

Australian Ethical Balanced Fund (Wholesale)

Fund Profile - 31 December 2021

Australian
Ethical



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

Investment objective

To provide investors with a balance between capital growth and a moderate level of income through a diversified portfolio of assets that supports the Australian Ethical Charter.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.05%/0.05%

Fund facts

Fund size: \$244.31m

Benchmark: Australian Ethical Balanced Composite

Asset class: Mixed Asset

Inception date: 28/03/2018

Minimum investment timeframe: 5 years

Risk level: Medium-High

Identifiers

ISIN code: AU60AUG00176

APIR code: AUG0017AU

Distributions

Frequency: 2

Dates: 30/06, 31/12

Fees

Management costs - PDS: 0.86%

Minimum initial investment: \$25,000
minimum in the Fund and \$200,000 investment across Australian Ethical's managed funds.

Additional transactional and operational costs: 0.02%

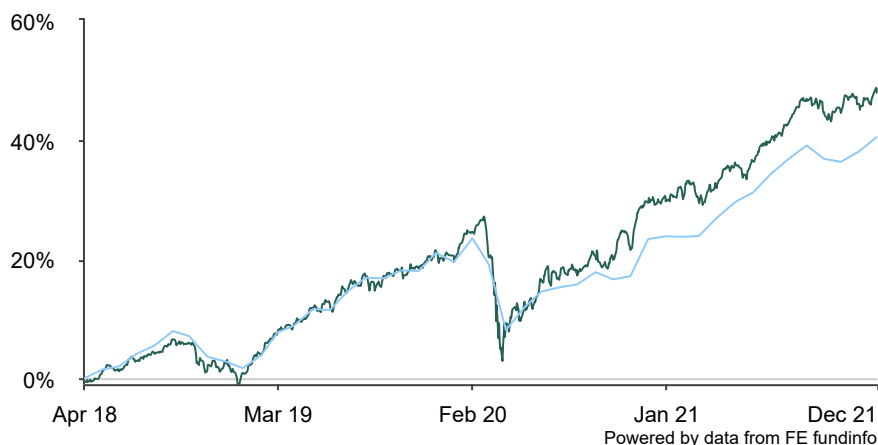
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(after tax, before bonus expense)

Investment strategy

The opportunity to invest in a diversified portfolio of asset types and markets to reduce the volatility of returns. Asset classes include Australian and international shares, property and fixed income securities.

Cumulative performance (as at 31/12/2021)



■ Australian Ethical Balanced
■ Benchmark

Performance (as at 31/12/2021)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	1.3%	2.3%	5.6%	14.0%	13.5%	-	-	11.0%
Benchmark	1.7%	2.7%	4.6%	13.4%	11.3%	-	-	9.4%

Calendar Performance (as at end 2021)

	CY2021	CY2020	CY2019	CY2018	CY2017
Fund	14.0%	8.5%	18.4%	-	-
Benchmark	13.4%	3.6%	17.4%	-	-

Source: FE fundinfo.

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.

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Top 10

DEXUS HEALTHCARE PROPERTY FUND ORDINARY UNITS	5.6%
INVESTA PROPERTY GROUP	3.8%
MICROSOFT CORP	1.2%
AUSTRALIAN GOVERNMENT 2-25 SER153 21/11/2022	1.2%
ALPHABET INC-CL A	0.9%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	0.7%
NATIONAL AUSTRALIA BANK	0.7%
AUSTRALIAN GOVERNMENT 4-25 21/04/2026	0.6%
TELSTRA CORPORATION LTD	0.6%
AUSTRALIAN GOVERNMENT 4-75 136 21/04/2027	0.6%

Ratings and awards

RIAA

Certification:



CERTIFIED BY RIAA

Why invest ethically?

Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers. Help build a better world: Invest in the new, low - carbon economy, fund medical and technology breakthroughs, efficient transport and more.

Promote human rights: We strive to avoid any investment in companies involved in the poor treatment of asylum seekers or the exploitation of workers through poor working conditions.

Need Help?

Contact us Monday-Friday on:

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Australian Ethical Investment Ltd

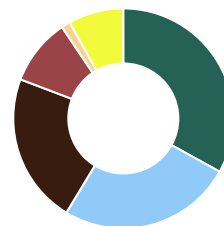
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

Asset allocation

Australian & NZ Shares	33.0%
International Shares	25.6%
Australian Fixed Interest	22.1%
Property	9.8%
Alternative Assets	1.3%
Cash, FRN's and short duration fixed interest	8.1%



Commentary

There has been no shortage of headlines through the quarter which induced volatility into asset prices. Concerns about rising inflation, the rapid spread of a new variant of COVID, and the escalation of geopolitical tensions as the threat of a Russian invasion of the Ukraine appeared to become more imminent. These headlines were reflected in asset prices, and the VIX (a market measure of uncertainty) exceeded 28 in late November – compared to a long run median of 17, and a post emergence covid median of 23. While uncertainty was high as supportive economic data continued and as fears of widespread global lockdowns eased – the VIX declined back below 20 and equities actually ended the quarter on a positive note and long-term yields on Australian government bonds after exceeding 2% at the end of October were basically unchanged by the end of the quarter.

The Balanced Fund finished off the year well, returning 2.1% (2.3% Wholesale) over the 3-months to December, slightly underperforming its SAA weighted benchmark. The underperformance was driven by underperformance in the international equities portfolio. Despite this, from an absolute return perspective, the international equities portfolio contributed most of the performance, appreciating 6.3% over the 3-months. This was largely driven by the US, where the S&P 500 rose 11.3%. The tech heavy index benefited from the continued strong performance in the Information Technology sector, which comprises 23% of the MSCI World ex AU Index, and 27% of the International Shares Portfolio.

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