

Australian Ethical Balanced Fund (Wholesale)



FUND PROFILE - 31 MARCH 2021

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 supports the Australian Ethical Charter.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.05%/0.05%

Fund facts

Fund size: \$153.08m

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: 0.94%

Minimum initial investment: \$25,000 minimum in the Fund and \$200,000 investment across Australian Ethical's managed funds.

Additional transactional and operational costs: 0.04%

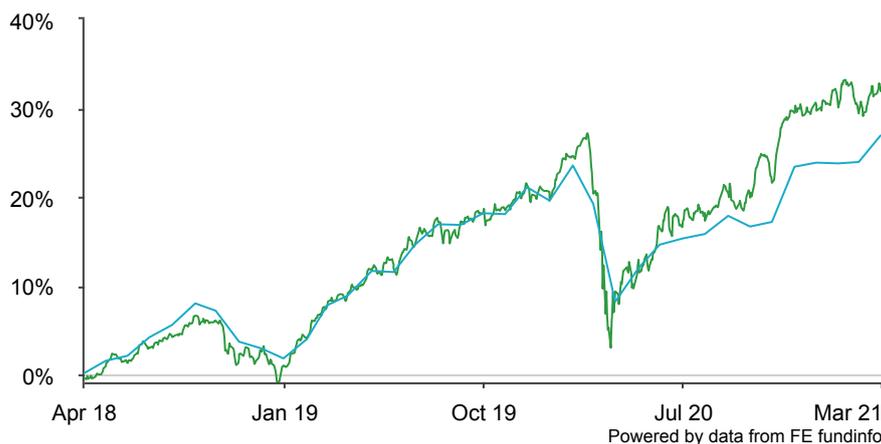
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 Australian and international shares, property and fixed income securities.

Cumulative performance (as at 31/03/2021)



■ Australian Ethical Balanced
■ Benchmark

Performance (as at 31/03/2021)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	2.2%	2.0%	10.3%	20.9%	9.8%	-	-	9.7%
Benchmark	2.4%	2.5%	8.8%	17.3%	8.3%	-	-	8.2%

Calendar Performance (as at end 2020)

	CY2020	CY2019	CY2018	CY2017	CY2016
Fund	8.5%	18.4%	-	-	-
Benchmark	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	5.3%
INVESTA PROPERTY GROUP	3.9%
AUSTRALIAN GOVERNMENT 0-25 SER159 21/11/2024	1.5%
AUSTRALIAN GOVERNMENT 5-5 133 21/04/2023	1.2%
MICROSOFT CORP	1.2%
AUSTRALIAN GOVERNMENT 2-75 SER152 21/11/2028	1.0%
WESTPAC BANKING CORPORATION ORD F/ PD SHARES	0.8%
ALPHABET INC-CL A	0.8%
NATIONAL AUSTRALIA BANK	0.8%
GENWORTH MORTGAGE INSURANCE	0.6%

Ratings and awards

RIAA rating:



UNPRI signatory:



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 between 9:00am-5:00pm

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Asset allocation

	Australian & NZ Shares	32.5%
	International Shares	26.3%
	Australian Fixed Interest	22.0%
	Property	9.6%
	Alternative Assets	1.5%
	Cash, FRN's and short duration fixed interest	8.1%



Commentary

The March quarter was marked by unique political, economic and market events. The storming of Capitol Hill in the US, followed by the impeachment process of then President Trump, the spike in COVID cases (particularly in the UK where new cases peaked at 68,000 on a single day) and the strange market behaviour surrounding subreddit Wall Street Bets and Gamestop. However, despite the noise, global markets performed strongly over the quarter with the MSCI World Index rising 5.7%, reflecting broad positive market performance across regions. The positive performance was driven by the continued recovery in major economies supported by significant fiscal spending, accommodative monetary policy, and the ongoing vaccine rollout. Despite the general positive performance, the quarter was marked by periods of volatility, largely triggered by a sharp uptick in bond yields as future inflation concerns grew.

The Balanced Fund returned 1.8% (Wholesale 2.0%) over the March quarter, driven by the International Equities portfolio which returned 8.1%, outperforming its benchmark (MSCI World ex Australia) which returned 6.3%. The sectors contributing the most to the Fund's performance were Communication Services and IT, where the Fund has overweight positions, and Financials.

The Domestic Equities portfolio returned 1.5%, underperforming its benchmark by -2.76%. The sectors that impacted the performance were Financials and IT. In the Financials sector all the banks performed strongly but as the Fund is underweight in banks (no ANZ or CBA) this negatively affected performance. Conversely, the Fund is overweight in the IT sector which underperformed over the quarter. Fixed Income returned -0.8%, in-line with the benchmark, as bond yields steeply increased over the quarter on the back of inflation concerns.

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