

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: \$13.72m

Benchmark: Bloomberg AusBond Bank Bill

Asset class: Money Market

Inception date: 26/11/1997

Minimum investment timeframe: 1 year

Risk level: Very low

Identifiers

ISIN code: AU60AUG00036

APIR code: AUG0003AU

Distributions

Frequency: 2

Dates: 30/06, 31/12

Fees

Management costs - PDS: 0.20%

Minimum initial investment: \$10,000

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

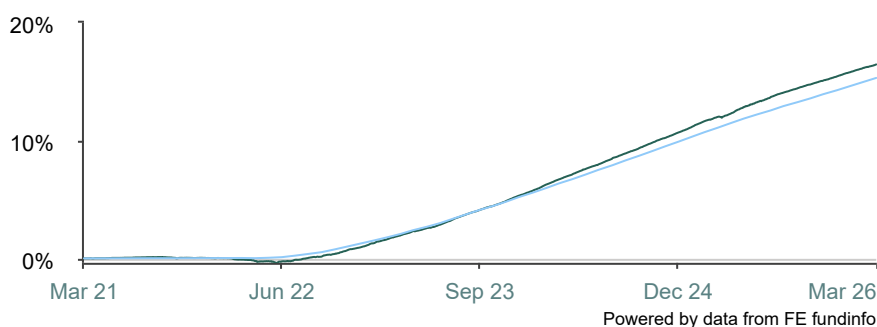
*(after tax, before bonus expense)

**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 31/03/2026)



■ Australian Ethical Income
■ Composite Benchmark**

Performance (as at 31/03/2026)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	0.3%	0.9%	1.8%	4.0%	4.5%	3.1%	2.2%	3.5%
Composite Benchmark**	0.3%	0.9%	1.8%	3.8%	4.1%	2.9%	2.1%	3.9%

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

Fund Profile - 31 March 2026

Australian
Ethical



Top 10

New South Wales Treasury Corp.	16.2%
Government of Australia	8.2%
Westpac Banking Corporation	8.0%
National Australia Bank Limited	7.6%
Commonwealth Bank of Australia	7.5%
Bank of Queensland Limited	4.3%
Credit Union Australia Limited	4.2%
International Finance Corp.	3.8%
IMB Ltd. (Australia)	3.8%
International Bank for Reconstruction & Development	3.7%

Ratings and awards

RIAA Certification:



Why invest ethically?

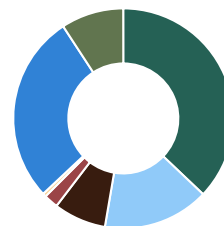
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.
Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.
Promote human rights: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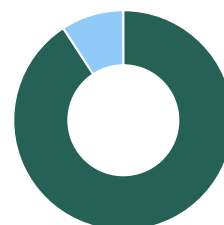
Sector allocation

Bank Senior Debt	37.1%
State Government	15.6%
Bank Covered Bonds	7.7%
RMBS	2.1%
Corporate Credit	0.5%
Other	27.8%
Cash	9.2%



Asset allocation

Australian Interest Bearing Investments	90.8%
Cash	9.2%



Commentary

The dominant theme in fixed income for the March Quarter was rising yields. Markets that started the quarter pricing a 50/50% chance of an RBA rate hike, by the end of 2026 had fully priced it by the end of January after inflation continued to print persistently above the RBA target band and unemployment remained low. The RBA hiked at the start of February, after forecasting it was going to take longer to return to the target band and this was "not acceptable". Already poised to do "what it considers necessary" to return inflation to the target band, the Middle East conflict and its escalation throughout March brought an unwelcome rise in the price of oil, and with that, expectations of an additional burst of inflation globally. Market expectations of further monetary response from the RBA shifted higher, with the cash rate priced to increase twice more before year end. Three-year yields peaked 0.69% higher than they started the quarter and then eased back slightly in late March, closing 0.52% higher at 4.65%. Ten-year yields closed 0.25% higher than they started the quarter, at 4.97%.

As a result of the increase in yields, those funds with duration exposures saw declines over the quarter, with the Australian Ethical Altius Bond Fund -0.4% (net of fees) and the Australian Ethical Green & Sustainable Bond Fund -0.4% (net of fees) for the quarter compared to -0.3% for their benchmark, the Bloomberg Ausbond Composite Bond Index. The Short Duration Bond Fund was +0.1% for the quarter, compared to +0.3% for its benchmark.

In credit markets, the uncertainty in March initially drove up to 10 basis points of widening in major bank credit, though this calmed quickly to only a modest 4bps of widening, with single A and BBB rated corporates moving out 5 and 7bps respectively. As a result, the returns on the predominantly floating rate funds were each in line with their benchmarks, with the Australian Ethical Income Fund +0.9% for the quarter, and the Australian Ethical Altius Credit Income Fund +0.9% also, in line with their benchmark the Bloomberg Ausbond Bank Bill Index. Reflecting the tightening in credit that had preceded the most recent quarter, the Credit Income Fund remains +1.2% ahead of its benchmark (net of fees) over the last 12 months.

Looking ahead, markets are watching for whether the high energy costs that have resulted from the Middle East Conflict will continue to flow through into broader inflation, and how persistent this rise will be. This will dictate how much tighter monetary policy needs to be. Against these expectations of higher inflation, the possibility that the energy price shock will lead to a slowing of growth, or stresses jobs growth or credit, clouds the outlook for central bank policy and the degree to which they can look through the initial price impacts.

The duration exposed funds hold a small, long duration position.

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