

Australian Ethical Balanced Fund (Wholesale)

Fund Profile - 31 December 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: \$254.26m

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: 0.76%

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%

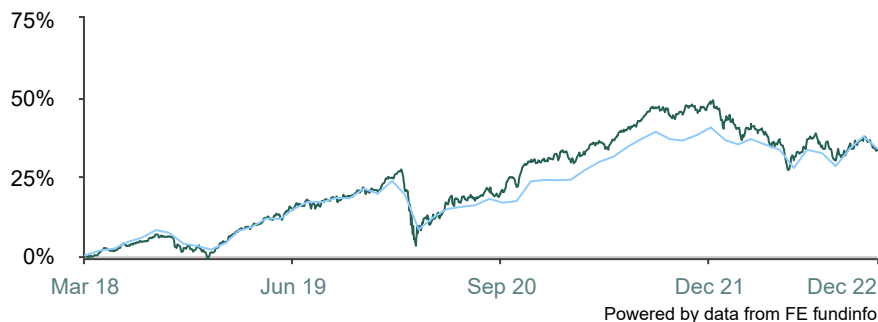
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 31/12/2022)



■ Australian Ethical Balanced
■ Benchmark

Performance (as at 31/12/2022)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	-2.8%	2.7%	2.6%	-9.8%	3.7%	-	-	6.2%
Benchmark	-2.8%	4.3%	4.8%	-4.8%	3.8%	-	-	6.3%

Calendar Performance (as at end 2022)

	CY2022	CY2021	CY2020	CY2019	CY2018
Fund	-9.8%	14.0%	8.5%	18.4%	-
Benchmark	-4.8%	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	5.2%
INVESTA PROPERTY GROUP	3.3%
APPLE INC	1.2%
DEXUS WHOLESALE PROPERTY FUND	1.1%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	1.0%
MICROSOFT CORP	1.0%
AUSTRALIAN GOVERNMENT 5-5 133 21/04/2023	0.8%
SUNCORP GROUP LIMITED	0.8%
NATIONAL AUSTRALIA BANK	0.7%
TELSTRA GROUP LIMITED	0.7%

Ratings and awards

RIAA

Certification:



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.

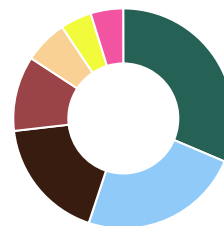
Promote human rights: We strive to avoid any investment in companies involved in the poor treatment of asylum seekers or the exploitation of workers through poor working conditions.

Need Help?

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Sydney NSW 2001

Asset allocation

Australian & NZ Shares	31.4%
International Shares	23.7%
Australian Fixed Interest	18.1%
Property	11.0%
International Fixed Interest	6.4%
Alternative Assets	4.6%
Cash, FRN's and short duration fixed interest	4.8%



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 Balanced Fund returned 2.5% (Wholesale: 2.7%) for the quarter, underperforming its SAA weighted benchmark which returned 4.3%. The domestic equities portfolio was the largest contributor to absolute performance, returning 4.7%, but also the largest detractor to relative performance as it underperformed its S&P/ASX 300 benchmark which returned 9.4%. The Financials sector drove much of the portfolio's absolute performance, with companies like banks and insurers benefiting from the rising rate environment. The Materials sector was the largest detractor to relative performance due to an underweight position in the sector and a retraction in lithium stocks.

The International Equities portfolio returned 3.6%, underperforming its MSCI World ex AU index which returned 3.9%. Similar to the domestic equities portfolio, the Financials sector drove absolute performance. The lack of exposure to the Energy sector, which benefited from elevated commodity prices, was the largest detractor to relative performance.

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