

1 October 2026

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 2026 for the following Funds.

You do not need to take any action in response to this notice. The changes described below are primarily updates to product disclosure documents and additional information regarding how the Funds operate.

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)
AUG0023AU	Australian Ethical Altius Bond Fund (Wholesale)
AUG0020AU	Australian Ethical High Growth Fund
AUG0003AU	Australian Ethical Altius Cash Fund
AUG0025AU	Australian Ethical International Shares Fund
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

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

As part of our commitment to transparency, we regularly update product disclosure documents to ensure investors have clear and up-to-date information about fees, costs, investment management practices and the operation of our Ethical Criteria. Most of the changes in this notice provide additional disclosure and explanation, rather than changes to how the Funds are managed.

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 Fees and costs

Every year, we're required to disclose any changes in the investment fees and costs have been paid by the fund over the past 12 months during the financial year ended 30 June 2026. These are not fees charged directly to you.

We've used the methodology required under the fees and costs disclosure regime using actual costs incurred by the Fund as well as some estimates, where applicable.

Indirect costs

Indirect costs are included in the Fund's management fees and costs. They may arise when the Fund invests through other investment vehicles or uses certain derivatives. We have updated our estimate of these costs for the last financial year.

The increase in estimated indirect costs for the funds listed below is primarily attributable to a higher allocation to private asset investments, which generally incur additional costs through underlying investment vehicles.

Tabled below are the changes to estimated indirect costs based on data as at 30 June 2026. 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	
	As at June 2025	As at June 2026
Balanced Fund (Retail)	0.15%	0.18%
Balanced Fund (Wholesale)	0.15%	0.18%
Conservative Fund	0.15%	0.19%
High Growth Fund	0.14%	0.18%
Moderate Fund	0.15%	0.18%

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 at 30 June 2026. There is no change to the estimated transaction costs for any other managed funds not listed below.

Fund	Estimated transaction costs	
	As at June 2025	As at June 2026
Australian Shares Fund (Retail)	0.04%	0.01%
Australian Shares Fund (Wholesale)	0.04%	0.01%
Balanced Fund (Retail)	0.06%	0.07%
Balanced Fund (Wholesale)	0.06%	0.07%
Conservative Fund	0.03%	0.05%
Diversified Shares Fund (Wholesale)	0.01%	0.00%

Diversified Shares Fund (Retail)	0.01%	0.00%
Emerging Companies Fund (Wholesale)	0.04%	0.01%
Emerging Companies Fund (Retail)	0.04%	0.01%
High Growth Fund	0.06%	0.07%
International Shares Fund (Wholesale)	0.01%	0.00%
Moderate Fund	0.04%	0.06%

Performance fees

Performance fees may be incurred either directly by a Fund or indirectly through underlying funds or managers. We have reviewed our estimated performance fees for the last financial year.

The increase in estimated performance fees for the Funds listed below is primarily attributable to performance fees from some underlying private asset investments.

The decrease in estimated performance fees for the Emerging Companies Fund reflects that no performance fees were incurred during either of the past two financial years, which has reduced the rolling five-year average used to calculate the disclosed estimate.

Tabled below are the changes to estimated performance fees based on data as at 30 June 2026. There is no change to the estimated performance fees for any other managed funds listed at the top of this update.

Fund	Estimated performance fees	
	As at June 2025	As at June 2026
Emerging Companies Fund (Wholesale)¹	0.29%	0.05%
Emerging Companies Fund (Retail)¹	0.33%	0.03%
Balanced Fund (Retail)²	0.00%	0.03%
Balanced Fund (Wholesale)²	0.00%	0.03%
Conservative Fund²	0.00%	0.03%
High Growth Fund²	0.00%	0.03%
Moderate Fund²	0.00%	0.03%

¹ The estimated performance fee represents a performance fee that may be charged directly at the Fund level and is based upon the average of the past five financial years. The performance fee is 20% of the Fund's performance (before management fees) in excess of the performance hurdle. The hurdle is the Fund's benchmark (S&P/ASX Small Industrials Accumulation Index) plus management fees.

² No performance fee is charged directly at the Fund level. The estimated performance fee represents performance fees that are generally deducted from an underlying fund's assets on a periodic basis and reflected in the Fund's unit price.

Buy/sell spreads

A buy/sell spread is included in the price when you buy or sell units. It increases the amount you pay when buying units and reduces the amount you receive when selling units. The amount is paid to the Fund, not Australian Ethical.

The table below shows the changes as at 30 June 2026. Buy/sell spreads for all other Funds listed in this notice remain unchanged.

Fund	Estimated buy/sell spreads	
	As at June 2025	As at June 2026
Altius Green and Sustainable Bond Fund (Ordinary)	0.03% / 0.03%	0.00% / 0.00%
Altius Green and Sustainable Bond Fund (Retail)	0.03% / 0.03%	0.00% / 0.00%
Altius Short Duration Bond Fund	0.03% / 0.03%	0.00% / 0.00%

2. 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 2026 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.

High Growth Fund

Asset class	Previous Range	New range from 1 October 2026	Previous Target	New target from 1 October 2026
Growth assets	85-100%	80-100%	95%	90%
Defensive assets	0-15%	0-20%	5%	10%
Ranges				
Australian and New Zealand Shares	24-44%	22-42%	34%	32%
International Shares	26-46%	23-43%	36%	33%
Property and Infrastructure	5-25%	5-25%	15%	15%
Alternatives	0-20%	0-20%	10%	10%
Fixed Interest	0-10%	0-12%	0%	2%
Cash & Short-Duration Fixed Interest	0-15%	0-18%	5%	8%

3. Enhanced disclosure regarding portfolio construction, portfolio management, diversification and liquidity management.

We have expanded the information provided regarding the management of our Funds in the Additional Information Booklet.

The updated disclosures provide additional information regarding:

- portfolio construction and management;
- diversification;
- portfolio guidelines and limits;

- liquidity management;
- portfolio monitoring and review; and
- the characteristics of different asset classes.

These enhancements are intended to provide investors with greater transparency regarding how portfolios are managed and monitored.

4. Additional disclosure regarding the use of derivatives

We have updated our Ethical Guide, PDS and Additional Information Booklet to provide additional information regarding the use of derivatives within our Funds.

Derivatives are used by our portfolio managers primarily to manage cash flows, liquidity, currency exposure and market exposure efficiently. They may also be used for portfolio transition management, implementing asset allocation decisions and duration management.

Any such exposures are expected to be limited and incidental to portfolio management.

The Ethical Guide also includes additional information regarding the use of short positions and circumstances where derivatives may be used to obtain broad market exposure for liquidity management purposes, and how these exposures are monitored and managed.

5. Additional information regarding the application and operation of our Ethical Criteria

We have updated the Ethical Guide to provide greater transparency regarding the application and operation of our Ethical Criteria.

The updated Ethical Guide includes additional information regarding:

- the use of derivatives;
- preliminary ethical assessments;
- portfolio transitions and implementation exposures;
- externally managed investments;
- the scope of ethical research; and
- the ongoing review, engagement and divestment processes applied where investments are assessed as no longer meeting our Ethical Criteria.

The updated Ethical Guide also includes additional positive screening criteria relating to responsible mining and minerals that support the transition to a lower-carbon economy, including transition minerals such as lithium and copper.

6. Additional governance, conflicts management and operational service provider disclosures.

We have expanded disclosure regarding the governance framework supporting the Funds in the Additional Information Booklet.

This includes additional information regarding:

- conflicts and related party arrangements; and
- key operational service providers involved in the administration of the Funds, including custody, registry and audit services.

These updates are intended to provide investors with greater transparency regarding the operation and oversight of the Funds.

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 Funds.

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.