

australian**ethical**

# MANAGED FUNDS PRODUCT GUIDE

(Combined Financial Services Guide and  
Short-Form Product Disclosure Statement)  
Version 1-09S 1 October 2009

australian**ethical**<sup>®</sup>   
investment + superannuation

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## QUICK STEPS TO INVESTING

- Read this product guide
- Select your investment options
- Complete application form
- Arrange payment

## About us

This section contains:  
About **australianethical**  
The **australianethical** Charter  
Ethical investment profiles

ABOUT US

## About **australianethical**

Since pioneering ethical investment in Australia in 1986, we have grown to manage investments on behalf of over 18,000 responsible investors.

Ethical investment is our only business. We are focused on maintaining our position of leadership amongst ethical, sustainable and responsible investment managers. We are a signatory to the UN Principles for Responsible Investment.

### What is a managed fund?

A managed fund, sometimes known as a trust, managed investment or unit trust, is a pooled investment product whereby investors buy units in a trust which makes investments that are managed by professional investment managers.

Managed funds can help you achieve your financial goals by growing your capital or producing an income. Managed funds can also help you achieve a more diversified investment portfolio.

### How is **australianethical** different?

Our unique investment process incorporates environmental and social criteria in addition to traditional financial analysis. We believe our ethical screening is the most rigorous in Australia.

All of **australianethical**'s investment decisions are aligned with our Ethical Charter. The charter guides the sort of corporate activities we seek to avoid or support. But ethics alone are not enough. Investments must have solid financial performance and generate competitive returns.

### What are the benefits?

**australianethical** believes it makes good investment sense to take account of environmental and social factors. Companies that do better at managing their environmental risks and responsibilities should also perform better commercially.

We believe that the managers of the investments we select are: more likely to think ahead; to care for their staff, customers and the environment; and to use resources wisely.

Ethical screening helps avoid investments with poor environmental and social practices.

Health, safety or environmental problems in the future can lead to fines, compensation payouts and investor contempt.

Society is increasingly requiring business to meet the full environmental costs of production. This leads to an increasing demand for sustainable goods and services, raising the profits of the firms that supply them. We believe sustainable industries are the industries of the future.

Our investment process involves a thorough investigation of potential investments beyond traditional financial analysis. This positions us to identify good investment opportunities that others may overlook.

Conventional funds invest in industries such as uranium mining, old growth forest logging, armaments, tobacco and gambling. Avoiding these areas, **australianethical** actively seeks positive investments in emerging growth sectors such as renewable energy, efficient transport, recycling and health.

In knowing your money is involved in positive activities, ethical investment can be both financially and emotionally rewarding.

### How we take labour standards, environmental, social and ethical issues into account

The **australianethical** Charter addresses labour standards, environmental and social considerations. The charter sets out the types of activities we seek to support, and the types of activities we seek to avoid.

Researchers from the Centre for Australian Ethical Research (CAER), working with investment analysts from **australianethical**, use the charter when investigating potential investments. Together, rigorous research on industry sectors and potential investments is produced. CAER's access to extensive databases provides insight into companies, industries and countries of concern and interest.

Many ethical fund managers only apply a negative screen. That is, they will not invest in companies involved in certain industries. Others will invest in all industries, but bias investment to the most responsible or least harmful companies in each industry. This approach is known as best of sector.

## About **australianethical**

**australianethical** goes further than negative screening and best of sector. As well as applying a negative screen, we actively seek investment in positive activities and engage with the companies we invest in to improve their corporate responsibility.

All investments are continually monitored. If a company we invest in diversifies into an excluded industry or engages in unacceptable practices, a review is performed which may involve engagement with the company. If the investment is no longer appropriate it will be divested as soon as practicable.

### Where can I get more information about **australianethical**?

This document is a summary of our Product Disclosure Statement (PDS), which includes more details about **australianethical** and its products. Some of the information contained in the PDS that is not covered in this short-form PDS includes:

- taxation of your investment
- details of some elements of the constitutions of the managed funds (the governing documents)
- details of arrangements for valuation and the holding of the assets of our managed funds
- transfers and transmissions.

You can find a copy of our PDS, as well as lots of other detailed information about us, on our website. On page 39 of this document you can find a table which identifies where you can find information, or more detailed information about our managed funds, in the Product Disclosure Statement.

### Investment process



ABOUT US

## The Australian **ethical** Charter

### THE TRUSTS SHALL SEEK OUT INVESTMENTS WHICH PROVIDE FOR AND SUPPORT:

- a. the development of workers' participation in the ownership and control of their work organisations and places
- b. the production of high quality and properly presented products and services
- c. the development of locally based ventures
- d. the development of appropriate technological systems
- e. the amelioration of wasteful or polluting practices
- f. the development of sustainable land use and food production
- g. the preservation of endangered eco-systems
- h. activities which contribute to human happiness, dignity and education
- i. the dignity and well being of non-human animals
- j. the efficient use of human waste
- k. the alleviation of poverty in all its forms
- l. the development and preservation of appropriate human buildings and landscapes.

### THE TRUSTS SHALL AVOID ANY INVESTMENT WHICH IS CONSIDERED TO UNNECESSARILY:

- i. pollute land, air or water
- ii. destroy or waste non-recurring resources
- iii. extract, create, produce, manufacture, or market materials, products, goods or services which have a harmful effect on humans, non-human animals or the environment
- iv. market, promote or advertise, products or services in a misleading or deceitful manner
- v. create markets by the promotion or advertising of unwanted products or services
- vi. acquire land or commodities primarily for the purpose of speculative gain
- vii. create, encourage or perpetuate militarism or engage in the manufacture of armaments
- viii. entice people into financial over-commitment
- ix. exploit people through the payment of low wages or the provision of poor working conditions
- x. discriminate by way of race, religion or sex in employment, marketing, or advertising practices
- xi. contribute to the inhibition of human rights generally.

## Ethical investment profiles\*

australian**ethical** is one of the few Australian fund managers to disclose its investments. Our website has a more extensive list of investment examples.



*Photo courtesy Whole Foods Market Inc*

### Whole Foods Market Inc

Whole Foods Market is now the world's largest retailer of natural and organic foods, with 197 stores in the United States, Canada and the United Kingdom. They were America's first national 'Certified Organic' grocer, demonstrating a commitment to the preservation of the integrity of organic foods from field to shopping cart. The company has taken a pro-active stance on a range of issues including food irradiation, genetic manipulation and the sustainability of seafood.

### Interface Inc

Interface has transformed itself from a simple carpet manufacturer into one of the world's leading exponents of sustainable business practice. The company has revolutionised its manufacturing processes generating a range of positive environmental outcomes including reductions in waste and energy use, increased use of renewable energy and recycled content, and reduced overall greenhouse gas emissions. In 2004 the company became a corporate member of the National Minority Supplier Development Council, with a policy to actively seek out diverse suppliers, including small, minority-owned, women-owned, disabled-owned, and veteran-owned businesses, and encourage them to become a part of the Interface supply chain.



*Photo courtesy Arriva plc*

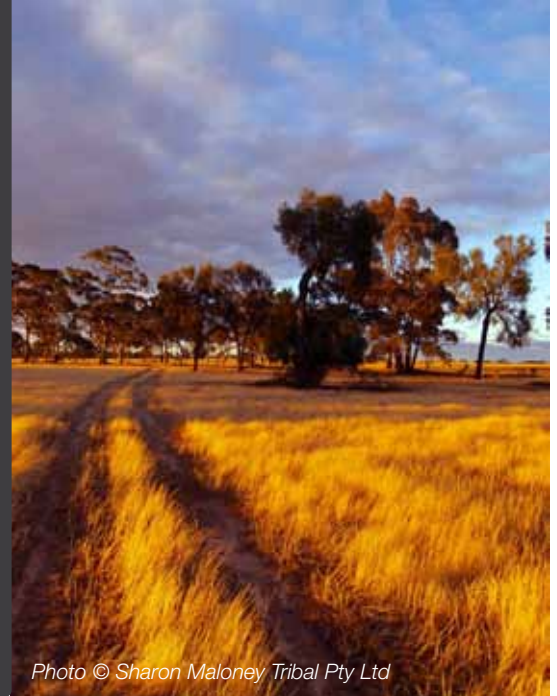
### Arriva plc

Arriva plc is a leading European transport services organisation, operating a fleet of nearly 13,000 vehicles and employing nearly 33,000 people. The Group reduces the environmental impact of operations by using a range of fuels, including ultra low sulphur diesel and compressed natural gas. The company delivers around one billion passenger journeys across eight European countries annually.

\* These are examples of investments that may be held by our managed funds. Not all investments are held at all times.

## mecu Ltd

mecu Limited has formed over almost 50 years and a succession of credit union mergers. Today mecu is a national credit union that employs over 200 staff and has assets of over \$1.3 billion. mecu offers an environmentally friendly goGreen® Car Loan, which through the planting and maintaining of 17 native trees offsets emissions for the life of the loan. mecu is also the first credit union in the world to become a signatory to the United Nations Environment Programme's Statement by Financial Institutions on the Environment and Sustainable Development.



*Photo © Sharon Maloney Tribal Pty Ltd*

## Bendigo and Adelaide Bank Ltd

Bendigo and Adelaide Bank generates a high proportion of its earnings from retail banking services, including from home loans. It also supports a range of community banking initiatives.



*Photo courtesy Herman Miller Inc*

## Herman Miller Inc

Herman Miller is a US-based manufacturer and distributor of furnishings, interior products, and related services for the office and healthcare sectors. The company has won numerous awards for its approach to reducing waste, using recycled material in its finished products, and for outstanding innovation in design. Herman Miller has made a Board-level commitment to become sustainable in all aspects of its operations.

## Ethical company profiles



*Photo courtesy Sims Group Ltd*

### Sims Group Ltd

The Sims Group is the world's leading metals recycling company, with operations throughout the world. Ancillary activities include secondary metals and plastic reprocessing, and interests in renewable energy. The company has also expanded into the recycling of electronics waste in Europe, the United States and Australia, including the identification of products and components that can be reused, as well as the extraction of raw materials from the remaining waste.

### TOMRA Systems ASA

TOMRA is a Norwegian manufacturer of 'reverse vending machines' (RVMs) that collect beverage containers for recycling purposes, and dispense an appropriate refund. In addition to reducing costs and increasing efficiencies for retailers and the recycling industry, TOMRA also helps to 'close the loop' in the life cycle of more than 25 billion beverage containers used each year worldwide.

### VMware Inc

A rapid increase in the use of information technology means that the IT sector is now estimated to account for as many greenhouse emissions as aviation. VMware's virtualisation technology helps organisations consolidate servers and increase utilisation rates, greatly reducing power and cooling costs.

### 64 Allara Street, City, ACT

The 64 Allara Street building, completed in November 2008, is an attractive small scale 'A' grade property in the Canberra central business district. The building has been designed to achieve a 5 Star Green Star rating and a 4.5 NABERS rating when fully occupied. The building is the cornerstone investment of the Australian Ethical Property Trust.



## Ethical company profiles

### Cochlear Ltd

Cochlear Ltd supplies approximately 70 per cent of the world market in cochlear implants for profoundly hearing-impaired people. Almost half of the implant recipients are children. While some in the deaf community reject the cochlear technology, Australian Ethical believes the positive aspects make the technology worthwhile in providing choice to adults and to parents with children having profound hearing impairment.



*Photo courtesy Cochlear Ltd*

### Pharmaxis Ltd

Pharmaxis is a specialist pharmaceutical company established to research, develop and bring to market human therapeutic products to treat chronic respiratory and autoimmune diseases. Chronic Obstructive Pulmonary Disease (COPD) encompasses a number of serious conditions affecting the lungs (pulmonary system), including emphysema, chronic bronchitis and bronchiectasis. COPD is responsible for the deaths of over 100,000 people a year in the US and Western Europe alone, making it the fourth leading cause of death after heart disease, cancer and stroke. Pharmaxis is in the business of developing treatments for these types of conditions, which affect more than 30 million people worldwide.



*Photo courtesy Blackmores Ltd*

### Blackmores Ltd

Blackmores manufactures and markets health products including vitamins, herbal and mineral nutritional supplements. The company has been committed to non-animal testing of its finished products for twenty five years. The use of complementary medicines is growing in Australia, with the percentage of Australians who use complementary medicines at least once a year rising from 48.5% in 1993 to 67% in 2006. As well as maintaining a long-term employee-share ownership program, Blackmores provides facilities for staff including a gymnasium and subsidised kitchen.



Photo courtesy Benesse Corporation

## Benesse Corporation

Benesse Corporation has been involved in the education sector in Japan since 1955. Originally a publisher of school books the company has broadened its focus to provide products and services in the fields of education, language, living and lifestyles and nursing care. In addition to providing educational services to students from pre-school through to university, Benesse offers information services relating to pregnancy and childcare, operates Berlitz language training programs in Japan and operates nursing homes.

## CVC Sustainable Investments Ltd

CVC Sustainable Investments Ltd is an investment company that invests in smaller (typically non-stock exchange-listed) Australian companies that are generating innovative solutions to environmental problems or whose operations cause little or no environmental damage. This includes technologies, processes and products that reduce the use of non-renewable resources, increase energy efficiency or reduce pollution, reduce waste or increase recycling opportunities, and provide solutions to environmental problems.

## ING Real Estate Healthcare Fund

The ING Real Estate Healthcare Fund is an ASX-listed property trust that invests in properties used to provide healthcare and associated services. The initial property investment is in Melbourne and forms an important part of the health infrastructure for inner and eastern Melbourne. The fund plans to acquire assets in a range of locations across all types of healthcare-related real estate: hospitals, medical office buildings, medical centres, laboratories and health administration facilities.



Photo courtesy Canberra Montessori School

## Canberra Montessori School (Loan for building construction)

The Montessori approach offers a broad vision of education as an aid to life. It is designed to help children with their task of inner construction as they grow from childhood to maturity. Montessori classrooms provide a prepared environment where children are free to respond to their natural tendency to work. The children's innate passion for learning is encouraged by giving them opportunities to engage in spontaneous, purposeful activities with the guidance of a trained adult.

## Ethical company profiles



*Photo courtesy TrustPower Ltd*

### TrustPower Ltd

Established in 1925, Tauranga-based TrustPower generates 100% renewable electricity from 34 different power stations across New Zealand. The company has hydro operations in the Bay of Plenty, Taranaki, West Coast, Otago and Canterbury regions, and is the owner of the Tararua Wind Farm, the largest in the Southern Hemisphere. The company is planning four more wind farms.

### SunPower Corporation

SunPower Corporation designs, manufactures and markets high-performance solar electric technology worldwide. SunPower's high-efficiency solar cells and panels generate up to 50% more power per unit area than conventional solar technologies. PowerLight, a subsidiary, is a leading global provider of large-scale solar power systems. Together with PowerLight, SunPower produces innovative technology across the entire solar value chain to deliver high-performance, superior-looking and lower-cost solar power solutions.

### Geodynamics Ltd

Geodynamics are pioneers of the use of geothermal energy for electricity generation in Australia. The last few years has seen the company demonstrate the practicality of their process, which involves pumping water down deep wells, having the heat of the earth transform the water into steam, and using the steam to drive turbines back at the surface to generate electricity. Geothermal energy offers a real alternative to fossil fuels, because it can provide the 'base-load' power that other intermittent renewables such as wind and solar cannot.

### Vestas Wind Systems AS

Danish company Vestas began wind turbine manufacturing in 1979, and is now a global, market leading producer of high technological wind power solutions. With more than 25 years experience, the company has an extensive portfolio of turbines which are suited to specific conditions and requirements.



*Photo courtesy Vestas Wind Systems AS*

# Investment choices

This section contains:  
Investment risks  
Managed fund profiles  
Specialised fund profiles  
Property Trust features and risks

INVESTMENT CHOICES

## Investment risks

### What are the significant risks?

All investments involve risk. Our managed funds invest in various markets (for example, the share market, fixed interest market, property market). Just as the value of these markets goes up and down, so will the returns produced by our managed funds. The most important risk that you need to understand is that your investment can decline in value as well as increase. **australianethical** does not guarantee a return on any of its managed funds. There is no guarantee that past returns achieved by a managed fund will continue into the future.

### Types of risk

There are many different types of risk. Some types of risk are specific to the type of managed funds we operate (commonly called 'scheme risk'). Other types of risk are common to all investments ('investment risk').

Scheme risk	There are risks in investing through a managed fund which you may not face if you were to invest directly. The most significant of these is that the law may require withdrawal of your investment to be delayed if there is not enough 'cash like' assets held within the managed fund.
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Investment risk – there are risks common to all investing:

Individual investment risk	Individual investments in our managed funds, like shares in one company, can and do fall in value or perform below expectations.
Market risk	Economic, technological, political or legal conditions, and even market sentiments change and this affects the value of investment markets and our managed funds.
Interest rate risk	Changes in interest rates can have a positive or negative impact on the investment value or returns of our managed funds.
Currency risk	Changes in the value of overseas currencies compared to the Australian dollar can impact the value of overseas investments held in managed funds.

### Managing risk

We need to manage these risks together. From our perspective, we have well-developed processes to manage scheme risk. We use careful research, a range of investment limits, market data and diversification to manage individual investment and market risk. We use investment limits and (in some circumstances) derivatives to manage interest rate and currency risk.

From your perspective, to manage your investment risk, it is very important that you understand what type of investor you are, and the risk/reward profiles of the different managed funds we offer. If you are unsure about these areas, you should seek professional advice.

### Selecting the right investment – what type of investor are you?

Depending on your goals, age and financial situation, your investment timeframe and capacity to absorb investment risk will vary. Broadly speaking, you are likely to be a defensive, neutral or growth investor, and need to find products suitable for these investor types.

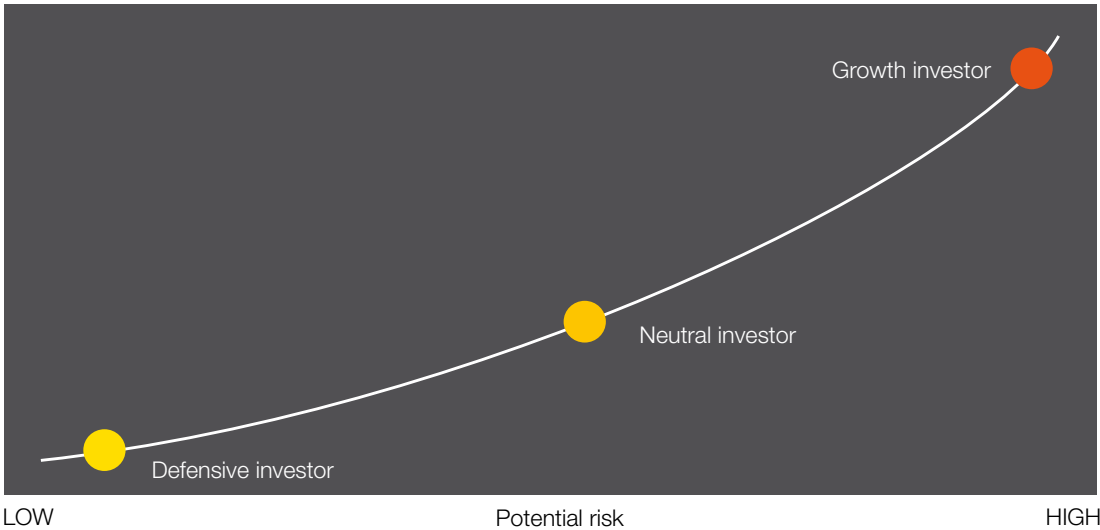
### Selecting the right investment – what are the risk/return profiles of our managed funds?

We have managed funds which cater for different investor types. At the higher end of the investment risk/return spectrum we have our Larger Companies, Smaller Companies and International Equities Trusts. These products focus specifically on a single asset class (shares) but are diversified by industry type and geographic location. Growth investors are most likely to be interested in the Larger Companies and Smaller Companies Trusts. For growth investors looking to invest higher amounts (\$20,000 or more) the International Equities Trust may be of interest.

Our Balanced Trust (towards the middle of the risk/return spectrum) is most likely to be attractive to growth and neutral investors. The Balanced Trust offers a portfolio diversified by geography, asset type (shares, property and fixed interest) and in terms of industry type.

Growth and neutral investors looking to invest higher amounts (\$20,000 or more) may be interested in the Property Trust –

# Investment risks



INVESTMENT CHOICES

**● Defensive investor**

With a short-investment timeframe you must conserve capital and ensure stable income.

**● Neutral investor**

With a medium-term investment timeframe you seek lower volatility, but with some growth and income.

**● Growth investor**

With a longer-term investment timeframe you are able to accept higher risk, seek growth and are not reliant on income produced by your investments.

also positioned towards the middle of the investment risk/return spectrum. Potential investors need to be cautious however – unlike the other managed funds, the Property Trust will be often illiquid and therefore withdrawals of investments are limited.

Defensive investors are most likely to be interested in our Income and Balanced Trusts. Of our various managed funds, the Income Trust has the lowest investment risk, and is expected to produce the lowest return.

You can tailor your own risk/return profile by investing in different managed funds. For example, someone who is predominantly a neutral investor may wish to raise their risk/return profile somewhat by combining an investment in the Property Trust with an investment in one of our share-based funds, such as the Smaller Companies Trust.

More detailed information on risks is available in the Product Disclosure Statement – which is on our website.



This chart represents the general relative risk and potential return characteristics of the various managed funds. The chart is not a forecast or prediction as to risk or potential return and the scale is indicative only.

## Managed fund profiles

### australian**ethical** Balanced Trust

**Established**  
October 1989

#### Objective

To provide investors with a balance between capital growth and a moderate level of income through a diversified portfolio of assets that supports the **australianethical** Charter.

#### Overview

The Balanced Trust invests over different asset types and markets to reduce volatility of return. It is actively managed with low stock turnover.

The portfolio includes: Interest-bearing securities such as investment-grade corporate and sovereign bonds; high-grade mortgage-backed securities; bank debt and private loans; domestic and international shares focusing on larger, mature companies generally paying franked dividends; property, either fully owned, listed or unlisted with stable tenancies and strong lease terms. The trust may cross-invest in our other managed funds to access specialised assets including international equities, smaller company shares, property, loans and fixed interest.

#### Recommended minimum investment timeframe

1 2 3 4 5 6 7+ years

#### Asset mix



#### Style

Conservative, multi-sector

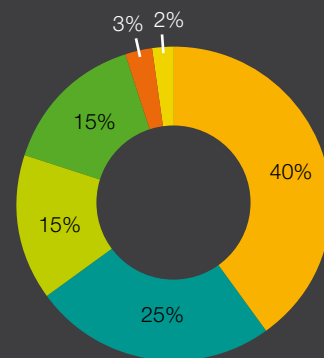
#### Minimum investment

Initial investment and minimum balance \$5000  
Additional investments \$500

#### Currency risk

Currency risk from international exposure is unhedged.

#### Strategic asset allocation



- Interest bearing investments
- Australian shares
- Property
- International shares
- Cash
- Loans

#### INVESTMENT RISK



## Managed fund profiles

# australian**ethical** Smaller Companies Trust

INVESTMENT CHOICES

Established  
September 1994

### Objective

To provide long-term growth focusing on smaller Australian and overseas companies that meet the **australianethical** Charter.

### Overview

The Smaller Companies Trust invests in Australian and international shares. Using an active stock-picking management style the portfolio is relatively concentrated, with a higher turnover of shares. It aims to be fully invested in shares at all times with a low cash holding. The shares are selected for growth rather than income. The trust may achieve its international exposure by investing in the **australianethical** International Equities Trust.

### Recommended minimum investment timeframe

1 2 3 4 5 6 7+ years

### Asset mix



### Style

Aggressive, value focused

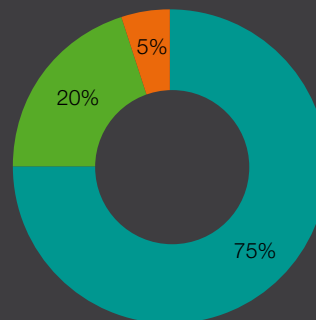
### Minimum investment

Initial investment and minimum balance \$5000  
Additional investments \$500

### Currency risk

Currency risk from international exposure is substantially hedged against significant negative impacts caused by adverse movements in currency exchange rates.

### Strategic asset allocation



Australian shares (smaller company bias)  
International shares  
Cash

### INVESTMENT RISK



## Managed fund profiles

### australian**ethical** Larger Companies Trust

Established  
September 1997

#### Objective

To provide long-term growth through investment in larger listed companies on Australian and overseas stock exchanges that meet the **australianethical** Charter.

#### Overview

The trust invests in predominantly Australian companies but includes a significant international component. All investments have a minimum market capitalisation of A\$500 million. Dividend-paying shares are sought, so a moderate level of income would normally be expected. With moderate share turnover, it aims to be fully invested in shares at all times with a low cash holding. It may achieve its international exposure by investing in the **australianethical** International Equities Trust.

#### Recommended minimum investment timeframe

1 2 3 4 5 6 7+ years

#### Asset mix



#### Style

Active, diversified

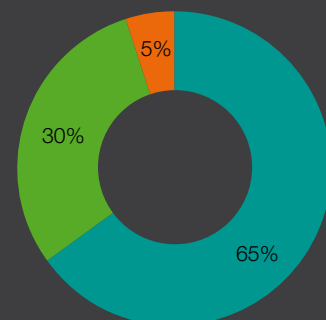
#### Minimum investment

Initial investment and minimum balance \$5000  
Additional investments \$500

#### Currency risk

Currency risk from international exposure is substantially hedged against a significant negative impact caused by adverse movements in currency exchange rates.

#### Strategic asset allocation



Australian shares  
International shares  
Cash

#### INVESTMENT RISK



## Managed fund profiles

# australian**ethical** Income Trust

INVESTMENT CHOICES

Established  
September 1997

### Objective

The **australianethical** Income Trust aims to generate a competitive income stream while minimising the risk of capital loss and supporting the Australian Ethical Charter.

### Overview

The returns for the Income Trust tend to move in line with the general level of interest rates, due to its concentration on floating rate and short-dated securities. The majority of the portfolio is invested in short-dated bank deposits, bank accepted bills of exchange and high-grade mortgage-backed securities typically on a floating rate basis with maturities one year or less. The returns are almost exclusively taxable income.

### Recommended minimum investment timeframe

1 2 3 4 5 6 7+ years

### Asset mix



### Style

Conservative, cash focused

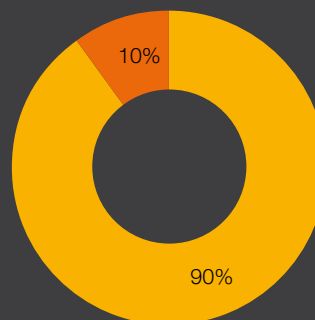
### Minimum investment

Initial investment and minimum balance \$5000  
Additional investments \$500

### Interest rate risk

Changes in interest rates can have a positive or negative impact on the investment value or returns of the Income Trust.

### Strategic asset allocation



Interest bearing investments  
Cash

### INVESTMENT RISK



## Specialised fund profiles

# australian**ethical** International Equities Trust

Established  
September 2007

### Objective

To provide long-term growth through investment in overseas companies which meet the **australianethical** Charter.

### Overview

Trust investments are focused on socially and environmentally attractive companies in industries which may not be available for investment in Australia. The portfolio is concentrated by both industry sectors and countries. Companies typically have a minimum market capitalisation of A\$350 million. With moderate stock turnover, the trust aims to be fully invested in shares at all times with a low cash holding. Shares are selected for capital growth rather than income.

### Recommended minimum investment timeframe

1 2 3 4 5 6 **7+** years

### Asset mix



### Style

Thematic, active, value focused

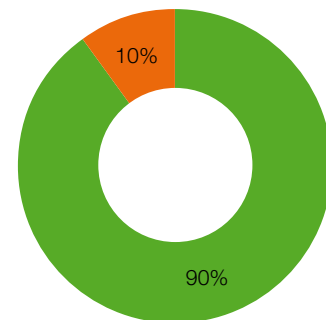
### Minimum investment

Initial investment and minimum balance \$20,000  
Additional investments \$2000

### Currency risk

Currency risk from international exposure is unhedged. This means that the value of the Trust's investments in Australian dollars will vary as exchange rates vary.

### Strategic asset allocation



International shares  
Cash

### INVESTMENT RISK

LOW

HIGH

## Specialised fund profiles

# australian**ethical** Property Trust

Established  
June 2009

### Objective

The Property Trust aims to provide long-term capital growth and moderate income via investment in direct property and in listed and unlisted property trusts, in accordance with the **australianethical** Charter.

### Overview

The trust aims to deliver returns at 3% above the annual Australian Consumer Price Index (CPI) (excluding volatile items, after fees) over five-year investment horizons with low volatility against the return benchmark. The long-term aim of the trust is to actively manage a property portfolio with investments in:

- energy and resource efficient buildings with a minimum 5 Star Green Star Rating
- medical and allied health facilities
- social infrastructure
- direct properties with opportunities for retro-fitting and refurbishing to a minimum 5 Star Green Star Rating.

The trust will not acquire vacant land for development.

### Recommended minimum investment timeframe

1 2 3 4 5 6 7+ years

### Asset mix



### Style

Conservative growth and income focused

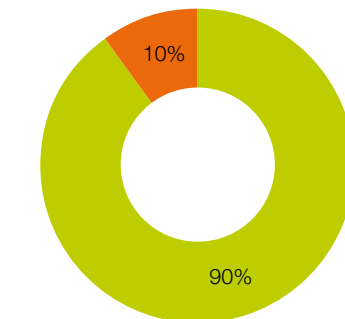
### Minimum investment

Initial investment and minimum balance \$20,000  
Additional investments \$2000

### Liquidity risk

Limited ability to withdraw your investment.

### Strategic asset allocation



Property  
Cash

### INVESTMENT RISK

LOW

HIGH

## Property Trust – Significant features and risks

The following information provides you with a summary of the significant features and risks of the Property Trust. More information is contained in our Product Disclosure Statement (which is available on our website or by contacting us). Before investing you should consider your attitude to the features and risks of the trust and consider taking professional investment advice.

Current properties	<p>64 Allara Street, Canberra</p> <ul style="list-style-type: none"> <li>• A-grade commercial building completed in November 2008 – designed to achieve a 5 Star Green Star Rating</li> <li>• valued at \$18.8 million on 8 May 2009 using an independent valuation</li> <li>• top two tenants by income: Canberra Investment Corporation (67% of rental income) and the Carbon Capture and Storage Institute (33% of rental income, both figures round to the nearest per cent)</li> <li>• Weighted average lease expiry is 8.6 years (calculated on the basis of lettable area); 9% vacancy rate as at 30 June 2009</li> </ul> <p>Salta Office Property Trust</p> <ul style="list-style-type: none"> <li>• unlisted property trust that invests in a building located at Dandenong Road, Clayton, Victoria</li> <li>• designed to be 5–6 Star Green Star Rated and is classified as an A-grade commercial building</li> <li>• The Property Trust’s holding was valued at approximately \$2.1 million on 30 June 2009 using an independent valuation</li> <li>• tenanted and fully occupied by Dulux; weighted average lease expiry is 8.3 years (calculated on the basis of lettable area).</li> </ul>
Income payments	<p>Paid in July and January and can either be reinvested into your account or paid to you via direct deposit. Income payments from the trust will be entirely funded from Adjusted Funds from Operations (AFFO). AFFO represents Funds from Operations (FFO) (for example rental income) adjusted for recurring capital expenditure used to maintain the quality of underlying assets. In making an income payment, vacancies and tenant incentives will be considered which may result in some fluctuations from period to period.</p>
Gearing risk and ratio	<p>Gearing indicates the extent to which the trust’s assets are funded by interest bearing liabilities – in other words the amount of debt held by the trust compared to its gross assets. The use of debt exposes the trust to financing and interest rate risks.</p> <p>The gearing ratio for the trust as at 30 June 2009 was 40% (on a look through basis). It is determined using the following formula:</p> $\text{Gearing ratio} = \frac{\text{Total interest bearing liabilities}}{\text{Total assets}}$ <p>Under its Constitution, the gearing ratio for the trust cannot exceed 40% (on a look through basis). The long-term gearing target for the trust is 30% (on a look through basis). The Property Trust may manage its exposure to changes in interest rates through the use of interest rate derivatives.</p>
Borrowing risk	<p>Borrowing facilities due to expire within a relatively short timeframe are a significant risk factor, particularly in periods where credit is more difficult and expensive to obtain. Difficulty in renewing borrowing facilities can adversely affect the value of a trust and its viability. Amounts owing to lenders and other creditors of the trust rank before an investor’s interests in the trust.</p>

## Property Trust – Significant features and risks

Borrowing risk  
(continued)

Currently the Property Trust has only one borrowing arrangement as follows:

Amount	\$7.4m – fully drawn
Maturity	25 June 2014
Interest rate	Capped at 5% per annum
Interest cover ratio covenant	2
Loan to valuation covenant	50%

Interest cover  
and income risk

Interest cover measures the ability of the trust to service interest on debt from the earnings of the trust. It is a critical indicator of financial health and key to analysing the sustainability and risks associated with the trust's level of borrowing. Earnings could fall if interest expense rises or if property held by the trust is unable to be fully let or if tenants default.

As at 30 June 2009, the Property Trust's interest cover ratio was 2.5, calculated using the following formula:

$$\text{Interest cover} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest expense}}$$

Valuation policy  
and property risk

The value of real property assets can be volatile, particularly when access to credit is constrained and more properties are on the market. A significant fall in valuation could mean an increase in gearing ratio and may trigger breaches of loan covenants.

Direct properties are independently valued to industry standards on an annual basis. Indirect property investments are valued on a unit price basis where available, or on net tangible assets using audited financial statements, at no less than 12 monthly intervals.

Property values can be adversely affected by many different circumstances. These include the supply and demand of property in the market, vacancy rates, interest rate changes, environmental contamination and natural disasters.

Related party  
transactions

A conflict of interest may arise if a property trust invests in, makes loans to, or provides guarantees for related parties. There are currently no such arrangements for the Property Trust. Were such a situation to arise, it would be managed in accordance with our conflicts of interest policy to ensure that arrangements were conducted on an appropriate arm's length and commercial basis.

Liquidity risk

Property trusts are by the nature of their assets illiquid. While the trust will maintain a limited withdrawal facility (described on page 24) a withdrawal request may be scaled back or delayed to a later withdrawal date. A withdrawal request may not be met in full for an extended period of time (this could be a year or more).

Keep up-to-date

You can keep up-to-date with the trust's unit price and performance through our website. At least every six months we will also provide on our website an update on trust assets, properties and key risk indicators.

## Significant features and risks

### Withdrawing from the Property Trust

Withdrawal from the Property Trust is different from our other trusts due to the illiquid nature of the assets held by the Trust.

Under the Property Trust's Constitution, we are allowed up to 90 business days in which to meet any withdrawal request if the trust is liquid. Given the nature of the assets of the trust, the trust will normally be illiquid. When the trust is illiquid, there is no

right to withdraw from the trust, except in accordance with a withdrawal offer made by us as the responsible entity.

We are not obliged to make any withdrawal offer.

However, provided the trust has sufficient available funds to do so, subject to the limitations set out below, we intend to offer a six-monthly withdrawal facility on the following terms:

Offer period each year	1 March to 21 March 1 September to 21 September
Assets used to satisfy withdrawal requests	Liquid assets held by the trust at the time of the offer – this may be cash or listed property investments
Amount of money expected to be available	The amount of money available to meet withdrawal requests will be capped at 1% of the net asset value of the trust (although we may decide to increase this amount in our absolute discretion)
Payment of withdrawal monies	Payment of withdrawal monies will be made within 21 days after closure of the offer
Withdrawal price	The unit price for withdrawal will be the unit price next applicable after the offer closes (normally the price determined as at 31 March and 30 September)
What happens if withdrawal requests exceed money available to meet requests?	Requests will be scaled back proportionally
Minimum balance requirement	If a withdrawal request would result in an investor's balance being below the minimum investment amount, we may refuse to satisfy that withdrawal request or decide to redeem the investment in full.

Under the *Corporations Act 2001* and the Constitution, we must ensure that investors in the trust are not unfairly treated by any withdrawals that we allow. Because of this, we may vary the conditions of the withdrawal facility at any time. We may postpone or suspend withdrawals.

In addition to the withdrawal facility outlined above, we may offer further withdrawal rights to investors from time to time at our discretion, provided any such offer is in accordance with the requirements of the *Corporations Act* and Constitution.

Circumstances where we might do this include when other investors would be disadvantaged, the potential breach of debt covenants or the inability of the trust to sensibly liquidate necessary assets.

## How to invest

This section contains:  
Starting your investment  
Managing your investment

HOW TO INVEST

## Starting your investment

### Start your investment

Complete the application form at the back of this booklet or apply online through our website – see [www.australianethical.com.au](http://www.australianethical.com.au). Payment for your investment can be made using BPAY or cheque. The minimum starting investment in the Balanced, Smaller Companies, Larger Companies and Income trusts is \$5000. You can invest as little as \$1000 per managed fund if you start a Regular Investor Plan.

The minimum starting investment for the Property and International Equities trusts is \$20,000. No Regular Investor Plan operates for these two managed funds.

For all managed fund investments you will need to provide correctly certified copies of your identification documentation-see the application form for more details.

### Start a Regular Investor Plan

A Regular Investor Plan can help you build wealth through regular monthly investments. To start a plan, complete the Regular Investor Plan section on the application form. The Regular Investor Plan is available for the Balanced, Smaller Companies, Larger Companies and Income Trusts. Provided you have at least \$1000 invested in each managed fund you select, you can invest as little as \$100 each month into each managed fund. You can stop or change the amount of your regular investments at any time (but not below \$100 per month). Contribution fees are payable on each Regular Investor Plan investment.

### Electronic investors

Investors who invest into our managed funds electronically receive a discount on their contribution fee – for more information see *Fees and Other Costs*. To take advantage of the discounted fees you will need to agree to receive communications from us electronically and make your contributions using BPAY or with a Regular Investor Plan. To become an electronic investor, make sure you sign the electronic investor section on the application form.

### Unit registry

Registries Limited provides the unit registry service for Australian Ethical's managed funds. The unit registry keeps account of the units in our managed funds that you buy, own and redeem. The registry also maintains records of your address, banking and your investment

income payment choices. Registries Limited is the provider of the InvestorServe online investor access service available from our website.

Australian Ethical has an in-house investor service centre to assist you with investment transactions and to answer questions you have about your investments. You can contact us by phone, email or in writing.

#### Minimum investment amounts

\$5000	Starting investment
\$1000	Starting investment with a Regular Investor Plan
\$500	Additional investments
\$100	Monthly Regular Investor Plan investments

Applicable to the Balanced, Smaller Companies, Larger Companies and Income trusts.

#### For the International Equities and Property trusts

\$20,000	Starting investment
\$2000	Additional investments
NA	Monthly Regular Investor Plan investments

#### BPAY Biller codes

Australian Ethical Balanced Trust	20859
Australian Ethical Smaller Companies Trust	20602
Australian Ethical Larger Companies Trust	20867
Australian Ethical Income Trust	20610
Australian Ethical International Equities Trust	556373
Australian Ethical Property Trust	556381

## Managing your investment

### Make additional investments

You can make additional investments of at least \$500 into the Balanced, Smaller Companies, Larger Companies and Income Trusts at anytime. Additional investments of at least \$2000 can be made into the Property and International Equities Trusts. Payment for your additional investment can be made using BPAY or cheque. Before making additional investments make sure you have reviewed our website for any recent updates and any changes to this document or the Product Disclosure Statement.

You can also build on your existing investment using the Regular Investor Plan.

### Your income payments

Payments of net income earned by the managed funds are made to you every six months. Payments are typically made in July and January. Normally taxable capital gains realised over the full financial year will be included with the income payment for the six months ending 30 June.

### Income choice

Your income can be reinvested or paid directly to your bank or credit union account. You can select a different payment option for each of your managed fund investments. If no selection is made your income payment will be automatically reinvested.

### Switching an investment

You can move your money from one managed fund option to another by completing the switching form available on our website. When switching an investment, the current units are redeemed and then invested into the requested trust. The investment switching process may have capital gains tax implications for you. Switching may include a switch fee – see *Fees and other costs* for more information. Switching from the Property Trust is limited.

### How to withdraw your investment

A withdrawal form is available on our website. Withdrawals requested from the Balanced, Smaller Companies, Larger Companies, Income and the International Equities Trust will, in most situations, be paid within seven business days of receiving a request.

Delays in withdrawals may occur during income payment periods in January and July. Withdrawals can be delayed or postponed in other circumstances as well, see the Product Disclosure Statement for further information.

Your ability to withdraw from the Property Trust is limited – refer to *Withdrawing from the Property Trust* on page 24.

To protect the security of your account we only allow payments to be made into your Australian bank account. Withdrawal payments will not be paid by cheque or to third parties.

### Keeping you informed

#### *Online access*

You can keep track of your investments using InvestorServe. Soon after making your investment we will send you a confirmation letter and a PIN. You can activate your InvestorServe account online at [www.registries.com.au](http://www.registries.com.au) with these details within 90 days of receipt.

Or contact us at any time to set up your InvestorServe account.

#### *With InvestorServe you can:*

- view your account balances and transaction histories (including regular investor payments)
- view distribution statements
- display and change your contact and banking details
- amend and cancel payment of Regular Investor Plans by direct debit
- display a personal BPAY reference number for the payment of additional investments
- view your tax statements
- select the way you would prefer to communicate with us.

#### *Investment confirmation*

We will send you statements confirming your investments, withdrawals and switches either electronically or through the post. Confirmation statements are not issued for each Regular Investor Plan investment or the payment of adviser service fees.

#### *Annual statement*

You will receive, at least on an annual basis, a statement detailing your balance and a transaction summary including any earnings and charges during the period.

#### *Annual report*

An annual report will be prepared each year that includes information on the financial position and performance of the managed funds over the year. The annual report will be made available on our

## Managing your investment

website. Contact us to receive an electronic or hard copy of the report.

### *Newsletter*

Australian Ethical's *Aim High* newsletter will be sent out twice yearly covering ethical investment issues, details of specific investments and performance results.

### *Tax statements*

A tax statement will be provided each year and will be made available on InvestorServe. The statements outline income we have paid you, tax components and a guide to help you transfer this information into your tax return.

### *Continuous disclosure on our website*

Our managed funds have continuous disclosure requirements which mean that we need to notify our investors of information material to their investment as we become aware of it. Information that is material to your investment will be provided on our website. We recommend that you regularly visit the website to obtain the latest information about your investment.

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# Fees and other costs



This section contains:  
Fees and other costs  
Additional explanation

## Fees and other costs

### DID YOU KNOW?

**Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.**

**For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100 000 to \$80 000).**

**You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.**

**You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.**

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the managed investment assets as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

If you are a direct investor (that is, your investment is not made through an adviser or other third party) there are two fee payment options:

- standard (non-electronic) investor – where you choose to receive communications from us in paper form and make your investments via cheque

- electronic investor – where you choose to receive communications from us electronically and make your investments via BPAY or with a Regular Investor Plan.

Electronic investors receive discounts on contribution fees.

If you invest through a third party (for example an adviser) you may also be able to negotiate reduced contribution fees.

In the following tables, percentages expressed to one or two decimal places may have been rounded and, to assist ease of reading, some monetary amounts are expressed to the nearest dollar.

Type of fee or cost	Amount	How and when paid
<b>FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND</b>		
<i>Establishment fee</i> The fee to open your investment	Nil – we do not charge this fee.	-
<i>Contribution fee</i> The fee on each amount contributed to your investment	<b>Standard</b> (non-electronic) investor Balanced, Larger Companies, Smaller Companies, International Equities – 3.6% Income – 0.5% Property – Nil	Charged against each investment or contribution (except reinvestment of distributions). The fee is reduced for direct investments of \$35,000 and above – see <i>Larger investment amounts</i> below. This fee may be negotiable if you retain a licensed financial adviser – see <i>Adviser commissions and service fees</i> below.
	<b>Electronic</b> investor Balanced, Larger Companies, Smaller Companies, International Equities – 2.0% Income – 0.5% Property – Nil	Charged against each investment or contribution (except reinvestment of distributions). The fee is reduced for investments of \$35,000 and above – see <i>Larger investment amounts</i> below. Only available for direct investment.

## Fees and other costs

Type of fee or cost	Amount	How and when paid
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	
<i>Termination fee</i> The fee to close your investment	Nil	
<b>MANAGEMENT COSTS – THE FEES AND COSTS FOR MANAGING YOUR INVESTMENT</b>		
<i>Administration and investment management fee</i>	Balanced, Larger Companies, Smaller Companies – 1.9% per annum International Equities – 1.35% per annum Income – 1.13% per annum	This is the fee to cover the general administration of the Fund and for managing the Fund's investments. The fee is taken into account during valuation through deduction from the assets of the managed investment. Valuation normally occurs daily.
<b>Plus</b>		
<i>Expense recoveries</i>	0.32%–0.5% per annum	These are estimates of expenses payable by the managed funds or recoverable by us from the managed funds as responsible entity. The estimates are based on actual expense recoveries for the managed funds for the year ended 30 June 2009, but they may vary in future.  Expense recoveries are taken into account during valuation through deduction from the assets of the managed fund. Valuation normally occurs daily.
<i>The amount you will pay for the Property Trust is shown on page 35</i>		
<b>SERVICE FEES</b>		
<i>Investment switching fee</i> The fee for changing investment options	0%–3.6%	Applicable when switching from a managed investment with a lower contribution fee to one with a higher contribution fee. Where applicable, the fee is charged to an investor's account at the time of the switch. See further 'Switch fees' under 'Additional explanation of fees and costs'.
Adviser service fee	Refer to <i>Additional explanation of fees and costs</i>	Refer to <i>Additional explanation of fees and costs</i> page 32.

## Additional explanation of fees and costs

### Example of annual fees and costs for an investment in the Balanced Trust

This table gives an example of how the fees and costs in the Balanced Trust can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE OF ANNUAL FEES AND COSTS Balanced Trust		Balance of \$50 000 with a contribution of \$5000 during the year.*
Contribution fees	0.0% – 3.6%	For every additional \$5000 you put in, you will be charged between \$0 and \$180.
PLUS management costs	2.17% per year	And, for every \$50,000 you have in the trust you will be charged \$1085 each year.
EQUALS cost of trust		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year you would be charged fees of from: \$1085 to \$1265*
<p><b>What it costs you will depend on the investment option you choose and the fees you negotiate with us or your financial adviser.</b></p>		

\* Amounts are rounded to the nearest dollar. Additional fees may apply. If you have agreed to pay your adviser a service fee, it will be deducted from your account balance.

### Switch fees

The following switch fees apply:

Switching from	Switching to			
	Balanced, Larger Companies, Smaller Companies, International Equities		Income	Property
	Standard investors	Electronic investors		
Income	3.1%	1.5%	–	Nil
Property	3.6%	2.0%	0.5%	–

For example, if you are switching \$5000 from Income to Balanced, you will pay a \$155 switch fee.

The switch fee may be waived if you have previously switched an investment with us into the Income or Property Trust and are now seeking to switch back to another one of our managed funds – you should contact us if you are in this situation. Switch fees are also negotiable down to 0% if you retain a licensed financial adviser - see *Adviser commissions and rebates* below. Switching from the Property Trust could be delayed for significant periods – see further the Property Trust Profile (Page 21) and the section *Withdrawing from the Property Trust* (Page 24). When larger amounts are switched, a discounted switch fee would apply in line with discounted contributions for larger amounts – see below.

### Larger investment amounts – reduced contribution fees

Reduced contribution fees are available for larger direct investments:

For Balanced, Smaller Companies, Larger Companies, International Equities <i>Investment amount</i>	Contribution fee	
	<i>Standard (non-electronic) investor</i>	<i>Electronic investor</i>
\$35,000 – \$54,999	2.6%	1.5%
\$55,000 – \$249,999	2.1%	1.0%
\$250,000 and over	0%	0%

Investments \$250,000 and over into the Income Trust have a 0% contribution fee.

## Additional explanation of fees and costs

### Adviser commissions and service fees

If your investment is made through a licensed financial adviser then the following arrangements apply:

1. Up-front commission – we will pay the contribution fee that we collect to your adviser as a commission. The amount of the commission we pay is negotiable between you and your adviser. If your adviser completely waives their commission, you will not be charged a contribution fee by us. If your adviser accepts a lower commission, we will reduce your contribution fee accordingly.
2. Switch commission – we will pay the switch fee that we collect to your adviser as a commission. The amount of the commission we pay is negotiable between you and your adviser. If your adviser completely waives the switch commission, you will not be charged a switch fee by us. If your adviser accepts a lower switch commission, we will reduce your switch fee accordingly.
3. Adviser service fee (not applicable to the Property Trust) – upon your instruction, up to 1% per annum of your account balance may be paid to your adviser. For example, on a \$50,000 investment, at 1%, this would amount to \$500 for the year. The service fee is set by negotiation between you and your adviser. The fee is deducted from your account balance monthly and paid to your adviser quarterly in arrears by redeeming units from your investment. The service fee is paid in addition to our management fees. The adviser service fee is ongoing and we will continue to pay your adviser quarterly until you instruct us otherwise.

If you make investments through a licensed adviser, and then subsequently instruct us that you no longer have a relationship with that (or any other) licensed adviser, your contribution fees may revert to 3.6% on each investment you make, subject to any other applicable discounts.

### GST

Goods and services tax (GST) is not payable on the issue, withdrawal or transfer of units in the managed funds, as these are input-taxed financial supplies for GST purposes. When fees and costs are shown in this section (unless otherwise stated) the net cost of GST is included. If the GST rate or arrangements change, the total amount you pay may change even though fees due to us are not increased.

### Changes to fees and maximum allowable fees

All fees can change. Reasons might include changing economic conditions or changes in regulation. Be aware that we have the right to change fees without your consent and some fees may be indexed. We would always give you at least 30 days' notice of any proposed increase to our fees, to give you enough time to reconsider your investment. Our current fees are lower than the maximum allowed in the constitutions for the managed funds.

### Ability to negotiate fees

We may negotiate reduced fees with any wholesale investor (as defined in the *Corporations Act 2001*). We may also offer discounted fees in accordance with Australian Securities and Investments Commission policy. For example, discounted fees may be offered to investors based on the total value of interests held by an investor, or on the total period of time during which an investor has held interests with us or in other financial products offered by us. This is determined by us when deciding how and to who the discounts apply. We provide a nil contribution fee to our staff and staff of related parties.

### Incidental fees

You will incur a cheque dishonour or electronic transfer failure fee. In addition an administrative fee of \$55 will apply. This is levied on your contribution amount.

### Taxes

Please see *Taxation* in the Product Disclosure Statement for a description of tax implications for investments in the trusts.

### Transaction costs and buy–sell spreads

Transaction costs are taxes, duties and other costs (such as brokerage and stamp duty) related to buying and selling assets in the managed funds. When you invest, switch or withdraw all or part of your investment, we may use what is called a buy–sell spread to recover transaction costs from you so that the remaining investors are not paying the costs of your transaction and you pay a contribution towards the transaction costs of already acquired assets.

The buy–sell spread is an adjustment to the unit price so that there is a difference between the entry and exit price for the managed investment. The buy–sell spread is an additional cost to you and is incurred when you invest, switch or withdraw. There is no buy–sell spread for reinvestment of distributions. We may vary the buy–sell spread from time to time if transaction costs change. Notice will not normally be provided, however, updated information will be provided on our website and in regular communications.

## Additional explanation of fees and costs

Buy–sell spreads for our managed funds are:

Managed fund	Buy spread	Cost to you on investment of \$5000	Sell spread	Cost to you on redemption of \$5000
Balanced	0.91%	\$46	0.33%	\$17
Smaller Companies	0.18%	\$9	0.18%	\$9
Larger Companies	0.19%	\$10	0.19%	\$10
Income	0%	\$0	0%	\$0
Property	6.81%	\$340	1.99%	\$100
International Equities	0.21%	\$11	0.21%	\$11

The buy–sell spread is retained within the managed fund. It is not a fee paid to us. The imposition of a buy–sell spread is built into the unit price and therefore will not appear on your statement.

### Property Trust fees

The following fees are applicable only to investments in the Property Trust.

Type of fee or cost	Amount	How and when paid
<b>Management costs - the fees and costs for managing your investment</b>		
<i>Administration and investment management fee</i>	1.28% per annum	Valuation occurs monthly. This fee is taken into account during valuation through deduction from the assets of the managed fund.
<b>Plus</b>		
<i>Expense recovery</i>	0.8%–0.95% per annum	The Property Trust does not have an expense recovery history. This is an estimated amount and may vary. This fee is taken into account during valuation through deduction from the assets of the managed fund.
<i>Performance fee:</i> The fee charged by us if the performance of the Property Trust exceeds its benchmark.	20.5% of the outperformance of the trust over its benchmark. It is calculated by multiplying the gross asset value of the trust at the end of a financial year by 20.5% of the difference between the trust's total return for that financial year and the benchmark. The total performance fee cannot exceed 1% of the gross asset value of the Trust determined as at the end of the financial year. Any underperformance in a previous period must be recovered before we can charge a performance fee in the current period. The total return takes into account ongoing management fees and trust expenses and is calculated as if distributions of income have been reinvested. The benchmark is the annual Australian Consumer Price Index (excluding volatile items) plus 3%.	This fee is taken into account during valuation through deduction from the assets of the trust. The Property Trust is valued monthly.  Example: assume that the benchmark return for a year was 8%. The performance of the trust over the same period was 10%. The gross asset value of the trust at the end of the year is \$40 million.  The outperformance for the period is 2% (10% minus 8%). The performance fee is then 20.5% of 2% = 0.41%. Applying this to the trust's gross assets the performance fee payable to us is 0.41% of \$40 million or \$164,000.

## Additional explanation of fees and costs

<b>Other Property Trust fees</b>		
<p><i>Acquisition fee:</i> The fee charged by us when property is acquired for the Property Trust. It covers our work in identifying, negotiating and settling of property transactions.</p>	<p>2.05% of the acquisition value of the property acquired. For example if the trust acquires a property with a value of \$1,000,000, we will charge the trust a fee of \$20,500.</p>	<p>This fee is taken into account during valuation through deduction from the assets of the trust. It would apply to the next valuation following an acquisition. The Property Trust is valued monthly.</p>
<p><i>Asset disposal fee:</i> The fee charged by us when a property owned by the property trust is sold. It covers our work in disposing of a property.</p>	<p>2.05% of the net proceeds of disposal of trust property.</p>	<p>This fee is taken into account during valuation through deduction from the assets of the trust. It would apply to the next valuation following a disposal. The Property Trust is valued monthly.</p>
<p><i>Transfer fee:</i> The fee charged by us on a transfer of units in the trust.</p>	<p>0.5% of the consideration payable on the transfer of units or \$102.50 (whichever is greater).  For example, if there is a \$50,000 transfer which we have facilitated, the transferor and transferee will be charged \$256.25.</p>	<p>This fee is charged to both the transferor and transferee at the time we register a transfer of units in the trust. The fee will be charged where we have facilitated the transfer.</p>
<p><i>Retirement or removal fee:</i> The fee charged by us if we retire or are removed as responsible entity for the trust.</p>	<p>Equal to the administration and management fee charged by us over the 12 months prior to the retirement or removal.</p>	<p>This fee is taken into account during valuation through deduction from the assets of the trust. It would apply to the next valuation following our retirement or removal. The Property Trust is valued monthly.</p>

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## Important information



This section contains:  
About this PDS  
Getting advice  
Privacy  
Cooling-off  
Unit price calculation  
Enquiries and complaints  
Financial crimes monitoring  
Consents  
Financial services guide  
Contacts  
Transacting with us

## Important information

### About this Short Form Product Disclosure Statement

This document is a Short Form Product Disclosure Statement ('Short Form PDS'). It is a summary of the longer Product Disclosure Statement ('PDS') that provides more information about the managed funds. You should read this Short Form PDS and the PDS before deciding whether to make an investment.

This Short Form PDS and the PDS will help you:

- decide whether the **australianethical** managed funds will meet your needs
- compare the managed funds with other investments you may be considering.

You can obtain a copy of the Short Form PDS and the longer PDS free of charge by: downloading it from our website, [www.australianethical.com.au](http://www.australianethical.com.au), contacting us on 1800 021 227 or emailing us at [trustadmin@australianethical.com.au](mailto:trustadmin@australianethical.com.au).

If you print an electronic copy of either of these documents, under law you should print all pages, including the application forms. If you provide the Short Form PDS or PDS to another person, you will need to give them the entire electronic file or print out, including the application form. If you print the file, we encourage you to use recycled paper. You should keep a copy of the documents for your records.

We may change any of the terms and conditions in this Short Form PDS and PDS. If the change is an increase in fees and charges, we will give 30 days' notice of the change. Notification of other significant changes that are either adverse or potentially adverse; or material to an investor, will be given before the change is made. If there is a material alteration of the information contained in this Short Form PDS and the PDS we will amend or withdraw them.

All monetary amounts are references to Australian dollars. The offer made in this Short Form PDS and PDS is available only to persons receiving this statement in Australia and in New Zealand. The offer is available in New Zealand only to people who have received a New Zealand Investment Statement.

### Getting advice

The information contained in this Short Form PDS is general information only. It does not take into account your individual objectives, financial situation or needs. If you want advice that takes into account your specific financial needs and objectives, you should contact a person or organisation licensed to provide personal advice. You should refer to the PDS, and or seek professional advice if you do not understand any aspect of this product.

### Privacy and keeping your investment secure

We are committed to protecting your privacy and endeavor to keep your investments secure. In order to keep your personal information safe we will only use that information where necessary to:

- administer your investment
- provide information to you
- conduct market research and analysis
- develop products
- meet regulatory obligations.

To help keep your investment secure we ask that you keep us informed of any changes to your details including your:

- postal address
- bank accounts for withdrawal and income payments
- phone numbers and email address
- adviser.

A full version of our privacy policy is available on our website.

### Cooling-off

To help ensure you are happy with your investment decision you have a 14-day cooling-off period. You will need to tell us in writing if you change your mind. The 14- day period starts on the earlier of either when you receive confirmation that you are invested or five business days after units are issued to you.

The contribution fee applied to your investment will be refunded. The amount of investment repaid will be adjusted to take into account the increase or decrease in the value of the investment at the date we receive the notification, as well as any transaction costs and/or reasonable administrative fees.

### Unit price calculation

Investors are issued units. Each of the managed funds have their own unit price. The unit price is calculated by dividing net assets by the total number of units on issue. For example, if \$1,000,000 of net assets are held and there are 1,000,000 units on issue, then the unit price would be \$1.00. For our funds that are valued daily the close of business unit price will be used for applications or withdrawal requests received before or at 3pm Canberra time on a business day. Applications will only be processed if accompanied by payment. More information on unit prices is available via our website or by contacting us.

### Enquiries and complaints

We welcome comments. If you have an enquiry or complaint please phone 1800 021 227 or write to us at

## Important information

trustadmin@australianethical.com.au. We aim to resolve your concerns at the time of your call. If this is not possible we will acknowledge your complaint within five working days and will investigate, properly consider and decide on the action to take and communicate this to you within 21 business days. If you are not satisfied with our response to your complaint, you can contact the Financial Ombudsman Service Limited on: 1300 780 808 or www.fos.org.au.

### Financial crimes monitoring

As part of our compliance with anti-money laundering and counter terrorist financing legislation we may:

- need to verify your identity
- refuse or delay transactions
- from time to time require additional information from you to enable a transaction to proceed.

Under the legislation we are required to disclose information about suspicious transactions to regulatory and/or law enforcement agencies. You must not initiate, engage in or effect a transaction that may be in breach of Australian law, or the law of any other country.

### Consents

The Centre for Australian Ethical Research Pty Ltd (CAER) Thomas Davis & Co and Registries Limited have given written consent to the inclusion of information referable to them in the form and context in which it is included and have not withdrawn this consent before the issue of this statement. In particular CAER has given written consent to the inclusion of information regarding advocacy processes and Thomas Davis and Co as the auditor for the managed funds. None of CAER, Thomas Davis & Co or Registries Limited take responsibility for any part of this Short Form PDS nor have they authorised or caused the issue of this Short Form PDS.

### The auditor

The appointment and removal of auditors is regulated by the law. The current auditor of the managed funds is Thomas Davis & Co.

### More information contained in the PDS

More information about **australianethical** and its products is contained in the Product Disclosure Statement. Details about the following are available in the Product Disclosure Statement:

- discretion to accept or reject applications
- joint accounts
- powers of attorney
- investment for children
- transfers and transmission
- unit pricing discretion
- reporting requirements of the managed funds
- borrowing
- valuation
- commencement and duration of the managed funds
- managing the funds in accordance with their constitutions
- rights of unitholders
- liabilities of unitholders
- dealings by the responsible entity and interests of directors and others
- consents
- taxation
- update of information that is not materially adverse
- the right of the responsible entity to redeem your investment
- changes to asset allocations
- applicability of stamp duties legislation to the Property Trust
- performance and portfolio information.

## Financial services guide

This guide is dated 1 October 2009

AUSTRALIAN ETHICAL INVESTMENT LTD,  
ABN 47 003 188 930, AFSL No 229949.

This guide contains important information about:

- the services we offer you
- how we are paid
- our internal and external dispute resolution procedures.

We are able to provide you with advice about our products. In most circumstances we will provide you with general advice, that is information and advice about our financial products that does not take your personal circumstances into account. In limited circumstances we may offer you personal advice; this advice may take into account your personal objectives, financial situation or needs. In the event we give you personal advice, you will also receive a statement of advice (SoA) from us. The SoA will contain the advice, the basis on which we give it and, if applicable, information about anything that may have influenced us giving you that advice.

If you choose to invest in one of our products, you need to consider the information in the relevant Product Disclosure Statement (PDS) in order to make an informed decision. To invest in our products, you must complete an application form from the current PDS. Please contact us for a copy.

### Who is responsible for the financial services provided to me?

Australian Ethical Investment Ltd ('Australian Ethical') is responsible to you for any advice it provides about financial products, including the Australian Ethical Trusts and the Australian Ethical Retail Superannuation Fund. Australian Ethical is also responsible to you for offering and issuing any interests in the Australian Ethical Trusts.

Please note that the offer of interests in the Australian Ethical Retail Superannuation Fund (SFN 4794/449/82, Registration Number R1004731) is by arrangement with our subsidiary and trustee of the Fund, Australian Ethical Superannuation Pty Ltd (ABN 43 079 259 733, RSEL L0001441). Aside from its duties as Trustee, Australian Ethical Superannuation Pty Ltd is only responsible for the issue of interests in the fund to you. The trustee of the fund has engaged Pillar Administration to provide administration services for the fund. Pillar will provide a separate financial services guide to you.

We do not act as a representative of any other licensee in relation to the advice or products we may provide to you.

### What financial services and products do we offer to you?

Australian Ethical is authorised to provide financial product advice, deal in financial products, and operate

the Australian Ethical Trusts. We are also authorised to give you advice about superannuation and to offer interests in the fund. The Australian Ethical Trusts are listed below.

You may receive advice from us when you visit our website, make a telephone enquiry or attend one of our seminars. Our advice will be limited to our financial products unless we are addressing the general subject of ethical investment.

Advice that considers your personal objectives, financial situation or needs will only be given in limited circumstances and you may wish to consult an accredited adviser before making an investment decision.

Any advice you receive from us will be given by one of our employees. Any advice you receive about our financial products from elsewhere is provided independently of Australian Ethical.

### How are we paid for our services?

If you invest in a product we offer, you will pay fees in relation to your investment in that product. You will not pay additional fees for any advice you obtain from us. You will find details of our fees and any other charges which may be applicable to your investment in the relevant PDS. Please contact us if you require a copy of our PDS or if you would like further information about fees. You can also obtain this information from our website at [www.australianethical.com.au](http://www.australianethical.com.au).

### How are any commissions, fees or other charges calculated?

Your adviser should provide you with a SoA setting out the fees and commissions you may pay to them for the advice you receive from them. You will find information regarding the payment of your adviser in the PDS.

### Will anyone be paid for referring me to you?

Our employees receive a salary. Any bonuses or other benefits that employees receive are not tied to any advice they give you, even if you invest with us. Other than in respect of a commission for a financial adviser that you retain, we do not pay commissions or provide benefits to any third parties because they have referred you to us. In some cases we pay an annual product access payment to have our products included on a platform. Platforms include investor-directed portfolio services, wrap accounts and master trusts.

### Professional indemnity insurance

We have professional indemnity insurance in place. In accordance with the policy terms and conditions this insurance covers the actions of our staff and representatives in dealing with you. It will cover the

actions of our staff and representatives even where those people later leave the company's employment. The policy is required to be renewed annually.

### What information do you maintain in my file and can I examine my file?

All client information and correspondence is recorded and maintained. We are committed to the privacy standards set out in the *Privacy Act 1988* (Cth) for the security and use of your personal information. The statement of our privacy policy is available on our website. If you wish to examine your file, please ask us and we will make arrangements for you to do so.

### Who can I complain to if I have a complaint about the provision of the financial services to me?

We welcome feedback of any kind. If you have a comment, enquiry or complaint about any of the services we provide you, please telephone, email or write to us. We have procedures in place to ensure that your correspondence is properly considered and dealt with in a timely way.

If you are not satisfied with the way in which we handle a complaint, you may lodge a written complaint with the Financial Ombudsman Service. This is an external dispute resolution scheme. Please contact us if you would like a brochure about this service or you can contact them directly by calling 1300 780 808.

The Australian Securities and Investments Commission has an information line on 1300 300 630, which you may use to obtain further information about your rights. If you have any further questions about the financial services provided by **australianethical**, please contact us on 1800 021 227. Retain this document for your reference and any future dealings with Australian Ethical.

### Responsible entity

- Australian Ethical Investment Ltd  
(ABN 47 003 188 930, AFSL 229949)  
GPO Box 2435  
Canberra ACT 2601
- 1800 021 227
- [trustadmin@australianethical.com.au](mailto:trustadmin@australianethical.com.au)
- [www.australianethical.com.au](http://www.australianethical.com.au)

### The Australian Ethical Investment Ltd managed funds are:

- Australian Ethical Balanced Trust (AEBT)  
ARSN 089 919 255
- Australian Ethical Smaller Companies Trust (AEST)  
ARSN 089 919 175
- Australian Ethical Larger Companies Trust (AELT)  
ARSN 089 919 166
- Australian Ethical Income Trust (AEIT)  
ARSN 089 919 120
- Australian Ethical International Equities Trust (AEIET)  
ARSN 124 861 338
- Australian Ethical Property Trust (AEPT)  
ARSN 138 276 623

## Transacting with us

The table below specifies acceptable methods for communicating your instructions to us across a range of transactions.

TRANSACTION TYPE	ACCEPTABLE METHOD OF COMMUNICATION					RELEVANT FORMS AND INFORMATION
	Investor Serve	Phone	Fax	Email	Post (original document)	
<b>Investments</b>						
Starting investment	✗	✗	✗	✗	✓	See <i>Starting your investment</i> , page 26, and the application form, page 43.
Additional investments	✓ Amend Regular Investor Plans	✗	✗	✗	✓ or BPAY	See <i>Make additional investments</i> , page 27.
<b>Withdrawal</b>	✗	✗	✓	✓ With signed scanned form or letter	✓	See <i>How to withdraw your investment</i> , page 27, and the withdrawal form available on our website.
<b>Change of details</b>						
Change of address and contact details	✓	✓	✓	✓	✓	
Change of bank account for payment of income or withdrawals	✓	✗	✓	✓	✓	See <i>Income choice</i> , page 27.
<b>Switches</b>	✗	✗	✓	✓	✓	See <i>Switching an investment</i> , page 27, and the switching form, available on our website.
<b>Income payments</b>						
Change to income payment instructions	✓	✗	✓	✓	✓	See <i>Income choice</i> , page 27.
<b>Transfers</b>	✗	✗	✗	✗	✓	Contact us.
<b>Transmissions</b> (deceased estate)	✗	✗	✗	✗	✓	Contact us.

Terms and conditions apply where you deal with us over the phone, by email or by fax. Details of the terms and conditions are in the Product Disclosure Statement.

## Contact us

australian**ethical** Investment Ltd

Phone 1800 021 227

Fax 02 6201 1987

Email [trustadmin@australianethical.com.au](mailto:trustadmin@australianethical.com.au)

Website [www.australianethical.com.au](http://www.australianethical.com.au)

Online access to your investment details

[www.investorserve.com.au](http://www.investorserve.com.au)

# Forms

This section contains:  
Identification requirements  
Application form  
Declaration



## Identification requirements

As a requirement of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF legislation), we need to confirm your identity before you become an investor with us. You will need to complete the relevant sections of the application form and provide the following certified identification information to us.

### Individual investor identification

#### Primary identification

Individual investors will need to send us a certified copy of either your:

- current driver's licence
- current Australian passport or one that has expired within two years, or
- formally issued identification containing your name, photograph and signature.

#### Other identification options

If you don't have any of the documents listed above, or don't wish to provide them, you can provide:

- a certified copy of either your birth certificate, pension card or citizenship certificate, and
- an original or certified copy of a rates, utilities, government benefits or an Australian Taxation Office notice, containing your name.

People who can certify your identification documents include:

- a permanent employee of Australia Post who has two or more years of continuous service
- an officer of a financial institution, such as a bank, who has two or more years of continuous service
- a chartered accountant who is a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with two or more years continuous membership
- a legal practitioner (such as a solicitor) who is enrolled on the roll of the Supreme Court of a state or territory, or the High Court of Australia
- a Justice of the Peace
- a police officer.

### Investing through a financial adviser

Under the AML/CTF legislation your financial adviser can verify your identity and provide this documentation to us. You will need to provide the relevant identification documentation to your adviser which can then be sent on to us.

### Company, partnership, trusts and self-managed superannuation identification

The AML/CTF legislation requires us to verify certain information regarding companies, partnerships, trusts and self-managed superannuation funds. Australian Ethical does this by searching these details using the ASIC search register available on their website or using ABNLookup on [www.abr.business.gov.au](http://www.abr.business.gov.au). We may however need to contact you for additional information if necessary.

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# APPLICATION FORM (STARTING AND ADDITIONAL INVESTMENTS)

# A

## INSTRUCTIONS

Investor number (existing investors)

Please use BLOCK LETTERS and BLACK PEN.  
New investors go to section 1, existing investors go to section 3.

## SECTION 1 – RESIDENTIAL OR BUSINESS ADDRESS (must be completed, may not be a PO Box)

Preferred postal and other contact details may be supplied at section 4.

Unit	<input type="text"/>	Street number	<input type="text"/>
Street name	<input type="text"/>		
Suburb	<input type="text"/>	State	<input type="text"/>
Postcode	<input type="text"/>	Country	<input type="text"/>

## SECTION 2 – INVESTOR(S) DETAILS (NEW INVESTORS)

Please tick one box to indicate what type of investor you are and go to the relevant section:

**A** Individual/sole trader    
  **B** Self-managed superannuation fund    
  **C** Company  
 **D** Partnership    
  **E** Trusts

### A Individual/Sole trader

Title	<input type="text"/>	Surname	<input type="text"/>	DOB	<input type="text"/>
Given name(s)	<input type="text"/>				
Business name (for sole trader)	<input type="text"/>	TFN or ABN	<input type="text"/>	<b>Go to section 3</b>	

### B Self-managed superannuation fund

Legal name of fund	<input type="text"/>				
ABN	<input type="text"/>	TFN	<input type="text"/>	<b>Go to section 3</b>	
Name of trustee(s)	<input type="text"/>				
Please attach details of any other Trustees					

### C Company

Full name of company/corporate trustee (as registered with ASIC)

ACN	<input type="text"/>	TFN or ABN	<input type="text"/>
AFSL (if applicable)	<input type="text"/>		
Full name of director	<input type="text"/>		
Full name of director	<input type="text"/>		

Please attach details of any other directors

### Shareholder details for proprietary companies

Provide details for all shareholders who own 25% or more of the issued capital of the company (through one or more shareholdings). Please attach detail of additional shareholders if necessary.

Name	<input type="text"/>				
Street	<input type="text"/>	Suburb	<input type="text"/>		
State	<input type="text"/>	Postcode	<input type="text"/>	Country	<input type="text"/>
Name	<input type="text"/>				
Street	<input type="text"/>	Suburb	<input type="text"/>		
State	<input type="text"/>	Postcode	<input type="text"/>	Country	<input type="text"/>

**Go to section 3**



## SECTION 3 – ELECTRONIC INVESTOR AGREEMENT

By crossing the box below and providing us with your email address you are agreeing to become an electronic investor and will have access to our discounted fees (see *Fees and other costs* for more information). This means that you agree to:

- make your investments electronically via BPAY or direct debit
- have income payments (if not re-invested) deposited into your bank or credit union account electronically
- have documents such as your annual statements emailed to you.

To be an electronic investor it is important that you let us know whenever your email address changes.

I/ we authorise Australian Ethical to treat me as an electronic investor.

Email

@

## SECTION 4 – PREFERRED CONTACT DETAILS

Unit  Street number  PO Box

Street name

Suburb  State

Postcode  Country

Phone  Phone (business hours)

Mobile  Fax

## SECTION 5 – FUNDING YOUR INVESTMENT

### Electronic investors

- BPAY (go to 5A)
- Regular Investor Plan (go to 5C)

### Standard (non-electronic) investors

- BPAY (go to 5A)
- Cheque (go to 5B)
- Regular Investor Plan (go to 5C)

### A BPAY: online payment



Complete this form. Your BPAY reference number will be posted to you. You will then need to make your BPAY payment. Existing investors can make additional investments using BPAY without completing this form.

### B Cheque

Make cheque payable to 'Australian Ethical Applications on Trust.' Australian dollars only.

### C Regular Investor Plan: regular monthly payments

Complete Section 7.

## SECTION 6 – INVESTMENT INSTRUCTIONS (STARTING AND ADDITIONAL INVESTMENTS)

Refer to page 26 for minimum investment amounts.

Australian Ethical Trusts	Investment amount	Australian Ethical Trusts	Investment amount
Balanced Trust	\$ <input type="text"/>	International Equities Trust	\$ <input type="text"/>
Smaller Companies Trust	\$ <input type="text"/>	Property Trust	\$ <input type="text"/>
Larger Companies Trust	\$ <input type="text"/>		
Income Trust	\$ <input type="text"/>		

## SECTION 7 – REGULAR INVESTOR PLAN

Australian Ethical Trusts Monthly regular investment (\$100 minimum) per trust

Balanced Trust	\$						
Smaller Companies Trust	\$						
Larger Companies Trust	\$						
Income Trust	\$						
Total		\$					

Provide the details of the Australian bank or credit union account from which you authorise us to debit on-going regular investor payments.

Account name

Account number  BSB  Bank

### Regular monthly investment

Nominate the month you wish your Regular Investor Plan to start

The first debit will occur between the 15th and 20th of the month and at monthly intervals after that.

## SECTION 8 – PAYMENT OF INCOME

### Payment of income

To have your investment income re-invested as additional units select 'Re-invest'. To have your investment income paid into your bank or credit union account select 'Direct deposit'.

Australian Ethical Trusts	Re-invest	Direct deposit
Balanced Trust	<input type="checkbox"/>	<input type="checkbox"/>
Smaller Companies Trust	<input type="checkbox"/>	<input type="checkbox"/>
Larger Companies Trust	<input type="checkbox"/>	<input type="checkbox"/>
Income Trust	<input type="checkbox"/>	<input type="checkbox"/>
International Equities Trust	<input type="checkbox"/>	<input type="checkbox"/>
Property Trust	<input type="checkbox"/>	<input type="checkbox"/>

Provide the details of the Australian bank or credit union account where you would like your income paid.

Account name

Account number  BSB  Bank

## SECTION 9 – HOW DID YOU HEAR ABOUT US

<input type="checkbox"/> Family or friend	<input type="checkbox"/> Magazine	<input type="text"/>
<input type="checkbox"/> <b>australianethical</b> newsletter	<input type="checkbox"/> Internet site	<input type="text"/>
<input type="checkbox"/> Adviser or accountant	<input type="checkbox"/> Other	<input type="text"/>

## SECTION 10 – DECLARATION

By completing the application form I declare that:

**My application is lawful because**

- All the details I have provided for this application are true and correct.
- I received and accepted this offer in Australia or New Zealand.
- If I received and accepted this offer in New Zealand, I have received and obtained a copy of the New Zealand Investment Statement.

**I have made an informed decision because**

- I have read the Short Form PDS to which this application applies.
- If I have received the Short Form PDS from the internet or by

other electronic means, I have received the entire document.

**I am responsible for my decision to make this application and**

- I acknowledge that no representation has been made to me by or on behalf of Australian Ethical other than those contained in the PDS or the Short Form PDS to which this application form is attached.
- I am not making this application because of an unsolicited meeting with or phone call from another person.

**I am aware that Australian Ethical Investment will have records of my personal information and**

- I consent to my information being used and/or disclosed as stated on page 38 of this Short Form PDS.

## SECTION 10 – DECLARATION (continued)

- The details of my investments including any information I provide can be given to the dealer group or adviser I have indicated on the application form, until I notify you otherwise.

### Payments to my nominated financial adviser

- If this application is made through a financial adviser, I hereby authorise the adviser to be paid the remuneration or commission indicated on the application or switch form until I give you further notice.
- If this application is made through a financial adviser, and I have authorised the adviser to receive payment by way of an ongoing adviser service fee, I understand this fee will be deducted from my investment.

### I am authorised to sign this application form because

- If signing on behalf of a company, I am an authorised person for the company.
- If I am investing as a trustee on behalf of a superannuation fund or trust, I confirm that I am acting in accordance with the authority and powers designated to me under the trust deed. If I am investing on behalf of a superannuation fund, I also confirm that the fund is a complying fund under the Superannuation Industry (Supervision) Act.
- If this application is signed by me under a power of attorney, I declare that I have not received notice of revocation of that power and I hereby supply a certified copy of the power of attorney.

I have read all the terms and conditions contained in this Short Form PDS or in the Product Disclosure Statement and, in particular

- I agree to the offer contained in this Short Form PDS or PDS and to be bound by the provisions of the constitution governing the trust.
- I understand that Australian Ethical has the right to reject any applications, switches or regular contributions.
- I have read and understood the terms and conditions for the use of phone, email and fax in the PDS and release and indemnify Australian Ethical against any liabilities whatsoever arising out of Australian Ethical acting on any communications received by phone, email or fax.
- I understand the nature of risk attached to the investments I am applying for and acknowledge that neither Australian Ethical, nor custodians, nor the constitution of a trust guarantees a return of capital or the performance of my investment.

### For any additional amounts invested into my unitholding

- I agree that before making an additional investment into an Australian Ethical trust I will obtain the current version of the Short Form PDS or PDS. I will do this either by downloading the most up to date Short Form PDS or PDS from the Australian Ethical website or by contacting Australian Ethical and requesting a copy.

### Direct debit acknowledgement

- If I have selected to join the Regular Investor Plan I acknowledge having read and understood the terms and conditions governing the debit arrangements between me and Australian Ethical as set out in this application and in the direct debit request service agreement.

## SECTION 11 – SIGNATURES

I have read, understood and agree to the above declaration.

Signature

Date

Signature

Date

**Send to: Australian Ethical Investment  
c/o Registries Limited GPO Box 3993, Sydney NSW 2001**

This application form is for investment in the Australian Ethical managed funds and must not be circulated or distributed uncompleted unless accompanied by a copy of this Short Form PDS, dated 1 October 2009 which contains information relevant to investing in the managed funds. You can download a PDS at [www.australianethical.com.au](http://www.australianethical.com.au).

## SECTION 12 – ADVISER INFORMATION (to be completed by the investment adviser, if applicable)

If you use a financial adviser, please have them sign and stamp this section. By stamping this application the financial adviser is confirming that they hold a current AFS Licence and are authorised to deal in and/or advise on managed investment products. Some financial advisers may rebate their normal upfront commission to investors although they are under no obligation to do so.

Adviser details		Adviser commission							
Address	<input type="text"/>	Fill in commission % to be paid to adviser							
Phone		Up-front commission (exclusive of GST)	Balanced Trust	Smaller Companies Trust	Larger Companies Trust	Income Trust	International Equities Trust	Property Trust	
Fax		Max.	Max.	Max.	Max.	Max.	Max.	NA	
Dealer group		3.6%	3.6%	3.6%	0.5%	3.6%			
Email		Adviser service fee (annual % of total investment): Maximum 1% pa							NA
		Adviser name		<input type="text"/>					
		Adviser signature		<input type="text"/>					

Dealers or advisers stamping and/or signing this document do so on the understanding that Australian Ethical has no agency relationship with any broker or adviser and that no broker or adviser acts under Australian Ethical's authority.

## SECTION 13 – DIRECT DEBIT REQUEST SERVICE AGREEMENT

## Definitions

- account means the account held at your financial institution from which we are authorised to arrange for funds to be debited
- agreement means this Direct Debit Request Service Agreement between you and us
- banking day means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia
- debit day means the day that payment by you to us is due.
- debit payment means a particular transaction where a debit is made
- direct debit request means the Direct Debit Request between us and you
- us or we means Australian Ethical Investment Ltd (the Debit User) you have authorised by requesting a Direct Debit Request
- you means the customer who has signed or authorised by other means the Direct Debit Request
- your financial institution means the financial institution nominated by you on the Direct Debit Request at which the account is maintained.

## 1. Debiting your account

1.1 By signing a Direct Debit Request or by providing us with a valid instruction, you have authorised us to arrange for funds to be debited from your account. You should refer to the Direct Debit Request and this agreement for the terms of the arrangement between us and you.

1.2 We will only arrange for funds to be debited from your account as authorised in the Direct Debit Request.

1.3 If the debit day falls on a day that is not a banking day, we may direct your financial institution to debit your account on the following banking day. If you are unsure about which day your account has or will be debited you should ask your financial institution.

## 2. Changes by us

2.1 We may vary any details of this agreement or a Direct Debit Request at any time by giving you at least fourteen (14) days written notice.

## 3. Changes by you

3.1 You may change, stop or defer a debit payment, or terminate this agreement by providing us with at least fourteen (14 day's) notification by writing to:

Australian Ethical Investment c/o Registries Limited  
GPO Box 3993  
Sydney NSW 2001

or  
phone us on 1800 021 227 during business hours  
or  
arranging it through your own financial institution.

## 4. Your obligations

4.1 It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the Direct Debit Request.

4.2 If there are insufficient clear funds in your account to meet a debit payment:

- you may be charged a fee and/or interest by your financial institution
- you may also incur fees or charges imposed or incurred by us
- you must arrange for the debit payment to be made by another

method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.

4.3 You should check your account statement to verify that the amounts debited from your account are correct.

4.4 If Australian Ethical Investment Ltd is liable to pay goods and services tax ("GST") on a supply made in connection with this agreement, then you agree to pay Australian Ethical Investment Ltd on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

## 5. Dispute

5.1 If you believe that there has been an error in debiting your account, you should notify us directly on 1800 021 227 and confirm that notice in writing with us as soon as possible so that we can resolve your query more quickly. Alternatively you can take it up with your financial institution direct.

5.2 If we conclude as a result of our investigations that your account has been incorrectly debited we will respond to your query by arranging for your financial institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your account has been adjusted.

5.3 If we conclude as a result of our investigations that your account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding in writing.

## 6. Accounts

You should check:

(a) with your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions

(b) your account details which you have provided to us are correct by checking them against a recent account statement

(c) with your financial institution before completing the Direct Debit Request if you have any queries about how to complete the Direct Debit Request.

## 7. Confidentiality

We will keep any information (including your account details) in your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.

7.2 We will only disclose information that we have about you:

- to the extent specifically required by law, or
- for the purposes of this agreement (including disclosing information in connection with any query or claim).

## 8. Notice

8.1 If you wish to notify us in writing about anything relating to this agreement, you should write to:

Australian Ethical Investment c/o Registries Limited  
GPO Box 3993  
Sydney NSW 2001

8.2 We will notify you by sending a notice in the ordinary post to the address you have given us in the Direct Debit Request.

8.3 Any notice will be deemed to have been received on the third banking day after posting.



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[www.australianethical.com.au](http://www.australianethical.com.au) | 1800 021 227 |