

Morningstar Investment Funds - Series 2

Annual report

For the year ended 30 June 2026

Morningstar Investment Funds - Series 2

Annual report - For the year ended 30 June 2026

Morningstar Australian Shares Fund

ARSN 092 226 563

Morningstar Australian Shares High Alpha Fund

ARSN 117 331 692

Morningstar Investment Funds - Series 2

For the year ended 30 June 2026

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Directors' report

The directors of Morningstar Investment Management Australia Limited (ABN 54 071 808 501), the Responsible Entity of Morningstar Investment Funds - Series 2, present their report together with the financial report of Morningstar Australian Shares Fund and Morningstar Australian Shares High Alpha Fund (collectively "the Schemes"), for the year ended 30 June 2026.

Principal activities

The Schemes are registered managed investment schemes domiciled in Australia.

During the year, the Schemes continue to invest funds in accordance with their investment return objectives and investment strategies as set out in the current Product Disclosure Statements (PDS) and in accordance with the provisions of the Schemes' Constitutions.

The Schemes did not have any employees during the year ended 30 June 2026 (30 June 2025: Nil).

There were no material changes in the nature of the Schemes' activities during the year.

Directors

The following persons held office as directors of the Responsible Entity from the beginning of the financial year up to the date of this report unless noted otherwise:

Christopher Galloway (director)

Craig Hutcheson (director)

Joanne Brady (director)

Review of results and operations

The investment policy of the Schemes continues to be that detailed in the current PDS and in accordance with the provisions of the governing documents of the Schemes.

Results

The performance of the Schemes, as represented by the results of their operations, were as follows:

	Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
	30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000
Net operating profit/(loss)	<u>28,990</u>	<u>40,758</u>	<u>1,508</u>	<u>35,811</u>
Distributions - Class A				
Distributions paid and payable	<u>947</u>	<u>1,210</u>	<u>-</u>	<u>-</u>
Distributions (cents per unit or CPU)	<u>4.7361</u>	<u>5.8162</u>	<u>-</u>	<u>-</u>
Distributions - Class B				
Distributions paid and payable	<u>4,462</u>	<u>5,516</u>	<u>18,791</u>	<u>22,989</u>
Distributions (cents per unit or CPU)	<u>5.0228</u>	<u>6.0486</u>	<u>6.9299</u>	<u>9.0253</u>
Distributions - Class Z				
Distributions paid and payable	<u>10,384</u>	<u>10,112</u>	<u>4,531</u>	<u>5,092</u>
Distributions (cents per unit or CPU)	<u>5.1013</u>	<u>6.1185</u>	<u>7.4236</u>	<u>9.5455</u>

Directors' report (continued)

Material changes in state of affairs

In the opinion of the directors, there were no material changes in the state of affairs of the Schemes that occurred during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2026 that has materially affected, or may materially affect:

- (i) the operations of the Schemes in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Schemes in future financial years.

Likely developments and expected results of operations

The Schemes will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Schemes and in accordance with the provisions of the Schemes' Constitutions.

The results of the Schemes' operations will be affected by a number of factors, including the performance of investment markets in which the Schemes invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Schemes and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Schemes.

Indemnification and insurance of officers or auditors

During the financial year, the Responsible Entity paid premiums in respect of contracts insuring the directors, secretary, and all executive officers of the Responsible Entity against a liability incurred as a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contracts of insurance prohibit disclosure of the amount of the premium.

During or since the end of the financial year, the Responsible Entity has not indemnified an officer or auditor of the Schemes or of any related body corporate against a liability incurred as an officer or auditor. In addition, the Responsible Entity neither paid, nor agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Fees paid to and interests held in the Schemes by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Schemes' property during the year are disclosed in Note 13 to the financial statements.

No fees were paid out of Schemes' property to the directors of the Responsible Entity during the year.

The number of interests in the Schemes held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 13 to the financial statements.

Interests in the Schemes

The movement in units on issue in the Schemes during the year is disclosed in Note 5 to the financial statements.

The value of the Schemes' assets and liabilities are disclosed in the statements of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Schemes are not subject to any particular or material environmental regulations under a law of the Commonwealth, State or Territory. There have been no known material breaches of any other environmental requirements applicable to the Schemes.

Directors' report (continued)

Rounding

The Schemes are entities of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and the financial statements have been rounded in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.



Director
Sydney
23 September 2026



**Shape the future
with confidence**

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Auditor's Independence Declaration to the Directors of Morningstar Investment Management Australia Limited, as Responsible Entity for Morningstar Investment Funds

For the following Morningstar Investment Funds (the "Schemes"):

- Morningstar Australian Shares Fund
- Morningstar Australian Shares High Alpha Fund

As lead auditor for the audit of the financial report of the above Schemes for the financial year ended 30 June 2026, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Elliott Shadforth
Partner
23 September 2026

Morningstar Investment Funds - Series 2
Statements of comprehensive income
For the year ended 30 June 2026

		Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
		30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000
	Note				
<i>Investment income</i>					
Interest income		72	97	23	56
Dividend income		14,413	14,020	6,471	5,767
Trust distributions		3,545	2,689	5,553	7,696
Changes in fair value of financial instruments held at fair value through profit or loss	4	11,616	24,414	(6,264)	23,376
Other investment income		93	60	65	496
<i>Total investment income/(loss)</i>		29,739	41,280	5,848	37,391
<i>Expenses</i>					
Management fees and costs	13	417	-	1,353	-
Management fees	13	-	246	-	1,189
Performance fees	13	-	-	2,482	-
Custody fees	13	-	44	-	80
Audit, legal and compliance fees	13	-	87	-	77
Transaction costs		281	131	473	216
Tax reclaims write-off		-	-	1	-
Other operating expenses borne by Responsible Entity	13	51	14	31	18
<i>Total operating expenses</i>		749	522	4,340	1,580
<i>Net operating profit/(loss) attributable to unitholders before finance costs</i>		28,990	40,758	1,508	35,811
<i>Financing costs attributable to unitholders</i>					
Distributions to unitholders*	10	(15,793)	(16,838)	(23,322)	(28,081)
(Increase)/decrease in net assets attributable to unitholders	5	(13,197)	(23,920)	21,814	(7,730)
<i>Net profit/(loss) attributable to unitholders after finance costs</i>		-	-	-	-
Other comprehensive income/(loss) for the financial year		-	-	-	-
<i>Total comprehensive income/(loss) for the financial year</i>		-	-	-	-

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Morningstar Investment Funds - Series 2
Statements of financial position
As at 30 June 2026

		Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
		30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000
	Note				
Assets					
Cash and cash equivalents	12(b)	22,847	9,754	10,019	8,226
Deposits held with brokers for margin		1,075	-	661	85
Due from brokers - receivable for securities sold		-	-	5,798	3,450
Receivables	3	2,431	1,992	792	712
Financial assets held at fair value through profit or loss	6	476,504	387,770	322,560	333,208
Total assets		502,857	399,516	339,830	345,681
Liabilities					
Distribution payable	10	2,241	4,405	19,117	25,470
Due to brokers - payable for securities purchased		-	-	1,168	738
Payables	9	799	384	2,750	4,813
Financial liabilities held at fair value through profit or loss	7	104	-	40	1
Total liabilities (excluding net assets attributable to unitholders)		3,144	4,789	23,075	31,022
Net assets attributable to unitholders - liability	5	499,713	394,727	316,755	314,659

The above statements of financial position should be read in conjunction with the accompanying notes.

The Schemes' net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such, the Schemes have no equity and no items of changes in equity have been presented for the current or comparative year.

		Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
		30 June 2026	30 June 2025	30 June 2026	30 June 2025
	Note	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Transaction costs of financial instruments held at fair value through profit or loss		(281)	(131)	(473)	(216)
Dividends received		14,471	13,638	6,313	5,533
Trust distributions received		3,331	2,949	690	654
Interest received		72	97	23	56
Other income received		93	60	65	496
RITC received/(paid)		(4)	(1)	-	15
Management fees and costs paid		(401)	-	(1,340)	-
Management fees paid		-	(240)	-	(1,168)
Custody fees paid		(60)	(168)	(61)	(214)
Performance fees paid	16	-	-	(459)	(393)
Audit, legal and compliance fees paid		(8)	(83)	(7)	(74)
Other expenses paid		(89)	(44)	(62)	(48)
Net cash inflow/(outflow) from operating activities	12(a)	17,124	16,077	4,689	4,641
Cash flows from investing activities					
Proceeds from sale of financial instruments held at fair value through profit or loss		208,691	210,186	174,314	145,977
Purchase of financial instruments held at fair value through profit or loss		(286,780)	(221,750)	(167,444)	(149,724)
Net cash inflow/(outflow) from investing activities		(78,089)	(11,564)	6,870	(3,747)
Cash flows from financing activities					
Proceeds from applications by unitholders		130,469	175,673	15,602	289,209
Payments for redemptions by unitholders		(47,305)	(179,013)	(25,368)	(289,358)
Distributions paid		(9,106)	(7,883)	-	-
Net cash inflow/(outflow) from financing activities		74,058	(11,223)	(9,766)	(149)
Net increase/(decrease) in cash and cash equivalents		13,093	(6,710)	1,793	745
Cash and cash equivalents at the beginning of the year		9,754	16,464	8,226	7,481
Cash and cash equivalents at the end of the year	12(b)	22,847	9,754	10,019	8,226
Supplementary non-cash flow information:					
Dividend and Distributions to unitholders reinvested	12(c)	8,851	8,629	34,616	23,685

The above statements of cash flows should be read in conjunction with the accompanying notes.

1 General information

These financial statements cover Morningstar Australian Shares Fund and Morningstar Australian Shares High Alpha Fund (collectively the “Schemes”) as individual entities. The Schemes were constituted on 27 March 2000 and 23 November 2005 respectively and were incorporated in Australia.

The Responsible Entity of the Schemes is Morningstar Investment Management Australia Limited (the “Responsible Entity”). The registered office of the Responsible Entity is Level 3, International Tower 1, 100 Barangaroo Avenue, Barangaroo, Sydney NSW 2000.

On 5 May 2016, the Attribution Managed Investment Trust (“AMIT” regime, applying to Managed Investment Trusts (MITs) was enacted under the Tax Laws Amendment (New Tax System for Managed Investment Trusts Act 2016). The AMIT regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. With its introduction, the Responsible Entity has amended the Scheme's Constitution to allow the Scheme to operate as an AMIT, effective from 1 July 2017. The Responsible Entity is therefore no longer contractually obligated to pay distributions, however it is obligated to attribute taxable income to unitholders for each financial year.

The financial statements were approved and authorised for issue by the directors on 23 September 2026. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. They also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical cost basis, except for investments in financial assets and financial liabilities which have been measured at fair value.

The statements of financial position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets and liabilities at fair value through profit or loss. The amount expected to be recovered or settled within twelve months in relation to these balances cannot be reliably determined.

The financial statements are presented in Australian dollars.

Statement of Compliance

The financial statements comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Schemes are for-profit entities for the purposes of preparing financial statements.

(b) Changes in accounting standards

The Schemes have adopted all mandatory standards and amendments for the year beginning 1 July 2025. Adoption of these standards and amendments has not had any material effect on the financial position or performance of the Schemes.

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2025 that would be expected to have a material impact on the Schemes.

2 Summary of material accounting policy information (continued)

(b) Changes in accounting standards (continued)

Australian Accounting Standards issued but not yet effective

A number of new accounting standards and amendments have been issued but are not yet effective, none of which have been early adopted by the Schemes. These new standards and amendments, when applied in future periods, are not expected to have a material impact on the Schemes except for the below accounting standards, none of which is being early adopted by the Schemes.

- AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 was issued in June 2024 replacing AASB 101 *Presentation of Financial Statements* and will be effective for the Schemes from 1 July 2027. The standard has been issued to improve how the Schemes communicate their results within their financial statements, with a particular focus on information about financial performance in the Statement of Comprehensive Income. The key presentation and disclosure requirements are:

- (i) The presentation of newly defined categories of income and expenses and subtotal in the Statement of Comprehensive Income;
- (ii) The disclosure of management-defined performance measures; and
- (iii) Enhanced guidance on the grouping of information.

The Schemes are currently undertaking an assessment of the potential impact of this standard and are not considering early adoption of AASB 18.

(c) Financial instruments

(i) Classification

The Schemes' investments are categorised as held at fair value through profit or loss. They comprise:

- Financial instruments held at fair value through profit or loss upon initial recognition

These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. These are investments in exchange-traded debt and equity instruments, unlisted unit trusts, unlisted equity instruments, fixed interest securities, money market securities and commercial paper.

Financial assets and financial liabilities held at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Schemes' documented investment strategy. The Schemes' policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

- Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification. All derivatives in a net receivable or payable position are shown on a gross basis and reported as either derivative financial assets or derivative financial liabilities. The Schemes do not hold any derivatives as hedges in a hedging relationship, with any gains or losses arising from a change in fair value taken directly to net profit or loss for the year as disclosed in Note 11 to the financial statements.

(ii) Recognition/derecognition

The Schemes recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Schemes have transferred substantially all risks and rewards of ownership.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the statements of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

2 Summary of material accounting policy information (continued)

(c) Financial instruments (continued)

(iii) Measurement (continued)

Subsequent to initial recognition, all financial assets and financial liabilities held at fair value through profit or loss are measured at fair value. Gains and losses arising from the changes in the fair value are presented in the statements of comprehensive income within 'Changes in fair value of financial instruments at fair value through profit or loss' in the period in which they arise.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used in a market at the reporting date applicable for an instrument with similar terms and conditions.

Where other pricing models are used, inputs are based on market data at the reporting date. Fair values for unquoted equity investments are estimated, where possible, using applicable pricing/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issue.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Schemes would receive or pay to terminate the contract at the reporting date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as the net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Investments in other unlisted investment funds are recorded at the redemption value per unit as reported by the managers of such funds.

Assessment of Schemes' investments as structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Schemes.

The Responsible Entity has assessed whether the managed investment funds in which the Schemes invest in should be classified as structured entities. The Responsible Entity has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Responsible Entity has concluded on whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds.

As voting rights or similar rights are the dominant factor in deciding who controls the funds, the Responsible Entity has concluded that the managed investment funds in which the Schemes invest in are not structured entities.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statements of financial position.

2 Summary of material accounting policy information (continued)

(d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Scheme at any time for cash based on the redemption price, which is equal to a proportionate share of the Scheme's net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at Statement of Financial Position date if the holder exercises the right to put the unit back to the Fund. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under *AASB 132 Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Scheme's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Scheme, and it is not a contract settled in the Scheme's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(e) Cash and cash equivalents

For the purpose of presentation in the statements of financial position, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an immaterial risk of changes in value, and bank overdrafts.

(f) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

(g) Investment income

Interest income and expenses are recognised in the statements of comprehensive income for all debt instruments using the effective interest method.

Interest income is recognised in the statements of comprehensive income as it accrues, using the original effective interest rate of the instrument calculated at acquisition or origination date. Interest income includes the amortisation of any discount or premium or other differences between initial carrying amount of an interest-bearing instrument and its amount calculated on an effective interest rate basis.

Dividend income is recognised when the Schemes' right to receive the payment is established. Dividend income is presented net of withholding tax in the statements of comprehensive income.

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlement basis.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the reporting date or consideration received (if sold during the financial year) and the fair value as at the prior reporting date or initial fair value (if acquired during the financial year).

2 Summary of material accounting policy information (continued)

(h) Expenses

All expenses, including management fees and custody fees, are recognised in the statements of comprehensive income on an accrual basis.

(i) Income tax

Under tax legislation, the Schemes are not liable to pay income tax because the AMIT tax regime now applies and unitholders are attributed the income of the Schemes.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Schemes are not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Schemes to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

The Schemes currently incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the statements of comprehensive income.

(j) Distributions

In accordance with the Schemes' Constitutions, the Schemes distribute their distributable income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statements of comprehensive income as finance costs attributable to unitholders.

(k) Increase/decrease in net assets attributable to unitholders

Non-distributable income is included in net assets attributable to unitholders and may consist of unrealised changes in fair value of financial instruments held at fair value through profit or loss, derivative financial instruments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or deferred tax income. Net capital gains on the realisation of any financial instruments (including any adjustments for deferred tax income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same period in which it becomes assessable for tax.

(l) Foreign currency translation

(i) Functional and presentation currency

Items included in the Schemes' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Schemes compete for funds and is regulated. The Australian dollar is also the Schemes' presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

(m) Due to/from brokers

Unsettled sales/purchases of investments represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the reporting date.

(n) Receivables

Receivables may include amounts for dividends, trust distributions and interest. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(g) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits (RITC) and application monies receivable from unitholders.

2 Summary of material accounting policy information (continued)

(o) Payables

Payables include liabilities, accrued expenses and redemptions monies owing by the Schemes which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statements of financial position when unitholders are presently entitled to the distributable income under the Schemes' Constitutions.

(p) Applications and redemptions

Applications received for units in the Schemes are recorded net of any entry fees payable prior to the issue of units in the Schemes. Redemptions from the Schemes are recorded gross of any exit fees payable after the cancellation of units redeemed.

(q) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Schemes by third parties such as investment management fees have been passed onto the Schemes. The Schemes qualify for RITC at a rate of at least 55%; hence investment management fees, custody fees and other expenses have been recognised in the statements of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable from the ATO is included in receivables in the statements of financial position. Cash flows relating to GST are included in the statements of cash flows on a gross basis.

(r) Classes of units

Members who purchased units in Morningstar Investment Funds - Series 2 invest in one or more of the following classes of units:

- Class A;
- Class B; and
- Class Z

All classes of units in Morningstar Investment Funds - Series 2 are exposed to the same underlying pool of assets.

(s) Use of estimates and material judgements

The Schemes make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the financial instruments held, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back testing to actual transactions to ensure that outputs are reliable.

To the extent practicable, models use observable data. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(t) Rounding of amounts

In accordance with *Australian Securities and Investments Commission Corporations (Rounding in Financial/ Directors' Reports) Instrument 2026/183*, amounts in the directors' report and the financial report have been rounded to the nearest thousand dollars (\$'000), unless otherwise indicated.

2 Summary of material accounting policy information (continued)

(u) Multi-fund booklet

The relief available in *Australian Securities and Investments Commission Corporations (Related Scheme Reports) Instrument 2025/438* has been applied in the directors' report and the financial report, combining information related to multiple Schemes. In accordance with that, information related to each included Scheme has been readily identified and amounts for each included Scheme are presented in the adjacent columns in this report.

(v) Comparatives

Where necessary, comparative figures have been reclassified to conform to any changes in presentation made in this financial report.

3 Receivables

	Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
	30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000
Applications receivable	464	185	-	-
Dividends receivable	858	916	431	462
Unit trust distributions receivable	1,091	877	315	193
Withholding tax reclaims receivable	-	-	13	24
RITC receivable	18	14	33	33
Total Receivables	2,431	1,992	792	712

4 Changes in fair value of financial instruments held at fair value through profit or loss

	Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
	30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000
Financial instruments				
Net realised gain/(loss) on financial instruments held at fair value through profit or loss	(870)	14,081	17,842	15,729
Net unrealised gain/(loss) on financial instruments held at fair value through profit or loss	12,486	10,333	(24,106)	7,647
Net gains/(losses) on financial instruments held at fair value through profit or loss	11,616	24,414	(6,264)	23,376

5 Net assets attributable to unitholders

(a) Movements in number of units and net assets attributable to unitholders during the year were as follows:

Morningstar Australian Shares Fund

Class A				
	30 June 2026 No.'000	30 June 2026 \$'000	30 June 2025 No.'000	30 June 2025 \$'000
Opening balance	20,057	28,265	21,762	28,782
Applications	1,842	2,712	1,554	2,164
Redemptions	(2,303)	(3,408)	(3,263)	(4,569)
Reinvestment of distributions	4	6	4	6
Increase/(decrease) in net assets attributable to unitholders	-	1,091	-	1,882
Closing balance	19,600	28,666	20,057	28,265

Class B				
	30 June 2026 No.'000	30 June 2026 \$'000	30 June 2025 No.'000	30 June 2025 \$'000
Opening balance	94,025	131,694	98,763	129,816
Applications	3,677	5,387	94,868	128,778
Redemptions	(10,964)	(15,750)	(103,601)	(140,944)
Reinvestment of distributions	3,706	5,333	3,995	5,455
Increase/(decrease) in net assets attributable to unitholders	-	4,787	-	8,589
Closing balance	90,444	131,451	94,025	131,694

Class Z				
	30 June 2026 No.'000	30 June 2026 \$'000	30 June 2025 No.'000	30 June 2025 \$'000
Opening balance	170,440	234,768	159,734	206,548
Applications	84,512	122,649	32,736	44,767
Redemptions	(19,843)	(28,652)	(24,389)	(33,164)
Reinvestment of distributions	2,482	3,512	2,359	3,168
Increase/(decrease) in net assets attributable to unitholders	-	7,319	-	13,449
Closing balance	237,591	339,596	170,440	234,768

5 Net assets attributable to unitholders (continued)

(a) Movements in number of units and net assets attributable to unitholders during the year were as follows: (continued)

Morningstar Australian Shares High Alpha Fund

Class A				
	30 June 2026 No.'000	30 June 2026 \$'000	30 June 2025 No.'000	30 June 2025 \$'000
Opening balance	-	-	-	-
Closing balance	-	-	-	-

Class B				
	30 June 2026 No.'000	30 June 2026 \$'000	30 June 2025 No.'000	30 June 2025 \$'000
Opening balance	255,909	259,477	253,646	251,096
Applications	12,523	12,902	276,251	281,009
Redemptions	(19,971)	(20,368)	(287,807)	(293,358)
Reinvestment of distributions	23,835	24,142	13,819	13,852
Increase/(decrease) in net assets attributable to unitholders	-	(17,780)	-	6,878
Closing balance	272,296	258,373	255,909	259,477

Class Z				
	30 June 2026 No.'000	30 June 2026 \$'000	30 June 2025 No.'000	30 June 2025 \$'000
Opening balance	54,175	55,182	43,655	43,417
Applications	2,584	2,700	7,832	8,200
Redemptions	(949)	(1,000)	-	-
Reinvestment of distributions	5,441	5,534	2,688	2,713
Increase/(decrease) in net assets attributable to unitholders	-	(4,034)	-	852
Closing balance	61,251	58,382	54,175	55,182

As stipulated within the Schemes' Constitution, each unit represents a right to an individual share in the Schemes and does not extend to a right in the underlying assets of the Schemes. There are three classes of unitholders in the Schemes being Class A; Class B; and Class Z.

(b) Capital risk management

The Schemes manage their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can materially change on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders.

The Responsible Entity monitors the Schemes' redemptions and assesses the impact of requests for large redemptions on remaining unitholders. Where the impact is material, management may decide to pay a special distribution and/or may delay payment of the redemption amount.

6 Financial assets held at fair value through profit or loss

	Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial assets held at fair value through profit or loss				
Equity securities				
Australian equity securities listed on a prescribed stock exchange	416,471	330,433	240,716	242,435
Total equity securities	416,471	330,433	240,716	242,435
Unlisted unit trusts				
Units in unlisted Australian equity trusts	-	-	62,274	70,175
Total unlisted unit trusts	-	-	62,274	70,175
Listed unit trusts				
Australian listed trusts	8,710	765	1,086	3,579
Australian listed property trusts	51,323	56,572	18,484	17,019
Total listed unit trusts	60,033	57,337	19,570	20,598
Total financial assets held at fair value through profit or loss	476,504	387,770	322,560	333,208

An overview of the risk exposures relating to financial assets held at fair value through profit or loss is included in Note 14.

7 Financial liabilities held at fair value through profit or loss

	Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial liabilities held at fair value through profit or loss				
Derivatives				
Australian share price index futures	104	-	40	1
Total derivatives	104	-	40	1
Total financial liabilities held at fair value through profit or loss	104	-	40	1

An overview of the risk exposures relating to financial liabilities held at fair value through profit or loss is included in Note 14.

8 Remuneration of auditor

The auditor's remuneration form part of management fees and costs accrual accrued in the Schemes.

	Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	\$	\$	\$	\$
Ernst & Young Australian firm				
Audit of financial statements	9,867	22,105	9,867	18,967
Other services - Compliance plan audit	6,072	3,562	6,072	3,562
Total remuneration for audit and other assurance services	15,939	25,667	15,939	22,529

9 Payables

	Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	\$'000	\$'000	\$'000	\$'000
Redemptions payable	767	262	-	4,000
Management fees payable	32	16	112	99
Custody fees payable	-	60	-	61
Performance fees payable	-	-	2,638	615
Audit, legal and compliance fees payable	-	8	-	7
Other payables	-	38	-	31
Total Payables	799	384	2,750	4,813

10 Distributions to unitholders

The distributions during the year were as follows:

	Morningstar Australian Shares Fund			
	30 June 2026		30 June 2025	
	\$'000	CPU	\$'000	CPU
Class A				
Distribution paid				
- September	348	1.7345	318	1.4771
- December	171	0.8464	273	1.3054
- March	325	1.6302	325	1.5645
Distribution payable				
- June	103	0.5250	294	1.4692
	<u>947</u>	<u>4.7361</u>	<u>1,210</u>	<u>5.8162</u>
Class B				
Distribution paid				
- September	1,566	1.7821	1,384	1.5191
- December	815	0.9189	1,207	1.3510
- March	1,520	1.7011	1,492	1.6545
Distribution payable				
- June	561	0.6207	1,433	1.5240
	<u>4,462</u>	<u>5.0228</u>	<u>5,516</u>	<u>6.0486</u>
Class Z				
Distribution paid				
- September	3,267	1.7791	2,417	1.5217
- December	1,824	0.9416	2,238	1.3649
- March	3,716	1.7169	2,779	1.6607
Distribution payable				
- June	1,577	0.6637	2,678	1.5712
	<u>10,384</u>	<u>5.1013</u>	<u>10,112</u>	<u>6.1185</u>

10 Distributions to unitholders (continued)

Morningstar Australian Shares High Alpha Fund				
30 June 2026		30 June 2025		
\$'000	CPU	\$'000	CPU	
Class A				
Distribution payable				
- June	-	-	-	-
	-	-	-	-
Class B				
Distribution paid				
- September	1,126	0.4341	986	0.4013
- December	885	0.3301	1,134	0.4692
- March	1,261	0.4666	-	-
Distribution payable				
- June	15,519	5.6991	20,869	8.1548
	<u>18,791</u>	<u>6.9299</u>	<u>22,989</u>	<u>9.0253</u>
Class Z				
Distribution paid				
- September	310	0.5193	224	0.4887
- December	265	0.4418	267	0.5643
- March	358	0.5878	-	-
Distribution payable				
- June	3,598	5.8747	4,601	8.4925
	<u>4,531</u>	<u>7.4236</u>	<u>5,092</u>	<u>9.5455</u>

11 Derivative financial instruments

In the normal course of business, the Schemes may enter into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date whose value changes in response to a change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Schemes' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Scheme against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and/or adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Scheme.

11 Derivative financial instruments (continued)

The Schemes held the following derivative financial instruments during the year:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

The Schemes' derivative financial instruments at year end are detailed below:

Morningstar Australian Shares Fund					
2026			2025		
Fair Values			Fair Values		
Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buy					
Forward currency contracts	18	-	-	-	-
		-		-	-
		-		-	-
Sell					
Australian share price index futures	12,945	(104)	-	-	-
		(104)		-	-
		-		-	-

Morningstar Australian Shares High Alpha Fund					
2026			2025		
Fair Values			Fair Values		
Contract/ Notional	Assets	Liabilities	Contract/ Notional	Assets	Liabilities
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buy					
Forward currency contracts	29	-	-	-	-
		-		-	-
		-		-	-
Sell					
Australian share price index futures	4,388	(40)	1,067	-	(1)
		(40)		-	(1)
		-		-	-

Risk exposures and fair value measurements

Information about the Schemes' exposure to credit risk, foreign exchange risk, and interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 14 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

12 Reconciliation of net operating profit/(loss) to net cash used in/from operating activities

	Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
	30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities				
Net operating profit/(loss)	28,990	40,758	1,508	35,811
Change in fair value of investments	(11,616)	(24,414)	6,264	(23,376)
Dividends reinvested	-	-	(199)	(114)
(Increase)/decrease in receivables	(160)	(123)	(80)	(141)
Increase/(decrease) in payables	(90)	(144)	1,937	(533)
Trust distribution received/reinvested	-	-	(4,741)	(7,006)
Net cash inflow/(outflow) from operating activities	17,124	16,077	4,689	4,641
(b) Components of cash and cash equivalents				
Cash at bank	22,847	9,754	10,019	8,226
	22,847	9,754	10,019	8,226
(c) Non-cash financing and investing activities				
Reinvestment of unitholder distributions in the Schemes	8,851	8,629	29,676	16,565
Reinvestment of dividend and distribution income of the Schemes	-	-	4,940	7,120

13 Related party transactions

Responsible Entity

The Responsible Entity of the Schemes is Morningstar Investment Management Australia Limited (ABN 54 071 808 501). The registered office of the Responsible Entity is Level 3, International Tower 1, 100 Barangaroo Avenue, Barangaroo, Sydney NSW 2000.

Parent Entities

The immediate Australian Parent Entity of the Responsible Entity is Morningstar Group Australia Pty Limited. The ultimate parent is Morningstar Inc., a company incorporated in the US.

Key management personnel

(a) Directors

The following persons held office as directors of the Responsible Entity from the beginning of the financial year up to the date of this report unless noted otherwise:

Christopher Galloway (director)

Craig Hutcheson (director)

Joanne Brady (director)

(b) Other key management personnel

In addition to the Directors noted above, Morningstar Investment Management Australia Limited, the Responsible Entity of the Schemes, is considered to be key management personnel with the authority for the strategic direction and management of the Schemes.

13 Related party transactions (continued)

Related party transactions

Under the terms of the Fund's Product Disclosure Statement (PDS), Management Fees & Costs represent the remuneration and reimbursement received by the Responsible Entity for managing, administering and overseeing the Fund, including the recovery of certain operating expenses where permitted. These amounts are accrued daily and reflected in the Fund's unit price.

Fees by the Responsible Entity includes Management fees and costs, Performance fees, Custody fees and Other operating expenses borne by the Responsible Entity

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Schemes and the Responsible Entity are as follows:

	Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	\$	\$	\$	\$
Fees by the Responsible Entity	468,171	390,553	3,864,850	1,363,714
Fees payable to the Responsible Entity	<u>31,967</u>	<u>84,384</u>	<u>2,749,666</u>	<u>782,322</u>

Related party schemes' unitholdings

Parties related to the Schemes (including the Responsible Entity, its affiliates or other schemes managed by the Responsible Entity) held units in the Schemes as follows:

Morningstar Australian Shares Fund						
Entity Name	30 June 2026			30 June 2025		
	Number of units held	Interest held %	Distribution paid/payable by the Scheme \$	Number of units held	Interest held %	Distribution paid/payable by the Scheme \$
Morningstar Australasia Pty Limited (Class A)	4,634	—	216	4,457	-	255
Morningstar Balanced Real Return Fund	6,401,129	1.84	299,498	5,371,746	1.89	323,252
Morningstar Growth Real Return Fund	26,154,242	7.52	1,188,089	22,119,818	7.77	1,331,089
Morningstar High Growth Real Return Fund	7,275,155	2.09	327,059	4,813,333	1.69	289,649
Morningstar Moderate Real Return Fund	3,139,973	0.90	157,281	3,010,185	1.06	181,142
Morningstar Multi-Asset All Growth Fund	12,039,668	3.46	585,121	10,892,636	3.83	655,479
Morningstar Multi-Asset Real Return Fund	13,711,810	3.94	436,708	5,881,759	2.07	353,943
	<u>68,726,611</u>	<u>19.75</u>	<u>2,993,972</u>	<u>52,093,934</u>	<u>18.31</u>	<u>3,134,809</u>

13 Related party transactions (continued)

Related party schemes' unitholdings (continued)

Morningstar Australian Shares High Alpha Fund

Entity Name	30 June 2026			30 June 2025		
	Number of units held units	Interest held %	Distribution paid/payable by the Scheme \$	Number of units held units	Interest held %	Distribution paid/payable by the Scheme \$
Morningstar Balanced Real Return Fund	7,416,796	2.22	549,400	7,618,465	2.46	712,557
Morningstar Growth Real Return Fund	30,024,403	9.00	2,224,059	27,293,312	8.80	2,558,474
Morningstar High Growth Real Return Fund	8,347,798	2.50	618,364	5,761,026	1.86	543,657
Morningstar Moderate Real Return Fund	2,390,745	0.72	177,095	2,173,277	0.70	207,282
Morningstar Multi- Asset All Growth Fund	13,070,034	3.92	962,393	11,328,099	3.65	1,070,396
	61,249,776	18.36	4,531,311	54,174,179	17.47	5,092,366

Key management personnel unitholdings

At 30 June 2026, no key management personnel held units in the Schemes (30 June 2025: Nil).

Key management personnel remuneration

Key management personnel are paid by a related party of the Responsible Entity. Payments made from the Schemes to the Responsible Entity do not include any remuneration amounts directly attributable to key management personnel.

Key management personnel loan disclosures

The Schemes have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period (30 June 2025: Nil).

14 Financial risk management

(a) Financial risk management objectives, policies and processes

Risks arising from holding financial instruments are inherent in the Schemes' activities, and are managed through a process of ongoing identification, measurement and monitoring. The Schemes are exposed to credit risk, liquidity risk and market risk.

Financial instruments of the Schemes comprise investments in financial assets for the purpose of generating a return on the investment made by unitholders, in addition to derivatives, cash and cash equivalents, net assets attributable to unitholders, and other financial instruments such as trade debtors and creditors, which arise directly from its operations.

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Schemes from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Schemes, as well as the level of risk that the Schemes are willing to accept, with additional emphasis on selected industries.

14 Financial risk management (continued)

This information is prepared and reported to relevant parties within Management on a regular basis as deemed appropriate, including the investment manager, compliance manager, other key management, the Investment Committee of the Investment Manager, and ultimately the Board of Directors of the Responsible Entity.

As part of its risk management strategy, the Schemes may use derivatives to manage certain risk exposures.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentration of risk, the Schemes monitor their exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

(b) Credit risk

Credit risk represents the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Schemes.

The Schemes' maximum credit risk exposure at reporting date in relation to each class of recognised financial asset, other than derivative financial instruments, is the carrying amount of those assets as indicated in the statements of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The risk associated with these contracts is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that transactions are undertaken with a large number of counterparties. As such, the Schemes do not have a concentration of credit risk that arises from exposure to derivatives from a single, or small group of counterparties.

There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

Unsettled sales of investments are transactions with brokers awaiting settlement. The credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Schemes monitor the credit rating and financial positions of the brokers used to further mitigate this risk.

Substantially all of the assets of the Schemes are held by the custodian, JPMorgan. Bankruptcy or insolvency of the custodian may cause the Schemes' rights with respect to securities held by the custodian to be delayed or limited. The Schemes monitor their risk by monitoring the credit quality and financial positions of the custodian the Schemes use.

Credit risk is not considered to be material to the Schemes except in relation to investments in debt securities.

Credit quality per class of debt instrument

The credit quality of financial assets is managed by the Schemes using Standard and Poor's rating categories, in accordance with the investment mandate of the Schemes. The Schemes' exposure in each grade is monitored on a weekly basis. This review process allows management to assess the potential loss as a result of risks and take corrective action.

(c) Liquidity risk

Liquidity risk is the risk that the Schemes will experience difficulty in meeting obligations associated with financial liabilities.

This risk is controlled through the Schemes' investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Schemes maintain sufficient cash and cash equivalents to meet normal operating requirements. Units are redeemed on demand at the unitholders' option. However, the Directors do not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term. As stated in the Schemes' Constitution, where it is impracticable for the Responsible Entity to issue out redemptions during instances of stock market closures or emergency state of affairs, the Responsible Entity may at any time suspend the redemption of units.

14 Financial risk management (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

Morningstar Australian Shares Fund					
30 June 2026					
	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Distribution payable	2,241	-	-	-	2,241
Payables	799	-	-	-	799
Financial liabilities held at fair value through profit or loss	-	104	-	-	104
Net assets attributable to unitholders	499,713	-	-	-	499,713
Total financial liabilities	502,753	104	-	-	502,857
Forward Foreign Exchange					
Inflow	18	-	-	-	18
(Outflow)	(18)	-	-	-	(18)

Morningstar Australian Shares Fund					
30 June 2025					
	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Distribution payable	4,405	-	-	-	4,405
Payables	384	-	-	-	384
Net assets attributable to unitholders	394,727	-	-	-	394,727
Total financial liabilities	399,516	-	-	-	399,516

Morningstar Australian Shares High Alpha Fund					
30 June 2026					
	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Distribution payable	19,117	-	-	-	19,117
Due to brokers - payable for securities purchased	1,168	-	-	-	1,168
Payables	2,750	-	-	-	2,750
Financial liabilities held at fair value through profit or loss	-	40	-	-	40
Net assets attributable to unitholders	316,755	-	-	-	316,755
Total financial liabilities	339,790	40	-	-	339,830
Forward Foreign Exchange					
Inflow	29	-	-	-	29
(Outflow)	(29)	-	-	-	(29)

14 Financial risk management (continued)

(c) Liquidity risk (continued)

Morningstar Australian Shares High Alpha Fund					
30 June 2025					
	Less than 1 month \$'000	1 - 6 months \$'000	7 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Distribution payable	25,470	-	-	-	25,470
Due to brokers - payable for securities purchased	738	-	-	-	738
Payables	4,813	-	-	-	4,813
Financial liabilities held at fair value through profit or loss	-	1	-	-	1
Net assets attributable to unitholders	314,659	-	-	-	314,659
Total financial liabilities	<u>345,680</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>345,681</u>

The tables above analyse the Schemes' derivative financial instruments that are settled on a gross basis into relevant maturity groupings based on the remaining period at the end of the financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

The Schemes buy and sell derivatives in the ordinary course of business, and also incur financial liabilities, in order to manage market risks.

For the following Schemes, there are no currency risks associated since all monetary assets and liabilities are held in Australian dollars:

- Morningstar Australian Shares Fund
- Morningstar Australian Shares High Alpha Fund

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Schemes do not have material exposure to interest rate risk as all of the Schemes' instruments are non-interest bearing.

Further details of the Schemes' investments in unit trusts are disclosed in Note 6 to the financial statements.

14 Financial risk management (continued)

(d) Market risk (continued)

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the Schemes' investment portfolio.

The table below indicates the movement of the Scheme's net assets attributable to unitholders based on the movement in the value of the underlying securities as per the table below:

	Morningstar Australian Shares Fund		Morningstar Australian Shares High Alpha Fund	
	+2.64%	-2.64%	+4.25%	-4.25%
	\$'000	\$'000	\$'000	\$'000
30 June 2026	12,577	(12,577)	13,707	(13,707)
30 June 2025	7,019	(7,019)	8,597	(8,597)

(e) Fair value hierarchy

The Schemes classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

The table below sets out the Schemes' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2026 and 30 June 2025.

Morningstar Australian Shares Fund				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2026				
Financial assets				
Financial assets held at fair value through profit or loss				
Equity securities	416,471	-	-	416,471
Listed unit trusts	60,033	-	-	60,033
Total	476,504	-	-	476,504
Financial liabilities				
Financial liabilities held at fair value through profit or loss				
Derivatives	104	-	-	104
Total	104	-	-	104
As at 30 June 2025				
Financial assets				
Financial assets held at fair value through profit or loss				
Equity securities	330,433	-	-	330,433
Listed unit trusts	57,337	-	-	57,337
Total	387,770	-	-	387,770

14 Financial risk management (continued)

(e) Fair value hierarchy (continued)

Morningstar Australian Shares High Alpha Fund				
As at 30 June 2026	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets held at fair value through profit or loss				
Equity securities	240,716	-	-	240,716
Listed unit trusts	19,570	-	-	19,570
Unlisted unit trusts	-	62,274	-	62,274
Total	260,286	62,274	-	322,560
Financial liabilities				
Financial liabilities held at fair value through profit or loss				
Derivatives	40	-	-	40
Total	40	-	-	40
As at 30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets held at fair value through profit or loss				
Equity securities	242,435	-	-	242,435
Listed unit trusts	20,598	-	-	20,598
Unlisted unit trusts	-	70,175	-	70,175
Total	263,033	70,175	-	333,208
Financial liabilities				
Financial liabilities held at fair value through profit or loss				
Derivatives	1	-	-	1
Total	1	-	-	1

Investments, whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed unit trusts, active listed equities, exchange-traded derivatives, money market securities, government bonds and listed corporate debt.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include certain unlisted corporate debt and floating rate notes, warrants, swaps, certain unlisted unit trusts, and certain listed equities. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non transferability, which are generally based on available market information.

(i) Transfers between levels

There have been no transfers between levels for the financial year ended 30 June 2026 (30 June 2025: Nil).

15 Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position, are disclosed in the first three columns of the table below (30 June 2025: Nil).

Morningstar Australian Shares Fund					
	Effects of offsetting on the Statement of Financial Position			Related amounts not offset	
	Gross amounts of financial instruments \$'000	Gross amounts set off in the Statement of Financial Position \$'000	Net amount of financial instruments presented in the Statement of Financial Position \$'000	Amount subject to enforceable netting arrangements \$'000	Net amount \$'000
30 June 2026					
Financial assets					
Margins	1,075	—	1,075	—	1,075
Total	<u>1,075</u>	<u>—</u>	<u>1,075</u>	<u>—</u>	<u>1,075</u>
 Financial liabilities					
Derivatives	104	—	104	—	104
Total	<u>104</u>	<u>—</u>	<u>104</u>	<u>—</u>	<u>104</u>

15 Offsetting Financial Assets and Financial Liabilities (continued)

Morningstar Australian Shares High Alpha Fund					
	Effects of offsetting on the Statement of Financial Position			Related amounts not offset	
	Gross amounts of financial instruments \$'000	Gross amounts set off in the Statement of Financial Position \$'000	Net amount of financial instruments presented in the Statement of Financial Position \$'000	Amount subject to enforceable netting arrangements \$'000	Net amount \$'000
30 June 2026					
Financial assets					
Margins	661	—	661	—	661
Total	<u>661</u>	<u>—</u>	<u>661</u>	<u>—</u>	<u>661</u>
Financial liabilities					
Derivatives	40	—	40	—	40
Total	<u>40</u>	<u>—</u>	<u>40</u>	<u>—</u>	<u>40</u>
	Effects of offsetting on the Statement of Financial Position			Related amounts not offset	
	Gross amounts of financial instruments \$'000	Gross amounts set off in the Statement of Financial Position \$'000	Net amount of financial instruments presented in the Statement of Financial Position \$'000	Amount subject to enforceable netting arrangements \$'000	Net amount \$'000
30 June 2025					
Financial assets					
Margins	85	—	85	—	85
Total	<u>85</u>	<u>—</u>	<u>85</u>	<u>—</u>	<u>85</u>
Financial liabilities					
Derivatives	1	—	1	—	1
Total	<u>1</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>1</u>

(a) Master Netting Arrangement - Not Currently Enforceable

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Schemes do not presently have a legally enforceable right of set-off, these amounts have not been offset in the Statement of Financial Position, but have been presented separately in the above table.

16 Performance fees

Performance fees paid and accrued are as follows:

	Morningstar Australian Shares High Alpha Fund	
	2026	2025
	\$	\$
Opening Performance fees accrual	615,409	1,008,309
Performance fee expense/(income)	2,481,832	-
Performance fees paid	(458,757)	(392,900)
Closing Performance fees accrual	<u>2,638,484</u>	<u>615,409</u>

Performance fees for the Scheme are not paid/payable to the Responsible Entity.

17 Events subsequent to the reporting period

No material events have occurred since the reporting period which would impact on the financial position of the Schemes disclosed in the statement of financial position as at 30 June 2026 or on the results and cash flows of the Schemes for the year ended on that date (30 June 2025: Nil).

18 Contingent assets, contingent liabilities and commitments

There are no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2026 (30 June 2025: Nil).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 34 of Morningstar Australian Shares Fund and Morningstar Australian Shares High Alpha Fund are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Schemes' financial position as at 30 June 2026 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
 - (ii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board, and other mandatory financial reporting requirements.
- (b) there are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Director

Sydney

23 September 2026



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Independent Auditor's Report to the unitholders of Morningstar Investment Funds

Opinion

For the following Morningstar Investment Funds (the "Schemes"):

- Morningstar Australian Shares Fund
- Morningstar Australian Shares High Alpha Fund

We have audited the financial report of the Morningstar Investments Funds (the "Schemes"), which comprises the statement of financial position as at 30 June 2026, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Schemes is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Scheme's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Reports* section of our report. We are independent of the Schemes in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Reports and Auditor's Report Thereon

The directors of Morningstar Investment Management Australia Limited as the Responsible Entity of the Schemes (the "Responsible Entity") are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with



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the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors of the Responsible Entity for the Financial Reports

The directors of the Responsible Entity are responsible for the preparation of financial report that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Schemes or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audits. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Responsible Entity.



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- ▶ Conclude on the appropriateness of the directors' of the Responsible Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Schemes to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A stylized, handwritten signature in dark blue ink, appearing to read 'Ernst & Young'.

Ernst & Young

A stylized, handwritten signature in dark blue ink, appearing to read 'Elliott Shadforth'.

Elliott Shadforth
Partner
Sydney
23 September 2026