Australian Ethical Diversified Shares Fund

Fund Profile - 30 June 2026

Australian Ethical

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 long-term growth through investment in listed companies on Australian and international stock exchanges that meet our Ethical Criteria. The Fund aims to track the blended index, before taking into account fees and expenses over a 7 year period.

Price information

Pricing frequency:	Daily
Buy/Sell spread:	0.05%/0.05%

Fund facts

Class size:	$12.95m
Benchmark:	Australian Ethical Diversified Shares Composite
Asset class:	Equity
Inception date:	03/11/1997
Number of holdings:	10
Minimum investment timeframe:	7 Years
Risk level:	High

Identifiers

ISIN code:	AU60AUG00044
APIR code:	AUG0004AU

Distributions

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

Fees

Management costs - PDS:	1.39%
Minimum initial investment:	$1,000 $500 with a Regular investor plan
Additional transactional and operational costs:	0.01%

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 share portfolio of Australian and international companies on the basis of their social, environmental and financial credentials. The Fund will invest in all ASX-listed securities that meet our investment, liquidity, and ethical criteria. The Fund has a low level of turnover and aims to be fully invested at all times.

Cumulative performance (as at 30/06/2026)

Performance (as at 30/06/2026)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	2.4%	6.5%	-0.3%	1.2%	9.2%	6.0%	8.3%	8.2%
Benchmark	1.2%	6.2%	3.0%	8.4%	12.5%	9.3%	10.2%	8.6%

Calendar Performance (as at end 2025)

	CY2025	CY2024	CY2023	CY2022	CY2021
Fund	8.3%	16.9%	14.6%	-14.4%	21.8%
Benchmark	11.2%	16.3%	15.1%	-3.9%	20.3%

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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Top 10

COMMONWEALTH BANK OF AUSTRALIA	7.5%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	4.5%
NATIONAL AUSTRALIA BANK	4.1%
MACQUARIE GROUP LTD	3.0%
TELSTRA GROUP LIMITED	2.7%
WESFARMERS LIMITED ORD FULLY PAID SHARES	2.5%
GOODMAN GROUP	2.2%
PILBARA MINERALS LTD	2.0%
WOOLWORTHS GROUP LIMITED	2.0%
COLES GROUP LTD	1.7%

Ratings and awards

RIAA Certification:

CERTIFIED RESPONSIBLE INVESTMENT
SUSTAINABLE PLUS
CERTIFIED BY RIAA

Lonsec rating:

3 Investment Grade
Lonsec Research

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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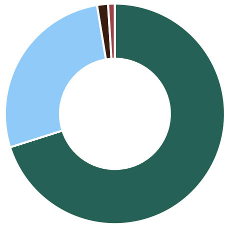
Sector allocation

Financials	31.0%
Information Technology	12.9%
Industrials	11.5%
Real Estate	8.5%
Materials	8.1%
Communication Services	7.6%
Health Care	6.8%
Consumer Discretionary	4.7%
Other	8.8%

Asset allocation

Australian & NZ Shares	70.1%
International Shares	27.3%
Alternative Assets	1.6%
Cash	1.0%



Commentary

Australian and global equity markets delivered positive returns over the financial year to 30 June 2026, although leadership was unusually narrow and returns were concentrated in a small number of sectors. The Australian market was shaped by rising commodity prices, geopolitical tensions and energy security concerns, while global markets continued to benefit from strong investment in artificial intelligence ("AI") infrastructure and resilient corporate earnings. Against this backdrop, the Diversified Shares Fund (the "Fund") returned 1.2%, while maintaining strict adherence to Australian Ethical's investment charter.

The Australian market was characterised by a significant divergence between sectors. Materials and commodity-related companies were the primary drivers of index performance as rising demand for resources, higher commodity prices and energy market disruptions supported earnings across the sector. In contrast, many growth-oriented and rate-sensitive areas of the market faced a more challenging environment. Three consecutive interest rate increases by the Reserve Bank of Australia during 2026, combined with elevated inflation pressures, weighed on valuations across Healthcare, Information Technology and other longer-duration growth sectors.

Technology and AI remained dominant market themes throughout the year, although their impact differed markedly between Australia and overseas markets. Globally, continued investment in data centres, semiconductors and AI infrastructure supported earnings growth and helped drive strong returns from a relatively narrow group of companies. In Australia, however, rapid developments in AI led investors to reassess the outlook for software businesses, with concerns around future disruption contributing to significant weakness across parts of the sector despite generally resilient underlying business performance.

Macroeconomic conditions remained an important influence on equity markets. Geopolitical tensions in the Middle East and disruption to global energy markets contributed to periods of higher volatility and renewed inflation concerns. Investors repeatedly reassessed the outlook for monetary policy as inflation proved more persistent than expected, resulting in rising bond yields and periodic pressure on equity valuations. Defensive sectors provided relative resilience during these periods.

From a style perspective, performance outcomes differed across Australian and global markets during FY26. Globally, factor leadership broadened relative to prior periods, with stronger performance from Quality and selected cyclical exposures supported by resilient earnings and improving growth expectations. Low Volatility and Value characteristics provided diversification benefits during periods of market stress. In Australia, style performance was more heavily influenced by the strong outperformance of resource-related sectors and the underperformance of many growth-oriented industries, resulting in a significant divergence between Value and Growth factors. Market leadership remained relatively narrow throughout much of the year, while dispersion across sectors, styles and individual stocks remained elevated. This environment reinforced the importance of maintaining diversified exposures across complementary style premia.

For the Fund, performance reflected its diversified exposure across Australian and international equities. The Australian component of the portfolio was impacted by its limited exposure (for Ethical reasons) to many of the resource, fossil fuel and other commodity-related companies that led market returns during the year. At the same time, holdings within Healthcare, Technology and small-cap industrial businesses experienced valuation pressure despite generally resilient earnings outcomes. The international allocation benefited from continued investment in AI infrastructure, strong corporate earnings and improving economic activity across several global markets.

Over the course of the year the Fund continued to invest in companies that are improving the circular economy, for example, the Fund maintained overweight positions in Sims Group and Brambles. Sims Groups transforms waste metals into valuable resources by collecting and recycling steel, aluminum and other materials that would otherwise be discarded. The company reduces waste and helps manufacturers reduce their environmental footprint. Brambles is helping make global supply chains more sustainable through its CHEP network of reusable pallets, crates and containers. Through Brambles “share and reuse”’ model, they reduce impact on the world’s resources by harvesting fewer trees, contributing less to packaging waste, sending less waste to landfill, and producing lower supply-chain emissions.

For the June quarter the Fund returned 6.5%, outperforming the benchmark by 0.3%. The primary contributor to the outperformance was the Fund's zero weighting in the Energy sector, which fell heavily over the quarter. Another positive contributor was strong returns from the Fund's Healthcare stocks.