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Dear Investor,

### Updates to the Morningstar Investment Funds' Product Disclosure Documents

We'd like to provide you with some updated information relating to the Morningstar Investment Funds.

**After reading this, no further action is required from you and the updated information is reflected in the new disclosure documents issued on 30 September 2021.**

#### 1. Updated buy-sell spreads

We regularly conduct reviews of buy-sell spreads as part of our investment operations process. Based on a recent spread review and considering the introduction of dynamic spreads, we have updated the buy-sell spreads for our funds.

**Refer to Appendix 1 for details of the new spreads.**

#### 2. Updated Internal Dispute Resolution (IDR) requirements

On 30 July 2020, the Australian Securities & Investments Commission (the regulator) released a new Regulatory Guide 271 Internal dispute resolution (RG 271) that details updated standards and requirements for how financial services firms deal with complaints under their Internal Dispute Resolution (IDR) procedures. The new regime comes into effect on 5 October 2021.

The regulator's stated policy intent with RG 271 is to drive fair and timely complaint outcomes for consumers and sharpen industry's focus on systemic issues.

**While Morningstar's existing IDR systems already meet and exceed many of the standards and requirements prescribed by the regulator, the key changes to our disclosure documents are to reflect reduced timeframes for responding to complaints. Please refer to the below table of changes:**

Process	Previous	New
Acknowledge complaint	• Within 3 business days of receipt	• Within 24 hours (1 Business Day) of receipt
Finalise response	• No later than 45 days after receipt	• No later than 30 days after receipt

#### 3. Environmental, Social, Ethical and Governance (ESG) considerations

We continuously review the way we research and manage our portfolios and **now formally apply an ESG integration approach to investing, which means the impact of environmental, social and governance risks are assessed when selecting, retaining or realising the investments of the funds.**

#### 4. Design and Distribution Obligations

In October, financial product issuers and distributors must now abide by a new Regulatory Guide – RG 274 Product design and distribution obligations ('DDO'), issued by the regulator.

The key principle of DDO is to promote a fair and customer-centric approach to designing, targeting and distributing financial products that meet consumer needs.

Product issuers, such as Morningstar must design financial products that are likely to be consistent with the likely objectives, financial situation and needs of the consumers for whom they are intended.

Product issuers and distributors must take 'reasonable steps' that are reasonably likely to result in financial products reaching consumers in the target market defined by the issuer.

##### Target Market Determinations

Under DDO, product issuers must make target market determinations (TMDs) for certain financial products.

These TMDs set out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. In addition, the TMD outlines the triggers to review the target market and certain other information.

The TMDs are available on our website at [www.morningstarinvestments.com.au/tmd](http://www.morningstarinvestments.com.au/tmd) or from your financial adviser.

Further information is available in the disclosure documents issued on 30 September 2021.

Alternatively, please contact your financial adviser, or a member of our Investor Services Team between 9.00am and 5.00pm (Sydney time) Monday to Friday on 1800 951 999 (toll free), or email [invest@morningstar.com.au](mailto:invest@morningstar.com.au).

Yours sincerely,



Michael Kwok  
Senior Product Manager  
Morningstar Investment Management Australia Limited

## Appendix 1 – Updated Spreads

Fund	New buy/sell spread (%)	Current buy/sell spread (%)
<b>Real Return Suite</b>		
Morningstar Multi Asset Real Return Fund	Up to 0.06 / Up to 0.03	Up to 0.10 / Up to 0.07
Morningstar High Growth Real Return Fund	Up to 0.13 / Up to 0.07	Up to 0.17 / Up to 0.13
Morningstar Growth Real Return Fund	Up to 0.10 / Up to 0.06	Up to 0.11 / Up to 0.08
Morningstar Balanced Real Return Fund	Up to 0.10 / Up to 0.06	Up to 0.11 / Up to 0.08
Morningstar Moderate Real Return Fund	Up to 0.09 / Up to 0.07	Up to 0.10 / Up to 0.09
<b>Sector Specialist</b>		
Morningstar Australian Shares Fund	Up to 0.05 / Up to 0.06	Up to 0.06 / Up to 0.07
Morningstar International Shares (Hedged) Fund	Up to 0.09 / Up to 0.08	Up to 0.09 / Up to 0.05
Morningstar International Shares Fund	Up to 0.09 / Up to 0.08	Up to 0.09 / Up to 0.04
Morningstar International Shares Active ETF	Up to 0.09 / Up to 0.08	Up to 0.10 / Up to 0.05
<b>Wholesale</b>		
Fund	New buy/sell spread (%)	Current buy/sell spread (%)
<b>Multi-Asset</b>		
Morningstar Multi-Asset All Growth Fund	Up to 0.13 / Up to 0.06	Up to 0.13 / Up to 0.08
Morningstar Multi-Asset Defensive Fund	Up to 0.08 / Up to 0.08	Up to 0.12 / Up to 0.12
<b>Diversified Suite</b>		
Morningstar High Growth Fund	Up to 0.10 / Up to 0.09	Up to 0.11 / Up to 0.09
Morningstar Growth Fund	Up to 0.09 / Up to 0.08	Up to 0.11 / Up to 0.09
Morningstar Balanced Fund	Up to 0.09 / Up to 0.08	Up to 0.10 / Up to 0.09
Morningstar Moderate Fund	Up to 0.08 / Up to 0.07	Up to 0.08 / Up to 0.08
Morningstar Conservative Fund	Up to 0.08 / Up to 0.08	Up to 0.08 / Up to 0.08
<b>Sector Specialist</b>		
Morningstar Australian Bonds Fund	Up to 0.10 / Up to 0.10	Up to 0.10 / Up to 0.10
Morningstar International Bonds (Hedged) Fund	Up to 0.09 / Up to 0.09	Up to 0.19 / Up to 0.19
Morningstar Global Property Securities (Hedged) Fund	Up to 0.07 / Up to 0.06	Up to 0.08 / Up to 0.07