



Level 3, International Tower 1
100 Barangaroo Avenue
Barangaroo, NSW 2000

Telephone: +61 2 9276 4444
Facsimile: +61 2 9276 4545

Locked Bag 25, Royal Exchange
Sydney NSW 1225

2 October 2020

Dear Investor,

Updates to the Morningstar Investment Funds' 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 2020.

1. Investors to benefit from lower or in some cases, a 'nil' buy-sell spread with the introduction of dynamic spreads:

In line with our investment principle 'we strive to minimise costs'; we introduced a dynamic approach to setting 'buy-sell' spreads on 30 September 2020. **Going forward, we expect investors to benefit from lower or in some cases, a 'nil' buy-sell spread. This is as a result of us making daily adjustments to the buy and sell spreads, due to the netting of buy and sell transactions created from other investors.**

What is a buy-sell spread?

This is the difference between the entry price and exit price of a unit and covers the estimated 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 maximum buy-sell spreads applying to the Fund are shown in the relevant disclosure document.

2. 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.

3. Enhanced transparency in the way we disclose fees and costs

On 30 September 2020, we updated the way investment fees and costs are presented in our disclosure documents.

The regulator (ASIC) recently introduced an updated regulatory guide which intended to enhance comparability and transparency in fees and costs disclosure, with adherence to the new regulatory guide being optional until 30 September 2022. In line with our investment principle: 'we put investors first', we considered enhanced disclosure and transparency to be in the best interests of our investors and accordingly, we elected to early opt-in to the regime.

The key changes include grouping the fees and costs you pay into two categories: 'ongoing annual fees and costs' and 'member

activity related fees and costs', and standardising the way investment product issuers may estimate fees and costs in some cases, should they choose to do so.

While there are some changes to the amounts of fees and costs presented, it's important to note that there are no new or additional fees being charged and there is no impact on the net returns you receive (after fees and costs) or how we calculate investment performance.

Further information is available in the disclosure documents issued on 30 September 2020.

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.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Kwok', with a stylized flourish at the end.

Michael Kwok
Senior Product Manager
Morningstar Investment Management Australia Limited

Appendix 1 – Updated Spreads

Fund	New buy/sell spread (%)	Current buy/sell spread (%)
Real Return Suite		
Morningstar Multi Asset Real Return Fund	Up to 0.10 / Up to 0.07	0.10 / 0.10
Morningstar High Growth Real Return Fund	Up to 0.17 / Up to 0.13	0.10 / 0.10
Morningstar Growth Real Return Fund	Up to 0.11 / Up to 0.08	0.10 / 0.10
Morningstar Balanced Real Return Fund	Up to 0.11 / Up to 0.08	0.10 / 0.10
Morningstar Moderate Real Return Fund	Up to 0.10 / Up to 0.09	0.10 / 0.10
Sector Specialist		
Morningstar Australian Shares Fund	Up to 0.06 / Up to 0.07	0.07 / 0.07
Morningstar International Shares (Hedged) Fund	Up to 0.09 / Up to 0.05	0.10 / 0.10
Morningstar International Shares Fund	Up to 0.09 / Up to 0.04	0.08 / 0.08
Morningstar International Shares Active ETF	Up to 0.10 / Up to 0.05	0.10 / 0.10
Wholesale		
Fund	New buy/sell spread (%)	Current buy/sell spread (%)
Multi-Asset		
Morningstar Multi-Asset All Growth Fund	Up to 0.13 / Up to 0.08	0.09 / 0.09
Morningstar Multi-Asset Defensive Fund	Up to 0.12 / Up to 0.12	0.14 / 0.14
Diversified Suite		
Morningstar High Growth Fund	Up to 0.11 / Up to 0.09	0.10 / 0.10
Morningstar Growth Fund	Up to 0.11 / Up to 0.09	0.10 / 0.10
Morningstar Balanced Fund	Up to 0.10 / Up to 0.09	0.10 / 0.10
Morningstar Moderate Fund	Up to 0.08 / Up to 0.08	0.10 / 0.10
Morningstar Conservative Fund	Up to 0.08 / Up to 0.08	0.10 / 0.10
Sector Specialist		
Morningstar Australian Bonds Fund	Up to 0.10 / Up to 0.10	0.11 / 0.11
Morningstar International Bonds (Hedged) Fund	Up to 0.19 / Up to 0.19	0.14 / 0.14
Morningstar Global Property Securities (Hedged) Fund	Up to 0.08 / Up to 0.07	0.08 / 0.08