

# Australian Ethical Balanced Fund (Wholesale)

Fund Profile - 31 March 2022

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:** \$238.59m

**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%

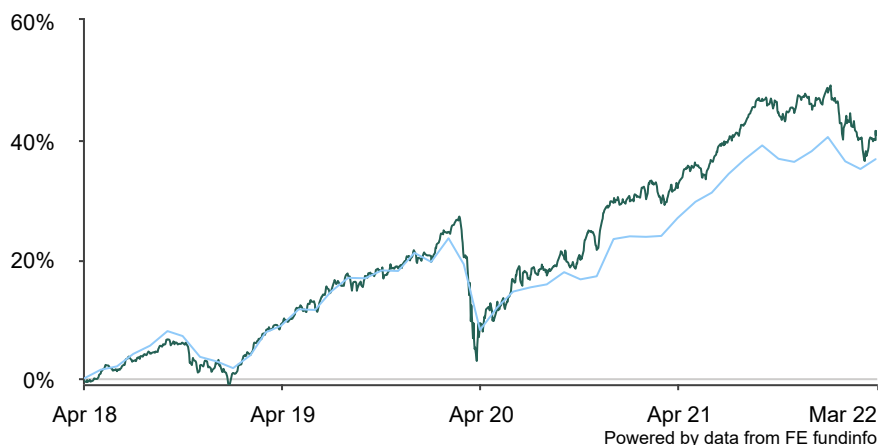
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(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 31/03/2022)



■ Australian Ethical Balanced  
■ Benchmark

## Performance (as at 31/03/2022)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.4%	-4.8%	-2.6%	6.4%	8.8%	-	-	8.9%
Benchmark	1.2%	-2.6%	0.0%	7.8%	7.9%	-	-	8.1%

## 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	6.0%
INVESTA PROPERTY GROUP	4.0%
AUSTRALIAN GOVERNMENT 2-25 SER153 21/11/2022	1.4%
MICROSOFT CORP	1.1%
AUSTRALIAN GOVERNMENT 5-75 128 15/07/2022	0.9%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	0.9%
ALPHABET INC-CL A	0.8%
NATIONAL AUSTRALIA BANK	0.8%
BANK OF QUEENSLAND LIMITED	0.7%
AUSTRALIAN GOVERNMENT 4-25 21/04/2026	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:

**T** 1800 021 227

**F** 02 9252 1987

**E** [investors@australianethical.com.au](mailto:investors@australianethical.com.au)

**W** [australianethical.com.au](http://australianethical.com.au)

Australian Ethical Investment Ltd

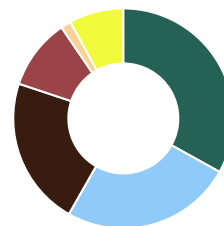
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

## Asset allocation

Australian & NZ Shares	33.1%
International Shares	25.2%
Australian Fixed Interest	21.9%
Property	10.4%
Alternative Assets	1.5%
Cash, FRN's and short duration fixed interest	8.0%



## Commentary

The market continues to be volatile – COVID is still an evolving virus that could continue to spark widespread lockdowns, as evidenced by recent actions to lock down significant portions of the population in China; Russia's invasion of the Ukraine increases the probability of recently unfathomable tail risks such as nuclear war and the inflation and interest rate regime that has become entrenched over 30 years may be at a tipping point. Again this quarter, the market measure of "fear", the VIX index, has traded through a wide range with each headline – starting the year at relatively benign reading of 16, before peaking at 35 at the start of March following the commencement of hostilities in the Ukraine and then receding back to recent average of 20.

The Balanced Fund (Wholesale) fell 4.8% over the quarter, underperforming its SAA weighted benchmark by 2.2%. The negative performance was driven by the international equities portfolio which fell 9.3% over the quarter as markets reacted to increasing inflation and the Russian invasion of Ukraine. High inflation and soaring commodity prices also saw a breakdown in the defensiveness of the AUD and fixed income, impacting our unhedged international equities and fixed income exposures. Over the quarter the Australian Government 10-year bond yield rose 116bps to 2.8% leading to a 6% decline in our fixed income portfolio.

From a relative performance perspective our domestic equities exposure was the main driver of underperformance, returning -4.5% against the benchmarks S&P ASX 200 return of 2.2%. This was largely driven by an underweight position to the materials sector, where many of the stocks do not meet our ethical criteria, and which rallied on the back of high commodity prices. An overweight to the information technology sector also detracted, with the sector being particularly impacted in a rising yields environment.

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