

# U Ethical Cash Management Trust

## Additional Information booklet

6 September 2021

**Issued by Unitising Ethical Investors Limited** trading as U Ethical ABN 46 102 469 821 AFSL 294147

### **Important information for investors**

This Additional Information Booklet (AIB) forms part of the Product Disclosure Statement (PDS) for the U Ethical Cash Management Trust (ARSN 610 022 985) (Trust). A reference to the PDS includes, unless the context requires otherwise, a reference to both the PDS and this AIB. You should consider these documents and the Financial Services Guide (FSG), together before making a decision about investing in the Trust. Information in this AIB is general information only and does not take into account your personal financial situation or needs. You should consider obtaining financial advice that is tailored to suit your personal circumstances.

The information contained in this AIB is current as at issue date but may change from time to time. You must ensure that you have read the AIB current at the date of your application. The PDS, AIB and FSG are available on our website.

The offer of units in the Fund made in the PDS together with this AIB is available to persons receiving the PDS within Australia only. It does not constitute an offer or invitation in any place outside Australia where it would be unlawful to make such an offer or invitation. For the purpose of this AIB, a "Business Day" means any day other than a Saturday, Sunday or public holiday on which the banks in Victoria are generally open for business and all times are Melbourne time.

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**Registered address**

Level 6, 130 Lonsdale Street  
Melbourne Vic 3000

**Website** [www.uethical.com](http://www.uethical.com)

**Email** [info@uethical.com](mailto:info@uethical.com)

**Telephone** 1800 996 888

**Office Hours**

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

# 1. About U Ethical and the Trust

## U Ethical

U Ethical is a company limited by guarantee and holds an Australian Financial Services Licence 294147, the scope of which includes the operation of registered and unregistered managed investment schemes.

## The Trust

U Ethical is the responsible entity and manager of the Trust.

U Ethical may be removed as the responsible entity by an extraordinary resolution of unitholders, who may appoint a replacement responsible entity. U Ethical has rights of indemnity out of the Trust's assets for the proper performance of its duties, and its liability to investors is limited except in the event of a fraudulent or grossly negligent breach.

U Ethical has the right to appoint agents, including a custodian, and to recover the fees of any appointed agents as an expense of the Trust. In accordance with the Constitution, U Ethical is entitled to a management fee for managing the Trust.

## Constitution

The Trust is governed by a Constitution which, together with relevant legislation and the general law, sets out the rights and responsibilities of the responsible entity and unitholders. The Constitution is binding upon the responsible entity and unitholders, and deals with some key aspects of the relationship between the responsible entity and unitholders including:

- your rights as a unitholder;
- the limit on your liability as a unitholder to the amount you have paid for your units;
- how and when a meeting of unitholders may be called;
- the responsible entity's powers to invest, borrow, issue different classes of units, receive fees and other reimbursements as well as generally manage the Trust;
- the responsible entity's power to suspend redemptions; and
- the responsible entity's power to terminate the Trust.

This AIB does not describe all of the conditions of the Constitution that govern the operation of the Trust. An up-to-date copy of the Constitution is available on our website or can be obtained by contacting the client services team.

# 2. How the Trust works

## Valuation and unit price calculation

A valuation of the net asset value (NAV) 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 our website or by contacting the client services team.

## Incomplete application forms

Under the Constitution, we can accept or reject any application for units and are not required to give any reason or grounds for such a refusal. To ensure that your application is processed efficiently, you need to complete all sections of the application and client identity forms and provide all required client identity verification documents outlined in the forms.

If your forms are not complete to our satisfaction or accepted by us and we are not able to proceed with your request, we may contact you to obtain any outstanding information.

If your application and client identification forms are subsequently completed to our satisfaction and accepted by us:

- before 11 am on a Business Day, it will be processed on that Business Day; or
- after 11am on a Business Day, it will be processed the next Business Day.

## Transaction methods

You may choose to invest in the Trust in a number of ways

Key features of the Trust	Minimum amounts	Transaction method
Minimum initial investment	\$1,000	Direct debit
Regular Savings Plan	\$100	Direct debit
Additional investments	No minimum	*EFT, BPay or direct debit
Distribution reinvestment	Yes	Not applicable
Minimum balance	\$1,000	Not applicable
Redemptions	No minimum	EFT
Switches	No minimum	Not applicable
Transfers	Not allowed	Not applicable

\*BPay up to \$1million, EFT for amounts over \$1million

### Restrictions on applications

The application and client identification forms include details of the identification documentation that we are required by law to collect from you before we can issue any units in the Trust to you.

### Restrictions on redemptions

The responsible entity may, in accordance with the Constitution and the Corporations Act, suspend or delay redemptions including when:

- the responsible entity believes it is in the best interests of unitholders as a whole; or
- the responsible entity has taken all reasonable steps to realise sufficient assets to satisfy a redemption request and is unable to do so; or
- the responsible entity is unable to determine fairly the NAV due to one or more circumstances outside its control.

In addition, if the responsible entity receives redemption requests in respect to any redemption date in relation to more than 5% of the units in a class of units, the responsible entity may stagger the redemptions in accordance with the Constitution.

If the Trust is illiquid, redemptions from the Trust will be made in accordance with the Corporations Act. Further details on the circumstances where we may delay or suspend redemptions are available by contacting the client services team.

### Investing on behalf of a child

If you choose to open an account on behalf of a child, you have two options to consider:

#### Option 1 – In Trust For account

- You can set up an In Trust For (ITF) account for the purpose of investing funds for a child.
- Parent(s)/ guardian(s), grandparent(s) or a relative can open an ITF account on behalf of a child.
- The account is opened in the name of the investor and the child's name is placed 'In Trust For'.
- The investor must include their own Tax File Number and the investor is the registered signatory on the account.
- Redemptions from ITF accounts are made payable to the investor, not the person the money is in trust for.

#### Option 2 – Child account

- Parent(s)/guardian(s), grandparent(s) or a relative can open a Trust account in the name of the child.
- Parent(s)/guardian(s), grandparent(s) or a relative can be a registered signatory to the account.
- Redemptions are made payable to the child.

- If the child is under the age of 16 and total income earned by the child is less than \$420 per year, you may claim a Child Tax Exemption and you do not need to provide a Tax File Number (please seek independent tax advice before making any tax exemption claim).

### 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 the 15<sup>th</sup> day of the month for the nominated period, and will be debited regularly until the request is cancelled. Your nominated financial institution may charge a direct debit fee. U Ethical may cancel or suspend the Regular Savings Plan facility by providing 14 days' notice in writing to a unitholder of any cancellation or suspension.

### Additional information about income and distributions

The Trust may earn income in the form of interest. Your entitlement to distributions is calculated proportionately according to the number of units you hold and the number of days in the distribution period that you have held your units. Distributions will generally be made within one month of 30 June and 31 December each year. The distribution will vary from time-to-time and will be determined by the income derived from the assets of the Trust less any expenses of the Trust. You have the option to reinvest income or the income can be credited to your nominated Australian bank account.

### Investor communication

As a unitholder in the Trust, you will receive regular reporting. This includes:

- confirmations of all your applications, additional investments and redemptions;
- a distribution statement following a distribution. This will contain information on the income distributions, account balances and transaction summaries. Where you have elected for any distribution to be reinvested, this statement will confirm the number of units that have been issued to you through reinvestment.
- periodic statement annually for the year ending 30 June. This will contain your transaction history and investment value at 30 June.
- tax statement annually for the year ending 30 June. This will contain information on the tax classification of assessable amounts in respect of the Trust.

### Financial information

Audited financial statements of the Trust are generally issued annually for the year ending 30 June. They will be prepared in accordance with the relevant accounting standards to the extent that the Trust is required to comply with those standards by the Corporations Act or under the Constitution. The audited financial statements are available to unitholders on our website. You may request a hard copy free of charge by contacting us. Audited financial statements will not be mailed to unitholders unless specifically requested.

### Investor online account

U Ethical provides you with an easy and convenient way to:

- check the total value of your investment
- review your recent transaction history, and
- check and update certain details.

Please visit our website to register for online account access. To be able to use the online account, you must accept the conditions of use. Alternatively, contact our client services team to request a free paper copy of these conditions.

## 3. Benefits of investing in the Trust

Please refer to section 3 of the PDS.

## 4. Risks of investing in the Trust

All investments involve risk. Selecting the right investment is important. U Ethical offers a range of investment trusts that cater for investors with different risk tolerances.

There are many types of risk as explained in the PDS. The Trust is suitable for investors seeking a low-risk investment over a short to medium-term investment horizon. As the Trust's investment strategy is low-risk, it is expected to produce a low return relative to higher risk investments. The responsible entity does not guarantee a return on the Trust's investments. There is also no guarantee that past returns achieved by the Trust will continue into the future.

## 5. How we invest your money

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

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

## 6. Additional explanation of 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% of your account 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 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 Trust or your financial adviser for more information.

### 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](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

The table below shows the direct and indirect fees and costs that you may be charged by the Trust. 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 Trust.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in and out of the Trust</b>		
<b>Establishment fee</b> – The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> – The fee on each amount contributed to an investment	Nil	Not applicable
<b>Redemption fee</b> – The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> – The fee to close your investment	Nil	Not applicable
<b>Management costs</b>		
The fees <sup>1</sup> and costs for managing your investments	Estimated up to 0.45% pa or \$225 for every \$50,000 invested in the Trust	The management costs are payable at the end of each month based on the Trust's net asset value. They are not deducted directly from your account.

### Footnotes

- Due to a change in legislative requirements in 2018, some existing investors of the U Ethical Enhanced Cash Portfolio were required to switch their investment into the U Ethical Cash Management Trust (formerly U Ethical Enhanced Cash Trust and now U Ethical Enhanced Income Trust - Wholesale). For this group of investors, a fee rebate is applicable.

## Additional information about fees and costs

### Management costs

Management costs include a management fee, any recoverable expenses and any indirect costs.

A management fee is charged by the responsible entity for administering and managing the Trust.

Recoverable expenses are incurred in issuing and managing the Trust and are paid from the assets of the Trust. These expenses include, but are not limited to, fund administration, custodian costs, accounting, audit, legal and regulatory expenses as well as any GST impact on these services. The recoverable expenses in respect of the Trust may change from year-to-year depending on the activities undertaken by the responsible entity for the Trust.

Indirect costs are any amounts paid from the Trust's assets that the responsible entity knows or, where required, reasonably estimates will reduce (directly or indirectly) the Trust's returns or the amount or value of the income of or property attributable to the Trust, or an underlying trust or investment in which the Trust invests. The indirect costs are calculated at 30 June each year based on the previous 12 months. These may change from year-to-year. Indirect costs for the Trust are estimated to be 0%.

### Fee maximums and changes to fees

The Constitution of the Trust permits fees to be charged that are higher than the fees set out in the PDS, as well as other fees which are not currently levied. The responsible entity may, at its discretion and without your consent, increase any fee up to the maximum amount as set out in the Constitution. However, you will be given 30 days' written notice in advance of any increase in fees and costs charged by the Trust.

### Tax

Please see sections 7 of the PDS and this document.

### Ability to negotiate fees

We may negotiate reduced fees with wholesale investors (within the meaning of Corporations Act). The responsible entity may apply these reduced fees at its discretion.

## 7. How the Trust is taxed

There are tax implications when investing in, redeeming and receiving income from the Trust. The responsible entity cannot give tax advice and we recommend that you consult your professional tax adviser as the tax implications from an investment in the Trust can impact unitholders differently.

### Taxation position of the Trust

The Trust distributes all taxable income (including capital gains and tax credits, if any) to unitholders each half-year. As such the Trust is not subject to income tax. If for any reason there is income to which no unitholder is presently entitled, the Trust would be taxed at the highest marginal tax rate in respect of this income.

### Taxation of distributions

Unitholders should declare distributions received on tax returns, even if they are reinvested or credited to another account. At the end of each financial year, unitholders in the Trust will receive a Tax Statement that provides a consolidated view of all the income distributed, the tax components and a guide to help transfer this information into the unitholder's tax return.

### GST

Goods and services tax (**GST**) is not payable on the issue, redemption, or transfer of investments in the Trust, as these are input taxed financial supplies for GST purposes. The fees and costs shown in this section, unless otherwise stated, are inclusive of the net cost of GST. If the GST rate or arrangements change, the total amount payable may change even though those fees due to U Ethical are not increased.

### Non-Australian resident unitholders

If a unitholder is not an Australian resident for tax purposes, U Ethical will withhold tax from the distribution paid. The applicable rate of tax will vary depending on a number of factors, such as the type of distribution and the unitholder's country of residence for tax purposes. Non-residents may be entitled to a credit for Australian income tax paid by U Ethical in respect of the tax liability.

### Foreign Account Tax Compliance Act

Under the US Foreign Account Tax Compliance Act (**FATCA**), U Ethical is deemed to be a 'foreign financial institution' and is required to obtain and disclose information about certain United States (**US**) and US-owned

unitholders. We may ask you to provide certain information about yourself in order to comply with our FATCA obligations (**FATCA Information**).

To the extent that all FATCA Information is provided, imposition of US withholding tax on payments of US income or gross proceeds from the sale of particular US securities will not apply to the Trust. Although we attempt to take all reasonable steps to comply with our FATCA obligations and to avoid the imposition of US withholding tax, this outcome is not guaranteed.

Under the terms of the intergovernmental agreement between the US and Australian governments, we may provide FATCA information to the Australian Taxation Office. We may use your personal information in order to comply with FATCA, and may contact you if we require additional information to comply with our FATCA obligations.

### **Common Reporting Standard**

The Australian Government introduced the OECD Common Reporting Standard (**CRS**) from 1 July 2017.

CRS is a broad framework for the collection, reporting and exchange of financial account information between revenue authorities across all jurisdictions. Like FATCA, the CRS requires financial institutions (including U Ethical) to collect and report to the Australian Taxation Office financial account information on non-residents, which the Australian Taxation Office will then exchange with the foreign tax authorities of those non-residents.

We may therefore collect and use your personal information, or contact you for additional information, in order to comply with the CRS.

### **Changes to foreign tax resident status**

If at any time after account opening, information in our possession suggests that the applicant (you, the entity and/or any individual who holds ownership and/or control in the entity of 25% or more (**Controlling Person**)) may be a tax resident of a country(ies) other than Australia, you may be contacted to provide further information on your foreign tax status and/ or the foreign tax status of the entity and/or any Controlling Person. Failure to respond may lead to certain reporting requirements applying to the account.

If at any time there is a change to your foreign tax status details or a change of Controlling Persons, you must inform U Ethical in writing using the appropriate form. U Ethical strongly recommends that you seek independent tax advice to determine how FATCA or CRS affects you.

### **Tax reforms**

Legislation to establish a new tax system for managed investment trusts (MITs) was enacted in May 2016. Eligible MITs can elect to become an Attribution MIT (AMIT) by irrevocable choice.

U Ethical, as responsible entity of the Trust, has elected into the new AMIT regime from 1 July 2017 and will attribute the taxable income of the Trust to unitholders according to 'trust components' on a fair and reasonable basis consistent with their interests.

U Ethical will provide an annual statement detailing the trust components attributed to unitholders within three months of the end of the financial year.

Reforms to the taxation of trusts are generally ongoing. Unitholders should seek their own advice and monitor the progress of announcements and proposed legislative changes on the potential impact.

### **Manager's tax indemnity**

In the event that U Ethical incurs a liability for any kind of tax or impost on account of a unitholder, it has broad powers of recoupment from income due to the unitholder. In the event that U Ethical is required under any statutory or common law to pay tax in its capacity as operator of the Trust, it is empowered to pay the tax from the assets of the Trust.

## **8. How to apply**

You can make an initial investment by completing the application form and relevant client identification forms, available with the PDS. Before completing the forms, please ensure you have read this Additional Information Booklet along with the PDS of the Trust. The application form includes detailed investment instructions.

### **Authorised signatories**



The application form and relevant client identification forms must be signed and authorised signatories are to be provided as specified below. All signatories must provide certified identification documents acceptable to us before we accept an application. Applications can be rejected in whole or in part at the responsible entity's discretion.

All documents must be mailed to U Ethical, Level 6, 130 Lonsdale Street, Melbourne Vic 3000.

Type of unitholder	Application form details required	Signature(s)
Individual (including children)	Individual details plus TFN or withholding tax exemption	Individual and/or power of attorney
Joint unitholders	Details for both unitholders plus TFNs or withholding tax exemption	Both unitholders and/or power of attorney
Adult(s) investing for a child	Adult's details and child's name plus adult's TFN (example: John Smith ITF (in trust for) Junior Smith)	Adult
Corporate	Company details including ABN	Either two directors, a director and company secretary, or a director (if signing as a sole director)
Partnership	Details of all principals, partnership name and ABN (example: John Smith and David Jones)	Partner(s)
Trust or superannuation fund	Trustee details, trust/superannuation fund name and ABN (example: Trustee name ITF XYZ Trust or XYZ Superannuation Fund)	Trustee(s) or director of corporate trustee
Association	Association details, incorporation status, details of association public officers (i.e. chairman, secretary, treasurer)	Public Officer(s) or Member applying for investment

### Unitholder enquires and complaints

Please refer to section 8 of the Trust PDS. There is no additional information for this 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 before any change to your name or bank account details takes 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 U Ethical to comply with customer identification and verification procedures. Depending on the circumstances, U Ethical 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 to 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 PDS and AIB and in order to manage your investment. U Ethical may provide that information to any of the organisations that are used in the ordinary administration and management of the business or the Trust, including providers of clerical, administration, investment management or custodial services, settlement agents, clearing houses and credit agencies, and if required to do so by law. You may

contact us at any time with questions or concerns about privacy, or to access, correct or update personal information held.

Queries about privacy should be directed in the first instance to U Ethical's Investment Operations Manager. The Office of Australian Information Commissioner also deals with certain complaints relating to privacy concerns.

U Ethical's Privacy Policy is available on our website or please contact our client services team for a copy.

#### **Disclosure of any relevant conflicts of interest**

U Ethical is an autonomous social enterprise of The Uniting Church in Australia, Synod of Victoria and Tasmania, with an independent board and does not have any relationships or associations otherwise which might influence the services it provides.

U Ethical as responsible entity may invest Trust money in other U Ethical products. These transactions are related party transactions and will be undertaken at arm's length transactions. Where one U Ethical Trust invests in another U Ethical Trust or product, fees are only charged at the single Trust level so that the management costs as shown in the fees and costs section are the total management costs payable in respect of that investor's investment.