

Australian
Ethical



AE Multi-Asset Funds

Interim Financial Reports
for the period ended 31 December 2025



**AEI Multi-Asset Funds
Interim Financial Reports
For the half-year ended 31 December 2025**

Australian Ethical Balanced Fund
ARSN 089 919 255

Australian Ethical High Growth Fund
ARSN 140 444 211

AEI Multi-Asset Funds Interim Financial Reports For the half-year ended 31 December 2025

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Directors' Report

The Directors of Australian Ethical Investment Limited, the "Responsible Entity" of the AEI Multi-Asset Funds (the Schemes) present the directors' report together with the financial statements and notes to the financial statements of the Schemes for the half-year ended 31 December 2025 and the accompanying independent auditor's report.

RESPONSIBLE ENTITY

Australian Ethical Investment Limited (ABN 47 003 188 930) serves as the Responsible Entity for the Schemes.

The following persons were Directors of Australian Ethical Investment Limited (AEIL) during the period under review and up to the date of this report unless otherwise indicated:

Steve Gibbs (Chair)
John McMurdo (Managing Director and CEO)
Julie Orr
Sandra McCullagh
Richard Brandweiner
Brian Bissaker
Kate Greenhill (retired 31 October 2025)

PRINCIPAL ACTIVITIES AND STATE OF AFFAIRS

The principal activity of the Schemes is to pool investors' savings to invest in accordance with the investment objectives and guidelines as set out in their respective current Product Disclosure Statement and within the provisions of the Schemes' Constitutions. The Schemes invest in a portfolio of Australian and New Zealand shares, international shares, unlisted property, alternative assets, interest-bearing securities and cash. Investments are sought to pursue the goal of a just and sustainable society and the protection of the natural environment as well as providing unitholders (the Schemes' investors) with a competitive financial return.

During the period, the Schemes transacted with related party entities for restructuring purposes. The Australian Ethical Balanced Fund purchased a total of \$190.7m units in related party entities, sold a total of \$156.9m units from separate related party entities and issued a total of \$33.8m units to a separate related party entity. The Australian Ethical High Growth Fund purchased a total of \$7.2m units in related party entities, sold a total of \$1.5m units from separate related party entities and issued a total of \$5.7m units to a separate related party entity. All of these transactions were processed via in-specie transfers to effect asset allocation requirements and are not reflected in the Cash Flows from financing or investing activities.

There were no other significant changes in the nature of the Schemes' principal activities during the period and there were no significant changes in the Schemes' state of affairs, except those highlighted in the review of operations.

REVIEW OF OPERATIONS

Overview

The investments of the Schemes are consistent with those set out in the Schemes' Product Disclosure Statements, each dated 1 October 2025.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Results

Total return is the percentage change of a unitholder's financial interest in the Schemes assuming all distributions are reinvested in the Schemes. These returns are calculated in accordance with FSC Guidance Note 46 Investment Option Performance - Calculation of Returns. The Schemes achieved the following total returns for the half year:

	Australian Ethical Balanced Fund		Australian Ethical High Growth Fund	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	%	%	%	%
Retail class	3.02	7.18	3.89	9.38
Wholesale class	3.36	7.55	4.13	9.65

Growth assets like Listed Equities led total returns for both Schemes, but respective relative underperformance was driven primarily by natural underweightings in Domestic Equities to the Materials sector in line with our Ethical Charter. As the end of year inflation data in Australia came out hotter than expected, hopes of a further cut evaporated, with markets now pricing in more chance of hikes in 2026. Similar to Listed Equities, it was also 'risk on' in Credit markets, with spreads compressing to a new 10-year low near toward the end of the year. This was to the benefit of both Schemes, given their respective relative overweight to Credit vs benchmark, in addition to our active approach to Rates positioning at various points of the yield curve, particularly in the US and Europe during 2025.

Two forces will test and define 2026: whether Artificial Intelligence (AI) driven productivity can tame inflation, and whether markets can sustain resilience despite rising geopolitical risks. Inflation has surprised on the upside, and the only credible path to a sustained decline in inflation without a growth slowdown is for AI to deliver measurable gains in output per worker and cost efficiencies. That outcome is also the linchpin for the lofty valuations that have driven the recent surge in AI thematic stocks. If those productivity gains arrive, earnings can justify current prices; if they do not, the market will separate winners with clear monetisation from hype driven names and valuations will reprice quickly.

Risk is everywhere, not just in a few sectors or regions, and even traditional safe havens may not hold as policy shifts. In this environment, valuation discipline becomes key to avoid mispricing and navigate uncertainty.

Net assets

The value of the Schemes' net assets attributable to unitholders was as follows:

Scheme name	31 December 2025	30 June 2025
Australian Ethical Balanced Fund	\$6,153m	\$5,478m
Australian Ethical High Growth Fund	\$1,134m	\$927m

INDEMNITIES AND INSURANCE PREMIUMS FOR THE RESPONSIBLE ENTITY AND AUDITOR

No insurance premiums are paid for out of the assets of the Schemes for insurance cover provided to the Responsible Entity, its officers or auditor of the Schemes. Where the Responsible Entity acts in accordance with the Schemes' Constitutions and the law, it is generally entitled to an indemnity out of the assets of the Schemes against losses incurred while acting on behalf of the Schemes. The auditor of the Schemes is not indemnified out of the assets of the Schemes.

Directors' Report (continued)

ROUNDING OF AMOUNTS

The Schemes are of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations' Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S DECLARATION

The auditor's independence declaration is included in this report and forms part of the directors' report for the half-year ended 31 December 2025.

Signed in accordance with a resolution of the Directors of Australian Ethical Investment Limited.



John McMurdo
Managing Director
Australian Ethical Investment Limited
10 March 2026



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Ethical Investment Limited, the Responsible Entity
for the following Schemes:

- Australian Ethical Balanced Fund
- Australian Ethical High Growth Fund

I declare that, to the best of my knowledge and belief, in relation to the review of the interim financial reports of the Schemes for the half-year ended 31 December 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.


KPMG


Nic Buchanan
Partner

Sydney
10 March 2026

Statements of Profit or Loss and Other Comprehensive Income

	Note	Australian Ethical Balanced Fund		Australian Ethical High Growth Fund	
		31 December 2025 \$'000	31 December 2024 \$'000	31 December 2025 \$'000	31 December 2024 \$'000
Investment income					
Interest		100	517	58	99
Dividends		75,922	60,196	12,392	10,478
Net change in fair value of financial assets		<u>147,256</u>	<u>363,988</u>	<u>36,478</u>	<u>75,412</u>
Net investment income/(loss)		<u>223,278</u>	<u>424,701</u>	<u>48,928</u>	<u>85,989</u>
Operating expenses					
Management fees		2,301	1,892	485	447
Transaction costs		<u>97</u>	<u>90</u>	<u>17</u>	<u>12</u>
Operating expenses before finance costs		<u>2,398</u>	<u>1,982</u>	<u>502</u>	<u>459</u>
Profit/(loss) from operating activities		<u>220,880</u>	<u>422,719</u>	<u>48,426</u>	<u>85,530</u>
Finance costs					
Distributions payable to unitholders of the Schemes	2	<u>(67,587)</u>	<u>(53,246)</u>	<u>(11,686)</u>	<u>(9,662)</u>
Change in net assets attributable to unitholders (total comprehensive income)	4	<u>153,293</u>	<u>369,473</u>	<u>36,740</u>	<u>75,868</u>

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statements of Financial Position

	Note	Australian Ethical Balanced Fund		Australian Ethical High Growth Fund	
		31 December 2025 \$'000	30 June 2025 \$'000	31 December 2025 \$'000	30 June 2025 \$'000
Assets					
Cash and cash equivalents		14,186	31,669	3,105	10,468
Margin accounts		16,947	6,508	3,022	1,106
Receivables		69,505	360,949	12,203	75,900
Financial assets held at fair value through profit or loss	5	6,120,083	5,623,204	1,127,563	953,326
Total assets		6,220,721	6,022,330	1,145,893	1,040,800
Liabilities					
Payables		411	384	87	78
Distributions payable	2	67,587	543,978	11,686	113,962
Total liabilities (excluding net assets attributable to unitholders)		67,998	544,362	11,773	114,040
Net assets attributable to unitholders	4	6,152,723	5,477,968	1,134,120	926,760

The above statements of financial position should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

The Schemes' net assets attributable to unitholders are classified as liabilities under AASB 132 'Financial Instruments: Presentation'. As such the Schemes have no equities and no items of changes in equity at the start and end of the period.

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

	Australian Ethical Balanced Fund		Australian Ethical High Growth Fund	
	31 December 2025 \$'000	31 December 2024 \$'000	31 December 2025 \$'000	31 December 2024 \$'000
Cash flows from operating activities				
Interest received	100	517	58	99
Dividends received	4,569	5,257	294	417
Management fees paid	(2,274)	(1,826)	(476)	(435)
Transaction costs paid	(123)	(82)	(23)	(11)
Net cash from operating activities	<u>2,272</u>	<u>3,866</u>	<u>(147)</u>	<u>70</u>
Cash flows from investing activities				
Proceeds from sale of investments	749,503	305,092	127,506	143,305
Purchase of investments	(702,490)	(472,870)	(183,758)	(166,311)
Amount received from/(paid to) brokers for margin	(10,439)	3,825	(1,916)	1,150
Net cash from investing activities	<u>36,574</u>	<u>(163,953)</u>	<u>(58,168)</u>	<u>(21,856)</u>
Cash flows from financing activities				
Proceeds from issue of units	115,977	245,911	79,693	53,260
Payments for redemption of units	(157,369)	(97,042)	(26,137)	(32,610)
Distributions paid to unitholders	(14,937)	(2,316)	(2,604)	(364)
Net cash from financing activities	<u>(56,329)</u>	<u>146,553</u>	<u>50,952</u>	<u>20,286</u>
Net increase/(decrease) in cash and cash equivalents	<u>(17,483)</u>	<u>(13,534)</u>	<u>(7,363)</u>	<u>(1,500)</u>
Cash and cash equivalents at 1 July	<u>31,669</u>	<u>24,145</u>	<u>10,468</u>	<u>5,464</u>
Cash and cash equivalent at 31 December	<u>14,186</u>	<u>10,611</u>	<u>3,105</u>	<u>3,964</u>

The above statements of cash flows should be read in conjunction with the accompanying notes.

1 MATERIAL ACCOUNTING POLICIES

REPORTING ENTITIES

The AEI Multi-Asset Funds (the Schemes), for-profit entities, are registered managed investment schemes under the Corporations Act 2001. The Schemes are domiciled in Australia. The financial statements of the Schemes are for the half-year ended 31 December 2025. The Schemes will terminate on below dates unless terminated earlier in accordance with the provisions of the Schemes' Constitution:

Scheme name	Constitution date	Termination date
Australian Ethical Balanced Fund	2 November 1999	1 November 2079
Australian Ethical High Growth Fund	18 November 2009	17 November 2089

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements of the Schemes comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

BASIS OF PREPARATION

These financial statements are presented in Australian dollars which is the functional currency and are prepared on a fair value basis with financial assets designated at fair value through profit or loss and derivatives which are measured at fair value, except for receivables and payables which are measured at cost.

The material accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The Statements of Financial Position are prepared on a liquidity basis.

This interim financial reports are general-purpose financial reports which have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The interim financial reports cover the Australian Ethical Balanced Fund and the Australian Ethical High Growth Fund as individual entities. The Responsible Entity of the Schemes is Australian Ethical Investment Limited (the Responsible Entity). The registered office is Level 8, 124-130 Pitt Street, Sydney, NSW 2000.

Selected explanatory notes are included to explain events and transactions that are material to an understanding of the changes in financial positions and performance of the Schemes since the last annual financial statements as at and for the year ended 30 June 2025. The interim financial reports do not include all of the information required for full annual financial reports and should be read in conjunction with the annual financial reports of the Schemes as at and for the year ended 30 June 2025, and any public announcements made in respect of the Schemes during the reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001.

ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Schemes' accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that may have a financial impact on the Schemes and are believed to be reasonable under the circumstances.

1 MATERIAL ACCOUNTING POLICIES (continued)

DERIVATIVE FINANCIAL INSTRUMENTS

In accordance with the respective investment mandates, the Schemes may invest in derivative financial instruments to gain or hedge exposure to equities, interest rates or foreign currencies. Derivative financial instruments are recognised initially at cost. After initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Statements of Profit or Loss and Other Comprehensive Income. At balance date, both Schemes held exchange traded futures and options and forward foreign exchange contracts.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value. Cash and cash equivalents are used by the Schemes in the management of short-term commitments.

MARGIN ACCOUNTS

Margin accounts comprise of cash held or owned as collateral for derivative transactions. The cash is held by or owed to the broker and is only available for margin calls. It is not included as a component of cash and cash equivalents. Movements to and from the margin accounts are presented under investing activities in the Statements of Cash Flows.

FAIR VALUE MEASUREMENT PRINCIPLES

Financial instruments comprise financial assets held at fair value through profit or loss, receivables, cash and cash equivalents, payables, and distributions payable.

The Schemes can invest into a variety of assets including Australian and New Zealand shares, international shares, property, alternative assets, interest-bearing securities and cash. Generally, valuation information is obtained from third-party industry standard service providers to ensure that the most recent security prices are obtained. The prices used to value investments include, but are not limited to:

- independent prices obtained for each security;
- quoted market prices on securities; and
- redemption prices published by the relevant Responsible Entity, for investment into unlisted unit trusts.

For certain investments, prices cannot be obtained from the above sources. In these instances, valuations obtained from service providers are estimated using valuation models which are consistent with accepted industry practice and incorporate the best available information regarding assumptions that market participants would use when pricing the assets or liabilities. Irrespective of the method used by third-party industry standard service providers to obtain valuations, prices achieved in actual transactions may be different.

The Schemes use derivative instruments in the form of futures, options and forward foreign exchange contracts. Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivatives are measured at fair value and changes are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they occur.

The Schemes' assets are measured at fair value in accordance with AASB 13 Fair Value Measurement. The fair value of financial assets traded in active markets is based on quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market prices used for the fair value measurement are last traded prices and is the same price used in the unit pricing process.

Classification

On initial recognition a financial asset is classified as measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income. Financial liabilities are classified as measured at amortised cost or fair value through profit or loss.

1 MATERIAL ACCOUNTING POLICIES (continued)

FAIR VALUE MEASUREMENT PRINCIPLES (continued)

Recognition and initial measurement

Financial instruments are recognised when the Schemes become parties to the contractual provisions of the instruments. Purchases and sales of financial assets are accounted for at trade date (i.e. the date the Schemes commit themselves to purchase or sell the assets).

Measurement

After initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statements of Profit or Loss and Other Comprehensive Income. All other financial instruments are carried at amortised cost using the effective interest rate method less any recognised impairment.

Financial liabilities arising from redeemable units issued by the Schemes are carried at the redemption amount representing the unitholders' rights to the residual interest in the Schemes' assets, effectively the fair value at the reporting date.

Derecognition

The Schemes derecognise financial assets when the contractual rights to the cash flows from the assets expire, or they transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or in which the Schemes neither transfer nor retain substantially all of the risks and rewards of ownership and do not retain control of the financial assets.

On derecognition of financial assets, the differences between the carrying amount of the assets (or the carrying amount allocated to the portions of the assets that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) are recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Schemes are recognised as a separate asset or liability. The Schemes derecognise financial liabilities when their contractual obligations are discharged or cancelled or expire.

Impairment of financial assets held at amortised cost

AASB 9 Financial Instruments requires an 'expected credit loss' model to apply to financial assets measured at amortised cost, contract assets and debt instruments, but not equity instruments held at fair value through profit or loss. The financial assets at amortised cost consists of trade receivables and cash and cash equivalents.

STANDARDS AND INTERPRETATIONS ON ISSUE NOT YET ADOPTED

Management have assessed there are no new accounting standards, interpretations or amendments to existing standards that are effective for the period beginning 1 July 2025 that would be expected to have a material impact on the Schemes.

2 DISTRIBUTIONS PAID AND PAYABLE

	Australian Ethical Balanced Fund			
	31 December 2025 \$'000	31 December 2025 CPU	31 December 2024 \$'000	31 December 2024 CPU
Retail class				
Distributions payable	<u>324</u>	<u>0.86</u>	<u>218</u>	<u>0.55</u>
Wholesale class				
Distributions payable	<u>3,313</u>	<u>1.60</u>	<u>1,896</u>	<u>1.09</u>
Zero class				
Distributions payable	<u>63,950</u>	<u>2.45</u>	<u>51,132</u>	<u>2.18</u>
Total Distributions	<u>67,587</u>		<u>53,246</u>	

The prior year final distribution total of \$543,978,299 was paid in July 2025.

	Australian Ethical High Growth Fund			
	31 December 2025 \$'000	31 December 2025 CPU	31 December 2024 \$'000	31 December 2024 CPU
Retail class				
Distributions payable	<u>25</u>	<u>0.87</u>	<u>26</u>	<u>0.96</u>
Wholesale class				
Distributions payable	<u>603</u>	<u>1.49</u>	<u>576</u>	<u>1.59</u>
Zero class				
Distributions payable	<u>11,058</u>	<u>2.56</u>	<u>9,060</u>	<u>2.69</u>
Total Distributions	<u>11,686</u>		<u>9,662</u>	

The prior year final distribution total of \$113,961,606 was paid in July 2025.

3 ISSUED UNITS

Each units represent rights to individual shares in the Schemes per their respective Constitution. Zero class units are issued to other schemes managed by the Responsible Entity and the Australian Ethical Retail Superannuation Fund (AERSF) and are not charged a Responsible Entity fee. All rights attached to zero class units are the same as those of the other classes.

	Australian Ethical Balanced Fund		Australian Ethical High Growth Fund	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	Units	Units	Units	Units
Retail class				
On issue at beginning of period	37,088,509	43,059,553	2,728,424	2,955,430
Issued	5,681,052	2,772,578	735,579	424,437
Reclassified to wholesale class	(2,943,461)	(3,132,388)	(491,964)	(418,900)
Redeemed	(2,201,998)	(3,213,363)	(168,364)	(178,298)
On issue at period end	37,624,102	39,486,380	2,803,675	2,782,669
Wholesale class				
On issue at beginning of period	192,301,813	140,503,662	35,941,378	34,881,817
Issued	24,130,045	37,750,421	6,078,726	2,899,961
Reclassified from retail class	2,954,058	3,149,003	492,450	418,633
Redeemed	(12,433,164)	(7,186,797)	(2,105,234)	(1,930,196)
On issue at period end	206,952,752	174,216,289	40,407,320	36,270,215
Zero class				
On issue at beginning of period	2,379,631,943	2,262,321,421	363,162,421	322,579,625
Issued	291,790,865	117,791,918	77,243,920	26,561,967
Redeemed	(58,280,873)	(34,191,240)	(8,641,993)	(11,740,807)
On issue at period end	2,613,141,935	2,345,922,099	431,764,348	337,400,785

4 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The Schemes manage their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as liabilities. The amount of net assets attributable to unitholders can change significantly daily as the Schemes are subject to daily applications and redemptions at the discretion of unitholders. Applications and redemptions are reviewed relative to the liquidity of each Schemes' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Schemes' Constitution, the Responsible Entity has the discretion to reject an application for units and to defer a redemption of units if the exercise of such discretion is in the best interest of the unitholders.

The objective of the Schemes is to provide unitholders with returns in accordance with their respective Product Disclosure Statement.

4 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

	Australian Ethical Balanced Fund		Australian Ethical High Growth Fund	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	\$'000	\$'000	\$'000	\$'000
Opening balance	5,477,968	5,051,720	926,760	816,264
Issued	149,790	245,911	85,399	53,260
Distributions reinvested	529,041	93,348	111,358	17,803
Redeemed	(157,369)	(97,042)	(26,137)	(32,610)
Change in net assets attributable to unitholders	<u>153,293</u>	<u>369,473</u>	<u>36,740</u>	<u>75,868</u>
Net assets attributable to unitholders	<u>6,152,723</u>	<u>5,663,410</u>	<u>1,134,120</u>	<u>930,585</u>

5 FAIR VALUES

The following table provides an analysis of financial instruments that are measured after initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: Using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Derived from valuation techniques that include inputs for the asset or liability that is not based on observable market data (unobservable inputs). This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques.

Australian Ethical Balanced Fund

31 December 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Designated at fair value through profit or loss				
Derivatives	808	1,447	-	2,255
Equity securities	63,538	-	-	63,538
Unlisted unit trusts	-	5,440,521	613,769	6,054,290
Total	<u>64,346</u>	<u>5,441,968</u>	<u>613,769</u>	<u>6,120,083</u>
30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Designated at fair value through profit or loss				
Derivatives	(987)	1,299	-	312
Equity securities	46,197	-	-	46,197
Unlisted unit trusts	-	5,077,783	498,912	5,576,695
Total	<u>45,210</u>	<u>5,079,082</u>	<u>498,912</u>	<u>5,623,204</u>

5 FAIR VALUES (continued)

Australian Ethical High Growth Fund

31 December 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Designated at fair value through profit or loss				
Derivatives	139	265	-	404
Equity securities	11,562	-	-	11,562
Unlisted unit trusts	-	1,003,218	112,379	1,115,597
Total	11,701	1,003,483	112,379	1,127,563
30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Designated at fair value through profit or loss				
Derivatives	(172)	222	-	50
Equity securities	7,941	-	-	7,941
Unlisted unit trusts	-	859,867	85,468	945,335
Total	7,769	860,089	85,468	953,326

During the period, there were no transfers between levels.

In the analysis it is assumed that the amount of financial assets exposed to fluctuations in unobservable inputs as at the balance sheet date is representative of the balances held throughout the financial year. No other flow-on effects or fluctuations in fair value have been taken into account.

5 FAIR VALUES (continued)

The table below describes the valuation techniques used in the measurement of fair value for assets categorised as Level 2 and 3. Exposure to early-stage venture capital partnerships and unlisted infrastructure is through the investment in the Australian Ethical trusts.

Asset type	Valuation technique	Interest held by the Schemes
Unlisted Australian Ethical trusts (Level 2 & Level 3)	The prices used to value the underlying investments include but is not limited to independent prices obtained for each security, quoted 'bid' prices on securities and for investments into unlisted unit trusts, redemption prices published by the Responsible Entity.	Direct investment in units issued by the Australian Ethical trusts
Unlisted property trust (Level 2)	The valuation measurement is market value as defined by the International Valuation Standards Council and adopted by the Australian Property Institute. The fair value of direct property assets is based on independent external valuations. A variety of established valuation techniques are used by valuers in determining the value of direct property investments. These include, discounted cashflows, capitalisation of rental income and analysis of comparable recent sale transactions.	Direct investment in units issued by the trusts and indirectly held through the Australian Ethical trusts
Early-stage venture capital partnerships (Level 3)	Valuation techniques are in accordance with International Private Equity and Venture Capital (IPEV) valuation principles endorsed by the Australian Investment Council (AIC). In estimating Fair Value of investments, the valuation techniques that are appropriate in light of the nature, facts and circumstances of the investment are applied. Consistent valuation techniques for investments with similar characteristics, industries and/or geographies is considered and used. There are a number of different techniques applied, including 'Price of Recent Investment', 'Multiples', 'Net Assets', 'Discounted Cash Flows or Earnings'.	Limited partnership interest indirectly held through the Australian Ethical trusts
Debt instruments unsecured (Loans) (Level 3)	Discounted cash flow (DCF) is the primary valuation approach adopted for infrastructure debt investments where cash flow forecasts can be made with a reasonable degree of certainty. Under the DCF approach, the expected future cash flows from the debt investments are discounted at a risk adjusted discount rate to convert all future cash flows to their present value equivalent. For debt investments greater than 5% of the portfolio, third-party experts are engaged to provide an annual assessment of the appropriate risk adjusted discount rate specific to each debt investment.	Direct investment in units issued by the Australian Ethical trusts
Unlisted infrastructure & unlisted infrastructure trusts (Level 3)	Third-party experts apply valuation techniques to determine fair value. Valuers use accepted valuation methodologies that are most appropriate for each asset, considering factors such as asset size, characteristics, and domicile. The assumptions within the valuation techniques applied to infrastructure assets can include income capitalisation, discounted cash flow, trading and transaction earnings multiples or direct sales comparison. The assumptions are determined by the valuer and adjusted to reflect the current consensus view of economic conditions and asset specific drivers.	Investment is held through the Australian Ethical trusts

5 FAIR VALUES (continued)

At balance date, the effect on net assets attributable to unitholders as a result of a change in the internal valuation of Level 3 assets, with all other variables remaining constant would be as follows:

	Australian Ethical Balanced Fund		Australian Ethical High Growth Fund	
	31 December 2025	30 June 2025	31 December 2025	30 June 2025
	\$'000	\$'000	\$'000	\$'000
Increase in alternative assets by 10% (June 2025: 10%)	61,377	49,891	11,238	8,547
Decrease in alternative assets by 10% (June 2025: 10%)	(61,377)	(49,891)	(11,238)	(8,547)

The following table shows a reconciliation from beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Australian Ethical Balanced Fund		Australian Ethical High Growth Fund	
	31 December 2025	30 June 2025	31 December 2025	30 June 2025
	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July	498,912	275,567	85,468	55,674
Acquisition of units in unlisted Australian Ethical trusts	129,021	251,418	27,020	41,924
Disposal of units in unlisted Australian Ethical trusts	(33,055)	(26,663)	(3,434)	(12,042)
Net fair value profit/(loss)	18,891	(1,410)	3,325	(88)
Total level 3 assets held at fair value	613,769	498,912	112,379	85,468

Carrying amounts versus fair value

The fair values of financial assets and liabilities approximates their carrying amounts in the Statements of Financial Position.

6 CONTINGENCIES

There are no contingent assets or liabilities as at 31 December 2025 (30 June 2025: Nil).

7 EVENTS OCCURRING AFTER THE REPORTING DATE

As the investments in the Schemes are measured at their 31 December 2025 fair values in the financial reports, any volatility in values after the balance date is not reflected in the Statements of Profit or Loss and Other Comprehensive Income or the Statements of Financial Position. However, the current value of investments is reflected in the current unit price.

During the period between 31 December 2025 and the date of this report, there were no items, transactions, or events of a material and unusual nature likely in the opinion of the Responsible Entity, to significantly affect the operations of the Schemes, the results of those operations, or the state of affairs of the Schemes in future financial periods.

Directors' Declaration

In the opinion of the Directors of Australian Ethical Investment Limited, the Responsible Entity of the AEI Multi-Asset Funds (the Schemes):

- (a) The financial statements and notes to the financial statements that are set out in this report are in accordance with the Corporations Act 2001, including:
 - (i) Giving true and fair views of the Schemes' financial positions as at 31 December 2025 and of their performance for the six-month period ended on that date; and
 - (ii) Complying with Australian Accounting Standards and Corporations Regulations 2001;
- (b) There are reasonable grounds to believe that the Schemes will be able to pay their debts when they become due and payable; and
- (c) The Schemes have operated during the half-year ended 31 December 2025 in accordance with the provisions of the Schemes' Constitution.

Signed in accordance with a resolution of the Directors of Australian Ethical Investment Limited.



John McMurdo
Managing Director
Australian Ethical Investment Limited
10 March 2026

Independent Auditor's Report



Independent Auditor's Review Report

To the respective unitholders of the following Schemes:

- Australian Ethical Balanced Fund
- Australian Ethical High Growth Fund

For the purpose of this report, the term Scheme and Schemes denote the individual and distinct entity for which the financial information is prepared and upon which our review is performed. Each is to be read as a singular subject matter.

Conclusion

We have reviewed the accompanying **Interim Financial Reports** of the Schemes.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of each Scheme does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 31 December 2025 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Reports** of the individual Schemes comprise:

- Statements of financial position as at 31 December 2025;
- Statements of profit or loss and other comprehensive income for the Interim Period ended on that date;
- Statements of changes in equity and Statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 7 comprising material accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Interim Period** is the 6 months ended on 31 December 2025.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Reports* section of our report.

We are independent of the Schemes and Australian Ethical Investment Limited, the Responsible Entity of the Schemes, in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical



Standards Board Limited (the Code) that are relevant to audits of annual financial reports of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Reports

The Directors of Australian Ethical Investment Limited are responsible for:


- the preparation of the Interim Financial Reports that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Reports that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Reports

Our responsibility is to express a conclusion on the Interim Financial Reports based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report of each Scheme does not comply with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31 December 2025 and its performance for the Interim ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of the Schemes, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period Financial Reports consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


KPMG


Nic Buchanan

Partner

KPMG Sydney

10 March 2026