

Australian Ethical Australian Shares Fund (Wholesale)

Australian Ethical



Fund Profile - 31 March 2022

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: \$641.14m

Benchmark: S&P/ASX 300 Accumulation

Asset class: Equity

Inception date: 23/01/2012

Minimum investment timeframe: 7 Years

Risk level: Very high

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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

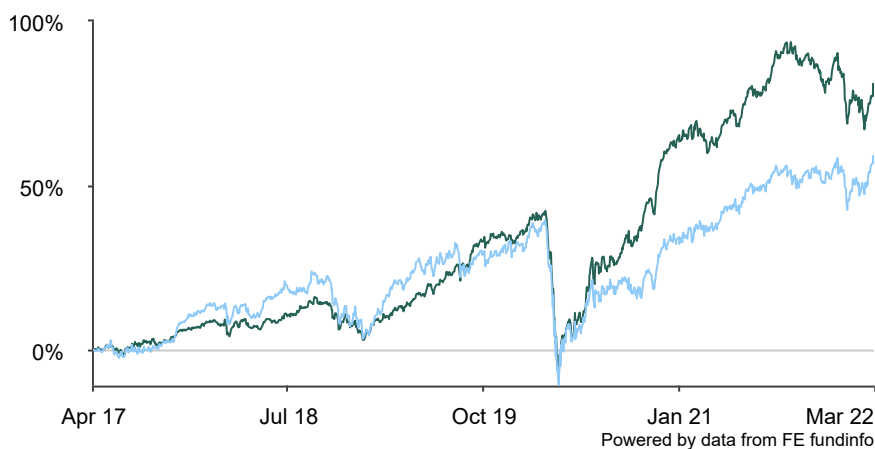
*(after tax, before bonus expense)

**The Benchmark was the composite S&P/ASX Small Industrials Accumulation Index from inception until 12 August 2019 and 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 31/03/2022)



■ Australian Ethical Australian Shares
■ Benchmark

Performance (as at 31/03/2022)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	3.8%	-4.1%	-5.0%	10.4%	16.8%	12.5%	14.1%	15.0%
Benchmark	6.9%	2.1%	4.3%	15.2%	9.9%	9.7%	9.6%	10.7%

Calendar Performance (as at end 2021)

	CY2021	CY2020	CY2019	CY2018	CY2017
Fund	15.0%	21.0%	28.1%	-2.8%	10.6%
Benchmark	17.5%	1.7%	22.5%	-6.5%	15.7%

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	4.4%
BANK OF QUEENSLAND LIMITED	4.0%
GENWORTH MORTGAGE INSURANCE	3.4%
HEALIUS LTD	3.4%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	3.2%
NATIONAL AUSTRALIA BANK	3.1%
SUNCORP GROUP LIMITED	3.1%
BENDIGO AND ADELAIDE BANK LIMITED	3.0%
CONTACT ENERGY LTD	2.9%
COCHLEAR LTD	2.9%

Ratings and awards

RIAA

Certification:



CERTIFIED BY RIAA

Why invest ethically?

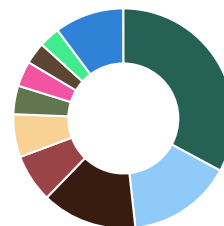
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers. **Help build a better world:** Invest in the new, low - carbon economy, fund medical and technology breakthroughs, efficient transport and more. **Promote human 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?

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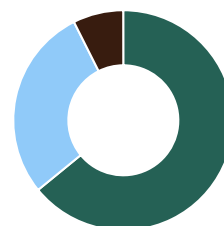
Sector allocation

Financials	32.9%
Health Care	15.4%
Information Technology	14.0%
Utilities	7.1%
Communication Services	6.3%
Industrials	4.2%
Consumer Discretionary	3.7%
Real Estate	3.2%
Materials	3.1%
Other	10.2%



Asset allocation

Australian & NZ Small Cap	64.1%
Australian & NZ Large Cap	28.5%
Cash	7.4%



Commentary

The market continues to be volatile – COVID is still an evolving virus that could continue to spark widespread lockdowns, as evidenced by recent actions to lock down significant portions of the population in China; Russia's invasion of the Ukraine increases the probability of recently unfathomable tail risks such as nuclear war and the inflation and interest rate regime that has become entrenched over 30 years may be at a tipping point. Again this quarter, the market measure of "fear", the VIX index, has traded through a wide range with each headline– starting the year at a relatively benign reading of 16, before peaking at 35 at the start of March following the commencement of hostilities in the Ukraine and then receding back to recent average of 20.

The Fund significantly underperformed the ASX300 falling 4.3% against the benchmarks 2.1% advance. The underperformance is attributed to the Funds significant underweighting in the Materials and Energy sectors which performed very strongly on the back of rising global interest rates. The Funds overweighting in information technology and healthcare was a significant detractor with earlier stage, small, growth orientated industrial companies underperforming the wider market. We added to our holdings in payments company EML and PDF and e-signature business Nitro Software due to share price weakness. We divested our holdings in pharmacy wholesaler and Priceline pharmacy chain into the Wesfarmers take-over bid. Small industrial ASX companies have been weak in an environment of rising commodity prices, higher interest rates and global economic dislocation because of war and Covid-19. We continue to be attracted to small companies believing they offer the most attractive risk/return equations over the medium to long term.

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