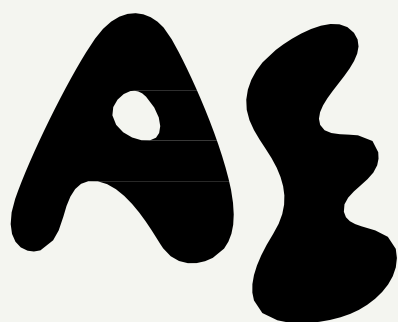


Australian  
Ethical



AUSTRALIAN ETHICAL HIGH CONVICTION FUND - Active  
ETF

## Product Disclosure Statement

06 February 2025

## Important Notice

Investment in the Australian Ethical High Conviction Fund - Active ETF (**Fund**) is offered by Australian Ethical Investment Ltd ABN 47 003 188 930, AFSL 229949 in its capacity as the responsible entity and product issuer for the Fund (referred to in this PDS as

**"Australian Ethical"**, the **"Responsible Entity"**, the **"Investment Manager"**, **"we"**, **"our"** or **"us"**).

This PDS provides information on the Fund, describes the main features of the Fund and includes references to important information that forms part of the PDS, which is included in the Guide to our Ethical Investment Process (**Ethical Guide**). The PDS, Ethical Guide and Target Market Determination (**TMD**) are available on our website [australianethical.com.au/managed-funds/pds](http://australianethical.com.au/managed-funds/pds) or you can request a paper copy free of charge by contacting us on 1800 021 227.

No other fund, trust or class of units is offered in this PDS. The information in this PDS is of a general nature only and does not take into account an investor's objectives, personal financial situation or needs. Before making an investment decision based on this PDS, investors should read this PDS in its entirety and consider the appropriateness of this information and consult a licensed financial adviser to obtain financial advice that is tailored to suit their personal circumstances.

A copy of this PDS has been lodged with ASIC. ASIC and the Securities Exchange Operator take no responsibility for the content of this PDS. An application was made to, and approved by the Securities Exchange Operator for units in the Fund to be quoted for trading on the Securities Exchange. The units in the Fund were first quoted for trading on the Securities Exchange on 1 February 2022 under the Securities Exchange Rules with the exchange ticker AEAE.

The information in this PDS is up-to-date as at the date of this PDS but may change from time to time. Any change deemed not materially adverse will be published on the Australian Ethical website at [australianethical.com.au/managed-funds/notices/](http://australianethical.com.au/managed-funds/notices/). If there is materially adverse change to the information contained in this PDS, we will issue a supplementary or new PDS. Investors may request a paper copy of any updated information, as well as any information incorporated by reference into this PDS, at any time, free of charge.

The Responsible Entity 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.

An investment in the Fund is subject to investment risk, which may include possible delays in repayment and loss of income and principal invested. For more information on the risks associated with an investment in the Fund, please refer to Section 10 of this PDS.

This PDS 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 PDS outside Australia may be restricted by law and persons who come into possession of this PDS 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. The units being offered pursuant to this PDS have not been registered under the US Securities Act of 1933 and may not be offered or sold in the United States or sold on account of or for the benefit of "US persons" absent registration or an applicable exemption from registration.

Unless identified to the contrary, all references to monetary amounts are to Australian dollars.

Capitalised terms have the meanings given to them in the Glossary (refer to Section 14).



# Contents

1	Key features	4
2	About Australian Ethical Investment Limited	8
3	About Ethical Investing	9
4	How the Australian Ethical High Conviction Fund - Active ETF	10
5	How to invest in the Fund on the Securities Exchange	16
6	How to invest in the Fund directly with the Responsible Entity	17
7	Benefits of investing in the Fund	21
8	Risks of investing in the Fund	22
9	The investment objective and strategy	25
10	Fees and other costs	27
11	About the Securities Exchange Rules and CHESS	34
12	Taxation	36
13	Additional information	39
14	Glossary	43



# 1 Key features

Australian Ethical High Conviction Fund -  
Active ETF

For more  
information

Fund name	Australian Ethical High Conviction Fund - Active ETF													
ARSN	653 076 236													
Exchange ticker	AEAE													
Responsible Entity and Investment Manager	Australian Ethical Investment Ltd ABN 47 003 188 930, AFSL 229949	Section 2												
About the Fund	<p>The Fund is a registered managed investment scheme. An application was made to, and approved by the Securities Exchange Operator for units in the Fund to be quoted for trading on the Securities Exchange. Units in the Fund will be able to be traded on the Securities Exchange like any listed security.</p> <p>The Fund provides an opportunity to invest in an actively managed and relatively concentrated share portfolio of companies predominantly drawn from the S&amp;P/ASX 300. Companies are selected on the basis of their social, environmental and financial credentials, for more information on how investments are selected please refer to Section 3, About Ethical Investments in this PDS below and the Ethical Guide. The Fund utilises an active bottom-up stock-picking and benchmark unaware management approach.</p>	Section 3, 4 and 10												
Investment objective	The Fund aims to exceed the return of the S&P/ASX300 Accumulation Index after taking into account management costs over a 7-year period.	Section 7 and 10												
Asset classes and allocation ranges	<p>The Fund’s assets are typically invested within the following asset allocation ranges:</p> <table><tr><th>Asset Class</th><th>Range</th></tr><tr><td><b>Growth</b></td><td><b>80 - 100%</b></td></tr><tr><td><i>Australian &amp; New Zealand Equities</i></td><td><i>80 - 100%</i></td></tr><tr><td><i>International Equities</i></td><td><i>0 - 20%</i></td></tr><tr><td><b>Defensive</b></td><td><b>0 - 20%</b></td></tr><tr><td><i>Cash &amp; Short-Term Interest-Bearing Securities</i></td><td><i>0 - 20%</i></td></tr></table>	Asset Class	Range	<b>Growth</b>	<b>80 - 100%</b>	<i>Australian &amp; New Zealand Equities</i>	<i>80 - 100%</i>	<i>International Equities</i>	<i>0 - 20%</i>	<b>Defensive</b>	<b>0 - 20%</b>	<i>Cash &amp; Short-Term Interest-Bearing Securities</i>	<i>0 - 20%</i>	Section 9
Asset Class	Range													
<b>Growth</b>	<b>80 - 100%</b>													
<i>Australian &amp; New Zealand Equities</i>	<i>80 - 100%</i>													
<i>International Equities</i>	<i>0 - 20%</i>													
<b>Defensive</b>	<b>0 - 20%</b>													
<i>Cash &amp; Short-Term Interest-Bearing Securities</i>	<i>0 - 20%</i>													
Net asset value	<p>The net asset value (NAV) of the Fund is calculated by deducting the liabilities (including any accrued fees) of the Fund from the aggregate value of assets. The NAV per Unit in each class is calculated by dividing the NAV of the class by the number of units on issue in the class. The NAV for a particular Business Day reflects the value of the Fund based on the value of the Fund’s assets and liabilities at the close of trading on the previous day in each market in which the Fund invests.</p>	Section 4												

# 1 Key features

Australian Ethical High Conviction Fund - Active ETF	For more information
Indicative Net asset value	<p>An indicative NAV per Unit (<b>iNAV</b>) will be calculated by a third-party agent based on the underlying portfolio of the Fund throughout the Trading Day and published on the Solactive and ICE Global Index Feed which is accessible via Bloomberg and IRESS and on the Fund's website at <a href="http://australianethical.com.au/managed-funds/investment-options/high-conviction/">australianethical.com.au/managed-funds/investment-options/high-conviction/</a></p>
Ethical Investments	<p>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 3) influences our ethical investment decisions - what we seek to invest in and what we look to restrict investments in - and also guides our corporate activities beyond our funds.</p> <p>Further information about our ethical evaluation process is available in section 3 of this PDS and the Ethical Guide which is available here: <a href="http://australianethical.com.au/managed-funds/documents/">australianethical.com.au/managed-funds/documents/</a></p>
Entering and exiting the Fund	<p>Investors can apply to enter the Fund by applying for units directly with the Responsible Entity using an Application Form or by buying units on the Securities Exchange. We are not obliged to accept any direct or indirect applications of Units in the Fund.</p> <p>Investors can exit the Fund either by directly making a withdrawal request to the Responsible Entity or, by selling units on the Securities Exchange. You need to hold your units on the issuer sponsored sub-register to make a withdrawal request directly to the Responsible Entity. Your stockbroker can assist you with this process if you hold your units on a HIN.</p> <p>The method by which you enter the Fund does not affect the method by which you can exit the Fund. If you enter the Fund by buying units on the Securities Exchange, you can exit the Fund by selling units on the Securities Exchange or by withdrawing directly with the Responsible Entity. If you enter the Fund by applying for units directly with the Responsible Entity you can exit the Fund by selling units on the Securities Exchange or by withdrawing directly with the Responsible Entity.</p> <p>There are important differences between entering and exiting the Fund via the Securities Exchange or by applying for and withdrawing units directly with the Responsible Entity. These differences include, but are not limited to, the entry and exit price you will receive, and whether minimum investment amounts apply to your investment. Please refer to the iNav risk in Section 8. You may wish to seek further information from a financial adviser to understand the impact this may have on your investment.</p> <p>An investor that applies for units directly with the Responsible Entity may pay a different price for units in the Fund to an investor who buys units on the Securities Exchange at the exact same time. Similarly, an investor who redeems units directly with the Responsible Entity is likely to receive a different price for units in the Fund compared to an investor who sells units on the Securities Exchange at the exact same time. These differences in prices received by investors may result in a different return from an investment in the Fund.</p>

# 1 Key features

## Australian Ethical High Conviction Fund - Active ETF

For more information

Fund liquidity and market making	<p>The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the Securities Exchange by acting as a buyer and seller of units. At the end of each Trading Day, the Responsible Entity will create or cancel units by applying for or redeeming its net position in units bought and sold on the Securities Exchange. The Responsible Entity has appointed a market participant to act as its agent (<b>Market Making Agent</b>) to transact and facilitate settlement on its behalf.</p> <p>There may be other circumstances where:</p> <ul style="list-style-type: none"> <li>• withdrawals have been suspended in accordance with the Constitution or the Fund is not liquid (as defined under the Corporations Act). In such circumstances, units in the Fund may continue to trade on the Securities Exchange provided that the Fund continues to comply with the Securities Exchange Rules. If the Fund ceases to comply with the Securities Exchange Rules, the Responsible Entity may seek a trading halt or</li> <li>• the Securities Exchange Operator may suspend trading of units in the Fund on the Securities Exchange; or the Securities Exchange Operator suspends trading of units in the Fund on the Securities Exchange. In such circumstances, investors may continue to withdraw directly with the Responsible Entity unless withdrawals have also been suspended in accordance with the Constitution.</li> </ul>	Section 5 and 6
Distributions	Distributions will generally be made semi-annually but may be made more or less frequently at the discretion of the Responsible Entity.	Section 4
Fees and other costs	The Responsible Entity is paid a management fee of 0.69% per annum of the class's Net Asset Value (inclusive of GST and net of RITC). The Fund is subject to a performance fee, as the Investment Manager is entitled to a performance fee of 15% of the excess return of the Fund (after the management fees have been accrued but excluding any accrued performance fees) above the Benchmark S&P/ASX300 Accumulation Index.	Section 10
Risks	All investments are subject to risk. The significant risks associated with the Fund are described in Section 8 of this PDS.	Section 8
Cooling-off and Complaints	You have a 14-day cooling-off period after making your investment if you invest directly rather than on the Securities Exchange to ensure you are happy with your decision to invest. A complaints handling process has been established.	Section 13

# 1 Key features

## Australian Ethical High Conviction Fund - Active ETF

## For more information

General information and updates	Further information, including any updates issued by the Responsible Entity and other statutory reports, can be found at: <a href="https://australianethical.com.au/managed-funds/notices/Investors">australianethical.com.au/managed-funds/notices/Investors</a>	Section 14
Transaction confirmations	Investors buying or selling units on the Securities Exchange will receive transaction confirmations from their stockbroker.  Investors who apply for units or withdraw their investment directly with the Responsible Entity will receive transaction confirmations from the Unit Registry, which will include your SRN.	Section 5
Annual tax reporting	Annual tax statements will be made available in respect of the Fund.	Section 12



## 2 About Australian Ethical Investment Ltd

Australian Ethical Investment Limited (the “**Responsible Entity**”, “**Investment Manager**”, “**Australian Ethical**”, “**we**”, “**our**” or “**us**”) is the Responsible Entity and Investment Manager for the Australian Ethical High Conviction Fund - Active ETF. As Responsible Entity, we are responsible for the overall operations of the Fund.

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 134,000 investors.

Australian Ethical Investment Limited is listed on the Australian Securities Exchange (**ASX**).

Australian Ethical is one of the founding B Corporations in Australia and in 2014 became 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.





# 3 About Ethical Investing

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 in the Australian Ethical Charter (the **Charter**). The Charter forms part of our constitution and not only guides Australian Ethical's investment choices, but underpins our own business practices. The Charter is included in the Ethical Guide, which is available on our website.

## Our 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 in the Charter. 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 interpret and apply these principles using our more detailed criteria (**Ethical Criteria**) outlined in the Ethical Guide.

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

Our Ethical Criteria are a mix of prescriptive rules alongside more qualitative criteria which help us identify, measure and balance the most significant positive and negative impacts of companies, products, services and activities.

We believe a company with positive products and services can remain an ethical investment even though it earns some revenue from a negative product or activity, or if its products and services are used by some in a harmful way. Also, where a company makes a mistake, we don't automatically exclude it, but we assess whether the mistake indicates a systemic problem, and if the company has acted to fix the mistake and stop it happening again. When evaluating companies, we look at benefits and harms from both what the company produces, and also from the way the company operates.

## Principles for Responsible Investment

Australian Ethical strives to be a leader among ethical and responsible funds, and is a signatory to the Principles for Responsible Investment (**PRI**) ([unpri.org](http://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.

## Certified Responsible Investment

Australian Ethical High Conviction Fund (Active ETF has been certified by RIAA according to the strict disclosure practices required under the Responsible Investment Certification Program.

RIAA's RI Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that Australian Ethical adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program. The Certification Symbol is a Registered Trademark of the Responsible Investment Association Australasia (**RIAA**). Detailed information about RIAA, the Symbol and Australian Ethical methodology and performance can be found at [responsiblereturns.com.au](http://responsiblereturns.com.au), together with details about other responsible investment products certified by RIAA<sup>1</sup>.



**SUSTAINABLE PLUS**  
— CERTIFIED BY RIAA —

The Certification Symbol is issued by Responsible Investment Association Australasia (RIAA) ACN (641 046 666), AFSL (554110) and signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations and that the Fund adheres to the operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product. The classification signifies the degree to which sustainability is a consideration and binding investment criteria. The Fund is assessed against RIAA's Responsible Investment Standard and Assessment Note-Sustainability Classifications. There may be material differences between the definition and methodology of RIAA's classification system and the way the terms 'Responsible'/'Sustainable'/'Sustainable Plus' are used by the product in its own disclosures. For detailed information about RIAA, the Symbol and Fund's methodology, performance, stock holdings, remuneration and details about other responsible investment products certified by RIAA, refer to [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au) and our Financial Services Guide.<sup>1</sup> 1. The Responsible Investment Certification Program provides general advice only and does not take into account any person's objectives, financial situation, or needs. Neither the Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Because of this, you should consider your own objectives, financial situation and if the advice relates to the acquisition, or possible acquisition, of a particular financial product. Certifications are current for 24 months and subject to change at any time.

# 4 How the Australian Ethical High Conviction Fund - Active ETF works

The Fund is an Australian registered managed investment scheme. Units in the Fund are offered and issued by Australian Ethical, as Responsible Entity for the scheme, on the terms and conditions described in this PDS and the constitution for the Fund (**Constitution**).

When investors make an investment in the Fund, their money is pooled together with other investors' money. The Investment Manager uses this pool to buy investments and manage them on behalf of all investors in the Fund in accordance with the Fund's investment strategy. By investing in the Fund investors have access to investments they may not be able to access on their own and they also benefit from the insights of the investment team.

Each unit represents an equal share in the net assets of the class. However, no investor is entitled to any specific asset or part of an asset of the Fund. The price of the units will vary as the market value of assets in the Fund rises or falls. The rights of investors are set out in the Constitution.

If you indirectly invest in the Fund through an investor directed portfolio service or IDPS-like scheme (**IDPS**), you will not become an investor in the Fund; the operator of your IDPS (**IDPS Operator**) will be an investor in the Fund. The investors' rights as set out in this PDS may only be exercised by the relevant IDPS Operator on behalf of the investor for whom they have acquired units.

Indirect investors should read this PDS in conjunction with the disclosure document issued by their IDPS Operator. Indirect investors must complete the application form from their IDPS Operator and will receive reports and statements regarding the Fund from their IDPS Operator, not from us.

The IDPS Operator's application and withdrawal terms and conditions determine when and how an Indirect Investor can direct them to apply for units in, or withdraw from, the Fund, and these should be set out in the disclosure document issued by the IDPS Operator. If you are an Indirect Investor, you may incur additional costs and expenses when investing in the Fund through an IDPS.

## Units and NAV per Unit

An application was made to, and approved by, the Securities Exchange Operator for units in the Fund to be quoted for trading on the Securities Exchange. Units in the Fund can be traded on the Securities Exchange like any listed security, subject to liquidity.

The NAV per Unit estimates the value of the Fund's units based on the value of the Fund's assets at the close of trading on the previous day in each market in which the Fund invests. An estimated NAV per Unit will be published daily on the Fund's website at [australianethical.com.au/managed-funds/performance-and-prices/](http://australianethical.com.au/managed-funds/performance-and-prices/). The estimated NAV per Unit may fluctuate each day as the market value of the Fund's assets rises or falls. The Responsible Entity's NAV Pricing Discretions Policy provides further information about how the NAV per Unit is calculated.

Investors can request a copy of the policy free of charge by calling the Responsible Entity or obtain it on the Fund's website at [australianethical.com.au/shareholder/corporate-governance/](http://australianethical.com.au/shareholder/corporate-governance/).

The Responsible Entity has engaged an agent to calculate and disseminate an indicative NAV per Unit (**iNAV**) which will be published on the Fund's website at [australianethical.com.au/managed-funds/investment-options/high-conviction/](http://australianethical.com.au/managed-funds/investment-options/high-conviction/) throughout the Trading Day. The iNAV will be updated for movements in the Fund's portfolio stocks by individual domicile and will also be updated in respect of portfolio securities or equivalent securities that have live market prices during the Trading Day. No assurance can be given that the iNAV will be published continuously or that it will be up to date or free from error. To the extent permitted by law, neither the Responsible Entity nor its appointed agent shall be liable to any person who relies on the iNAV.

The price at which units trade on the Securities Exchange may not reflect either the NAV per Unit or the iNAV. See Section 6 for more details.

## 4 How the Australian Ethical High Conviction Fund - Active ETF works

### Investing in the Fund

Investors can enter the Fund either by applying for units directly with the Responsible Entity using an Application Form or by buying units on the Securities Exchange.

Investors can exit the Fund either by directly making a withdrawal request to the Responsible Entity or by selling units on the Securities Exchange. You need to hold your units on the issuer sponsored sub-register to make a withdrawal request directly to the Responsible Entity. Your stockbroker can assist you with this process if you hold your units on a HIN.

The method by which you enter the Fund does not affect the method by which you can exit the Fund.

If you enter the Fund by buying units on the Securities Exchange, you can exit the Fund by selling units on the Securities Exchange or by withdrawing directly with the Responsible Entity. If you enter the Fund by applying for units directly with the Responsible Entity, you can exit the Fund by selling units on the Securities Exchange or by withdrawing directly with the Responsible Entity.

The following table sets out the key differences between entering and exiting the Fund via the Securities Exchange or by applying for and withdrawing units directly from the Fund. This is a summary only.

This PDS should be read in full before making any decision to invest in the Fund. For more information on buying and selling units on the Securities Exchange, see Section 5. For more information on applying to and withdrawing directly from the Fund, see Section 6.

	<b>Buying units on the Securities Exchange</b>	<b>Applying for units directly with the Responsible Entity</b>
How do I make an investment in the Fund?	<p>You can invest in the Fund at any time by purchasing units via your stockbroker.</p> <p>You do not need to complete an Application Form. Your purchase of units will be settled via the CHES settlement service, generally two Business Days following your purchase.</p>	<p>You can invest in the Fund at any time by submitting a correctly completed Application Form together with the required supporting identification information to our Unit Registry.</p> <p>If we receive your correctly completed Application Form by 3.00pm (Sydney time) on a Business Day and your cleared funds by close of business on the same Business Day, you will receive the entry unit price applicable to that Business Day. We will generally issue units to you the following Business Day.</p> <p>If you do not meet the cut-off times, we will issue units to you using the entry unit price applicable to the Business Day on which we receive your completed documentation and cleared monies (subject to the applicable cut-off times for that Business Day)</p>

## 4 How the Australian Ethical High Conviction Fund - Active ETF works

	Buying units on the Securities Exchange	Applying for units directly with the Responsible Entity
What is my entry price when I make an investment in the Fund?	<p>Your entry price will be the price at which you have purchased units on the Securities Exchange.</p> <p>You will receive a transaction confirmation from your stockbroker informing you of this price. You may incur customary brokerage fees and commissions when you buy units. Investors should consult their stockbroker for further information on their fees and charges.</p>	<p>Your entry price will be the entry unit price applicable to the Business Day on which we receive your completed documentation and cleared monies by the applicable cut-off times.</p> <p>The entry price reflects the NAV per Unit plus an allowance for transaction costs incurred by the Fund. The NAV per Unit estimates the value of the Fund's units based on the value of the Fund's assets at the close of trading in each market in which the Fund invests.</p> <p>On any given Business Day, the NAV per Unit will generally differ from the closing price on the Securities Exchange as the Fund invests in overseas markets and the close of trading in those markets on a given Business Day may not occur until the following day in Australia.</p>
Is there a minimum number of units I need to purchase or minimum investment amount?	<p>No. There is no minimum number of units applicable to investors who buy their units on the Securities Exchange.</p>	<p>The minimum initial investment amount for investors applying for units directly with the Responsible Entity is \$25,000.</p> <p>Additional investments can be made into an existing account at any time.</p>
How do I withdraw my Investment?	<p>You can withdraw from the Fund at any time by selling units on the Securities Exchange via your stockbroker.</p> <p>Your sale of units will be settled via the CHES settlement service, generally two Business Days following your sale.</p>	<p>You can make a withdrawal of your investment in the Fund by submitting a withdrawal request to our Unit Registry. You can request a specified dollar amount to be withdrawn, a specified number of units to be withdrawn, or a full redemption of your investment in the Fund.</p> <p>To withdraw, you must hold your units on the Fund's issuer sponsored sub-register and provide your SRN. Your withdrawal request must be received by 3.00pm (Sydney time) on that Business Day.</p> <p>Payment of your withdrawal proceeds will usually be paid within 3 Business Days following your withdrawal. You can usually expect to receive payment into your nominated bank account within seven Business Days.</p>



## 4 How the Australian Ethical High Conviction Fund - Active ETF works

	Buying units on the Securities Exchange	Applying for units directly with the Responsible Entity
At what price can I sell my units in the Fund?	<p>Your exit price will be the price at which you sold your units on the Securities Exchange.</p> <p>You will receive a transaction confirmation from your stockbroker informing you of this price. You may incur customary brokerage fees and commissions when you sell units. Investors should consult their stockbroker for further information on their fees and charges.</p>	<p>Your exit price will be the exit unit price applicable to the Business Day on which we receive your withdrawal request by the applicable cut-off times for that Business Day.</p> <p>The exit price reflects the NAV per Unit less an allowance for transaction costs incurred by the Fund. The NAV per Unit estimates the value of the Fund's units based on the value of the Fund's assets at the close of trading in each market in which the Fund invests.</p> <p>On any given Business Day, the NAV per Unit will generally differ from the closing price on the Securities Exchange as the Fund invests in overseas markets and the close of trading in those markets on a given Business Day may not occur until the following day in Australia.</p> <p>If you do not meet the cut-off times you will receive the exit price for the following Business Day, subject to your withdrawal request meeting the applicable cut-off times for that Business Day.</p>
Is there a minimum number of units I need to withdraw?	No. There is no minimum number of units applicable to either the sale of units on the Securities Exchange or withdrawal of units directly with the Responsible Entity.	

### Restrictions on withdrawals

No withdrawals or switches or payment of withdrawal proceeds shall be permitted where the calculation of the NAV of the Fund or withdrawals are suspended. Withdrawals or switches may be suspended for up to 28 days including where:

- it is impracticable for us, or we are unable, to calculate the NAV of the Fund, for example, because of financial market disruptions or closures;
- the payment of withdrawal proceeds involves realising a significant portion of the Fund's assets which would, in our opinion, result in remaining investors bearing a disproportionate amount of capital gains tax or expenses, or suffering any other disadvantage or diminution of the value of units held;
- we reasonably consider it would be in the interests of investors, or it is otherwise permitted by law; or

- where we receive withdrawal requests of an aggregate value that in our reasonable estimate exceeds 5% of the Fund's assets.

The withdrawal process, including the calculation of the NAV per Unit, applies only when the Fund is 'liquid' (within the meaning given to that term in the Corporations Act). Where the Fund ceases to be liquid, units may only be withdrawn pursuant to a withdrawal offer made to all investors in the Fund in accordance with the Constitution and the Corporations Act. We are not obliged to make such offers.

Where withdrawals or switches have been suspended, units in the Fund may continue trading on the Securities Exchange provided that the Fund continues to comply with the Securities Exchange Rules. If the Fund ceases to comply with the Securities Exchange Rules, the Securities Exchange Operator may suspend trading of units in the Fund on the Securities Exchange.

## 4 How the Australian Ethical High Conviction Fund - Active ETF works

### Compulsory redemptions

The Responsible Entity may redeem some or all of an investor's Units without asking them in accordance with the Constitution or as permitted by law. As an example, this may occur where an investor breaches their obligations to the Responsible Entity (for example, where the Responsible Entity believes that the Units are held in breach of prohibitions contained within the Constitution) or where the Responsible Entity believes that the Units are held in circumstances which might result in a violation of an applicable law or regulation.

### Transfer and conversion of units

Your stockbroker will initiate the conversion or transfer of units in the following scenarios:

- You hold units directly with the Fund (SRN holding on the issuer sponsored sub-register) and wish to convert or transfer your units to an account with a stockbroker (HIN holding on the CHESS sub-register). You will need to provide your stockbroker with your SRN. You can only convert or transfer whole units and any partial unit holding will be rounded to the nearest whole unit.
- You hold units in an account with your stockbroker (HIN holding on the CHESS sub-register) and wish to transfer your units to another HIN or to transfer or convert your units to an account directly with the Fund (SRN holding on the issuer sponsored sub-register).

#### Important...

If you wish to convert your units to an account with a stockbroker (known as an issuer sponsored to CHESS conversion), please note that ASX CHESS requires your registration details (i.e. name and address) at the Unit Registry to precisely match the details established on the HIN with your stockbroker.

If you wish to convert your holding to a HIN and the registration details do not precisely match, please complete a Name Correction Request form available on the website or on the Online Investor Portal, prior to requesting your stockbroker to initiate a conversion of your units to a HIN.

The Unit Registry handles transfers of units for investors who hold units directly with the Fund (SRN holding on the issuer sponsored sub-register) and wish to transfer to another existing account or a new account directly with the Fund.

### Distributions

Distributions of Distributable Income may be paid semi-annually. Any distributions remain at the discretion of the Responsible Entity. Correspondence will be made to Investors of the Fund via email or post. Details in relation to each distribution will be published on the announcement's platform of the Securities Exchange Operator and the Fund's website. The distribution policy of the Fund is current as at the date of this PDS and may be subject to change from time to time.

The Fund may make distributions of Distributable Income more or less frequently at the discretion of the Responsible Entity. Distributable Income is all the income earned by the Fund, less expenses incurred in obtaining that income and is generally determined in accordance with section 95 of the *Income Tax Assessment Act 1936 (Cth)* (but excluding certain offsets and other notional amounts). In some circumstances, the Fund may distribute a payment out of the other income or capital of the Fund either in addition to a distribution of Distributable Income or where the Fund has no Distributable Income.

To be eligible to receive a distribution in respect of a unit for a distribution period, you must:

- hold that unit on the last day of the distribution period; or
- have purchased that unit on or before the last day of the distribution period; or
- have applied directly with the Responsible Entity using an Application Form for that unit on or before the last day of the distribution period.

You will not be eligible to receive a distribution, in respect of a distribution period, for a unit you have sold or redeemed on or before the last day of the distribution period. The distribution is not calculated on a pro-rata basis according to the time that Fund Unitholders have held their Units.

## 4 How the Australian Ethical High Conviction Fund - Active ETF works

For certain information in respect of taxation, see the Taxation overview in Section 12.

You can choose to have your distributions directly credited to your Australian bank account or, to the extent that the Responsible Entity offers a Distribution Reinvestment Plan (**DRP**), automatically reinvested as additional units in the Fund. No fees or transaction costs will be payable in respect of distributions that are automatically reinvested. The **DRP** Rules require that additional units issued to investors will be rounded to the nearest whole number.

Should we offer a **DRP** in respect of the Fund, information will be made available on the Fund's website.

If a **DRP** is not setup at the distribution record date, and you do not have bank account details recorded for a direct credit payment, then Australian Ethical will reinvest your distribution (income) payment and record a distribution reinvestment plan for future distribution periods.

Details in relation to each distribution will be published on the announcements platform of the Securities Exchange Operator and the Fund's website at [australianethical.com.au/managed-funds/distributions/](https://australianethical.com.au/managed-funds/distributions/). The distribution policy of the Fund is current as at the date of this PDS and may be subject to change from time to time.



# 5 How to invest in the Fund on the Securities Exchange

## Buying units on the Securities Exchange

Investors can invest in the Fund by purchasing units via their stockbroker. Investors do not need to complete an Application Form, and they settle the purchase of their units in the same way they settle purchases of listed securities via the CHES settlement service.

There is no minimum number of units applicable to investors who buy units on the Securities Exchange. An investor's entry price into the Fund will be the price at which they have purchased units on the Securities Exchange.

## Selling your units on the Securities Exchange

Investors can sell their units in the Fund via their stockbroker. Investors who sell units on the Securities Exchange do not need to submit a withdrawal request to the Unit Registry and they will receive the proceeds from the sale of their units in the same way they receive proceeds from the sale of listed securities via the CHES settlement service.

There is no minimum number of units that investors can sell on the Securities Exchange. An investor's exit price will be the price at which they have sold units on the Securities Exchange.

## Securities Exchange liquidity

Investors can buy units from and sell units on the Securities Exchange to other investors in the secondary market in the same way as for any other listed securities.

The Responsible Entity, on behalf of the Fund, may provide liquidity to Investors on the Securities Exchange by acting as a buyer and seller of Units. At the end of each Trading Day, the Responsible Entity will create or cancel units in the Fund by applying for or redeeming its net position in units bought or sold on the Securities Exchange. The Responsible Entity has appointed Macquarie Securities (Australia) Limited as the Market Making Agent who will act on behalf of the Responsible Entity to transact and facilitate settlement on its behalf.

The liquidity provided by the Responsible Entity will ultimately be constrained by day-to-day events including but not limited to, the continuing ability of the Responsible Entity to create and redeem Units.

The price at which the Responsible Entity may buy or sell units will reflect the NAV per Unit (as referenced by the iNAV), market conditions, an allowance to cover transaction costs and supply and demand for units during the Trading Day.

The Fund will bear the risk of any transactions undertaken by the Responsible Entity on the Fund's behalf on the Securities Exchange, which may result in either a cost or a benefit to the Fund. The risks of providing liquidity on the Securities Exchange are explained in Section 8.

The Securities Exchange Rules are accessible at [www.cboe.com.au](http://www.cboe.com.au).



# 6 How to invest in the Fund directly with the Responsible Entity

## Applying directly to the Fund

You can make an investment in the Fund by completing an Application Form online or submitting an Application Form together with the required supporting identification information to the Unit Registry. The entry price for an investor who applies directly to the Responsible Entity for units in the Fund will be the NAV per Unit plus an allowance for transaction costs incurred by the Fund. The minimum initial investment for an investor who applies directly to the Responsible Entity is \$25,000.

Additional investments can be made into an existing account at any time. No minimum amount applies to additional investments made by BPAY.

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.

If you invest into the Fund indirectly through an Investor Directed Portfolio Service (IDPS) or IDPS-like scheme (commonly referred to as a master trust or wrap account), the minimum investment amount will be determined by the operator of the master trust or wrap account and may be higher or lower than if you invest in the Fund directly.

## How we process transactions

We will process your application and issue units to you when we have received:

- your completed Application Form or Additional Application Form, including required identification information; and
- your cleared application monies into the Fund's application bank account.

If we receive your correctly completed Application Form by 3.00pm (Sydney time) on a Business Day and your cleared funds by close of business on the same Business Day, you will receive the entry unit price applicable to that Business Day. We will generally issue units to you the following Business Day. Otherwise we will issue units to you using the entry unit price applicable to the Business Day on which we receive your completed documentation and cleared monies, subject to the applicable cut-off times.

If you invest by cheque, it may take up to three Business Days for your application monies to clear from the date we bank the cheque. If we receive your cheque before 3.00pm (Sydney time) on a Business Day we will action it on the day we receive it. If your cheque is received after 3.00pm (Sydney time) on a Business Day we will action it the following Business Day. We will not issue units until your application monies have cleared.

For applications made by BPAY (available for additional applications only), we will not issue units until we receive the money from your nominated financial institution. This generally means there will be a delay between the day you initiate a BPAY transaction and the day the units are issued. You will need to quote your unique reference number which you in the online investor portal or by contacting the Unit Registry.

If your cheque, BPAY or EFT is dishonoured by your financial institution, we will not process your application. We will not re-present a dishonoured payment unless you first contact us to discuss your application. We may deduct any fees incurred as a result of the dishonoured payment from your application amount before we issue you with units.

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Example – Application for units		
Application amount	\$25,000	Amount you are investing in the Fund. <sup>1</sup>
Entry price applicable to your application	\$1.25	Entry price reflects the NAV per Unit and an allowance for the buy spread of 0.20% <sup>2</sup> .
Units allocated to you based on the entry price	20,000	

1. This worked example assumes that your completed application was received by the Unit Registry before 3pm (Sydney time) for a given Business Day and that the Responsible Entity received your application monies (\$25,000) into the Fund application account before close of business on that given Business Day.

2. Assumes the NAV per Unit for that given Business Day adjusted for transaction costs.

## 6 How to invest in the Fund directly with the Responsible Entity

### Completing the Application Form

When completing the Application Form online, you will be required to complete an identity verification process. We are required by law to collect identification information from you before we can issue units in the Fund to you. The Online Application Form is available to complete online at [australianethical.com.au/managed-funds/apply/](http://australianethical.com.au/managed-funds/apply/)

If you prefer to complete a paper-based Application Form, you can download a copy from our website: [australianethical.com.au/managed-funds/documents/](http://australianethical.com.au/managed-funds/documents/). Please note that we require paper-based Application Forms to be signed and the original Form to be mailed together with certified copies of the requested identification documentation. The postal address appears on the front of this PDS and on the Application Form.

### Additional investments

Generally, you can make additional investments (subject to minimum investment amounts) into the Funds at any time. 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 document.

If you purchased your units on the Securities Exchange, but wish to make an additional investment directly with the Responsible Entity, you will be required to supply certain identification information to the Unit Registry before you can make additional investments.

### Regular Investment Plan

Investors investing directly with the responsible entity can build on their existing investment using a Regular Investment Plan to make regular monthly investments. Your regular monthly investment can be for as little as \$100 per month.

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 (but not below \$100 per month).

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

### Payment of your application monies

We can accept payment of your application monies in Australian Dollars by cheque or EFT. Instructions for making additional investments using BPAY are set out in the above 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. EFT payments can be made directly to the Fund's application bank account. The Fund's bank account details and your unique EFT reference code can be found in the online investor portal or your application confirmation email. Important: If you wish to pay by EFT, please ensure you quote your unique EFT reference code in the reference field of your EFT payment. Failure to do so may result in your application being delayed. Note that your EFT reference code is different to your SRN. Please contact the Unit Registry if you require confirmation of your EFT reference code.

Any interest earned on the Fund's bank account is retained by the Responsible Entity.

## 6 How to invest in the Fund directly with the Responsible Entity

### Withdrawing directly from the Fund

If you hold your units on the Fund's issuer sponsored sub-register then, subject to the Constitution, the Corporations Act and the Securities Exchange Rules, you can apply directly to the Responsible Entity to withdraw some or all of your investment at any time. To withdraw some or all of your investment, please submit a withdrawal request to the Unit Registry. If you would like to withdraw, you will need to complete a paper-based Withdrawal Form available from the website: [australianethical.com.au/managed-funds/documents/](http://australianethical.com.au/managed-funds/documents/). The exit price for an investor who withdraws directly from the Fund will be the NAV per Unit less an allowance for transaction costs incurred by the Fund.

If you hold your units via a stockbroker (and your units are associated with a Holder Identification Number (HIN)), then you hold your units on the CHESS sponsored sub-register. If you want to withdraw directly from the Fund, you will first need to submit a request to your stockbroker to have your units converted to an issuer-sponsored holding so that an SRN can be allocated to you by the Unit Registry. The process of converting your broker-sponsored holding to an issuer-sponsored holding is managed by your stockbroker and is subject to their standard processing times.

Please contact your stockbroker for further information.

If you purchased your units on the Securities Exchange, you will be required to supply certain identification information as part of your withdrawal request. Under some circumstances, we may need to contact you to request further documentation to confirm the validity of your instruction. This may delay processing of the withdrawal request.

If we receive a valid withdrawal request before 3.00pm (Sydney time) on a Business Day on which your units are held on the Fund's issuer-sponsored sub-register, we will calculate the amount of your withdrawal using the exit price applicable to that Business Day. If we receive your withdrawal request after 3.00pm on a Business Day on which your units are held on the Fund's issuer-sponsored sub-register, we will use the following Business Day's exit price.

Under the Constitution, the Responsible Entity may set a minimum withdrawal amount and minimum account balance. If a minimum account balance applies and your withdrawal request results in your remaining investment in the Fund held on the issuer sponsored sub-register falling below the minimum account balance, we may require you to withdraw your entire balance held on the issuer-sponsored sub-register.

As at the date of this PDS the Responsible Entity has determined that there is no minimum number of units applicable to either the sale of units on the Securities Exchange or withdrawal of units directly with the Responsible Entity.

Example – Withdrawal for units		
Withdrawal request	\$10,000	Amount you are withdrawing from the Fund. <sup>1</sup>
Exit price applicable to your withdrawal	\$2.000	Exit price reflects the NAV per Unit and an allowance for the sell spread of 0.20% <sup>2</sup> .
Units redeemed based on the exit price	5,000	

<sup>1</sup> This worked example assumes that your valid withdrawal request was received by the Unit Registry before 3pm (Sydney time) on a given Business Day.

<sup>2</sup> Assumes the NAV per Unit for that given Business Day adjusted for transaction costs.

## 6 How to invest in the Fund directly with the Responsible Entity

### Payment of your redemption proceeds

You can usually expect to receive payment into your nominated bank account within 7 Business Days after our receipt and acceptance of your withdrawal request. However, during July of each year, or at any other time when the Fund is processing a distribution, payment of your withdrawal may be delayed by up to 15 Business Days. There may be other circumstances, such as a freeze on withdrawals or where the Fund is not liquid (as defined under the Corporations Act), where your ability to withdraw from the Fund is restricted and you may have to wait a period of time before you can withdraw some or all of your investment.

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. Redemption proceeds will be paid directly to your nominated bank account.

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

### Switches

If you hold units directly with the Fund (SRN holding on the issuer sponsored sub-register) you can switch all or part of your investment to another fund managed by Australian Ethical, provided that both funds have the same Unit Registry. A switch is a withdrawal from one Australian Ethical fund and an application into another and may incur a buy/sell spread if applicable. If we receive your switch instruction before 3.00pm (Sydney time) on a Business Day, we will usually process the switch using the entry and exit prices applicable to that Business Day. If we receive your request after 3.00pm, we will usually process it using the following Business Day's unit prices. In circumstances where the calculation of unit prices is delayed for any reason, including while we are determining and processing distributions, we have the discretion to defer the processing of switches until unit pricing has resumed. We will accept switch requests via the online investor portal, email or mail.

Under some circumstances, we may need to contact you to request further documentation to confirm the validity of your instruction. This may delay processing of the switch request. We are unable to process switches out of a Fund whilst restrictions on withdrawals apply.

If you hold units in the Fund via a stockbroker, you will need to submit a request to your stockbroker to have your units converted to an issuer-sponsored holding before you can make a switch request.

### Indirect Investors

We authorise the use of this PDS as disclosure to persons who wish to access the Fund indirectly through an IDPS or IDPS-like scheme (commonly referred to as a master trust or wrap account). These investors are referred to as 'Indirect Investors'.

Indirect Investors do not become registered investors in the Fund, nor do they acquire the rights of a registered investor. Instead, as the master trust or wrap account operator is investing on your behalf, it acquires the rights of investors. In most cases, references to 'you' or 'your' in the PDS (for example, receiving distribution income, reinvestment distribution income and redemptions) is a reference to the master trust or wrap account operator and accordingly their arrangements with you will set out your rights. We do not keep personal information about Indirect Investors.

Further, some provisions of the Fund's Constitution will not be relevant to you. For example, you will generally not be able to attend meetings, or withdraw investments directly. You will receive reports from the master trust or wrap account operator, not us. The master trust or wrap account operator can exercise (or decline to exercise) those rights in accordance with the arrangements governing the operation of the master trust or wrap account.

Enquiries about the Fund should be directed to your licensed financial adviser, master trust or wrap account operator.



# 7 Benefits of investing in the Fund

## Significant features

The Fund primarily invests in a relatively concentrated portfolio of Australian and New Zealand companies that align with the Charter.

The fund aims to exceed the return of S&P/ASX300 Accumulation Index after taking into account management costs over 7 years. The Fund will generally invest in 20-35 stocks predominantly drawn from the S&P/ASX 300. The Fund utilises an active bottom-up stock-picking and benchmark unaware management approach.

## Significant benefits

Investing in the Fund offers investors a range of benefits, including:

- access to the Investment Manager's investment expertise and a professionally managed equity portfolio;
- access to a diversified portfolio of listed companies that align with the Australian Ethical Charter; and
- participation in any capital appreciation and income distributions of the Fund.



# 8 Risks of investing in the Fund

All investments carry risk. The likely investment return and the risk of losing money is different for each investment strategy as different strategies carry different levels of risk depending on the underlying mix of assets that make up each fund. Those assets with potentially the highest long-term return (such as equities) may also have the highest risk of losing money in the shorter term.

Risks can be managed but not completely eliminated. It is important that investors in the Fund understand that:

- the value of an investor's investment may rise and fall;
- investment returns will vary and future returns may differ from past returns;
- returns are not guaranteed and there is a risk that investors may lose money on any investment they make; and
- laws affecting an investor's investment in a managed investment scheme may change over time.

The appropriate level of risk for each investor will depend on various factors and may include their age, investment timeframe, where other parts of their wealth are invested and their overall tolerance to risk. Investors should consult their stockbroker or licensed financial adviser to better understand the risks involved in investing in the Fund.

The significant risks for the Fund are:

**Company specific risk:** Investments by the Fund in a company's securities will be subject to many of the risks to which that particular company is itself exposed. These risks may impact the value of the securities of that company. These risks include factors such as changes in management, actions of competitors and regulators, changes in technology and market trends.

**Concentration risk:** As the Fund will hold a concentrated portfolio of generally between 20 and 35 securities, returns of the Fund may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in the Fund's NAV per Unit and increased risk of poor performance.

**Conflicts of interest risk:** Either we or our various service providers may from time-to-time act as issuer, investment manager, secondary market liquidity

provider, custodian, unit registry, broker, administrator, distributor or dealer to other parties or funds that have similar objectives to those of the Fund. It is possible that we, or our service providers may have potential conflicts of interest with the Fund. Such conflicts of interest include but are not limited to: management of multiple accounts with varying fee arrangements, trade allocation, proxy voting and staff personal trading. The Investment Manager may invest in, directly or indirectly, or manage or advise other funds which invest in assets which may also be purchased by the Fund. Neither the Investment Manager nor any of its affiliates nor any person connected with it are under any obligation to offer investment opportunities to the Fund.

We maintain a Conflicts Management Policy to ensure that we manage our obligations to the Fund such that all conflicts (if any) are resolved fairly.

**Counterparty 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. Counterparty risk arises primarily from investments in cash transactions. Substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations.

**Currency risk:** As the Fund's investments in international assets are unhedged, a rise in the Australian dollar relative to other currencies will negatively impact investment values and returns. Currency markets can be extremely volatile and are subject to a range of unpredictable forces. It is not the Responsible Entity's intention to hedge the foreign currency exposure of the Fund arising from investments in overseas markets.

**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.

**Market making risk:** The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the Securities Exchange by acting as a buyer and seller of units in the Fund. The Responsible Entity has appointed the Market Making Agent to transact and facilitate the settlement of such transactions on the Fund's behalf. The Fund will bear the risk of these transactions. There

## 8 Risks of investing in the Fund

is a risk that the Fund could suffer a material cost as a result these market making activities which may adversely affect the NAV of the Fund. Such a cost could be caused by either an error in the execution and settlement of transactions or in the price at which units are transacted on the Securities Exchange. There is a risk that, if the Market Making Agent does not fulfil its obligations in a correct and timely manner, the Fund could suffer a loss.

In order to manage these risks, the Responsible Entity has the right to cease making a market, subject to its obligations under the Securities Exchange Rules, may change the prices at which it transacts on the Securities Exchange and may, where the Responsible Entity considers it appropriate to do so, hedge the Fund's trading activities.

**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. As the Fund will be rebalanced quarterly, or on such other basis determined by the Investment Manager, the Fund may not reposition in response to market events in periods between rebalancing. An investment in the Fund is governed by the terms of the Constitution and this PDS, each as amended from time to time. The Fund is also governed by the Securities Exchange Rules, and is exposed to risks of quotation on that platform, including such things as the platform or settlements process being delayed or failing. The Securities Exchange may suspend or remove the Units from quotation on the Securities Exchange. The Responsible Entity may elect, in accordance with the Constitution and the Corporations Act, to terminate the Fund for any reason.

**iNAV risk:** The iNAV published by the Fund is indicative only and might not be up to date or might not accurately reflect the underlying value of the Fund.

**Liquidity of investments risk:** Whilst the Fund is exposed to listed entities which are generally considered to be liquid investments, under extreme market conditions, there is a risk that such investments cannot be readily converted into cash or at an appropriate price. In such circumstances, 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 in order to do so.

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

**Operational risk:** Operational risk includes those risks which arise from carrying on a funds management business. The operation of the Fund may require us, the Custodian, Unit Registry, administrator, the agent appointed by the Responsible Entity to provide liquidity to investors on the Securities Exchange, and other service providers to implement sophisticated systems and procedures.

Some of these systems and procedures are specific to the operation of the Fund. Inadequacies with these systems and procedures or the people operating them could lead to a problem with the Fund's operation and result in a decrease in the value of units.

**Performance risk:** There is a risk that the Fund may not achieve its investment objectives.

**Personnel risk:** The skill and performance of the 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 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 (and the iNAV). 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 securities in which the Fund invests. Inflows and outflows may also affect the taxable income attributed to an investor during a financial year.

**Price of units on the Securities Exchange:** The price at which the Units may trade on the Securities Exchange may differ materially from the NAV per Unit and the iNAV.

## 8 Risks of investing in the Fund

**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.

**Securities Exchange liquidity risk:** Although the Units in the Fund will be quoted on the Securities Exchange, the liquidity of trading in the Units on the Securities Exchange may be limited. This may affect an investor's ability to buy or sell Units on the Securities Exchange. Investors will not be able to buy or sell units on the Securities Exchange during any period where the Securities Exchange is experiencing a trading outage or where the Securities Exchange Operator suspends trading of Units in the Fund. In addition, where trading in the Units on the Securities Exchange has been suspended, the ability of investors to apply directly to the Responsible Entity to withdraw their investment in the Fund may be suspended and will be subject to the provisions of the Constitution and the Corporations Act.

The Fund may be removed from quotation by the Securities Exchange Operator or terminated: The Securities Exchange Rules impose certain requirements for the continued quotation of securities, such as the units, on the Securities Exchange. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain quotation on the Securities Exchange. In addition, the Securities Exchange Operator may change the quotation requirements.

The Responsible Entity may elect, in accordance with the Constitution and Corporations Act, to terminate the Fund for any reason including if units cease to be quoted on the Securities Exchange. Information about the Securities Exchange Rules applicable to quotation of units in the Fund on the Securities Exchange is set out in Section 11 of this PDS.

**Risk of investing ethically and sustainably:** Investors 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-sustainably invested peers over all investment terms.

**Cyber security risk:** Unitholder details as well as the Fund's holdings are held electronically. There is a risk of financial loss, disruption or damage from either internal or external, accidental or malicious conduct targeting either Australian Ethical or any of Australian Ethical's agents or service providers resulting in unauthorised access to digital systems, networks or devices for the purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption.

**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.



# 9 The investment objective and strategy

An investment in the Fund may suit investors who are seeking a medium to long-term investment exposure to equities. Before deciding whether to invest in the Fund, investors should consider:

- the likely investment return of the Fund;
- the risk involved in investing in the Fund; and
- their investment timeframe.

Investment objective	The Fund aims to exceed the return of S&P/ASX300 Accumulation Index after taking into account management costs over a 7 year period.												
Minimum suggested time frame for holding investment	7 years.												
Asset classes and asset allocation <i>These are indicative asset allocation ranges for the Fund. If market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment cause the Fund to move outside these indicative ranges, this will be addressed by us as soon as reasonably practicable.</i>	<p>The Fund's assets are typically invested within the following asset allocation ranges:</p> <table border="1"> <thead> <tr> <th>Asset Class</th><th>Range</th></tr> </thead> <tbody> <tr> <td><b>Growth</b></td><td><b>80 - 100%</b></td></tr> <tr> <td><i>Australian &amp; New Zealand Equities</i></td><td><i>80 - 100%</i></td></tr> <tr> <td><i>International Equities</i></td><td><i>0 - 20%</i></td></tr> <tr> <td><b>Defensive</b></td><td><b>0 - 20%</b></td></tr> <tr> <td><i>Cash &amp; Short-Term Interest-Bearing Securities</i></td><td><i>0 - 20%</i></td></tr> </tbody> </table>	Asset Class	Range	<b>Growth</b>	<b>80 - 100%</b>	<i>Australian &amp; New Zealand Equities</i>	<i>80 - 100%</i>	<i>International Equities</i>	<i>0 - 20%</i>	<b>Defensive</b>	<b>0 - 20%</b>	<i>Cash &amp; Short-Term Interest-Bearing Securities</i>	<i>0 - 20%</i>
Asset Class	Range												
<b>Growth</b>	<b>80 - 100%</b>												
<i>Australian &amp; New Zealand Equities</i>	<i>80 - 100%</i>												
<i>International Equities</i>	<i>0 - 20%</i>												
<b>Defensive</b>	<b>0 - 20%</b>												
<i>Cash &amp; Short-Term Interest-Bearing Securities</i>	<i>0 - 20%</i>												
Investments held	The Fund primarily invests in a relatively concentrated share portfolio of companies predominately drawn from the S&P/ASX 300 Accumulation Index and selected on the basis of their social, environmental and financial credentials. The Fund utilises an active bottom-up stock-picking and benchmark unaware management approach.												
Risk level <sup>1</sup>	Very High.												
Fund performance	For up-to-date information on the performance of the Fund, including iNAV and performance history, please visit <a href="https://australianethical.com.au/managed-funds/performance-and-prices/">australianethical.com.au/managed-funds/performance-and-prices/</a> .												

<sup>1</sup> 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.

## Derivatives and other investments

The Fund will not use any derivatives. The Fund does not intend to engage in short selling or enter securities lending arrangements.

## Changes to the Fund

The Responsible Entity has the right to close or terminate the Fund and change the Fund's investment return objective, asset classes and asset allocation ranges, currency strategy (if any) and distribution policy, without prior notice in some cases. The Responsible Entity will inform investors of any material changes to the Fund's details in its next regular communication or as otherwise required by law.

## 9 The investment objective and strategy

### **Labour standards and environmental, social or ethical considerations**

We consider environmental, social and ethical factors including labour standards in the selection, retention and realisation of investments.

Australian Ethical's investment decisions are guided by our Charter. Australian Ethical seeks out investments which provide for and support the ethical principles set out in the Australian Ethical Charter. We interpret and apply these principles using detailed criteria.

Further information on our ethical investment criteria and the extent to which we take environmental, social and ethical factors including labour standards into account in the selection, retention or realisation of investments is set out in the Ethical Guide.



# 10 Fees and other costs

## DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

## TO FIND OUT MORE

If you would like to find out more or see the impact of the fees based on your own circumstances, the **Australian Securities & Investments Commission (ASIC) Moneysmart** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Certain taxation information is set out in Section 12.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

### Australian Ethical High Conviction Fund - Active ETF

Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs<sup>1,##</sup></b>		
<b>Management fees and costs<sup>1,2,3</sup></b>	0.69% p.a. of the net asset value of the class	The amount quoted is made up of the following three components:
The fees and costs for managing your investment		<p>Management fees which are calculated and accrued daily and paid monthly in arrears from the Fund's assets at the end of each month. Fees are calculated as a percentage of the daily net asset value of the Fund. Indirect costs (if any), which are deducted from the Fund's assets, accrued daily in the net asset value and then paid as and when due.</p> <p>Recoverable expenses which may be abnormal operating expenses (if any) that, if charged, will be deducted from the Fund's assets, and paid as incurred, and/or normal operating expenses and investment expenses which are paid out of the management fee.</p>
<b>Performance fees</b>	0.00% p.a. <sup>###</sup>	The performance fee is calculated and accrued each Business Day and is reflected in the daily unit price.
Amounts deducted from your investment in relation to the performance of the product		<p>The performance fee is payable yearly as at 30 June, if applicable.</p> <p>The performance fee is equal to 15% of the Fund's outperformance relative to its Benchmark return, multiplied by the daily net asset value of the Fund.</p>

## 10 Fees and other costs

### Australian Ethical High Conviction Fund (Active ETF)

Type of fee or cost	Amount	How and when paid
<b>Transaction costs<sup>3, 4</sup></b> The costs incurred by the scheme when buying or selling assets	0.01% p.a. of the net asset value of the Fund	Transaction costs are deducted from the assets of the Fund as and when they are incurred. The amounts shown are estimates calculated at 30 June each year based on the previous 12 months. These figures represent brokerage costs which are not fully recovered in the buy-sell spread and are therefore the net amount.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)<sup>1</sup></b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	0.15% / 0.15% of the investment or withdrawal amount <sup>#</sup>	Charged at the time of the transaction and paid into the Fund when you invest in or withdraw from the Fund. The spread is reflected in the unit price.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Switching fee<sup>@</sup></b> The fee for changing investment options	Nil	Not applicable

1 Unless otherwise stated, all fees and costs are quoted gross of income tax and any Goods and Services Tax (GST) and reduced by any Input Tax Credits (ITCs) or reduced input tax credits (RITCs) as applicable at the prescribed rate (depending on the nature of the fee or expense).

2 Additional fees may be payable if a financial adviser is consulted. See 'Additional explanation of fees and costs' below.

3 The fees shown are current as at the date of this PDS and are subject to change. All updates will be published on the fee information page: [australianethical.com.au/managed-funds/fees/](http://australianethical.com.au/managed-funds/fees/). All estimates of fees and costs in this section are based on information available as at the date of this PDS and reflect the Responsible Entity's reasonable estimates of the typical fees for the current financial year. The costs component of management fees and costs reflect the actual amount incurred for the financial year ended 30 June 2024 and the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS (adjusted to reflect a 12-month period).

4 The amount of transaction costs is an estimate only and subject to change from year to year. The calculation basis for these amounts are set out under 'Additional explanation of fees and costs' below.

<sup>#</sup> The buy-sell spread is current as at the date of this PDS. This amount is subject to change without notice.

<sup>@</sup> You may incur a buy-sell spread whenever units are bought or sold including by way of switching investment funds. However, you won't be charged a switching fee in addition to the buy-sell spread.

## 10 Fees and other costs

## For certain wholesale clients (as defined in the Corporations Act) we may, at our discretion, negotiate, rebate or waive all or part of our fees. Refer to 'Differential fee arrangements' below for further information about negotiable fees.

### The performance fee shown is based on an average of the Fund's performance fee since 1 October 2021 (the Fund's inception date). Please note that this is just an example, it is not a forecast and the actual investment balance of your holding and the value of the Fund will vary on a daily basis. The performance fee may be higher. The Fund's benchmark is the S&P/ASX300 Accumulation Index. Refer to 'Performance fees' information below for further information.

### Example of annual fees and costs for the Australian Ethical High Conviction Fund (Active ETF)

This table gives an example of how the ongoing annual fees and costs in the Fund can affect your investment over a 1-year period.

Example - Australian Ethical High Conviction Fund (Active ETF)		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR <sup>1</sup>
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged <b>\$0</b>
<b>PLUS</b> Management fees and costs	<b>0.69% p.a.</b>	<b>And</b> for every \$50,000 you have in the Fund you will be charged or have deducted from your investment <b>\$345*</b> each year.
<b>PLUS</b> Performance fees	<b>0.00% p.a.</b>	<b>And</b> you would be charged or have deducted from your investment <b>\$0*</b> in performance fees each year <sup>2</sup>
<b>PLUS</b> Transaction costs	<b>0.01% p.a.</b>	<b>And</b> , you will be charged or have deducted from your investment <b>\$5*</b> in transaction costs
<b>EQUALS</b> cost of the Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of: <b>\$350*</b>  <b>What it costs you will depend on the investment option you choose and the fees you negotiate</b>

1 The example assumes management costs are calculated on a balance of \$50,000 with the \$5,000 contribution occurring at the end of the first year. Amounts are rounded to the nearest dollar. If you have agreed to pay your adviser a service fee, it will be deducted from your account balance. Percentages expressed to one or two decimal places may have been rounded. When your balance reaches the minimum wholesale threshold, wholesale fees may apply. There is no establishment fee. Management costs are included in the unit price for the Fund and are inclusive of GST. The example does not show the impact of taxation, which will vary for each investor depending on their personal circumstances.

2 The performance fee shown is based on an average of the Fund's performance fee since 1 October 2021 (the Fund's inception date). Please note that this is just an example, it is not a forecast and the actual investment balance of your holding and the value of the Fund will vary on a daily basis. The performance fee may be higher.

\* Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you. Additional fees may be payable to third parties including financial advisers and brokers, by you, or on your behalf under your arrangements with them. You should refer to the Statement of Advice provided by your financial adviser, or Financial Services Guide provided by your broker, in which details of the relevant fees are set out. ASIC provides a fees calculator on its website [www.moneysmart.gov.au](http://www.moneysmart.gov.au), which you may use to calculate the effects of fees and costs on your investment in the Fund.

Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your adviser.



## 10 Fees and other costs

### Additional Explanation of Fees and Costs

#### Management fees

The management fees cover 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).

Management fees are calculated each Business Day based on the NAV of the Fund at the end of the previous Business Day and are payable at the end of each month. Estimated management costs are reflected in the NAV per Unit of the Fund.

In addition to the management fee, where the Fund incurs extraordinary expenses and outgoings, the Responsible Entity 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 Responsible Entity 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 fees

Depending on how well the Fund performs, the Investment Manager may be entitled to receive a performance fee which is payable by the Fund.

### Performance Fee example

The performance fee is equal to 15% of the Fund's outperformance (net of management fees and excluding any accrued performance fee) relative to its Benchmark return, multiplied by the NAV of the Fund. The performance fee is calculated and accrued each Business Day. The Benchmark used for calculating the performance fee is the S&P/ASX 300 Accumulation Index.

If the Benchmark ceases to be published, we will nominate an equivalent replacement index. The performance fee is calculated each Business Day and may be positive or negative. If the performance fee is positive, the amount is incorporated in the Fund's unit price. If the performance fee is negative, the negative amount will be carried forward and no performance fees can be charged until the negative performance has been recovered.

The performance fee amount payable by the Fund is equal to the total daily performance fee accrual for each financial year.

Performance fees vary from year to year according to the Fund's actual performance and can be zero in any financial year. Past performance is not a reliable indicator of future performance. In particular, the performance fee payable (if any) will depend on the performance of the Fund and previous performance fees and may not be a reliable indicator of future performance fees of the Fund. The Fund's average performance fee since 1 October 2021 (the Fund's inception date) is 0% p.a.

Assuming an investment of \$50,000, and that the Fund outperforms its benchmark by the percentages in the table below, the following Performance Fees would be payable for the outperformance:

Performance net of management fee against benchmark of the Australian Ethical High Conviction Fund	\$ Performance Fee attributable to	
	an investment of \$50,000	Calculation of Performance fee
+1.00% p.a	\$75	$15\% \times 1\% \times \$50k = \$75$
+2.00% p.a.	\$150	$15\% \times 2\% \times \$50k = \$150$
-1% p.a	No Performance Fee payable and will be carried forward to the next financial year.	-

## 10 Fees and other costs

### Indirect Costs

Indirect costs form part of management fees and costs and include fees and expenses arising from any investment which qualifies as an interposed vehicle (e.g. any underlying fund that the Fund may invest in). Indirect costs are estimated to be 0.00% which is based on the actual indirect costs incurred in the financial year ending 30 June 2024. The actual indirect costs payable in the future (if any) will depend on the investments of the Fund and the indirect costs estimate provided may not be a reliable indicator of future indirect costs of the Fund.

### Extraordinary expenses

In general, the management fees, performance fees (when accrued), and indirect costs are all that will be charged. However, under certain circumstances, extraordinary expenses may be paid directly by the Fund.

Extraordinary expenses are not of an ongoing nature. Examples of this type of expense include:

- convening of a unitholders' meeting;
- termination of the Fund; and
- amending the Fund constitution.

### Transaction costs

Transaction costs such as brokerage and transactional taxes are incurred by the Fund when the Fund acquires and disposes of securities. Transaction costs are an additional cost to the unit holder where they have not been recovered by a buy-sell spread.

Transaction costs are calculated at 30 June each year based on the previous 12 months. Transaction costs include taxes, duties and other costs (such as brokerage) as well as transaction costs from interposed vehicles.

An estimate of transaction costs for the current financial year is provided in the table below. The transaction costs shown in the fees and costs summary are net of any amount recovered by the buy-sell spread.

Total transaction costs (% p.a.)	Recovery through buy/ sell spread <sup>1</sup> (% p.a.)	Net transaction costs (% p.a.)	For every \$50,000 you have in the Fund you will likely incur approximately:
0.16%	0.15%	0.01%	\$5

<sup>1</sup> Recovery through the buy/sell spread only includes amounts recovered from investors applying and withdrawing directly from the Fund. It does not include any amount the Responsible Entity intends to recover from the prices at which it buys and sells units on the Securities Exchange. For more information, see 'Buy and sell spreads'.

The amount of such costs will vary from year to year depending on the volume and value of the trading activity in the Fund, and the value of applications and withdrawals processed.

Transaction costs are generally (except where they relate to interposed vehicles) paid out of the assets of the Fund and are not paid to the Responsible Entity.

## 10 Fees and other costs

### Buy and sell spreads

A portion of the total transaction costs are recovered from investors applying to and withdrawing directly from the Fund. New investments into the Fund or withdrawals from the Fund will typically cause the Fund to incur transaction costs. So that existing investors do not bear the transaction costs that arise from these investments and withdrawals from the Fund, the Responsible Entity intends to include an allowance to cover these costs in the prices at which it issues and redeems units to investors who transact directly with the Responsible Entity. This allowance to cover transaction costs (sometimes called the 'buy spread' and the 'sell spread') represents an additional cost to investors applying and withdrawing directly from the Fund, but are not fees paid to the Responsible Entity.

Investors should note that the buy/sell spread is only directly applicable to units applied for / redeemed directly with the Responsible Entity. However, investors buying and selling units on the Securities Exchange may incur a bid-offer spread as is usually the case with on-market transactions.

For an investor applying for units directly with the Responsible Entity, the current buy spread is 0.15% of the NAV per Unit, represented by the difference between the entry price and the NAV per Unit. For an investor applying directly to the Responsible Entity to withdraw their investment in Fund, the current sell spread is 0.15% of the amount that you withdraw, represented as the difference between the exit price and the NAV per Unit. For example, if you invested \$50,000 in the Fund the cost of the buy spread would be \$75, or if you withdrew \$50,000 from your investment the cost of the sell spread would be \$75. We may vary the buy and sell spreads from time to time and prior notice will not ordinarily be provided. Updated information on the buy and sell spreads will be posted on the Fund's website at [australianethical.com.au](http://australianethical.com.au)

For an investor that buys or sells units on the Securities Exchange, the price at which they transact may vary from the prevailing iNAV. The prices on the Securities Exchange are determined in the secondary market by market participants who set their own prices at which they wish to buy or sell units in the Fund. The difference, or spread, from the prevailing iNAV may represent a cost, or possible benefit, of an investment in the Fund. Where the Responsible Entity buys or sells units on the Securities Exchange, the price at which it

buys or sells units will generally include an allowance to cover transaction costs but will also reflect market conditions and supply and demand for units during the Trading Day. As such, the cost of the spread on the Securities Exchange may be different to the cost of the 'buy spread' or 'sell spread' for investors who apply or withdraw directly with the Responsible Entity. Where the Responsible Entity buys or sells units the Fund retains the benefit of this spread.

### Tax

In addition to the fees and costs described in this section, you should also consider the government taxes and other duties that may apply to an investment in the Fund. See further information on taxation at section 12.

### Market Making Agent costs

The Responsible Entity has appointed the Market Making Agent as its agent to execute its market making activities in order to provide liquidity in the Units on Cboe Australia and also to facilitate settlement. The agent will earn a fee as a result of these activities. This fee is applicable to the value of the net Units purchased and sold by the agent on behalf of the Fund. The market making fee for the Fund will be paid to the market participant by the Investment Manager and will not be recovered from the Fund. The Investors may also incur funding charges in respect of the market making activities. The Responsible Entity cannot (at the date of this PDS) estimate the Market Making Agent fee and charges that may be payable from the Fund in the future.

### Stockbroker fees for investors

Investors will incur customary brokerage fees and commissions when buying and selling the units on the Securities Exchange. Investors should consult their stockbroker for more information in relation to their fees and charges.

### Fees for Indirect Investors

For investors accessing the Fund through a master trust or wrap account, additional fees and costs may apply. These fees and costs are stated in the offer document provided by your master trust or wrap account operator. These are not fees paid to the Responsible Entity.

## 10 Fees and other costs

### Payments to platforms

Some master trusts, wrap accounts or other investment administration services (**Platforms**) may charge certain service fees (as a flat dollar amount each year). We may, therefore, pay amounts from the fees we receive to any Platform through which the Fund is made available. As these amounts are paid by us out of our own resources, they are not an additional cost to you.

### Financial adviser fees

Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your financial adviser. The Responsible Entity pays no commissions related to your investments to financial advisers.

### Differential fees

A rebate of part of the management costs or lower management costs may be negotiated with investors who are wholesale clients for the purposes of the Corporations Act. Further information can be obtained by contacting us.

### Changes in fees

Fees may increase or decrease for a number of reasons including changes in the competitive, industry and regulatory environments or simply from changes in costs. The Responsible Entity can change fees without an investor's consent but will provide investors with at least 30 days written notice of any fee increase.

The Constitution of the Fund limits the amount of the Responsible Entity's fee to a maximum of 4% p.a. of the Fund's Gross Asset Value (**GAV**) (plus GST). There is no intention to charge fees up to the maximum amount. The current fees and costs are outlined in the fees and costs tables above. The Constitution provides for the right to a performance fee equal to 15% of the Fund's outperformance (net of management fees and excluding any accrued performance fee) relative to its Benchmark return, multiplied by the NAV of the Fund.

The Constitution also provides for an entry fee payable to the Responsible Entity equal to a maximum 5% of the application price for units issued by the Responsible Entity; as well as an exit fee payable to the Responsible Entity of 5% of the withdrawal price proceeds of redemption of the unit. Whilst this is included in the Constitution, we do not charge entry or exit fees and there is no intention to do so.

### Securities Exchange Rules

The Securities Exchange Rules are accessible at [www.cboe.com.au](http://www.cboe.com.au).

Further information about accessing the Fund on the Securities Exchange is available on our website at [australianethical.com.au/managed-funds/notices/](http://australianethical.com.au/managed-funds/notices/).

The following table sets out the key differences between the Securities Exchange Rules and the Listing Rules which have been set in place to enable the Fund to be available on the Cboe Australia exchange.

# 11 About the Securities Exchange Rules and CHESS

Requirement	Listing Rules (ASX)	Securities Exchange Rules (Cboe Australia)
Continuous disclosure	Issuers <b>are subject</b> to continuous disclosure requirements under Listing Rule 3.1 and Section 674 of the Corporations Act.	<p>Issuers of products quoted under the Securities Exchange Rules are not subject to the continuous disclosure requirements in Listing Rule 3.1 and Section 674 of the Corporations Act. The Responsible Entity will comply with the continuous disclosure requirements in Section 675 of the Corporations Act as if the Fund were an unlisted disclosing entity.</p> <p>This means that the Responsible Entity will disclose to ASIC information which is not generally available and that a reasonable person would expect, if the information were generally available, to have a material effect on the price or value of the units, provided that such information has not already been included in this PDS (as supplemented or amended).</p> <p>The Responsible Entity will publish such information on the announcements platform of Securities Exchange Operator and the Fund's website <a href="http://australianethical.com.au">australianethical.com.au</a> at the same time as it is disclosed to ASIC.</p> <p>Under Securities Exchange Rules the Responsible Entity must disclose:</p> <ul style="list-style-type: none"> <li>• information about the NAV of the Fund's underlying investments daily;</li> <li>• information about redemptions from the Fund and the number of units on issue;</li> <li>• information about distributions paid in relation to the Fund;</li> <li>• any other information which is required to be disclosed to ASIC under Section 675 of the Corporations Act; and</li> <li>• any other information that would be required to be disclosed to the Securities Exchange Operator under section 323DA of the Corporations Act if the units were admitted under the Listing Rules.</li> </ul> <p>In addition, the Responsible Entity must immediately notify the Securities Exchange Operator of any information the non-disclosure of which may lead to a false market in the units or which would otherwise affect the price of the units.</p>
Periodic disclosure	Issuers <b>are required</b> to disclose half- yearly and annual financial information and reports to the announcements platform of the relevant securities exchange operator.	<p>Issuers of products quoted under the Securities Exchange Rules <b>are not required</b> to disclose half-yearly or annual financial information or reports to the announcements platform of the Securities Exchange Operator.</p> <p>The Responsible Entity will disclose financial information and reports in respect of the Fund to the announcements platform of the Securities Exchange Operator and will also lodge such financial information and reports with ASIC under Chapter 2M of the Corporations Act.</p>



## 11 About the Securities Exchange Rules and CHESS

Requirement	Listing Rules (ASX)	Securities Exchange Rules (Cboe Australia)
Corporate governance	Listed companies and listed managed investment schemes are subject to notification requirements under the Corporations Act and the Listing Rules relating to takeover bids, buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings.	<p>Although the units are quoted under the Securities Exchange Rules, the Fund isn't listed and they are therefore <b>not subject</b> to certain corporate governance requirements.</p> <p>The Responsible Entity will still be required to comply with the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act and Section 601FM of the Corporations Act including that the Responsible Entity may be removed by an extraordinary resolution of members on which the Responsible Entity would not be entitled to vote.</p>
Related party transactions	Chapter 10 of the Listing Rules relates to transactions between an entity and a person in a position to influence the entity and Sets out controls over related party transactions.	<p>Chapter 10 of the Listing Rules <b>does not apply</b> to products quoted under the Securities Exchange Rules.</p> <p>The Responsible Entity will still be required to comply with the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.</p>
Auditor rotation obligations	Division 5 of Part 2M.4 of the Corporations Act imposes specific rotation obligations on auditors of listed companies and listed managed investment schemes.	<p>Issuers of products quoted under the Securities Exchange Rules are not subject to the auditor rotation requirements in Division 5 of Part 2M.4 of the Corporations Act.</p> <p>An auditor will be appointed by the Responsible Entity to audit the financial statements and Compliance Plan of the Fund.</p>

### About CHESS

The Responsible Entity participates in the Clearing House Electronic Sub-register System (**CHESS**). CHESS is a fast and economical clearing and settlement facility which also provides an electronic sub-register service. The Unit Registry has established and will maintain an electronic sub-register with CHESS on behalf of the Responsible Entity.

The Responsible Entity will not issue investors with certificates in respect of units held on the CHESS sub-register. Instead, when investors purchase units on the Securities Exchange they will receive a holding statement which will set out the number of units they hold. The holding statement will specify the HIN allocated by CHESS or SRN allocated by the Unit Registry.

# 12 Taxation

Investing in the Fund is likely to have tax consequences. Before investing in the Fund, investors are strongly recommended to seek their own professional tax advice about the applicable Australian tax consequences and, if appropriate, foreign tax consequences that may apply to them based on their particular circumstances. This section provides 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.

The taxation information contained in this PDS reflects the Australian income tax legislation in force, and the published interpretation of the Australian Taxation Office and the courts, as at the date of issue of this PDS. Taxation laws are subject to continual change (including with retrospective effect). This summary does not apply to certain types of investors (for example, to Indirect Investors or if you hold your investment in the Fund as trading stock or otherwise as part of a trade or profit making undertaking or scheme, within the Australian 'taxation of financial arrangements' regime or as a custodian, nominee or trustee).

## Taxation treatment of the Fund

The Fund is intended to operate so that no Australian income tax is paid by the Fund. Instead, it is intended investors will be 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.

The Responsible Entity has elected, and intends to continue, to treat each Fund as an AMIT under the AMIT regime.

Whilst the AMIT regime continues to apply, key features include that:

- a share of the Australian taxable income and tax offsets of the Fund for each income year will be attributed to each investor (as determined by the Responsible Entity on a fair and reasonable basis);
- the taxable income and tax offsets of a Fund retain their character for Australian tax purposes in the hands of investors as they flow through that Fund; and

- where the amount of Australian taxable income or tax offsets estimated for a 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.

At the end of each income year, the Fund will issue an AMIT Member Annual (**AMMA**) statement to each investor detailing the attribution of each component of the Australian taxable income and tax offsets of the Fund to the investor.

The Fund is expected to qualify as a Managed Investment Trust (**MIT**). The Responsible Entity has elected to treat its gains and losses on disposal of certain investments (including shares and units in other trusts, but excluding certain financial arrangements) solely as capital gains and losses within the Australian Capital Gains Tax (**CGT**) regime whilst it continues to be a MIT.

If the Fund was to incur a tax loss for a year then the Fund could not attribute that loss to investors. However, subject to the Fund meeting certain conditions, the Fund may be able to recoup such a loss against taxable income of the Fund in subsequent income years.

## Australian Investors

This sub-section contains a general outline of certain Australian tax implications for investors who are either:

- residents of Australia; or
- foreign residents who hold their investment in the Fund as part of a business carried on by the foreign resident through a permanent establishment in Australia, (collectively, '**Australian Investors**') and in each case on the basis that the AMIT regime continues to apply to each Fund.

### *Attributions and distributions by the Fund*

If you are an Australian Investor, your share of the Fund's taxable income and tax offsets for an income year attributed to you by the 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, whether the distributions are reinvested and whether the distributions received are more or less than your share of the Australian taxable income of the Fund.

## 12 Taxation

A guide to help Australian Investors to transfer the information contained in the AMMA Statement into their tax returns is available at [australianethical.com.au/taxguide/](http://australianethical.com.au/taxguide/).

Taxable amounts attributed to you as an Australian Investor will generally preserve the same character for tax purposes 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 of that Fund for that income year, there may be increases or decreases to the CGT cost base of your investment in the Fund. 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.

### *Disposal of units in the Fund*

If you sell or transfer some or all of your units in the Fund (whether or not via the Securities Exchange) this will trigger a disposal of a CGT asset for CGT purposes. Any capital gain or loss will be required to be taken into account in determining your Australian taxable income.

Where you have held units continuously for at least 12 months prior to the transfer and are an individual, trustee or superannuation fund, you may be eligible to apply a CGT discount to reduce any capital gain from that disposal or redemption.

However, converting Units (i.e. changing between the issuer sponsored sub-register and the CHES sponsored sub-register) will not itself be treated as a disposal of Units for Australian CGT purposes.

### *Withdrawal (including switching) from the Fund*

If you withdraw part or all of your investment in the Fund (and as a result some or all of your units in the Fund are redeemed, including as part of a switch to another fund managed by Australian Ethical), you will be treated as having disposed of your units and the consequences under "Australian Investors - Disposal of units in the Fund" will apply.

You may also be attributed a share of the taxable income and tax offsets of the Fund (including any taxable income (such as capital gains) or tax offsets that arise as a result of your withdrawal from the Fund),

and such attributed amounts will be required to be included in calculating your taxable income.

Any capital gain that arises on the withdrawal will generally be reduced by the amount of the withdrawal proceeds that are included in calculating your taxable income.

### **Non-Australian Investors**

This sub-section deals with certain Australian tax implications for investors in the Fund who are **not** Australian Investors on the basis that the AMIT regime continues to apply to each Fund. It does not deal with any foreign tax implications in connection with an investment in the Fund, and you should seek your own professional tax advice.

### *Distributions from the Fund*

You may have Australian withholding tax withheld or deducted from distributions you receive from the Fund, calculated with reference to the share of the Australian sourced taxable income of the Fund for the income year that has been attributed to you. The rate at which tax is withheld or deducted will be determined by a number of factors including the character of the taxable income and your country of tax residence. Any amount withheld or deducted will reduce the amount of any distribution you receive from the Fund or are able to reinvest. This withholding tax is generally a final tax, and you should not be required to lodge an Australian tax return solely as a result of receiving such distributions.

### *Disposal of units in the Fund*

If you sell or transfer some or all of your units in the Fund (whether via the Securities Exchange or not), this will trigger a disposal of a CGT asset for Australian tax purposes. You will be subject to the Australian CGT rules on that disposal if the units in the Fund are 'taxable Australian property'. This will be the case if you hold a 10% or greater interest in the Fund (on an associate-inclusive basis) and more than 50% of the market value of the Fund's assets are attributable to Australian real property. Otherwise, if the units are not 'taxable Australian property', any capital gain should be disregarded for Australian CGT purposes.

However, converting Units (i.e. changing between the Issuer Sponsored Sub-Register and the CHES Sponsored Sub-Register) will not itself be treated as a disposal of Units for Australian CGT purposes.

## 12 Taxation

### *Withdrawal or switching from the Fund*

If you withdraw part or all of your investment in the Fund (and as a result some or all of your units in the Fund are redeemed, including as part of switching between Funds), you will be treated as having disposed of your units and the consequences under "Non-Australian Investors - Disposal of units in the Fund" will apply.

You may also be attributed a share of the taxable income and tax offsets of that Fund (including any taxable income (such as capital gains) or tax offsets that arise as a result of your withdrawal from that Fund). As a result, Australian withholding tax may be required to be withheld or deducted from the proceeds of any withdrawal from the Fund (and if switching, your investment into the a new fund would be reduced by such withholding tax).

### **Quoting your Tax File Number (TFN) or Australian Business Number (ABN)**

We are authorised to request and collect your Australian TFN by the *Taxation Administration Act 1953 (Cth)* for the purpose of complying with and reporting information pursuant to Australian taxation laws. It is not an offence to decline to quote your TFN. You may also be eligible to instead provide your ABN or to claim an exemption from providing your TFN. However, if you do not provide us with your TFN (or, if eligible, your ABN or you do not claim an exemption from doing so), tax may be required to be withheld from payments made to you by a Fund at the highest marginal tax rate plus any levies, such as the Medicare levy.

### **GST**

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

However, fees and expenses, such as Management Costs, incurred by the Fund would likely attract GST (at the rate of 10%). Given the nature of the activities of the Fund, the Fund may not be entitled to claim input-tax credits for the full amount of the GST incurred. However, for the majority of the expenses, a Reduced Input Tax Credit (RITC) may be able to be claimed which is a tax credit the Responsible Entity will claim on behalf of the Fund as proportion of the GST. The GST and expected RITC relating to fees and expenses is incorporated in the management cost for the Fund.

### **Global Information Reporting**

We are required to identify investors who are, or who are controlled by, tax residents of countries other than Australia in order to meet information reporting requirements under local and international laws, including the FATCA and CRS and their Australian implementation. Information collected by the Responsible Entity may be reported to the ATO, and through them to foreign tax authorities (including the US Internal Revenue Service).

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 a 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.

# 13 Additional information

## Additional disclosure information

The Fund is subject to regular reporting and continuous disclosure obligations. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. Investors can also call the Responsible Entity to obtain copies of the following documents, free of charge:

- The Fund's annual financial report most recently lodged with ASIC;
- Any half year financial report lodged with ASIC; and
- Any continuous disclosure notices the Responsible Entity places online at [australianethical.com.au](http://australianethical.com.au) or lodged with the Securities Exchange Operator.

## Fund's Constitution

The operation of the Fund is governed under the law and the Constitution of the Fund which addresses matters such as NAV per Unit, withdrawals, the issue and transfer of units, investor meetings, investors' rights, the Responsible Entity's powers to invest, borrow and generally manage the Fund and the Responsible Entity's fee entitlement and right to be indemnified from the Fund's assets.

In accordance with the Constitution, the Responsible Entity may provide investors with the ability to request a withdrawal of their investment in the Fund directly with the Responsible Entity.

The Constitution states that an investor's liability is limited to the amount the investor paid for their units, but the courts are yet to determine the effectiveness of provisions of this kind.

The Responsible Entity may alter the Constitution if it reasonably considers the amendments will not adversely affect investors' rights. Otherwise, the Responsible Entity must obtain investors' approval at a meeting of investors. The Responsible Entity may retire or be required to retire as Responsible Entity (if investors vote for its removal). The Responsible Entity may exercise its right to terminate the Fund earlier than retirement as Responsible Entity. Investors can inspect a copy of the Constitution at the Responsible Entity's website:

[australianethical.com.au/shareholder/corporate-governance/](http://australianethical.com.au/shareholder/corporate-governance/)

## ASIC relief

ASIC Class Order [CO 13/721] is being relied upon by the Responsible Entity, which exempts it from the requirements in section 1017B of the Corporations Act to disclose material changes and significant events on an ongoing basis, on the basis that the Responsible Entity will comply with section 675 of the Corporations Act and the continuous disclosure requirements as if the Fund were an unlisted disclosing entity.

## Compliance Plan

The Responsible Entity has prepared and lodged a compliance plan for the Fund with ASIC. The compliance plan describes the procedures used by the Responsible Entity to comply with the Corporations Act and the Constitution. Each year, the compliance plan for the Fund is audited and the audit report is lodged with ASIC.

## Conditions of admission

The Fund's units are quoted for trading on Cboe Australia. As part of the Fund's conditions of admission to quotation on the Securities Exchange under the Securities Exchange Rules, the Responsible Entity has agreed to:

- disclose the Fund's portfolio holdings on a quarterly basis within two months of the end of each calendar quarter;
- provide liquidity to investors on the Securities Exchange by acting as a buyer and seller of units as described in this PDS; and
- provide the iNAV as described in this PDS.

## Online investor portal

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 a 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.



## 13 Additional information

With InvestorServe you can:

- view your account balances and transaction histories, including regular investor payments;
- view distribution and tax statements;
- display and change your contact and banking details;
- amend and cancel payment of Regular Investor Plans by direct debit;
- display a personal BPAY reference number for the payment of additional investments; and
- 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**

### Cooling-off period (direct investments only)

You have a 14-day cooling-off period after making your investment to ensure you are happy with your decision to invest. You will need to tell us in writing if you change your mind. The 14-day period starts on the earlier of either when you receive confirmation that you are invested or five business days after units are issued to you.

If you exercise your right to cool off, the amount of your investment that is repaid will be adjusted to take into account the increase or decrease in the value of the investment from the date it was invested until the date we receive the notification from you, as well as any transaction costs and reasonable administrative fees.

The cooling-off period does not apply in some situations including:

- switches between the Funds we offer;
- subsequent investments made through the Regular Investor Plan;
- investments by wholesale investors as defined by the Corporations Act; and
- any investment in respect of which an investor has already exercised rights as a unit holder.

### Consents

The following parties have given written consent (which has not been withdrawn at the date of this PDS) to being named in the form and context in which they are named, in this PDS:

- State Street Australia Limited;
- BoardRoom Pty Limited;

Each party named above who has consented to be named in the PDS:

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

### Complaints resolution

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 visit [australianethical.com.au/contact-us](http://australianethical.com.au/contact-us) for other options to get in touch with us. We will acknowledge your complaint within 1 business day or as soon as practicable. If we do not resolve your complaint to your satisfaction within the legislated timeframe (30 days), you can complain to the following external dispute resolution body, at no charge to you.

The Australian Financial Complaints Authority (AFCA):

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

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

T 1800 931 678

### Fund Performance

Performance of the Fund can be obtained by visiting the Fund's website [australianethical.com.au](http://australianethical.com.au) or view the Fund updates and other announcements on the Securities Exchange at [www.cboe.com.au](http://www.cboe.com.au). The Fund's past performance is not a reliable indication of its future performance. The Fund's returns are not guaranteed.

## 13 Additional information

### Custodian

From 1<sup>st</sup> of November, State Street Australia Limited (**State Street**) ABN 21 002 965 200 has been appointed to hold the assets of the Fund under a Custody Agreement as the agent of the Responsible Entity. As Custodian, State Street will safe-keep the assets of the Fund, collect the income of the Fund's assets and act on the Responsible Entity's directions to settle the Fund's trades. State Street does not make investment decisions in respect of the Fund's assets that it holds. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. The Custodian has no liability or responsibility to you for any act done or omission made in accordance with the terms of the Custody Agreement. The Custodian makes no statement in this PDS and has not authorised or caused the issue of it.

The Custodian holds investments of the Fund as bare trustee and such investments are not investments of State Street. State Street does not guarantee the performance of the investment or the underlying assets of the Fund, or provide a guarantee or assurance in respect of the obligations of the Responsible Entity or its related entities.

### Unit Registry

BoardRoom Pty Limited (**BoardRoom**) has been appointed as the Unit Registry of the Fund under a Registry Services Agreement. The Registry Services Agreement sets out the services provided by the Unit Registry on an ongoing basis together with the service standards.

The role of the Unit Registry is to keep a record of investors in the Fund. This includes information such as the quantity of units held, TFNs (if provided), bank account details and details of distribution reinvestment plan participation to the extent the Responsible Entity offers such a plan.

### Market Making Agent

Under the Security Exchange Rules, the Responsible Entity has certain obligations in respect of the Fund to facilitate an orderly and liquid market in the Fund.

The Responsible Entity has appointed Macquarie Securities (Australia) Limited (**Macquarie**) its agent to execute its market making activities as a participant under the Security Exchange Rules.

The Fund will bear the risk of the market making activities undertaken by the Responsible Entity on the Fund's behalf, which may result in either a cost or benefit to the Fund. The liquidity provided by the Responsible Entity will ultimately be constrained by day-to-day events including but not limited to, the continuing ability of the Responsible Entity to create and redeem units.

At the end of each Trading Day, units are issued or redeemed by the Responsible Entity depending on the net quantity traded for that particular day on the Securities Exchange.

## 13 Additional information

### Anti-money laundering and counter terrorism financing (AML/CTF) 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.

We may be required to collect additional information and documentation 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.

In order to comply with laws and regulations, we may be required to delay, block, freeze or not process a transaction.

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. Processing of transactions will be delayed or refused if you do not provide the KYC Documents when requested or where reasonable grounds are established that the transaction breaches the law or sanctions of Australia or any other country. 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.

This could result in loss of the capital invested, or you may experience significant delays when you wish to transact on your investment. We are not liable for any loss (including consequential loss) you may suffer because of compliance with the AML/CTF laws.

By completing this application process, you agree:

- You are not applying for units in the fund under an assumed name.
- The money that you invest has not been derived from or is related to any criminal or illegal activities.
- The proceeds you receive will not be used in relation to any criminal, illegal or terrorism financing activities.
- You will not initiate, engage in, or effect a transaction that may be in breach of AML/CTF law, anti-bribery and anti-corruption laws or sanctions.
- We reserve the right to request such information as is necessary to verify the identity of an investor, their legal representative, anyone acting on their behalf, any beneficial owners from third parties and the source of monies used for the payment. This may include information concerning your related parties.
- In order to comply with relevant laws and regulations, we may be required to delay or refuse an application for units in the fund or any transaction related to your investment.
- We may disclose information gathered to regulatory or law enforcement entities where legally obliged to do so.

### Privacy policy

We respect your privacy. Protecting your personal information is important to us. Please read our Privacy Policy and our Privacy Collection Notice which outline the type of information we collect about you and how we will use that information, and are available on our website: [australianethical.com.au/privacy-policy](https://australianethical.com.au/privacy-policy)



# 14 Glossary

Defined terms and other terms used in the PDS	Definition
\$, A\$ or dollar	The lawful currency of Australia.
AFCA	Australian Financial Complaints Authority.
AFS Licence	Australian Financial Services Licence.
AMIT	An attribution managed investment trust as defined in the Tax Act.
AML/CTF Act	The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
Application Form	The application form for the Fund.
APRA	Australian Prudential Regulatory Authority
ASIC	Australian Securities and Investments Commission.
ASIC Relief	Any declaration made or exemption granted by ASIC that is applicable to the Fund and that is in force.
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the case requires.
ATO	Australian Taxation Office.
AUSTRAC	Australian Transaction Reports and Analysis Centre
Benchmark	S&P/ASX300 Accumulation Index.
Business Day(s)	<p>The days identified by the Securities Exchange Operator in the Securities Exchange Rules.</p> <p>For the purposes of calculating management costs only, Business Day includes a day on which the primary securities exchange for any security that forms part of the Fund's property is open for trading.</p>
Cboe Australia	Cboe Australia Pty Ltd
Charter	The Australian Ethical Charter.
CHESS	Clearing House Electronic Sub-register System, the Australian settlement system for equities and other issued products traded on the ASX, Cboe Australia and other exchanges. CHESS is owned by the ASX.
Clearing Rules	The operating rules of ASX Clear Pty Limited from time to time.
Compliance Plan	The Compliance Plan of the Fund.
Constitution	The Constitution of the Fund.
Corporations Act	Corporations Act 2001 (Cth).
CRS	Common Reporting Standard.
Custodian	State Street Australia Limited
Custody Agreement	The Master Custody Agreement in respect of the assets of the Fund between the Custodian and the Responsible Entity.
Distributable Income	The portion of the Fund's earnings available for distribution to investors after fees and expenses.
EFT	Electronic Funds Transfer.

## 14 Glossary

Defined terms and other terms used in the PDS	Definition
Ethical Guide	Guide to our Ethical Investment Process, available on our website <a href="http://australianethical.com.au/managed-funds/pds">australianethical.com.au/managed-funds/pds</a>
FATCA	Foreign Account Tax Compliance Act.
GST	The meaning given to the term in the GST Law and includes any other Commonwealth, State or Territory goods and services tax, or any Commonwealth, State or Territory tax applying to a transaction in a way similar to GST.
GST Law	The <i>A New Tax System (Goods and Services Tax) Act 1999 (Cth)</i> .
HIN	Holder Identification Number.
IDPS	Investor Directed Portfolio Service.
iNAV	Indicative NAV per unit means the estimated NAV per Unit that will be published on the Website during a Trading Day to consider movements in prices during that Trading Day
Investment Manager	Australian Ethical Investment Ltd ABN 47 003 188 930 AFSL 229949
Listing Rules	Means the Listing Rules of the Australian Securities Exchange.
Management Costs	The management costs of the Fund as described in Section 10 of this PDS.
Market Making Agent	means the agent appointed by the Responsible Entity to provide liquidity in the Fund's units on its behalf
NAV	The net asset value of the Fund, being the total value of the assets of the Fund, less the value of the liabilities of the Fund excluding application money in respect of applications that have not been accepted by the Responsible Entity.
Pricing Discretions Policy	The Responsible Entity's policy detailing the discretions exercised in the calculation of NAV per Unit.
NAV per Unit	The NAV per Unit is calculated by dividing the NAV of the Fund by the number of units on issue.
PDS	This Product Disclosure Statement as amended or supplemented from time to time.
Register	The register of Unitholders established under the Fund Constitution that is maintained by, or on behalf of, the Responsible Entity.
Registry Services Agreement	The agreement, as amended from time to time, between the Responsible Entity and the Unit Registry governing the registry services to be provided in respect of the Fund by the Unit Registry.
Responsible Entity	Australian Ethical Investment Ltd ABN 47 003 188 930 AFSL 229949
RITC	Reduced Input Tax Credits
Settlement Rules	The operating rules of ASX Settlement Pty Limited (ABN 49 008 504 532) from time to time.
Securities Exchange	The securities exchange operated by Cboe Australia.
Securities Exchange Operator	Cboe Australia Pty Ltd.



## 14 Glossary

Defined terms and other terms used in the PDS	Definition
Securities Exchange Rules	The operating rules of the Securities Exchange Operator that apply from time to time to the quotation of managed funds and products such as the units.
SRN	Securityholder Reference Number.
Tax Act	<i>The Income Tax Assessment Act 1936 (Cth)</i> or the <i>Income Tax Assessment Act 1997 (Cth)</i> .
Trading Day	The day and time during which securities are traded on the Securities Exchange.
Unitholder	The holder of a unit in the Fund.
Unit Registry	BoardRoom Limited will operate the registry for the Fund.
Wholesale Client	means persons defined as such under section 761G of the Corporations Act.

**Australian  
Ethical**



#### **Contact us**

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Sydney NSW 2001

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

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

#### **Unit Registry**

**Post:** BoardRoom limited  
Level 12, Grosvenor Place 225 George Street  
Sydney NSW 2000

**Phone:** T 1300 552 203 (Australia only)