

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:	\$14.45m
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

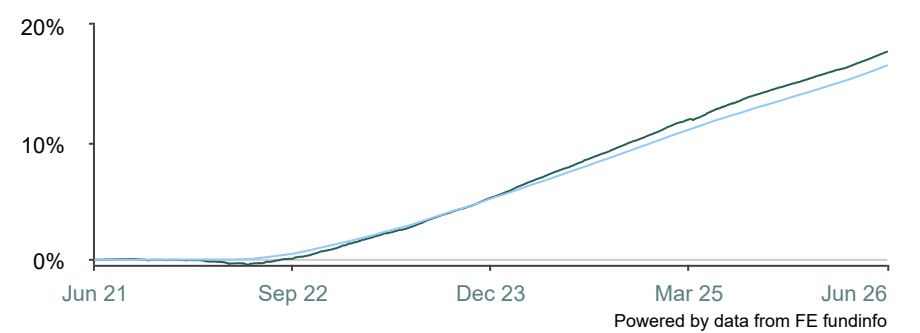
*(after tax, before bonus expense)

**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 30/06/2026)



Performance (as at 30/06/2026)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	0.4%	1.1%	2.0%	4.0%	4.6%	3.3%	2.3%	3.6%
Composite Benchmark**	0.4%	1.1%	2.0%	3.9%	4.2%	3.1%	2.2%	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.

Top 10

Western Australian Treasury Corp.	13.2%
Government of Australia	10.7%
Treasury Corporation of Victoria	8.5%
Bank of Queensland Limited	4.9%
Queensland Treasury Corp.	4.9%
Credit Union Australia Limited	4.3%
Bendigo and Adelaide Bank Limited	3.7%
Westpac Banking Corporation	3.6%
Teachers Mutual Bank Limited	2.7%
International Finance Corp.	2.7%

Ratings and awards

RIAA Certification:



Why invest ethically?

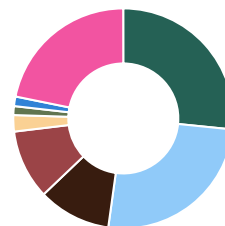
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers. **Help build a better world:** Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more. **Promote human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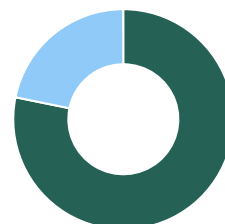
Sector allocation

State Government	26.6%
Bank Senior Debt	25.6%
Government	10.7%
Bank Covered Bonds	10.2%
SSA	2.4%
RMBS	1.3%
Other	1.4%
Cash	21.8%



Asset allocation

Australian Interest Bearing Investments	78.2%
Cash	21.8%



Commentary

The dominant theme in fixed income for the year to 30 June 2026 was the shift higher in Australian yields, driven by a renewed inflation pulse and a reversal in the direction of monetary policy. Australian headline inflation lifted from 1.9% to 3.8% by December, largely due to the unwinding of energy and rental rebate programs. While this was expected to be a temporary effect due to rebasing, the oil shock related to the Gulf war provided a second inflation pulse, taking inflation to 4.6%, before easing to 4.0% as oil prices readjusted toward a peace accord, leading international and domestic fuel prices lower.

The RBA initially cut the cash rate by 25 basis points to 3.60% in August 2025, before reversing course in February 2026 with the first of three 25 basis point rate rises, becoming the first major central bank to commence a rate rise cycle. Australian bond yields rose from 4.30% to peak at 5.10% in mid-March, before easing with oil prices back to 4.73% by year end. As a result, sovereign bond indices returned 0.83%, reflecting the shift higher in yields. Semi-government bond indices generated 1.90% over the same period, supported by relatively higher accrual and roll down from a steeper yield curve.

In credit markets, the hunt for yield, low levels of realised volatility and implied defaults meant high grade credit performed particularly well over the year. Major bank bond yield spreads compressed by 16 basis points. Total yields lifted with the increase in RBA official rates, leading the floating rate corporate bond indices to return 4.88%. The fixed rate corporate bond indices generated 2.74%, reflecting spread compression, higher accrual and a shorter duration than other fixed rate indices.

The primary driver of outperformance across all Australian Ethical Altius fixed income funds was due to significant but selective overweight positions in credit. Within the floating rate credit income funds (which includes the Income Fund and Credit Income Fund), weightings toward Residential Mortgage Backed Securities and regional bank paper added value. The Credit Income Fund returned 5.25% for the year. Within the fixed rate portfolios (which includes the Short Duration Bond Fund, the Bond Fund and the Green and Sustainable Bond Fund), the substantial underweight to sovereign bonds, including a zero holding for the most part, added alpha. Overweight positions in credit and state government bonds were also key preferences through the period.

Active duration management, executed via synthetic overlay, also added to performance, meaning that the Australian Ethical Altius Green and Sustainable Bond Fund and the Australian Ethical Altius Short Duration Bond Fund outperformed their benchmarks on a duration basis. The Short Duration Bond Fund returned 4.02% for the year, while the Green and Sustainable Bond Fund returned 2.46%.

A notable new investment for year was made in the Brighte 2026 asset backed

Australian Ethical Income Fund

Fund Profile - 30 June 2026

transaction. Brighte is a leading sustainable finance provider that supports the acceleration of the adoption of home solar, batteries storage, EV infrastructure and home electrification. For the 2026 transaction, 86.9% went to aligned green assets. With 30% of the pool being in solar, 26% in standalone battery storage and 25% in the combination of solar & battery systems.

Looking ahead, central banks are likely to retain a tightening bias in the near term as the earlier inflation shock continues to flow through the data. By the fourth quarter, however, lower oil prices – despite ongoing volatility – should begin to exert a disinflationary influence. A further surge in global oil production would add to that disinflationary impulse. Credit income portfolios should benefit from higher cash rates and a supportive credit environment, while fixed rate portfolios, are especially well placed if disinflationary conditions take hold.

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Standardised methodologies and rounding conventions may be applied by these service providers, resulting in minor differences compared with Australian Ethical's underlying source performance data.

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