



**Ethical
Diversified
Fund
Information
Document**

The Information Document for the Uniting Financial Services Ethical Diversified Fund ABN 30 182 829 298 (**"Fund"**) is dated 13 January 2017 and is issued by The Uniting Church (NSW) Trust Association Limited ACN 000 022 480 (**"UCTAL"** or **"Trustee"**). The Information Document for the Fund has not been, and is not required to be, issued in the form of a product disclosure statement or lodged with the Australian Securities and Investments Commission (**"ASIC"**) under the Corporations Act (**"Act"**). The Fund has not been, and is not required to be, registered as a managed investment scheme under the Act.

Neither the Fund, any interest in the Fund, the Trustee, this document or any offer contained in this document or in relation to the Fund has been approved or examined by ASIC.

Investments are designed for investors who wish to promote religious and charitable purposes and for whom profit considerations are not of primary importance in their decision to invest. The Fund is available only to wholesale/sophisticated investors. The Fund will only accept investments from 1 February, 2017. If this Information Document is received in error please return to the Trustee address on page 15 of this document.

Contents

1. About Uniting Financial Services (UFS)	4
2. How the Fund Works	4
3. Benefits of Investing in the Fund	7
4. Risks of Managed Investment Schemes	8
5. How will Funds be Invested?	9
6. Fees and Costs	11
7. Investor Rights and Responsibilities	13
8. How to Apply	14
9. Additional Information	14
Contacting UFS	15

Important Note

This Information Document is issued by The Uniting Church (NSW) Trust Association Limited ACN 000 022 480 ("UCTAL" or "Trustee") as Responsible Entity of the Uniting Financial Services Ethical Diversified Fund ABN 30 182 829 298 ("Fund") and has not been, and is not required to be, lodged with ASIC (and ASIC takes no responsibility for the contents of this document or for the investments offered herein). Neither the Fund, any interest in the Fund, the Trustee, this document or any offer contained in this document or in relation to the Fund has been approved or examined by ASIC.

The information in this document is believed by the Trustee to be correct, but no warranty is made with respect to its completeness or accuracy. Subject to any law to the contrary, and to the maximum extent permitted by law, neither UCTAL, nor its agents, directors, officers, employees or advisers accept any liability (whether arising in contract, tort, or negligence or otherwise) for loss or damage suffered (whether direct, indirect, consequential, foreseeable or not foreseeable) as a result of reliance by the reader or any investor or prospective investor on any statements, opinions or data contained in the Information Document, or any supplementary information provided by the Trustee.

This Information Document may not contain all the information that a prospective unitholder or their advisers may expect or reasonably require in order to make an informed decision as to whether to subscribe for units in the Fund. This Information Document is not a recommendation to invest in the Fund and prospective unitholders should rely upon their own enquiries and professional advice in deciding whether to invest.

This Information Document is not a product disclosure statement and is not subject to the specific requirements under the Act for product disclosure statements. Accordingly, the Trustee has not conducted detailed due diligence enquiries usually associated with a product disclosure statement.

None of UCTAL, its officers, directors, employees or agents (including investment managers) make any representation or give any guarantee as to the future performance or success of, the rate of income or capital return from, the recovery of money invested in, or the income tax or other taxation consequences of, any investment in the Fund, whether made on the basis of this Information Document or otherwise. Past performance of any investment or class of investments may not be a reliable guide to future performance that investment or class of investments.

UCTAL does not accept any responsibility to inform any unitholder or prospective unitholder of any matter (including, without limitation, any error or omission) arising or coming to its attention after the issue of this Information Document, which may affect any matter referred to in this Information Document.

1. About Uniting Financial Services (UFS)

Uniting Financial Services (UFS) is the trading name of the Trustee which is the investment manager for the Fund. Being one of the pioneers of ethical investing in Australia, UFS has attracted some of Australia's most experienced ethical investment managers to its ranks at both management and governance level.

For more than 80 years UFS has been providing income to The Uniting Church in Australia's Synod of NSW and the ACT, directly contributing to the Uniting Church's mission and service to communities in need, as well as supporting church life and congregations. Our professional and prudent approach to investing has helped us build our funds under management to around \$1.25 billion.

More information about UFS is available online at: www.unitingfinancial.com.au

2. How the Fund Works

The Fund is a managed investment scheme that provides investors with the potential for relatively stable, risk adjusted returns in excess of holding cash or short term deposits over the medium term. It aims to achieve this through investment in a portfolio that is diversified across asset classes, sources of returns (from different asset types) and investment managers. Active management of the Fund is designed to maintain a contemporary portfolio relevant to market conditions, seeking to optimise returns across the full investment cycle.

The Fund is actively managed around a core Strategic Asset Allocation, with the flexibility to change the asset class mix at any time within specified ranges. This allows the Trustee to rebalance the Fund's asset allocation mix across a range of asset classes in order to take advantage of opportunities arising from market mispricing and specific investments that deliver both strong commercial and ethical impact benefits.

The Fund's investments are selected by taking into consideration, among other things, the Ethical and Environmental, Social and Governance ("ESG") Investment Policy of the Uniting Church of Australia Synod of NSW & ACT. A copy of the Ethical and ESG Investment Policy is available from the Trustee upon request. The Trustee may also require the investment managers to take into account other restrictions when managing their mandated portfolios in accordance with the Fund's policies.

For further information about the investments or investment managers used by UFS from time to time can be found at www.unitingfinancial.com.au or by contacting the Trustee at the address on page 15.

Objective of the Fund

The Fund aims to provide income and capital gains over the long term (5 years or longer) by investing in a range of asset classes and securities: (i) that are assessed to have above average prospects of performing well over the medium to long term (3 to 5 years), and (ii) that comply with the Fund's Ethical and ESG Investment Policy. The Fund has selected multiple investment managers whose styles are aligned with this objective. These managers may include UFS as an in-house manager.

Potential Unitholders

Offers under this Information Document are made only to wholesale/sophisticated investors.

Minimum Investment

The minimum initial investment amount in the Fund is \$500,000 or such lesser amount as approved by the Trustee. It is expected that the minimum balance held in each unitholder's account will be no less than \$250,000 on an ongoing basis. Additional investments may be of any amount subject to the Trustee's discretion.

The Trustee may vary the minimum investment level (up or down) at any time.

Units and Unit Price

Each unit held in the Fund gives a unitholder a beneficial interest in the Fund as a whole. Holding a unit in the Fund does not entitle a unitholder to participate in managing or operating the Fund.

The unit price is calculated by taking the total market value of all the Fund's assets on a particular day, adjusting for any liabilities and then dividing the net asset value of the Fund by the number of units on issue on that day ("Unit Price"). The Unit Price is typically calculated as at the last business day of each month. The market value of the Fund is based on the information available at the time to the Custodian.

Applying for Units

If an application for units is accepted and cleared application monies are received by the last business day of a month, units will be issued using the issue price calculated as at the last business day of that month. The issue price is an amount equal to the Unit Price plus the buy spread of 0.20% of the Unit Price (see “Buy/Sell Spread” on page 13). The Application Form attached to this Information Document should be completed and sent with the application monies to Uniting Financial Services as directed on the application form.

Additional investment amounts may be made by completing an Additional Investment Form available from the Trustee on request.

The Trustee has complete discretion to accept or reject any application without stating a reason.

Redeeming Units

If the Trustee receives a redemption request in writing on or before the last business day of a month, the Trustee will generally process the redemption request using the redemption price calculated as at the last business day of the month three full months hence to be paid during the following month of the unit price being struck. Proceeds will normally be paid during the following month, after the applicable redemption price is struck. The Trustee may defer processing redemption requests in certain circumstances set out in the Trust Deed.

The redemption price is an amount equal to the Unit Price, less the sell spread of 0.20% of the Unit Price (see “Buy/Sell Spread” on page 13). Currently, there is no minimum redemption amount. However, if a request for redemption of units would leave a balance for that unitholder in the Fund, with a redemption value which is less than \$250,000 or such lesser amount nominated by the Trustee from time to time, the Trustee may determine to redeem all the units of the unitholder in the Fund. All redemption requests should be sent to the Fund’s Custodian as per the instructions on the redemption form.

Should a redemption request, or cumulative redemption requests, exceed 10% of the average of total Funds under Management over a three year period, the redemption payment may include both cash and other in-specie asset transfers. The Trustee will communicate with unitholders regarding market liquidity and will make all reasonable attempts to fulfil redemption requests in as

timely a manner as possible that does not negatively impact other unitholders. Consistent with the Trustee's obligation to act in the interests of all unitholders, in extraordinary circumstances, withdrawals could be restricted.

Distributions

Income is distributed to unitholders quarterly so that the taxable income of the Fund for each financial year is fully distributed as at year-end. Distributions to the unitholders will occur quarterly on or around the 15th business day after the end of March, June, September and December. Distributions will be either reinvested or paid out in accordance with the unitholder's instructions on the Application Form.

The Fund's financial report contains information about the assets and liabilities and distributions of the Fund. A copy of the financial report is available free of charge from the Trustee on request.

3. Benefits of investing in the Fund

The Fund provides investors with access to a diversified portfolio which is actively and ethically managed. It offers the potential of relatively stable, risk adjusted returns above cash. It achieves this through the use of active management of both the asset allocation and of individual asset classes, within a robust risk management framework.

Ethical management is undertaken in accordance with the Ethical and ESG Investment Policy of the Uniting Church in Australia Synod of NSW & ACT. The policy is to avoid making investments which encourage or profit from activities which create goods or services that have unacceptable harmful effects on people or the environment which cannot be avoided by prudent, practical controls. This involves both screening out certain activities that are excluded under the Ethical and ESG Investment Policy and intentionally seeking investments that have positive environmental or social impacts, while delivering returns consistent with the overall objectives of the Fund.

Risk management strategies assist the Fund by seeking to minimise investment losses in potentially adverse investment environments. Risk is managed primarily through diversification, hedging and active asset allocation and security selection. Risk management does not guarantee that losses will not occur.

Diversification is achieved through:

- constructing a portfolio made up of several different asset classes such as shares, credit, cash, fixed income, property, infrastructure and alternative assets, in both Australian and international markets; and
- management within each asset class with appropriate diversification across sectors and the number of individual exposures, limits on individual risks and cross-correlations of expected performance outcomes.

Active asset allocation involves intentionally reweighting the Fund's portfolio across the range of asset classes in order to take advantage of opportunities arising from market movements and mispricing, with the aim of maintaining a portfolio relevant to the current investment environment.

4. Risks of Managed Investment Schemes

All investments carry risk

Assets with the highest long term returns may also carry the highest level of short term risk, particularly if you do not hold your investment for the minimum suggested investment timeframe. Additionally, different investment strategies may carry different levels of risk, depending on the assets in which a fund invests.

When you invest in a managed investment scheme, you should be aware that:

- returns are not guaranteed – future returns may differ from past returns, and the level of returns may vary; and
- the value of your investment may vary, and there may be the risk of loss of invested capital if you choose to redeem units.

The value of your investment may also be affected by the Fund specific risks noted below and by other risks or external factors such as the state of the Australian and world economies, consumer confidence and changes in laws and regulations including tax laws and government policies relating to managed investment schemes.

When investing, it is important that unitholders consider their investment timeframe and their individual risk tolerance. Each unitholder should make appropriate enquiries and seek professional advice to assist them with their choice of investment.

5. Risks specific to the Fund

Risks specific to the Fund may include or be associated with:

- **share market investments** – the value of the Fund’s listed securities may decrease as a result of adverse share market movements
- **international investments** – including losses related to currency exchange rates, hedging, and changes in the state of the Australian and world economies and political environments
- **infrastructure and alternative assets** – traditional risks such as credit and liquidity risk can be magnified for alternative assets
- **liquidity** – assets subject to liquidity risk may be difficult to trade, and may take longer for their full value to be realised
- **interest rates** – capital value may fall in a rising interest rate environment
- **default by credit issuers or counterparties** – the value of assets within the Fund can change due to changes in the credit quality of the individual issuer or counterparty
- **asset allocation** – the Fund’s asset allocation strategy does not guarantee positive investment performance at all stages of the investment cycle, and
- **property investments** – factors such as the quality of underlying properties and geographic location may affect the Fund’s performance.

Active management of the Fund will seek to manage these risks to ensure that investors are rewarded through appropriate rates of investment return. We estimate that the likely number of negative annual returns to be two to three years, over any twenty year period for the UFS Ethical Diversified Fund.

6. How will funds be invested?

The Fund

The Fund invests in a portfolio of assets diversified across asset classes, sources of returns (from different asset types) and investment managers. Exposure to these assets can be through direct investment into an asset or investment in underlying funds.

The Fund is suitable for investors seeking access to a diversified fund that is actively managed to suit market conditions.

Asset allocation

The Fund's asset class allocation and ranges may vary at any stage of the investment cycle across the full allocation range and asset classes as set out in Table 1 below. Throughout the investment cycle, when necessary, the Fund's portfolio will be rebalanced with the aim of ensuring that exposure to illiquid assets is no greater than 25 % of the Fund's portfolio.

The Trustee consider assets to be illiquid where the Fund invests directly or through an underlying fund, and the withdrawal terms of that direct investment or underlying fund allows for longer processing times than the withdrawal terms of the Fund. This may apply to property, infrastructure, absolute return and alternative assets.

Table 1

Asset Class	SAA	Min/Max
Australian Equities	20%	10%-40%
International Equities	10%	0%-25%
Australian Property & Infrastructure	15%	0%-25%
Alternatives	0%	0%-10%
Total Growth	50%	
Australian Fixed Interest	15%	5%-30%
International Fixed Interest	15%	0%-30%
High Yield Credit	5%	0%-10%
Commercial Mortgages	10%	0%-15%
Cash & Short Dated Securities	5%	0%-25%
Total Income	50%	

Investment return objective

The Fund aims to provide a total return (income and capital growth) after costs and before tax, of 2%-3% pa above the official cash rate as set by the Reserve Bank of Australia (published on www.rba.gov.au), on a rolling 5 year basis.

Suggested minimum investment timeframe

5 years

7. Fees and Costs

Entry/Exit Fees

Under the Trust Deed, an entry fee of up to 5% is allowable (plus GST). However, no entry fee will apply. Entry fees may be introduced as notified by the Trustee from time to time on not less than 90 days' notice. No exit fees are payable on exiting the Fund. Refer to "Buy/Sell Spread of page 13 for other fees relevant to entry and exit.

Management Fee

Under the Trust Deed, a management fee of up to 1.20% (plus GST) per annum of the net asset value of the Fund is payable to the Trustee is allowable. However, a management fee of 1.00% (plus GST) per annum of the net asset value of the Fund will be payable to the Trustee. The management fee ceiling rate may be changed on not less than 90 days' notice by the Trustee from time to time. This fee is included in the Management Expense Ratio (explained below).

Some manager selections may include performance fees (explained below).

Expense Reimbursement

The Trust Deed provides for the Trustee to be reimbursed from the Fund for the expenses it reasonably incurs in connection with the Fund. Expense reimbursements are included in the Management Expense Ratio (explained below).

Management Expense Ratio (MER)

The MER is an expression of the amount of fees and expenses paid from the Fund as a percentage of the average annual asset value of the Fund. The MER includes all fees paid to, and expenses incurred by the Trustee, but excludes performance fees (see below) and expenses arising from abnormal events. These abnormal expenses aren't generally incurred during the day-to-day operation of the Fund and aren't necessarily incurred in any given year. They're due to abnormal events like the cost of running an investor meeting or the legal costs incurred in the changing of the Trust Deed.

Expenses incurred by the Trustee included in the MER include, but are not limited to: external unit trust or exchange traded fund MERs, external manager mandate fees, investment consultants, custody and fund administration, and accountants (such as audit and tax). The Buy/Sell spread (see below) is not included in the MER.

The Trustee will, on a best endeavours basis, manage the MER of the Fund to approximately 1% plus GST per annum. An exact MER forecast is impractical as accurate information on external unit trust or exchange traded fund MERs is not always available within the timeframe needed to determine the MER for this Fund. This may give rise to small deviations from the stated 1% plus GST target.

The MER target rate may be changed as notified by the Trustee from time to time on not less than 90 days' notice.

Performance Fees

In addition to the management fee, a performance fee may also be payable (as an investment management fee for which the Trustee is entitled to be reimbursed under the Trust Deed). This arises because some Managers selected by the Trustee may include a performance fee for outperformance. The performance fee is reflected in the unit price and paid at the relevant performance rate (inclusive of the net effect of GST).

The fee is calculated as a percentage rate of the relevant manager's outperformance above the relevant benchmark or investment target.

Further information concerning performance fees may be obtained from the Trustee.

GST

GST generally applies to the fees and expenses payable by the Fund, including the management fees and other fees payable to the Trustee.

Generally, the Fund can't claim a credit for all of the GST paid but may be entitled to claim a Reduced Input Tax Credit (RITC), which represents a portion of the GST applicable to management fees and certain other expenses.

Custodian, Accounting and Related Services

RBC Investor Services Trust ABN 75 116 809 824 ("RBC Investor Services") has been appointed as the Custodian

and Administrator of the Fund under a custody agreement dated 30 January 2017 (“Custody Agreement”) and under an investment administration agreement dated 30 January 2017 (“Investment Administration Agreement”).

RBC Investor Services’ role as Custodian is limited to holding the assets of the Fund. As Administrator, RBC Investor Services is responsible for the day-to-day administration of the Fund. RBC Investor Services has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to unitholders for any act done or omission made in accordance with the Custody and Investment Administration Agreements.

RBC Investor Services was not involved in preparing, nor takes any responsibility for this Information Document and RBC Investor Services makes no guarantee of the success of the Fund nor the repayment of capital or any particular rate of capital or income return.

RBC Investor Services Trust as the Administrator will provide accounting, securities pricing and other services under an Administrative Services Agreement entered into with the Trustee. The fees paid to RBC Investor Services Trust are included in the MER (explained on page 11).

Buy/Sell Spread

The Buy/Sell spread represents an allowance per unit for brokerage, stamp duty and other costs of acquiring and selling the underlying investments of the Fund. The allowance of 0.20% is added to the Unit Price when determining the price at which units are issued, and is subtracted from the Unit Price when determining the price at which units are redeemed. Although the Trust Deed permits a Buy/Sell spread of up to 1.20% of the Unit Price, currently, the total Buy/Sell spread is 0.40%. The Buy/Sell spread ceiling rate may be changed as notified by the Trustee from time to time on not less than 90 days’ notice.

The Buy/Sell spread is not included in the MER (explained on page 11).

8. Investor Rights and Liabilities

The Trust Deed sets out the conditions under which the Fund operates. The Trust Deed gives unitholders the right, among other things, to:

- redeem units;
- transfer units;

- receive distributions;
- participate in distributions upon the termination or winding up of the Fund; and
- call, attend or vote at meetings.

Under the Trust Deed, a unitholder has no personal liability to the Fund, its creditors or any other person (other than the potential loss of the value of their investment in the Fund), however, the courts are yet to determine an investor's liability and so no absolute assurance can be given in this regard.

9. How to Invest

Investors seeking to become unitholders are required to complete our Uniting Financial Services Ethical Diversified Fund Application Form as well as the relevant Identification and Verification Form and send these to us together with the required identification documentation. We will not be able to process your Application without a correctly completed Identification and Verification Form and the required identification documentation.

Application Payment Details of Custodian

Payments should be made by direct credit transfer to the Custodian's Bank Account, the details of which are as follows:

Electronic Transfer

Bank: ANZ Account Name: RBC ISAN Custody A/C
 BSB: 012-003 Account Number: 836975879

10. Additional Information

Changes in Investment Objective

Subject to the Trust Deed and at the discretion of the Trustee, the investment objective of the Fund referred to in this Information Document may be changed from time to time, but reasonable notice will be given to unitholders if the objective is materially changed.

Borrowings

The Fund has no borrowings, nor is it intended that the Fund should borrow in the future (other than for short term liquidity purposes). However, the Trust Deed permits borrowings of up to 30% of the value of the assets of the Fund.

Reporting

Unitholders will receive transaction confirmations for all applications and redemptions. Unitholders will receive

monthly performance reporting. Monthly, quarterly and annual unitholder statements will be sent out showing the value of their investments, together with details of applications and redemptions during the reporting period (if any). Unitholders will also receive a quarterly report setting out distribution details of the Fund. Taxation summaries, along with audited financial statements, will be sent to unitholders annually. The latest Unit Price may be obtained by contacting the Trustee (see "Contact Details Trustee" on page 15).

Auditors

KPMG are the current auditors of the Fund.

Consents

The following have consented and have not withdrawn their consent to be named in the Information Document and to the use of the statement or information about them or provided by them in the form and context in which it appears. These parties have not otherwise authorised or caused the issue of the Information Document or any statement included in it.

- RBC Investor Services Trust
- KPMG

Complaints

If a unitholder makes a complaint to the Trustee, then the Trustee will: (i) acknowledge the complaint in writing within 10 Business Days of receipt, (ii) ensure the complaint is properly investigated and provide a reasonable response to the unitholder, (iii) communicate its decision to the unitholder within 60 days of receipt of the written complaint.

IMPORTANT INFORMATION

Australia's Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) legislation obliges us to collect identification information and documentation from prospective unitholders.

Contact Details of Trustee

The Uniting Church (NSW) Trust Association Limited
Attention: Secretary Uniting Financial Services Ethical
Diversified Fund

Level 2, 222 Pitt Street

SYDNEY NSW 2000

Tel: 1300 133 673

Fax: (02) 9267 4965

Financial services are provided by The Uniting Church (NSW) Trust Association Limited ACN 000 022 480, ABN 89 725 654 978, AFSL 292186 and by The Uniting Church in Australia Property Trust (NSW) ABN 77 005 284 605 (together and separately "Uniting Financial Services"), for The Uniting Church in Australia, Synod of NSW and the ACT ("The Uniting Church"), under s.911A Corporations Act 2001 (Cth.) authorisation and pursuant to APRA Banking Exemption No. 1 of 2016 and ASIC Regulatory Guide 87 and ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 exemptions. Uniting Financial Services® is a registered trademark of The Uniting Church (NSW) Trust Association Limited and is used with permission by The Uniting Church in Australia Property Trust (NSW). Neither The Uniting Church, The Uniting Church in Australia Property Trust (NSW) nor The Uniting Church (NSW) Trust Association Limited is prudentially supervised by APRA. Therefore, an investment with or contributions will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959 (Cth.). All financial services and products are designed for investors who wish to promote the religious and charitable purposes of Uniting Financial Services and the Uniting Church and for whom profit considerations are not of primary importance in their decision to invest.

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