Australian Ethical Infrastructure Debt AUD

Fund Profile - 30/06/2026

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

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.

Price information

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

Fund facts

Fund size:	$48.60m
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/investments/managed-funds/pds-forms-documents/

*(after tax, before bonus expense)

Performance (as at 30/06/2026)

	1m	3m	6m	1y	Since Inception (ann.)
Fund	0.8%	5.6%	7.8%	11.6%	9.2%
RBA Cashrate	0.5%	1.0%	2.0%	3.8%	4.1%
Excess Returns	0.3%	4.6%	5.8%	7.8%	5.1%

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 Portfolio holdings

Loan	Weight
Bright Energy Investments Portfolio	15.0%
Fulham Solar Hybrid	13.0%
RELA	11.0%
Yarranlea Solar Farm	9.0%
AE Altius Credit Income Fund	7.0%
Prime Renewables Portfolio	7.0%
Bouldercombe Battery	6.0%
Sentient Solar Asset Portfolio	6.0%
Green Squares Energy Portfolio	5.0%
GTL Renewables	5.0%

Investment Statistics	Portfolio Loans	Duration (yrs)	Effective Maturity (yrs)
Current Portfolio	17	0.4 years	2.8 years

Sector allocation

Solar (Utility)	24.2%
Hybrid Project	18.3%
Wind	17.5%
Property	10.7%
Distributed Energy Systems	7.6%
Social Infrastructure	6.2%
Storage	6.2%
Other	6.1%
Cash	3.3%
Derivatives	-0.1%

Platform availability

- Hub 24
- Netwealth

Fund and Market Commentary

The Australian Ethical Infrastructure Debt Fund (the 'Fund') returned 2.1% net of fees for quarter, delivering +1.1% outperformance against the benchmark return of 0.9%. Performance was driven predominantly by income from its underlying loans and securities. During the period, the RBA's Cash Rate Target also rose 50bps to 4.1%. The Fund's portfolio currently consists of direct and indirect exposure to 45 underlying projects in total.

The Fund has a specific objective of supporting Australian projects that aims to contribute to social and environmental change alongside a financial return. Over the quarter to December 2025, assets within the portfolio generated over 350,000 megawatt hours of clean energy and helped avoid over 145,000 tonnes of carbon emissions. This is the equivalent to powering more than 250,000 households over the period.1

Over the quarter, average wholesale electricity prices in the National Electricity Market (NEM) were $73/MWh. The quarter saw strong growth in renewable and storage output, with renewables supplying 48% of the total electricity demand in the NEM. Batteries have asserted themselves as the dominant pillar of the generation mix. Batteries now outcompete gas in providing the evening peak supply and have driven the peak prices down2. Spot prices for Large Generation Certificates (LGCs) also continued to trend downward, trading below $3/LGC. The decline was primarily driven by new renewable supply coming online and reduced demand from voluntary surrender participants. As the NEM continues to transition away from fossil-fuel generators, we expect energy prices to be both volatile and low, and as such reflect this in our debt sizing and loan management.

Overall, the portfolio continues to perform within expectations, with no credit downgrades. Two loans are currently breaching their covenants (early warning flags) due to lower electricity and LGC prices. As such, these borrowers have agreed to de-risk their loans through debt paydowns and to fund battery storage projects to capture low day-time electricity prices and high evening prices, to ensure they continue to repay on time with no arrears.

New Investments

The Fund did not commit to any new investments this quarter.

Project Updates

As mentioned, there are currently two borrowers in breach of loan covenants due to lower merchant solar and LGC prices, with borrowers agreeing to derisk the loan facility through additional loan repayments, funding co-located battery storage, and restrictions on distributions to equity investors.

The Fund is also in the process of exiting one of its Distributed Energy Resources loans, which remains largely undrawn. Due to the Commonwealth Government's Home Battery Scheme, installers have prioritised customers who purchase systems outright, rather than through asset financing solutions such as those offered by the borrower, and as such, the borrower is likely to be repaid early.

All projects within the portfolio are in the operating phase, except for the Fulham Solar Hybrid project and and two sub-5 MW hybrid solar farms in the Prime Renewables portfolio.

Need Help?

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