

Australian Ethical is one of Australia's leading ethical fund managers. By investing responsibly in well-managed ethical companies, we deliver competitive financial performance to our clients and positive change to society and the environment. Since our inception in 1986, our Ethical Charter has guided all investment decisions and underpinned our business practices. Every year 10 per cent of our profits* are distributed to charitable organisations and social impact initiatives through The Australian Ethical Foundation.

Investment objective

The Fund aims to deliver returns of 2-3% above the RBA cash rate per annum (after fees and expenses) over 5-year periods.

Investment strategy

To provide exposure to a diversified range of loans to renewable energy projects (such as solar, wind, and battery assets), as well as loans for social infrastructure (such as schools and hospitals) and property projects with a social or environmental benefit (such as social housing). The Fund invests predominately in Australia but may also invest in foreign assets over time. These loans are typically privately originated and illiquid in nature.

Fund facts

Fund size:	\$30.23m
Benchmark:	RBA Cash Rate
Asset class:	Infrastructure Debt
Inception date:	01/02/2024
Minimum investment timeframe:	5 years
Distribution frequency:	Quarterly
Typical number of loans:	15
Risk level:	Medium

Identifiers

ISIN code:	AU60AUG49611
APIR code:	AUG4961AU

Fees

Management costs:	0.85%
Minimum initial investment:	\$100,000 100000

A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Information Memorandum available from our website <https://www.australianethical.com.au/managed-funds/investment-options/infrastructure-debt-fund>

*(after tax, before bonus expense)

Performance (as at 31/12/2024)

	1m	3m	6m	1y	Since Inception (ann.)
Fund	0.5%	1.8%	3.6%	-	6.6%
RBA Cashrate	0.4%	1.1%	2.2%	-	4.0%
Excess Returns	0.2%	0.8%	1.4%	-	2.6%

Top 10 Portfolio holdings

Loan	Weight
AE Income Fund	16.0%
Bright Energy Investments Portfolio	14.0%
Boco Rock Wind Farm	13.0%
Sentient Solar Asset Fund Portfolio	10.0%
Yarranlea Solar Farm	10.0%
RELA	8.0%
GTL Renewables	6.0%
Ark Energy NT Solar Portfolio	5.0%
Dulacca Wind Farm	5.0%
Royal Women's Hospital	4.0%

Total returns are calculated using the sell (exit) price, net of management fees and gross of tax as if distributions of income have been reinvested at the actual distribution reinvestment price. The actual returns received by an investor will depend on the timing, buy and exit prices of individual transactions. Return of capital and the performance of your investment in the fund are not guaranteed. Past performance is not a reliable indicator of future performance. Figures showing a period of less than one year have not been adjusted to show an annual total return. Figures for periods of greater than one year are on a per annum compound basis. The current benchmark may not have been the benchmark over all periods shown in the above chart and tables. The calculation of the benchmark performance links the performance of previous benchmarks and the current benchmark over the relevant time periods.

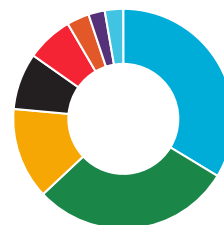
Platform availability

- Hub 24
- Netwealth

Investment Statistics	Portfolio Loans	Duration (yrs)	Effective Maturity (yrs)
Current Portfolio	15	0.4 years	2.7 years

Sector allocation

Wind	33.6%
Solar	29.3%
Embedded Networks	13.4%
Impact Property	8.3%
Social Infrastructure	6.8%
Storage	3.3%
AE Income Fund	2.4%
Cash	2.7%



Fund and Market Commentary

Since its February 2024 inception, the wholesale class of the Australian Ethical Infrastructure Debt Fund (the Fund) returned 6.6% net of fees for the year, compared to the benchmark return of 4.0%, meaning an outperformance of +2.6% (or c. +2.8% on an annualised basis). Performance was driven predominantly by income from underlying loans and securities, while the RBA's Cash Rate Target remained constant over the year. Credit margins have remained reasonably steady over the year, with the credit position of all loans remaining strong. Cash was elevated at year-end due to early loan repayments in the final quarter due to projects, such as Energy Trade (sold to a consortium led by Palisade Impact) and Photon Energy Portfolio (sold to Cleanpeak Energy), though much the proceeds of has been earmarked for re-deployment into upcoming opportunities (see New investments section).

The Fund has a specific objective of supporting Australian projects that generate positive, measurable social and environmental impact alongside a financial return. Over the last 9 months to September 2024, assets within the portfolio generated 1,384,114 megawatt hours of clean energy and helped avoid 805,295 tonnes of carbon emissions. This is the equivalent to powering more than 335,000 households over the period.¹

Average electricity prices for the year were elevated at \$104/MWh, compared to last year's \$75/MWh with the second half of the year seeing particularly high prices. Strong growth of low-cost renewable generation at the beginning of the year resulted in only moderate increases in pricing, though this was short-lived, with prices rising in the second quarter due to low wind resources, and transmission line outages. This continued into the third quarter, on top of very high winter electricity prices, which dissipated toward the end as weather conditions eased toward the end of the quarter. Above average temperatures in the December quarter led to increased demand and sustained higher electricity prices, especially in NSW and Queensland. Higher electricity prices throughout the year have been to the benefit of merchant projects in the portfolio, such as the Yarranlea Solar Farm, allowing for stronger balance sheets from which to pay out loan interest to the Fund.

New Investments

During the December quarter, the Fund committed to providing senior debt facilities to two new portfolios of renewable projects. The first commitment is a senior debt facility to GGP Energy Pty Ltd, a renewable energy developer based in South Australia. The company specialises in utility-scale hybrid solar and battery projects, rooftop and microgrids. The GGP portfolio includes three similarly sized hybrid solar and battery projects all located in South Australia at Elwomple, Mannum and South Hummocks. The Elwomple and Mannum projects have been operating since mid-2023 and mid 2024 respectively, and the South Hummocks project is currently in pre-construction phase. Combined, the portfolio has 15MWdc of solar capacity and 15MWh of battery capacity. The loan will be drawn in early 2025.

The second commitment is to Green Squares Energy (GSE) Trust's portfolio of renewable assets. GSE is an open-ended investment trust founded in Sydney in

Need Help?

Contact us Monday-Friday on:
T 1800 021 227
F 02 9252 1987
E investors@australianethical.com.au
W australianethical.com.au
 Australian Ethical Investment Ltd
 c/o Boardroom Pty Ltd
 GPO Box 3993
 Sydney NSW 2001

2019. The fund's assets consist of a portfolio of behind-the-meter solar Power Purchase Agreements (PPAs) which provide renewable energy solutions to commercial and industrial users across Australia. The Trust also owns two solar farms, the 3.6 MWac Chillamurra Solar Farm in Queensland and the 5.0 MWac Cosgrove Solar Farm in Victoria. The output from both solar farms is fully contracted to reputable counterparties. This loan will also be drawn in early 2025.

Project Updates

The portfolio continues to perform within the manager's expectations, with no credit downgrades or breaches of covenants to report. All projects within the portfolio are in the operating phase, except for one battery project, which has progressed in its commissioning program and is targeting completion in Q1 2025. As noted in the last update, one of the small solar farms in the portfolio that had been experiencing issues with its power plant controller, has now resolved the issue and continues to dispatch at full capacity of the solar farm.

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c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

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