

# Australian Ethical High Conviction Fund

Australian Ethical



Fund ticker: AEAE  
Fund Profile - 31 December 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 our Ethical Criteria. 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 our Ethical Criteria. The Fund aims to exceed the return of the ASX300 Total Return Index after taking into account management costs over a 7 year period.

## Price information

**Pricing frequency:** Daily

**Buy/Sell spread:** 0.20%/0.20%

## Fund facts

**Fund size:** \$7.10m

**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:** 0.69%

**Performance fee:** 15%

**Minimum initial investment:** \$25,000  
No minimum applies for the AEAE ETF

**Additional transactional and operational costs:** 0.05%

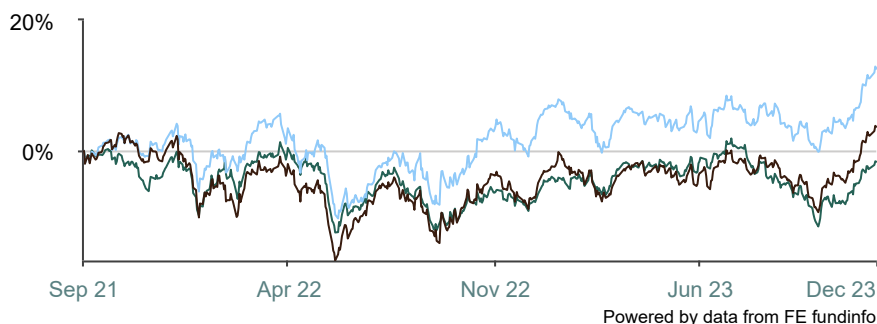
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(after tax, before bonus expense)

## Investment strategy

An actively-managed, focused share portfolio leveraging our ethical investing philosophy & capability. Invested in 20-35 select shares, predominantly from the S&P ASX300, on the basis of their social, environmental and financial credentials. Benchmark unaware, with a concentration on larger capitalisation stocks.

## Cumulative performance (as at 31/12/2023)



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

## Performance (as at 31/12/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	5.2%	3.2%	-0.6%	7.0%	-	-	-	-0.8%
Australian Ethical S&P/ASX 300 Accumulation	7.2%	8.4%	7.5%	12.1%	-	-	-	5.4%
S&P/ASX 300 Industrials Acc.	7.0%	8.4%	7.3%	12.2%	-	-	-	1.6%

## Calendar Performance (as at end 2023)

	CY2023	CY2022	CY2021	CY2020	CY2019
Fund	7.0%	-6.5%	-	-	-
Australian Ethical S&P/ASX 300 Accumulation	12.1%	-1.8%	-	-	-
S&P/ASX 300 Industrials Acc.	12.2%	-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

RESMED INC	6.2%
CONTACT ENERGY LTD	5.3%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	5.1%
SUNCORP GROUP LIMITED	5.1%
PEXA GROUP LTD	5.0%
RELIANCE WORLDWIDE CORP LTD	4.4%
ORORA LTD	4.3%
BANK OF QUEENSLAND LIMITED	4.1%
Dexus	4.0%
COLES GROUP LTD	4.0%

## Ratings and awards

RIAA

Certification:



CERTIFIED BY RIAA

## Why invest ethically?

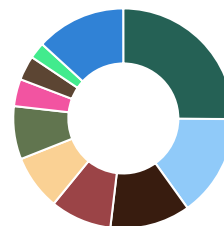
**Portfolio diversification:** Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.  
**Help build a better world:** Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.  
**Promote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

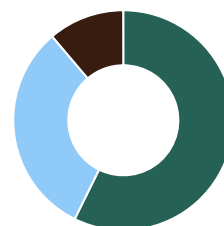
## Sector allocation

Financials	25.1%
Health Care	15.0%
Materials	11.8%
Real Estate	9.0%
Industrials	8.1%
Utilities	7.8%
Consumer Staples	4.0%
Communication Services	3.6%
Consumer Discretionary	2.4%
Other	13.2%



## Asset allocation

Australian & NZ Large Cap	57.3%
Australian & NZ Small Cap	31.5%
Cash	11.2%



## 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 High Conviction Fund (Wholesale) underperformed its benchmark (the S&P/ASX300) by 5.2% over the December Quarter.

During the quarter the Fund completed a portfolio re-balance that aligns the portfolio with the large cap strategy across the investment manager. Stock selection and elevated cash holdings detracted from performance during the December quarter in a strongly performing domestic market. On a sector basis, the Fund's natural underweight position to the Materials sector was a headwind as the major iron ore producers performed strongly. However, this was partially offset by a weak Energy sector, which the Fund has no exposure to. Communication Services detracted from performance as the takeover proposal for some of TPG's business failed to proceed, while Domain Group fell on concerns for their listings outlook. The Healthcare and Financials sectors also detracted from performance. The Industrials sector was a minor positive contributor with Reliance Worldwide and Qube Holdings amongst the Fund's top performers for the quarter.

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