

Australian Ethical Balanced Fund (Wholesale)

Fund Profile - 31 December 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 investors with a balance between capital growth and a moderate level of income through a diversified portfolio of assets that meet our Ethical Criteria. The Retail Fund aims to achieve returns 3.00% above inflation after management costs over a 10 year period. The Wholesale Fund aims to achieve returns 3.50% above inflation after management costs over a 10 year period.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.10%/0.10%

Fund facts

Fund size: \$281.62m

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: 0.89%

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%

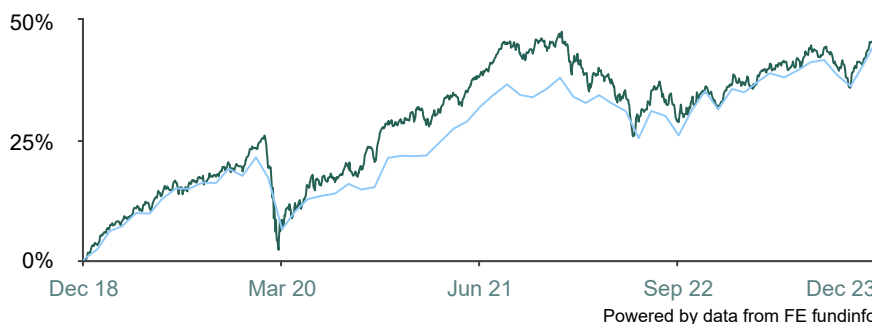
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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, but are not limited to, Australian and international shares, property and fixed income securities.

Cumulative performance (as at 31/12/2023)



■ Australian Ethical Balanced

■ Benchmark

Performance (as at 31/12/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	3.2%	4.2%	3.0%	10.8%	4.5%	7.9%	-	7.0%
Benchmark	3.5%	5.2%	4.5%	10.9%	6.2%	7.8%	-	7.1%

Calendar Performance (as at end 2023)

	CY2023	CY2022	CY2021	CY2020	CY2019
Fund	10.8%	-9.8%	14.0%	8.5%	18.4%
Benchmark	10.9%	-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	3.9%
INVESTA PROPERTY GROUP	2.5%
BALANCED TM	2.0%
APPLE INC	1.4%
MICROSOFT CORP	1.3%
U/K REPO FV 48-1M US TREAS 3-5 0128 MTY 31/01/28	1.2%
U/K REPO FV 48-3M US TREAS 3-25 0629 MTY 02/01/24	1.2%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	0.9%
NATIONAL AUSTRALIA BANK	0.8%
RENAISSANCERE MEDICI FD LTD S A 1	0.8%

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?

Contact us Monday-Friday on:

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Australian Ethical Investment Ltd

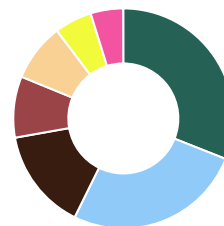
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

Asset allocation

Australian & NZ Shares	31.0%
International Shares	26.3%
Australian Fixed Interest	14.9%
International Fixed Interest	9.0%
Property	8.5%
Alternative Assets	5.5%
Cash, FRN's and short duration fixed interest	4.8%



Commentary

Equity markets continued to rise over the quarter, with the MSCI World index returning 9.8% (as measured in local currency). Markets were buoyed by an anticipated start to a rate cutting cycle, in particular by the Fed, with a series of rate cuts priced in for 2024. The Australian 10-year Government bond fell 53bps over the quarter to 3.96%, while the US 10-year fell 69bps to 3.88%. So far, a soft landing, while historically unlikely, remains a possibility, with inflation in much of the developed world approaching their target ranges, while employment has remained resilient. The rate sensitive information technology sector led equity markets, appreciating 11.0% over the quarter to finish up 55.9% for the full year. The Balanced Fund (Wholesale) returned 4.2% over the quarter against its SAA weighted benchmark return of 5.2%. Both the domestic and global equities portfolio drove the absolute performance, with our domestic equities portfolio rising 5.3%, and international equities portfolio 6.6%. From a relative performance perspective our domestic equities portfolio was the main detractor, underperforming its S&P ASX 300 benchmark which returned 8.4%, driven by our underweight to the materials sector. The fixed income portfolios performed well over the quarter, with the domestic fixed income portfolio returning 3.8%, in-line with its benchmark, and the international fixed income portfolio returning 6.0%, outperforming its benchmark by 55bps.

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