

# Australian Ethical High Conviction Fund

Australian  
Ethical



Fund ticker: AEAE  
Fund Profile - 30 June 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

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:** \$6.66m  
**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%

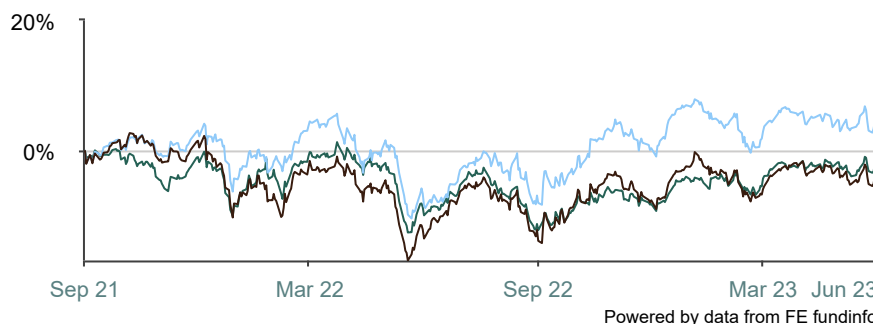
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(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 30/06/2023)



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

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

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	1.7%	2.9%	7.7%	9.8%	-	-	-	-0.6%
Australian Ethical S&P/ASX 300 Accumulation	1.7%	1.0%	4.4%	14.4%	-	-	-	2.7%
S&P/ASX 300 Industrials Acc.	0.8%	2.2%	4.5%	11.7%	-	-	-	-1.9%

## Calendar Performance (as at end 2022)

	CY2022	CY2021	CY2020	CY2019	CY2018
Fund	-6.5%	-	-	-	-
Australian Ethical S&P/ASX 300 Accumulation	-1.8%	-	-	-	-
S&P/ASX 300 Industrials Acc.	-8.0%	-	-	-	-

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	6.7%
CONTACT ENERGY LTD	5.6%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	5.3%
TELSTRA GROUP LIMITED	5.2%
ANSELL LIMITED	5.0%
COLES GROUP LTD	4.7%
ORORA LTD	4.6%
FLETCHER BUILDING LIMITED	4.6%
QBE INSURANCE GROUP LIMITED	4.5%
HEALIUS LTD	4.5%

## Ratings and awards

RIAA

Certification:



CERTIFIED BY RIAA

## Why invest ethically?

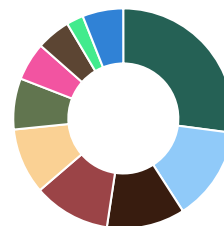
**Portfolio diversification:** Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.  
**Help build a better world:** Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.  
**Promote 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:  
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**F** 02 9252 1987  
**E** [investors@australianethical.com.au](mailto:investors@australianethical.com.au)  
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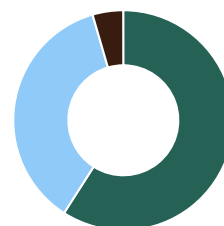
## Sector allocation

Financials	27.1%
Health Care	13.8%
Communication Services	11.5%
Materials	11.3%
Industrials	9.7%
Consumer Staples	7.5%
Utilities	5.6%
Real Estate	5.0%
Consumer Discretionary	2.5%
Other	6.0%



## Asset allocation

Australian & NZ Large Cap	59.0%
Australian & NZ Small Cap	36.4%
Cash	4.5%



## 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 Australian Ethical High Conviction Fund (Wholesale) outperformed its benchmark (the S&P/ASX 300) over the June 2023 quarter by +1.9%. The Fund also outperformed its alternative S&P/ASX 300 Industrials benchmark (which excludes Resources and Energy) by +0.7%.

The Industrials sector was the top contributor to the Fund's performance in the June quarter, benefiting from a rebound in Fletcher Building and Downer EDI. Consumer Staples also contributed positively following the takeover approach of Blackmores. Although the Materials sector (a material underweight position for the Fund under the Ethical Charter) was a detractor from performance across the FY23 year, it contributed positively to performance during the June quarter as the iron ore price softened.

Detracting from performance during the June quarter was the Information Technology sector, with large cap names outperforming smaller cap names. The Fund typically has more exposure to smaller cap stocks on valuation grounds. The Consumer Discretionary sector was also a minor detractor from performance.

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