

Morningstar
Investment Funds - Retail
Additional Information Document
30 September 2018

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Morningstar Investment Funds

Additional Information Document | 30 September 2018

This **Additional Information Document** has been issued by Morningstar Investment Management Australia Limited (ABN 54 071 808 501; AFSL 228986) ('Morningstar')

Information in this **Additional Information Document** forms part of the Product Disclosure Statements (each a PDS and together the PDSs) for the following Morningstar Funds (collectively the 'Funds' and individually the 'Fund') managed by Morningstar.

Real Return	ARSN	PDS date
▶ Morningstar Multi Asset Real Return Fund	092 232 356	30 September 2018
▶ Morningstar High Growth Real Return Fund	092 226 358	30 September 2018
▶ Morningstar Growth Real Return Fund	092 234 136	30 September 2018
▶ Morningstar Balanced Real Return Fund	092 229 975	30 September 2018
▶ Morningstar Moderate Real Return Fund	092 232 589	30 September 2018
Sector		
▶ Morningstar Australian Shares Fund	092 226 563	30 September 2018
▶ Morningstar International Shares (Unhedged) Fund	092 229 199	30 September 2018
▶ Morningstar International Shares (Hedged) Fund	092 227 435	30 September 2018

You should read this **Additional Information Document** together with the relevant PDS before making a decision to invest in the Fund(s).

This **Additional Information Document** and the PDSs are available online at morningstarinvestments.com.au or you can request a free copy by calling Morningstar on 1800 951 999 (Toll Free).

The information in this **Additional Information Document** is general information only and does not take into account your personal investment objectives, financial situation or particular needs. You should consider the appropriateness of the Fund(s) having regard to your own objectives, financial situation and needs and seek professional advice tailored to your personal circumstances before making an investment decision. Neither Morningstar nor any other related body corporate, guarantees the performance of the Fund(s) or the return of capital or income. Your investment in the Fund(s) is subject to investment risk. This could involve delays in repayment and loss of income or loss of capital invested.

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1. Investment in and redeeming from the Fund

The following information forms part of Section 2 of the PDS.

How to Submit Your Request

Unless you are using the managed funds settlement service operated by the ASX ('mFund'), all requests to invest, redeem or switch must be submitted using the contact details provided on the last page of this document.

All requests to invest must be made using the application form which accompanies the PDS and which is available from our website at morningstarinvestments.com.au.

Please use the contact details shown on the last page of this document to obtain a copy of the forms required when making an application, redemption or a switch.

Making a Redemption

Unless you are using mFund, redemption requests received prior to the cut-off time (i.e. 2:00pm Sydney time) on a Business Day, will generally receive the exit price calculated as at the close of business that day. For redemption requests received after the cut-off time (i.e. 2:00pm Sydney time), you will generally receive the exit price calculated as at the close of business on the next Business Day.

Restrictions on Withdrawals

Under the Fund's Constitution, redemption proceeds must be paid within maximum timeframes after the redemption request is received. For all Funds, their Constitution requires redemption proceeds to be paid within 30 days.

Morningstar will, however, endeavour to pay redemption requests as soon as possible. Normally, redemption proceeds will be paid within 6 Business Days following receipt of your written request.

In exceptional circumstances, redemptions may take longer than the periods described above. This may occur where it is impractical to calculate the unit prices, where other investors may be disadvantaged by a redemption, where a delay is in the best interests of all investors or as otherwise permitted by the relevant Constitution and the law.

Where underlying Fund assets can only be realised after a substantial notice period, this could also lead to a longer redemption period. If the liquidity of underlying Fund assets prohibits payment of part or all of your redemption proceeds in cash, then you may be required to receive part or all of your redemption

proceeds in specie, meaning you may need to retain units in an illiquid Fund until such time as the underlying assets can be realised. Under the Corporations Act, a fund is illiquid if it has less than 80% liquid assets (generally cash and marketable securities).

If the Fund is not liquid, you may only redeem from the Fund in accordance with the terms of a redemption offer made by Morningstar.

Transferring Units

You may transfer units to another person at any time providing appropriate consent has been obtained. However, you may be required to meet appropriate anti-money laundering requirements and other relevant disclosure. Please contact Morningstar, on the contact details shown on the last page of this document, for further information.

Unit Prices

The unit price is calculated by dividing the Net Asset Value ('NAV') of the Fund by the number of units on issue in the Fund at the relevant time plus an allowance for transactional and operational costs (including the buy/sell spread). Please refer to page 8 for more information on buy/sell spreads.

Where the Fund has more than one class of unit, the unit price of each class of unit is calculated by dividing the NAV of that class of unit by the number of units on issue in that class at the relevant time plus an allowance for transaction costs. The NAV of a class is calculated as if there was a separate Fund corresponding to the class of unit.

Valuations are generally undertaken on each Business Day, subject to the Fund's Constitution. Valuations of alternative investments may be performed less frequently. If the Fund is exposed to alternative investments, unit prices will generally reflect the last available valuation. Please refer to page 5 for more information on alternative investments.

Units are priced on a 'forward' or 'next price' basis. Under this method, unit prices are struck using values available at the next valuation cut-off time after the processing time.

Valuation

Under each Constitution, the value of any property will be its current market value determined by reference to a recognised independent source, by a method determined by a qualified independent valuer or any other appropriate method which is capable of being verified independently by a registered company auditor including, but not limited to, estimates of value based on objective criteria, where actual figures are not available and where there will be no significant detriment to any investor. Fund property may be revalued whenever it is thought fit. Property acquired must be valued at cost (including acquisition cost) until revalued.

Under each Constitution, discretion may be exercised which can impact unit prices. The manners in which these discretions are exercised are outlined in Morningstar's unit pricing policy. Investors may obtain a copy of Morningstar's unit pricing policy (and any records ASIC requires) from Morningstar free of charge upon request.

Indirect Investors

This section only applies to investors who are investing in the Fund through an IDPS, i.e. as an Indirect Investor in the Fund.

If you are investing through an IDPS, your application should be made using the forms provided by your IDPS operator only. Do not use the forms provided by Morningstar. Please consult your adviser or IDPS operator if you are uncertain if this applies to you.

If you are investing through an IDPS, you are directing your IDPS operator to arrange for your monies to be invested in the Fund on your behalf. Accordingly, you:

- ▶ are not a direct investor in the Fund;
- ▶ are not registered as an investor in the Fund;
- ▶ do not receive distributions of income, tax statements or reports directly from Morningstar (as these will be made to your IDPS operator or its custodian); and
- ▶ are not entitled to receive notice of, attend or vote at investor meetings or participate directly in the winding up or termination of the Fund.

Your IDPS operator acquires these rights and can exercise, or decline to exercise them, on your behalf. References in the PDS to 'you' or 'your' should be read as references to your IDPS operator, as the context indicates.

Your IDPS operator will be responsible for confirming transactions, providing reports and responding to your enquiries. You should refer to your IDPS operator as the first point of contact regarding any enquiries about your investment. You will also need to notify your IDPS operator of any changes in your details.

Please refer to your IDPS operator for information on:

- ▶ how to invest or make additional investments or switch between the Fund and another fund (as you do not complete the application form or any other forms available from Morningstar);
- ▶ the minimum initial investment, additional investment or switching amounts;
- ▶ how to redeem investments and the minimum redemption amounts;
- ▶ details of cooling-off rights (if any) that may apply to your investment in the IDPS; and
- ▶ any additional fees charged by your IDPS operator that may apply.

Indirect Investors should read the guide provided by their IDPS operator and should also seek appropriate professional taxation and investment advice.

Morningstar is not responsible for the operation of any IDPS.

2. Further risks

The following information forms part of Section 4 of the PDS.

This section contains additional information about significant risks of managed investment schemes more generally, while the PDS contains specific risk factors relevant to the Fund.

Risk Levels/Profiles

In the Fund's investment profile shown in its PDS, it has a:

- ▶ 'High' risk level, it may experience periods of negative (and/or volatile) returns and loss of value, although it also offers the potential for greater returns and greater value;
- ▶ 'Medium' or 'Medium to High' risk level, it may experience periods of negative (and/or volatile) returns but generally not as frequently as funds with a 'High' risk level. These funds may also offer greater potential for capital growth than funds with a 'Low' risk level;
- ▶ 'Low to Medium' or 'Low' risk level, it is not expected to have frequent periods of negative (and/or volatile) returns, although you may experience negative returns in certain market conditions; and
- ▶ 'Very Low' risk level, it is not expected to have negative (and/or volatile) returns but may do so in certain market conditions.

Before investing, it is important that you understand the risks involved in the investment you are considering, your tolerance to these risks, your age and your investment time horizon.

Other Risks

In addition to the more significant risks described in the PDS, the following risks may impact your investment and affect managed investment schemes generally:

Foreign Currency Risk

Movements in exchange rates between the Australian dollar and foreign currencies can affect the performance of the Fund if it has exposure to international investments. When foreign currencies fall in value relative to the Australian dollar, this can have an adverse impact on investment returns for the Fund. Currency hedging may be used to reduce the magnitude of currency risk.

Country Risk

There is a risk that a country where assets are located in which the Fund invests could become politically or economically unstable, which may prevent assets (such as shares) being sold or the proceeds being repatriated to Australia. This risk is generally higher in countries classified as emerging markets.

Stock Lending Risk

Performance returns can be enhanced by participation in a stock lending program. Risks associated with stock lending include the loss of collateral value in the event of borrower default, loss of voting rights and operational risks.

Leverage Risk

Morningstar does not use leverage to magnify the returns from the Fund. However, the underlying investments of the Fund may be leveraged. Leverage magnifies both gains and losses. Investors in the Fund do not have a contingent liability and will not be required to contribute additional funds in the event that underlying leveraged investments generate a loss.

Pricing Risk

Less liquid investments may be priced infrequently and, in order to ensure timely unit pricing, their valuations may be based on estimates.

Short Selling Risk

Short selling refers to the process of selling stocks that you do not own (stocks are borrowed first before short selling) and then buying them back at a future date, with an expectation that the price of those stocks will fall. The Fund may be exposed to short selling where the market permits this trading strategy. Establishing a short position involves a higher level of risk than investing in a stock. When a Fund invests in a stock, the maximum loss is generally limited to the amount invested. With short positions, there is theoretically no limit to the loss that may be incurred because the loss will continue to increase as the price of the stock increases.

Stock Specific Risk

Stock specific risk is the uncertainty of the return of a stock, arising from factors that are specific to the organisation that issues those stocks. It is generally not related to events that affect other comparable organisations or the market as a whole.

3. How we invest your money

The following information forms part of Section 5 of the PDS.

Morningstar aims to deliver consistent investment returns by applying a disciplined investment process built around in-depth investment research, a focus on asset allocation and innovative portfolio construction. We develop an investment strategy designed to achieve a Fund's investment objectives and implement exposure to highly ranked investments via a mix of strategies directly managed by Morningstar and/or other investment managers.

Asset Allocation

Morningstar believes that asset allocation is of paramount importance in the delivery of investment return. Underpinning Morningstar's approach to asset allocation is its capital markets research. This involves a review of the fundamental and technical drivers of each asset class, and the development of expected returns and risks. This research is used in conjunction with the portfolio construction process to develop the asset allocation and ranges for each Fund.

Morningstar believes that reward for risk varies through time and is closely related to valuation. It therefore adopts an approach to investment strategy that involves adjusting the asset allocation from time to time within the allowable asset allocation ranges. Asset allocation is adjusted to help preserve capital

when the risk of loss is perceived to be high or to take advantage of an attractive risk/reward opportunity.

Investment Research

Research is one of the core foundations of the Morningstar group. Indeed, the integrity and quality of research is essential to its investment process. Accordingly, Morningstar's capital markets and underlying investment/manager research is rigorous drawing on the resources of the Morningstar group globally, to deliver comprehensive fundamental analysis across global asset classes, securities and investment managers.

Risk Management

Morningstar recognises risk is multifaceted and subjective in nature. The monitoring of risk is not designed to be precise or reliant on one particular metric. Morningstar feels precision and the heavy reliance on one risk measure leads to potentially poor risk management. The appropriate monitoring of risk requires experience, judgment and a number of qualitative and quantitative measures. Morningstar recognises these characteristics of risk, and therefore applies a sceptical, conservative and practical approach to risk management utilising a wide array of measures, with the goal of minimising the permanent impairment of investor capital.

Investment Management

Morningstar will manage the investment process for each Fund as described in its PDS.

Each Fund has an investment objective and risk level. Morningstar will review the investment objective and risk level of each Fund on an ongoing basis. Morningstar aims to provide affected investors with at least 30 days' advance notice before material changes to investment objectives take effect.

In an attempt to achieve the investment objectives, Morningstar set what is believed to be an appropriate investment strategy and asset allocation; select appropriate investments and if applicable, appoint and terminate underlying managers. We also monitor and review the Funds' performance, investment strategy, investments, underlying investment manager(s) and implementation processes to ensure they are consistent with the investment objectives. Where appropriate, adjustments may be made to these without prior notice. Morningstar's investment strategy may not achieve the investment objective.

Direct Strategies

Morningstar may directly manage some investment strategies, where it believes this is appropriate. Where it directly manages an investment strategy, Morningstar selects the underlying investments, rather than the investment managers. Morningstar manages direct strategies using extensive proprietary research and stock selection systems and processes, with a view to achieving the investment objective of the particular strategy, and where applicable contributing to the investment objective of the diversified portfolio as a

whole.

Underlying Investment Managers

Depending on the type of investment strategy, Morningstar may implement investment exposures via a mix of active and passive underlying managers. Managers are combined to build a portfolio that aims to perform consistently with the investment objectives through different environments. Active managers seek to maximise outperformance within agreed risk constraints relative to a benchmark, while passive managers seek to deliver performance in line with a benchmark.

Morningstar believes the effective use of well-resourced and experienced underlying managers, who have aligned their interests with those of their investors and who have a differentiated investment strategy, will improve the chance of the Funds in meeting their investment objectives.

Authorised Investments

The Funds may hold a broad range of investments and asset classes, including:

- ▶ unlisted unit trusts;
- ▶ unlisted investments;
- ▶ shares listed on recognised stock exchanges
- ▶ real estate investment funds listed on recognised stock exchanges;
- ▶ exchange traded funds;
- ▶ listed investment companies;
- ▶ hedge funds;
- ▶ foreign currencies;
- ▶ fixed income;
- ▶ cash and cash equivalents;
- ▶ global infrastructure;
- ▶ derivatives (including futures); and
- ▶ alternative assets and alternative strategies (refer below for more information).

The investments and asset classes held by the Funds are explained in the Investment Profile in Section 5 of the PDS.

Derivatives

Derivatives (such as options, futures, swaps, forward rate agreements and forward foreign exchange contracts) may be used to manage the assets of the Fund. Where derivatives are permitted, they are used to manage risk or to gain exposure to individual securities, currencies and investment markets. The total exposure created by underlying managers using derivatives is limited by Morningstar establishing specific and detailed guidelines for derivative usage in each Fund's investment mandate. Where the Fund invests in derivatives directly, the use of derivatives will be consistent with Morningstar's investment policies and procedures. Further information can be found in Morningstar's Derivative Risk Statement which can be obtained free of charge by contacting Morningstar on the contact details shown on the last page of this document.

Alternative Investments

Alternative strategies are defined as investment strategies with returns that are expected to behave differently to equity and fixed income returns over the medium to long term. They may utilise hedging, short selling, leverage, investment in securities outside conventional benchmark indices and other strategies that result in returns that do not closely track equity and fixed income returns. The majority of these strategies are typically used by managed investment schemes commonly referred to as hedge funds which have redemption terms, fees, legal structures and other features not commonly found in traditional equity and bond funds.

Stock Lending

As part of Morningstar's investment strategies, the Fund's investment returns may be enhanced by earning revenue from participation in a stock lending program managed by the Fund's custodian.

The stock lending program involves lending selected Fund stock to a third party (borrower) through the custodian (agent) for a period of time, in return for a fee. At the end of the period, the borrower returns the stock, which is either the original stock or more commonly are equivalent in number and type to the original stock. As part of this arrangement, borrowers provide collateral to the custodian.

Depending on the type of collateral lodged, the stock lending program can earn revenue in one of two ways. When the custodian, as agent, receives cash collateral, they invest the cash and earn interest on the cash. Where it receives non-cash collateral, a fee rate is used to determine the fees payable and will depend on the size of the loan, duration, availability and other relevant circumstances. Any stock lending revenue is shared between the Fund and the custodian.

While performance returns can be enhanced by participation in a stock lending program, there are some associated risks (see page 4 for further details).

4. Fees and costs

The following information forms part of Section 6 of the PDS.

Did You Know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

To Find Out More

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneySMART.gov.au) has a managed funds fee calculator to help you check out different fee options.

Type of Fee or Cost	Amount	How and When Paid
Fees When Your Money Moves in or Out of the Fund¹		
Establishment fee The fee to open your investment.	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment.	Nil	Not applicable
Management Costs		
The fees and costs for managing your investment	Direct Costs	<p>Management fee % p.a.^{2,3} Management fees range from 0.41% pa to 0.70% pa of the amount you have invested.</p> <p>The fee paid to Morningstar to manage the Fund. The fee is accrued daily in the unit price and paid monthly by deducting the required amount from the assets of the Fund. The fee includes all fees and running expenses (excluding abnormal expenses) directly charged by Morningstar to the Fund.</p> <p>Where the Fund invests with underlying managers through an underlying managed investment scheme or investment mandate, Morningstar pays the underlying managers' non-performance related management fees out of its management fee percentage.</p>
	Indirect Costs⁵	<p>Estimated performance-related fees⁴ Certain underlying managers charge performance-related fees. The underlying managers typically charge between 10.25% and 20.50% of performance in excess of a benchmark index, although they can be higher.</p> <p>The Fund has exposure to investments which charge performance-related fees. Performance-related fees are paid out of the Fund's assets when specific investment performance targets are met. Please refer to 'Performance-related fees' for more information.</p>
		<p>Other estimated indirect costs Indirect costs range from 0.00% to 0.19%.</p> <p>The Fund incurs other indirect costs that are payable from the Fund's assets and are generally reflected in the unit price of the particular Fund. Please refer to 'Indirect costs' for more information.</p>
Service Fees		
Investment switching fee The fee for changing the investment options	Nil	Not applicable

Notes

1. The amount you pay for specific Funds is shown in Section 6 of the PDS and on page 7 of this Additional Information Document.
2. You may also incur a buy/sell spread when you buy/sell Fund units. An explanation of the buy/sell spread is found in on page 8.
3. Some IDPS operators may be paid an annual product access payment for offering the Fund on their investment menus. The product access payment is not an additional fee paid by investors; it is paid for out of Morningstar's management fee for the Fund. It does not reduce the returns an investor may receive.
4. Inclusive of GST after taking into account any expected RITC. Fees are rounded to two decimal places, but in practice the rates are calculated and applied at more than two decimal places.
5. The estimated indirect costs shown represent our reasonable estimate of management costs you will incur in the future.

Management costs

The table below sets out our reasonable estimate of management costs you will incur in the future.

Morningstar Investment Funds	Management Fee (% p.a.) ⁵	Estimated Indirect Costs/Indirect Cost Ratio (% p.a.)		Total Estimated Management Fees and Estimated Indirect Costs (% p.a.)
		Estimated Performance-Related Fees	Estimated Other Indirect Costs	
Real Return				
Morningstar Multi Asset Real Return Fund ⁶	0.70%	0.00%	0.06%	0.76%
Morningstar High Growth Real Return Fund ⁶	0.63%	0.05%	0.09%	0.77%
Morningstar Growth Real Return Fund ⁶	0.57%	0.11%	0.16%	0.84%
Morningstar Balanced Real Return Fund ⁶	0.51%	0.11%	0.17%	0.79%
Morningstar Moderate Real Return Fund ⁶	0.44%	0.11%	0.19%	0.74%
Sector Specialist				
Morningstar Australian Shares Fund	0.41%	0.00%	0.00%	0.41%
Morningstar International Shares (Unhedged) Fund	0.45%	0.00%	0.00%	0.45%
Morningstar International Shares (Hedged) Fund	0.47%	0.00%	0.00%	0.47%

Notes

- Management fee % includes all fees and running expenses (excluding abnormal expenses) directly charged by Morningstar to the Fund. Morningstar pays non-performance related investment management fees of underlying managers out of its own management fee %. Management fee percentages are inclusive of GST after taking into account any expected RITC. Management fee percentages are rounded to two decimal places, but in practice the rates are calculated and applied at more than two decimal places. For more information on fees and costs, please refer to the following pages.
- These Funds may have exposure to underlying managers which charge performance-related fees. Performance-related fees are an additional cost to you and impact the returns you may receive. For more information on performance-related fees, please refer to information on this page.

Buy/sell spreads

Morningstar Investment Funds	Buy/Sell Spread % ⁷	Minimum Initial Investment	Dollar Example of Buy/Sell Spread Included in Unit Price Based on the Minimum Initial Investment/Withdrawal ⁸
Real Return			
Morningstar Multi Asset Real Return Fund	0.10% / 0.10%	\$10,000	\$10 / \$10
Morningstar High Growth Real Return Fund	0.10% / 0.10%	\$10,000	\$10 / \$10
Morningstar Growth Real Return Fund	0.10% / 0.10%	\$10,000	\$10 / \$10
Morningstar Balanced Real Return Fund	0.10% / 0.10%	\$10,000	\$10 / \$10
Morningstar Moderate Real Return Fund	0.10% / 0.10%	\$10,000	\$10 / \$10
Sector			
Morningstar Australian Shares Fund	0.07% / 0.07%	\$10,000	\$7 / \$7
Morningstar International Shares (Unhedged) Fund	0.11% / 0.08%	\$10,000	\$11 / \$8
Morningstar International Shares (Hedged) Fund	0.13% / 0.10%	\$10,000	\$13 / \$10

Notes

- The buy/sell spreads are current as at the date of this Additional Information Document. For up to date buy/sell spreads, please contact Morningstar using the contact details shown on the last page of this document
- The example is based on the assumption that the unit price (before the estimate for transaction costs) is \$1.00 when you invest the minimum initial investment amount in each Fund and that the unit price (before the estimate for transaction costs) is \$1.00 when you withdraw the minimum investment amount from each Fund.

Transactional and operational costs

The table below sets out the transactional and operational costs which have been incurred in each Fund. We have reflected the total explicit transactional and operational costs incurred, less the amount of buy/sell spread recovered from applications and redemptions, resulting in the net explicit costs incurred in a Fund. In addition, we have reflected the implicit costs incurred. All transactional and operational costs are presented as a percentage of the average net asset value and are based on the financial year ending 30 June 2018.

Morningstar Investment Funds	Explicit Transaction Costs ⁹	Less: Buy/Sell Spread Recovery ¹⁰	Equals: Net Explicit Transaction Costs	Plus: Implicit Transaction Costs ¹¹	Net Transaction Costs
Real Return					
Morningstar Multi Asset Real Return Fund	0.17%	0.18%	(0.01%)	0.08%	0.07%
Morningstar High Growth Real Return Fund	0.17%	0.13%	0.04%	0.02%	0.06%
Morningstar Growth Real Return Fund	0.19%	0.08%	0.11%	0.00%	0.11%
Morningstar Balanced Real Return Fund	0.17%	0.09%	0.08%	0.00%	0.08%
Morningstar Moderate Real Return Fund	0.14%	0.07%	0.07%	0.00%	0.07%
Sector Specialist					
Morningstar Australian Shares Fund	0.06%	0.03%	0.03%	0.01%	0.04%
Morningstar International Shares (Unhedged) Fund	0.04%	0.02%	0.02%	(0.01%)	0.01%
Morningstar International Shares (Hedged) Fund	0.15%	0.05%	0.10%	(0.01%)	0.09%

Notes

9. "Explicit" costs are deducted from the assets of the Fund for a particular transaction, such as brokerage and custody settlement. OTC derivative costs and borrowing costs are captured as "Explicit costs".
10. Where the buy/sell spread recovery is greater than total transaction costs, a nil net transaction cost is disclosed.
11. "Implicit" costs arise as a result of bid-offer differences being applied to assets traded by the Fund. These costs are factored into the individual asset value and reflected in the Fund's unit price.

Example of Annual Fees and Costs

The PDS for the Fund contains an example of how fees and costs would have affected your investment over the last financial year. You should use this example to compare the Fund with fees and costs of other managed investment products over the last financial year.

You should read the information in the PDS for the Fund about 'Fees and costs' before making a decision.

Management Costs

Management Costs include fees and costs charged directly to the Fund (such as management fees and running expenses) as well as other indirect costs incurred which reduce the return of the Fund (such as performance related fees and other indirect costs).

Management Fees

The management fees are charged by accruing them within the Fund's unit price on a daily basis. On a monthly basis, management fees are paid to Morningstar from the Fund's assets. The maximum management fee allowable under the Fund's Constitution is 3% p.a. of the NAV of the Fund. The Fund's Constitution allows the management fee only to be charged in other ways negotiated with you, for example by invoicing you directly.

For more information about if and when you can negotiate the management fee, please contact Morningstar.

For wholesale clients, in line with ASIC policy (as amended from time to time), Morningstar may:

- ▶ charge a lower management fee than those currently specified in the PDS; or
- ▶ rebate a part of the management fee.

Staff Investors are allowed to invest in the Fund with differing arrangements to the standard offer in accordance with ASIC policy. Staff Investors are subject to Morningstar's internal human resource policies and procedures governing the staff investment program.

Underlying Manager Fees

Where the Fund invests with underlying managers through an underlying managed investment scheme or investment mandate, Morningstar pays the underlying managers' non-performance related investment management fees out of its management fee percentage (i.e. these expenses are incurred by Morningstar, not the Fund).

Morningstar's management fee percentage does not cover performance related fees charged by underlying managers and/or running costs of an underlying manager's managed investment scheme (where applicable). Fees and costs not covered by Morningstar's management fee are indirect costs to you and are reflected in the net return of your

investments. Refer to 'Performance- Related Fees' below for more information on underlying manager performance-related fees.

Running Expenses

As authorised by the Constitution, Morningstar is entitled to be reimbursed from the Fund for all expenses incurred in managing and administering the Fund. Under the Constitution, there is no specific limit on the level of expense recovery from Fund assets.

Running expenses are all expenses incurred in managing and administering the Fund. These exclude fees paid to underlying managers, abnormal expenses and transactional and operational costs. Currently, running expenses of the Fund incurred in the normal course such as custody, certain taxation or legal advice, as well as audit costs are paid out of Morningstar's management fee. These running expenses are not an additional cost to you.

Abnormal Expenses

Abnormal expenses are additional Fund expenses that may arise from time to time in relation to the Fund. These include costs incurred in litigation, convening a meeting for investors or winding up the Fund.

Abnormal expenses may be recovered from the Fund's assets and are not included in the management fee. If incurred, they are accrued, if and when, they are able to be estimated and reflected in the unit price at that time (see page 3 for more information about unit prices). These costs are incurred infrequently.

Indirect Costs

Indirect costs include expense recoveries and other costs incurred directly in underlying funds. These costs are payable from the Fund's assets.

Indirect Costs include:

Performance-Related Fees

Certain underlying managers may charge performance-related fees. These fees are payable if specific investment performance targets are met. These fees are structured so that an underlying manager's remuneration is linked to the investment return achieved over the benchmark.

If the Fund is exposed to performance-related fees, this is explained in the PDS. If the Fund is not exposed to performance-related fees, it may be in the future, and affected investors will be notified at least 30 days before such underlying manager changes are implemented.

The management costs part of the 'Fees and costs' table on page 6, shows underlying managers' performance-related fees are typically between 10.25% and 20.5% of performance in excess of the relevant benchmark, although they can be higher or

lower.

Performance-related fees payable to underlying managers are accrued within an underlying fund's unit price.

Any performance-related fees incurred by the Fund will be an indirect cost to you. The method of charging performance-related fees (including the percentage amount of the fee) may change in the future. The PDS and Additional Information Document will be updated if changes in performance-related fees and the change results in a material change in the estimated performance-related fees exceeding the range disclosed in this Additional Information Document.

Investors can also contact Morningstar, on the contact details shown on the last page of this document, for further information on the performance-related fees that currently apply to their investment.

Other Indirect Costs

The Funds may also gain investment exposure via underlying managed investment schemes, exchange traded funds and via underlying managers accessed via structured products/OTC derivatives. Fees and costs charged by these investments are not covered by Morningstar's management fee and are indirect costs to you. Our estimates of these costs are included in the indirect costs showing on page 7 of this document.

Transactional and Operational Costs

Transactional and operational costs are costs and expenses incurred in the acquisition or disposal of Fund assets. These include brokerage, duties and taxes. They reflect the costs that would ordinarily be incurred by an investor who invested directly in these assets.

Transaction costs are normally incurred directly by the Fund. However, where they are incurred by Morningstar on behalf of the Fund, these will be reimbursed from the Fund and/or reflected in the unit price of the Funds.

Buy/Sell Spreads

The difference between the entry price and exit price of a unit is called the 'buy/sell spread'. This covers the estimated explicit transaction costs of buying or selling investments when you apply for, switch or redeem units from a Fund. The buy spread is added to the price payable on an application for units and the sell spread is deducted from the amount payable to you when you redeem units. Each is expressed as a percentage of the unit price.

The buy/sell spread amounts paid by transacting investors are retained in the Fund to cover these transaction costs. The buy/sell spreads applying to the Fund are shown in Section 6 of the PDS. Spreads may change without notice, for example if transaction costs change. Morningstar has a Unit Pricing Policy in place, which sets out the guidelines and relevant factors for calculating unit prices - including buy and sell spreads. You may obtain a copy of this policy (and any records ASIC requires to be maintained) free of charge by contacting Morningstar on the contact details shown on

the last page of this document.

mFund costs

Your broker may charge you a fee to help you acquire or redeem units via mFund.

Commission

No commissions are paid to third parties, such as licensed financial advisers, IDPS operators or other licensees. Morningstar may pay 'shelf space' fees for a Fund to be listed on an IDPS investment menu where it is permitted to do so.

Payments to your financial adviser

You may agree with your financial adviser to pay advice fees for financial planning services provided to you. These advice fees are additional to the fees shown in the fee table on page 7, and are paid to your financial adviser, not to Morningstar as the Responsible Entity.

Advice fees may be in the form of an:

- ▶ Investment Advice Fee; and/or
- ▶ Ongoing Advice Fee.

You and your financial adviser determine the amount of any advice fees and how they will be charged.

Changes in Fees and Costs

The Fund's fees and costs may change within limits allowed by its Constitution and investors will be notified in writing by Morningstar of any increases in the fees and costs at least 30 days before implementation. If the Fund ever sought to charge fees above the maximums permitted in its Constitution, investor consent would be sought.

GST

Fees and costs charged to the Fund attract 10% GST, which is charged to and borne by the Fund. All fees and costs disclosed in the PDS are inclusive of GST, to the extent applicable, after taking into account any expected RITCs. The Fund will claim RITCs where possible under the GST regulations. These credits will reduce the overall cost of GST to the Fund and will be reflected in the unit price. The net GST is the net cost after taking into account GST and RITCs.

Switching Fee

A switch between Funds is treated as a redemption from one and an application into another. The Funds do not charge a switching fee (or an entry or exit fee on the amount of the switch) but both Funds' buy/sell spreads will apply to switches.

5. Additional information about tax

The following information forms part of Section 7 of the PDS.

The following is a brief outline of the Australian taxation consequences of investing in the Funds. This information assumes that investors hold their units in the Funds on capital account.

Investors are strongly advised to seek professional taxation advice. Please be aware that not all the following statements will apply to all investors.

This information is intended as a general guide only and is based on Australian taxation laws that are current as at the date of this Additional Information Document. These laws, and the interpretation and administration of them, may alter over time.

The Funds are established as separate unit trusts. The effect of tax on the Fund, and hence your investment in the Fund, can vary depending on factors such as the type of investment, the timing of investment transactions and entry and exit of other investors in the Fund.

Attribution Managed Investment Trust (AMIT)

It is expected that the Funds will qualify as Attribution Managed Investment Trusts ('AMITs') and each Fund has made the irrevocable election into the AMIT regime.

The Funds meet the definition of a managed investment trust ('MIT') (as defined in Australian tax laws) and have made an irrevocable election to apply the deemed capital account treatment for gains and losses on disposal of certain investments (including shares and units in other funds, but excluding derivatives and foreign exchange contracts), with the exception of Morningstar International Bonds (Hedged) Fund.

Attribution of Taxable Income

The Fund is a resident of Australia for tax purposes. It is intended that the Fund's trust components will be attributed to investors on a fair and reasonable basis each income year under the AMIT regime. For income years in which the Funds do not qualify as an AMIT, it is intended that investors will be presently entitled to all of the income of the Fund.

Accordingly, Morningstar as Responsible Entity of the Fund should not pay Australian income tax on the taxable income of the Fund.

The Funds cannot attribute or distribute losses to investors. Any revenue losses may be carried forward and offset against the taxable income of the Fund in subsequent years where certain conditions are met. Capital losses may be carried forward and offset against the capital gains of the Fund in subsequent years.

An Australian investor's attributed trust components under the AMIT regime, or the investor's share of the net income of the Fund for a year in which the Fund is not an AMIT, including amounts received in a subsequent year or which are reinvested, forms part of the investor's assessable income of that year.

The amounts attributed to you, or distributions you receive may include different types of income, which reflect the income derived by the Fund, for example:

- ▶ capital gains;
- ▶ assessable income (e.g. foreign income and franked dividends);
- ▶ non-assessable non-exempt income (e.g. tax deferred distributions); and
- ▶ tax offsets (i.e. franking credits and foreign income tax offsets).

You will be provided with an AMIT member annual ('AMMA') statement or annual tax statement for tax purposes after 30 June each year, to assist you (and your adviser) in determining your tax position. This tax statement will advise you of the attributed trust components or distribution components (if any) to include in your tax return.

In addition, the statement will advise you of the non-assessable amounts (if any) of the distribution; that is, those amounts that have been distributed to you but are not included in taxable income. Generally, such amounts will reduce your cost base in the units in the Fund. Should your cost base be reduced below zero after one or more cumulative distributions of non-assessable amounts, the amounts in excess of your cost base should be a capital gain that should be included in your taxable income.

For income years in which the Funds qualify as an AMIT, if the trust components attributed to an investor for tax purposes are not actually paid to the investor, they may be entitled to an upward cost base adjustment for their units in the Fund. The relevant cost base adjustments will be advised to investors in the AMMA statement they receive after 30 June each year.

If you redeem units, you will also need to include any capital gains or losses you have made in the calculation of your net capital gain or loss for the income year (unless you are a non-resident investor that may not be liable for Australian capital gains tax ('CGT') – see 'Non-Resident Investors' below). Depending on the type of entity you are, you may be entitled to a CGT discount (refer below).

On redemption of units, you may receive both capital proceeds and an income component representing your share of the undistributed income for the year up to the redemption date. In addition, Morningstar as Responsible Entity of the Fund may choose to allocate any gains arising from the redemption to you. Any such attribution or income distributions should be included in the

investor's assessable income in the income year the Fund's trust components are attributed to the investor (for an AMIT), or the income year in which present entitlement arises (for non-AMITs).

Franked Distributions/Frinking Credits

The trust components attributed or distributed to you from some of the Funds may include franked distributions and attached franking credits. Subject to satisfying certain criteria, franked distributions generally entitle Australian resident investors to obtain a tax offset (the franking credit) against their income tax liability. If the franking credits exceed the tax payable on your taxable income, the excess credits may be refundable to you if you are a resident individual or complying superannuation fund. Excess franking credits may generate tax losses if you are a corporate entity.

Tax on Capital Gains

The disposal of units, either by redeeming, switching or transferring units, may lead to a CGT liability.

You may be entitled to the capital gains discount (of 50% for Australian resident trusts and individuals or 33.33% for complying superannuation funds) on capital gains, if you have held your units in the Fund for at least 12 months (excluding date of acquisition and disposal) and other conditions are satisfied. Any capital losses you have from other sources should be offset against the nominal capital gain before applying the capital gains discount. Companies are not entitled to the discount on their capital gains, including discount capital gains attributed or distributed by a Fund.

Non-Resident Investors

Australian source income (e.g. interest, dividends, and other Australian sourced income and gains) attributed or distributed to a non-resident investor may be subject to Australian withholding tax.

The rate of withholding tax will depend on the type of income and the country of tax residence of the investor, whether the Fund qualifies as a MIT and any Exchange of Information Agreement or Double Tax Treaty that the investor's country of tax residence has with Australia.

In most cases, these withholding taxes are each a final tax. As a result, the non-resident investor should not be entitled to a credit in Australia for any withholding tax paid or be liable to further Australian income tax on income from which withholding tax has been withheld.

Foreign sourced income attributed or distributed to a non-resident investor should generally not be subject to tax in Australia unless, for example, the investor has a permanent establishment in Australia.

In broad terms, any capital gains attributed or distributed by the Funds will be taxable to non-resident investors only to the extent that the capital gain was in respect of taxable Australian property (that is, typically Australian real property or shares or units in an entity whose majority underlying value is derived from taxable Australian property based on current market values of the entity's assets). The statement provided to investors after 30 June each year will disclose the extent to which an attributed or distributed capital gain is in respect of taxable Australian property.

Generally, investors who are non-residents of Australia for income tax purposes (and do not have an Australian permanent establishment) will only be subject to the Australian CGT provisions on the disposal of their units if their units are taxable Australian property. A non-resident investor's units are generally taxable Australian property if:

- ▶ they and their associates hold 10% or more of the units in the Fund at either the time they dispose of their units or throughout a 12-month period that began no later than 24 months before that disposal time; and
- ▶ more than 50% (by market value) of the Fund's assets comprised (directly or indirectly) of interests in taxable Australian real property.

However, based on the current investments and investment approach of the Funds as at the date of issue of this Additional Information Document, it is not expected that the second condition would be satisfied.

Non-resident investors who hold their units in the course of carrying on a business through an Australian permanent establishment will be subject to Australian CGT on the disposal of their units in the same way as residents. This is so whether or not such non-resident investors hold more or less than 10% of the units in the Fund.

It is strongly recommended that non-resident investors obtain their own tax advice when disposing of units in the Funds. It should also be noted that you may be subject to the tax laws in your country and should consult a taxation adviser before investing.

Foreign Income and Foreign Income Tax Offsets

Where foreign withholding tax has been paid by the Fund in respect of foreign investment of Fund assets, the Fund will generally pass on any available corresponding foreign income tax offsets to resident investors, so that investors may be eligible to offset these foreign income tax offsets against any Australian tax payable on their assessable foreign source income. Morningstar will advise such investors of their share of foreign income tax offsets.

Tax File Numbers (TFN) and Australian Business Numbers (ABN)

It is not compulsory for you to quote your TFN or ABN. If you are making this investment in the course of a business or enterprise that you carry on, you may quote an ABN instead of a TFN. Failure by you to quote an ABN or TFN, or claim an exemption, may cause the Fund to withhold tax at the top marginal rate plus any additional levies on gross payments including distributions or attribution of income to you. You may be able to claim a credit in your tax return for any TFN or ABN tax withheld. By quoting your TFN or ABN it will be applied to all your investments with the Fund. If you do not want to quote your TFN or ABN for some investments, please notify Morningstar.

Taxation of Financial Arrangements

The Funds have opted into the taxation of financial arrangements (TOFA) regime under Division 230 of the Income Tax Assessment Act 1997 to adopt the default methods. Morningstar will continue to monitor whether the Funds should elect any of the alternative methods. The impact of the TOFA regime is not expected to materially change the taxation consequences of income in the Funds.

Changes in the Tax Law

The expected tax implications of investing in the Fund described in this tax disclosure may change as a result of changes in the taxation laws and interpretation of them by the Courts and/or the Australian Tax Office.

It is recommended that investors obtain independent taxation advice that takes into account your specific circumstances regarding investing in the Fund and the potential application of any changes in the tax law.

GST

The issue, redemption or transfer of units in the Fund will not attract GST under current GST law. Investors should seek independent advice in relation to the GST consequences of their investment.

6. How to apply

The following information forms part of Section 8 of the PDS.

Once your application has been processed by our registry services provider, Link Market Services Limited (Link Market Services), a confirmation of your investment showing your Investor Number, the amount invested, the number of units issued, the entry price and the date the units were issued, will be sent to you usually within 3 Business Days from the date of receipt of the application.

If you do not receive a confirmation, please use the relevant contact details provided on the last page of this document to confirm receipt of your application.

No interest is received on application monies, including monies for additional investments, and no interest will be paid to you if for any reason (such as failure to provide all identification documentation required under Australian anti-money laundering and other legislations) your application is not processed.

You may make additional investments in the Fund by completing the additional investment application form which can be found on the Morningstar website and paying the application monies.

If you provide a correctly completed application request, including anti-money laundering and other information and cleared funds, prior to the cut-off times on a Business Day, you will generally receive the entry price calculated as at the close of business on that Business Day. For correctly completed application requests and cleared funds received after the cut-off times, you will generally receive the entry price calculated as at the close of business on the next Business Day. Refer to the application form for details on cut-off times.

You become an investor in the Fund when you are issued units in the Fund. Please refer to the details on buy/sell spreads on page 8, unit prices on page 3 and switching fee on page 11 for more information.

7. Additional information

The following information forms part of Section 9 of the PDS.

Information on Request from Morningstar

You may contact Morningstar between 9:00 am and 5:00 pm (Sydney time) on any Business Day to assist with any questions you might have, or further information you may require, in relation to your investment in the Fund.

Morningstar's contact details are shown on the last page of each PDS as well as this Additional Information Document. If you are an Indirect Investor, the following information does not apply.

Changing Your Details

You must notify any change to your details, including contact details, distribution instructions, bank account details or account operating instructions.

To advise changes, please complete the change of details form and submit it in accordance with the instructions contained within.

Confirmation of Transactions and Reporting

You will be provided with a confirmation of your transaction once it is processed, usually within 3 Business Days after we receive all relevant information. This may be when you make your initial investment, additional investment, redemption, switch or transfer. A monthly statement detailing your transactions over the previous quarter, including any distribution, will be sent to you. At the end of each financial year, you will be sent a statement for tax purposes. If at any other time you would like a transaction statement of your investment, unit price information or the financial statements for a Fund, please contact Morningstar on the contact details shown on the last page of this document.

Privacy Statement

By applying to invest in the Funds, you consent and agree to your personal information about you being obtained and used by Morningstar and other parties as explained in this Privacy Statement. The type of information held includes your name, address and other information that you provide when opening your account, as well as records of your account transactions and the value of your unit holding.

Your information may be used to:

- ▶ provide the products and services you request;
- ▶ efficiently manage and administer all investments and services provided; and
- ▶ ensure that internal business operations run smoothly, which may include fulfilling all legal requirements and conducting confidential systems maintenance and testing.

Your personal information may be provided confidentially to external service providers, including the custodian, auditors, taxation advisers, legal advisers and information technology consultants.

We may disclose your personal information to our related companies, but only so those related companies can assist us with functions relating to managing your account.

Morningstar's related companies include our parent company Morningstar, Inc., in the United States and related companies worldwide. These related companies are located in: Belgium, Brazil, Canada, Chile, China, Denmark, Finland, France, Germany, Hong Kong, India, Italy, Japan, South Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand and the United Kingdom.

We may also use your personal information to provide you with information about other products and services that we or our related companies offer from time to time (direct marketing).

If you do not wish information to be sent to you about other products managed by Morningstar or our related companies, please note this in the relevant box provided on your application form or contact Morningstar on the contact details shown on this page.

Additionally, your personal information will be disclosed if required by law to do so (including under legislation in relation to anti-money laundering and counter-terrorism and applicable taxation legislation).

For information as to how you can access, correct and update your personal information and how Morningstar manages privacy related complaints please refer to Morningstar's Privacy Policy. A copy of Morningstar's Privacy Policy is available on our website. Alternatively, you can contact our Privacy Officer to request a free copy.

Privacy Officer Contact Details

Privacy Officer
Morningstar Investment Management Australia Limited
Level 3, International Tower 1
100 Barangaroo Avenue
Barangaroo NSW 2000
Tel: +61 2 9276 4532
Fax: +61 2 9276 4545
Email: auprivacy@morningstar.com

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ('FATCA') is a US law enacted to combat non-compliance by U.S. taxpayers using foreign accounts. FATCA requires foreign financial institutions ('FFIs') to report to the US tax authority, or the relevant local tax authorities for jurisdictions covered by an appropriate Intergovernmental Agreement with the

US, information about financial accounts held by U.S. taxpayers, certain non-financial foreign entities in which US taxpayers hold a substantial ownership interest and payments to Non-Participating Financial Institutions.

The Fund is an FFI under FATCA and subject to the FATCA rules. Investors are required to provide certain information in order for the Fund to be FATCA compliant. This information can be provided by completing the relevant anti-money laundering and counter-terrorism forms available on Morningstar's website.

Common Reporting Standard

The Common Reporting Standard ('CRS') is a single global standard for collecting, reporting and exchanging financial account information of foreign tax residents to tax authorities (such as the Australian Tax Office ('ATO')).

Australian Financial Institutions ('AFIs') such as banks and investment funds are required to collect and report on certain investor information to the ATO in order to comply with the CRS. The ATO will in turn exchange information with participating jurisdictions.

As the Fund is an AFI, you agree to provide all the necessary information and certification required by Morningstar to meet our obligations under CRS.

Commonwealth Anti-Money Laundering and Counter-Terrorism Requirements

Morningstar is required by the Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006 to obtain additional information from new investors as to their identity, source of funds and similar matters, and to verify that information by sighting appropriate documentation. These requirements may also apply in relation to existing investors.

New investors (and existing investors required to provide additional information) can provide additional information by completing the relevant section of the application form on Morningstar's website. Please go to

morningstarinvestments.com.au/disclosure and see 'Application Form' in the document library. Details about the way in which additional information can be verified are contained within the application form. For example, individuals will be required to produce a current photographic identification document, such as a current passport or driver's licence, or to provide a certified copy of the document, in order to verify their identity details.

Morningstar reserves the right to request information as is necessary to verify the identity of any investor and their personnel (for example, if an investor is a company, the identity of the company directors may need to be verified) and to assess

the likelihood of the investor or its personnel being involved in money laundering or terrorism financing. Information that you provide may be disclosed to the Australian Transaction Reports and Analysis Centre under Australian law (or by underlying managers resident in other countries who are subject to similar legislation in their own countries). You may not be informed if such a disclosure is made. Otherwise your information will be confidential.

If you do not provide the required information, your application will not be processed until the information requested has been provided and all anti-money laundering and relevant checks have been completed. This may mean that the units may not be issued and redemption payments may not be made within the time periods contemplated in the PDS.

By applying for units through the PDS, you agree that Morningstar may, in its absolute discretion, not issue units to you, refuse the transfer of units you wish to sell or purchase, delay, block or freeze any transactions or cancel or redeem any units which have been issued to you, if such action is considered necessary or desirable in light of its obligations under the Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006 or any relevant legislation. In the above circumstances, Morningstar will not be liable to you for any resulting loss.

Constitutions

The Fund is governed by a Constitution, as amended from time to time, and the Constitution may relate to several Funds or to an individual Fund. Each Constitution sets out Morningstar's obligations as well as the rights of investors. Some key aspects of the Constitutions have been summarised in this Additional Information Document.

Morningstar may alter the Constitution as specified in the Constitution and in accordance with the law. The Corporations Act specifies that the consent of investors (given at a meeting convened and conducted in accordance with the Corporations Act) is required for any alteration unless Morningstar reasonably believes that the alteration will not adversely affect the rights of investors.

You may view a copy of the Constitution at Morningstar's offices on any Business Day or you may obtain a copy free of charge by contacting Morningstar on the contact details shown on the last page of this document.

Compliance Plan

Morningstar has established a compliance plan for the Fund, which sets out the measures to be applied in operating the Fund to ensure compliance with its Constitution and the law. Morningstar is

responsible for overseeing the compliance plan.

Classes of Units

Under the Constitution, units may be issued in one or more classes and additional classes of units may be created at any time. All units in a class will have identical interests and rights and will be subject to identical conditions. Where the Fund issues units of different classes, the interests, rights and conditions attached to the class of units may differ in relation to fees.

Rights of Investors

Subject to the Constitution, investors are generally entitled to:

- ▶ receive a share of the Fund's distributable income;
- ▶ redeem units;
- ▶ transfer units;
- ▶ switch between Funds;
- ▶ receive confirmation of investment;
- ▶ receive acknowledgement of units held;
- ▶ receive annual audited accounts; and
- ▶ inspect the Fund's Constitution.

If you are an Indirect Investor, you are not an investor in the Funds (your IDPS operator is the investor).

Investor Meetings

Subject to the Constitution, investors are also entitled to requisition, attend and vote at investor meetings for any Fund in which they hold units. An investor is bound by a resolution of investors, whether or not they attend the meeting at which it is passed.

Interest in the Funds

Each unit issued in a Fund entitles the investor to a beneficial interest in the total investments of the Fund, but does not give the investor an interest in any particular asset of the Fund.

Investor Liability

While the law in relation to investor liability has not yet been settled, the Constitution limits an investor's liability in a Fund to the amount the investor has invested or agreed to invest.

Termination of a Fund

Morningstar can terminate a Fund, subject to the Corporations Act, at any time. If a Fund is terminated, the Fund's assets must be converted to cash where possible and used to pay or provide for the Fund's liabilities (including those incurred in winding up the Fund and any unpaid fees). In such an event, the realisation of assets may be postponed.

Investors are entitled to a share of the balance of the assets in accordance with the Fund's Constitution. This will be the final distribution of the Fund, which may include both a capital and income component.

Financial Information

The Fund's annual report will be made available to investors each year. You can request a copy of the annual report by contacting Morningstar on the contact details shown on the last page of this

document.

Borrowings

Under the Constitution, the Fund is permitted to borrow. Generally, borrowings may be used to facilitate short-term liquidity needs, and the redemption of units, and to gain exposure to derivatives, including for the purposes of achieving target asset allocations. By virtue of the Fund's exposure to alternative investment strategies, it may also be exposed implicitly to borrowings and other liabilities.

Changes to the Funds

New funds may be added or existing Funds closed. The Fund's investment objective (including its benchmark), asset classes, asset ranges and currency strategy (if any) can be changed, without prior notice in some cases. Investors will be informed of any material change to the Fund as required by law.

Net Asset Value (NAV)

The latest available NAV has been included in the 'Investment Profile' of '5. How We Invest Your Money' in the respective PDS at the time of issue. The latest quarterly NAV is also disclosed in our Quarterly Fund Profiles available on our website morningstarinvestments.com.au/fund-performance as well as via the ASX Market Announcements Platform if the Fund is available via mFund.

Performance Information

Investment performance becomes outdated very quickly. Past performance information has not been included in the PDS.

If you require up-to-date Fund performance information, please contact Morningstar on the contact details provided on the last page of this document.

Morningstar will provide the information to you free of charge. In assessing any performance information, you should bear in mind that past performance is not a reliable indicator of future performance.

Related Party Transactions

Morningstar receives a range of services from its related party, Morningstar Australasia Pty Ltd. These services are provided in accordance with a shared services agreement.

Staff Investors are allowed to invest in the Fund. Their investment is governed by Morningstar's staff investment policies and procedures.

Conflicts of Interest

If there is a material conflict between the duties of Morningstar in relation to its obligations to the Fund and its personal interests, Morningstar will disclose particulars of the conflict.

8. Definitions

'AFS Licence' or 'AFSL' means Australian Financial Services Licence.

'ASIC' means the Australian Securities and Investments Commission.

'Business Day' means any day other than Saturday and Sunday during which all banks are open for general banking business in the state of New South Wales.

'CGT' means Capital Gains Tax which is the tax you pay on any capital gains.

'Constitution' means the Constitution of one or more Funds, as amended from time to time, or the Constitutions for all of the Funds, as the context indicates.

'Direct Investor' is an investor who invests and holds units directly in the Funds, and not through an IDPS.

'GST' means Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999

'IDPS' means a master fund, wrap account, investor directed portfolio service or similar product (but does not include the ASX Managed Fund Service).

'Indirect Investor' is an investor who gains exposure to the Funds through an IDPS.

'Investment Advice Fee' is an advice fee that is generally charged by your financial adviser when you make an initial or additional investment in the Fund.

'mFund' is the managed funds settlement service operated by the ASX.

'Morningstar' means Morningstar Investment Management Australia Limited ABN 54 071 808 501, AFS Licence No. 228986, the Investment Manager of the Funds, the issuer of units in the Funds and the responsible entity of the Funds.

'NAV' means the Net Asset Value of a Fund and is the value of all assets of the Fund less liabilities of the Fund (excluding any amount representing the value of the investors' interests in the Fund or rights attaching to units, unless they have become due and payable to the relevant investor, regardless of whether characterised as equity or debt in the accounts of the Funds) and is calculated in accordance with the Constitution of the Fund.

'Ongoing Advice Fee' is an advice fee that is generally charged by your financial adviser on a regular basis for ongoing financial advice provided to you.

'PDS' means Product Disclosure Statement.

'RITC' means Reduced Input Tax Credit as defined in A New Tax System (Goods and Services Tax) Act 1999.

'Staff Investor' is an investor who is an employee as defined by Morningstar's internal human resource policies and procedures governing its staff investment program.

'the Funds' means the managed investment schemes to which this document relates.

'you' or 'your' means an investor or prospective investor in the Fund(s).

Contact Details

Investors investing directly:

Attention: Morningstar Unit Registry
C/- Link Market Services Limited
PO Box 3721
Rhodes NSW 2138
Fax: +61 2 9287 0357

Investors using mFund:

Contact your financial adviser or broker

otherwise:

Responsible Entity and Issuer:

Morningstar Investment Management Australia Limited
Level 3, International Tower 1
100 Barangaroo Avenue
Barangaroo NSW 2000
Tel: 1800 951 999 (Toll Free)
Fax: +61 2 8572 9913
Web: morningstarinvestments.com.au
Email: invest@morningstar.com.au



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