



Morningstar
Investment Funds
Additional Information Document - Wholesale
30 September 2021

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Morningstar Investment Funds

Additional Information Document | 30 September 2021

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.

Diversified	ARSN	PDS date
▶ Morningstar High Growth Fund	125 073 752	30 September 2021
▶ Morningstar Growth Fund	092 232 427	30 September 2021
▶ Morningstar Balanced Fund	092 233 979	30 September 2021
▶ Morningstar Moderate Fund	092 227 337	30 September 2021
▶ Morningstar Conservative Fund	092 234 074	30 September 2021
Real Return Implementation Vehicles		
Morningstar Multi-Asset All Growth Fund	140 450 835	30 September 2021
Morningstar Multi-Asset Defensive Fund	140 450 728	30 September 2021
Sector		
▶ Morningstar Australian Bonds Fund	092 226 456	30 September 2021
▶ Morningstar International Bonds (Hedged) Fund	121 406 219	30 September 2021
▶ Morningstar Global Property Securities (Hedged) Fund	118 668 929	30 September 2021
▶ Morningstar Global Opportunities Fund	092 234 289	30 September 2021
▶ Morningstar Global Listed Infrastructure (Hedged) Fund	092 234 378	30 September 2021
▶ Morningstar Cash Fund	092 227 104	30 September 2021

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 on our website at morningstarinvestments.com.au/wholesale 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. Your investment in the Fund(s) is subject to investment risk. This could involve delays in repayment and 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

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 on our website [our website at morningstarinvestments.com.au/wholesale](http://morningstarinvestments.com.au/wholesale)

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

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 from Morningstar and subject to your transferee completing all identification documentation required under Australian anti-money laundering and counter-terrorism requirements and other applicable laws. 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 transaction costs (including the buy-sell spread). Please refer to pages 6, 9, and 10 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 manner in which these discretions are exercised are outlined in

Morningstar's unit pricing policy. You 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 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 general information about significant risks of managed investment schemes more generally, while the PDS contains specific risks 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 generally affect managed investment schemes:

Credit Risk

The risk of losses arising from fixed interest securities as a result of unexpected changes in the ability or willingness, or perceived ability or willingness, of issuers to make timely principal and/or interest payments, or to otherwise honour its obligations.

Country Risk

The Fund may invest, directly or indirectly, in foreign (non-Australian) securities located in countries which could become politically or economically unstable. This 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.

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.

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.

Securities Lending Risk

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

Security Specific Risk

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

Short Selling Risk

Short selling refers to the process of selling securities that you do not own (securities are borrowed first before short selling) and then buying them back at a future date, with an expectation that the price of those securities 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 security. When a Fund invests in a security, 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 security increases.

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 by gaining exposure to compelling 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 returns. 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 asset or assets offering 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 that risk is multifaceted and subjective in nature. The monitoring of risk is not designed to be precise or reliant on one particular metric. Morningstar believes that an overreliance on any single risk measure can lead to poor risk management. The appropriate monitoring of risk requires experience, judgment, and several qualitative and quantitative measures. Morningstar recognises these characteristics of risk, and therefore applies a sceptical, conservative, and practical approach to risk management, using a wide array of measures to minimise the potential for 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 the investment profile take effect.

In seeking to achieve the investment objectives, Morningstar sets what is believed to be an appropriate investment strategy and asset allocation, selects appropriate investments and, if applicable, appoints and terminates underlying managers. It also monitors and reviews 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, rather than the external investment managers, selects the underlying investments. Morningstar manages direct strategies with extensive proprietary research and

security selection processes to achieve the investment objective of the particular strategy and, where applicable, to contribute 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 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 securities exchanges;
- ▶ real estate investment funds listed on recognised securities 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 to 'Alternative Investments' 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 investment 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 which 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.

Securities Lending

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

The securities lending program involves lending selected Fund securities 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 either the original securities or securities equivalent in number and type to the original securities. As part of this arrangement, borrowers provide collateral to the custodian.

Depending on the type of collateral lodged, the securities lending program can earn revenue in one of two ways. When the custodian, as agent, receives cash collateral, it invests the cash and earns 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 securities lending revenue is shared between the Fund and the custodian.

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

4. Fees and costs

Information in the following table can be used to compare costs between different managed investment schemes. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the fund as a whole.

Type of Fee or Cost	Amount	How and When Paid
Ongoing annual fees and costs¹		
Management fees and costs^{2,3,4} <i>The fees and costs for managing your investment.</i>	Between 0.18% p.a. to 0.85% p.a. of the amount you have invested.	<p>Management fees are 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. The Fund may also incur indirect costs that are payable from the Fund's assets and are generally reflected in the unit price of the particular Fund.</p> <p>Where the Fund invests with underlying investment 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. Please refer to 'Management fees and costs' below for more information.</p>
Performance fees <i>Amounts deducted from your investment in relation to the performance of the product.</i>	Between 0.00% and 0.03% of the amount you have invested.	The Fund has exposure to investments which charge performance fees. Performance fees are paid out of the Fund's assets when specific investment performance targets are met. Please refer to 'Performance fees' for more information.
Transaction costs <i>The costs incurred by the Fund when buying or selling assets.</i>	Between 0.00% and 0.12% of the amount you have invested.	The Fund may incur transaction costs when buying or selling assets. Transaction costs are payable from the Fund's assets as and when they are incurred. Please refer to 'Transaction costs' below for more information.
Member activity related fees and costs (fees for services or when your money moves in or out of the Fund)		
Establishment fee <i>The fee to open your investment.</i>	Nil	Not applicable
Contribution fee <i>The fee on each amount contributed to your investment.</i>	Nil	Not applicable
Buy-sell spread <i>An amount deducted from your investment representing costs incurred in transactions by the Fund.</i>	Between 0.00% to 0.24%.	Calculated as a percentage of the unit price and paid from investors' money when you purchase or redeem units. Spreads are retained by the Fund. Please refer to 'Buy-sell spreads' below for more information.
Withdrawal fee <i>The fee on each amount you take out of your investment.</i>	Nil	Not applicable
Exit fee <i>The fee to close your investment.</i>	Nil	Not applicable
Switching fee <i>The fee for changing the investment options.</i>	Nil	Not applicable

Notes

- All fees are expressed as a percentage of net asset value of the Fund excluding accrued fees, 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.
- The amount you pay for specific Funds is shown in Section 6 of the PDS and on page 7 of this document and includes the component for running expenses of the Funds.
- 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.
- A portion of this fee can be negotiated with wholesale clients only.

Management fees and costs

The table below sets out the management fees and costs for each Fund based on the actual management fees and the excluded indirect costs incurred in the financial year ending June 2021. There is no guarantee that future management fees and costs incurred will be the same. For a worked dollar example of management fees and costs, please refer to the Example of Annual Fees and Costs in the PDS for each Fund.

Morningstar Investment Funds	Management Fee (% p.a.) ⁵	Excluded Indirect Costs (% p.a.) ⁶	Total Estimated Management Fees and Costs (% p.a.)
Diversified			
Morningstar High Growth Fund ⁷	0.63%	0.02%	0.65%
Morningstar Growth Fund ⁷	0.60%	0.01%	0.61%
Morningstar Balanced Fund ⁷	0.57%	0.01%	0.58%
Morningstar Moderate Fund ⁷	0.53%	0.01%	0.54%
Morningstar Conservative Fund ⁷	0.31%	0.00%	0.31%
Real Return Implementation Vehicles			
Morningstar Multi-Asset All Growth Fund ⁷	0.63%	0.02%	0.65%
Morningstar Multi-Asset Defensive Fund ⁷	0.44%	0.01%	0.45%
Sector			
Morningstar Australian Bonds Fund	0.25%	0.00%	0.25%
Morningstar International Bonds (Hedged) Fund	0.45%	0.02%	0.47%
Morningstar Global Property Securities (Hedged) Fund	0.37%	0.00%	0.37%
Morningstar Global Opportunities Fund	0.23%	0.62%	0.85%
Morningstar Global Listed Infrastructure (Hedged) Fund	0.23%	0.00%	0.23%
Morningstar Cash Fund ⁷	0.18%	0.00%	0.18%

Notes

- The 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 investment 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.
- Excluded indirect costs represent that portion of expenses charged by underlying funds which Morningstar do not pay out of its management fee.
- These Funds may have exposure to underlying investment managers which charge performance fees. Performance fees are an additional cost to you and impact the returns you may receive. For more information on performance fees, please refer to the information on page 8.

Performance fees

The Funds may have exposure to underlying investment managers (excluding Morningstar) which charge performance fees. The table below sets out the performance fees charged by underlying investment managers (excluding Morningstar) based on the average performance fees incurred over the previous 5 financial years. Performance fees may differ in the future. For a worked dollar example of performance fees, please refer to the Example of Annual Fees and Costs in the PDS for each Fund.

Performance fees are an additional cost to you and impact the returns you may receive. For more information on performance fees, please refer to the information on page 11.

Morningstar Investment Funds	Average Performance Fees (% p.a.)
Diversified	
Morningstar High Growth Fund	0.03%
Morningstar Growth Fund	0.02%
Morningstar Balanced Fund	0.02%
Morningstar Moderate Fund	0.01%
Morningstar Conservative Fund	0.00%
Real Return Implementation Vehicles	
Morningstar Multi-Asset All Growth Fund	0.01%
Morningstar Multi-Asset Defensive Fund	0.00%
Sector	
Morningstar Australian Bonds Fund	0.00%
Morningstar International Bonds (Hedged) Fund	0.00%
Morningstar Global Property Securities (Hedged) Fund	0.00%
Morningstar Global Opportunities Fund	0.00%
Morningstar Global Listed Infrastructure (Hedged) Fund	0.00%
Morningstar Cash Fund	0.00%

Transaction costs

The table below sets out the net transaction costs which have been incurred in each Fund in the previous financial year. We have reflected the total transaction costs incurred, less the amount of buy-sell spread recovered from applications and redemptions, resulting in the net transaction costs. All transaction costs are presented as a percentage of the average net asset value and are based on the financial year ending 30 June 2021. For a worked dollar example of transaction costs, please refer to the Example of Annual Fees and Costs in the PDS for each Fund.

Morningstar Investment Funds	Transaction Costs ⁸	Less: Buy-Sell Spread Recovery ⁹	Equals: Net Transaction Costs
Diversified			
Morningstar High Growth Fund	0.09%	0.06%	0.03%
Morningstar Growth Fund	0.07%	0.07%	0.00%
Morningstar Balanced Fund	0.06%	0.07%	0.00%
Morningstar Moderate Fund	0.05%	0.06%	0.00%
Morningstar Conservative Fund	0.07%	0.08%	0.00%
Real Return Implementation Vehicles			
Morningstar Multi-Asset All Growth Fund	0.03%	0.04%	0.00%
Morningstar Multi-Asset Defensive Fund	0.07%	0.06%	0.01%
Sector			
Morningstar Australian Bonds Fund	0.00%	0.04%	0.00%
Morningstar International Bonds (Hedged) Fund	0.11%	0.07%	0.04%
Morningstar Global Property Securities (Hedged) Fund	0.15%	0.03%	0.12%
Morningstar Global Opportunities Fund	0.00%	0.03%	0.00%
Morningstar Global Listed Infrastructure (Hedged) Fund	0.15%	0.03%	0.10%
Morningstar Cash Fund	0.00%	0.00%	0.00%

Notes

8. Transaction costs are deducted from the assets of the Fund for a particular transaction, such as brokerage and custody settlement. OTC derivative costs are also captured as transaction costs where appropriate.
9. Where the buy-sell spread recovery is greater than total transaction costs, a nil net transaction cost is disclosed.

Buy-sell spreads

Morningstar Investment Funds	Buy-Sell Spread % ¹⁰	Minimum Initial Investment	Dollar Example of Buy-Sell Spread Included in Unit Price Based on the Minimum Initial Investment/Withdrawal ¹¹
Diversified			
Morningstar High Growth Fund	+0.10% / -0.09%	\$500,000	\$500 / \$450
Morningstar Growth Fund	+0.09% / -0.08%	\$500,000	\$450 / \$400
Morningstar Balanced Fund	+0.09% / -0.08%	\$500,000	\$450 / \$400
Morningstar Moderate Fund	+0.08% / -0.07%	\$500,000	\$400 / \$350
Morningstar Conservative Fund	+0.08% / -0.08%	\$500,000	\$400 / \$400
Real Return Implementation Vehicles			
Morningstar Multi-Asset All Growth Fund	+0.13% / -0.06%	\$500,000	\$650 / \$300
Morningstar Multi-Asset Defensive Fund	+0.08% / -0.08%	\$500,000	\$400 / \$400
Sector			
Morningstar Australian Bonds Fund	+0.10% / -0.10%	\$500,000	\$500 / \$500
Morningstar International Bonds (Hedged) Fund	+0.09% / -0.09%	\$500,000	\$450 / \$450
Morningstar Global Property Securities (Hedged) Fund	+0.07% / -0.06%	\$500,000	\$350 / \$300
Morningstar Global Opportunities Fund	+0.24% / -0.09%	\$500,000	\$1,200 / \$450
Morningstar Global Listed Infrastructure (Hedged) Fund	+0.10% / -0.10%	\$500,000	\$500 / \$500
Morningstar Cash Fund	+0.00% / -0.00%	\$500,000	\$0 / \$0

Notes

10. The buy-sell spreads are current as at the date of this document and are the maximum spread you may be charged. Where the Fund does not require a transaction on market (due to the netting of buy and sell transactions created from other investors), you may benefit from lower or in some cases, a 'nil' buy-sell spread. For up-to-date buy-sell spreads, please contact Morningstar on the contact details shown on the last page of this document.
11. 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.

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 schemes over the last financial year.

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

Ongoing Annual Fees and Costs

Ongoing annual fees and costs include management fees and costs charged directly to the Fund (such as management fees and running expenses paid for out of our management fee), indirect costs incurred (such as performance fees charged by underlying managers and running expenses of underlying funds) which reduce the return of the Fund, as well as transaction costs. Each of these are discussed below.

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 investment managers through an actively managed 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 fees charged by underlying managers and/or running costs of an underlying investment 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 Fees' below for more information on underlying investment manager performance 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 investment managers, abnormal expenses, and transaction 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.

Any running expenses incurred via any underlying managed investment schemes in which the Fund may invest is an additional, indirect cost to you. These are showing in the table on page 7 of this document. We do not pay for these expenses out of our management fee and so they are an additional cost to you.

Abnormal Expenses

Abnormal expenses are additional 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.

Any abnormal expenses incurred via any underlying managed investment scheme in which the Fund may invest is an additional, indirect cost to you. Again, these costs are incurred infrequently.

Performance Fees

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

If the Fund is exposed to performance fees, it would be explained in the PDS. If the Fund is not exposed to performance fees, but may be in the

future, affected investors will be notified at least 30 days before such underlying investment manager changes are implemented.

The 'Fees and costs' summary on page 6 of this document, shows underlying investment managers' performance fees are typically between 10.25% and 22.55% of performance in excess of the relevant benchmark, although they can be higher or lower.

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

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

You can also contact Morningstar on the contact details shown on the last page of this document for further information on the performance fees that currently apply to your investment.

Transaction Costs

Transaction costs are costs and expenses incurred in the acquisition or disposal of Fund's 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 Fund. Transaction costs are showing in the table on page 9 of this document.

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 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 Section 6 of the PDS. Where the Fund does not require a transaction on market (due to the netting of buy and sell transactions created from other investors), you may benefit from lower or in some cases, a 'nil' buy-sell spread. For up-to-date buy-sell spreads, please contact Morningstar on the contact details shown on the last page of this document.

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.

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 to pay your financial adviser advice fees for financial planning services provided to you. These advice fees are additional to the fees shown in the 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 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 Funds, and hence your investment in the Funds, 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 Funds.

Attribution Managed Investment Trust (AMIT)

It is expected that the Funds will qualify as Managed Investment Trusts ('MITs') and Attribution Managed Investment Trusts ('AMITs'). Each Fund has made the irrevocable election into the AMIT regime and the irrevocable election available to managed investment trusts ("MITs") to apply 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).

Attribution of Taxable Income

The Funds are Australian residents for tax purposes. It is intended that each Fund's assessable trust components will be attributed to investors on a fair and reasonable basis each income year under the AMIT regime.

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

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 assessable 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 distributed in a subsequent year or which are reinvested, forms part of the investor's assessable income of that year.

The amounts attributed to you 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 amounts (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 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 (if any) to include in your tax return.

In addition, the AMMA 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 assessable income. Generally, such amounts will reduce the tax cost base in your units in the Fund. Should your tax cost base be reduced to zero after one or more cumulative distributions of non-assessable amounts, any excess amounts should be a capital gain that should be included in the determination of your net capital gain for the income year. Depending on the type of entity you are, you may be entitled to a capital gains tax (CGT) discount (refer to 'Disposal or Transfer of Units in the Funds' below).

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 tax cost base adjustment to their units in the Fund. The relevant tax cost base adjustments will be advised to investors in the AMMA statement they receive after 30 June each year.

Attribution of Capital Gains

Each Fund will determine its CGT position and attribute net capital gains to investors. Net capital gains derived by the Funds should be eligible to benefit from the 50% CGT discount concession where the relevant assets have been held by the Fund for 12 months or more, and certain other conditions are satisfied. Where the discounted component of the capital gain is distributed to you, it will generally not be assessable where you are an individual or trust and you hold your units on capital account. Investors that are companies and complying superannuation entities may not receive the full benefit of the CGT discount concession as companies are not entitled to the CGT discount and complying superannuation entities are entitled to a discount of 33.33%.

If you redeem units in the Funds, 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 to 'Disposal or Transfer of Units in the Funds')

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 should be included in the investor's assessable income in the income year the Fund's trust components are attributed to the investor. Morningstar will notify investors of the attribution in the AMMA statement or annual tax statement issued after the end of the financial year in which the units in the Fund were redeemed.

The Australian Government has announced a proposed amendment to the law to remove the CGT discount at the trust level. The proposed amendment is expected to apply to income years commencing on or after three months after the date of Royal Assent of enabling legislation.

Franked Distributions/Frinking Credits

The trust components attributed 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.

Foreign Income and Foreign Income Tax Offsets

Where foreign withholding tax has been paid by a Fund in respect of foreign investments, the Fund will generally pass on any available foreign income tax offsets to resident investors. 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 investors of their share of foreign income tax offsets in the AMMA statement.

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 and to adopt the default methods of recognising gains and losses from financial arrangements. Broadly, this means that where gains and losses are "sufficiently certain" they will be recognised on a compounding accruals basis, otherwise they will be recognised on a realisation basis. Morningstar will continue to monitor whether the Funds should elect any of the alternative TOFA methods that may result in gains and losses relating to financial arrangements being recognised on another basis.

Disposal or Transfer of Units in the Funds

The disposal of units, either by redeeming, switching or transferring units will generally result in a realisation for CGT purposes.

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 available capital losses should be offset against the grossed-up 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 AMMA 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 only 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.

Based on the current investments and investment approach of the Funds as at the date of issue of this 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 tax whether or not such non-resident investors hold more or less than 10% of the units in the Fund (subject to any available treaty relief).

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.

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 ANB 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.

Changes in the Tax Law

The expected tax implications of investing in the Funds 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 Funds and the potential application of any changes in the tax law.

GST

The issue, redemption or transfer of units in the Funds 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, counter-terrorism 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 our website at morningstarinvestments.com.au/wholesale and paying the application monies.

If you provide a correctly completed application request, including anti-money laundering, counter-terrorism 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 pages 6, 9, and 10, unit prices on page 3 and switching fee on pages 6 and 12 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 document. If you are an Indirect Investor, the following information does not apply.

Changing Your Details

You must notify Morningstar of 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 on our website at morningstarinvestments.com.au/change-details and submit it in accordance with the instructions contained within. A confirmation of these changes will be sent to you.

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 month, 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 registrar, custodian, auditors, taxation advisers, legal advisers, and information technology consultants. Our external service providers may be situated in Australia or offshore, however we require such providers to keep your personal information confidential and in accordance with privacy laws.

We may disclose your personal information to our related companies, but only so these 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 through wholly owned or majority-owned operating subsidiaries located in: Brazil, Canada, Chile, Denmark, France, Germany, India, Italy, Japan, Luxembourg, Mexico, The Netherlands, New Zealand, Norway, People's Republic of China (Hong Kong and the mainland), Poland, Romania, Republic of China (Taiwan), Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Thailand, United Arab Emirates and the United Kingdom.

Our custodian may disclose your personal information in accordance with its Privacy Policy. The custodian's Privacy Policy lists the countries in which recipients of personal information disclosed by the custodian (or its agents) may be located. The custodian's Privacy Policy is available on our website at morningstarinvestments.com.au/custodian-privacy-policy

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

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 at morningstarinvestments.com.au/privacy-policy. 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 4444
Email: auprivacy@morningstar.com

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ('FATCA') is a U.S. law enacted to combat non-compliance by U.S. taxpayers using foreign accounts. FATCA requires foreign financial institutions ('FFIs') to report

to the U.S. tax authority, or the relevant local tax authorities for jurisdictions covered by an appropriate Intergovernmental Agreement with the U.S., information about financial accounts held by U.S. taxpayers, and certain non-financial foreign entities in which U.S. taxpayers hold a substantial ownership interest.

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 sections within the application form available on our website at morningstarinvestments.com.au/wholesale

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.

Anti-Money Laundering and Counter-Terrorism Requirements

Morningstar is required by the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF Act) 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 to existing investors.

New investors (and existing investors required to provide additional information) can provide additional information by completing the relevant anti-money and counter-terrorism sections within the application form on our website at morningstarinvestments.com.au/wholesale

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 investment 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, counter-terrorism 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 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 office 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.

Class 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;
- ▶ inspect the Fund's Constitution; and
- ▶ other rights.

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 and the Corporations Act, 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 and half-yearly report, where required, will be made available to investors each year. A copy of these reports are available on our website at

morningstarinvestments.com.au/financial-statements

Alternatively, you can request a copy of these reports 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 for the redemption of units, or 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 in Section 5 of the PDS at the time of issue. If you require the latest NAV, please contact Morningstar on the contact details provided on the last page of this document.

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 parties, including Morningstar Australasia Pty Ltd and Morningstar India Private 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.

Morningstar Australasia Pty Ltd may directly or indirectly invest in Funds offered by Morningstar.

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 ASX list as a trading day.

'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.

'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:

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Fax: +61 2 9287 0357

otherwise:

Responsible Entity and Issuer:

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