

Australian Ethical Australian Shares Fund (Wholesale)

Australian
Ethical



Fund Profile - 31 March 2023

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 focusing on Australian companies that meet the Australian Ethical Charter.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.15%/0.15%

Fund facts

Fund size: \$626.96m

Asset class: Equity

Inception date: 23/01/2012

Minimum investment timeframe: 7 Years

Risk level: Very high

Risk level: Very high

Identifiers

ISIN code: AU60AUG00184

APIR code: AUG0018AU

Distributions

Frequency: 2

Dates: 30/06, 31/12

Fees

Management costs - PDS: 1.10%

Minimum initial investment: \$25,000
minimum in the Fund and \$500,000 investment across Australian Ethical's managed funds.

Additional transactional and operational costs: 0.00%

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

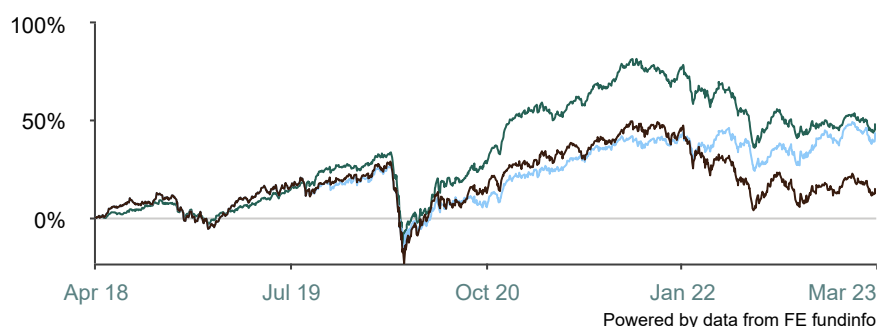
*(after tax, before bonus expense)

**The Benchmark was the composite S&P/ASX Small Industrials Accumulation Index from inception until 12 August 2019 and is the S&P/ASX 300 Accumulation Index thereafter.

Investment strategy

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

Cumulative performance (as at 31/03/2023)



- Australian Ethical Australian Shares
- Composite Benchmark**
- S&P/ASX Small Indust.

Performance (as at 31/03/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	-2.1%	1.2%	4.7%	-12.4%	15.5%	8.1%	11.3%	12.2%
Composite Benchmark**	-0.2%	3.3%	12.8%	-0.6%	16.6%	7.3%	8.1%	9.7%
S&P/ASX Small Indust.	-3.0%	1.3%	8.0%	-12.8%	9.3%	2.6%	5.7%	7.5%

Calendar Performance (as at end 2022)

	CY2022	CY2021	CY2020	CY2019	CY2018
Fund	-17.1%	15.0%	21.0%	28.1%	-2.8%
Composite Benchmark**	-1.8%	17.5%	1.7%	22.5%	-6.5%
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.

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Top 10

MACQUARIE TELECOM GROUP LTD ORD F/PD DS	4.0%
CONTACT ENERGY LTD	3.7%
SUNCORP GROUP LIMITED	3.7%
COCHLEAR LTD	3.3%
BANK OF QUEENSLAND LIMITED	3.2%
INSURANCE AUSTRALIA GROUP LTD	3.0%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	2.9%
DOMAIN HOLDINGS AUSTRALIA LIMITED	2.9%
MIRVAC GROUP STAPLED SECURITIES	2.9%
NATIONAL AUSTRALIA BANK	2.7%

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

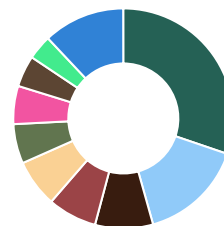
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

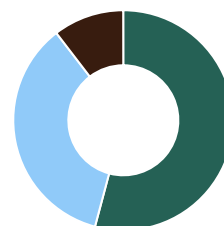
Sector allocation

Financials	30.2%
Health Care	15.4%
Utilities	8.5%
Communication Services	7.2%
Information Technology	7.0%
Real Estate	5.8%
Industrials	5.6%
Materials	4.6%
Consumer Discretionary	3.6%
Other	12.0%



Asset allocation

Australian & NZ Small Cap	54.1%
Australian & NZ Large Cap	35.4%
Cash	10.4%



Commentary

Despite the ongoing conflict in Ukraine, persistent inflation and the collapse of 3 banks in the US and Credit Suisse in Europe, equity markets rallied through the quarter. The MSCI World rose 7.0% over the March quarter in local currency terms with the S&P 500, MSCI Europe and the Nikkei all up by between 7-8%. The tech heavy NASDAQ composite index was up 16.8%, having fallen by 33.1% in the 2022 calendar year. The recovery in equity markets appears to be driven by an expectation that interest rates are nearing their peak, and that Central Banks will manage to avoid a deep recession. The rebound in equities contrasted with the story being told in bond markets with the banking crisis signalling to bond investors a greater risk of something breaking in the economy.

The Australian Shares Fund (Wholesale) appreciated 1.2% net of fees in the quarter ended 31 March 2023, underperforming its benchmark which rose 3.3%. Over the last quarter, global inflation numbers have moderated resulting in forward-looking central bank interest rate expectations falling. This is a very positive development for investors, albeit the jury is still out on how long it will take to get inflation really under control. The Fund has an all-cap strategy with investments spread across small and large-cap names in Australia and New Zealand. Small companies continue to be a drag on the Funds relative investment performance. At a sector level, the Fund's underweight allocations in Materials, Consumer Discretionary and Consumer Staples detracted from investment performance, while Information Technology was also a negative contributor. The Fund cash position remains elevated, and we are looking to opportunistically deploy this capital.

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