

Australian Ethical is one of Australia’s leading ethical fund managers. By investing responsibly in well-managed ethical companies, we deliver competitive financial performance to our clients and positive change to society and the environment. Since our inception in 1986, our Ethical Charter has guided all investment decisions and underpinned our business practices. Every year 10 per cent of our profits* are distributed to charitable organisations and social impact initiatives through The Australian Ethical Foundation.

Investment objective

To provide exposure to primarily Australian fixed interest securities that meet our Ethical Criteria, generating income with some capital growth potential over the medium to long term. The Fund aims to track the return of the Bloomberg AusBond Composite 0+ years Index before taking into account management costs over a 3 year period.

Price information

Pricing frequency:	Daily
Buy/Sell spread:	0.00%/0.00%

Fund facts

Class size:	\$0.79m
Benchmark:	Bloomberg AusBond Composite 0+ Years
Asset class:	Fixed Interest
Inception date:	14/06/2012
Minimum investment timeframe:	3 years
Risk level:	Low-Medium

Identifiers

ISIN code:	AU60AUG00218
APIR code:	AUG0021AU

Distributions

Frequency:	2
Dates:	30/06, 31/12

Fees

Management costs - PDS:	0.50%
Minimum initial investment:	\$1,000 \$500 with a Regular investor plan
Additional transactional and operational costs:	0.00%

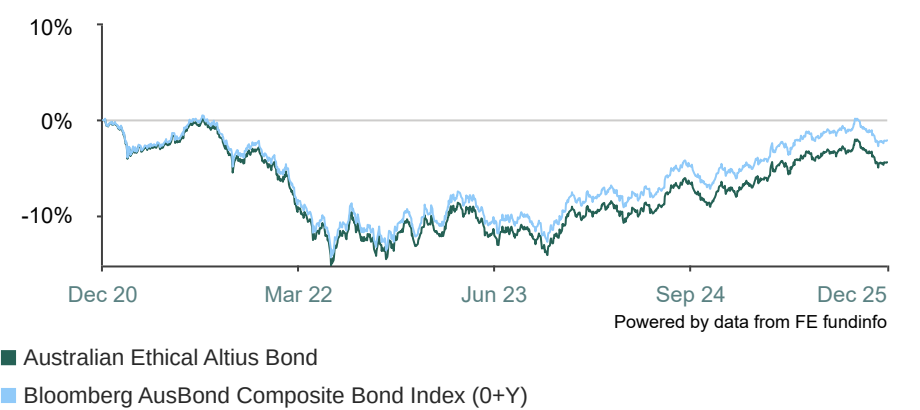
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund’s Product Disclosure Statements available from our website australianethical.com.au

*(after tax, before bonus expense)

Investment strategy

The opportunity to invest in a diversified portfolio of interest-bearing investments generating income. The Fund is invested in primarily fixed rate bonds, from issuers such as the Commonwealth and State Governments, banks and other corporate issuers that meet the Australian Ethical Charter.

Cumulative performance (as at 31/12/2025)



Performance (as at 31/12/2025)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	-0.7%	-1.3%	-1.0%	2.9%	3.3%	-0.9%	1.2%	2.0%
Bloomberg AusBond Composite Bond Index (0+Y)	-0.6%	-1.1%	-0.8%	3.2%	3.7%	-0.4%	2.0%	2.7%

Calendar Performance (as at end 2025)

	CY2025	CY2024	CY2023	CY2022	CY2021
Fund	2.9%	2.5%	4.5%	-10.2%	-3.5%
Bloomberg AusBond Composite Bond Index (0+Y)	3.2%	2.9%	5.1%	-9.7%	-2.9%

Source: FE fundinfo.

Total returns are calculated using the sell (exit) price, net of management fees and gross of tax as if distributions of income have been reinvested at the actual distribution reinvestment price. The actual returns received by an investor will depend on the timing, buy and exit prices of individual transactions. Return of capital and the performance of your investment in the fund are not guaranteed. Past performance is not a reliable indicator of future performance. Figures showing a period of less than one year have not been adjusted to show an annual total return. Figures for periods of greater than one year are on a per annum compound basis. The current benchmark may not have been the benchmark over all periods shown in the above chart and tables. The calculation of the benchmark performance links the performance of previous benchmarks and the current benchmark over the relevant time periods.

Australian Ethical Altius Bond Fund

Fund Profile - 31 December 2025

Australian
Ethical



Top 10

Government of Australia	35.7%
New South Wales Treasury Corp.	12.4%
Treasury Corporation of Victoria	12.3%
Queensland Treasury Corp.	9.3%
Western Australian Treasury Corp.	2.6%
South Australian Government Financing Authority	2.6%
Westpac Banking Corporation	1.5%
National Australia Bank Limited	1.4%
KfW	1.3%
International Finance Corp.	1.3%

Ratings and awards

RIAA Certification:



Why invest ethically?

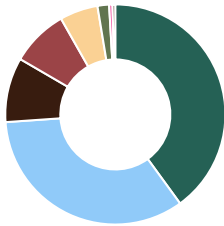
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.
Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.
Promote human rights: We strive to avoid any investment in companies involved in the poor treatment of asylum seekers or the exploitation of workers through poor working conditions.

Need Help?

Contact us Monday-Friday on:
T 1800 021 227
F 02 9252 1987
E investors@australianethical.com.au
W australianethical.com.au
Australian Ethical Investment Ltd
c/o Boardroom Pty Ltd
GPO Box 3993
Sydney NSW 2001

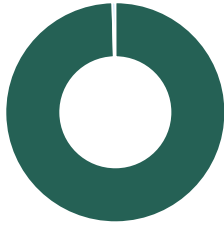
Sector allocation

State Government	40.0%
Government	33.9%
Corporate Credit	9.5%
SSA	8.4%
Bank Senior Debt	5.6%
Bank Covered	1.7%
Agency	0.5%
Cash	0.4%



Asset allocation

Australian Fixed Interest	99.6%
Cash	0.4%



Commentary

2025 began with expectations central banks in major economies would be cutting rates, as post covid inflation surges receded and policy no longer needed to be restrictive. The RBA began cutting early, with the first of three moves in February. The Australian 3-year bond rate fell 60 basis points (bps) across the first half of the year in anticipation of an ongoing easing cycle. Longer bonds, impacted by uncertain trade policy, had a less pronounced rally in the first part of the year, with the Australian 10-year bond trading between 4.1-4.4%.

In the US, the Federal Market Open Committee was hesitant to cut rates early in the year, balancing their dual mandate of controlling inflation and maintaining maximum employment, as tariff policies were expected to put upward pressure on inflation, even as employment began to ease in the latter part of the year.

In the December quarter, Australian inflation outcomes once again moved above the RBA's target band and the prospect of further rate cuts gave way to the market pricing for rate hikes. Both 3 year and 10-year rates reversed course and finished the year higher than they started at 4.13% & 4.74% respectively. As a result of the move higher in yields, the composite bond index fell 1.15% in the December Quarter, blunting an otherwise positive year for fixed income, with the index up 3.13% for the year.

Credit tightened across 2025, led by the major banks, with spreads coming in 10bps over the year, with a short-lived widening in April after the announcement of significant tariffs in the US. This was despite some of the uncertainties from the headline news, with credit fundamentals supported by cash rate reductions both domestically and in the US over the year, as well as only gradual moves higher in unemployment from near full employment levels, and low mortgage arrears rates. BBB-rated industrials tightened 20bps on average. The Bloomberg Ausbond Credit Index 0+ outperformed the broader Bloomberg Ausbond Composite Bond Index 0+ in three of the four quarters of the year, outperforming by 1.1% over the year, up 4.27%. The portfolios held overweight credit positions going into 2025. We have continued to hold these positions in 2025 and expect to maintain these in the first quarter of 2026. The portfolios have benefitted from the resulting spread compression over the year.

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