

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: \$207.14m

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: AU60AUG00275

APIR code: AUG0027AU

## Distributions

Frequency: 2

Dates: 30/06, 31/12

## Fees

Management costs - PDS: 1.20%

Performance fee: 20%

Minimum initial investment: \$25,000

Additional transactional and operational costs: 0.01%

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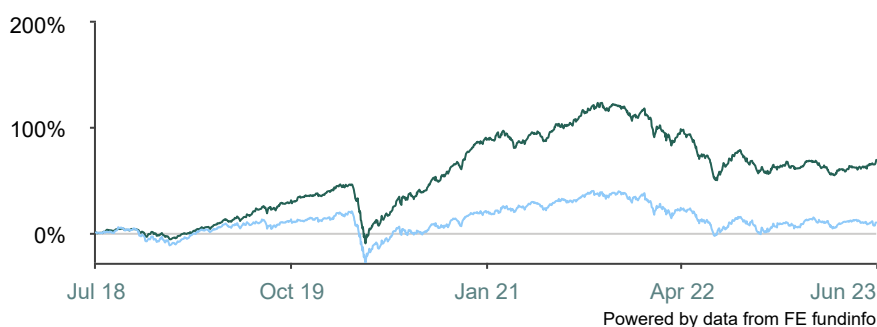
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## Investment strategy

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 30/06/2023)



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

## Performance (as at 30/06/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	4.0%	6.3%	4.9%	9.2%	8.4%	11.0%	-	12.4%
S&P/ASX Small Indust.	0.5%	2.3%	3.7%	9.5%	3.4%	1.7%	-	5.8%

## Calendar Performance (as at end 2022)

	CY2022	CY2021	CY2020	CY2019	CY2018
Fund	-25.4%	14.9%	35.9%	45.7%	-1.8%
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.

\*(after tax, before bonus expense)

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# Australian Ethical Emerging Companies (Wholesale) Fund

Fund Profile - 30 June 2023

Australian  
Ethical



## Top 10

CONTACT ENERGY LTD	4.5%
MERIDIAN ENERGY LIMITED -PARTIAL PAID SHARE	3.6%
DOMAIN HOLDINGS AUSTRALIA LIMITED	3.3%
MACQUARIE TECHNOLOGY GROUP LTD ORD F/PD DS	3.3%
GENTRACK GROUP LTD	3.3%
MERCURY NZ LTD	3.1%
AUSSIE BROADBAND PTY LTD	2.9%
BIGTINCAN HOLDINGS LTD	2.7%
CAPITOL HEALTH LTD	2.6%
MACH7 TECHNOLOGIES LTD	2.6%

## 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

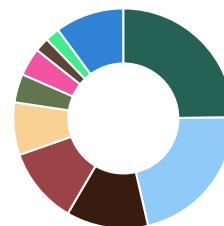
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

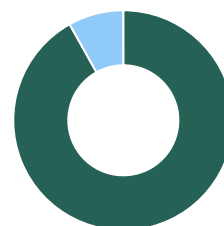
## Sector allocation

Information Technology	24.8%
Health Care	21.5%
Financials	12.0%
Utilities	11.2%
Communication Services	7.7%
Consumer Staples	4.2%
Consumer Discretionary	4.1%
Real Estate	2.1%
Materials	2.1%
Other	10.1%



## Asset allocation

Australian & NZ Small Cap	91.9%
Cash	8.1%



## Commentary

Global equity markets posted another strong quarter, with the MSCI World up 7.0% in the 3-months to the end of June, driven largely by the US, where the S&P 500 was up 8.7%, and Japan, where the TOPIX was up 14.5%. Despite persistent inflation, further increases in interest rates, and a minor banking crisis, the economy remained resilient. GDP growth has remained positive and unemployment remains near all time low in much of the developed world. The artificial intelligence excitement following the introduction of ChatGPT provided a further boon to equity markets, particularly technology stocks. Sentiment in fixed income markets did not match equity markets, with the MOVE index, a measure of volatility expectations on US Treasury bonds, reaching its highest levels since the 2008 global financial crisis. The Emerging Companies Fund (Wholesale) outperformed its benchmark (the S&P/ASX Small Industrials) by 3.9% over the June Quarter. The Funds' investments in the information technology sector were the strongest sectoral contributor. Energy and water billing software company Gentrack appreciated 47% after announcing a revenue upgrade for 2023 and 2024, while sales enablement focussed software-as-a-service company Bigtincan appreciated 29% from an oversold position. Mortgage insurer Helia appreciated 20.6% on an improving outlook for Australian residential housing. The Fund benefited from private equity and strategic corporate interest with vitamin company Blackmores, software telematics company Eroad and employee well-being software company Limeade all receiving takeover bids over the quarter. Our investment in body fluid measurement technology company Impedimed appreciated 71% over the quarter on news its technology had entered US medical guidelines, which we expect to quickly translate to health insurance coverage and revenues. The Fund is currently holding elevated cash holdings in anticipation of a weak consumer environment emerging later in 2023, while the outlook for small and micro companies has improved.

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