tax laws. This is the equivalent of a Tax File Number in Australia or a Social Security Number in the US. If a TIN is not provided, please list one of the three reasons specified (A, B or C) for not providing a TIN.

Reason A: The country of tax residency does not issue TINs to tax residents

Reason B: The individual has not been issued with a TIN

Reason C: The country of tax residency does not require the TIN to be disclosed

Additional documentation required

If you are an Australian or Foreign Company, Trust, Association, Co-Operative, Government body or Partnership, you must complete the relevant FSC form at australianethical.com.au/tax-forms and submit it with this application form before we can process your application.

☐ I/We have completed and attached the FSC form relevant to my/our account type.

Section I: Beneficial ownership and control

Are there any individuals who ultimately own 25% or more of the entity (through direct or indirect share holdings) or who directly or indirectly control the company. Beneficial owners are dependent on the account type, examples include shareholders and directors of Companies, or trustees and beneficiaries for Trusts.

☐ Yes (Please provide details below) ☐ No

Individual 1

Title

☐ Mr ☐ Mrs ☐ Ms ☐ Miss ☐ Other, please specify

Full given name(s)

Surname

Role

Individual 2

Title

☐ Mr ☐ Mrs ☐ Ms ☐ Miss ☐ Other, please specify

Full given name(s)

Surname

Role

☐ please tick this box if there are more than two beneficial owners and provide details on a separate sheet.

Financial Services Council (FSC) Form

We require an individual FSC identification form to be completed for each beneficial owner of the entity as entered above. This form is available at: australianethical.com.au/tax-forms

☐ I/We have completed and attached an individual FSC identification form for each beneficial owner of the entity.

Section J: Initial investment, regular investor plan, declaration & signature

The minimum amount to invest in the Australian Ethical Infrastructure Debt Fund is \$100,000. You must be classified as a Wholesale Client to invest in this fund, as defined in the Corporations Act 2001 (Cth).

Amount

Funding your initial investment

- ☐ **BPAY** – We'll send you your BPAY details once we've received your application and set up your account
- ☐ **Cheque** – Please attach to your application form, make out to 'Australian Ethical Applications on Trust' and cross 'non-negotiable'
- ☐ **Direct deposit** – We'll send you your Direct Deposit details once we've received your application and set up your account

Income distributions

How would you like us to pay your net income (distributions) earned by the fund/s?

- ☐ Re-invest ☐ Paid to an Australian bank account

If no selection is made your distributions will automatically be re-invested.

Bank account details (for withdrawals and distributions)

BSB number

Account number

Account name

Bank or financial institution name

Regular investor plan (monthly direct debit)

Skip this section if you don't wish to start a regular investor plan. Minimum amount for each Australian Ethical Managed Fund is \$100 per month.

Please indicate in the below table, the amount to be direct debited, from your bank account and added to your investment each month. Debits occur on the 15th day of each month or the next business day.

Amount

\$

Regular investment plan direct debit details (if applicable)

By signing this direct debit request, you agree to the direct debit service agreement on page 11 of this form.

 Please note we currently do not accept electronic signatures on forms. To avoid delays or having to complete this form again, ensure you sign the documents with a traditional signature (either wet ink or using a digital pen.)

BSB number

Account number

Account name

Bank or financial institution name

Signature of bank account holder

X

Signature of bank account holder (if applicable)

X

Bank account signatory name

Bank account 2nd signatory name (if applicable)

Identification requirements

Individuals

Please include a certified copy of one of the following Photo ID documents with your application:

- Australian Driver's Licence (Current)
- Australian Passport (Not expired by more than 2 years)
- International Passport (Current)
- Proof of Age Card/NSW Photo Card (Current and government issued)

If you can't provide one of the above, please contact us for assistance.

Who can certify your ID?

- a permanent employee of Australia Post who has two or more years of continuous service
- an officer of a financial institution, such as a bank, who has two or more years of continuous service
- a legal practitioner (such as a solicitor) who is enrolled on the roll of the Supreme Court of a state or territory, or the High Court of Australia
- a Justice of the Peace

Additional certification options are available. Please contact us on investors@australianethical.com.au or 1800 021 227 for assistance.

Companies, Partnerships and Corporate Trustees

Please ensure you have completed the relevant entity FSC forms requested in section H and individual FSC forms in section I. (SMSF's are exempt from section H). Australian Ethical will verify your information by using ASIC Connect or ABN Lookup on abr.business.gov.au. We may contact you for additional information if necessary.

SMSF's

Please ensure you have completed the individual FSC forms for each member and Trustee of the fund as requested in section I, and provide certified ID, as per individuals ID requirements above.

Trusts

Please include a certified copy or extract of the Trust Deed. We do not require every page, only those showing the Trust name, details of the trustee/s and settlor of the trust, and the signing page. For individual trustees, please also provide certified ID, as per Individuals ID requirements above.

Associations or Co-operatives

Please provide a certified copy or certified extract of the constitution of the Association / Co-operative. We do not require every page, only a cover page and pages containing key details of the association / Co-operative and it's registration (including names of office holders, establishment of the entity and any signing pages).

Wholesale client declaration

1. The Applicant confirms that the Applicant is a wholesale client (as defined in Sections 761G or 761GA of the Corporations Act 2001) and that at least one of the following circumstances applies to the Applicant (**please tick which circumstances apply to you**):

- ☐ **The price or the value of the financial product being provided (or the value of the financial product to which a financial service relates) is greater than the prescribed amount, which is currently AUD\$500,000.**

Note: This prescribed amount relates to financial products or service (other than a traditional trustee company service) that are not general insurance products, superannuation or retirement savings account products.

Where the Applicant is a business, the financial product, or the financial service, is provided for use in connection with the business and the business employs more than:

- ☐ (a) 100 people (if the business is or includes manufacturing goods); or
- ☐ (b) 20 people in all other cases.

Qualified accountant is satisfied that the Applicant has, within the 2 years prior to acquiring the financial product or service:

- ☐ (a) net assets of at least AUD\$2.5 million; or
- ☐ (b) gross income for each of the last 2 financial years of at least AUD\$250,000.

The Applicant will need to give to Australian Ethical a copy of a certificate from a qualified accountant stating that the Applicant satisfies this clause.

The Applicant is a professional investor because it is one of the following types of persons:

- ☐ (a) trustees of superannuation funds, approved deposit funds, pooled superannuation trusts or public sector superannuation schemes, within the meaning of the Superannuation Industry (Supervision) Act 1993 and the fund, trust or scheme has net assets of at least AUD\$10 million;
- ☐ (b) bodies regulated by the Australian Prudential Regulation Authority (which is the Australian body that is the prudential regulator of banks, insurance companies, certain superannuation funds, credit unions, building societies and friendly societies);
- ☐ (c) persons who control at least AUD\$10 million (including any amount held by an associate or under a trust that the person manages);
- ☐ (d) persons who hold an Australian Financial Services Licence;
- ☐ (e) listed entities and their related bodies corporate;
- ☐ (f) persons or bodies registered under the Financial Corporation Act 1974;
- ☐ (g) exempt public authorities;
- ☐ (h) investment vehicles which invest funds raised from the public and which have been marketed to the public as such; and
- ☐ (i) foreign equivalents of the above.

- ☐ **Australian Ethical is satisfied that the Applicant is a sophisticated investor.**

Australian Ethical must have given the Applicant a statement in writing of the reasons why it is satisfied that the Applicant has previous experience in using financial services and investing in financial products that allows the Applicant to assess the merits and value of the product or service, the risks associated with holding the product, its own information needs and the adequacy of the information given by Australian Ethical and any product issuer.

Note: This statement is only valid if signed by an Australian Ethical director.

2. The Applicant acknowledges that if the Applicant no longer meets at least one of the requirements of being a wholesale client as set out in the paragraph 1, the Applicant must notify Australian Ethical as soon as practicable but in any event within 10 business days.

3. The Applicant acknowledges that a wholesale client will not be provided with any of the following documents:

- a. a Financial Services Guide;
- b. a Statement of Advice; or
- c. a Product Disclosure Statement,

as Australian Ethical is not required by law to provide such documents to wholesale clients and that Australian Ethical does not have any other obligation to the Applicant under Chapter 7 of the Corporations Act that it would have if the Applicant was a retail client.

4. The Applicant:

- (1) warrants to Australian Ethical that you are a wholesale client and will remain a wholesale client (unless you otherwise notify Australian Ethical as provided for above) and that you must provide documentary evidence as is necessary to satisfy Australian Ethical that you are a wholesale client for the purposes of the Corporations Act 2001;
- (2) agrees to indemnify Australian Ethical in relation to any loss suffered by Australian Ethical if you are not a wholesale client.

Declaration and signatures

I have read, understood and agree to the 'Declaration' on page 9 of this form.

Signature of investor 1

X

Date (DD/MM/YYYY)

Signatory's full name

Signature of investor 2

X

Date (DD/MM/YYYY)

Signatory's full name

Non-individual applicants:

Signatory's Office title (e.g. Director, Company Secretary, Trustee, Treasurer)

Declaration

By completing the Application Form I declare that:

My application is lawful because

- All the details I have provided for this application are true and correct.
- I received and accepted this offer in Australia.
- I am a Wholesale Client, as defined in the Corporations Act and are therefore eligible to hold Units in the Fund.

I have made an informed decision because

- I have read the IM to which this application applies.
- If I have received the IM from the internet or by other electronic means, I have received the entire document.

I am responsible for my decision to make this application and

- I acknowledge that no representation has been made to me by or on behalf of Australian Ethical Investment Ltd other than those contained in the IM.
- I am not making this application because of an unsolicited meeting with or phone call from another person.

I am aware that Australian Ethical Investment will have records of my personal information, and:

- I consent to details about my application and holdings being disclosed in accordance with the Privacy section of the Information Memorandum.

I am authorised to sign this application form because

- If signing on behalf of a company, I am an authorised person for the company.
- If I am investing as a trustee on behalf of a superannuation fund or trust, I confirm that I am acting in accordance with the authority and powers designated to me under the trust deed. If I am investing on behalf of a superannuation fund, I also confirm that the fund is a complying fund under the Superannuation Industry (Supervision) Act 1993.
- If this application is signed by me under a power of attorney, I declare that I have not received notice of revocation of that power and I hereby supply a certified copy of the power of attorney.

I have read all the terms and conditions contained in the Information Memorandum and, in particular

- I agree to the offer contained in the IM and to be bound by the provisions of the Constitution governing the Trust.
- I understand that Australian Ethical Investment Ltd has the right to reject any applications, switches or regular contributions as outlined in the IM.
- I understand that Australian Ethical undertakes various identification checks to comply with legislative requirements (such as the Anti- Money Laundering and Counter-Terrorism Financing Act 2006). These checks will occur when I (i) make an application to set up an account, (ii) withdraw or transfer funds from my account, (iii) change account details, (iv) engage in other account related transactions or (v) when anyone acts on my behalf (eg. nominated representative, legal representative). I acknowledge that Australian Ethical may decide to delay or refuse any request or transaction, including by suspending a withdrawal request, if they are concerned that the request or transaction may be incomplete, incorrect or breach any obligation, or causes Australian Ethical to commit or participate in an offence under any law, and Australian Ethical will incur no liability to me if it does so. In limited circumstances, Australian Ethical may need to re-verify my identity. I am aware that fraud can occur more easily when transactions are made via phone, fax or email. I acknowledge that Australian Ethical will only accept email requests from pre-nominated email addresses.
- The monies used to fund my investment in the Fund are not derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention ('illegal activity') and the proceeds of my investment in the Fund will not be used to finance any illegal activities.
- I am not a 'politically exposed' person or organisation for the purpose of any AML law, nor is a close relative or business associate of mine, nor any, director or beneficial owner of the applicant.
- I understand the nature of risk attached to the investments I am applying for and acknowledge that neither Australian Ethical Investment Ltd (including its directors, officers or advisers), nor custodians, nor the constitution of a trust guarantees a return of capital or the performance of my investment.

For any additional amounts invested into my unitholding

- I agree that before making an additional investment into an Australian Ethical Managed Fund I will obtain the current version of the IM. I will do this either by downloading the most up to date IM from the Australian Ethical Investment Ltd website or by contacting Australian Ethical Investment Ltd and requesting a copy.

Direct debit acknowledgement

- If I have selected to join the Regular Investor Plan, I acknowledge having read and understood the terms and conditions governing the debit arrangements between me and Australian Ethical Investment Ltd as set out in this application and in the direct debit request service agreement.

Common Report Standard (CRS) AND Foreign Account Tax Compliance Act (FATCA) Declaration

- I understand that if I am a tax resident of a country other than Australia and I have not completed the CRS/FATCA section on this form (for Individual applicants) or the form available at australianethical.com.au/tax-forms (for all other applicants), my application may not be accepted by Australian Ethical Investment Ltd.

Providing my TFN

- If I have provided my TFN, I declare that I have read the important information about my Tax File Number as outlined in the PDS and consent to providing my Tax File Number for the legal purposes stated.
- That the Trustee is authorised to apply the TFN or ABN provided above to all future applications for units, including reinvestments, unless I notify the Trustee otherwise.

Electronic communication

- By providing my email and/or mobile number, I agree to be notified of and receive important disclosure documents (such as Information Memorandum amendments, confirmations of transactions and additional information as applicable) and communications electronically (which may include via email, SMS, a link to a website, an application or other online channels).

Direct Debit request service agreement

This Agreement authorises Australian Ethical Investment Ltd (ABN 47003188930; AFSL 229949, Debit User ID 180244) to arrange through its own financial institution, a debit to your nominated account of the amount nominated by you in this Application Form. The debit will be made through the Bulk Electronic Clearing System (BECS) from your nominated account and will be subject to the terms and conditions of this Agreement.

Definitions

- account means the account held at your financial institution from which we are authorised to arrange for funds to be debited
- agreement means this Direct Debit Request Service Agreement between you and us
- banking day means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia
- debit day means the day that payment by you to us is due
- debit payment means a particular transaction where a debit is made
- direct debit request means the Direct Debit Request between us and you
- us or we means Australian Ethical Investment Ltd (the Debit User) you have authorised by requesting a Direct Debit

Request

- you means the customer who has signed or authorised by other means the Direct Debit Request
- your financial institution means the financial institution nominated by you on the Direct Debit Request at which the account is maintained.

1. Debiting your account

- By signing a Direct Debit Request or by providing us with a valid instruction, you have authorised us to arrange for funds to be debited from your account. You should refer to the Direct Debit Request and this agreement for the terms of the arrangement between us and you.
- We will only arrange for funds to be debited from your account as authorised in the Direct Debit Request.
- If the debit day falls on a day that is not a banking day, we may direct your financial institution to debit your account on the following banking day. If you are unsure about which day your account has or will be debited you should ask your financial institution.

2. Changes by us

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

3. Changes by you

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

investors@australianethical.com.au or Australian Ethical Investment, Reply Paid 3993, Sydney NSW 2001 or phoning us on 1800 021 227 during business hours or arranging it through your own financial institution.

4. Your obligations

- 4.1. It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the Direct Debit Request.
- 4.2. If there are insufficient clear funds in your account to meet a debit payment:
 - (a) you may be charged a fee and/or interest by your financial institution
 - (b) you may also incur fees or charges imposed or incurred by us
 - (c) you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.
- 4.3. You should check your account statement to verify that the amounts debited from your account are correct.
- 4.4. We are liable to pay goods and services tax ('GST') on a supply made in connection with this agreement, then you agree to pay Australian Ethical Investment Ltd on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

5. Dispute

- 5.1. If you believe that there has been an error in debiting your account, you should notify us directly on 1800 021 227 and confirm that notice in writing with us as soon as possible so that we can resolve your query more quickly. Alternatively you can take it up with your financial institution directly.
- 5.2. If we conclude as a result of our investigations that your account has been incorrectly debited, we will respond to your query by arranging for your financial institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your account has been adjusted.
- 5.3. If we conclude as a result of our investigations that your account has not been incorrectly debited, we will respond to your query by providing you with reasons and any evidence for this finding in writing.

6. Accounts

- 6.1. You should check:
 - (a) with your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions
 - (b) your account details which you have provided to us are correct by checking them against a recent account statement
 - (c) with your financial institution before completing the Direct Debit Request if you have any queries about how to complete the Direct Debit Request.

7. Confidentiality

- 7.1. We will keep any information (including your account details) in your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.
- 7.2. We will only disclose information that we have about you in accordance with the Privacy Policy on our website (and available on request) and:
 - (a) to the extent specifically required by law, and
 - (b) for the purposes of this agreement (including disclosing information in connection with any query or claim).

8. Notice

If you wish to notify us in writing about anything relating to this agreement, you should write to investors@australianethical.com.au or Australian Ethical Investment, Reply Paid 3993, Sydney NSW 2001.

- 8.1. We will notify you by sending a notice in the ordinary post to the address you have given us in the Direct Debit Request.
- 8.2. Any notice will be deemed to have been received on the third banking day after posting.

Accountant's Certificate that client is a wholesale client under section 761g(7)(C) of the Corporations Act

To:

Australian Ethical Investment Ltd
Reply Paid 3993, Sydney NSW 2001

I certify that

Name of client

has net assets of at least AUD\$2.5 million

or

has gross income for each of the last two financial years of at least AUD\$250,000 a year.

Name of accountant

Qualifications


(Please note that the person giving this certificate must be a qualified accountant which for these purposes includes any member of the Australian Society of Certified Practising Accountants who is entitled to use the post-nominals CPA or FCPA, any member of the Institute of Chartered Accountants of Australia who is entitled to use the post-nominals CA, ACA or FCA or any member of the National Institute of Accountants who is entitled to use the post-nominals NMIA or FNIA).

Name of firm

Phone number

Postal address

Email address

 Please note we currently do not accept electronic signatures on forms. To avoid delays or having to complete this form again, ensure you sign the documents with a traditional signature (either wet ink or using a digital pen.)

Signature

Date (DD/MM/YYYY)