

Australian Ethical High Conviction Fund

Australian Ethical



Fund ticker: AEAE
Fund Profile - 31 December 2025

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

The Fund aims to provide long term capital growth and income from focusing on a relatively concentrated portfolio of Australian and NZ companies that meet our Ethical Criteria. The Fund aims to exceed the return of the ASX300 Total Return Index after taking into account management costs over a 7 year period.

Price information

Pricing frequency: Daily
Buy/Sell spread: 0.15%/0.15%

Fund facts

Class size: \$11.74m
Benchmark: S&P/ASX 300 Accumulation
Asset class: Equity
Inception date: 01/10/2021
Minimum investment timeframe: 7 Years
Risk level: High

Identifiers

ISIN code: AU60AUG79196
APIR code: AUG7919AU

Distributions

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

Fees

Management costs - PDS: 0.69%
Performance fee: 0.00%
Minimum initial investment: \$25,000
No minimum applies for the AEAE ETF
Additional transactional and operational costs: 0.09%

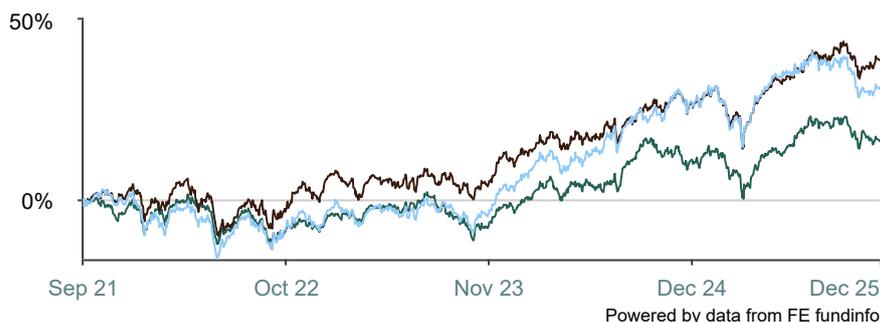
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(after tax, before bonus expense)

Investment strategy

An actively-managed, focused share portfolio leveraging our ethical investing philosophy & capability. Invested in 20-35 select shares, predominantly from the S&P ASX300, on the basis of their social, environmental and financial credentials. Benchmark unaware, with a concentration on larger capitalisation stocks.

Cumulative performance (as at 31/12/2025)



■ Australian Ethical High Conviction
■ S&P/ASX 300 Acc.
■ S&P/ASX 300 Indust.s Acc.

Performance (as at 31/12/2025)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	-2.5%	-3.5%	2.0%	5.7%	8.1%	-	-	3.6%
S&P/ASX 300 Acc.	1.4%	-0.9%	4.1%	10.7%	11.4%	-	-	8.0%
S&P/ASX 300 Indust.s Acc.	-0.1%	-4.4%	-3.3%	4.1%	12.3%	-	-	6.5%

Calendar Performance (as at end 2025)

	CY2025	CY2024	CY2023	CY2022	CY2021
Fund	5.7%	11.7%	7.0%	-6.5%	-
S&P/ASX 300 Acc.	10.7%	11.4%	12.1%	-1.8%	-
S&P/ASX 300 Indust.s Acc.	4.1%	21.2%	12.2%	-8.0%	-

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.

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Australian
Ethical



Top 10

CSL LIMITED	5.3%
CONTACT ENERGY LTD	5.0%
MACQUARIE GROUP LTD	4.7%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	4.5%
RESMED INC	4.5%
CAR GROUP LIMITED	4.4%
GOODMAN GROUP	4.4%
NATIONAL AUSTRALIA BANK	4.3%
WEB TRAVEL GROUP LIMITED	4.0%
QBE INSURANCE GROUP LIMITED	3.7%

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.

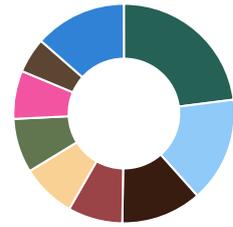
Promote human rights: We strive to avoid any investment in companies involved in the poor treatment of asylum seekers or the exploitation of workers through poor working conditions.

Need Help?

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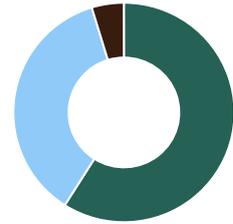
Sector allocation

Financials	23.0%
Health Care	15.5%
Information Technology	11.8%
Industrials	8.0%
Utilities	8.0%
Real Estate	8.0%
Communication Services	7.1%
Consumer Staples	5.2%
Other	13.5%



Asset allocation

Australian & NZ Large Cap	59.0%
Australian & NZ Small Cap	36.3%
Cash	4.7%



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Commentary

The High Conviction Fund (Fund) delivered a 5.7% return (net of fees) for the 12 months to December 31, 2025, with stock selection supporting performance amidst a challenging market backdrop for our fundamentally driven, ethical investment style. The first half of the year was characterised by persistent market flows concentrated into companies with large index weights (e.g. the Big 4 banks) despite elevated valuation multiples, while gold stocks rallied strongly as the gold price strengthened on heightened macro uncertainty. As the year progressed, growing confidence in the market outlook saw a broadening of risk appetite into stocks with relative valuation appeal and new IPOs coming to market, while the rally in gold stocks broadened into a rally across the Materials sector on strengthening commodity prices.

Sector allocation created an unfavourable headwind for the portfolio in 2025, which underperformed the ASX 300 benchmark with a 10.7% return. The carbon intensive Materials sector was a significant driver of the benchmark's return, rising 36% over the year. The Fund has a material underweight position in the Materials sector relative to the benchmark due to the high carbon intensity of the mining companies that dominate the sector. Conversely, the Fund has an overweight position in long-term thematic growth sectors, Healthcare and Information Technology, which were the two sector laggards of the market in 2025. Whilst these sector positions detracted from performance over the year, they have added significantly more value than the Materials sector, as well as the broader market over the 30+ years we have been managing Australian equities (Since September 1994, the Information Technology GICs (Global Industry Classification Standard) sector has returned 19.2% per annum. This is almost twice as much as the Materials GICs (+9.7%) and three times more than Energy GICs (6.32%) in this period).

The Fund's investment focus remained on leveraging our team's fundamental research capability to find attractively priced companies within our ethical investment universe, that will outperform over time. Pleasingly, this process delivered positive contribution from stock selection during the year. This was most evident in the Financials sector, which the Fund maintains an underweight position in relative to the benchmark, yet was the best performing sector for the Fund during the year. Stocks with strong valuation appeal, including Challenger and NIB, were some of the best performers for the Fund. Reflecting our long-term investment horizon, we also maintained positions in out-of-favour stocks like Pilbara Minerals and Domain. This approach benefited the portfolio, as the lithium market roared to life in the second half of the year, while Domain became the subject of an attractive takeover offer.

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