

24 April 2020

Dear Investor,

Important information regarding the following Wholesale Morningstar Investment Funds:

- Morningstar Australian Bonds Fund
- Morningstar Inflation Linked Bonds Fund
- Morningstar International Bonds (Hedged) Fund

This notice is to advise you of changes in the sell spread for several Wholesale Morningstar Investment Funds, effective immediately. After reading this, no further action is required from you.

At Morningstar, one of our investment principles that guide our decision-making process is: "We put investors first." With this in mind, we regularly review the costs of investing as part of our commitment to deliver compelling, cost-effective investment products.

Bond markets are currently experiencing significant volatility and as a result, the costs of transacting have seen similar volatility. In addition, foreign exchange transaction costs have been volatile, which affects funds that hedge currency movements.

What is the impact?

Due to the current market environment mentioned above, we have been periodically adjusting the 'sell spreads' for the Wholesale Morningstar Investment Funds to protect the interests of existing investors. This ensures the 'sell spreads' are a reflection of the prevailing transaction costs that are incurred by redeeming investors and not passed to remaining investors. We expect the significantly volatile market conditions to continue to 'normalise' in the future and when they do so, we will revert back to buy/sell spreads that reflect a fair sharing of costs between redeeming and existing investors.

A refresher on buy/sell spreads

When you apply for or redeem units in Morningstar Investment Funds, there are transaction costs you will incur known as buy/sell spreads. Buy/sell spreads reflect the costs of investing and are set based on transaction expenses related to buying and selling investments within funds. Buy/sell spreads are retained to avoid additional costs to remaining investors that are paid by redeeming investors; and are not a fee paid to Morningstar.

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What are the changes and when will they happen?

The new buy/sell spreads below will apply as of 24 April 2020.

Wholesale Morningstar Investment Fund	PDS (%)		Current (%)		New (%)	
	Buy	Sell	Buy	Sell	Buy	Sell
Morningstar Australian Bonds Fund	0.11	0.11	0.11	↑0.70	0.11	↓0.30
Morningstar Inflation Linked Bonds Fund	0.09	0.09	0.09	↑0.80	0.09	↓0.40
Morningstar International Bonds (Hedged) Fund	0.14	0.14	0.14	↑0.80	0.14	↓0.40

We will continue to provide updates to our investors as appropriate.

Yours sincerely,



Michael Kwok
 Senior Product Manager
 Morningstar Investment Management Australia Limited