

1 October 2025

Significant Event Notice - Product Disclosure Changes - Managed Funds

We're letting you know that we've made changes to our product disclosures effective 1 October 2025 for the following Funds.

APIR CODE	FUND NAME
AUG0002AU	Australian Ethical Australian Shares Fund (Retail)
AUG0018AU	Australian Ethical Australian Shares Fund (Wholesale)
AUG0001AU	Australian Ethical Balanced Fund (Retail)
AUG0017AU	Australian Ethical Balanced Fund (Wholesale)
AUG0004AU	Australian Ethical Diversified Shares Fund (Retail)
AUG0019AU	Australian Ethical Diversified Shares Fund (Wholesale)
AUG0026AU	Australian Ethical Emerging Companies Fund (Retail)
AUG0027AU	Australian Ethical Emerging Companies Fund (Wholesale)
AUG0021AU	Australian Ethical Altius Bond Fund (Retail)*
AUG0023AU	Australian Ethical Altius Bond Fund (Wholesale)*
AUG0008AU	Australian Ethical High Growth Fund (Retail)
AUG0020AU	Australian Ethical High Growth Fund (Wholesale)
AUG0003AU	Australian Ethical Income Fund (Retail)
AUG0024AU	Australian Ethical Income Fund (Wholesale)
AUG0006AU	Australian Ethical International Shares Fund (Retail)
AUG0025AU	Australian Ethical International Shares Fund (Wholesale)
AUG7454AU	Australian Ethical Moderate Fund
AUG6267AU	Australian Ethical Conservative Fund
Altius Funds	
AUS0079AU	Australian Ethical Altius Credit Income Fund (Ordinary)*
AUS1392AU	Australian Ethical Altius Credit Income Fund (Retail)*
AUS0084AU	Australian Ethical Altius Green and Sustainable Bond Fund (Ordinary)*
AUS9041AU	Australian Ethical Altius Green and Sustainable Bond Fund (Retail)*
AUS0071AU	Australian Ethical Altius Short Duration Bond Fund*

Ticker

AEAE Australian Ethical High Conviction Fund

*The names of these Funds have changed, see below for more information.

We've updated the Product Disclosure Statement (PDS), Additional Information Booklet, Additional Information Document and Ethical Guide, which all form part of the PDS for each of the Funds. These documents are available on our [website](#).

The changes include:

1. Changes to Management fees and costs.
2. Fund name changes for four Funds.
3. A reduction to the Standard Risk Measure (SRM) for some Funds.
4. Changes to the Strategic Asset Allocation ranges and targets for some Funds.
5. A description of the rights attached to different unit classes, noting where an investor meets the minimum account balance and eligibility criteria for a unit class with a lower fee, we will reclassify this holding to the lower fee unit class.
6. A description of Conflict of Interests confirming that any related party transactions are on arm's length terms.

These changes are important, so we encourage you to take the time to consider how they might affect you and keep a copy of this letter/email for your records.

We've provided the details of the changes made below.

1. Changes to Management fees and costs

Investment fees and costs relate to the investment of each Fund and are based on actual and estimated costs for the previous financial year. We've reviewed the fees and costs associated with our Funds. We report on our investment performance after fees, and you can see a breakdown of all the fees and costs in your Annual Statement.

Indirect costs

Indirect costs form part of management fees and costs and include fees and expenses arising from any investment which qualifies as an interposed vehicle and certain 'over-the-counter' derivatives costs. We have reviewed our indirect costs estimate for the last financial year. Tabled below are the changes to estimated indirect costs based on data as at 30 June 2025. There is no change to the estimated indirect costs for any other managed funds listed at the top of this update.

Fund	Estimated indirect costs
Balanced Fund (Retail)	Prev: 0.14% New: 0.15%
Balanced Fund (Wholesale)	Prev: 0.14% New: 0.15%
Conservative Fund	Prev: 0.11% New: 0.15%
High Growth Fund (Retail)	Prev: 0.11% New: 0.14%
High Growth Fund (Wholesale)	Prev: 0.11% New: 0.14%
Moderate Fund	Prev: 0.12% New: 0.15%

Transaction costs

Transaction costs such as brokerage and transactional taxes are incurred by the Fund when the Fund acquires and disposes of securities. We have reviewed our transaction costs estimate for the last financial year. Tabled below are the changes to estimated transaction costs based on data as of 30 June 2025. There is no change to the estimated transaction costs for any other managed funds listed at the top of this update.

Fund	Estimated transaction costs
Australian Shares Fund (Retail)	Prev: 0.00% New: 0.04%
Australian Shares Fund (Wholesale)	Prev: 0.00% New: 0.04%
Balanced Fund (Retail)	Prev: 0.04% New: 0.06%
Balanced Fund (Wholesale)	Prev: 0.04% New: 0.06%
Conservative Fund	Prev: 0.00% New: 0.03%
Diversified Shares Fund (Wholesale)	Prev: 0.00% New: 0.01%
Diversified Shares Fund (Retail)	Prev: 0.00% New: 0.01%
Emerging Companies (Wholesale)	Prev: 0.00% New: 0.04%
Emerging Companies (Retail)	Prev: 0.00% New: 0.04%

High Growth Fund (Retail)	Prev: 0.03% New: 0.06%
High Growth Fund (Wholesale)	Prev: 0.03% New: 0.06%
Moderate Fund (Wholesale)	Prev: 0.00% New: 0.04%
Altius Green and Sustainable Bond Fund (Retail)	Prev: 0.04% New: 0.00%
Altius Green and Sustainable Bond Fund (Ordinary)	Prev: 0.03% New: 0.00%
Altius Short Duration Bond Fund	Prev: 0.05% New: 0.00%
High Conviction Fund	Prev: 0.01% New: 0.09%

2. Fund name changes

As part of our ongoing efforts to improve clarity and alignment with our investment strategy, we have updated the names of four Funds. This change reflects the acquisition of the Altius business in September 2024 and more accurately represent the Funds' underlying investment strategy.

There are no changes to the Funds' investment objectives, strategies, nor management.

Previous Fund name	New Fund name
Altius Sustainable Bond Fund	Australian Ethical Altius Short Duration Bond Fund
Altius Green Bond Fund (Ordinary)	Australian Ethical Altius Green and Sustainable Bond Fund (Ordinary)
Altius Green Bond Fund (Retail)	Australian Ethical Altius Green and Sustainable Bond Fund (Retail)
Altius Sustainable Short Term Income Fund (Ordinary)	Australian Ethical Altius Credit Income Fund (Ordinary)
Altius Sustainable Short Term Income Fund (Retail)	Australian Ethical Altius Credit Income Fund (Retail)
Australian Ethical Fixed Interest Fund (Wholesale)	Australian Ethical Altius Bond Fund (Wholesale)
Australian Ethical Fixed Interest Fund (Retail)	Australian Ethical Altius Bond Fund (Retail)

3. Reduction to the Standard Risk Measures (SRM)

Each of our Funds has a risk label that has been evaluated using the Standard Risk Measure. The Standard Risk Measure* is based on industry guidance to allow you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. The Standard Risk Measure is not a complete assessment of all forms of investment risk. 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 you may require to meet your objectives.

Further, it does not take into account the impact of administration fees and tax. You should still ensure you are comfortable with the risks and potential losses associated with your chosen Fund/s.

Fund	Previous Risk Level	New Risk Level from 1 October 2025
Australian Shares	Very high	High
High Conviction	Very high	High
Balanced	Medium to high	Medium
Conservative	Low to medium	Low
Moderate	Medium	Low to medium
Short Duration Bond	Medium	Low

There is no change to the Risk Measure of the Bond Fund, Income Fund, Credit Income Fund, Diversified Shares Fund, High Growth Fund, Emerging Companies, Green and Sustainable Bond Fund nor the International Shares Fund.

A description of Standard Risk Measures*

Risk Band	Risk Label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

* The Standard Risk Measures are produced in accordance with the Standard Risk Measure Guidance issued jointly by The Association of Superannuation Funds of Australia Limited and Financial Services Council. The Standard Risk Measure is not a complete assessment of all forms of investment risk.

4. Changes to Strategic Asset Allocation ranges and targets

An asset allocation range is the disclosed range that each Fund may hold investments within a specific class. Following an annual review, we've made changes to the strategic asset allocation ranges and targets effective 1 October 2025 to reflect updated market conditions. These changes aim at improving investment outcomes for investors by increasing our ability to meet the investment objective for each Fund.

Balanced Fund

Asset class	Previous range	New range from 1 October 2025	Previous target	New target from 1 October 2025
Growth	62.5-82.5%	65-85%	72.5%	75%
Defensive	17.5-37.5%	15-35%	27.5%	25%
Ranges				
Australian and New Zealand Shares ^	17.5-37.5%	17-37%	27.5%	27%
International Shares	17.5-37.5%	16-36%	27.5%	26%
Alternatives	0-20%	1-21%	10%	11%
Property and Infrastructure	0-17.5%	1-21%	7.5%	11%
Fixed Interest	7.5-27.5%	5-25%	17.5%	15%
Cash and short-term interest-bearing securities	0-20%	0-20%	10%	10%

Conservative Fund

Asset class	Range	New range from 1 October 2025	Previous Target	New target from 1 October 2025
Growth assets	22.5-42.5%	28-48%	32.5%	38%
Defensive assets	57.5-77.5%	52-72%	67.5%	62%
Ranges				
Australian and New Zealand Shares ^	0-17.5%	0-18%	7.5%	8%
International Shares	0-17.5%	0-18%	7.5%	8%
Alternatives	0-20%	1-21%	10%	11%
Property and Infrastructure	0-17.5%	1-21%	7.5%	11%
Fixed Interest	37.5-57.5%	32-62%	47.5%	42%
Cash and short-term interest-bearing securities	10-30%	10-30%	20%	20%

High Growth Fund

Asset class	Range	New range from 1 October 2025	Previous Target	New target from 1 October 2025
Growth assets	85-100%	85-100%	95%	95%
Defensive assets	0-15%	0-15%	5%	5%
Ranges				
Australian and New Zealand Shares ^	30-50%	27-47%	40%	37%
International Shares	27.5-47.5%	26-46%	37.5%	36%
Alternatives	0-20%	1-21%	10%	11%
Property and Infrastructure	0-17.5%	1-21%	7.5%	11%
Fixed Interest	0 -10%	0-10%	0%	0%
Cash and short-term interest-bearing securities	0 -15%	0-15%	5%	5%

Moderate Fund

Asset class	Range	New range from 1 October 2025	Previous Target	New target from 1 October 2025
Growth assets	45-65%	46-69%	55%	59%
Defensive assets	35-55%	31-51%	45%	41%
Ranges				
Australian and New Zealand Shares ^	8.75-28.75%	9-29%	18.75%	19%
International Shares	8.75-28.75%	8-28%	18.75%	18%
Alternatives	0-20%	1-21%	10%	11%
Property and Infrastructure	0-17.5%	1-21%	7.5%	11%
Fixed Interest	20 -40%	16-36%	30%	26%
Cash and short-term interest-bearing securities	5 -25%	5-25%	15%	15%

5. Unit Class

We have added a section which outlines that the Funds' constitutions permit the establishment of different classes of units in each Fund and determine the rights which attach to each class of units.

At our discretion we may issue wholesale or larger investors with a different class of units. As such, different classes may have different management fees and costs, investment minimums, distributions and performance. Where an investor meets the minimum account balance and eligibility criteria (if applicable) for a unit class with a lower fee, we will reclassify this holding to the lower fee unit class. This process generally occurs weekly, and we will notify the investor when this occurs via a Transaction Statement.

6. Conflict of Interests

We have added a section which outlines that any related party transactions are on arm's length terms, and that any such related party performs its functions to the same standard as if the parties were not related and in the best interest of investors

Here to help

If you have questions about these changes, please call us on the following number/s.

- Australian Ethical Funds 1800 021 227, Monday to Friday 8:30am to 5:30pm AEST.
- Altius Funds 1300 788 031, Monday to Friday 8:30am to 5:30pm AEST.

Interests in the Australian Ethical Managed Funds are issued by Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949), the Responsible Entity of the Australian Ethical Managed Fund.

These changes are important, so we encourage you to take the time to consider how they might affect you and keep a copy of this letter/email for your records.

This information is general in nature and is not intended to provide you with financial advice or take into account your personal objectives, financial situation or needs. Before acting on the information, consider its appropriateness to your circumstances and read the Financial Services Guide (FSG), relevant product disclosure statement (PDS) and target market determination (TMD) available on our website.

You may wish to seek financial advice from an authorised financial adviser before making an investment decision. Past performance is not a reliable indicator of future performance.