

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 investors with a balance between capital growth and a moderate level of income through a diversified portfolio of assets that meet our Ethical Criteria. The Retail Fund aims to achieve returns 3.00% above inflation after management costs over a 10 year period. The Wholesale Fund aims to achieve returns 3.50% above inflation after management costs over a 10 year period.

Price information

Pricing frequency: Daily
Buy/Sell spread: 0.10%/0.10%

Fund facts

Class size: \$81.29m
Benchmark: Australian Ethical Balanced Composite
Asset class: Mixed Asset
Inception date: 16/10/1989
Minimum investment timeframe: 8 Years
Risk level: Medium

Identifiers

ISIN code: AU60AUG00010
APIR code: AUG0001AU

Distributions

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

Fees

Management costs - PDS: 1.57%
Minimum initial investment: \$1,000
\$500 with a Regular investor plan
Additional transactional and operational costs: 0.06%

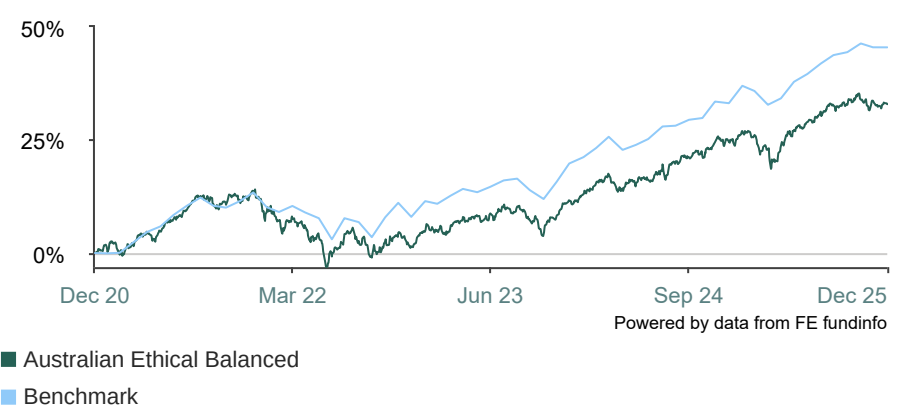
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund’s Product Disclosure Statements available from our website australianethical.com.au

*(after tax, before bonus expense)

Investment strategy

The opportunity to invest in a diversified portfolio of asset types and markets to reduce the volatility of returns. Asset classes include, but are not limited to, Australian and international shares, property and fixed income securities.

Cumulative performance (as at 31/12/2025)



Performance (as at 31/12/2025)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	-0.6%	0.1%	3.0%	6.7%	9.4%	5.9%	6.5%	6.7%
Benchmark	0.0%	0.7%	4.2%	9.3%	10.4%	7.8%	7.6%	7.5%

Calendar Performance (as at end 2025)

	CY2025	CY2024	CY2023	CY2022	CY2021
Fund	6.7%	11.6%	10.0%	-10.3%	13.2%
Benchmark	9.3%	11.1%	10.9%	-4.8%	13.4%

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 Balanced Fund

Fund Profile - 31 December 2025

Australian
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Top 10

DEXUS HEALTHCARE PROPERTY FUND UIT	2.8%
NVIDIA CORPORATION	1.9%
COMMONWEALTH BANK OF AUSTRALIA	1.9%
NATIONAL AUSTRALIA BANK	1.6%
APPLE INC	1.6%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	1.6%
INVESTA COMMERCIAL PROPERTY FD COMMON STOCK UNIT	1.5%
MICROSOFT CORP	1.5%
ALPHABET INC-CL A	1.3%
CSL LIMITED	1.1%

Ratings and awards

RIAA Certification:



Why invest ethically?

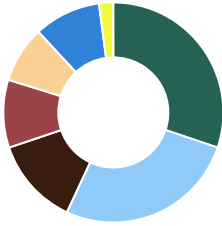
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.
Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.
Promote human rights: 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?

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Asset allocation

International Shares	30.2%
Australian & NZ Shares	26.8%
Australian Fixed Interest	12.9%
Alternative Assets	10.0%
International Fixed Interest	8.3%
Property and Infrastructure	9.8%
Cash and short-term interest bearing securities	2.1%



Australian Ethical Balanced Fund

Fund Profile - 31 December 2025

Commentary

Performance across all Multi-Asset Funds ('Funds') was positive for the calendar year, though the Funds underperformed their respective benchmarks. Growth assets like Listed Equities led total returns, but relative underperformance was driven primarily by a natural underweighting in Domestic Equities to the Materials sector in line with our Ethical Charter.

In local currency terms, Global Equity markets delivered their third straight year of double-digit growth (MSCI ACWI +19.7%). This was despite "Liberation Day" in April seeing markets initially plunge around 10% at the beginning of the second quarter, only for it to be undone by the end of the same quarter. While Communication Services was still the top performing sector during calendar year 2025, it was less than the previous year, with returns across all sectors more evenly distributed. Artificial Intelligence (AI) continued to remain a defining theme over the year, but not without bouts of volatility, stemming from a range of areas including potential competition from China's DeepSeek, concerns over debt financing of capital expenditure, and individual companies missing revenue expectations.

At a country level, Liberation Day took the shine out of the US exceptionalism thematic of 2024, with Europe outperforming the US in 2025, for only the second time over the last 10 years (S&P 500: 17.4%, Euro STOXX 50: 21.2%). In fact, many European Banks outperformed the AI-related companies in the US thanks to better-than-expected economic conditions in Europe, supported by a favourable interest rate environment and attractive valuations.

Emerging Market equities also outperformed Developed Markets, with Asian Equities a standout (MSCI EM: 31.3%, MSCI World: 18.4%, MSCI AC Asia: 29.6%). This meant the Funds' tilts since the beginning of 2025 toward Asian Equities (and later broader Emerging Markets) added to relative outperformance. A slight overweight, to European equities, coupled with higher selection quality compared to benchmark also added value. However, this was not enough to offset the Funds' stock selection in the US.

The Domestic Equity market saw strong returns for the Mining sector, while Technology and Healthcare lagged. This strength was largely driven by gains in Materials, and particularly gold-related stocks, as gold prices hit record highs. This had a negative impact on the Domestic Equities component of the portfolio with the Funds' ethical process leading to a natural underweight to the Materials sector. So while stock selection in the Consumer Discretionary and Staples sectors assisted performance, partly due to our zero exposure to Aristocrat Leisure and Treasury Wine Estates for ethical reasons, this was not enough to offset the Funds' Materials underweight.

In Fixed Income markets, most central banks continued their cutting cycle (except for Japan), as post-COVID inflation receded. Australia saw three cuts earlier in the year, while the US ended up cutting toward the end of the year, as the Federal Market Open Committee took a more cautious approach due to the uncertainty of the US administration's tariff policies early in the year.

As 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 the Fund, given its relative overweight to Credit vs benchmark, in addition to our active approach to Rates positioning at various points of the yield curve, particularly in US and Europe during 2025.

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