

Retail Superannuation Fund

Financial Statements
for the year ended 30 June 2026



DIRECTORS' REPORT	4
REMUNERATION REPORT	10
1. Key Management Personnel	12
2. Remuneration Philosophy and Structure	12
3. Executive KMP Remuneration Outcomes for FY26	15
4. Non-Executive Director Arrangements	23
5. Governance	24
AUDITOR'S INDEPENDENCE DECLARATION	28
INDEPENDENT AUDITOR'S REPORT	30
DIRECTORS' DECLARATION	34
FINANCIAL STATEMENTS	35
Statement of Financial Position	36
Income Statement	37
Statement of Changes in Member Benefits	38
Statement of Changes in Reserves	39
Statement of Cash Flows	40
NOTES TO THE FINANCIAL STATEMENTS	42

Directors' Report

Directors' Report

For the year ended 30 June 2026

The Directors of Australian Ethical Superannuation Pty Ltd ("the Trustee"), as trustee for the Australian Ethical Retail Superannuation Fund ("the Fund") present the Director's Report together with the financial statements and notes to the financial statements of the Fund for the financial year ended 30 June 2026 and the accompanying independent auditor's report.

TRUSTEE

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 (Chair)
- Steve Gibbs
- Mark Puli (appointed 11 February 2026)
- Louise Eyres (appointed 25 March 2026)
- Michael Anderson (resigned 31 May 2026)
- Kate Greenhill (resigned 31 October 2025)

PRINCIPAL ACTIVITIES AND STATE OF AFFAIRS

The Fund is operated to build and preserve long-term savings and deliver income for a dignified retirement, while providing retirement, death and disablement benefits to members.

During the year, the Trustee implemented a number of changes to the Fund's investment menu.

Effective 5 May 2026, the High Growth accumulation option was closed and affected members were transferred to the Growth accumulation option. The transfer was implemented without the disposal of underlying assets and therefore did not result in transaction costs for members.

Effective 1 June 2026, the existing Balanced Pension option was renamed Conservative Balanced, a new Conservative Balanced accumulation option was introduced and a new Balanced Pension option was established, aligning the Fund's investment menu across its accumulation and pension products.

The Trustee considered these changes in the context of its obligations to act in the best financial interests of members as a whole, including providing a more consistent and comprehensive range of investment options across the risk spectrum and aligning the Fund's investment menu across its Super and Pension products.

There were no other 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

The financial year was characterised by strong global equity markets, geopolitical uncertainty and increasingly concentrated market leadership. While market volatility periodically increased in response to developments in the Middle East and concerns around energy supply, investor sentiment remained broadly resilient and global equity markets ended the year at record highs.

Artificial intelligence (AI) continued to be the dominant investment theme. Significant investment in AI infrastructure supported strong performance across a range of industries, including semiconductors, technology hardware, data centre infrastructure, power generation and critical minerals. As a result, a relatively small number of companies and sectors accounted for a significant proportion of global equity market returns.

The benefits of this investment cycle extended beyond the technology sector. Demand for commodities associated with electrification, renewable energy infrastructure and AI-related construction supported resource companies and commodity prices. In Australia, the Materials sector was among the strongest contributors to market performance during the year.

While global equity markets delivered strong returns overall, market performance remained concentrated and uneven across sectors. Companies exposed to the AI investment cycle generally outperformed, while many businesses outside those themes faced a more challenging operating environment. This reinforced the importance of maintaining diversified portfolios and a long-term investment horizon.

Despite ongoing uncertainty, the structural themes that underpin Australian Ethical's investment approach remain intact. The transition to a lower-carbon economy, continued digitalisation, demographic change and increasing demand for sustainable infrastructure continue to create opportunities for long-term investors.

As ethical investors, we remain focused on building resilient portfolios capable of performing across a range of market environments. In recent years this has included broadening the opportunity set available to portfolios through increased exposure to international equities, private markets, infrastructure debt, affordable housing, social infrastructure and other assets that exhibit lower correlation to traditional listed equity markets. This reflects a deliberate long-term strategy to improve diversification and access a broader range of return opportunities for members.

Our commitment to delivering positive real-world outcomes also remained central to our approach. Through investments in areas such as renewable energy, agriculture, affordable housing and social infrastructure, members' capital continues to support projects that generate both financial returns and positive societal outcomes. Stewardship also remains an important component of our investment process, with ongoing engagement on matters including climate resilience, governance, workforce management and sustainable long-term value creation.

While economic and geopolitical uncertainties are likely to persist, we remain focused on identifying high-quality investment opportunities aligned with our Ethical Charter and believe the long-term opportunities arising from technological innovation, infrastructure investment and the transition to a more sustainable economy remain compelling.

Results

The Fund offers 14 investment options for its members. Investment option strategies 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	2026		2025	
	Super	Pension	Super	Pension
Defensive	3.6%	4.2%	3.9%	4.5%
Conservative	4.6%	5.2%	6.2%	6.8%
Conservative Balanced	1.2%*	5.7%^	n/a	9.7%
Balanced	5.8%	1.8%*	10.5%	n/a
Growth	6.5%	7.0%	11.5%	12.7%
High Growth	4.3%#	n/a	12.8%	n/a
International Shares	13.6%	15.0%	16.0%	17.1%
Australian Shares	-5.8%	-5.5%	10.7%	11.5%

* The Performance reflects the performance return since its inception date 1 June 2026

^ This investment option was renamed from Balanced to Conservative Balanced on 1 June

Performance is reported for the period ending 5 May 2026.

Investment outcomes during the year reflected differing performance across global and domestic markets, as well as varying conditions across asset classes. Returns across the Investment Options varied according to their asset allocation and risk profiles, with options holding higher allocations to growth assets generally benefiting from stronger equity market performance.

International equities were the strongest performing asset class and a significant contributor to returns. Global equity markets delivered a fourth consecutive year of double-digit growth, supported by strong earnings growth from companies benefiting from investment in AI-related infrastructure. Performance was led by semiconductor manufacturers, technology hardware companies and related supply chains, while healthcare holdings and other businesses exposed to long-term structural growth themes also contributed positively.

The Australian equities option delivered a negative return for the year. This was largely attributed to an underweight allocation to the Materials sector, which was a stand-out performer for the year. Australian Ethical's investment approach typically results in lower exposure to the Materials sector, reflecting ethical constraints on fossil fuel and other carbon-intensive companies that make up a significant part of the sector. We maintained higher exposure to Information Technology and Healthcare, which favours businesses contributing to productivity, innovation and positive social outcomes. These sectors were weaker performers this year and this positioning detracted from performance relative to the benchmark.

Fixed income markets experienced mixed conditions. While many central banks eased monetary policy during the first half of the year, higher energy prices contributed to renewed inflationary pressures in several regions. Government bond yields generally moved higher over the year, although credit markets remained resilient. Against this backdrop, fixed income portfolios delivered positive returns in line with their benchmarks.

Exposure to unlisted assets, including infrastructure and private markets, continued to support portfolio diversification and provided access to businesses benefiting from long-term themes including digitalisation, AI adoption and the energy transition. Diversification across asset classes remained important in helping to reduce portfolio risk and manage the impact of market volatility throughout the year.

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

Subsequent to year end, MUFG pension & market services announced its intention to acquire GROW inc, the fund's administrator, subject to regulatory and other approvals. As at the date of signing these financial statements, the proposed transaction has not completed. The trustee is monitoring the proposed transaction and does not currently expect any impact on the administration services provided to the fund.

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.

ROUNDING OF AMOUNTS

The Fund is of a kind referred to in ASIC Corporations Instrument 2026/183, 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 2026.

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

A handwritten signature in black ink that reads "Fiona Reynolds". The signature is written in a cursive, flowing style.

Fiona Reynolds

Chair

AES Board

21 September 2026

Remuneration Report

Remuneration Report

Australian Ethical Retail Superannuation Fund Remuneration Report

For the year ended 30 June 2026

Dear Members,

On behalf of the Trustee, I am pleased to present the Remuneration Report for the financial year ended 30 June 2026 (FY26) 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) and part of the AEI Group. 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 drives its investment beliefs. Australians join the 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 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 FY26 were:

- the Non-Executive Directors of AES, and
- a number of executives employed by AEI including: the Group Chief Executive Officer (Group CEO), Chief Risk Officer (CRO) and Group Executive, Superannuation.

From 9 February 2026, a new Chief Risk Officer (CRO) 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 (2025: 20%). 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) (2026: 78%, 2025: 76%). Applying this allocation methodology, 62% of Group CEO's time has been allocated to the Fund for FY26 (2025: 61%).

- Group Executive, Superannuation: 100% of the Group Executive, Superannuation's time has been allocated to the Fund.
- CRO: 30% of the CRO's role relates to 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, 55% of CRO's time has been allocated to the Fund for FY26 (2025: 53%).

KMP remuneration for the 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.

FY26 variable remuneration outcomes

The People and Remuneration Committee (PRC) and the AEI Group Board spend considerable time each year evaluating the contributions and performance of the AEI Group, 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 AEI Group's core values whilst also incentivising ethical behaviour and positive customer outcomes.

Outcomes for FY26 include:

- Group CEO's Short Term Incentive (STI) at 69% of maximum opportunity
- Group Executive, Superannuation STI at 78% of maximum opportunity.
- The agreed hurdle for achievement of ESP was exceeded, resulting in the vesting of the 2023 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 (ELTI) awards vested or paid in FY26. The ELTI awards granted in FY23 lapsed without vesting at the end of FY26 as the relevant ELTI performance measures were not achieved (see sections 4.5 and 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 AEI Group'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 FY26
Executive Key Management Personnel (KMP)		
John McMurdo	Managing Director & Group CEO	Full year
Maria Loyez	Group Executive, Superannuation	Full year
Natalie Kooyman	Chief Risk Officer (from 9 February 2026)	9 February 2026 to 30 June 2026
Karen Hughes	Chief Risk Officer (until 8 February 2026) & Company Secretary & Head of Office of Super Trustee	1 July 2025 to 8 February 2026
Non-Executive Directors		
Fiona Reynolds	Chair (from 25 August 2025) & Non-Executive Director	Full year
Steve Gibbs	Chair (until 24 August 2025) & Non-Executive Director	Full year
Mark Puli	Non-Executive Director	11 Feb 2026 to 30 June 2026
Louise Eyres	Non-Executive Director	25 March 2026 to 30 June 2026
Michael Anderson	Non-Executive Director	1 July 2025 to 31 May 2026
Katherine Greenhill	Non-Executive Director	1 July 2025 to 31 October 2025

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 AEI 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 2026.

There were no significant changes to the remuneration framework in the FY26 year.

Element	Description	Detail	Paid as
Fixed Remuneration (FR)	Comprises base salary, superannuation, packaged employee benefits and associated fringe benefits tax.	- Reviewed annually, or on promotion. - Benchmarked against market data¹ for comparable roles based on position, skills and experience brought to the role. - 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.	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.	- 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. - For Executive KMPs (except Group CEO), STI in any given year that exceeds \$150,000 will typically be deferred for up to 4 years, is not subject to further hurdles and is paid in shares. The Group CEO has additional deferral components within their remuneration. - Short term incentives are treated as follows in the following circumstances: - resignation – usually forfeited, subject to Board discretion; - termination for serious misconduct – forfeited; - retirement – at discretion of the Board; - death or total and permanent disablement – at discretion of the Board; and - redundancy – at discretion of the Board.	Cash and deferred shares

¹ 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	Detail	Paid as
Employee Share Plan (ESP) – AEI Group Shares	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 AEI Group. The ESP also supports the retention of employees. Applies to all employees who have satisfied the risk and values gate. Does not apply to all KMPs for grants after 1 July 2024.	- Awarded as percentage of Fixed Remuneration (10%) - AEI Shares are issued or purchased and held in trust for 3 years. - Vest in the name of the employee after 3 years, provided that: - employee remains employed; and - subject to 3-year compound annual growth (CAGR) in diluted earnings per Share (EPS) as follows: 0 – 5% – nil vests 5% – 10% – pro rata up to 100% > 10% – fully vests. - The AEI Group Board applies an 'Adjusted Net Profit After Tax (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. - Employees participate in dividends and have voting rights from the date of grant. - On cessation of employment, no unvested shares shall vest unless the AEI Group Board in its absolute discretion determines otherwise.	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	- Awarded as percentage of Fixed Remuneration, ranging from 10% to 75% for selected senior executives. - Issued as performance rights in the AEI stock and vest as AEI ordinary shares after 4 years, provided that: - Employee remains employed; and - 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 - During the vesting period, ELTI participants are not entitled to receive AEI dividends nor hold voting rights. - On cessation of employment, all performance rights are forfeited unless the AEI Group Board in its absolute discretion determines otherwise.	Performance Rights

key senior
talent.

- AEI shareholder approval was obtained for the Group CEO's FY26 Long Term Incentive grant (Equity Rights) under the ELTI.
-

2.3 FY27 changes and considerations

There are no material changes to compensation structures anticipated in FY27.

A new FY27 ELTI grant with a vest date of 1 September 2030 is being considered which is expected to be based on a similar percentage of fixed remuneration for KMPs as in FY26. 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 FY26

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 some 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 AEI Group and encourage behaviours and achievement consistent with the long-term success of the AEI Group.

The hurdle for achievement of ESP was achieved by AEI Group in FY26, 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 FY26.

The ELTI awards granted in FY23 lapsed without vesting at the end of FY26 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 2026.

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 AEI'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 14.

Name	Short Term Benefits		Post-Employment Benefits		Long Term Benefits				Total	STI as a % of Fixed Remuneration	Variable Rem as a % of Total Remuneration
	Salary	STI-Cash ¹	Super-annuation	Termination Benefits	Long Service Leave	Deferred STI-Equity ²	ESP-Equity ³	ELTI-Rights ⁴			
	\$	\$	\$	\$	\$	\$	\$	\$			
2026 financial year											
J McMurdo ⁵	381,969	213,082	18,600	-	9,723	200,730	11,408	155,502	991,014	103.3%	58.6%
M Loyez	397,308	150,000	30,000	-	(9,047)	79,167	13,333	113,870	774,631	53.6%	46.0%
N Kooyman (from 9/2/26)	72,008	19,965	8,641	-	1,551	-	-	-	102,165	24.8%	19.5%
K Hughes (until 8/2/26)	95,020	28,041	16,500	-	3,153	-	12,128	(10,454)	144,388	25.1%	20.6%
Total 2026	946,305	411,088	73,741	-	5,380	279,897	36,869	258,918	2,012,198		
2025 financial year											
J McMurdo ⁵	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	18,025	-	(247)	-	-	(3,858)	246,651	43.5%	29.2%
Total 2025	647,510	326,990	52,148	-	15,935	184,376	33,206	40,289	1,300,454		

1. The Short-term Incentive ('STI') expense is the amount accrued for performance during the respective financial year using agreed KPI's. The governance process for STI is described in section 5.2. STI in excess of \$150,000 at AEI Group level is typically paid in deferred shares (with exception of the Group CEO who has other deferral requirements).
2. The Deferred Short-term incentive ('DSTI') expense for 2026 includes the current year expense impact of deferred shares in the FY23, FY24, FY25 and FY26 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 Equity expense for 2026 includes the relevant 2026 expense impact of each of the 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 FY24 tranche will vest at an individual level in September 2026. There was no FY25 or FY26 grant to KMP other than K Hughes.
4. The ELTI rights expense includes the current year expense impact of the Executive LTI (ELTI) granted in FY24, FY25 and FY26.
5. The Group CEO was awarded 69% of his maximum STI incentive by the AEI Group Board. The maximum incentive is 2 times his target STI at 30 June 2026. 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 2027.

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		Post-Employment Benefits			Long Term Benefits			Total	Performance Related %
	Salary ¹	Cash Bonus	Equity	Super-annuation ¹	Termination Benefits	Long Service Leave	ESP-Equity ^{2,3}	ELTI-Rights ⁴		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
2026 financial year										
J McMurdo	395,035	213,082	290,867	18,600	-	9,723	47,271	-	974,578	26.7%
M Loyez	399,863	150,000	-	30,000	-	(9,047)	55,185	-	626,001	32.8%
N Kooyman (from 9/2/26)	72,008	19,965	-	8,641	-	1,551	-	-	102,165	19.5%
K Hughes (until 8/2/26)	96,125	28,041	-	11,403	-	3,065	25,163	-	163,797	32.5%
Total 2026	963,031	411,088	290,867	68,644	-	5,292	127,619	-	1,866,541	
2025 financial year										
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	-	18,025	-	-	-	-	251,486	30.2%
Total 2025	660,403	326,990	113,819	52,148	-	16,182	19,134	-	1,188,676	

1. Fixed remuneration – includes base salary, payments made to superannuation funds and dividend income on unvested shares.
2. ESP – Equity 2026 represents the market value of vested shares during the financial year relating to employee share plan shares granted in September 2022. 100% of these shares vested as the performance criteria was fully achieved. The market value on the vesting date was \$7.68 (price at grant was \$5.29).
3. 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).
4. ELTI – Rights represents the market value of rights that vested during each financial year. No rights had vested as of 30 June 2026.

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 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.
- Granted 2025: using an allocation price based on the 20-day variable weighted average price for the period 4 September 2025 to 1 October 2025.

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 AEI'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 2023	\$4.37	\$4.49
Granted 1 December 2024	\$4.25	\$4.43
Granted 1 December 2025	\$7.27	\$4.69

* Fair Value Price is determined in accordance with accounting standards, which is derived from the share price at grant date with adjustments including the forecast dividend yield forgone and the likelihood that the total shareholder return target is met. In addition to these adjustments, the Fair Value Price may be different to the Allocation Price due to share price movements between the dates when each price is calculated.

The table below shows the number of rights granted on 1 December 2023, 2024 and 2025 and the grant date fair value of those rights. The AEI 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#	182,929

These rights were forfeited on resignation.

	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	-	-	-

^ These rights were forfeited by mutual agreement during FY26 following a change in responsibilities.

	Granted as % of Fixed Remuneration	No. of Rights Granted	Grant Date Fair Value of Rights
Granted 1 December 2025			
J McMurdo	75%	68,088	372,790
M Loyez	50%	29,574	125,397
N Kooyman	-	-	-
K Hughes	-	-	-

3.5.1 ELTI-performance rights

The performance measurements for the tranches granted in 2023, 2024 and 2025 are outlined below.

	Granted 1 December 2025	Granted 1 December 2024	Granted 1 December 2023
Performance measures	Financial measures: 1/3 – net flows, over the 4-year vesting period of \$4.2bn[#] 1/3 – diluted earnings per share growth (hurdle 15%* CAGR, based on adjusted NPAT pre performance fees) 1/3 – Total Shareholder Return (TSR) (hurdle of 10%** CAGR) Non-financial measures^{^^^}: - Achieve median NPS (Net Promoter Score) for Financial Services companies in Australia[^] - Achieve median employee engagement score for financial services companies in Australia^{^^}; and - Continued compliance with the aims of our Ethical Charter.	Financial measures: 50% - net flows, including no more than 50% from M&A activity, over the 4-year vesting period of \$6.0bn 25% - diluted earnings per share growth (hurdle 15%* CAGR, based on adjusted NPAT pre performance fees) 25% - Total Shareholder Return (TSR) (hurdle of 10%** CAGR) Non-financial measures^{^^^}: - Achieve median NPS for Financial Services companies in Australia[^] - Achieve median employee engagement score for financial services companies in Australia^{^^}; and - Continued compliance with the aims of our Ethical Charter.	Financial measures: - Net flows, including no more than 50% from M&A activity, over the 4-year vesting period of \$6.05bn - Underlying cost to income ratio of no more than 75%*** Non-financial measures: - Achieve median NPS for Financial Services companies in Australia[^] - Achieve median employee engagement score for financial services companies in Australia^{^^}; and - Continued compliance with the aims of our Ethical Charter.
Vesting period	Four years, ending 30 June 2029	Four years, ending 30 June 2028	Four years, ending 30 June 2027

For Net flows: Less than \$3.4bn = 0% vesting. \$3.4bn to \$4.2bn = Straight-line vesting from 50% to 100%. \$4.2bn or above CAGR = 100% vesting.

* 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.

[^] 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.

^{^^} 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.

^{^^^} Moderator (Used as a downward moderator (only), applied by Board for non-compliance with any of the non-financial measures).

In implementing the ELTI opportunity, the AEI 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 AEI, 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-25	Number of shares/rights granted	Number of shares/rights forfeited	Number of shares vested	Number of shares sold	Balance at 30-Jun-26
J McMurdo									
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-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-25	4.25	22,353	–	–	(22,353)	–	–
Unvested Deferred STI shares	1-Sep-24	1-Sep-26	4.25	22,353	–	–	–	–	22,353
Unvested Deferred STI shares	1-Sep-24	1-Sep-27	4.25	22,353	–	–	–	–	22,353
Unvested Deferred STI shares	1-Sep-25	1-Sep-26	7.27	–	15,360	–	–	–	15,360
Unvested Deferred STI shares	1-Sep-25	1-Sep-27	7.27	–	15,360	–	–	–	15,360
Unvested Deferred STI shares	1-Sep-25	1-Sep-28	7.27	–	14,019	–	–	–	14,019
Unvested Deferred STI shares	1-Sep-25	1-Sep-29	7.27	–	1,341	–	–	–	1,341
Ordinary shares				142,901	–	–	70,989	–	213,889
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
Unvested Performance rights	1-Dec-25	1-Sep-29	7.27	–	68,088	–	–	–	68,088
Total				505,836	114,168	(49,622)	–	–	570,382
M Loyez									
Unvested ESP shares	1-Sep-22	1-Sep-25	5.29	7,183	–	–	(7,183)	–	–
Unvested ESP shares	1-Sep-23	1-Sep-26	4.53	8,837	–	–	–	–	8,837
Unvested Deferred STI shares	1-Sep-25	1-Sep-26	7.27	–	6,190	–	–	–	6,190
Ordinary shares				3,673	–	–	7,183	–	10,856
Unvested Performance rights	1-Dec-22	1-Sep-26	5.29	28,733	–	(28,733)	–	–	–
Unvested Performance rights	1-Dec-23	1-Sep-27	4.37	36,613	–	–	–	–	36,613
Unvested Performance rights	1-Dec-24	1-Sep-28	4.25	38,776	–	–	–	–	38,776
Unvested Performance rights	1-Dec-25	1-Sep-29	7.27	–	29,574	–	–	–	29,574
Total				123,815	35,764	(28,733)	–	–	130,846

Name	Grant Date	Vesting Date	Share Price at Grant Date	Balance at 30-Jun-25	Number of shares/rights granted	Number of shares/rights forfeited	Number of shares vested	Number of shares sold	Balance at 30-Jun-26
K Hughes									
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
Unvested ESP shares	1-Sep-25	1-Sep-28	7.27	—	4,629	—	—	—	4,629
Ordinary shares				22,606	—	—	5,955	—	28,561
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)	—	—	—
Total				72,780	4,629	(29,602)	—	—	47,807
R Piper									
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)	—	—	—
Total				99,737	—	(78,092)	—	—	21,645

* 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 Non-Executive Directors (NEDs) by position for a full year, with effect from 1 September 2025. NEDs do not receive performance-related pay and are not provided with retirement benefits apart from statutory superannuation.

In addition to fixed remuneration, NEDs are entitled to be paid reasonable expenses and remuneration for additional services, if any provided. NEDs are not eligible to participate in employee incentive plans. Until 24 August 2025 the Chair of the AES Board (then S Gibbs), was also the Chair of AEI, did not receive any additional fees for chairing the AES Board.

From 1 September 2025	AES \$
Base fees	
Chair	120,000
Other non-executive directors	75,000
Additional fees	
ARC - chair	24,000
ARC - member	14,000
Insurance Benefits Committee (IBC) - chair	5,870
Insurance Benefits Committee (IBC) - member	5,870

4.1 Non-executive Directors' remuneration

The table below outlines Non-Executive Director remuneration relating to AES for FY26.

Name	Board Fee	Audit, Risk & Compliance Committee	Insurance Benefits Committee	Superannuation	Total
	\$	\$	\$	\$	\$
2026					
F Reynolds	95,351	10,665	3,166	13,102	122,284
S Gibbs	61,712	7,938	5,212	8,983	83,845
M Puli^	25,949	7,143	–	3,971	37,063
L Eyres^^	18,009	–	–	2,161	20,170
M Anderson^^^	56,131	7,143	–	7,593	70,867
K Greenhill^^^^	17,069	6,525	1,718	3,037	28,349
Total 2026	274,221	39,414	10,096	38,847	362,578
2025					
F Reynolds*	35,048	–	–	4,031	39,079
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
M Bun**	10,666	4,012	–	1,688	16,366
Total 2025	150,858	31,550	10,014	22,130	214,552

^ From 11 February 2026.

^^ From 25 March 2026.

^^^ Until 31 May 2026.

^^^^ Until 31 October 2025.

* From 1 July 2024.

** Until 31 October 2024.

Julie Orr was a member of the Audit, Risk and Compliance Committee during FY25 and FY26 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 and the Nominations Committee (comprised of Steve Gibbs, Sandra McCullagh and Julie Orr). The PRC met nine times during the year. Attendance at these meetings is set out in the AEI Group Directors' Report.

The PRC members for the financial year ended 30 June 2026 were:

- Brian Bissaker (PRC member for whole year & Chair from 1 June 2026),

- Steve Gibbs (PRC member for whole year & Chair until 31 May 2026),
- Karen Orvad (from 1 June 2026),
- Julie Orr (until 31 May 2026),
- Sandra McCullagh (until 31 May 2026).

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

5.3 Malus Provisions

The AEI 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 AEI Group
- the AEI Board becomes aware of material misstatement or omission in the financial statements of the AEI Group, or
- circumstances occur that the AEI Board determines to have resulted in unfair or inappropriate benefit to the recipient.

5.4 Clawback Provisions

The AEI Board has the discretion to clawback ELTI performance rights for up to five years following vesting where:

- the participant has engaged in fraud, dishonesty, gross misconduct, or breach of fiduciary duty
- the ELTI vested based on performance hurdles that were subsequently found to be misstated, manipulated, or materially inaccurate
- the participant's actions or omissions have caused significant reputational, financial, or legal harm to the AEI Group, or
- the participant has breached post-employment obligations, including non-compete or confidentiality clauses.

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 2026

Auditor's Independence Declaration



Lead Auditor's Independent 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 the financial report of Australian Ethical Retail Superannuation Fund for the financial year ended 30 June 2026 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

Nic Buchanan
Partner
Sydney
22 September 2026

Independent Auditor's Report



Independent Auditor's Report

To the Trustee 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 (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 2026 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 2026
- 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities 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 Trustee and Members of Australian Ethical Retail Superannuation Fund, would be in the same terms if given to the Trustee and Members as at the time of this Auditor's Report.

Other Information

Other Information is financial and non-financial information in Australian Ethical Retail 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.

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, with the exception of the Remuneration Report and our respective conclusion.

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 Trustee is 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. 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 2026, complies with *Section 300C* of the *Corporations Act 2001*.

Trustee's responsibilities

The Trustee 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 26 of the Trustee's report for the year ended 30 June 2026.

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

Nic Buchanan
Partner
Sydney
22 September 2026

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 2026 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.

The Directors draw attention to Note 2 of the financial statements which contains a statement of compliance with International Financial Reporting Standards.

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, 21 September 2026

Financial Statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	2026 \$'000	2025 \$'000
Assets			
Cash and cash equivalents	4	60,367	67,900
Investments	5	9,964,061	8,938,552
Derivative assets	18	77	1,147
Receivables			
Receivables	6	639,513	792,257
Other assets			
Deferred tax assets	13	1,546	1,345
Total assets		10,665,564	9,801,201
Liabilities			
Payables	7	21,174	23,586
Derivative liabilities	18	4,016	-
Current tax liabilities	12	73,663	90,748
Deferred tax liabilities	13	112,863	125,696
Total liabilities (excluding member benefits)		211,716	240,030
Net assets available to pay benefits		10,453,848	9,561,171
Member benefits			
Allocated to members		10,416,823	9,527,735
Unallocated to members	14	8,321	6,509
Total member benefits		10,425,144	9,534,244
Total net assets		28,704	26,927
Equity			
Operational risk reserve		28,704	26,927
Total equity		28,704	26,927

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

INCOME STATEMENT

For the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Superannuation activities			
Distributions and dividends		796,771	890,212
Interest Income		1,775	1,869
Movement in fair value of investments	8	(153,568)	173,844
Other income		262	121
Net revenue		645,240	1,066,046
Expenses			
Investment expenses		71,537	64,739
Administration expenses		32,476	28,594
Other expenses		103	78
Total expenses		104,116	93,411
Profit from operating activities before income tax expense		541,124	972,635
Less: Income tax expense	11	34,603	67,489
Profit from operating activities after income tax expense		506,521	905,146
Less: Net benefits allocated to members' accounts		511,542	901,176
Profit/(loss) after income tax		(5,021)	3,970

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 2026

	Note	2026 \$'000	2025 \$'000
Opening balance of member benefits		9,534,244	8,248,926
Employer contributions		758,277	677,644
Member contributions		198,238	177,346
Transfers from other funds		265,777	232,360
Government contributions		5,983	6,390
Income tax on contributions		(120,154)	(106,699)
Net after tax contributions		10,642,365	9,235,967
Benefit payments		(718,288)	(603,183)
Insurance premiums charged to members' accounts		(21,425)	(20,020)
Death and disability benefits credited to members' accounts		10,950	20,304
Benefits allocated to members' accounts, comprising;			
Net investment income		518,897	907,160
Net direct administration fees		(7,355)	(5,984)
Closing balance of member benefits		10,425,144	9,534,244

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 2026

	Note	2026 \$'000	2025 \$'000
Opening balance of operational risk reserve		26,927	22,958
Net funding to reserves		-	583
Movement in fair value of investments		1,777	3,386
Closing balance of operational risk reserve	5	28,704	26,927

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 2026

	Note	2026 \$'000	2025 \$'000
Cash flows from operating activities			
Interest Income		1,775	1,869
Distributions and dividends		1,375	4,059
Death and disability benefits credited to members' accounts		10,950	20,304
Successor fund transfer – administration and tax reserves		(1,033)	(90)
Insurance premiums charged to members' accounts		(21,838)	(20,159)
Investment, administration, and other expenses		(103,684)	(87,382)
Other income		263	144
Income tax received/(paid)		(64,721)	4,471
Net cash flows from operating activities	10	(176,913)	(76,784)
Cash flows from investing activities			
Proceeds from sale of investments		2,732,798	802,498
Payments for purchase of investments		(2,954,232)	(1,092,234)
Net cash flows from investing activities		(221,434)	(289,736)
Cash flows from financing activities			
Employer contributions		758,277	677,644
Member contributions		198,238	177,346
Transfers from other superannuation funds		265,777	232,360
Government contributions		5,983	6,390
Benefit payments		(717,307)	(601,112)
Income tax paid		(120,154)	(108,019)
Net cash flows from financing activities		390,814	384,609
Net (decrease)/increase in cash and cash equivalents		(7,533)	18,089
Cash at the beginning of the period		67,900	49,811
Cash at the end of the period	4	60,367	67,900

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 2026

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 that operates to build and preserve long-term savings and deliver income for a dignified retirement for self-employed persons, employees and individuals (and their dependents or beneficiaries) while providing retirement, death and disablement benefits, including allocated pensions and lump sum benefits.

Administration of the Fund is conducted by GROW Super Ops Pty Ltd ("GROW"). During the year, the Fund completed the transition of member administration services from MUFG Retirement Solutions Pty Ltd ("MUFG") to GROW. The effective date of the transition was 1 December 2025.

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 Corporations Act 2001 and Corporations Regulations 2001 and the provisions of the Trust Deed. The financial statements of the Fund comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors of the Trustee on 22 September 2026.

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

New accounting standards, amendments and/or interpretations have been published that are not mandatory for 30 June 2026 reporting period and have not yet been adopted and applied in these financial statements. The Trustee does not expect these to have a material impact on the operations of the Fund.

- Amendments to the Classification and Measurement of Financial Instruments – amendments to AASB 7 and AASB 9 (effective for annual reporting periods beginning on or after 1 January 2026); and
- AASB 18 Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2028), replaces AASB 101 Presentation of Financial Statements and introduces changes to the presentation and disclosure of information in financial statements.

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.

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, forward foreign exchange contracts and futures contracts.

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 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 and dividends

Distribution and dividend 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. Deferred tax is not recognised on the initial recognition of investments where the transaction affects neither accounting profit nor taxable profit and the carrying amount equals the asset's tax cost at acquisition.

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 2026 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 2026 the ORFR balance equates to 0.28% (2025: 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

	2026 \$'000	2025 \$'000
Cash and cash equivalents	60,367	67,900
Total cash and cash equivalents	60,367	67,900

NOTE 5 – INVESTMENTS

	2026 \$'000	2025 \$'000
Super options		
Balanced	5,508,133	5,054,306
Conservative Balanced	4,979	-
Growth	2,049,311	852,198
Australian Shares	730,387	851,513
High Growth	-	801,802
Conservative	315,741	287,528
International Shares	381,860	261,635
Defensive	234,418	204,639
Total investments in super options	9,224,829	8,313,621

	2026 \$'000	2025 \$'000
Pension options		
Balanced	5,042	-
Conservative Balanced	364,301	314,424
Growth	121,690	99,972
Conservative	113,754	95,840
Australian Shares	41,983	43,968
Defensive	42,756	27,977
International Shares	21,002	15,823
Total investments in pension options	710,528	598,004

	2026 \$'000	2025 \$'000
Operational Risk Financial Reserve		
Balanced	28,704	26,872
Cash	-	55
Total held in operational risk financial reserve	28,704	26,927
Total investments	9,964,061	8,938,552

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, forward foreign exchange contracts and futures contracts.

NOTE 6 – RECEIVABLES

	2026 \$'000	2025 \$'000
Recoverable within 12 months		
Investment income	637,193	788,508
GST	1,289	1,905
Member fee rebates	1,031	1,844
Total receivables	639,513	792,257

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

	2026 \$'000	2025 \$'000
Due within 12 months		
Benefit payments	6,633	5,860
Insurance premiums	1,884	2,297
Investment management fees	6,274	6,214
Trustee administration fees*	879	2,260
Administration fees	2,242	1,915
Unsettled investments	2,457	3,411
PAYG tax	476	267
Christian Super administration expenses	329	1,362
Total payables	21,174	23,586

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

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

	2026 \$'000	2025 \$'000
Unrealised (losses)/gains	(276,940)	91,460
Realised gains	123,668	82,488
Effects of changes in foreign exchange rates	(295)	(104)
Total movement in fair value of investments	(153,568)	173,844

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.

	2026 \$'000	2025 \$'000
Audit and review of the financial statements	58	58
Audit services in accordance with regulatory requirements	79	79
Tax compliance and advisory services	77	35
Administration transition assurance	29	29
Total auditor's remuneration	243	201

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

	2026 \$'000	2025 \$'000
Profit from operating activities after income tax expense	506,521	905,146
Adjustments for:		
Movement in fair value of investments	153,568	(173,844)
(Increase)/decrease in receivables	152,743	(624,888)
Insurance premiums charged to members' accounts	(21,425)	(20,020)
Death and disability benefits credited to members' accounts	10,950	20,304
(Decrease)/increase in payables	(2,441)	7,064
(Decrease)/Increase in income tax payable and deferred tax	(30,118)	71,960
Distributions and dividends*	(946,711)	(262,506)
Net cash flows from operating activities	(176,913)	(76,784)

* 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

	2026 \$'000	2025 \$'000
Current tax expense/(benefit)		
Current year	47,668	62,488
Adjustment for prior year	(19)	(250)
Deferred tax expense		
Movement in deferred tax	(13,046)	5,251
Total income tax expense	34,603	67,489

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

	2026 \$'000	2025 \$'000
Profit from operating activities before tax	541,124	972,635
Prima facie income tax there on at 15%	81,169	145,895
Increase in income tax expense due to:		
Net expenses allocated to member benefits	924	898
Decrease in tax expense due to:		
Non assessable investment income	(5,722)	(45,522)
Pension exemption	(5,112)	(1,595)
Imputation, foreign and early-stage venture capital tax offsets	(36,636)	(31,937)
Adjustment for prior year	(19)	(250)
Income tax expense	34,603	67,489

In addition to the above, \$120,154,091 (2025: \$106,698,763) 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 \$73,663,338 (2025: \$90,748,119) 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:

	Assets \$'000	Liabilities \$'000	Total \$'000
2026			
Payables - investment management and administration fees	1,191	-	1,191
Unrealised gains on financial assets held at fair value through profit or loss	-	(112,863)	(112,863)
Net investment tax assets/(liabilities)	1,191	(112,863)	(111,672)
Payables – direct member administration fees	355	-	355
Net tax assets/(liabilities)	1,546	(112,863)	(111,317)

	Assets	Liabilities	Total
2025	\$'000	\$'000	\$'000
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)
Net investment tax assets/(liabilities)	978	(125,696)	(124,718)
Payables – direct member administration fees	367	-	367
Net tax assets/(liabilities)	1,345	(125,696)	(124,351)

Movement in temporary differences during the year:

	Opening Balance	Recognised in Income Statement	Closing Balance
2026	\$'000	\$'000	\$'000
Payables - investment management and administration fees	978	213	1,191
Unrealised gains on financial assets held at fair value through profit or loss	(125,695)	12,832	(112,863)
Net investment tax assets/(liabilities)	(124,717)	13,045	(111,672)
Payables – direct member administration fees	367	(12)	355
Net tax assets/(liabilities)	(124,350)	13,033	(111,317)

	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)
Net investment tax assets/(liabilities)	(119,467)	(5,251)	(124,718)
Payables – direct member administration fees	327	40	367
Net tax assets/(liabilities)	(119,140)	(5,211)	(124,351)

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 valued at frequencies ranging from daily to quarterly, depending on the nature of the asset and the availability of prices. 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 2026 amounts unallocated to members was \$8,321,327 (2025: \$6,508,682).

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 12% (2025: 11.5%).

Guaranteed benefits

No guarantees have been made with respect to the liability for accrued benefits (2025: 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:

- Fiona Reynolds
- Steve Gibbs
- Mark Puli (appointed 11 February 2026)
- Louise Eyres (appointed 25 March 2026)
- Michael Anderson (resigned 31 May 2026)
- Kate Greenhill (resigned 31 October 2025)

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

- Steve Gibbs

During the year ending 30 June 2026, Karen Hughes was appointed as Head of Office of Super Trustee (HoST). The HoST reported to the Chair of the Board Fiona Reynolds, 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:	2026 \$'000	2025 \$'000
Member administration fee	7,060	5,420
Investment management fee	71,537	64,730
Trustee administration fee*	24,859	22,488

* The prior year trustee administration fee expense in accordance with the Product Disclosure Statement (PDS) is net of \$583,250 paid directly to the Operational Risk Financial Reserve (ORFR). No payments were made to the ORFR during the current year.

Amounts (payable to)/receivable from Australian Ethical Superannuation Pty Ltd	2026 \$'000	2025 \$'000
Member administration fee**	229	(32)
Investment management fee	(6,274)	(6,214)
Trustee administration fee	(2,242)	(2,226)

** The Member administration fee is net of eligible large account balance rebates in accordance with the PDS of \$130,621 (2025: \$592,752) and net of \$900,224.69 (2025: \$1,248,884) fees refunded as part of the Protecting Your Super (PYS) 3% fee cap.

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 2026

Australian Ethical Managed Investment Scheme	Number of units held	Interest held %	Fair value of investments \$'000	Number of units acquired	Number of units disposed	Distributions received/receivable \$'000
Conservative Fund	410,132,499	98.84%	426,006	119,066,911	67,116,533	28,095
Moderate Fund	347,970,829	96.75%	366,298	101,919,162	47,288,575	25,570
Balanced Fund	2,645,350,093	91.18%	5,496,623	373,383,028	107,664,879	472,056
High Growth Fund	452,793,365	88.98%	1,054,250	107,910,695	18,279,752	76,424
High Conviction Fund	241,596,019	39.26%	229,130	53,127,307	91,676,756	6,976
Income Fund	82,714,300	40.08%	80,644	149,566,629	323,130,128	4,303
Australian Shares Fund	165,841,441	26.66%	398,948	28,628,822	97,501,897	45,650
Multi-Manager International Shares Fund	204,392,420	19.49%	255,531	35,595,918	2,563,164	9,169
International Shares Fund	191,081,101	21.24%	418,506	68,407,776	48,013,365	36,644
Diversified Shares Fund	79,584,781	13.04%	282,876	11,908,230	5,442,241	18,579
Multi Manager Growth Alternatives Fund	32,738,916	13.44%	42,710	54,349,382	59,067,822	6,039
Multi Manager Defensive Alternatives	73,032,544	16.83%	78,673	38,852,650	7,189,701	4,991
Multi Manager Property Fund	101,219,746	12.00%	86,881	47,844,736	5,661,870	4,890
Multi Manager Global Fixed Interest	33,769,138	5.71%	31,385	16,390,054	27,719,818	2,977
Altius Bond Fund	18,453,466	2.54%	18,974	14,633,117	38,561,531	592
Emerging Companies Fund	16,673,449	9.04%	24,652	14,778,891	3,450,500	1,474
Core Equity Fund	266,174,798	63.54%	252,866	273,995,636	7,820,838	3,332
Growth Opportunities Fund	52,131,023	10.68%	67,794	52,131,023	-	935
Altius Credit Income Fund	244,468,084	24.68%	244,815	340,935,565	96,467,481	9376
Altius Green and Sustainable Bond Fund	2,876,524	0.94%	2,857	2,876,524	-	66
Altius Short Duration Bond Fund	417	0.00%	-	417	-	-
Global Listed Infrastructure Fund	16,344,559	7.86%	15,828	29,193,410	12,848,851	1,765
Total	5,679,339,512		9,876,247	1,935,495,883	1,067,465,702	759,903

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	2,380,793,599	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
Total	4,812,470,984		8,773,314	1,067,624,924	570,523,345	884,009

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 2026: +/-10% (2025: +/- 10%) that were reasonably possible based on the risk the Fund was exposed to at reporting date.

		Profit after tax		Net assets available for member benefits	
Change in variable		2026	2025	2026	2025
		\$'000	\$'000	\$'000	\$'000
Unit trusts	+10%	855,163	757,488	855,163	757,488
Total		855,163	757,488	855,163	757,488

		Profit after tax		Net assets available for member benefits	
Change in variable		2026	2025	2026	2025
		\$'000	\$'000	\$'000	\$'000
Unit trusts	-10%	(855,163)	(757,488)	(855,163)	(757,488)
Total		(855,163)	(757,488)	(855,163)	(757,488)

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 foreign currency risk was substantially hedged through foreign exchange contracts. Accordingly, the Fund was not exposed to significant 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:

	Weighted average effective interest rate		Net assets available for member benefits	
	2026	2025	2026	2025
Investment strategy	%	%	\$'000	\$'000
Cash held for operating purpose	3.9	4.0	51,185	55,506
Cash held for investment purpose	3.1	4.0	9,182	12,394
Cash held for operational risk financial reserve	3.1	4.0	-	55
Total cash held			60,367	67,955

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 2026: +/-2.5% (2025: +/-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% (2025: +/-2.5%) on cash balances (excluding operational risk financial reserve cash).

	Change in variable		Profit after tax		Net assets available for member benefits	
	2026	2025	2026	2025	2026	2025
Floating rate	%	%	\$'000	\$'000	\$'000	\$'000
Interest rate risk	+2.5%	+2.5%	1,283	1,444	1,283	1,444
Interest rate risk	+2.5%	-2.5%	(1,283)	(1,444)	(1,283)	(1,444)

(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 and Westpac Banking Corporation, which all carry a S&P rating of AA- at 30 June 2026. At 30 June 2025, cash was held with State Street Australia Limited, Westpac Banking Corporation and National Australia Bank, 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 2026 (2025: 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 2026.

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.

	Less than 3 months	3 months	1 to 5	Total
2026	\$'000	to 1 year	years	\$'000
		\$'000	\$'000	
Member benefits	10,425,144	-	-	10,425,144
Accounts payable	20,845	329	-	21,174
Tax payable	-	73,663	-	73,663
Derivative liabilities- foreign exchange contracts	4,016	-	-	4,016
Total	10,450,005	73,992	-	10,523,997

2025	Less than 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	Total \$'000
Member benefits	9,534,244	-	-	9,534,244
Accounts payable	22,224	1,362	-	23,586
Tax payable	-	90,748	-	90,748
Total	9,556,468	92,110	-	9,648,578

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 fifteen Australian Ethical Trusts, in which the majority of Fund assets are invested in a diversified portfolio. The Fund also directly invests into four separate diversified portfolios of property assets and ten 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 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 2026.

	Level 1	Level 2	Level 3	Total
2026	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	60,367	-	-	60,367
Unlisted Unit Trusts	-	9,600,191	-	9,600,191
Unlisted Alternative Trusts	-	-	189,177	189,177
Unlisted Property Trusts	-	101,381	-	101,381
Unlisted Infrastructure	-	-	8,749	8,749
Unlisted Equity	-	-	38,350	38,350
Early Stage Venture Capital Partnerships	-	-	7,632	7,632
Listed Equity	18,581	-	-	18,581
Derivative assets/(liabilities)	77	(4,016)	-	(3,939)
Total financial assets	79,025	9,697,556	243,908	10,020,489

	Level 1	Level 2	Level 3	Total
2025	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	67,955	-	-	67,955
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
Total financial assets	76,997	8,741,921	188,681	9,007,599

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 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.	Direct investment in units issued by the trusts and indirectly held through the 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.

Level 3 reconciliation	2026 \$'000	2025 \$'000
Opening balance at 1 July	188,681	178,701
Capital called	2,053	1,471
Acquisition of externally managed Level 3 assets	8,558	-
Disposal of externally managed Level 3 assets	(57,580)	(32,721)
Acquisition/(disposal) of units in Australian Ethical Alternatives Fund	(4,479)	7,429
Acquisition/(disposal) of units in Australian Ethical Growth Opportunities Fund	60,680	-
Acquisition/(disposal) of units in Australian Ethical Defensive Alternatives Fund	34,893	26,219
Net fair value profit	11,102	7,582
Closing balance at 30 June	243,908	188,681

No transfers between levels have occurred in the reporting periods ended 30 June 2026 and 30 June 2025.

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% (2025: 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:

	2026 \$'000	2025 \$'000
Increase in alternative assets fair valuation by 10% (2025: 10%)	24,391	18,868
Decrease in alternative assets fair valuation by 10% (2025: 10%)	24,391	(18,868)

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.

	Gross amounts recognised	Offset in Statement of Financial Position	Net amount recognised
2026	\$'000	\$'000	\$'000
Derivative assets			
Foreign exchange contracts	159,819	(159,819)	-
Futures contracts	98	(21)	77
Equity options	-	-	-
Total derivative assets	159,917	(159,840)	77
Derivative liabilities			
Foreign exchange contracts	163,835	(159,819)	4,016
Futures contracts	21	(21)	-
Equity options	-	-	-
Total derivative liabilities	163,856	(159,840)	4,016

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

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		Ownership Interest	
	2026	2025	2026	2025
Investment schemes	\$'000	\$'000	%	%
Unlisted trusts				
AE Conservative Fund	426,006	372,819	98.84%	99.47%
AE Moderate Fund	366,298	309,261	96.75%	98.67%
AE Balanced Fund	5,496,623	4,994,195	91.18%	91.21%
AE High Growth Fund	1,054,250	837,053	88.98%	90.38%
AE High Conviction Fund	229,130	282,275	39.26%	43.25%
AE Income Fund	80,644	254,612	40.08%	36.86%
AE Australian Shares Fund	398,948	679,452	26.66%	33.70%
AE Multi-Manager International Shares Fund	255,531	186,611	19.49%	21.70%
AE International Shares Fund	418,506	352,297	21.24%	16.59%
AE Diversified Shares Fund	282,876	270,050	13.04%	12.83%
AE Multi-Manager Global Fixed Interest	31,385	44,693	5.71%	6.89%
AE Fixed Interest Fund	-	44,179	-	4.80%
AE Emerging Companies Fund	24,652	9,740	9.04%	2.92%
AE Core Equity Fund	252,866	-	63.54%	-
AE Altius Credit Income Fund	244,815	-	24.68%	-
AE Altius Short Duration Bond Fund	0	-	0.00%	-
AE Altius Bond Fund	18,974	-	2.54%	-
AE Global Listed Infrastructure	15,828	-	7.86%	-
AE Altius Green and Sustainable Bond Fund	2,857	-	0.94%	-
Unlisted alternative				
AE Growth Opportunities Fund	67,794	-	10.68%	-
AE Multi-Manager Growth Alternatives Fund	42,710	40,525	13.44%	11.66%
AE Multi-Manager Defensive Alternatives	78,673	44,612	16.83%	11.65%
Unlisted property				
Brightlight Real Estate Impact Fund	14,500	22,471	100.00%	100.00%
AE Multi-Manager Property Fund	86,881	48,502	12.00%	10.63%
Dexus Healthcare Property Trust	-	31,273	-	0.64%
Unlisted infrastructure				
IFM Australia Infrastructure Fund	-	50,289	-	0.45%
Octopus Sustainable Fund	8,749	-	0.74%	-
Unlisted equity				
Stafford Sustainable Capital Fund	-	585	-	19.38%
IFC Catalyst Fund	1,748	2,309	1.74%	1.74%
Wollemi Co Investment Fund	21,913	28,438	11.59%	11.59%
LGT Crown Asia Pacific Private Equity IV	14,689	13,561	0.98%	0.98%
Early-stage venture capital partnerships				
Right Click Capital Growth Fund	3,682	4,724	9.66%	9.66%
Artesian Clean Energy Seed Fund	3,035	3,638	8.47%	7.78%
Climate Tech Partners Fund	915	-	15.87%	-

	Fair Value		Ownership Interest	
	2026	2025	2026	2025
Investment schemes	\$'000	\$'000	%	%
Total	9,945,478	8,928,164		

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 outstanding commitments contracted by the Fund at the end of the reporting period are listed below:

Asset	Investment period	2026 \$'000	2025 \$'000
Wollemi Co Investment Fund	3 years	1,183	2,248
LGT Crown Asia Pacific Private Equity IV	4 years	1,140	1,362
IFC Catalyst Fund	1 years	210	256
Climate Tech Partners Fund	5 years	4,950	-

NOTE 21 – EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to year end, MUFG Pension & Market Services announced its intention to acquire GROW Inc, the Fund's administrator, subject to regulatory and other approvals. As at the date of signing these financial statements, the proposed transaction has not completed. The Trustee is monitoring the proposed transaction and does not currently expect any impact on the administration services provided to the Fund.

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.