

1 October 2018

An important update to PDSs and fees for Australian Ethical's Managed funds.

Effective 2nd October 2018, we have issued a new PDS and have updated some fees and a summary has been provided below:

- Incorporated the ICR into the management cost for the Wholesale balanced fund for FY2019 which brings the Management fee of the fund from 0.85% to 0.91% pa.
- Reduced the buy-sell spread for our Balanced, Advocacy, Diversified Shares and International Shares funds from 0.15% to 0.10%.
- Increased the buy-sell spread for our Australian Shares fund from 0.15% to 0.20%.

Below is an overview of the fees that have changed and may be applicable to your managed fund account with Australian Ethical.

Managed Fund – Buy/Sell spreads	Change from / to	
Income Fund	Nil	Nil
Fixed Interest Fund	Nil	Nil
Balanced Fund	0.15 / 0.15	0.10 / 0.10
Advocacy Fund	0.15 / 0.15	0.10 / 0.10
Diversified Shares Fund	0.15 / 0.15	0.10 / 0.10
Australian Shares Fund	0.15 / 0.15	0.20 / 0.20
International Shares Fund	0.20 / 0.20	0.10 / 0.10
Emerging Companies Fund	0.20 / 0.20	0.20 / 0.20

Wholesale Managed Fund – Management costs~	Change from / to	
Balanced Fund	0.85 p.a.	0.91 p.a.

~ Indirect costs, which amount to 0.06% for the Balanced Fund are included in the Management Cost. The indirect costs for all other funds are Nil. The indirect costs are calculated at 30 June each year based on the previous 12 months. These may change from year to year. In 2018-2019, we continue to build out our investment in alternative and property assets using specialist asset managers. In 2018-2019, fees and costs for new external asset managers will be incurred by the Balanced Fund with an estimated range between 0.10% and 0.12%. The indirect costs for all other Funds are estimated to be Nil for the 2018-2019 period.

A copy of the new PDS and more information on the fee changes can be found at the following links:

- <https://www.australianethical.com.au/managed-funds/updates-to-fees/>
- <https://www.australianethical.com.au/managed-funds/pds/>

For further information or assistance in respect to these changes please feel free to call me directly.

Kind Regards



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