



U Ethical Funeral Fund

Additional Information Booklet

Issued 6 September 2021

Issued, managed and administered by

Uniting Ethical Investors Limited trading as **U Ethical** ABN 46 102 469
821 AFSL 294147

The information in this Additional Information Booklet forms part of the Offer Document for the Funeral Fund dated 6 September 2021

Contents

Additional Information Booklet.....	1
Important information for investors	3
Section 1: About Uniting Ethical Investors Limited	4
Section 2: How the Fund works	4
Section 3: Benefits of investing in the Fund.....	5
Section 4: Risks of investing in the Fund.....	6
Section 5: How we invest your money	6
Section 6: Fees and costs	7
Section 7: Taxation.....	9
Section 8: How to apply	9
Section 9: Other information	9

Important information for investors

The Offer Document, and this Additional Information Booklet (AIB) are available by contacting U Ethical via email at info@uethical.com or telephone on 1800 996 888. This Additional Information Booklet and the corresponding Offer Documents dated 6 September 2021 provide a summary of key information relating to the Funeral Fund (the Fund). You should consider the information in this Additional Information Booklet together with the Offer Document, before making a decision to invest in the Fund. A reference to the Offer Document includes, unless the context required otherwise, a reference to both the Offer Document and the Additional Information Booklet for the Fund.

The Offer Document, Additional Information Booklet and the Application Form are available on the Uniting Ethical Investors Limited trading as U Ethical website. Alternatively you can contact U Ethical directly to request a copy free of charge. The information contained in this Additional Information Booklet and the Offer Document are subject to change and information that is not materially adverse may be updated without notice. However, information about non-materially adverse updates can be obtained by going to the website or contacting U Ethical directly. You may request a paper copy of these updates at any time free of charge. You must ensure that you have read this Additional Information Booklet and the Offer Document at the date of your application.

The information in this Additional Information Booklet is general information only and does not take into account your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, you should consider the appropriateness of the information based on your own objectives, financial situation or needs or consult a professional adviser.

U Ethical is required by law to notify investors that the offering of interests in the Fund and the interests themselves are not subject to the usual protections under the Corporations Act or regulation by ASIC. ASIC has not approved or examined U Ethical, interests in the Fund or this Additional Information Booklet. U Ethical will provide audited financial accounts to the Australian Charities and Not-for-profits Commission (ACNC) each year.

The Fund is not prudentially supervised by the Australian Prudential Regulation Authority. Therefore, an investor in the Fund will not receive the benefit of the financial claims scheme or the depositor protection provisions in the Banking Act 1959. The Funeral Fund is listed as religious charitable development fund in APRA's Banking Exemption. Investments in the Fund are intended to be a means for investors to support the charitable purposes of the Fund.

Restriction of offer

This Additional Information Booklet is not an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this Additional Information Booklet outside Australia may be restricted by the laws of places where it is distributed, and therefore persons into whose possession this Additional Information Booklet comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws.

Disclosure of any relevant conflicts of interest

U Ethical operates under the umbrella of The Uniting Church in Australia, Synod of Victoria and Tasmania, and does not have any relationships or associations otherwise which might influence the services it provides.

The Additional Information Booklet is issued by U Ethical. It should be read in conjunction with the Offer Document dated 6 September 2021 for the Fund



Contact details

Registered address

Level 6, 130 Lonsdale Street,
Melbourne Vic 3000


Website www.uethical.com

Email info@uethical.com

Freecall 1800 996 888

Office Hours

8.30 a.m. – 5.00 p.m.
Monday to Friday



Section 1: About Uniting Ethical Investors Limited

U Ethical is a public company limited by guarantee that operates an ethical funds management business. It is wholly owned by The Uniting Church in Australia Property Trust (Victoria) ABN 39 703 442 583 and The Uniting Church in Australia Property Trust (Tas.) ABN 88 774 033 774 (the Church), and holds AFS licence 294147, the scope of which includes the funds management activities of the following companies:

- > UCA Cash Management Fund Limited ABN 41 075 948 444; and
- > UCA Growth Fund Limited ABN 39 075 948 435 (together, the U Ethical Companies)

The U Ethical Companies rely on ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 in relation to their fundraising activities. U Ethical also relies on that instrument in relation to the operation of the Funeral Fund. At the date of this Additional Information Booklet, the directors of U Ethical are also directors of the other U Ethical Companies.

U Ethical is dedicated to providing investment stewardship to charities, faith-based organisations and their members.

U Ethical offers proven, low-cost funds for treasury management, long-term capital growth and investment in perpetuity. It also provides loans for mission-motivated capital works, health and community services, education and social enterprise.

An up-to-date copy of the Fund terms and conditions can be obtained from the U Ethical website or on request by contacting U Ethical directly.

Section 2: How the Fund works

Valuation and unit price calculation

Unit prices reflect the net asset value of the Fund's investments divided by the number of units on issue. A valuation is performed daily to assess the maintenance of a \$1 unit price. The unit price must not exceed \$1 but may be below \$1. You can obtain further information about the unit pricing policy by visiting the U Ethical website or by contacting U Ethical directly.

The value of the Fund's investment in the U Ethical Enhanced Income Trust - Wholesale (the Trust) is determined based on the net asset value of the Trust. The net asset value of the Trust is equal to the value of its assets less its liabilities.

Types of accounts

Interest bearing account

Investors will be credited with income at least every six months, which is reinvested into the account and paid at maturity.

Section 3: Benefits of investing in the Fund

Key features of the Fund		Transaction method
Investment type	Interest bearing	N/A
Minimum initial investment	\$100	BPay
Regular Savings Plan	\$100	DD
Additional investments	\$100	BPay
Distribution reinvestment	Mandatory	N/A
Minimum balance	\$100	N/A
Redemptions	Only on death	EFT
Switches – minimum	N/A	N/A
Redemption notice period	31 days	N/A

* DD = Direct Debit, N/A = Not Applicable

Transaction processing	Valid requests received before 11.00 a.m. will normally be processed on the business day of receipt. Valid requests received after 11.00 a.m. will be processed the next business day after the receipt of the request.
Income distribution	Income is calculated daily and distributed to investors' accounts at least half yearly. The rate of income earned by the Fund will represent the proportional earnings of the underlying trust (the U Ethical Enhanced Income Trust – Wholesale) across the period. Investors will receive their proportion of the Fund's income based upon the value of their account across the period.
Regular Savings Plan	Regular investments can be arranged to be transferred from your bank account (see below).
Investment confirmations	Confirmation of initial and all additional investments will be sent any time the Corporations Act requires it to be sent.
Regular reporting	Statements will be sent every six months (within one (1) month after 30 June and 31 December each year) detailing income distributions, account balances and transaction summaries.
Annual Report	The Annual Report for U Ethical is available on the U Ethical website or you can contact us to receive a hard copy of the report.
ASIC reporting	Certain financial information about U Ethical is lodged with ASIC.
Ethical Investment Policy	A copy of the policy can be obtained from the U Ethical website or on request by contacting U Ethical directly.
Tax information	A distribution statement that shows tax details will be sent annually.

Fund restrictions

The maximum amount that can be invested into a Funeral Fund is determined by the Federal Government (indexed annually) or such other amount allowed by the Social Security Act 1991 ("prescribed maximum").

Investment and accumulated interest will be applied towards Funeral Expenses once the invoices or proofs of payment for the funeral expenses are presented to U Ethical.

Regular Savings Plan

To participate in a Regular Savings Plan, you need to complete a Direct Debit Request Form. The nominated amount will be debited from a financial institution on a nominated day (or the next business day), and will be debited regularly until the request is cancelled.

Investors should be aware that a nominated financial institution may charge a direct debit fee.

U Ethical may cancel or suspend the Regular Savings Plan by providing 14 days' notice in writing to an investor of any cancellations or variations.

Section 4: Risks of investing in the Fund

The Fund provides a low-risk means of saving to cover Funeral Expenses. As the Fund has lower investment risk, it is expected to produce a low return over the long-term.

Section 5: How we invest your money

U Ethical determines the parameters for the investment decisions on behalf of the Fund. Details about the current investment strategy of the Fund are provided in section 5 of the Offer Document.

The investment strategy is subject to U Ethical's ethical investment policy. U Ethical's investment process ensures that all investment decisions are in keeping with our vision to improve our world through the power of purposeful investing, and that they promote careful financial stewardship. This is achieved through the application of positive and negative screens, and engagement with companies—together with a focus on competitive economic returns and sustainability.

Ethical screen: Positive

Our positive screen seeks out companies that promote human welfare and dignity or environmental sustainability. Examples include companies producing goods or services that enhance the health and welfare of individuals and communities as well as companies producing goods or services that protect our environment.

Ethical screen: Negative

Our negative screen evaluates a company's products, services and practices to ensure they are not detrimental to society or the environment. U Ethical avoids investing in companies that:

- cause unacceptable damage to the natural environment
- infringe on human rights
- support oppressive regimes
- cause or perpetuate injustice and suffering
- have unacceptable occupational health and safety practices including disregard for minimum wage laws.

Our screening approach means we systematically exclude the following industries due to their inherent negative impacts:

- Thermal coal
- Unconventional oil and gas extraction
- Uranium for non-medical uses
- Armaments
- Gambling
- Pornography and adult entertainment
- Animal cruelty
- Alcohol production

- Tobacco manufacturing

However, we recognise that there are occasions when companies inadvertently violate these principles and make genuine efforts to rectify this. Furthermore, we may choose not to exclude a company where a contravention of the principles constitutes less than 5% of the company's revenue or earnings. In such instances, the contravention may be outweighed by significantly positive factors.

Ethical screen: Neutral

The majority of our investments are deemed neutral by our positive and negative screens. Investment decisions are made on the basis of normal investment criteria including:

- ensuring prudent financial stewardship, and
- meeting our clients' income and capital investment objectives.

You may obtain a copy of the policy from our website or by contacting the client services team.

Section 6: Fees and 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 per cent of your account balance rather than 1 per cent could reduce your final return by up to 20 per cent 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 investor 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.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

*This is a prescribed disclosure. The Fund's fees and costs are not negotiable.

This section shows the direct and indirect fees and costs that you may be charged by the Fund. You can use the fees and costs information in the table to compare costs between different simple managed investment schemes.

Fees and costs are deducted from the income of the Fund and will be retained by U Ethical to meet management expenses and provide annual grants to the Church.

Type of fee or cost	Amount ¹	How and when paid
Fees when your money moves in and out of the Fund		
Ongoing annual fees and costs		
Establishment fee – The fee to open your investment	Nil	N/A
Contribution fee – The fee on each amount contributed to your investment	Nil	N/A
Redemption fee – The fee on each the amount redeemed you take out of your from an investment	Nil	N/A
Exit fee – The fee to close an your account	Nil	N/A
Management costs The fees and costs for managing investments	Estimated to be up to 1.25% p.a. or \$625 for every \$50,000 invested in the Fund	See footnotes
Performance fees - Amounts deducted from your investment in relation to the performance of the product.	Nil	N/A
Transaction costs The costs incurred by the scheme when buying or selling assets	Nil	N/A

Footnotes

1. Unless otherwise stated, fees and costs disclosed in this section are inclusive of the net effect of GST, if applicable.

Example of annual fees and costs of the Fund

This table gives an example of how the fees and costs of the Fund can affect your investment over a one year period. You should use this table to compare the product with other funds.

Example : Balance of \$10,000 with a contribution of \$100 during the year		
Contribution fees	Nil	For every additional \$100 you put in you will be charged \$0.
Plus Management costs	Estimated to be up to 1.25% p.a. or \$625 for every \$50,000 invested in the Fund	And for every \$10,000 you have in the Fund, you will be charged up to \$125 each year.
Equals Total cost of the Fund		If you had an investment of \$10,000 at the beginning of the year and you put in an additional \$100 during that year, you would be charged fees up to \$125.*

*This example assumes management costs are calculated on the balance of \$10,000 with the \$100 additional investment occurring at the end of the first year. Therefore management costs are calculated on a \$10,000 balance only. It assumes no market movement on the value of the assets and no reinvestment of income.

Additional information about fees and costs

Management fees

As management fees and any expenses reimbursed to U Ethical are deducted before income is distributed to investors, these expenses will not appear as a deduction on investor statements.

Performance fees and commissions

U Ethical does not pay any performance related fees or commissions to financial advisors or its staff.

GST and Tax

Goods and services tax (GST) is not payable on the issue, redemption or transfer of investments in the Fund, as these are input taxed financial supplies for GST purposes. When the 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 payable may change even though fees due to U Ethical are not increased.

Tax is not payable at the Fund level – see section 7 for more information.

Section 7: Taxation

Taxation position of the Fund

The Fund distributes all taxable income each year. As such neither the Fund nor U Ethical is subject to income tax. If for any reason there is income to which no investor is presently entitled, the Fund will be taxed at the highest marginal tax rate in respect of this income.

Taxation of distributions

Investors should declare their credited income distributions on tax returns, even though they are reinvested.

Tax File Number (TFN)

Investors may choose whether to quote a TFN to the Fund.

If investors do not quote a TFN, U Ethical is required to withhold tax at the highest marginal tax rate, as well as the Medicare levy, from any income distributions before reinvestment.

Non-resident investors

If an investor is not an Australian resident for tax purposes, U Ethical will withhold tax from the distribution paid before reinvestment. The applicable rate of tax will vary depending on a number of factors, such as the type of distribution and the investor's country of residence for tax purposes.

Manager's tax indemnity

In the event that U Ethical incurs a liability for any kind of tax or impost on an investor's account, it has broad powers of recoupment from income due to the investor. In the event that U Ethical is required under any statutory or common law to pay tax in its capacity (as Manager of the Fund), it is empowered to pay the tax from the assets of the Fund.

Section 8: How to apply

Please note that effective 1 January 2021 this fund is no longer open to new investors.

Section 9: Other information

Changed details

U Ethical must be advised in writing of any changes to your name, address or bank account details. It is a legal requirement for supporting documentation to be presented for any change to your name or bank account details to take place.

Anti-Money Laundering

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML Act) imposes stringent obligations on financial services businesses to ascertain and verify the identity of their customers. The AML Act requires the U Ethical Companies to comply with customer identification and verification procedures. Depending on the circumstances, the U Ethical Companies may need to obtain from you certain additional documents or information. You will be informed what information or documents are required, if any, when the need arises. U Ethical may also be required to disclose information in respect of an application and/or subsequent transactions to regulatory and/or law enforcement agencies including the Australian Transaction Reports and Analysis Centre (AUSTRAC).

Privacy

U Ethical is committed to compliance with the Privacy Act and the Australian Privacy Principles, and in providing you with products and services in a manner which ensures your right to privacy is respected.

U Ethical collects personal information for the purposes of processing applications, providing you with the products offered in the relevant Offer Document and Additional Information Booklet, and in order to manage your investment.

We only collect, use and retain personal information which is necessary to provide you with access to, and information about, our services. If you wish to access or update information we hold about you, please ask us and we will make arrangements for you to do so.

Queries about privacy should be directed in the first instance to the Privacy Officer, U Ethical at the address provided at the front of this Additional Information Booklet.

A copy of our privacy policy is available from us. Please contact us if you have any concerns.

For complaints concerning privacy matters which have not been resolved to your satisfaction, you can then lodge your complaint with the Office of the Australian Information Commissioner via their online Privacy Complaint Form, available at <http://www.oaic.gov.au/privacy/making-a-privacy-complaint>.

Custodian

The Northern Trust Company (acting through its Australian branch) (Northern Trust) has been appointed to hold the assets of the Fund and UCA Cash Management Fund Limited relating to the Portfolio (excluding commercial mortgages and community impact investments (including loans)) under a Master Custody Agreement. As Custodian, Northern Trust will safe-keep these assets, collect the income and act on directions from U Ethical to settle trades. Northern Trust does not make investment decisions in respect of the assets it holds and does not receive the personal information of any investor. U Ethical performs internal custody for commercial mortgage loans and community impact investments (including loans).

Unit registry services

OneVue Fund Services Pty Ltd has been appointed to perform the functions of Unit Registry and limited client services. OneVue's unit registry services supports the custodian and Responsible Entity on a daily basis. OneVue acts only on instruction from U Ethical.

Consent to be named

The following parties have given written consent (which has not been withdrawn at the date of this Additional Information Booklet) to being named in the form and context in which they are named, in this Additional Information Booklet:

- The Uniting Church in Australia Property Trust (Victoria);
- The Uniting Church in Australia Property Trust (Tas.);
- The Uniting Church in Australia, Synod of Victoria and Tasmania;
- The U Ethical Companies;
- The Northern Trust Company and
- OneVue Fund Services Pty Ltd.

Each party named above who have consented to be named in this Additional Information Booklet:

- have not authorised or caused the issue of the Additional Information Booklet;
- does not make or purport to make any statement in the Offer Document (or any statement on which the statement in the Additional Information Booklet is based) other than as specified; and
- to the maximum extent permitted by law, takes no responsibility for any part of the Additional Information Booklet other than the reference to their name in a statement included in the Additional Information Booklet with their consent as specified.