

Australian Ethical Australian Shares Fund (Wholesale)

Fund Profile - 30 September 2023

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 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: \$649.43m

Asset class: Equity

Inception date: 23/01/2012

Minimum investment timeframe: 7 Years

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

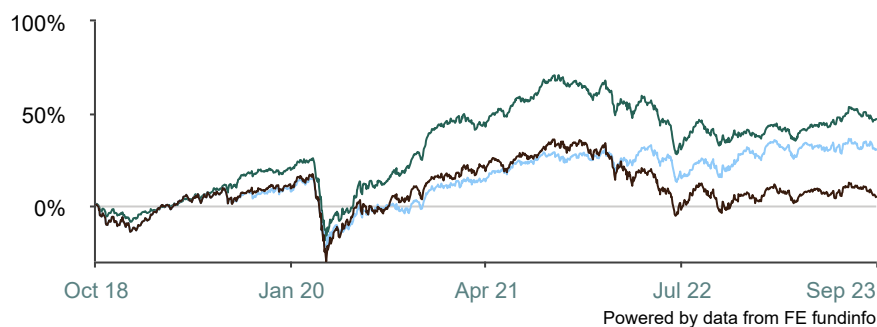
*(after tax, before bonus expense)

**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 30/09/2023)



■ Australian Ethical Australian Shares

■ Composite Benchmark**

■ S&P/ASX Small Indust.

Performance (as at 30/09/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	-2.5%	-0.6%	5.6%	10.6%	6.9%	7.8%	10.2%	12.2%
Composite Benchmark**	-2.9%	-0.8%	0.1%	12.9%	10.8%	5.2%	7.5%	9.2%
S&P/ASX Small Indust.	-5.0%	-1.9%	0.4%	8.4%	0.5%	0.7%	5.1%	7.2%

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

SUNCORP GROUP LIMITED	4.0%
CONTACT ENERGY LTD	3.6%
INSURANCE AUSTRALIA GROUP LTD	3.4%
MACQUARIE TECHNOLOGY GROUP LTD ORD F/PD DS	3.4%
DOMAIN HOLDINGS AUSTRALIA LIMITED	3.1%
BANK OF QUEENSLAND LIMITED	3.0%
NATIONAL AUSTRALIA BANK	2.9%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	2.9%
MIRVAC GROUP STAPLED SECURITIES	2.8%
BENDIGO AND ADELAIDE BANK LIMITED	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:

T 1800 021 227

F 02 9252 1987

E investors@australianethical.com.au

W australianethical.com.au

Australian Ethical Investment Ltd

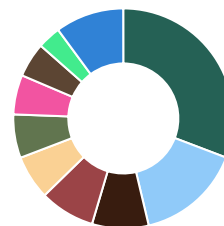
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

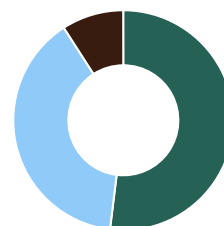
Sector allocation

Financials	30.8%
Health Care	15.5%
Information Technology	8.3%
Utilities	8.1%
Communication Services	6.5%
Real Estate	6.4%
Industrials	5.8%
Materials	5.1%
Consumer Discretionary	3.4%
Other	10.1%



Asset allocation

Australian & NZ Small Cap	52.0%
Australian & NZ Large Cap	39.0%
Cash	9.1%



Commentary

Both equity and bond markets fell over the quarter. Underpinning these declines was a move higher in the yield curve, with the US 10-year government bond yield increasing 76bps, exceeding 15 year highs. With inflation remaining stubbornly above the Fed's target of 2-3%, unemployment still below 4% and the oil price on the rise again, markets are repositioning for rates to remain relatively high compared to recent history over the longer term.

The Australian Shares Fund (Wholesale) (the 'Fund') declined by -0.6% net of fees in the quarter ended 30 September 2023, outperforming its benchmark which declined -0.8%. The Australian Shares Fund (Retail) declined 0.7% net of fees for the year, also outperforming the benchmark.

The Fund's investments in the Technology sector added value in the September quarter due to stock selection, while Energy detracted from performance. Energy stocks rose amid higher oil prices due to global supply issues. The Fund has nil exposure to the Energy sector due to our Ethical screen.

The Fund's large cap names outperformed over the quarter, benefiting from stock selection. The small and microcap exposure in the Fund had a neutral impact relative to the S&P ASX300 benchmark. Although we had favourable stock selection in small caps compared to the S&P ASX Small Industrials, there is continued disparity between returns of small cap and large cap.

The Fund benefited from takeover interest, with Symbio receiving a proposed takeover offer from Superloop. During the quarter, the Fund received proceeds from consummated takeovers of vitamin company Blackmores and wellbeing software company Limeade during the quarter.

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