



Uniting Financial Services
**Ethical Australian
Equity Fund (EAEF)**
Information Document

1 September 2018

Important Note

The Information Document for the Ethical Australian Equity Fund ABN 75 525 912 809 ("Fund") is dated 1 September 2018 and is issued by The Uniting Church (NSW) Trust Association Limited ACN 000 022 480 ("Trustee" or "UCTAL"). 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 2001 ("Act").

The Fund has not been, and is not required to be, registered as a managed investment scheme under the Act and this Information Document has not been approved or examined by ASIC.

The Fund is used to support the religious and charitable purposes of UCTAL and The Uniting Church in Australia, Synod of NSW and the ACT ("Synod") as the yield on the investments made by the Fund (less costs and income payable to investors) is directed towards promoting the religious and charitable purposes of UCTAL and the Synod.

Interests in the Fund are not subject to the usual protections for investors under the Corporations Act 2001 (Cth.) and not regulated by ASIC.

The Fund is intended to attract investors whose primary purpose for making their investment to promote the religious and charitable purposes of UCTAL and the Synod and for whom profit considerations are not of primary importance in their decision to invest.

The Fund is not comparable to investments that are issued by banks, finance companies or fund managers and investors may be unable to get some or all of their money back when they expect to or at all.

The Fund is available only to wholesale/sophisticated investors as defined by the Corporations Act 2001 (Cth). If this Information Document is received in error, please return to the Trustee at Level 9, 222 Pitt Street, Sydney, New South Wales, 2000.

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Introduction

The Ethical Australian Equity Fund ABN 75 525 912 809 ("Fund") is a managed investment scheme that invests primarily in a range of companies listed on the Australian Stock Exchange. The Fund has not been registered as a managed investment scheme under the Act. It was established under a trust deed dated 18 July 2000 as amended by various amending deeds, the most recent dated 8 March 2018 ("Trust Deed"). The Fund is limited to investors who are Uniting Church entities that are tax exempt. UCTAL has been the Responsible Entity of the Fund since 3 November 2008.

The Fund's investments are currently selected by taking into consideration, among other things, the Ethical Investments Monitoring Committee's screen of investments as determined from time to time in the Ethical and ESG Investment Policy of the Synod ("Ethical Policy"). A copy of the Ethical Policy is available from www.unitingfinancial.com.au or from the Trustee upon request. The Trustee may also require the investment managers to take into account other restrictions when managing their respective portfolios (see page 8).

Important Information

It is important that you read this section before considering the balance of this Information Document.

This Information Document is issued by UCTAL as Responsible Entity ("Trustee") of the Fund and has not been, and is not required to be, lodged with the 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 Equity Fund, whether made on the basis of this Information Document or otherwise.

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.

Objective of the Fund

The Fund aims to provide income and capital gains over the long term (5 years or longer) by investing primarily in Australian listed securities that (i) 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 Policy. The Fund has selected multiple investment managers whose styles are complementary.

Offers under this Information Document are made only to wholesale/sophisticated investors as defined by the Corporations Act 2001 (Cth).

Potential Unitholders

Offers under this Information Document are made only to wholesale/sophisticated investors as defined by the Corporations Act 2001 (Cth).

Fund Performance

The Fund has been in operation since July 2000. In July 2002, Schroder Investment Management Australia Limited ("Schroders") ABN 22 000 443 274 and Perennial Investment Partners Limited ABN 59 087 901 620 were appointed as investment managers of the Fund. In December 2011, the Fund divested its allocation from Perennial Investment Partners Limited and appointed in its place UCA Funds Management Limited ABN 46 102 469 821 ("UCA"). In October 2014, UCA was replaced by Integrity Investment Management Australia Limited ABN 21 126 291 889 ('Integrity') as an investment manager. In November 2016, Schroders and Integrity were replaced by Ausbil Investment Management Limited ABN 26 076 316 473 ('Ausbil') and Pental Institutional Limited ABN 17 126 390 627 (formerly BT Investment Management) ('Pental') as investment managers. The historical performance and latest information on the Fund is available on request to the Trustee by telephone on 02 8267 4300.

Minimum Investment

The minimum initial investment amount in the Fund is \$500,000. 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.

Applying for Units & 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 dividing the net asset value of the Fund by the number of units on issue ("Unit Price"). The Unit Price is calculated as at the last business day of each month and includes income derived to date within the current quarterly distribution period and unrealised net capital gains.

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 0.30% of the Unit Price (see "Buy/Sell Spread" on page 10). The Application Form attached to this Information Document should be completed and sent with the application monies to the Trustee (see "Contact Details Trustee" on page 10).

Additional investment amounts may be made by completing an Additional Investment Form available 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 that month. The redemption price is an amount equal to the Unit Price, less the sell spread of 0.30% of the Unit Price (see “Buy/Sell Spread” on page 10). 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 \$100,000 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 Trustee (see “Contact Details Trustee” on page 13).

Although the Trust Deed allows up to 90 days for redemption, redemption proceeds are generally paid on the 15th business day after the end of the month for which the applicable redemption price is struck. The Trustee may defer processing redemption requests in certain circumstances set out in the Trust Deed.

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. As such, under present legislation, the Fund (and its unitholders, who must be tax exempt) does not pay tax. 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 on request to the Trustee by telephone on 02 8267 4300.

Investment Management

In order to meet its objective, the Trustee has currently appointed two investment managers to manage the investments of the Fund: Ausbil and Pental. Under the Trust Deed, the Trustee may engage, remove and/or replace investment managers from time to time for any purpose in the exercise of its powers and has the discretion to vary the weightings between investment managers without notice to the unitholders.

Investment Managers' Style

Ausbil

Ausbil's investment process can be broadly described as “core” or as “style indifferent”. At certain stages of the cycle, the portfolio may have a value or growth tilt as markets provide opportunities for particular types of stocks to enjoy earnings growth. Typical portfolios comprise both value and growth securities in order to achieve a high level of consistency in benchmark outperformance.

The basic premise of their philosophy is that stock prices ultimately follow earnings and earnings revisions. They believe that the market places excessive emphasis on the current situation and does not sufficiently take into account the likelihood of future changes to the earnings profile of individual companies and sectors.

Ausbil is a signatory to the United Nations Principles for Responsible Investment (UN PRI) and has a dedicated environmental, social and governance (ESG) research team who provide an in-house service. ESG research is incorporated in Ausbil's investment process. Ausbil believes that a consideration of ESG issues as developed by well-founded ESG research can identify mispriced stocks and assess a company's earnings sustainability.

Pendal Institutional Limited

Pendal Institutional Limited (Pendal) is an independent, global investment management business focused on delivering superior investment returns for our clients through active management. Pendal offers investors a range of Australian and international investment choices including shares, property securities, fixed income and cash strategies, as well as multi-asset and responsible investments.

To complement its in-house expertise, Pendal also partners with leading global investment managers. Pendal does not have a 'house view' and operates a multi-boutique style business. Our investment teams are supported by a strong operational platform across risk and compliance, sales, marketing and operations, allowing our fund managers to focus on generating returns for our clients.

Pendal is a wholly owned subsidiary of Pendal Group Limited. With \$100.0 billion* in funds under management (as at 30 June 2018), Pendal Group Limited is one of Australia's largest and most enduring pure investment managers (ASX: PDL), with a market capitalisation of around \$3.6 billion.

** includes J O Hambro Capital Management assets under management.*

Derivatives

The investment managers may invest in derivatives either to protect against any changes in the market value of existing investments in the Fund or to achieve a desired investment position without buying or selling the underlying physical asset.

Current Target Asset Allocation

Ausbil:

Australian Shares: 90-100%
Australian Cash: 0-10%

Pendal

Australian Shares: 90-100%
Australian Cash: 0-10%

References to cash includes cash equivalent and short term fixed interest investments.

Restrictions on Investment

Both investment managers operate under various investment restrictions. If these restrictions are exceeded (for example, through market movements), the Trustee has the power to correct the position in an orderly manner so as not to prejudice the Fund.

Fees and Charges

Entry/Exit Fees

Although the Trust Deed permits an entry fee of up to 5% (plus GST), 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. There are no exit fees payable on exiting the Fund.

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. 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).

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. On behalf of the Fund, the following fees and expenses are paid by the Trustee, including but are not limited

to, investment managers, investment consultants, custody and accountants (such as audit and tax). The Buy/Sell spread (see below) is not included in the MER.

The Trustee will not charge management fees or seek expense reimbursement to the extent that the MER would exceed 1.20% (plus GST) per annum. This does not apply to expenses arising from abnormal events. These abnormal events 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.

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

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" or Custodian") has been appointed as the Custodian and Administrator of the Fund under a custody agreement dated 30 January 2017 as amended ("Custody Agreement") and under an investment administration agreement dated 30 January 2017 as amended ("Investment Administration Agreement").

RBC's role as Custodian is limited to holding the assets of the Fund. As Administrator, RBC is responsible for the day-to-day

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

The Custodian has given and not withdrawn its consent to be named in this Information Document.

RBC 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 are included in the MER (explained above).

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 0.30% 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 0.60%. 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 above).

Your 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.

How to Invest

Investors seeking to become unitholders in the Fund are required to complete our 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
BSB: 012-003
Account Name: RBC ISAN Custody A/C
Account Number: 8369 75879

Important Information for Unitholders

Risks

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.

There are several risks associated with investing in the Fund. These include, but are not limited to, market risks, asset risks and particular risks resulting from the Fund's investment guidelines.

Market risk is the risk of negative movements that affect the price of all assets within a particular market, such as the Australian share market. Asset risk is the risk that the assets in which the Fund invests may fall in value independent of

the broader market move, resulting in a reduction in the value of the units in the Fund. Since the current investment strategy of the Fund is to primarily invest in a range of companies listed on the Australian Stock Exchange (ASX), the market risk and asset risk associated with investing in the Fund are effectively that the value of ASX listed companies in which the Fund is invested may diminish in value.

Investing in the Fund also has an additional risk as a result of the Fund's investment guidelines. The Fund's investment guidelines restrict the Fund to investing in a smaller number of companies which may lead to more volatile returns than an investment in a more diversified fund.

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.

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 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 also receive a quarterly report setting out distribution details of the Fund. Taxation summaries, along with audited financial statements, are sent to unitholders annually. The latest Unit Price may be obtained by contacting the Trustee (see "Contact Details Trustee" below).

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.

- Ausbil Investment Management Australia Limited
- Pandal Institutional Limited
- Royal Bank of Canada (RBC)
- 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.

Additional Information

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

Investors seeking to become unitholders are required to complete this Application Form together with the relevant Identification and Verification Form and send these to us 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.

Contact Details Trustee

**Uniting Financial Services Ethical
Australian Equity Fund**

Attention:

Secretary, Ethical Australian Equity Fund
Level 9, 222 Pitt Street
SYDNEY NSW 2000

Tel: (02) 8267 4300

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 ("UCTAL") and by The Uniting Church in Australia Property Trust (NSW) ABN 77 005 284 605 ("UCAPT") (together and separately "Uniting Financial Services"), for The Uniting Church in Australia, Synod of NSW and the ACT ("Synod"), under s.911A Corporations Act 2001 (Cth.) authorisation and pursuant to APRA Banking Exemption No. 1 of 2017 and ASIC Regulatory Guide 87 and ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 exemptions. Uniting Financial Services® is a registered trademark of UCTAL used with permission by UCAPT. None of The Uniting Church in Australia, UCAPT and UCTAL is prudentially supervised by APRA. Therefore, investments with and contributions to these Uniting Church organisations 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 in Australia and for whom profit considerations are not of primary importance in their decision to invest.



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