

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 long-term growth by investing in small capitalisation companies that meet the Australian Ethical Charter.

## Price information

Pricing frequency: Daily

Buy/Sell spread: 0.15%/0.15%

## Fund facts

Fund size: \$15.72m

Benchmark: S&P ASX Small Industrials

Asset class: Equity

Inception date: 30/06/2015

Minimum investment timeframe: 7 Years

Risk level: Very high

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## Identifiers

ISIN code: AU60AUG00267

APIR code: AUG0026AU

## Distributions

Frequency: 2

Dates: 30/06, 31/12

## Fees

Management costs - PDS: 1.69%

Performance fee: 20%

Minimum initial investment: \$1,000

\$500 with a Regular investor plan

Additional transactional and operational costs: 0.00%

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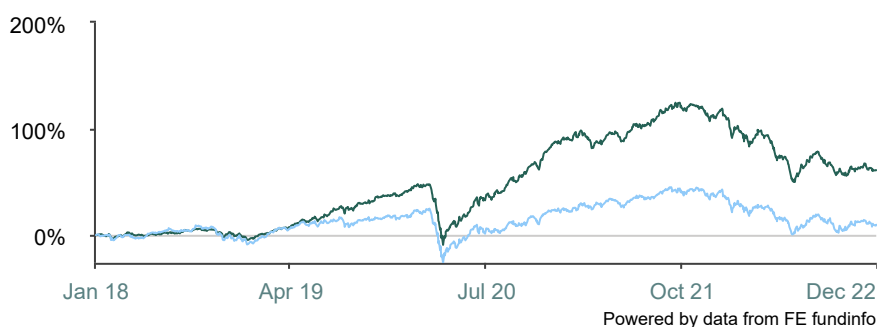
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(after tax, before bonus expense)

## Investment strategy

The opportunity to invest in a diversified portfolio of shares in small capitalisation companies on the basis of their social, environmental and financial credentials. The Fund utilises an active stock-picking management style with stocks selected for growth rather than income. All stocks are chosen on the basis of relative value where we deem the risks are being adequately priced.

## Cumulative performance (as at 31/12/2022)



■ Australian Ethical Emerging Companies  
■ S&P/ASX Small Indust.

## Performance (as at 31/12/2022)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	-2.6%	2.0%	3.8%	-25.8%	4.7%	10.1%	-	11.8%
S&P/ASX Small Indust.	-3.4%	6.6%	5.5%	-21.8%	-2.0%	1.9%	-	5.7%

## Calendar Performance (as at end 2022)

	CY2022	CY2021	CY2020	CY2019	CY2018
Fund	-25.8%	14.4%	35.1%	44.7%	-2.4%
S&P/ASX Small Indust.	-21.8%	13.7%	5.9%	24.5%	-6.5%

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.

## Top 10

CONTACT ENERGY LTD	4.5%
MERIDIAN ENERGY LIMITED -PARTIAL PAID SHARE	3.6%
CAPITOL HEALTH LTD	3.1%
COGSTATE LIMITED	3.0%
BIGTINCAN HOLDINGS LTD	2.8%
MERCURY NZ LTD	2.8%
AUSSIE BROADBAND PTY LTD	2.6%
MACQUARIE TELECOM GROUP LTD ORD F/PD DS	2.6%
HEALIUS LTD	2.6%
3P LEARNING LTD	2.5%

## Ratings and awards

### RIAA

Certification:



CERTIFIED BY RIAA

## Why invest ethically?

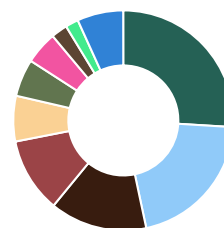
**Portfolio diversification:** Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.  
**Help build a better world:** Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.  
**Promote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

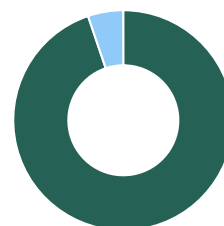
## Sector allocation

Information Technology	26.0%
Health Care	20.7%
Financials	14.3%
Utilities	11.0%
Communication Services	6.7%
Consumer Staples	5.5%
Consumer Discretionary	4.8%
Industrials	2.4%
Materials	1.9%
Other	6.8%



## Asset allocation

Australian & NZ Small Cap	94.8%
Cash	5.2%



## Commentary

Global markets had a strong final quarter for 2022 after a volatile nine months, with the MSCI World index ex Australia rising 7.5% and the S&P ASX 300 rising 9.1%. Despite inflation remaining elevated, there were indications that prices could stabilize, as natural gas prices fell from a high of €340/MWh in August to pre-Ukraine levels near €70 by the end of the year. The US bond yield decreased dropping from 4.23% in October to 3.88% by the end of the year. The Australian bond market was more volatile, falling from 4.2% in October to 3.29% in December before finishing the year at 4.05%.

The Emerging Shares Fund appreciated by 2.0% (Wholesale 2.1%) over the December quarter relative to its S&P/ASX Small Industrials Benchmark which appreciated 6.6% resulting in an underperformance of -4.6% (Wholesale -4.4%). The underperformance can be primarily attributed to stock selection in Communications, Healthcare and Information Technology sectors, while a zero weighting in real-estate was a negative contributor. Companies like wealth management software company Bravura Solutions came clean on their 1st half 2023 trading in November while pathology and radiology company Healius downgraded earnings in November on higher cost structures with falling covid revenues, while cloud communications company Symbio downgraded their profitability late in December. We view these as temporary setbacks which in time can be recovered. The strongest individual stock contributor was utility and airports software billing company Gentrack which appreciated 85% over the quarter after strengthening its 2023 and 2024 revenue guidance.

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