

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 generate an income stream consistent with prevailing short-term interest rates while minimising the risk of capital loss and meeting our Ethical Criteria. The Fund aims to exceed the return of the Bloomberg AusBond Bank Bill after taking into account management costs over a 1 year period.

## Price information

**Pricing frequency:** Daily

**Buy/Sell spread:** 0.00%/0.00%

## Fund facts

**Class size:** \$11.23m

**Benchmark:** Bloomberg AusBond Bank Bill

**Asset class:** Money Market

**Inception date:** 30/06/2015

**Minimum investment timeframe:** 1 year

**Risk level:** Very low

## Identifiers

**ISIN code:** AU60AUG00242

**APIR code:** AUG0024AU

## Distributions

**Frequency:** 2

**Dates:** 30/06, 31/12

## Fees

**Management costs - PDS:** 0.20%

**Minimum initial investment:** \$25,000

**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](http://australianethical.com.au)

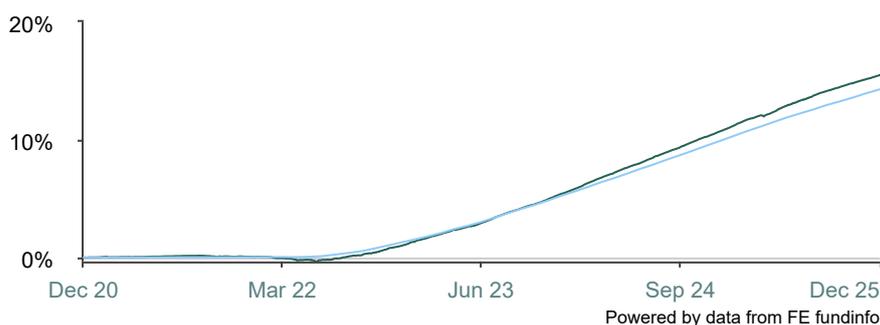
\*(after tax, before bonus expense)

\*\*The Benchmark was the Australian 90 Day Bank Bill from inception to 13 Aug 2019 and is the Bloomberg AusBond Bank Bill Index thereafter.

## Investment strategy

The opportunity to invest in a diversified portfolio of interest-bearing investments generating income. The Fund is invested in short-dated deposits, high grade mortgage-backed securities, State and Commonwealth Government Bonds, and bank and other corporate bonds. As such, the returns of the Fund tend to move in line with the general level of interest rates.

## Cumulative performance (as at 31/12/2025)



■ Australian Ethical Income

■ Composite Benchmark\*\*

## Performance (as at 31/12/2025)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	0.3%	0.9%	1.9%	4.3%	4.6%	2.9%	2.4%	2.3%
Composite Benchmark**	0.3%	0.9%	1.8%	4.0%	4.1%	2.7%	2.1%	2.1%

## Calendar Performance (as at end 2025)

	CY2025	CY2024	CY2023	CY2022	CY2021
Fund	4.3%	5.1%	4.3%	0.9%	0.1%
Composite Benchmark**	4.0%	4.5%	3.9%	1.3%	0.0%

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 Income Fund (Wholesale)

Fund Profile - 31 December 2025

Australian  
Ethical



## Top 10

Government of Australia	15.7%
Westpac Banking Corporation	9.2%
National Australia Bank Limited	8.2%
Commonwealth Bank of Australia	7.2%
Bank of Queensland Limited	4.9%
Bendigo and Adelaide Bank Limited	4.9%
Norfinia Limited	4.8%
International Bank for Reconstruction & Development	4.6%
Great Southern Bank (Australia)	4.2%
New South Wales Treasury Corp.	3.4%

## 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](mailto:investors@australianethical.com.au)

**W** [australianethical.com.au](http://australianethical.com.au)

Australian Ethical Investment Ltd

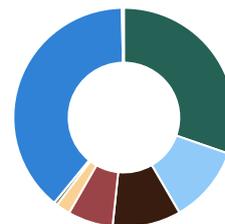
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

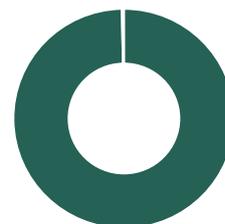
## Sector allocation

Bank Senior Debt	30.3%
Bank Covered Bonds	11.3%
Government	10.0%
State Government	6.6%
RMBS	2.1%
Corporate Credit	0.5%
Other	38.8%
Cash	0.3%



## Asset allocation

Australian Interest Bearing Investments	99.7%
Cash	0.3%



## 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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