

# Retail Superannuation Fund

Financial Statements  
for the year ended 30 June 2025



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# Directors' Report

# Directors' Report

For the year ended 30 June 2025

The Directors of Australian Ethical Superannuation Pty Ltd ("the Trustee"), as trustee for the Australian Ethical Retail Superannuation Fund ("the Fund") present the trustee statement together with the financial statements and notes to the financial statements of the Fund for the financial year ended 30 June 2025 and the accompanying independent auditor's report.

## RESPONSIBLE ENTITY

Australian Ethical Superannuation Pty Ltd (ABN 43 079 259 733) serves as the Trustee for the Fund. The registered office and principal place of business for the Trustee is:

Level 8, 124 - 130 Pitt Street  
Sydney, NSW 2000

The following persons were Directors of Australian Ethical Superannuation Pty Ltd during the period under audit and up to the date of this report unless otherwise indicated:

- Fiona Reynolds (appointed 1 July 2024, appointed Chair on 25 August 2025)
- Steve Gibbs (Chair up to 25 August 2025)
- Kate Greenhill
- Michael Anderson
- Mara Bun (retired 31 October 2024)

## PRINCIPAL ACTIVITIES AND STATE OF AFFAIRS

The Fund is operated for the purpose of providing for members with allocated pensions, and lump sum benefits upon retirement, death, or disablement.

There were no significant changes in the nature of the fund's principal activities during the year, and there were no significant changes in the fund's state of affairs.

## REVIEW OF OPERATIONS

### Year in review

It was a challenging year for investors as polarisation in the lead up to the US election and the escalating conflict in the Middle East and Eastern Europe fuelled volatility in investment markets. The new US Administration stoked further volatility with seesawing tariffs and other geopolitical plays. The ensuing uncertainty has impacted consumer confidence and hampered many companies' abilities to execute on their growth plans.

Even the technology sector was buffeted, with the "Magnificent 7" getting caught up in the April 2025 "Liberation Day" sell-off. Share prices of the world's largest listed technology companies have since rebounded, with NVIDIA's strong results despite trade restrictions a proof point that the Artificial Intelligence theme and associated capital spending boom is still alive and well.

We are all too aware that planetary boundaries continue to be breached while short-termism and performative politics dominate the headlines. Multiple global climate monitoring agencies<sup>1</sup> agree that 2024 was the hottest on record. In Australia, this played out as severe drought in Victoria and South Australia contrasted with rainfall volumes breaking previous records and repeated, devastating flooding on the mid-north coast of NSW.

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<sup>1</sup> NASA; NOAA; World Meteorological Organisation (WMO)



A global 'anti-woke' backlash saw many US-based global financial leaders abandoning their previously stated commitments to climate, and to the principles of diversity, equity and inclusion (DEI)<sup>2</sup>. In fact, our investment and ethics teams had to step in to ensure our continued consideration of board diversity in investee companies when our proxy advisor deleted this criterion for the US market.

In Australia, media and regulatory scrutiny of ESG-related claims led many investors to either water down or remain silent on their previous commitments to responsible investing for fear of being named and shamed. But as others have stepped back, we continue to press forward. We remain laser-focussed on the challenges and opportunities represented by the transition to a low-carbon future, technological advancements and equity.

It is estimated that a "massive mobilisation" of capital – more than US\$6 trillion each year by 2030 – is needed to meet the Paris target<sup>3</sup>. Meanwhile Australia is on track to be the second largest super (pension) market in the world by 2030<sup>4</sup>. With this trajectory and its deep financial expertise, we believe Australia well positioned to leverage this opportunity.

As ethical investors we are determined to play a leading role in this mobilisation. To that end we continued to build out the depth and breadth of our low-carbon, ethically screened product suite; advocate for policy clarity and certainty; and amplify our influence on Australian companies through our stewardship activities.

## Results

The Fund offers 13 investment options for its members. Investment option strategies (except for the High Growth option) are available in both the accumulation and pension phase of the Fund. The investment option phases have the same underlying sector exposures and implement similar active asset allocation decisions as detailed in the Fund's Product Disclosure Statement.

Total return is the percentage change to a members' account balance in the Fund. These returns are calculated in accordance with FSC Guidance Note 46 Investment Option Performance - Calculation of Returns. The Fund achieved the following returns for the year:

Investment Option	2025		2024	
	Super	Pension	Super	Pension
Defensive	3.9%	4.5%	4.0%	4.6%
Conservative	6.2%	6.8%	3.8%	4.3%
Balanced*	10.5%	9.7%	6.8%	6.5%
Growth	11.5%	12.7%	7.8%	0.0%
High Growth	12.8%	n/a	9.2%	n/a
International Shares	16.0%	17.1%	16.3%	17.4%
Australian Shares	10.7%	11.5%	9.7%	10.0%

\*The Strategic Asset Allocation (SAA) is different for the Balanced Accumulation and Pension investment options

<sup>2</sup> <https://sustainability-news.net/climate-nature/climate-alliance-exodus-banks-abandon-net-zero-pledges/>;  
<https://esgnews.com/major-banks-reduce-public-dei-commitments>

<sup>3</sup> <https://www.unsw.edu.au/news/2025/05/can-sharper-financial-tools-give-australia-an-edge-in-the-global-greenrace?>;  
<https://www.lse.ac.uk/granthaminstitute/publication/raising-ambition-and-accelerating-delivery-of-climate-finance/>

<sup>4</sup> [www.theactuary.com/news/2025/02/20/global-pension-assets-climb-record-high](http://www.theactuary.com/news/2025/02/20/global-pension-assets-climb-record-high)

Australian Ethical achieved strong performance across its Super and Pension Options for the year ending June 2025, driven largely by equity markets rebounding to all-time highs despite geopolitical tensions and inflation concerns. In particular the Balanced Super (default) option returned 10.5% for the year (net of fees and tax), outperforming its CPI+3.25% objective by 4.6% and its SAA benchmark by 0.7%.

The period was a strong one for equity markets, and particularly the final quarter. The strength of equities could have been surprising given the elevated starting point, combined with the number of risk events in the last 12-months, particularly regarding the ongoing round of tariff disputes and heightened conflict in the Middle East. However, markets have shown greater resilience in the post-pandemic environment than in the past periods of uncertainty, although heightened geopolitical and economic risks continue to pose potential challenges. Shocks from sources as diverse as US regional banks to wars in the Middle East have tended not to propagate into wider asset markets over the last few years. It is notable that even the sharp equity market drawdown in early 2025, with the S&P500 falling more than 20% from prior highs, had largely reversed within a month, and the market subsequently went on to make new highs in June.

Equity markets drove the majority of the Funds' gains, and our systematic equities strategy performed particularly well. In a year marked by significant volatility, this serves to demonstrate that an ethical approach, focused on investments that reduce harm and benefit stakeholders in areas other than financial returns, can also deliver strong performance.

Our domestic and global fixed income allocations both outperformed their own respective benchmarks. A combination of a more hesitant Federal Reserve and concerns about the US fiscal situation led Australian bonds to deliver stronger overall returns than the global benchmark, and active duration management combined with an overweight credit position added value. Over the course of the year, we actively managed bond exposures, pivoting between Australian and global bonds depending on which offered better defensive characteristics at different points in time. Our defensive alternative exposures, including private credit, proved resilient during this turbulent period and continue to provide useful diversification to the overall portfolio.

Performance was tested at times with some risk events, including the sharp equity market falls post April's "Liberation Day" US tariff announcements and the (short-lived) oil price rises during June. The portfolio's diversification combined with use of tactical hedging positions in a variety of markets reduced drawdowns and left us well positioned to capture market rebounds.

## LIKELY DEVELOPMENTS

The Trustee continually reviews the Fund and depending on that review may, during the financial year, make decisions to change the offerings of products to members. The Trustee plans to continue to invest in line with the strategy set out in the Fund's Product Disclosure Statement.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Fund during the financial year.

## EVENTS OCCURRING AFTER THE REPORTING DATE

During the period between the end of the financial year and the date of this report, there were no other items, transactions, or events of a material and unusual nature likely in the opinion of the Trustee, to significantly affect the financial position, operating results or the state of affairs of the Fund in future financial periods.

## ROUNDING OF AMOUNTS

The Fund is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations' Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## RELATED PARTY DISCLOSURES

Fees paid to the Trustee and its associates out of Fund are shown in Note 16 of the attached financial statements.

## ENVIRONMENTAL REGULATION

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, state, or territory legislation.

## NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 9 of the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 9 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Trustee, acting as advocate for the Trustee or jointly sharing economic risks and rewards.

## AUDITOR'S DECLARATION

The auditor's independence declaration is included on page 26 of this report and forms part of the Directors' Report for the financial year ended 30 June 2025.

The Directors' report, incorporating the Remuneration report, is signed in accordance with a resolution of the Board of Directors.



Fiona Reynolds

**Chair**  
AES Board  
22 September 2025

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# Remuneration Report

# Remuneration Report

## Australian Ethical Retail Superannuation Fund Remuneration Report

### For the year ended 30 June 2025

Dear Members,

On behalf of the Trustee, I am pleased to present the Remuneration Report for the financial year ended 30 June 2025 (FY25) for the Australian Ethical Retail Superannuation Fund ('the Fund').

Australian Ethical Superannuation Pty Ltd (AES) serves as the Trustee for the Fund. AES is a wholly owned subsidiary of Australian Ethical Investment Limited (AEI). AEI is a material service provider and related party to AES, with the services described in a Trustee Services Agreement, Investment Management Agreement (IMA) and Principal Investment Advisory Agreement (PIAA) (Agreements).

The Australian Ethical Charter (Charter) applies to the AEI Group and sets the purpose of the Trustee and the Super Fund and drives its investment beliefs. Australians join the Super Fund to align their superannuation investments with the beliefs set out in the Charter. Members of the Fund also expect that the Trustee meets its duty to act in the best financial interests of the beneficiaries of the Fund.

AEI has the expertise to invest the assets of the Super Fund consistent with the Charter and to provide investment advisory services and trustee services. This is achieved through the Agreements and supported by a range of frameworks and policies.

AEI provides investment management and advisory services to AES through the IMA and PIAA. Where AEI does not have the capacity to supply asset management services, AEI will apply certain criteria to the due diligence and selection of an external manager. AEI will then undertake ongoing due diligence and monitoring of external managers on behalf of AES and report outcomes to AES.

The Key Management Personnel (KMP) of the Fund have been identified as those parties having authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly, including any director (whether executive or otherwise) of the Trustee of the Fund.

The KMP of the Fund in FY25 were:

- the Non-Executive Directors of Australian Ethical Superannuation Limited (AES), and
- a number of executives employed by AEI including: the Group Chief Executive Officer (Group CEO),
- Chief Risk Officer (CRO) and Chief Executive of Superannuation (CES, from 1 July 2024 to 19 December 2024), as outlined in Section 1 below.

From 1 July 2025, a new Group Executive, Superannuation has been appointed.

Remuneration disclosures relating to Executive KMP are based on a pro-rated allocation of AEI Group remuneration costs relating to each Executive KMP. The allocation percentage has been determined on the following basis:

- Group CEO: 20% of the Group CEO's role relates to management of the listed entity (AEI), and the associated governance and shareholder engagement responsibilities (2024: 30%). The remaining 80% of the Group CEO's time has been pro-rated based on revenue (superannuation revenue as a proportion of total AEI group revenue) (2024: 70%). Applying this allocation methodology, 61% of Group CEO's time has been allocated to



the super fund for FY25 (2024: 55%). The higher allocation of Group CEO time to the super fund in FY25 is attributable to the CES role ceasing on 19 December 2024.

- CES: the CES allocation to the super fund has been based on the percentage of AEI group revenue that is received from superannuation members. Applying this allocation methodology, 76% of CES's time has been allocated to the super fund for FY25 (2024: 78%).
- CRO: 30% of the CRO's role relates to Corporate Governance activities required to run the listed entity (AEI). The remaining 70% of CRO's time has been pro-rated based on revenue (superannuation revenue as a proportion of total AEI group revenue). Applying this allocation methodology, 53% of CRO's time has been allocated to the super fund for FY25 (2024: 55%).

KMP remuneration for the super fund is thus lower than the remuneration disclosed in the AEI Remuneration Report – for full remuneration disclosure for AEI, refer to the AEI Remuneration Report.

### FY25 variable remuneration outcomes

The People and Remuneration Committee (PRC) (prior to 1 July 2025 known as the People, Remunerations & Nominations Committee, or PRN) and the AEI Group Board spend considerable time each year evaluating the contributions and performance of the company, and each Executive KMP to arrive at the variable incentive outcomes for each Executive KMP, measuring achievements against the AEI Group balanced scorecard and individual objectives. Objectives combine both financial and non-financial business and customer outcomes whilst ensuring an appropriate risk culture is maintained. KMPs have objectives underpinned by the company's core values whilst also incentivising ethical behaviour and positive customer outcomes.

Outcomes for FY25 include:

- Group CEO's Short Term Incentive (STI) at 78% of maximum opportunity
- STI's for the CES and CRO range from 45% to 66% of maximum opportunity.
- The agreed hurdle for achievement of ESP, was exceeded, resulting in the vesting of the 2022 Employee Share Plan (ESP) tranche for all relevant employees (refer to AEI Group Remuneration Report for more information).
- There were no Executive KMP or Senior Executive Long-Term Incentive awards vested or paid in FY25. The first tranche of ELTI awards lapsed without vesting at the end of FY25 as the relevant ELTI performance measures were not achieved (see section 4.7.1 of the AEI Remuneration Report for details of ELTI hurdles).

### Looking forward

AEI Group annually reviews the remuneration framework to ensure it remains contemporary and is aligned with the Company's strategy and industry trends, whilst remaining focussed on current and upcoming regulatory changes.

AEI Group is committed to ensuring the remuneration arrangements remain fair to all stakeholders and are effective in attracting and retaining talented people who are motivated and professional and contribute positively to member outcomes.



Fiona Reynolds

Chair  
AES Board

## 1. Key Management Personnel

The following persons were Directors and Executive KMP of AES during the period.

Name	Position	Term as KMP in FY25
<b>Executive Key Management Personnel (KMP)</b>		
John McMurdo	Managing Director & Group CEO	Full year
Karen Hughes	Chief Risk Officer & Company Secretary	Full year
Ross Piper	Chief Executive Superannuation	1 July 2024 to 19 December 2024
<b>Non-Executive Directors</b>		
Steve Gibbs	Chair	Full year
Katherine Greenhill	Non-Executive Director	Full year
Michael Anderson	Non-Executive Director	Full year
Fiona Reynolds	Non-Executive Director	Full year
Mara Bun	Non-Executive Director	1 July 2024 to 31 October 2024

From 1 July 2025, Maria Loyez was appointed as Group Executive, Superannuation.

## 2. REMUNERATION PHILOSOPHY AND STRUCTURE

### 2.1 Remuneration Guiding Principles

The AEI Group's remuneration approach is designed to facilitate the attraction, retention and engagement of talent, within the organisation's capacity to pay, to achieve Australian Ethical's corporate objectives and purpose of Investing for a Better World.

Our remuneration approach is guided by the following principles:

- Pay fairly and equitably, and market competitively, to attract and retain talented people,
- Align and balance the interests of clients, shareholders, and employees,
- Recognise and differentiate for contribution to the Group's performance,
- Promote our values, behaviours, risk and conduct expectations,
- Be simple to administer and to communicate to stakeholders,
- Adhere to all applicable legislation and regulations, and
- Support the long-term financial stability of AEI Group.

AEI Group's remuneration philosophy is consistent with the principles of the Australian Ethical Constitution and Charter contained in the AEI and AES Constitutions. It is designed to:

- ensure that the Group facilitates "the development of workers' participation in the ownership and control of their work organisations and places" – Charter element (a)
- not "exploit people through the payment of low wages or the provision of poor working conditions" – Charter element (ix)
- not "discriminate by way of race, religion or gender in employment, marketing, or advertising practices" – Charter element (x)

## 2.2 Elements of remuneration

The following framework applied to AEI Group KMPs for the financial year ended 30 June 2025.

There were no significant changes to the remuneration framework in the FY25 year.

Element	Description	Quantum	Paid as
Fixed Remuneration (FR)	Comprises base salary, superannuation, packaged employee benefits and associated fringe benefits tax.	<ul style="list-style-type: none"> <li>Reviewed annually, or on promotion.</li> <li>Benchmarked against market data<sup>4</sup> for comparable roles based on position, skills and experience brought to the role.</li> <li>Target remuneration is based around the median of the relevant comparator group for each job role, taking into consideration companies in a similar industry and of a similar size.</li> </ul>	Cash and superannuation
Short Term Incentive (STI)	An annual incentive aimed at motivating and rewarding employees for achievement of annual performance objectives. A risk modifier applies where non-compliance with risk and values expectations.	<ul style="list-style-type: none"> <li>Actual outcome is linked to performance against individual KPIs and contribution against annual financial and non-financial metrics in the AEI Group Board approved balanced scorecard. Maximum achievable for KMPs is two times the target incentive, based on a percentage of Fixed Remuneration.</li> <li>For Executive KMPs (except Group CEO), STI in any given year that exceeds \$130,000 will typically be deferred for up to 4 years (prior to 30 June 2025: amounts exceeding \$100,000 were typically deferred for up to 3 years), is not subject to further hurdles and is paid in shares. The Group CEO has additional deferral components within their remuneration.</li> <li>Short term incentives are treated as follows in the following circumstances: <ul style="list-style-type: none"> <li>resignation – usually forfeited, subject to Board discretion;</li> <li>termination for serious misconduct – forfeited;</li> <li>retirement – at discretion of the Board;</li> <li>death or total and permanent disablement – at discretion of the Board; and</li> <li>redundancy – at discretion of the Board.</li> </ul> </li> </ul>	Cash and deferred shares

<sup>4</sup> Benchmarked to data provided by the Financial Institutions Remuneration Group Inc (FIRG). FIRG is a peer group provider of remuneration and benefits data in the financial services industry.

Element	Description	Quantum	Paid as
Employee Share Plan (ESP) – AEI Group Shares	<p>Aimed at enabling employees to share in the ownership of the AEI Group, in keeping with AEI Group Constitution and Ethical Charter. Aligns employee performance and behaviour with the long-term success of the Company. The ESP also supports the retention of employees. Applies to all employees who have satisfied the risk and values gate. Does not apply to Executive KMPs for grants after 1 July 2024.</p>	<ul style="list-style-type: none"> <li>• Awarded as percentage of Fixed Remuneration (10%)</li> <li>• AEI Shares are issued or purchased and held in trust for 3 years.</li> <li>• Vest in the name of the employee after 3 years, provided that: <ul style="list-style-type: none"> <li>– employee remains employed; and</li> <li>– subject to 3-year compound annual growth in diluted earnings per Share (EPS) as follows: <ul style="list-style-type: none"> <li>• 0 – 5% – nil vests</li> <li>• 5% – 10% – pro rata up to 100%</li> <li>• &gt; 10% – fully vests.</li> </ul> </li> </ul> </li> <li>• The AEI Group Board applies an adjusted NPAT pre-performance fee for the purpose of calculating the 3-year EPS CAGR achievement. Adjustments are agreed in advance by the AEI Group as part of the annual budget setting process, for AEI Group strategic development initiatives</li> <li>• Employees participate in dividends and have voting rights from the date of grant.</li> <li>• On cessation of employment, no unvested shares shall vest unless the AEI Group Board in its absolute discretion determines otherwise.</li> </ul>	Shares

Executive Long-Term Incentive (ELTI)	Designed to align KMPs and key executives to the AEI Group business strategy. The ELTI includes specific KPIs reflecting strategic targets to drive long-term shareholder value creation, encourage the achievement of AEI's long-term strategic goals, and to support the retention of key senior talent.	<ul style="list-style-type: none"> <li>Awarded as percentage of Fixed Remuneration, ranging from 10% to 75% for selected senior executives.</li> <li>Issued as performance rights in the AEI stock and vest as AEI ordinary shares after 4 years, provided that: <ul style="list-style-type: none"> <li>Employee remains employed; and</li> <li>Stretching financial and non-financial performance hurdles are achieved. Refer section 4.7.1 of AEI Group Remuneration Report for the specific performance hurdles relating to each grant</li> </ul> </li> <li>During the vesting period, ELTI participants are not entitled to receive AEI dividends nor hold voting rights.</li> <li>On cessation of employment, all performance rights are forfeited unless the AEI Group Board in its absolute discretion determines otherwise.</li> <li>Shareholder approval will be sought for the Group CEO's Long Term Incentive grant (Equity Rights) under the ELTI.</li> </ul>	Performance Rights
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## 2.3 FY26 changes and considerations

There are no material changes to compensation structures anticipated in FY26.

A new FY26 ELTI grant with a vest date of 1 September 2029 is being considered which is expected to be based on a similar percentage of fixed remuneration for KMPs as in FY25. The performance hurdles for this grant are yet to be determined. Shareholder approval will be sought for the Group CEO's Long Term Incentive grant (equity rights) under the ELTI.

## 3. EXECUTIVE KMP REMUNERATION OUTCOMES FOR FY25

### 3.1 Short Term Incentive (STI)

Performance measures for STI for AEI Group are based on a Balanced Scorecard of financial and non-financial metrics and an individual's specific performance objectives. Employees have no contractual right to receive an STI award and the AEI Group Board retains discretion to amend or withdraw the STI at any time. Adherence to AEI Group's values and risk culture are required to remain eligible for an STI award.

### 3.2 Employee Share Plan (ESP)

The ESP is currently awarded at 10% of fixed remuneration to all eligible staff of AEI Group (excludes Executive KMP from 1 July 2024). It serves the intent of the Australian Ethical Charter, and Company Constitution which seeks to



enable all employees to share in ownership of the company and encourage behaviours and achievement consistent with the long-term success of the Company.

The hurdle for achievement of ESP was achieved by AEI Group in FY25, resulting in 100% vesting of ESP.

**3.3 Executive Long-Term Incentive (ELTI)**

There were no Executive KMP or Senior Executive Long-Term Incentive awards vested or paid in FY25.

The first tranche of ELTI awards lapsed without vesting at the end of FY25 as the relevant ELTI performance measures were not achieved.

**3.4 Executive KMP Remuneration Outcomes – statutory and cash and vesting basis**

The following two tables set out Executive KMP remuneration.

- The table ‘Executive KMP Remuneration Outcomes – Statutory Basis’ is aligned to the way AEI Group expenses (accrues) the remuneration of the KMP under the accounting standards and the Corporations Act.
- The table ‘Executive KMP Remuneration Outcomes – Cash and Vesting Basis’ shows amounts received by the KMP in cash and shares vested during the financial year ended 30 June 2025.

## EXECUTIVE KMP REMUNERATION OUTCOMES – STATUTORY BASIS

The table below outlines executive KMP remuneration as calculated in accordance with accounting standards and the Corporations Act 2001 requirements. The amounts shown are equal to the amount expensed (accrued) in the Company's financial statements for the particular year based on the balanced scorecard and other agreed KPIs, prorated for the allocation of each KMP to the super fund, as outlined on page 15.

Name	Short Term Benefits		Post-Employment Benefits		Long Service Leave	Long Term Benefits			Total	STI as a % of Fixed Remuneration	Variable Rem as a % of Total Remuneration
	Salary	STI-Cash <sup>1</sup>	Super-annuation	Termination Benefits		Deferred STI-Equity <sup>2</sup>	ESP-Equity <sup>3</sup>	ELTI-Rights <sup>4</sup>			
	\$	\$	\$	\$	\$	\$	\$	\$	\$		
<b>2025 financial year</b>											
J McMurdo <sup>5</sup>	329,847	204,350	18,259	-	8,675	184,376	21,899	32,454	799,860	111.7%	55.4%
K Hughes	160,932	46,640	15,864	-	7,507	-	11,307	11,693	253,943	26.4%	27.4%
R Piper (until 19/12/24)	156,731	76,000	18,024	-	(247)	-	1	(3,858)	246,651	43.5%	29.2%
<b>Total 2025</b>	<b>647,510</b>	<b>326,990</b>	<b>52,147</b>	<b>-</b>	<b>15,935</b>	<b>184,376</b>	<b>33,207</b>	<b>40,289</b>	<b>1,300,454</b>		
<b>2024 financial year</b>											
J McMurdo	286,273	156,750	15,069	-	5,900	163,392	28,912	71,046	727,342	106.2%	57.8%
K Hughes	162,895	38,500	15,069	-	5,514	-	17,233	8,441	247,652	22.1%	26.2%
R Piper	324,685	46,800	21,371	-	10,098	-	18,354	66,834	488,142	13.5%	26.9%
<b>Total 2024</b>	<b>773,853</b>	<b>242,050</b>	<b>51,509</b>	<b>-</b>	<b>21,512</b>	<b>163,392</b>	<b>64,499</b>	<b>146,321</b>	<b>1,463,136</b>		

1. The Short-term Incentive ('STI') expense is the amount accrued for performance during the respective financial year using agreed KPI's. The 2025 amounts were approved by the PRC or, in the case of the Group CEO, the AEI Group Board. STI in excess of \$130,000 at AEI Group level is paid in deferred shares (with exception of the Group CEO who has other deferral requirements).
2. The Deferred Short-term incentive ('DSTI') expense for 2025 includes the current year expense impact of deferred shares in the FY22, FY23, FY24 and FY25 grants. The cost of shares is fixed at the time of grant and expensed on a straight-line basis over the vesting period which ranges from 1 to 4 years.
3. The ESP expense for 2025 includes the relevant 2025 expense impact of each of the FY23 and FY24 grants under the Employee Share Plan. The cost of shares is fixed at time of grant and expensed over a three-year period using an annual probability assessment of the hurdles being met at the end of the vesting period. The FY23 tranche will vest at an individual level in September 2025.
4. The ELTI rights expense includes the current year expense impact of the Executive LTI (ELTI) granted in FY22, FY23, FY24 and FY25. The life-to-date expense relating to the FY23 grant was written back in FY25 as the probability of achieving the performance hurdles was assessed as nil. The life-to-date expense relating to the FY22 grant was written back in FY24 and the performance hurdles were not achieved by the final measurement date.
5. The Group CEO was awarded 78% of his maximum STI incentive by the AEI Group Board. The maximum incentive is 2 times his target STI at 30 June 2025. 50% of this award is paid in cash and the remaining 50% is paid in deferred AEI shares over each of the next 3 years (subject to any additional deferral over 4 years to align with FAR), with first shares to vest in September 2026.

## EXECUTIVE KMP REMUNERATION OUTCOMES – CASH AND VESTING BASIS (NON-IFRS, AUDITED)

The table below reflects actual benefits received by each KMP during the reporting period including prior year bonus paid in cash in the current year and the value of shares vested under the employee share plans.

Name	Short Term Benefits Salary <sup>1</sup>	Cash Bonus	Post-Employment Benefits Equity	Super- annuation <sup>1</sup>	Termination Benefits	Long Term Benefits Long Service Leave	ESP- Equity <sup>2</sup>	ELTI- Rights	Total	Performance Related
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>2025 financial year</b>										
J McMurdo	341,244	204,350	113,819	18,259	-	8,675	12,578	-	698,925	31.0%
K Hughes	161,698	46,640	-	15,864	-	7,507	6,556	-	238,265	22.3%
R Piper (until 19/12/24)	157,461	76,000	-	18,024	-	-	1	-	251,486	30.2%
<b>Total 2025</b>	<b>660,403</b>	<b>326,990</b>	<b>113,819</b>	<b>52,147</b>	<b>-</b>	<b>16,182</b>	<b>19,135</b>	<b>-</b>	<b>1,188,676</b>	
<b>2024 financial year</b>										
J McMurdo	292,092	156,750	70,847	15,069	-	5,900	101,250	-	641,908	40.2%
K Hughes	163,583	38,500	-	15,069	-	5,514	14,669	-	237,335	22.4%
R Piper	325,050	54,600	-	21,371	-	10,098	-	-	411,119	13.3%
<b>Total 2024</b>	<b>780,725</b>	<b>249,850</b>	<b>70,847</b>	<b>51,509</b>	<b>-</b>	<b>21,512</b>	<b>115,919</b>	<b>-</b>	<b>1,290,362</b>	

1. Fixed remuneration – includes base salary, payments made to superannuation funds and dividend income on unvested shares.
2. ESP – Equity 2025 represents the market value of vested shares during the financial year relating to employee share plan shares granted in September 2021. 100% of these shares vested as the performance criteria was fully achieved. The market value on the vesting date was \$4.04 (price at grant was \$9.80).

### 3.5 ELTI-performance rights

Rights to ordinary shares under the Executive LTI program are granted each year on 1 December. The number of performance rights allocated to each Executive KMP was determined as follows:

- Granted 2022: based on the average share purchase price supporting the ESP program up to grant date.
- Granted 2023: using an allocation price based on the 60-day variable weighted average price for the period 25 August to 16 November 2023.
- Granted 2024: using an allocation price based on the 20-day variable weighted average price for the period 4 September 2024 to 1 October 2024.

On vesting, each right automatically converts into one ordinary share.

The fair value of the performance rights was determined based on the market price of the company's shares at the grant date, with adjustments including the forecast dividend yield forgone and the likelihood that the total shareholder return target is met.

	Allocation Price	Fair Value Price
Granted 1 December 2022	\$5.29	\$4.54
Granted 1 December 2023	\$4.37	\$4.49
Granted 1 December 2024	\$4.25	\$4.43

The table below shows the number of rights granted on 1 December 2022 and the grant date fair value of those rights. The FUM growth performance hurdle for the Performance Rights granted 1 December 2022 have not yet been met. The Board's assessment is that the likelihood of meeting the performance hurdle by 30 June 2026 is less likely than more likely given the organic netflows still required to achieve the threshold. Accordingly, the fair value of these rights has been written down to nil. Statutory expense in the 'Remuneration Outcomes – Statutory Basis' table above includes the impact of the write-back.

This probability assessment does not change the ambitious growth that is still being targeted including both organic and complementary inorganic growth. Should the assessment be probable at a future date, then this write-back will be revisited.

Granted 1 December 2022	Granted as % of Fixed Remuneration	No. of Rights Granted	Grant Date Fair Value of Rights	Fair value of Rights
J McMurdo	50%	49,622	225,284	–
K Hughes	10%	5,955	27,034	–
R Piper	40%	32,892*	149,331	–

\* 16,446 rights were forfeited on resignation and 16,446 remain on foot and subject to performance hurdles.

The table below shows the number of rights granted on 1 December 2023 and 2024 and the grant date fair value of those rights. The Board's assessment is that it is probable that the performance hurdles for these tranches will be achieved.

	Granted as % of Fixed Remuneration	No. of Rights Granted	Grant Date Fair Value of Rights
Granted 1 December 2023			
J McMurdo	50%	63,158	283,579
K Hughes	10%	7,437	33,392
R Piper	40%	40,732 <sup>#</sup>	182,929
	Granted as % of Fixed Remuneration	No. of Rights Granted	Grant Date Fair Value of Rights
Granted 1 December 2024			
J McMurdo	75%	101,276	388,606
K Hughes	30%	23,647	112,595
R Piper	-	-	-

<sup>#</sup> These rights were forfeited on resignation.



### 3.5.1 ELTI-performance rights

The performance measurements for the tranches granted in 2022, 2023 and 2024 are outlined below.

	Granted 1 December 2024	Granted 1 December 2023	Granted 1 December 2022
Performance measures	<p>Financial measures:</p> <ul style="list-style-type: none"> <li>• 50% - net flows, including no more than 50% from M&amp;A activity, over the 4-year vesting period of \$6.0bn</li> <li>• 25% - diluted earnings per share growth (hurdle 15%* CAGR, based on adjusted NPAT pre performance fees)</li> <li>• 25% - Total Shareholder Return (TSR) (hurdle of 10%** CAGR)</li> </ul> <p>Non-financial measures:</p> <ul style="list-style-type: none"> <li>• Median NPS (Net Promoter Score) for Financial Services companies in Australia<sup>^</sup></li> <li>• Median employee engagement score for financial services companies in Australia<sup>^^</sup>; and</li> <li>• Continued compliance with the aims of our Ethical Charter.</li> </ul>	<p>Financial measures:</p> <ul style="list-style-type: none"> <li>• Net flows, including no more than 50% from M&amp;A activity, over the 4-year vesting period of \$6.05bn</li> <li>• Underlying cost to income ratio of no more than 75%***</li> </ul> <p>Non-financial measures:</p> <ul style="list-style-type: none"> <li>• Median NPS for Financial Services companies in Australia<sup>^</sup></li> <li>• Median employee engagement score for financial services companies in Australia<sup>^^</sup>; and</li> <li>• Continued compliance with the aims of our Ethical Charter.</li> </ul>	<p>Financial measures:</p> <ul style="list-style-type: none"> <li>• Net flows, including no more than 50% from M&amp;A activity, over the 4-year vesting period of \$6.05bn</li> <li>• Underlying cost to income ratio of no more than 75%**</li> </ul> <p>Non-financial measures:</p> <ul style="list-style-type: none"> <li>• Median NPS for Financial Services companies in Australia<sup>^</sup></li> <li>• Median employee engagement score for financial services companies in Australia<sup>^^</sup>; and</li> <li>• Continued compliance with the aims of our Ethical Charter.</li> </ul>
Vesting period	Four years, ending 30 June 2028	Four years, ending 30 June 2027	Four years, ending 30 June 2026

\* CAGR is cumulative annual growth rate. For diluted earnings per share growth: Less than 10% CAGR = 0% vesting. 10% to 15% CAGR = Straight-line vesting from 50% to 100%. 15% or above CAGR = 100% vesting.

\*\* For TSR: Less than 7% CAGR = 0% vesting. 7% to 10% CAGR = Straight-line vesting from 50% to 100%. 10% or above CAGR = 100% vesting.

\*\*\* Based on achievement of the underlying cost to income ratio for the year in which the rights vest.

<sup>^</sup> Achievement of at least median NPS. This includes NPS scores for both super and managed funds based on Investment Trends survey, or a comparable survey approved by the Board. NPS is to be monitored on an annual basis and KPI specifically references the results achieved in the financial year in which the rights vest.

<sup>^^</sup> Achievement of at least median employee engagement score, based on Culture Amp Employee Engagement Survey based on employee responses to Say, Stay, Strive questions for the year in which the rights vest.

In implementing the ELTI opportunity, the Board was cognisant of the remuneration philosophy remaining consistent with the Ethical Charter and ensuring that the structure of the ELTI closely aligns the interests of Executive KMP with those of shareholders. The ELTI opportunity was designed to drive greater long-term business impact and purpose, with challenging stretch targets and longer vesting horizons and to reward those key to that success.

### 3.6 Unvested and ordinary shares

The movement during the reporting period in the number of unvested shares and ordinary shares in the Company, held directly, or beneficially, by each key management person, including their related parties is outlined in the table below.

Name	Grant Date	Vesting Date	Share Price at Grant Date	Balance at 1-Jul-24	Number of shares/rights granted	Number of shares/rights forfeited	Number of shares vested	Number of shares sold	Balance at 30-Jun-25
<b>J McMurdo</b>									
Unvested Deferred STI shares & ESP	1-Sep-21	1-Sep-24	9.80	12,562	—	—	(12,562)	—	—
Unvested Deferred STI shares	1-Sep-22	1-Sep-24	5.29	17,722	—	—	(17,722)	—	—
Unvested Deferred STI shares & ESP	1-Sep-22	1-Sep-25	5.29	27,646	—	—	—	—	27,646
Unvested Deferred STI shares	1-Sep-23	1-Sep-24	4.53	20,989	—	—	(20,989)	—	—
Unvested Deferred STI shares	1-Sep-23	1-Sep-25	4.53	20,989	—	—	—	—	20,989
Unvested Deferred STI shares & ESP	1-Sep-23	1-Sep-26	4.53	33,185	—	—	—	—	33,185
Unvested Deferred STI shares	1-Sep-24	1-Sep-27	4.25	—	67,059	—	—	—	67,059
Ordinary shares				91,628	—	—	51,273	—	142,901
Unvested Performance rights	1-Dec-21	1-Sep-25	10.34	24,178	—	(24,178)	—	—	—
Unvested Performance rights	1-Dec-22	1-Sep-26	5.29	49,622	—	—	—	—	49,622
Unvested Performance rights	1-Dec-23	1-Sep-27	4.37	63,158	—	—	—	—	63,158
Unvested Performance rights	1-Dec-24	1-Sep-28	4.25	—	101,276	—	—	—	101,276
<b>Total</b>				<b>361,679</b>	<b>168,335</b>	<b>(24,178)</b>	<b>—</b>	<b>—</b>	<b>505,836</b>
<b>K Hughes</b>									
Unvested ESP shares	1-Sep-21	1-Sep-24	9.80	3,061	—	—	(3,061)	—	—
Unvested ESP shares	1-Sep-22	1-Sep-25	5.29	5,955	—	—	—	—	5,955
Unvested ESP shares	1-Sep-23	1-Sep-26	4.53	7,180	—	—	—	—	7,180
Ordinary shares				19,545	—	—	3,061	—	22,606
Unvested Performance rights	1-Dec-21	1-Sep-25	10.34	2,901	—	(2,901)	—	—	—
Unvested Performance rights	1-Dec-22	1-Sep-26	5.29	5,955	—	—	—	—	5,955
Unvested Performance rights	1-Dec-23	1-Sep-27	4.37	7,437	—	—	—	—	7,437
Unvested Performance rights	1-Dec-24	1-Sep-28	4.25	—	23,647	—	—	—	23,647
<b>Total</b>				<b>52,034</b>	<b>23,647</b>	<b>(2,901)</b>	<b>—</b>	<b>—</b>	<b>72,780</b>

Name	Grant Date	Vesting Date	Share Price at Grant Date	Balance at 30-Jun-24	Number of shares/rights granted	Number of shares/rights forfeited	Number of shares vested	Number of shares sold	Balance at 30-Jun-25
<b>R Piper</b>									
Unvested ESP shares	1-Sep-23	1-Sep-26	4.53	15,596	–	(10,397)	–	–	5,199*
Ordinary shares				–	–	–	–	–	–
Unvested Performance rights	1-Dec-22	1-Sep-25	10.34	10,517	–	(10,517)	–	–	–
Unvested Performance rights	1-Dec-22	1-Sep-26	5.29	32,892	–	(16,446)	–	–	16,446*
Unvested Performance rights	1-Dec-23	1-Sep-27	4.37	40,732	–	(40,732)	–	–	–
<b>Total</b>				<b>99,737</b>	<b>–</b>	<b>(78,092)</b>	<b>–</b>	<b>–</b>	<b>21,645</b>

\* These arrangements are scheduled to vest on the original vesting dates subject to all vesting conditions and hurdles being met (excludes continuity of service conditions).

#### 4. NON-EXECUTIVE DIRECTOR ARRANGEMENTS

The following table sets out the agreed remuneration for NEDs by position for a full year, with effect from 1 November 2024. NEDs do not receive performance-related pay and are not provided with retirement benefits apart from statutory superannuation.

In addition to fixed remuneration, Non-Executive Directors (NEDs) are entitled to be paid reasonable expenses and remuneration for additional services, if any provided. Non-executive Directors are not eligible to participate in employee incentive plans. In FY25 the Chair of Australian Ethical Superannuation Pty Ltd (S Gibbs), who was also the Chair of AEI, did not receive any additional fees for chairing this Board.

	AES \$
<b>From 1 November 2024</b>	
<b>Base fees</b>	
Chair	39,524
Other non-executive directors	39,524
<b>Additional fees</b>	
ARC - chair	19,762
ARC - member	11,293
Insurance Benefits Committee (IBC) - chair	5,646
Insurance Benefits Committee (IBC) - member	5,646

##### 4.1 Non-executive Directors' remuneration

The table below outlines Non-Executive Director remuneration relating to AES for FY25.

Name	Board Fee	Audit, Risk & Compliance Committee	Insurance Benefits Committee	Superannuation	Total
	\$	\$	\$	\$	\$
<b>2025</b>					
S Gibbs	35,048	10,014	5,007	5,758	55,827
K Greenhill	35,048	17,524	5,007	6,622	64,201
M Anderson	35,048	–	–	4,031	39,079
F Reynolds*	35,048	–	–	4,031	39,079
M Bun**	10,666	4,012	–	1,688	16,366
Total 2025	150,858	31,550	10,014	22,130	214,552
<b>2024</b>					
S Gibbs	33,810	9,660	4,830	5,313	53,613
K Greenhill	33,810	16,905	4,830	6,110	61,655
M Bun	33,810	9,660	–	4,782	48,252
M Anderson	33,810	–	–	3,719	37,529
Total 2024	135,240	36,225	9,660	19,924	201,049

\* From 1 July 2024.

\*\* Until 31 October 2024.

Julie Orr was a member of the Audit, Risk and Compliance Committee during FY25 but is not a Director of Australian Ethical Superannuation Pty Ltd and is not a KMP. Her remuneration is not disclosed in the table above.

## 5. GOVERNANCE

### 5.1 The role of the AEI Group People and Remuneration Committee (PRC)

The role of the AEI Group PRC is to help the AEI and AES Board fulfil its responsibilities to shareholders through a strong focus on governance and in particular, the principles of accountability and transparency. The PRC operates under delegated authority from the AEI and AES Boards. Under this delegation the PRC assesses the appropriateness of the remuneration framework and outcomes for Responsible Persons including KMPs, whilst the Trustee remains accountable for its delegated powers. The terms of reference include oversight of remuneration as well as executive development, talent management and succession planning.

The PRC was formed on 1 July 2025 by separating the previous People, Remuneration & Nominations Committee (PRN) into two separate committees being the People & Remuneration Committee (same members as the previous PRN) and the Nominations Committee (comprised of Steve Gibbs, Sandra McCullagh and Julie Orr). The PRN met seven times during the year. Attendance at these meetings is set out in the AEI Group Directors' Report.

The PRN members for the financial year ended 30 June 2025 were:

- Steve Gibbs (Chair),
- Kate Greenhill,
- Julie Orr,
- Sandra McCullagh,
- Brian Bissaker (from 15 May 2025),
- Mara Bun (until 31 October 2024).

At the PRC's invitation, the Managing Director and AEI Group Chief People & Culture Officer attended all meetings except where matters were associated with their own performance evaluation, development and remuneration were to be considered. The PRC considers advice and views from those invited to attend meetings and draws on services from a range of external sources, including engaging remuneration consultants from time to time.

Annually, the PRC assesses the eligibility for vesting of deferred shares.

### 5.2 Group CEO and KMP Performance

The Group CEO is responsible for reviewing the performance of Executive KMPs and determining whether their performance requirements were met. In addition, the Group CEO has oversight of all employees' performance appraisals. Both quantitative and qualitative data is used to determine whether performance criteria are achieved.

An annual assessment of the Group CEO is completed by the Chair and is overseen by the AEI Group Board, with input from the PRC. The review includes measurement of performance against agreed KPI's and Company performance. The PRC also has oversight of other Executive KMP performance.

In addition, the AES Board has the ability to amend any recommendations of the PRC, where the AES Board considers it appropriate to make such amendments, including adjusting STI and ELTI downwards, including to zero, if necessary.



### 5.3 Malus Provisions

The AEI Group Board has the discretion to reduce or forfeit awards where:

- the participant has acted fraudulently or dishonestly or is in breach of their obligations to the Company
- the Company becomes aware of material misstatement or omission in the financial statements of the Company, or
- circumstances occur that the AEI Group Board determines to have resulted in unfair or inappropriate benefit to the recipient.

The Directors' report, incorporating the Remuneration report, is signed in accordance with a resolution of the Board of Directors.



Fiona Reynolds

**Chair**  
AES Board  
22 September 2025

# Auditor's Independence Declaration



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Ethical Retail Superannuation Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Ethical Retail Superannuation Fund for the financial year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

  
KPMG

  
Andrew Reeves  
Partner  
Sydney  
22 September 2025

# Independent Auditor's Report



# Independent Auditor's Report

To the Trustees and Members of Australian Ethical Retail Superannuation Fund

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Australian Ethical Retail Superannuation Fund (the Fund).

In our opinion, the accompanying Financial Report of the Fund gives a true and fair view, including of the Fund's financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2025
- Income statement, Statement of changes in member benefits, Statement of changes in reserves, and Statement of cash flows for the year then ended
- Notes, including material accounting policies
- Directors' Declaration.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Fund in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Trustees and Members of Australian Ethical Retail Superannuation Fund, would be in the same terms if given to the Trustees and Members as at the time of this Auditor's Report.

## Other Information

Other Information is financial and non-financial information in Australian Ethical Superannuation Fund's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Trustee is responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the *Director's report and Remuneration report*.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Trustee for the Financial Report

The RSE's trustee are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund, and that is free from material misstatement, whether due to fraud or error
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.



A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Australian Ethical Retail Superannuation Fund for the year ended 30 June 2025, complies with *Section 300C* of the *Corporations Act 2001*.

### Trustees' responsibilities

The Trustees of the Fund are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300C* of the *Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 9 to 25 of the Trustees' report for the year ended 30 June 2025.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300C* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Andrew Reeves

Partner

Sydney

22 September 2025



# Directors' Declaration

# Directors' Declaration

In the opinion of the Directors of Australian Ethical Superannuation Pty Ltd ("the Trustee"), as trustee for the Australian Ethical Retail Superannuation Fund ("the Fund"):

- a) The financial statements and notes to the financial statements that are set out in this report are in accordance with the Corporations Act 2001, including;
  - Giving a true and fair view of the Fund's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
  - Complying with Australian Accounting Standards and Corporations Regulations 2001;
- b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This directors' declaration is signed in accordance with a resolution of directors of the Trustee made pursuant to s.298(2) of the Corporations Act 2001.



Director  
Fiona Reynolds  
Australian Ethical Superannuation Pty Ltd  
Sydney, 22 September 2025

# Financial Statements

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	2025 \$'000	2024 \$'000
<b>Assets</b>			
Cash and cash equivalents	4	55,506	49,811
Investments	5	8,950,946	8,212,705
Derivative assets	18	1,147	547
<b>Receivables</b>			
Receivables	6	792,257	167,421
<b>Other assets</b>			
Deferred tax assets	13	1,345	663
<b>Total assets</b>		<b>9,801,201</b>	<b>8,431,147</b>
<b>Liabilities</b>			
Payables	7	23,586	14,141
Current tax liabilities	12	90,748	25,319
Deferred tax liabilities	13	125,696	119,803
<b>Total liabilities (excluding member benefits)</b>		<b>240,030</b>	<b>159,263</b>
<b>Net assets available to pay benefits</b>		<b>9,561,171</b>	<b>8,271,884</b>
<b>Member benefits</b>			
Allocated to members		9,527,735	8,242,744
Unallocated to members	14	6,509	6,182
<b>Total member benefits</b>		<b>9,534,244</b>	<b>8,248,926</b>
<b>Total net assets</b>		<b>26,927</b>	<b>22,958</b>
<b>Equity</b>			
Operational risk reserve		26,927	22,958
<b>Total equity</b>		<b>26,927</b>	<b>22,958</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

## INCOME STATEMENT

For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
<b>Superannuation activities</b>			
Distributions and dividends		890,212	262,127
Interest		1,869	2,279
Movement in fair value of investments	8	173,844	408,971
Other income		121	5,288
<b>Net revenue</b>		<b>1,066,046</b>	<b>678,665</b>
<b>Expenses</b>			
Investment expenses		64,739	56,369
Administration expenses		28,594	24,407
Other expenses		78	101
<b>Total expenses</b>		<b>93,411</b>	<b>80,877</b>
<b>Profit from operating activities before income tax expense</b>		<b>972,635</b>	<b>597,788</b>
Less: Income tax expense	11	67,489	34,700
<b>Profit from operating activities after income tax expense</b>		<b>905,146</b>	<b>563,088</b>
Less: Net benefits allocated to members' accounts		901,176	559,245
<b>Profit after income tax</b>		<b>3,970</b>	<b>3,843</b>

The above income statement should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN MEMBER BENEFITS

For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
<b>Opening balance of member benefits</b>		8,248,926	7,207,695
Employer contributions		677,644	627,560
Member contributions		177,346	131,615
Transfers from other funds		232,360	298,572
Government contributions		6,390	6,717
Income tax on contributions		(106,699)	(99,631)
<b>Net after tax contributions</b>		<b>9,235,967</b>	<b>8,172,528</b>
Benefit payments		(603,183)	(475,403)
Insurance premiums charged to members' accounts		(20,020)	(19,738)
Death and disability benefits credited to members' accounts		20,304	12,294
<b>Benefits allocated to members' accounts, comprising;</b>			
Net investment income		907,160	561,477
Net direct administration fees		(5,984)	(2,232)
<b>Closing balance of member benefits</b>		<b>9,534,244</b>	<b>8,248,926</b>

*The above statement of changes in member benefits should be read in conjunction with the accompanying notes.*

## STATEMENT OF CHANGES IN RESERVES

For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Opening balance of operational risk reserve		22,958	19,115
Net funding to reserves		583	2,298
Movement in fair value of investments		3386	1,545
Closing balance of operational risk reserve	5	26,927	22,958

*The above statement of changes in reserves should be read in conjunction with the accompanying notes.*

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
<b>Cash flows from operating activities</b>			
Interest		1,869	2,281
Distributions and dividends		4,059	6,548
Death and disability benefits credited to members' accounts		20,304	12,294
Successor fund transfer – administration and tax reserves	7	(90)	(16,087)
Insurance premiums charged to members' accounts		(20,159)	(19,337)
Investment, administration, and other expenses		(87,382)	(80,877)
Other income		144	5,231
Income tax received/(paid)		4,471	10,569
<b>Net cash flows from operating activities</b>	<b>10</b>	<b>(76,784)</b>	<b>(79,378)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		802,498	659,649
Payments for purchase of investments		(1,104,628)	(1,076,288)
<b>Net cash flows from investing activities</b>		<b>(302,130)</b>	<b>(416,639)</b>
<b>Cash flows from financing activities</b>			
Employer contributions		677,644	627,560
Member contributions		177,346	131,615
Transfers from other superannuation funds		232,360	298,572
Government contributions		6,390	6,717
Benefit payments		(601,112)	(474,656)
Income tax paid		(108,019)	(94,839)
<b>Net cash flows from financing activities</b>		<b>384,609</b>	<b>494,969</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>5,695</b>	<b>(1,048)</b>
Cash at the beginning of the period		49,811	50,859
<b>Cash at the end of the period</b>	<b>4</b>	<b>55,506</b>	<b>49,811</b>



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*The above statement of cash flows should be read in conjunction with the accompanying notes.*

# Notes to the Financial Statements

# Notes to the Financial Statements

For the year ended 30 June 2025

## NOTE 1 – REPORTING ENTITY

Australian Ethical Retail Superannuation Fund (the "Fund") is a defined contribution superannuation fund domiciled in Australia. The Fund is constituted by a Trust Deed dated 15 July 1998. The Trustee of the Fund is Australian Ethical Superannuation Pty Ltd (ABN 43 079 259 733).

The address of the Fund's registered office and principal place of business is Level 8, 124-130 Pitt St, Sydney, NSW, 2000.

The Fund is a for-profit entity operated for the purpose of providing for the self-employed, corporate employees and individuals (and their dependents or beneficiaries) of various companies, allocated pensions, and lump sum benefits upon retirement, termination of employment, death, or disablement.

Administration of the Fund is conducted by GROW Super Ops Pty Ltd ("GROW") and MUFG Retirement Solutions Pty Ltd ("MUFG").

## NOTE 2 – BASIS OF PREPARATION

### STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS"), the Corporations Act 2001 and Corporations Regulations 2001 and the provisions of the Trust Deed.

The financial statements were approved by the Board of Directors of the Trustee on 22 September 2025.

### ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 17 - Financial instruments which contains information about estimation of fair values of financial instruments.
- Note 19 - Structured Entities which contains information about judgements made in relation to whether the Fund meets the definition of an investment entity.

### FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Australian currency.

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

### STANDARDS AND INTERPRETATIONS ON ISSUE

The Fund has adopted new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2024.

Management have assessed there are no other new accounting standards, interpretations or amendments to existing standards that are effective for the period beginning 1 July 2024 that would be expected to have a material impact on the Fund.

## NOTE 3 – MATERIAL ACCOUNTING POLICIES

### INVESTMENTS

Investments held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the investment. Transaction costs on investments at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all investments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Income Statement.

#### Fair value in an active market

The fair value of investments traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The prices used to value investments include, but are not limited to, independent and quoted 'bid' prices obtained for each investment, and redemption prices published by the manager of unlisted unit trusts.

An investment is regarded as quoted within an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### Fair value in an inactive or unquoted market

The fair value of investments not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is the market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. There may be a difference between the fair value at initial recognition and amounts determined using a valuation technique at the end of the reporting period. If such a difference exists, the Fund recognises the difference in the Income Statement to reflect a change in factors, including time, that market participants would consider in setting a price.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the most appropriate option valuation model.

The Fund's investments that are valued based on inactive or unquoted markets includes investments in alternative assets being limited partnership interests' in early-stage venture capital and unlisted infrastructure. Investments in alternative assets are both directly held by the Fund and indirectly held via investments in unlisted unit trusts.

Investments in unlisted unit trusts are recorded at the redemption price per unit as reported by the managers of such trusts.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 5 and Note 17.

#### Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Unit values denominated in foreign currency are translated to Australian dollars at the current exchange rates.

## Foreign currency transactions and balances

Assets and liabilities denominated in foreign currency are translated at the rates of exchange ruling at the reporting date. Unrealised foreign exchange gains or losses, arising on translation of assets and liabilities denominated in foreign currency at reporting date, are recognised as part of the 'Movement in fair value of investments' in the Income Statement.

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the date of the transactions. Realised foreign exchange gains or losses, arising on the sale of assets denominated in foreign currency, are brought to account as part of 'Movement in fair value of investments' in the Income Statement.

The effects of changes in foreign exchange rates recognised as part of the 'Movement in fair value of investments' are separately disclosed in Note 8.

Realised foreign exchange gains or losses on the settlement of distributions are brought to account as part of 'Distributions' in the Income Statement and in the Statement of Cash Flows.

## Derivative financial instruments

In accordance with the Fund's investment strategy, the Fund may invest in derivative financial instruments to gain or hedge exposure to equities, interest rates or foreign currencies. Derivative financial instruments are recognised initially at cost. After initial recognition, derivatives are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Income Statement. At balance date, the Fund held exchange traded equity futures and options and foreign exchange contracts.

## CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less from the date of acquisition, which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

## REVENUE

### Interest

Interest revenue is recognised in the Income Statement on an accrual basis. Interest revenue not received at reporting date is reflected in the Statement of Financial Position as a receivable. Interest is calculated using the effective interest rate method.

### Distributions

Distribution income is recognised as at the date the unit value is quoted ex-distribution and, if not received at balance date, is reflected in the Statement of Financial Position as a receivable. Distributions received are typically reinvested.

### Movement in fair value of investments

Changes in the fair value of investments are recognised as income or expenses in the period to which the change relates and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period).

## EXPENSES

All expenses, including administration and investment management fees, are recognised in the Income Statement on an accrual basis.

## CONTRIBUTIONS REVENUE AND TRANSFERS IN

Contributions revenue and transfers in are recognised in the statement of changes in members' benefits when the control and the benefits from the revenue have transferred to the Fund and is recognised gross of any taxes.

## INCOME TAX

The Fund is a complying superannuation fund for the purposes of the provisions of the Income Tax Assessment Act 1997. Accordingly, the concessional tax rate of 15% has been applied to the Fund's taxable income.

Income tax expense for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in members' funds in which case it is recognised in the Statement of Changes in Member Benefits. Income tax on contributions in the Statement of Changes in Member Benefits represent tax items that are credited or changed directly to member benefits. This includes tax on contributions and tax rebates on fees and premiums.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance date and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary difference is not provided for: the initial recognition of assets and liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantially enacted at reporting date.

A deferred tax asset (DTA) is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The expense/(benefit), and any corresponding liability/asset, is brought to account in the period in which the assessments are received by the Trustee and are payable by the Fund.

## GOODS AND SERVICES TAX

Revenues, expenses, and assets are recognised net of the amount of Goods and Services Tax (GST) recoverable, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

## RECEIVABLES

Receivables represent accrued income and other receivables such as Reduced Input Tax Credits (RITC). Receivables are normally settled within 30 days. Unsettled investment trades are amounts due to securities sales that have not been received at the reporting date. These amounts are recognised initially at fair value and subsequently measured at fair value. Expected credit losses on Investment income receivables are estimated to be nil as there are currently no past due receivables as at 30 June 2025 and management have not identified any additional concerns regarding collection of the receivables.

## PAYABLES

Payables are carried at nominal amounts which approximate fair value. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid, and other payables such as GST and redemption monies owing by the Fund. Unsettled investment trades are amounts due for securities purchases that have not been paid at the reporting date. Trades are recorded on trade date and normally settled within two to three business days. Payables are normally settled on 30-day terms.

## BENEFITS PAYABLE

Benefits payable represents amounts which have not been paid where a valid and approved withdrawal notice is received. Benefits payable are normally settled within two to three business days.

## OPERATIONAL RISK FINANCIAL RESERVE

The Fund maintains an Operational Risk Financial Reserve (ORFR) in accordance with the requirements established by the Australian Prudential Regulatory Authority under Prudential Standard SPS 114 Operational Risk Financial Requirement.

The purpose of the ORFR is to provide protection to the Fund in the event that a loss is incurred from an operational risk event occurring. The use of the ORFR is governed by the requirements of SPS 114, which is applicable to all APRA-regulated funds.

The Trustee has assessed a target ORFR balance of 0.25% of funds under management as appropriate for the Fund, with a 0.20% to 0.33% range to allow for changes in market movements. As at 30 June 2025 the ORFR balance equates to 0.28% (2024: 0.28%) of funds under management.

Transfers in and out of the ORFR are made only at the authorisation of the Trustee and in accordance with the Fund's Reserve Policy. The ORFR is funded out of the Trustee's administration fee entitlement. Earnings on invested amounts are retained within the ORFR. The reserve is held separately to other Fund assets and is fully invested in the Australian Ethical Balanced Fund.

## NOTE 4 – CASH AND CASH EQUIVALENTS

	2025 \$'000	2024 \$'000
Cash and cash equivalents	55,506	49,811
<b>Total cash and cash equivalents</b>	<b>55,506</b>	<b>49,811</b>

## NOTE 5 – INVESTMENTS

	2025 \$'000	2024 \$'000
<b>Super options</b>		
Balanced	5,054,306	4,792,742
Growth	852,198	797,392
Australian Shares	851,513	734,466
High Growth	801,802	733,396
Conservative	287,528	249,805
International Shares	261,635	190,986
Defensive	204,639	153,462
<b>Total investments in super options</b>	<b>8,313,621</b>	<b>7,652,249</b>
	2025 \$'000	2024 \$'000
<b>Pension options</b>		
Balanced	314,424	284,243
Growth	99,972	95,204
Conservative	95,840	77,434
Australian Shares	43,968	40,347
Defensive	27,977	22,309
International Shares	15,823	11,838
<b>Total investments in pension options</b>	<b>598,004</b>	<b>531,375</b>

	2025 \$'000	2024 \$'000
<b>Cash held for investment purposes</b>		
Cash	12,394	6,123
<b>Total cash held for investment purposes</b>	<b>12,394</b>	<b>6,123</b>
<b>Operational Risk Financial Reserve</b>		
Balanced	26,872	22,884
Cash	55	74
<b>Total held in operational risk financial reserve</b>	<b>26,927</b>	<b>22,958</b>
<b>Total investments</b>	<b>8,950,946</b>	<b>8,212,705</b>

The Fund's investment options are invested in underlying registered and unregistered investment schemes managed by Australian Ethical Investment Limited, non-related external asset managers for alternative, property, active international equities, global credit assets and forward foreign exchange contracts, futures contracts and equity options.

## NOTE 6 – RECEIVABLES

	2025 \$'000	2024 \$'000
<b>Recoverable within 12 months</b>		
Investment income	788,508	164,861
GST	1,905	1,516
Member fee rebates	1,844	992
Christian Super tax return refund	-	52
<b>Total receivables</b>	<b>792,257</b>	<b>167,421</b>

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Information regarding credit risk exposure is set out in Note 17.



## NOTE 7 – PAYABLES

	2025 \$'000	2024 \$'000
<b>Due within 12 months</b>		
Benefit payments	5,860	3,886
Insurance premiums	2,297	2,435
Investment management fees	6,214	1,825
Administration fees*	1,915	691
Trustee administration fees	2,260	580
Unsettled investments	3,411	3,050
PAYG tax	267	171
Christian Super administration expenses	1,362	1,503
<b>Total payables</b>	<b>23,586</b>	<b>14,141</b>

\* Includes dollar-based member administration fees and adviser fees payable.

Christian Super payables and reserve balances were transferred to the Fund as part of the SFT on 25 November 2022. An excess administration reserve balance of \$4.3m was identified by Australian Ethical and distributed back to the existing ex-Christian Super members on 28 June 2024. The administration expenses payable is for expenses in relation to completion of the integration of these members into the new GROW platform. After settlement of all outstanding administration expenses, any remaining excess will be disbursed to ex-Christian Super members prior to the transfer to GROW.

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. Information regarding interest rates, foreign exchange and liquidity risk exposure is set out in Note 17.

## NOTE 8 – MOVEMENT IN FAIR VALUE OF INVESTMENTS

	2025 \$'000	2024 \$'000
Unrealised gains	91,460	415,639
Realised (losses)/gains	82,488	(4,997)
Effects of changes in foreign exchange rates	(104)	(1,671)
<b>Total movement in fair value of investments</b>	<b>173,844</b>	<b>408,971</b>

## NOTE 9 – AUDITOR'S REMUNERATION

Audit and tax fees in relation to the Fund are paid directly by the Trustee. During the year, the following fees were paid or payable by the Trustee for services in relation to the audit of the Fund. The auditor of the Fund is KPMG.

	2025 \$'000	2024 \$'000
Audit and review of the financial statements	58	51
Audit services in accordance with regulatory requirements	79	80
Tax compliance and advisory services	35	33
Administration transition assurance	29	-
<b>Total auditor's remuneration</b>	<b>201</b>	<b>164</b>

## NOTE 10 – RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2025 \$'000	2024 \$'000
Profit from operating activities after income tax expense	905,146	563,088
<b>Adjustments for:</b>		
Movement in fair value of investments	(173,844)	(408,971)
(Increase)/decrease in receivables	(624,888)	(56,602)
Insurance premiums charged to members' accounts	(20,020)	(19,738)
Death and disability benefits credited to members' accounts	20,304	12,294
(Decrease)/increase in payables	7,064	(15,301)
Increase in income tax payable and deferred tax	71,960	45,269
Distributions and dividends*	(262,506)	(199,417)
<b>Net cash flows from operating activities</b>	<b>(76,784)</b>	<b>(79,378)</b>

\* Distributions and dividends received were reinvested into additional shares and units and therefore do not form part of the cash flow.

## NOTE 11 – INCOME TAX EXPENSE

### a) Recognised in the income statement

	2025 \$'000	2024 \$'000
<b>Current tax expense/(benefit)</b>		
Current year	62,488	(4,222)
Adjustment for prior year	(250)	(261)
<b>Deferred tax expense</b>		
Movement in deferred tax	5,251	39,183
<b>Total income tax expense</b>	<b>67,489</b>	<b>34,700</b>

**b) Numerical reconciliation between tax expense and net income as a result of operations before income tax**

	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Profit from operating activities before tax	972,635	597,788
Prima facie income tax thereon at 15%	145,895	89,668
<b>Increase in income tax expense due to:</b>		
Net expenses allocated to member benefits	898	335
<b>Decrease in tax expense due to:</b>		
Non assessable investment income	(44,522)	(21,969)
Pension exemption	(1,595)	(1,666)
Imputation, foreign and early-stage venture capital tax offsets	(31,937)	(31,415)
Adjustment for prior year	(250)	(261)
<b>Income tax expense</b>	<b>67,489</b>	<b>34,692</b>

In addition to the above, \$106,698,763 (2024: \$99,630,933) is recognised in the Statement of Changes in Member Benefits relating to tax on contributions deducted from member accounts.

**NOTE 12 – CURRENT TAX LIABILITIES**

The current tax liability for the Fund of \$90,748,119 (2024: \$25,319,030) represents the amount of income taxes payable in respect of the current financial period.

**NOTE 13 – DEFERRED TAX ASSETS AND LIABILITIES**

The balance comprises temporary differences attributable to:

	<b>Assets \$'000</b>	<b>Liabilities \$'000</b>	<b>Total \$'000</b>
<b>2025</b>			
Payables - investment management and administration fees	978	-	978
Unrealised gains on financial assets held at fair value through profit or loss	-	(125,696)	(125,696)
<b>Net investment tax assets/(liabilities)</b>	<b>978</b>	<b>(125,696)</b>	<b>(124,718)</b>
Payables – direct member administration fees	367	-	367
<b>Net tax assets/(liabilities)</b>	<b>1,345</b>	<b>(125,696)</b>	<b>(124,351)</b>

	Assets	Liabilities	Total
2024	\$'000	\$'000	\$'000
Payables - investment management and administration fees	336	-	336
Unrealised gains on financial assets held at fair value through profit or loss	-	(119,803)	(119,803)
Net investment tax assets/(liabilities)	336	(119,803)	(119,467)
Payables – direct member administration fees	327	-	327
<b>Net tax assets/(liabilities)</b>	<b>663</b>	<b>(119,803)</b>	<b>(119,140)</b>

Movement in temporary differences during the year:

	Opening Balance	Recognised in Income Statement	Closing Balance
2025	\$'000	\$'000	\$'000
Payables - investment management and administration fees	336	642	978
Unrealised gains on financial assets held at fair value through profit or loss	(119,803)	(5,893)	(125,696)
<b>Net investment tax assets/(liabilities)</b>	<b>(119,467)</b>	<b>(5,251)</b>	<b>(124,718)</b>
Payables – direct member administration fees	327	40	367
<b>Net tax assets/(liabilities)</b>	<b>(119,140)</b>	<b>(5,211)</b>	<b>(124,351)</b>

	Opening Balance	Recognised in Income Statement	Closing Balance
2024	\$'000	\$'000	\$'000
Payables - investment management and administration fees	275	61	336
Unrealised gains on financial assets held at fair value through profit or loss	(80,559)	(39,244)	(119,803)
Net investment tax assets/(liabilities)	(80,284)	(39,183)	(119,467)
Payables – direct member administration fees	405	(78)	327
<b>Net tax assets/(liabilities)</b>	<b>(79,879)</b>	<b>(39,261)</b>	<b>(119,140)</b>

## NOTE 14 – MEMBER BENEFITS

Member benefits are measured as the amount of member account balances as at the reporting date.

Members bear the investment risk relating to the underlying assets of the Fund. The underlying assets of the Fund are priced daily to quarterly. The Fund's unit prices are updated on a daily basis for movements in investment markets and updated valuations provided by external fund managers. Refer to Note 17 for the Fund's management of market, credit and liquidity risk.

At 30 June 2025 amounts unallocated to members was \$6,508,682 (2024: \$6,182,493).

### Funding arrangements

All contributions are made at rates determined by the employers and members to which they relate. During the financial reporting review period the superannuation guarantee contribution rate was 11.5% (2024: 11%). From 1 July 2025, the rate has increased to 12%.

### Guaranteed benefits

No guarantees have been made with respect to the liability for accrued benefits (2024: Nil).

## NOTE 15 – INSURANCE ARRANGEMENTS

The Fund provides death and disability benefits to its members. The Trustee has a group policy in place with a third-party insurance company to insure these death and disability benefits subject to specific elections made by the members of the Fund.

The Fund collects premiums from members on behalf of the insurance company. Insurance claim amounts are recognised where the insurer has agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to members' accounts are recognised in the Statement of Changes in Member Benefits.

## NOTE 16 – RELATED PARTIES

### (a) Trustee

The Trustee of the Australian Ethical Retail Superannuation Fund is Australian Ethical Superannuation Pty Ltd (ABN 43 079 259 733) which as an RSE licensee fulfils the role of Key Management Personnel of the Fund.

### (b) Key management personnel

The Fund is required to have a Trustee to manage the activities of the Fund. Key management personnel of the Fund include persons who were directors of the Trustee, and other executives of its parent entity during the reporting period.

### (c) Trustee directors

The names of the Directors of the Trustee company, which are key management personnel of the Trustee, who held office during part or all of the year, or who subsequently held office are:

- Steve Gibbs
- Kate Greenhill
- Michael Anderson
- Fiona Reynolds (appointed 1 July 2024)
- Mara Bun (retired 31 October 2024)

The following Directors are members of the Fund and all transactions with the Directors are pursuant to normal membership terms and conditions.

- Steve Gibbs
- Mara Bun
- Michael Anderson

For the period ending 30 June 2025, Madeleine Bandfield was appointed as Executive Officer Superannuation (EOS). The EOS reported to the Chair of the Board Steve Gibbs, in order to maintain independent trustee responsibilities.

### (d) Directors' remuneration

No amounts are paid by the Fund directly to the Directors in their capacity as Directors. Directors' remuneration is paid by Australian Ethical Superannuation Pty Ltd.

### (e) Related party transactions

All related party transactions are conducted on normal commercial terms and conditions.

#### Australian Ethical Superannuation Pty Ltd

Transactions between Australian Ethical Superannuation Pty Ltd and the Australian Ethical Retail Superannuation Fund during the year consisted of:	2025 \$'000	2024 \$'000
Member administration fee	5,420	6,053
Investment management fee	64,730	56,169
Trustee administration fee*	22,488	17,612

\* The Trustee administration fee expense in accordance with the Product Disclosure Statement (PDS) is net of \$583,250 (2024: \$2,297,207) paid directly to the Operational Risk Financial Reserve (ORFR).

Amounts (payable to)/receivable from Australian Ethical Superannuation Pty Ltd	2025 \$'000	2024 \$'000
Member administration fee**	(32)	327
Investment management fee	(6,214)	(1,825)
Trustee administration fee	(2,226)	(570)

\*\* The Member administration fee is net of eligible large account balance rebates in accordance with the PDS of \$592,752 (2024: \$85,965) and net of \$1,248,884 (2024: \$898,153) fees refunded as part of the Protecting Your Super (PYS) package where fees are capped at 3% p.a. for accounts with balances under \$6,000 at the time of full withdrawal or as at 30 June.

Transactions between Australian Ethical Retail Superannuation Fund and the schemes managed by the parent entity of the Trustee Company, Australian Ethical Investment Limited, during the financial year were:

For the year ended 30 June 2025

Australian Ethical Managed Investment Scheme	Number of units held	Interest held %	Fair value of investment \$'000	Number of units acquired	Number of units disposed	Distributions received/ receivable \$'000
Conservative Fund	358,182,121	99.47%	372,819	103,119,606	47,940,250	24,351
Moderate Fund	293,340,243	98.67%	309,261	61,892,429	41,024,342	26,393
Balanced Fund	2,380,796,599	91.21%	4,996,633	186,948,906	69,638,385	549,445
High Growth Fund	363,162,421	90.38%	837,053	57,346,198	16,763,401	112,390
High Conviction Fund	280,145,469	43.25%	282,275	72,989,465	38,686,733	18,826
Income Fund	256,277,799	36.86%	254,612	219,918,173	144,102,180	9,822
Australian Shares Fund	234,714,516	33.70%	679,452	14,637,983	8,022,817	51,505
Multi-Manager International Shares Fund	171,359,666	21.70%	186,611	171,359,666	-	6,840
International Shares Fund	170,686,690	16.59%	352,297	49,252,533	103,017,011	32,650
Diversified Shares Fund	73,118,791	12.83%	270,050	2,909,583	11,365,667	40,514
Multi-Manager Growth Alternatives Fund	37,457,355	11.66%	40,525	10,676,658	3,965,594	3,705
Multi-Manager Defensive Alternatives	41,369,596	11.65%	44,612	25,021,704	1,693,779	3,287
Multi-Manager Property Fund	59,036,880	10.63%	48,502	57,332,642	4,049,919	-
Multi-Manager Global Fixed Interest	45,098,902	6.89%	44,693	15,999,416	27,325,112	1,831
Fixed Interest Fund	42,381,880	4.80%	44,179	17,584,025	52,928,155	1,373
Emerging Companies Fund	5,345,058	2.92%	9,740	635,937	-	1,077
<b>Total</b>	<b>4,812,470,984</b>		<b>8,773,314</b>	<b>1,067,624,924</b>	<b>570,523,345</b>	<b>884,009</b>

For the year ended 30 June 2024

<b>Australian Ethical Managed Investment Scheme</b>	<b>Number of units held</b>	<b>Interest held %</b>	<b>Fair value of investment \$'000</b>	<b>Number of units acquired</b>	<b>Number of units disposed</b>	<b>Distributions received/ receivable \$'000</b>
Conservative Fund	303,002,765	99.92%	310,851	337,121,802	34,119,037	10,444
Moderate Fund	272,472,156	99.31%	281,355	293,492,778	21,020,622	7,842
Balanced Fund	2,262,321,422	92.57%	4,683,684	230,887,727	126,673,876	143,153
High Growth Fund	322,579,625	89.57%	731,320	58,954,922	5,571,320	24,751
High Conviction Fund	245,842,737	45.56%	238,271	185,805,461	7,619,692	6,374
Income Fund	180,461,806	50.16%	177,899	80,890,588	164,111,910	7,110
Australian Shares Fund	228,099,350	34.46%	625,836	27,820,320	58,986,447	28,324
Multi-Manager International Shares Fund	-	-	-	-	-	-
International Shares Fund	224,451,168	17.40%	426,143	57,383,692	44,209,119	13,188
Diversified Shares Fund	81,574,875	12.12%	290,513	10,018,767	30,817,170	8,678
Multi-Manager Growth Alternatives Fund	30,746,291	12.62%	31,675	5,991,396	9,021,142	856
Multi-Manager Defensive Alternatives	18,041,671	12.06%	19,769	8,818,441	10,509,838	841
Multi-Manager Property Fund	5,754,157	4.19%	4,750	485,171	12,983,624	193
Multi-Manager Global Fixed Interest	56,424,597	7.51%	55,014	40,972,463	103,803,702	2,904
Fixed Interest Fund	77,726,010	7.28%	78,021	38,650,664	165,896,003	700
Emerging Companies Fund	4,709,121	2.70%	8,667	5,100,264	391,143	168
<b>Total</b>	<b>4,314,207,751</b>		<b>7,963,768</b>	<b>1,382,394,456</b>	<b>795,734,645</b>	<b>255,526</b>

The managed investment schemes are summarised in Note 19 as unconsolidated structured entities that the Fund does not consolidate but in which it holds an interest.

## NOTE 17 – FINANCIAL RISK MANAGEMENT

### Overview

For the purpose of these financial statements, a financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability of another entity. Financial instruments include both primary instruments (such



as receivables, payables, and equity securities), and derivative instruments (such as financial options, foreign exchange transactions, forward rate agreements, and interest rate and currency swaps).

The investments of the Fund comprise units in the Australian Ethical Investment Limited registered and unregistered managed investment schemes ("the schemes"), unlisted property and unlisted infrastructure, limited partnership interests in early-stage venture capital, investments in private equity, deposits with banks, and accounts receivable and payable.

The Fund's investing activities expose it to the following risks from its use of financial instruments:

- operational risk;
- market risk (including price risk, currency risk and interest rate risk);
- credit risk; and
- liquidity risk.

These risks and a general description of how investment risk is managed by the Trustee are described more fully on the following pages.

The investment managers can invest in a variety of financial instruments, including derivatives, which expose the Fund's investments to a variety of investment risks, including market risk, credit risk and liquidity risk.

The Trustee seeks information from the Fund's investment managers (and may also seek independent advice from other qualified persons) so as to determine the nature and extent of any risks, and the expected returns, associated with each of its investments.

## Accounting policies

The Fund's accounting policies for each class of financial asset, financial liability and equity instruments are described in Note 3.

### a) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Trustee's processes, personnel, technology and infrastructure, and from external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Fund's operations.

The objective of the Trustee of the Fund is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

### b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, currency risk, and interest rate risk. Market risk is managed and monitored using sensitivity analysis and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Fund's direct investments and not on a look-through basis.

#### b) (i) Price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Fund's financial instruments are carried at fair value, all changes in market conditions will directly affect investment returns, recognised in the Income Statement. Market price risk is mitigated by constructing a diversified portfolio of instruments traded in various markets. In addition, market price risk may be hedged using derivative financial instruments such as options or futures.

Derivatives may be used in the Fund to manage risk, including foreign currency exposure risk, or gain exposure to markets. Changes in the value of a derivative may not correlate with the underlying asset. The use of derivatives may

expose the Fund to the potential for the value of a derivative to fail to move in line with the underlying asset. As a result, the use of derivatives may have the effect of magnifying both gains and losses to the Fund.

The use of derivative financial instruments is subject to policies and parameters set out in the Responsible Entity's Derivatives Risk Statement and Investment Parameters. The Trustee is responsible for monitoring adherence to the Derivatives Risk Statement and the Investment Parameters. At balance date, the Fund held exchange traded equity futures and options and foreign exchange contracts.

The Trustee aims to mitigate market price risk by having a formal investment policy which diversifies the Fund's investments across various asset classes.

The following table illustrates the effect on profit after tax and net assets available for member benefits (excluding operational financial risk reserve) from possible changes in market price risk for 2025: +/-10% (2024: +/- 10%) that were reasonably possible based on the risk the Fund was exposed to at reporting date.

	Change in variable	Profit after tax		Net assets available for member benefits	
		2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
Unit trusts	+10%	757,488	695,608	757,488	695,608
Total		757,488	695,608	757,488	695,608

	Change in variable	Profit after tax		Net assets available for member benefits	
		2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
Unit trusts	-10%	(757,488)	(695,608)	(757,488)	(695,608)
Total		(757,488)	(695,608)	(757,488)	(695,608)

## b) (ii) Currency risk

Currency risk is the risk that the net market value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency within the conditions of the Fund's investment strategy. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's investments denominated in currencies other than the Australian Dollar.

Currency risk may be hedged using derivative financial instruments such as foreign exchange contracts to hedge the foreign currency risk exposures.

The Fund's strategy on the management of currency risk is driven by the Fund's investment objective and strategy. At balance date, the Fund's direct exposure to USD denominated assets was materially hedged through foreign exchange contracts. As a result, there is no significant exposure to foreign currency risk.

The currency risk disclosure does not take into account the foreign exchange exposures as a result of investments in unit trusts. Currency risk in the unit trusts is managed by the manager of the trusts.

### b) (iii) Interest rate risk

The Fund's direct exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted interest rates on those financial assets and financial liabilities, is as follows:

Investment strategy	Weighted average effective interest rate		Net assets available for member benefits	
	2025	2024	2025	2024
	%	%	\$'000	\$'000
Cash held for operating purpose	4.0	4.1	55,506	49,811
Cash held for investment purpose	4.0	4.2	12,394	6,123
Cash held for operational risk financial reserve	4.0	4.2	55	74
<b>Total cash held</b>			<b>67,955</b>	<b>56,008</b>

Units in unlisted unit trusts have been excluded from this analysis as they are exposed to market risks other than interest rate risk.

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. For 2025: +/-2.5% (2024: +/-2.5%) increase or decrease is used when reporting interest rate risk internally to the Trustee and represents the Trustee's assessment of the possible change in interest rates. The Trustees have assessed a reasonable possibility of the interest rate fluctuating by up to +/-2.5% (2024: +/-2.5%) on cash balances (excluding operational risk financial reserve cash).

	Change in variable		Profit after tax		Net assets available for member benefits	
	2025	2024	2025	2024	2025	2024
	%	%	\$'000	\$'000	\$'000	\$'000
<b>Floating rate</b>						
Interest rate risk	+2.5%	+2.5%	1,444	1,190	1,444	1,190
Interest rate risk	-2.5%	-2.5%	(1,444)	(1,190)	(1,444)	(1,190)

### (c) Credit risk

Credit (or counterparty) risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position. At the balance sheet date, cash was held with State Street Australia Limited, Westpac Banking Corporation and National Australia Bank, which all carry a S&P rating of AA- at 30 June 2025. At 30 June 2024, cash was held with National Australia Bank and Westpac Banking Corporation, which carried an S&P rating of AA-. The derivatives are entered into with Macquarie Bank Limited which carry a Standards & Poor's rating of A+ as at 30 June 2025 (2024: A+). Except for investments in the Australian Ethical Trusts and investment income receivables, the Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics.

#### (d) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund manages liquidity risk by the continuous monitoring of actual cash flows and the investment or liquidation of Fund investment holdings as appropriate in accordance with the Fund's investment strategy. Other financial liabilities of the Fund comprise other payables which will be settled within 12 months of 30 June 2025.

The following tables summarise the maturity profile of the Fund's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund can be required to pay.

<b>2025</b>	<b>Less than 3 months \$'000</b>	<b>3 months to 1 year \$'000</b>	<b>1 to 5 years \$'000</b>	<b>Total \$'000</b>
Member benefits	9,534,244	-	-	9,534,244
Accounts payable	22,224	1,362	-	23,586
Tax payable	-	90,748	-	90,748
<b>Total</b>	<b>9,556,468</b>	<b>92,110</b>	<b>-</b>	<b>9,648,578</b>
<b>2024</b>	<b>Less than 3 months \$'000</b>	<b>3 months to 1 year \$'000</b>	<b>1 to 5 years \$'000</b>	<b>Total \$'000</b>
Member benefits	8,248,926	-	-	8,248,926
Accounts payable	12,638	1,503	-	14,141
Tax payable	-	25,319	-	25,319
<b>Total</b>	<b>8,261,564</b>	<b>26,822</b>	<b>-</b>	<b>8,288,386</b>

Member benefits represent amounts that the Fund is presently obliged to transfer to members or their beneficiaries as a result of the membership and are required to be paid within 30 days from instruction. As such, the member benefits have been classified as required to be paid within 3 months although may not necessarily be called within this time.

The Fund's major liquidity risk rests with the ability to redeem investment funds from Australian Ethical Trusts. The Fund's assets are invested into sixteen Australian Ethical Trusts, in which the majority of Fund assets are invested in a diversified portfolio. The Fund also directly invests into two separate diversified portfolios of property assets and seven separate diversified portfolios of alternative assets being limited partnership interests in early-stage venture capital, private equity and unlisted infrastructure. The Fund's liquid asset classes in the Australian Ethical managed investment schemes and cash are the primary source of liquidity to meet the redemption and expense obligations of the Fund.

The illiquid assets of the Fund are primarily invested in alternative and property assets. The Fund's investment options can hold up to 25% of illiquid assets in accordance with the strategic asset allocation as per the Fund's Investment Strategy.

There is a risk that the Fund may not be able to liquidate all of the investments at their fair value in order to meet its liquidity requirements. In the event of significant withdrawals, the Fund has the ability to suspend withdrawals until it can realise investments to meet the withdrawals.

#### (e) Estimation of fair values

The Fund's financial assets and liabilities included in the Statement of Financial Position are carried at fair value. The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in Note 3 - Material Accounting Policies section.

## (f) Fair value hierarchy

### CLASSIFICATION OF FINANCIAL INSTRUMENTS UNDER THE FAIR VALUE HIERARCHY

The Fund is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets;

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as published prices being the redemption prices established by the underlying fund manager) or indirectly (that is, derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering the factors specific to the asset or liability.

The table below analyses the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2025.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>2025</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	55,506	-	-	55,506
Cash held for investment purpose	12,449	-	-	12,449
Unlisted unit trusts	-	8,639,675	-	8,639,675
Unlisted alternative trusts	-	-	85,137	85,137
Unlisted property trusts	-	102,246	-	102,246
Unlisted infrastructure	-	-	50,289	50,289
Unlisted equity	-	-	44,893	44,893
Listed equity	7,895	-	-	7,895
Early-stage venture capital partnerships	-	-	8,362	8,362
Derivative assets/(liabilities)	1,147	-	-	1,147
<b>Total financial assets</b>	<b>76,997</b>	<b>8,741,921</b>	<b>188,681</b>	<b>9,007,599</b>

	Level 1	Level 2	Level 3	Total
2024	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	49,811	-	-	49,811
Cash held for investment purpose	6,197	-	-	6,197
Unlisted unit trusts	-	7,907,574	-	7,907,574
Unlisted alternative trusts	-	-	51,444	51,444
Unlisted property trusts	-	101,065	-	101,065
Unlisted infrastructure	-	-	50,377	50,377
Unlisted equity	-	-	68,636	68,636
Listed equity	19,168	-	-	19,168
Early-stage venture capital partnerships	-	-	8,244	8,244
Derivative assets/(liabilities)	547	-	-	547
Total financial assets	75,723	8,008,639	178,701	8,263,063

## VALUATION TECHNIQUE

### Unlisted unit trusts

Investments of the Fund (other than cash held for meeting daily administrative and benefit expenses), are managed on behalf of the Trustee by a specialist investment manager who is required to invest the assets allocated for management in accordance with the terms of a written investment management agreement. The Trustee has determined that the appointment of the investment manager is appropriate for the Fund and is in accordance with the Trustee's investment strategy.

The fair value of the unlisted unit trusts is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to current fair value of a substantially similar other instrument, and investment manager reports that provide a reliable estimate of prices obtained in actual market transactions. The fair value in Note 5 is measured using redemption price. The investment manager provides regular reports on the Fund's investments to the Trustee and the Trustee meets regularly to review the investment strategies.

### Valuation process for Level 2 and 3 valuations

The table below describes the valuation techniques used in the measurement of fair value for assets categorised as Level 2 and 3. Exposure to derivative assets and liabilities, unlisted property trusts, early-stage venture capital partnerships, private equity and unlisted infrastructure is through directly held investments and investments in the Australian Ethical Alternatives Fund, Australian Ethical Defensive Alternatives Fund and Australian Ethical Unlisted Property Fund.

Asset type	Valuation technique	Interest held by the Fund
Unlisted Australian Ethical trusts	The prices used to value the underlying investments include but is not limited to independent prices obtained for each security, quoted 'bid' prices on securities and for investments into unlisted unit trusts, redemption prices published by the Responsible Entity.	Direct investment in units issued by the Australian Ethical trusts.
Unlisted property trust	The valuation measurement is market value as defined by the International Valuation Standards Council and adopted by the Australian Property Institute. The fair value of direct property assets is based on independent external valuations. A variety	Direct investment in units issued by the trusts and indirectly held through the

	of established valuation techniques are used by valuers in determining the value of direct property investments. These include, discounted cashflows, capitalisation of rental income and analysis of comparable recent sale transactions.	Australian Ethical Unlisted Property Fund and Australian Ethical High Growth Fund.
Early-stage venture capital partnerships and unlisted equity	Valuation techniques are in accordance with International Private Equity and Venture Capital (IPEV) valuation principles endorsed by the Australian Investment Council (AIC). In estimating Fair Value of investments, the valuation techniques that are appropriate in light of the nature, facts and circumstances of the investment are applied. Consistent valuation techniques for investments with similar characteristics, industries and/or geographies is considered and used. There are a number of different techniques applied, including 'Price of Recent Investment', 'Multiples', 'Net Assets', 'Discounted Cash Flows or Earnings'.	Direct investment in limited partnership interests and private equity funds and indirectly held through the Australian Ethical Alternatives Fund and Australian Ethical Defensive Alternatives Fund.
Unlisted infrastructure	Third-party experts apply valuation techniques to determine fair value. Valuers use accepted valuation methodologies that are most appropriate for each asset, considering factors such as asset size, characteristics, and domicile. The assumptions within the valuation techniques applied to infrastructure assets can include income capitalisation, discounted cash flow, trading and transaction earnings multiples or direct sales comparison. The assumptions are determined by the valuer and adjusted to reflect the current consensus view of economic conditions and asset specific drivers.	Direct investment in units issued by the trusts and indirectly held through the Australian Ethical Alternatives Fund and Australian Ethical Defensive Alternatives Fund.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

<b>Level 3 reconciliation</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Opening balance at 1 July	178,701	227,844
Capital called	1,471	2,841
Acquisition of externally managed Level 3 assets	-	-
Acquisition/(disposal) of units in Australian Ethical Alternatives Fund	7,429	(3,154)
Acquisition/(disposal) of units in Australian Ethical Defensive Alternatives Fund	26,219	(1,920)
Disposal of externally managed Level 3 assets	(32,721)	(54,065)
Net fair value profit	7,582	7,155
<b>Closing balance at 30 June</b>	<b>188,681</b>	<b>178,701</b>

No transfers between levels have occurred in the reporting periods ended 30 June 2025 and 30 June 2024.

The sensitivity analysis below has been performed on the Fund's exposure to changes in unobservable inputs used to value financial instruments categorised as level 3 in the fair value hierarchy. The sensitivity analysis demonstrates the effect on net assets available for member benefits which could result from a change in alternative assets' fair valuation



by 10% (2024: 10%). In the analysis, it is assumed that the amount of financial assets exposed to fluctuations in unobservable inputs as at the balance sheet date is representative of balances held throughout the financial year. No other flow on effects or fluctuations in fair value have been taken into account.

At balance date, the effect on net assets available for member benefits as a result of changes in alternative assets' fair valuation with all other variables remaining constant would be as follows:

	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Increase in alternative assets fair valuation by 10% (2024: 10%)	<b>18,868</b>	17,870
Decrease in alternative assets fair valuation by 10% (2024: 10%)	<b>(18,868)</b>	(17,870)

## NOTE 18 – OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities that are subject to an enforceable master netting or similar agreement that covers similar financial instruments are to be offset in the Statement of Financial Position. The similar agreements include derivative clearing agreements where similar financial instruments include derivatives where the Fund has entered in to forward foreign exchange contracts.

The gross amounts of recognised financial assets and financial liabilities and their net amounts presented in the Statement of Financial Position disclosed in the below tables have been measured at fair value in the Statement of Financial Position for the derivative assets and liabilities.

	<b>Gross amounts recognised</b>	<b>Offset in Statement of Financial Position</b>	<b>Net amount recognised</b>
<b>2025</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Derivative assets</b>			
Foreign exchange contracts	61,212	(59,899)	1,313
Futures contracts	252	(727)	(475)
Equity options	544	(235)	309
<b>Total derivative assets</b>	<b>62,008</b>	<b>(60,861)</b>	<b>1,147</b>
<b>Derivative liabilities</b>			
Foreign exchange contracts	59,899	(59,899)	-
Futures contracts	727	(727)	-
Equity options	235	(235)	-
<b>Total derivative liabilities</b>	<b>60,861</b>	<b>(60,861)</b>	<b>-</b>



	Gross amounts recognised	Offset in Statement of Financial Position	Net amount recognised
2024	\$'000	\$'000	\$'000
<b>Derivative assets</b>			
Foreign exchange contracts	74,629	(74,131)	498
Futures contracts	132	(95)	37
Equity options	504	(492)	12
<b>Total derivative assets</b>	<b>75,265</b>	<b>(74,718)</b>	<b>547</b>
<b>Derivative liabilities</b>			
Foreign exchange contracts	74,131	(74,131)	-
Futures contracts	95	(95)	-
Equity options	492	(492)	-
<b>Total derivative liabilities</b>	<b>74,718</b>	<b>(74,718)</b>	<b>-</b>

## NOTE 19 – STRUCTURED ENTITIES

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. Depending on the Fund's power over the activities of the entity and their exposure to and ability to influence their own returns, they may control the entity. In other cases they may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund. Such interests include holdings of units in unlisted trusts and limited partnerships. The nature and extent of the Fund's interests in structured entities are titled "units in unit trusts" and are summarised in Note 3 and Note 5.

The Fund has exposures to unconsolidated structured entities through their trading activities. The Fund typically has no other involvement with the structured entity other than the securities they hold as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset.

Exposures to trading assets are managed in accordance with financial risk management practices as set out in Note 17.

The table below describes the types of unconsolidated structured entities that the Fund does not consolidate but in which it holds an interest. The Fund has concluded that the unlisted investment schemes and limited partnerships below meet the definition of structured entities because:

- The voting rights in the entities are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- Each entity's activities are restricted by its Constitution, Product Disclosure Statement and/or Partnership Agreement; and
- The entities have narrow and well-defined objectives to provide investment opportunities.

Type of structured entity	Nature and purpose	Interest held by the Fund
Investment schemes	To pool investors' savings and invest in a diversified portfolio of securities.	Investments in units issued by the unit trusts
Early-stage venture capital partnerships	To manage assets on behalf of third-party investors. These vehicles are financed through the issue of partnership interests to investors.	Limited partnership interest

	Fair value as at		Ownership interest	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<b>Investment schemes</b>				
<b>Unlisted trusts</b>				
AE Conservative Fund	372,819	310,851	99.47%	15.05%
AE Moderate Fund	309,261	281,355	98.67%	99.31%
AE Balanced Fund	4,994,195	4,683,684	91.21%	92.57%
AE High Growth Fund	837,053	731,320	90.38%	89.57%
AE High Conviction Fund	282,275	238,271	43.25%	45.56%
AE Income Fund	254,612	177,899	36.86%	50.16%
AE Australian Shares Fund	679,452	625,836	33.70%	34.46%
AE Multi-Manager International Shares Fund	186,611	-	21.70%	-
AE International Shares Fund	352,297	426,143	16.59%	17.40%
AE Diversified Shares Fund	270,050	290,513	12.83%	12.12%
AE Multi-Manager Global Fixed Interest	44,693	55,014	6.89%	7.51%
AE Fixed Interest Fund	44,179	78,021	4.80%	7.28%
AE Emerging Companies Fund	9,740	8,667	2.92%	2.70%
<b>Unlisted alternative</b>				
AE Multi-Manager Growth Alternatives Fund	40,525	31,675	11.66%	12.62%
AE Multi-Manager Defensive Alternatives	44,612	19,769	11.65%	12.06%
<b>Unlisted property</b>				
Brightlight Real Estate Impact Fund	22,471	29,611	100.00%	100.00%
AE Multi-Manager Property Fund	48,502	4,750	10.63%	4.19%
Australian Unity Specialist Disability Accommodation Fund	-	3,829	-	3.19%
Investa Property Group	-	28,709	-	0.72%
Dexus Healthcare Property Trust	31,273	34,166	0.64%	0.64%
<b>Unlisted infrastructure</b>				
Morrison & Co Growth Infrastructure Fund	-	2,939	-	0.64%
IFM Australia Infrastructure Fund	50,289	47,438	0.45%	0.45%
<b>Unlisted equity</b>				
Stafford Sustainable Capital Fund	585	828	19.38%	19.38%
Wollemi Co Investment Fund	28,438	31,061	11.59%	11.59%
LGT Crown Secondaries Special Opportunities II B	-	5,720	-	2.36%
IFC Catalyst Fund	2,309	2,876	1.74%	1.74%
LGT Crown Asia Pacific Private Equity IV	13,561	13,941	0.98%	0.98%
LGT Crown Secondaries Special Opportunities II	-	14,210	-	0.67%
<b>Early-stage venture capital partnerships</b>				
Right Click Capital Growth Fund	4,724	4,511	9.66%	9.66%
Artesian Clean Energy Seed Fund	3,638	3,733	7.78%	7.78%
<b>Total</b>	<b>8,928,164</b>	<b>8,187,340</b>		

The maximum exposure or loss is limited to the fair value of the investment as at the reporting date and capital commitments in Note 20. The fair value of the exposure will change on a daily basis throughout the period and in the subsequent periods will cease once the investments are disposed of. The unconsolidated structured entities are managed in accordance with the investment strategy with the respective underlying investment managers. The return of the Fund is exposed to the variability of the performance of the underlying investment strategies.

The Fund does not have current commitments (except as disclosed in Note 20), intentions or contractual obligations to provide financial or other support to the unconsolidated structured entities. There are no loans or advances currently made to these entities. There are no significant restrictions on the ability of an unconsolidated structured entity to transfer funds to the Fund in the form of cash distributions.

## NOTE 20 – CAPITAL COMMITMENTS

The Fund has made commitments to invest in early-stage venture capital partnerships, private unlisted equity and unlisted infrastructure. The investment commitments contracted by the Fund at the end of the reporting period are listed below:

<b>Asset</b>	<b>Investment period</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
LGT Crown Secondaries Special Opportunities II	-	-	2,586
Wollemi Co Investment Fund	5 years	2,248	2,604
LGT Crown Asia Pacific Private Equity IV	5 years	1,362	2,006
Morrison & Co. Growth Infrastructure Fund	-	-	931
LGT Crown Secondaries Special Opportunities II B	-	-	1,032
IFC Catalyst Fund	1 years	256	403

## NOTE 21 – EVENTS OCCURRING AFTER THE REPORTING DATE

During the period between the end of the financial year and the date of this report, there were no other items, transactions, or events of a material and unusual nature likely in the opinion of the Trustee, to significantly affect the financial position or operating results of the Fund.