

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 deliver returns of 3% above the RBA cash rate per annum (after fees and expenses) over 5-year periods.

Investment strategy

To provide exposure to a diversified range of loans to renewable energy projects (such as solar, wind, and battery assets), decarbonisation assets (such as electric vehicle charging networks, energy efficiency or electrification upgrades), as well as loans for social infrastructure (such as schools and hospitals) and property projects with a social or environmental benefit (such as social housing). The Fund invests predominately in Australia but may also invest in foreign assets over time. These loans are typically privately originated and illiquid in nature.

Fund facts

Fund size:	\$42.72m
Benchmark:	RBA Cash Rate
Asset class:	Infrastructure Debt
Inception date:	01/02/2024
Minimum investment timeframe:	5 years
Distribution frequency:	Quarterly
Typical number of loans:	17
Risk level:	Medium

Identifiers

ISIN code:	AU60AUG49611
APIR code:	AUG4961AU

Fees

Management costs:	0.85%
Minimum initial investment:	\$100,000

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 Information Memorandum available from our website <https://www.australianethical.com.au/managed-funds/investment-options/infrastructure-debt-fund>

*(after tax, before bonus expense)

Performance (as at 31/12/2025)

	1m	3m	6m	1y	Since Inception (ann.)
Fund	0.5%	1.6%	3.5%	7.2%	7.3%
RBA Cashrate	0.3%	0.8%	1.7%	3.9%	4.0%
Excess Returns	0.2%	0.8%	1.8%	3.3%	3.3%

Top 10 Portfolio holdings

Loan	Weight
Fulhum Solar Hybrid	15.0%
RELA	12.0%
Yarranlea Solar Farm	11.0%
Prime Renewables	9.0%
Bright Energy Investments Portfolio	8.0%
Bouldercombe Battery	7.0%
Sentient Solar Asset Fund Portfolio	7.0%
Green Square Energy Trust Portfolio	6.0%
GGP Solar Hybrid Portfolio	5.0%
GTL Renewables	5.0%

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.

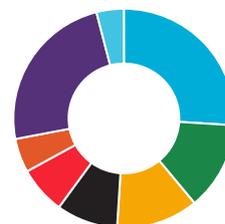
Platform availability

- Hub 24
- Netwealth

Investment Statistics	Portfolio Loans	Duration (yrs)	Effective Maturity (yrs)
Current Portfolio	17	0.4 years	3.3 years

Sector allocation

Solar (utility)	26.0%
Wind	13.0%
Property	12.0%
Distributed Energy Systems	9.0%
Storage	7.0%
Social Infrastructure	5.0%
Other	24.0%
Cash	4.0%



Fund and Market Commentary

The Australian Ethical Infrastructure Debt Fund (the 'Fund') returned 7.2% net of fees for the year, delivering 3.4% outperformance against the benchmark return of 3.8%. Performance was driven predominantly by income from its underlying loans and securities. During the period, the RBA's Cash Rate Target also decreased 75bps to 3.6%. During the year the Fund committed to five new investments, and refinanced two existing loans across solar, wind, storage and decarbonisation. This brings the Fund's direct and indirect exposure to 45 underlying projects in total.

We have updated the Fund's investment objective and eligible investment sectors to ensure that it most appropriately reflects the market opportunity and investment landscape. Based on the Fund's performance as well as our investment pipeline and market outlook, we have updated the return objective to "delivering returns above 3%" per annum (after fees and expenses) over a five-year period (rather than the previous 2-3% objective). In response to changing market dynamics we have also included a focus sector relating to decarbonisation assets, such as electric vehicle charging networks, and electrification upgrades, as part of our investment strategy. Please refer to the latest Information Memorandum on our website for more information on these changes.

The Fund has a specific objective of supporting Australian projects that generate positive, measurable social and environmental impact alongside a financial return. Over the last 12 months to September 2025, assets within the portfolio generated over 1.5 million megawatt hours of clean energy and helped avoid over 850,000 tonnes of carbon emissions. This is the equivalent to powering more than 280,000 households over the period. (Reported figures are at the asset level and do not reflect the Fund's proportional exposure to each project via debt financing, as projects may be funded through a combination of debt and equity. It is also assumed the average residential customer consumes 5.5MWh of electricity a year. Impact data lags the fund reporting period by 3 months.)

Wholesale electricity prices were, on average, lower in 2025, compared to the elevated prices observed in the prior year. Coming off those elevated prices, the first quarter of 2025 saw prices stabilise despite increased operational demand thanks to higher renewable energy availability amongst other things. Isolated periods of cold and still conditions together with coal plant outages saw prices spike in the second quarter, though the remainder of the year prices were more muted as a result of record renewable energy output, as well as battery discharge. Spot prices for Large Generation Certificates (LGC) continued to trend downward over 2025, due to new renewable supply coming online and reduced demand from voluntary surrender participants.

Overall, the portfolio continues to perform within expectations, with no credit downgrades. There was one review event and subsequent covenant breach reported in the December quarter (see note in the Project Updates section for more information). There was also one review event during the year (with more detail in the Project Updates section). All projects within the portfolio are in the operating phase, except for the Fulham Solar Hybrid project and two sub-5 MW hybrid solar farms in the Prime Renewables portfolio.

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

Australian Ethical Infrastructure Debt AUD

Fund Profile - 31/12/2025

New Investments

Fulham Solar Hybrid Project – The project consists of a hybrid 107MW solar farm coupled with a 78MW two-hour battery energy storage system located in Fulham, Victoria, and is being developed by Octopus Australia, a specialist renewable energy developer and fund manager. It will be one of the first large DC-coupled hybrid battery/solar projects to join the National Electricity Market. The project has a unique revenue structure as it benefits from a Victorian Government 10-year VRET2 Support Agreement, which is effectively a fixed price-variable volume power purchase agreement. This will allow the project to sell a portion of solar generation (60% of the solar farm's capacity) at a fixed price to give the project revenue certainty. The Fund's senior debt facility will be a bridge facility, funding a portion of the construction costs alongside the equity contribution from funds managed by Octopus.

Australian National University (ANU) 2029 inflation-linked bond – ANU, established in 1946, is a prestigious public research institution located in Canberra. It consistently ranks among the top universities globally, reflecting its commitment to academic excellence and research impact. The university receives substantial government funding and holds a AA+ credit rating. From an investment perspective, the bond offers exposure to a high-quality, inflation-linked security at a compelling yield, while providing diversification into the education sector.

Project Updates

The portfolio continues to perform within expectations, with no credit downgrades.

The Merchant Solar Farms project breached its Debt Service Coverage Ratio (DSCR covenant), prompting the owner to inject additional cash, reduce debt, and set aside funds to support the design and development of a colocated battery. The covenant was designed to provide an early warning to the lender regarding the lender's ability to meet forecast obligations. The lender is in discussions to further increase cash reserves until the battery is built. Overall, leverage remains conservative across all merchant solar loans, and covenant triggers are intentionally designed to act early – giving lenders and investors ample time to respond well before any material credit concerns emerge. As such, we are not unduly concerned about this breach.

All projects within the portfolio are in the operating phase, except for the Fulham Solar Hybrid project and two sub-5 MW hybrid solar farms in the Prime Renewables portfolio. Over the year, the GGP portfolio also completed construction of the third and final 5MW hybrid solar farms in South Australia.

The portfolio saw several early loan repayments/ exits, including Boco Rock Wind (+7.1%), Neoen Capital Battery (+12.2%), Farm, and Octopus Dulacca Wind Farm (+9.7%).

The portfolio also refinanced debt facilities with existing borrowers, including Yarranlea Solar Farm and RELA. This allowed RELA in particular to support three additional concurrent solar farm leases across Queensland and New South Wales.

Australian Ethical Infrastructure Debt AUD

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