

PROXY VOTING REPORT 2008

The summary for our proxy voting record for the period 1 July 2007 to 30 June 2008 is attached.

Our proxy voting policy is that we are “committed to voting on company resolutions where we have voting authority and responsibility to do so” consistent with IFSA Standard 13.00 – Proxy Voting.

The summary covers the following Trusts:

- Australian Ethical Balanced Trust;
- Australian Ethical Equities Trust;
- Australian Ethical Large Companies Share Trust; and
- Australian Ethical International Equities Trust.

No shares are held in the Australian Ethical Income Trust. This Trust does not, therefore, need to be included in the summary.

A total of 764 resolutions were voted on. It should be noted that:

- holdings of some of companies were sold prior to an annual general meeting being held;
- annual general meetings were held prior to us having holdings in some companies;
- other companies have only recently been admitted to the Official List, so are not yet due to have an annual general meeting;
- some resolutions were voted on at extraordinary or special general meetings for specific issues.

Since changing our custodian to National Custodian Services in 2007, all our voting for domestic and international stocks has been done online through Votex. Voting for our unlisted companies was actioned through National Custodian Services.

Of the 764 resolutions voted on across the four Trusts, 26 were voted “Against” and we “Abstained” from voting on 2.

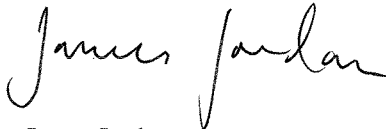
Negative Votes

The negative votes related to:

- appointment of directors;
- re-election of directors;
- remuneration issues (director fees and the issue of options or shares to directors and CEO's);
- an anti take over provision which was not in our interests;
- unsatisfactory terms for an omnibus stock plan.

Abstained Votes

The resolutions we abstained from voting on related to insufficient information being provided.



James Jordan
Acting Investment Manager
August 2008

31

PROXY VOTING SUMMARY 2008

Australian Ethical Balanced Trust

ASX	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	108	101	7	0	

Unlisted Companies	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	8	5	3	0	

Property Trusts	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	1	1	0	0	

International Companies	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	96	95	0	1	

Australian Ethical Equities Trust

ASX	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	201	192	9	0	

Unlisted Securities	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	5	5	0	0	

Property Trusts	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	0	0	0	0	

International Companies	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	95	94	0	1	

Australian Ethical Large Companies Share Trust

ASX	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	48	44	4	0	

Property Trusts	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	0	0	0	0	

International Companies	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	338	329	7	2	

Australian Ethical International Equities Trust

International Companies	Total Resolutions	Number Voted For	Number Voted Against	Number Abstained	No Action
	443	433	9	1	