Notice of Meeting and Explanatory Memorandum

Australian Ethical Diversified Shares Fund (ARSN 089 919 166) (Fund)

Important Notice:

This is an important notice that requires your urgent attention. Please read the information in this Notice and Explanatory Memorandum carefully. The information contained in this Notice of Meeting and Explanatory Memorandum does not constitute personal advice by Australian Ethical Investment Ltd (Australian Ethical), or any of its associates, officers or employees in relation to any financial product or service. The Notice of Meeting and Explanatory Memorandum has been prepared without taking into account of your particular investment objectives, financial situation, and needs. You should assess whether the information contained in this Notice of Meeting and Explanatory Memorandum is appropriate with respect to your own circumstances before making a decision in relation to the Special Resolution. If you are unsure, you should seek the help of a financial adviser or other appropriate adviser. All reasonable care has been taken in relation to the preparation and collation of this Notice of Meeting and Explanatory Memorandum. To the extent permitted by law, no person, including, but not limited to Australian Ethical or any of its associates, officers or employees, accepts any responsibility for any loss directly or indirectly arising from this Notice of Meeting and Explanatory Memorandum by any person.

Issued: 1 July 2026

Issued by: Australian Ethical Investment Limited (ABN 47 003 188 930, AFSL 229 949) of Level 8, 130 Pitt Street Sydney NSW 2000 in its capacity as responsible entity of the Fund.

Notice of Meeting

This Notice of Meeting comprises this document, the Important Information the Explanatory Memorandum and the Online Meeting Guide.

Introduction

Australian Ethical Investment Limited (ABN 47 003 188 930, AFSL 229 949) (Australian Ethical) is the responsible entity of the Australian Ethical Diversified Shares Fund (ARSN 089 919 166) (Fund). The Fund is governed by a constitution dated 3 August 1989 as amended from time to time (Constitution).

The Constitution for the Fund contains a clause which restricts investment in shares, debentures and deposits in any single company or entity to a maximum of 10% of the Fund's value. The clause is as follows:

> "5.4(a) the value of shares, debentures and deposits in any one company comprised in the Fund (other than a financial institution referred to in Clause 5.5 shall not exceed 10% of the Value of that Fund;"

Clause 5.5 refers to temporary investments in cash at bank or any managed investment scheme or prescribed interest investing in government or bank backed securities.

Special Resolution for constitutional modifications

Australian Ethical hereby gives notice that a meeting of unitholders of the Fund will be held for the purpose of considering and, if thought appropriate, passing the following Special Resolution to modify the Constitution to remove the 10% investment limit, in relation to the Fund:

> "That, the Australian Ethical Investment Funds Constitution be modified to insert a new clause 3 immediately after clause 2 in the Fourth Schedule of the Constitution as follows:
>
> **3. Clause 5.4(a) does not apply to the Fund."**

Meeting details

The meeting will be held as follows:

Time: 11:00AM (Sydney time)

Date: 20 August 2026

The meeting will be held as a hybrid meeting, allowing unitholders to attend either in person or virtually via an online platform.

In person: Australian Ethical Investment, Level 7, 130 Pitt Street, Sydney, NSW 2000

Virtually: Held through an online platform by accessing https://meetings.lumiconnect.com/300-128-497-533. Refer to the Online Meeting Guide on page 9 of this Notice for information on how to participate in the meeting by using the online platform.

Key dates*	
1. Voting entitlements (eligibility to vote and value of votes) to be determined as at:	1 July 2026
2. Proxy Forms cut-off	11am, 18 August 2026
3. Anticipated implementation of the Special Resolution	If the Special Resolution is approved by unitholders of the Fund, Australian Ethical will execute a supplemental deed that gives effect to the modification as set out in the Special Resolution and lodge an ASIC Form 5101 'Notice of change to managed investment scheme's constitution' with ASIC within two business days after the meeting. The modification to the Fund's Constitution will take effect when Australian Ethical lodges the supplemental deed.

* All times are Sydney times unless otherwise specified.

This is a Notice of Meeting for the Fund. Australian Ethical's records indicate that you are a registered unitholder of the Fund. Under section 252F of the Corporations Act 2001 (Cth), Australian Ethical is required to give unitholders of a registered scheme at least 21 days' notice of a meeting of unitholders. This document is that notice. The purpose of the meeting is for the unitholders of the Fund to vote on the Special Resolution (set out above).

By order of the Board:

Karen Hughes

Company Secretary

Australian Ethical Investment Ltd

What do you need to do?

Step 1 - read this Notice of Meeting

Read this Notice of Meeting together with the information in the attached Important Information and Explanatory Memorandum and decide how you will vote on the Special Resolution. The Explanatory Memorandum includes important information about voting, the advantages and disadvantages of the Special Resolution, and what would happen if it is not passed.

Step 2 - vote on the Special Resolution

You can vote by:

- submitting your vote online prior to the meeting by visiting https://www.votingonline.com.au/AEDSF2026 and logging in using your Voting Access Code and postcode or country code. Online voting will remain available until the proxy deadline of 11am on 18 August 2026;
- completing and returning the accompanying Proxy Form by the proxy deadline; or
- attending the meeting in person or virtually by using the online platform.

You may vote in favour, against, or abstain from voting on the Special Resolution.

Proxy Forms must be received no later than 11am on 18 August 2026 (i.e., at least 48 hours before the meeting) and be returned to the following address:

GPO Box 3993
Sydney NSW 2001

Please refer to the enclosed Proxy Form for further instructions on completing and returning the form.

Enquiries

If you have any questions about the Notice of Meeting, or the meeting of unitholders, please contact Australian Ethical on:

Email: investors@australianethical.com.au

Phone: 1800 021 227

Important Information

1. Voting on the Special Resolution

a) A Special Resolution must be passed by a poll whereby at least 75% of votes cast by eligible unitholders are cast in favour of the resolution.

b) Each Unitholder has one vote for each dollar of the value of the total interests they have in the Fund. If the unitholder's interest is held jointly, only the vote of the unitholder first named in the register of unitholders will be counted.

c) The value of the interest is the amount that would be paid on a withdrawal of that interest on the business day immediately prior to the date of the meeting.

2. Proxy

a) A unitholder who is entitled to attend and cast a vote at a meeting of the Fund has a right to appoint a proxy and may appoint one or two persons as the unitholder's proxy to attend and vote for the unitholder at the meeting. A proxy does not need to be a member of the Fund. A member may only appoint 2 persons as the unitholder's proxy where they are entitled to cast at least two votes.

b) Where 2 persons are appointed as a unitholder's proxies, the appointment may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment does not specify the proportion or number of the unitholder's votes each proxy may exercise, each proxy may exercise half of the eligible votes.

c) A body corporate has been appointed as a proxy, may authorise an individual to act as its representative, and vote at the meeting. A corporation may appoint more than one representative but only one representative may exercise the corporation's proxy at any one time.

d) A unitholder appointing a proxy must complete and sign the Proxy Form that accompanies this Notice of Meeting and Explanatory Memorandum. For an appointment of a proxy to be effective for the meeting, the Proxy Form must be received by us by 11am at least 48 hours before the meeting.

e) Where a unitholder appoints a proxy, the original or certified copy of any power of attorney or authority under which the proxy was signed (if applicable) must also be received by us by 11am at least 48 hours before the meeting in order for the appointment of a proxy to be effective.

f) A proxy validly appointed for the meeting will be taken to be appointed for any adjourned meeting, unless the appointment is revoked.

g) Unitholders may also submit their proxy vote online prior to the meeting by visiting https://www.votingonline.com.au/AEDSF2026 and logging in using their Voting Access Code and postcode or country code. Online voting will remain available until the proxy deadline. Voting Access Codes and online voting details will be included with the proxy form.

3. Quorum and adjourning the meeting

a) In accordance with the *Corporations Act 2001* (Cth) and the Constitution, a quorum for a Special Resolution is at least 2 persons holding or representing by proxy at least 25% percent of the number of units in issue in the Fund.

b) If within 30 minutes from the time appointed for the meeting a quorum is not present, the meeting will be adjourned. The adjourned meeting will commence at 11:30am on the same day and at the same place as the original meeting (in person or virtually).

c) At the adjourned meeting, at least 2 unitholders present (either in person or virtually) or by proxy (whatever their numbers and the number of Units held by them) shall form a quorum and shall have the power to pass such Special Resolution.

4. Chair

a) Australian Ethical has appointed Steve Gibbs to Chair the meeting.

b) The Chair will be responsible for the general conduct of the meeting and for the procedures adopted by it. The Chair may, subject to the Corporations Act, adopt any procedures which in their opinion are necessary or desirable for the proper and orderly recording of votes at the meeting. The decision of the Chair on any matter relating to the conduct of the meeting is final.

5. Conflicts of interest

a) The Responsible Entity of a registered scheme and its associates are not entitled to vote their interest on a resolution at a meeting of the scheme's unitholders if they have an interest in the resolution or matter other than as a unitholder. Accordingly, neither Australian Ethical nor its associates can vote on the Special Resolution.

6. Attendance at the meeting

a) If you wish to cast your vote during the meeting, you, your proxy or, if you are a body corporate, your corporate representative, may attend the meeting virtually via the following link: https://meetings.lumiconnect.com/300-128-497-533

b) Boardroom is the provider of the online platform through which you can attend the meeting virtually. We recommend you log on to the Boardroom online platform at least 15 minutes prior to the scheduled start time for the meeting using the instructions below:

   a) Proxyholders will need their login details which Boardroom will provide on request by contacting Boardroom on 1300 737 760 no later than 48 hours prior to the meeting.
   More information about online participation and voting in the meeting is available in the Online Meeting Guide set out in this Notice on page 9.

7. Meeting

The meeting for the Funds will be carried out in the following manner:

a) If a quorum for the meeting is present, the meeting will be declared open. The Chair of the meeting will outline the purpose of the meeting, what will occur if the Special Resolution is passed and what will occur if the Special Resolution is not passed.

b) A quorum for a Special Resolution is at least 2 persons who have a holding or representing by proxy at least 25% percent of the number of units in issue in the Fund.

c) If a quorum for the meeting is not present within 30 minutes after the scheduled start time, then Australian Ethical will adjourn the meeting. The adjourned meeting will commence at 11.30am on the same day and at the same place as the original meeting (in person or virtually).

d) At the adjourned meeting, at least 2 unitholders present (either in person or virtually) or by proxy (whatever their numbers and the number of units held by them) shall form a quorum and shall have power to pass the Special Resolution.

e) The Chair will inform those members present at the meeting or adjourned meeting as to the number of proxy votes received for, against, and abstaining from voting in relation to the Special Resolution.

f) The Special Resolution will be put to the meeting or adjourned meeting for the unitholders present virtually or by proxy at the meeting, to cast their votes.

g) The meeting will then be closed, and the votes tallied. The final outcome of the vote will also be published on the Australian Ethical website.

Australian Ethical

Explanatory Memorandum

The meeting of the Fund unitholders has been called for the purpose of considering and, if deemed appropriate, passing the Special Resolution in relation to the Fund to effect a change to the Constitution. This Explanatory Memorandum explains the key advantages and disadvantages of the Special Resolution passing.

1. Advantages of the Special Resolution

The Fund's investment objective is to track a blended benchmark (75% S&P/ASX300 and 25% MSCI World ex Australia). The 10% investment limit in clause 5.4(a) of the Constitution can hinder alignment with the domestic equities portion of the Fund which tracks the ASX300. This can occur when individual equities exceed the 10% limit due to substantial increases in the share price, thereby affecting relative (and potentially absolute) performance of the Fund. For example, the price of CBA shares rose from $5.40 per share on listing in 1991 to a price of $192 in June 2025. This magnitude of price rise was not envisaged when the Constitution was originally established.

Australian Ethical believes the change will result in the Fund being better positioned to achieve its investment objective of tracking the blended benchmark, before taking into account fees and expenses over a 7 year period while minimising tracking error.

Few assets are expected to be impacted by this change as most are well below the 10% limit. In the scenario that a particular asset has a market capitalisation that exceeds 10% of the Fund's benchmark, the Fund would be able to hold an amount of the asset that exceeds 10% of the value of the Fund and allows the Fund to minimise its tracking error compared to the benchmark.

The removal of this limitation would mean Australian Ethical is not obligated to sell shares into a rising market solely to adhere to the 10% limit. This results in several advantages to unitholders:

- Avoidance of unnecessary tax liabilities resulting from the realisation of capital gains.
- Elimination of the need to repurchase securities that may have been sold under extreme market conditions, should the market subsequently decline.
- Reduction in transaction costs, thereby preserving portfolio value.
- The potential to achieve better benchmark relative and absolute returns.

Therefore, Australian Ethical will have more flexibility in portfolio construction if the 10% limit is removed, which provides the opportunity to achieve better unit holder outcomes and in Australian Ethical's view is in the best interest of unitholders.

2. Disadvantages of the Special Resolution

A potential disadvantage to removing the 10% limit is that there could be an increase in the Fund's investment in a single company above 10% of the value of the Fund and so increase concentration risk (i.e. increase the risk of the Fund being over-exposed to a single asset). In turn, this could increase the risk of a single asset having a greater impact on the reduction of member returns.

This risk will be weighed up against the potential upside of not having the investment limit when Australian Ethical is making investment decisions. Concentration risk for the Fund is mitigated in part by an internally set benchmark relative limit of +5% that will be applied in practice, and that can be changed as required to respond to market conditions, as part of Australian Ethical's investment processes.

3. Consequences if the Special Resolution is not passed

If the Special Resolution is not passed, the Constitution will not be modified and accordingly, there will be no change to how the Fund operates.

4. Board Recommendation

The Board of Australian Ethical considers that the proposed amendments to the Constitution are in the best interests of Unitholders.

5. What you need to do

You should:

- read the Notice of Meeting, Important Information, Explanatory Memorandum and Online Meeting Guide; and
- consider and vote on the Special Resolution by attending the meeting in person, virtually or completing and returning the Proxy Form by the required deadline noted in the Notice of Meeting.

Online Meeting Guide

Australian Ethical Investment Limited – Australian Ethical Diversified Shares Fund

Unitholder Meeting
20 AUGUST 2026, 11:00 AEST

Scan to join the meeting

Attending the meeting virtually

Those attending online will be able to view the meeting.
Unitholders and Proxyholders can ask questions and submit votes in real time.

To participate online, visit https://meetings.lumiconnect.com/300-128-497-533 on your smartphone, tablet or computer.

You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

To log in, you may require the following information:

Meeting ID: 300-128-497-533

Australian residents
Voting Access Code (VAC)

Postcode
(postcode of your registered address)

Overseas residents
Voting Access Code (VAC)

Country Code
(three-character country code) e.g. New Zealand - **NZL**; United Kingdom - **GBR**; United States of America - **USA**; Canada - **CAN**

A full list of country codes can be found at the end of this guide.

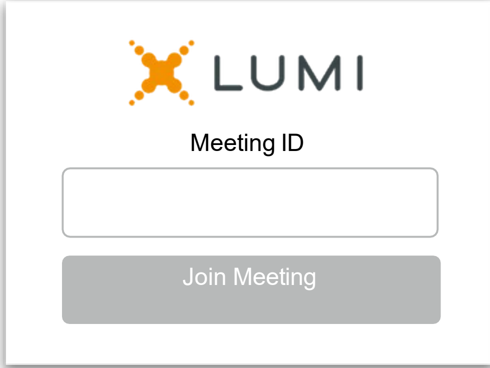
Appointed Proxies
To receive your unique username and password, please contact Boardroom on 1300 737 760.

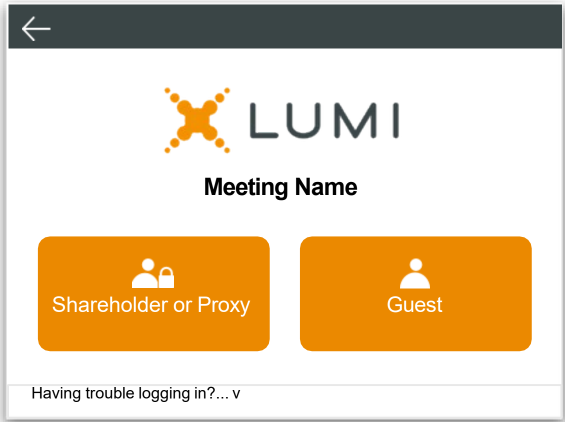
Guests
To register as a guest, you will need to enter your name and email address.

Registering for the meeting

1 To participate in the meeting, follow the direct link at the top of the page. Alternatively, visit **meetings.lumiconnect.com** and enter the unique 12-digit Meeting ID, provided above.

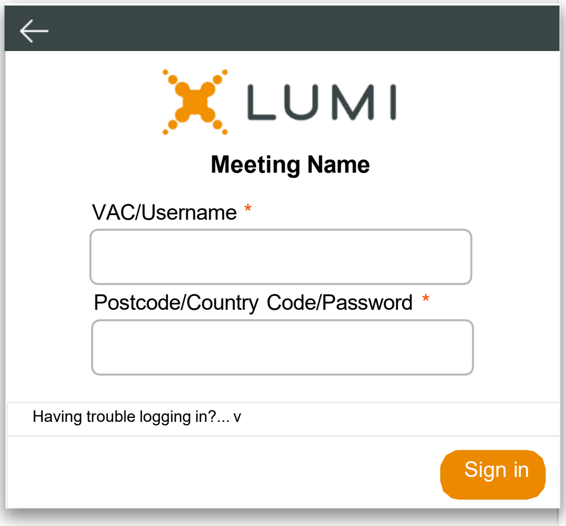
2 To proceed into the meeting, you will need to read and accept the Terms and Conditions and select if you are a Unitholder / Proxy or a Guest. Note that only Unitholder and proxies can vote and ask questions in the meeting.


LUMI
Meeting ID
Join Meeting

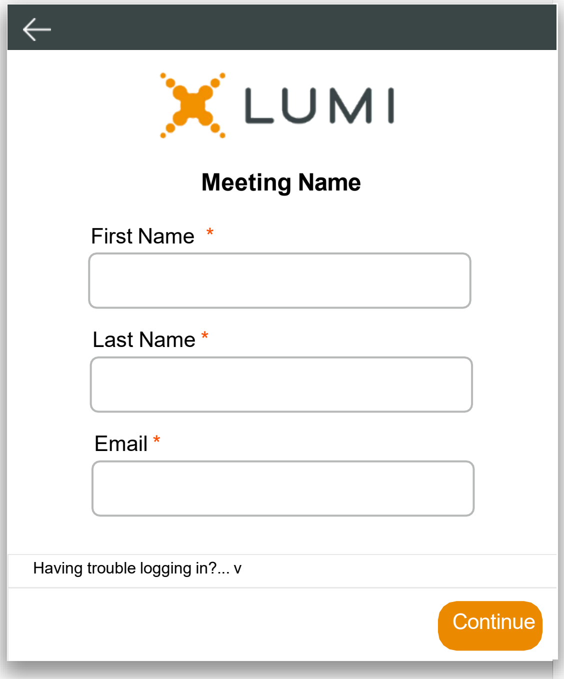

LUMI
Meeting Name
Shareholder or Proxy
Guest
Having trouble logging in?... v

3 **To register as a Unitholder,** enter your VAC and Postcode or Country Code and press Sign in.

To register as a Proxyholder, you will need your username and password as provided by Boardroom. In the 'VAC/Username' field enter your username and in the 'Postcode/Country Code/Password' field enter your password and press Sign in.



To register as a Guest, enter your name and other requested details and press Continue.



Navigation

Once successfully authenticated, the home page will appear. You can view meeting instructions, ask questions and open the virtual meeting.

A link to the virtual meeting will be provided on the home page. Click the link to open the meeting. The meeting will open in a separate browser tab on your device.

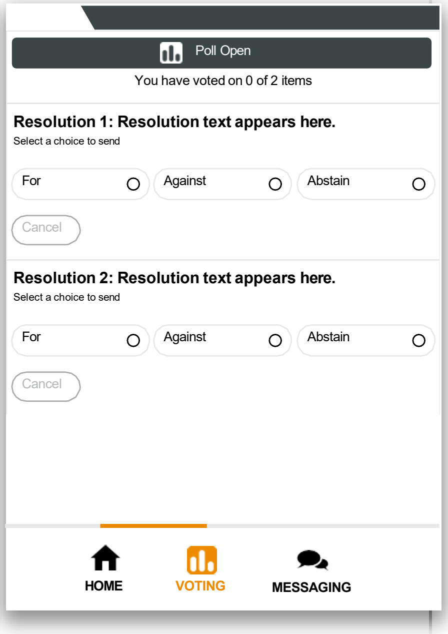
To Vote and ask Questions during the meeting, navigate back to the browser tab with the LUMI AGM platform open.

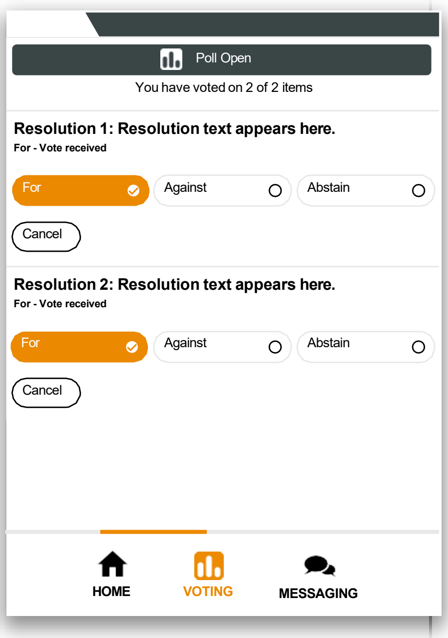
Voting

4 When the Chair declares the poll open:

- A voting icon will appear on screen and the meeting resolutions will be displayed.
- To vote, select one of the voting options. Your response will be highlighted.
- To change your vote, simply select a different option to override.

There is no need to press a submit or send button. Your vote is automatically counted. Votes may be changed up to the time the Chair closes the poll.





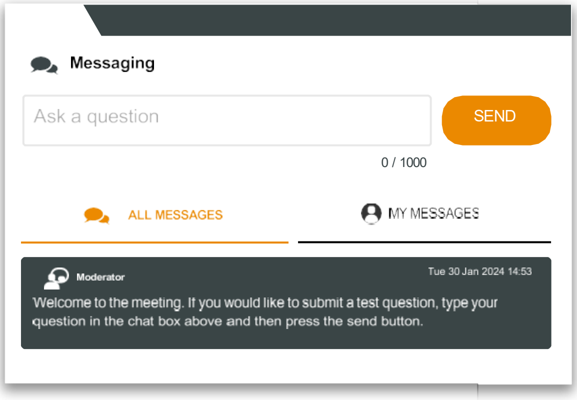
Text Questions

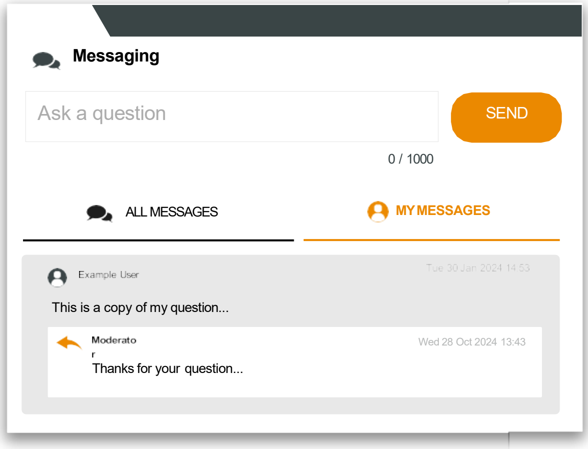
5 To ask a written question, tap on the messaging icon, type your question in the box at the top of the screen and press the send button .

Confirmation that your message has been received will appear.

6 Questions sent via the Lumi platform may be moderated before being sent to the Chair. This is to avoid repetition and remove any inappropriate language.

A copy of your sent questions, along with any written responses, can be viewed by selecting "MY MESSAGES".


Messaging
Ask a question
SEND
0 / 1000
ALL MESSAGES
MY MESSAGES
Moderator
Tue 30 Jan 2024 14:53
Welcome to the meeting. If you would like to submit a test question, type your question in the chat box above and then press the send button.


Messaging
Ask a question
SEND
0 / 1000
ALL MESSAGES
MY MESSAGES
Example User
This is a copy of my question...
Moderato
r
Wed 28 Oct 2024 13:43
Thanks for your question...

Country Codes - Boardroom

For overseas Unitholders, select your country code from the list below and enter it into the password field.

ABW	Aruba
AFG	Afghanistan
AGO	Angola
AIA	Anguilla
ALA	Aland Islands
ALB	Albania
AND	Andorra
ANT	Netherlands Antilles
ARE	United Arab Emirates
ARG	Argentina
ARM	Armenia
ASM	American Samoa
ATA	Antarctica
ATF	French Southern
ATG	Antigua & Barbuda
AUS	Australia
AUT	Austria
AZE	Azerbaijan
BDI	Burundi
BEL	Belgium
BEN	Benin
BFA	Burkina Faso
BGD	Bangladesh
BGR	Bulgaria
BHR	Bahrain
BHS	Bahamas
BIH	Bosnia & Herzegovina
BLM	St Barthelemy
BLR	Belarus
BLZ	Belize
BMU	Bermuda
BOL	Bolivia
BRA	Brazil
BRB	Barbados
BRN	Brunei Darussalam
BTN	Bhutan
BUR	Burma
BVT	Bouvet Island
BWA	Botswana
CAF	Central African Republic
CAN	Canada
CCK	Cocos (Keeling) Islands
CHE	Switzerland
CHL	Chile
CHN	China
CIV	Cote D'ivoire
CMR	Cameroon
COD	Democratic Republic of Congo
COK	Cook Islands
COL	Colombia
COM	Comoros
CPV	Cape Verde
CRI	Costa Rica
CUB	Cuba
CYM	Cayman Islands
CYP	Cyprus
CXR	Christmas Island
CZE	Czech Republic
DEU	Germany
DJI	Djibouti
DMA	Dominica
DNK	Denmark
DOM	Dominican Republic
DZA	Algeria
ECU	Ecuador
EGY	Egypt
ERI	Eritrea
ESH	Western Sahara
ESP	Spain
EST	Estonia
ETH	Ethiopia
FIN	Finland
FJI	Fiji
FLK	Falkland Islands (Malvinas)
FRA	France
FRO	Faroe Islands
FSM	Micronesia
GAB	Gabon
GBR	United Kingdom
GEO	Georgia
GGY	Guernsey
GHA	Ghana
GIB	Gibraltar
GIN	Guinea
GLP	Guadeloupe
GMB	Gambia
GNB	Guinea-Bissau
GNQ	Equatorial Guinea
GRC	Greece
GRD	Grenada
GRL	Greenland
GTM	Guatemala
GUF	French Guiana
GUM	Guam
GUY	Guyana
HKG	Hong Kong
HMD	Heard & McDonald Islands
HND	Honduras
HRV	Croatia
HTI	Haiti
HUN	Hungary
IDN	Indonesia
IMN	Isle Of Man
IND	India
IOT	British Indian Ocean Territory
IRL	Ireland
IRN	Iran Islamic Republic of
IRQ	Iraq
ISL	Iceland
ISM	British Isles
ISR	Israel
ITA	Italy
JAM	Jamaica
JEY	Jersey
JOR	Jordan
JPN	Japan
KAZ	Kazakhstan
KEN	Kenya
KGZ	Kyrgyzstan
KHM	Cambodia
KIR	Kiribati
KNA	St Kitts And Nevis
KOR	South Korea
KWT	Kuwait
LAO	Lao Pdr
LBN	Lebanon
LBR	Liberia
LBY	Libyan Arab Jamahiriya
LCA	St Lucia
LIE	Liechtenstein
LKA	Sri Lanka
LSO	Kingdom of Lesotho
LTU	Lithuania
LUX	Luxembourg
LVA	Latvia
MAC	Macao
MAF	St Martin
MAR	Morocco
MCO	Monaco
MDA	Republic Of Moldova
MDG	Madagascar
MDV	Maldives
MEX	Mexico
MHL	Marshall Islands
MKD	Macedonia Former Yugoslav Rep
MLI	Mali
MLT	Malta
MMR	Myanmar
MNE	Montenegro
MNG	Mongolia
MNP	Northern Mariana Islands
MOZ	Mozambique
MRT	Mauritania
MSR	Montserra
MTQ	Martinique
MUS	Mauritius
MWI	Malawi
MYS	Malaysia
MYT	Mayotte
NAM	Namibia
NCL	New Caledonia
NER	Niger
NFK	Norfolk Island
NGA	Nigeri
NIC	Nicaragua
NIU	Niue
NLD	Netherlands
NOR	Norway
NPL	Nepal
NRU	Nauru
NZL	New Zealand
OMN	Oman
PAK	Pakistan
PAN	Panama
PCN	Pitcairn Islands
PER	Peru
PHL	Philippines
PLW	Palau
PNG	Papua New Guinea
POL	Poland
PRI	Puerto Rico
PRK	North Korea
PRT	Portugal
PRY	Paraguay
PSE	Palestinian Territory
PYF	French Polynesia
QAT	Qatar
REU	Reunion
ROU	Romania Federation
RUS	Russia
RWA	Rwanda
SAU	Saudi Arabia
SDN	Sudan
SEN	Senegal
SGP	Singapore
SGS	Sth Georgia & Sandwich Isl
SHN	St Helena
SJM	Svalbard & Jan Mayen
SLB	Soloman Islands
SCG	Serbia & Outlying
SLE	Sierra Leone
SLV	El Salvador
SMR	San Marino
SOM	Somalia
SPM	St Pierre and Miqueion
SRB	Serbia
STP	Sao Tome and Principle
SUR	Suriname
SVK	Slovakia
SVN	Slovenia
SWE	Sweden
SWZ	Swaziland
SYC	Seychelles
SYR	Syrian Arab Republic
TCA	Turks & Caicos
TCD	Chad
TGO	Congo
THA	Thailand
TJK	Tajikistan
TKL	Tokelau
TKM	Turkmenistan
TLS	East Timor Republic
TMP	East Timor
TON	Tonga
TTO	Trinidad & Tobago
TUN	Tunisia
TUR	Turkey
TUV	Tuvalu
TWN	Taiwan
TZA	Tanzania
UGA	Uganda
UKR	Ukraine
UMI	United States Minor Outlying
URY	Uruguay
USA	United States of America
UZB	Uzbekistan
VNM	Vietnam
VUT	Vanuatu
WLF	Wallis & Fortuna
WSM	Samoa
YEM	Yemen
YMD	Yemen Democratic
YUG	Yugoslavia Socialist Fed Rep
ZAF	South Africa
ZAR	Zaire
ZMB	Zambia
ZWE	Zimbabwe

Need help?

If you require any help using this system prior to or during the meeting, please contact Boardroom on 1300 737 760.