

1 August 2025

Significant Event Notice – Australian Ethical Pension - Investment fees and cost changes

We recently let you know that we reduced the percentage-based Administration Fee from 0.26% p.a. to 0.25% p.a., effective 1 August 2025.

We haven't changed the investment fees we charge, however each year we calculate the Investment fees and costs of the underlying investments including costs charged by external asset managers over the last 12 months. As a result, some Super and Pension investment options have seen a small increase in Investment fees and costs.

The table below details changes to investment fees and costs for each option, along with improvements that have led to these changes.

We have also updated the Product Disclosure Statement (PDS) available on our website including the Additional Information Booklets to reflect this change. You can find these documents at australianethical.com.au/super/pds-forms/.

Changes to Investment fees and costs

Investment fees and costs relate to the investment of the assets of each investment option and are based on actual and estimated costs for the previous financial year. These costs may change from year to year. For more information, please refer to the relevant Additional Information Booklet.

There were no changes to the Defensive and Australian Shares investment fees and costs. All other changes are outlined below:

Transition to retirement investment options

Investment option	Previous Investment fees and costs	New investment fees and costs	Change	Reason for Change
Conservative	0.68%	0.74%	+0.06%	An increased allocation to Alternative assets, which incur higher investment costs.
Balanced (accumulation)	0.81%	0.82%	+0.01%	
Growth	0.99%	1.05%	+0.06%	
International Shares	0.89%	0.95%	+0.06%	An increased allocation to investment strategies targeting higher performance relative to the benchmark which incur higher investment costs.

Pension investment options

Investment option	Previous Investment fees and costs	New investment fees and costs	Change	Reason for Change
Conservative	0.69%	0.74%	+0.05%	An increased allocation to Alternative assets, which incur higher investment costs.
Balanced (Pension)	0.79%	0.84%	+0.05%	
Growth	0.98%	1.04%	+0.06%	
International Shares	0.89%	0.95%	+0.06%	An increased allocation to investment strategies targeting higher performance relative to the benchmark which incur higher investment costs.

Changes to Transaction costs

Transaction costs are associated with the sale and purchase of assets of the superannuation entity other than costs that are recovered by the superannuation entity charging buy-sell spreads. Transaction costs are generally calculated each year based on the previous 12 months costs (if available). Transaction costs are taxes, duties and other costs (such as brokerage) including transaction costs from underlying vehicles.

Transition to retirement investment options

There are no changes to the Defensive, Conservative and Balanced investment option's Transaction costs.

Investment option	Previous transaction costs	New transaction costs	Change
Growth	0.05%	0.01%	-0.04%
Australian Shares	0.01%	0.03%	+0.02%
International Shares	0.01%	0.00%	-0.01%

Pension investment options

There are no changes to the Defensive, Growth and International Shares investment option’s Transaction costs.

Investment option	Previous transaction costs	New transaction costs	Change
Conservative	0.00%	0.02%	+0.02%
Balanced (Pension)	0.00%	0.01%	+0.01%
Australian Shares	0.00%	0.04%	+0.04%

Why we believe Alternative assets are worth the extra cost

Alternative investments are generally unlisted real assets (or private market assets) such as infrastructure, real estate, natural capital or private companies. They often have higher costs, but they can offer unique opportunities for long-term value creation and ethical impact

They can provide greater diversification and more consistent returns when added to a portfolio of traditional assets. Given current market conditions, we also believe Alternative assets are undervalued compared to listed assets and therefore provide a compelling investment opportunity.

Investment in Alternative assets also presents a compelling avenue for alignment with the Australian Ethical Charter. Private markets offer a broader spectrum of investment opportunities compared to public markets, providing access to a diverse range of enterprises and projects.

Some examples of recent private asset investments include:



50 Quay Street – a landmark Build to Rent Residential project. Construction is still in progress.



Octopus Energy – Lincs Offshore Wind Farm



Repurpose It - provides construction and demolition (C&D) and organics resource recovery services to the Victorian market.

How do we expect Investment fees and costs to change in the future?

When making private market investments, we are conscious of the overall costs incurred to deliver these investment returns and incorporate this into our investment decision-making process, including leveraging relationships and negotiating arrangements on behalf of our members.

Investment in private market assets often involves higher upfront costs such as management fees and due diligence expenses and become more cost effective over time. While our overall allocation to Alternatives has increased, the average cost of our investment in Alternative assets per additional dollar invested has decreased. This is expected to continue to decrease as we continue to increase our scale and result in a reduction in Investment fees and costs in the medium term.

Here to help

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

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 for your records. You may wish to consult a financial adviser if you're not sure what impact this has on your financial objectives, situation or needs.

This information is of a general 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 Product Disclosure Statement, Additional Information Booklet and Target Market Determination available at australianethical.com.au/super/pds. You may wish to seek professional advice from a licensed financial adviser before making a decision.

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