

Australian Ethical High Conviction Fund

Australian
Ethical



Fund ticker: AEAE

Fund Profile - 30 September 2022

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 provide long term capital growth and income from focusing on a relatively concentrated portfolio of Australian and NZ companies that meet the Australian Ethical Charter.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.20%/0.20%

Fund facts

Fund size: \$5.28m

Benchmark: S&P/ASX 300 Accumulation

Asset class: Equity

Inception date: 01/10/2021

Minimum investment timeframe: 7 to 10 Years

Risk level: Very High

Identifiers

ISIN code: AU60AUG79196

APIR code: AUG7919AU

Distributions

Frequency: 2

Dates: 30/06, 30/12

Fees

Management costs - PDS: 0.80%

Performance fee: 15%

Minimum initial investment: \$25,000
No minimum applies for the AEAE ETF

Additional transactional and operational costs: 0.05%

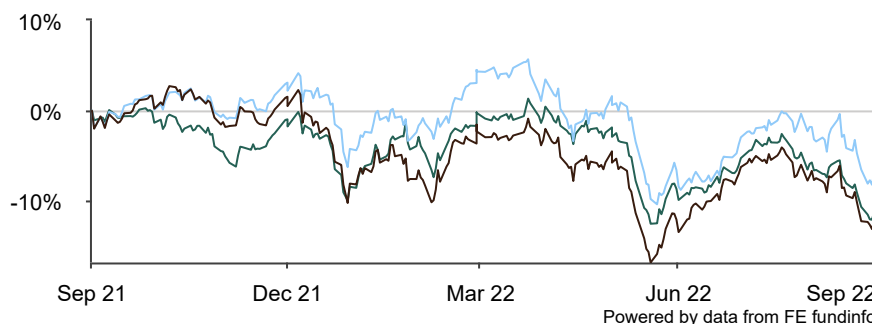
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(after tax, before bonus expense)

Investment strategy

The Fund primarily invests in a relatively concentrated share portfolio of companies predominately drawn from the S&P ASX 300 and selected on the basis of their social, environmental and financial credentials. The Fund utilises an active bottom up stock-picking and benchmark unaware management approach.

Cumulative performance (as at 30/09/2022)



- Australian Ethical High Conviction
- Australian Ethical S&P/ASX 300 Accumulation
- S&P/ASX 300 Indust.s Acc.

Performance (as at 30/09/2022)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	-6.8%	-2.5%	-12.0%	-12.2%	-	-	-	-12.2%
Australian Ethical S&P/ASX 300 Accumulation	-6.3%	0.5%	-11.8%	-8.0%	-	-	-	-8.0%
S&P/ASX 300 Indust.s Acc.	-7.7%	-0.4%	-11.8%	-13.8%	-	-	-	-13.8%

Calendar Performance (as at end 2021)

	CY2021	CY2020	CY2019	CY2018	CY2017
Fund	-	-	-	-	-
Australian Ethical S&P/ASX 300 Accumulation	-	-	-	-	-
S&P/ASX 300 Indust.s Acc.	-	-	-	-	-

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

SUNCORP GROUP LIMITED	6.0%
ANSELL LIMITED	5.5%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	5.3%
TELSTRA CORPORATION LTD	5.2%
CONTACT ENERGY LTD	5.0%
HEALIUS LTD	4.9%
BANK OF QUEENSLAND LIMITED	4.8%
QBE INSURANCE GROUP LIMITED	4.7%
COLES GROUP LTD	4.4%
ORORA LTD	4.2%

Ratings and awards

RIAA

Certification:



CERTIFIED BY RIAA

Why invest ethically?

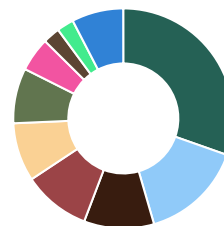
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.
Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.
Promote human rights: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

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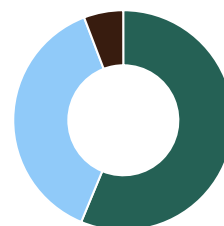
Sector allocation

Financials	30.4%
Health Care	15.1%
Communication Services	10.3%
Materials	9.9%
Consumer Staples	8.6%
Industrials	8.1%
Utilities	5.0%
Consumer Discretionary	2.5%
Real Estate	2.5%
Other	7.6%



Asset allocation

Australian & NZ Large Cap	56.2%
Australian & NZ Small Cap	37.9%
Cash	5.8%



Commentary

The S&P/ASX 300 returned 0.5% over the quarter despite ongoing uncertainty as pent-up demand, ongoing impacts from COVID-19, and the conflict in Ukraine continues to put pressure on inflation. In the US YoY CPI rose to 9.1% in August. In Australia June CPI rose to 6.1% YoY, the highest annual change in over 30 years. The global economy faces a bleak outlook, with Europe facing a looming energy crisis, many Central Banks rapidly raising rates to tackle inflation, while in China the People's Bank of China has been loosening policy as its economy slows to its lowest rate of growth in decades, driven by an ongoing property crisis and continued lockdowns as part of its zero-COVID policy.

The High Conviction Fund fell -2.5% over the quarter, underperforming the S&P ASX 300 Benchmark which appreciated 0.5%. By sector, Materials (underweight), Consumer Staples (overweight) and Healthcare (overweight) detracted value. The underweight to REITS added value, as did the overweight to Industrials and renewable oriented Utilities. By stock, TPG Telecom fell on a softer result, Orora was weaker on concerns over the US economy and Ramsay fell after takeover discussions ceased. We continue to hold a positive view on the long-term outlook for all three companies. Ansell, Genworth and Brambles all reported robust results and contributed positively to performance. Medibank was another highlight of results season, benefiting from subdued claims growth and increased interest in health insurance broadly. Overall, the Fund is positioned relatively defensively and remains focused on more mature profitable companies with established business models.

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