

Dear investor

Half-yearly statements for your investments as at 31 December 2011 are being made available.

Together with your statement we have provided commentary on key aspects of the Australian and global economy and the current and future positioning of the fund's investments (australianethical.com.au/annual-reports-managed-funds).

For the six months to 31 December 2011, market sentiment towards the global economy weakened and this was the major influence in driving stock markets lower.

While this negative sentiment, both here and overseas, has had a negative impact across equity markets, we continue to find and invest in well valued ethical companies that are driving positive social and environmental outcomes with their products and services.

Sentiment is a key driver of short-term investment prices, but the core vision of how we invest your money has not changed – we seek out companies that are producing goods and services which have, and continue to have, a positive beneficial impact on the community, people (workers and consumers), the natural environment, food and energy production, healthcare, education and technology.

We strongly believe that the value of such investments will deliver increasing investment returns for you. There are positive signs already in the early part of 2012 as sentiment in overseas economies improves.

Please visit our website (australianethical.com.au/who-we-invest-in) to find out more about how we manage your investments and do not hesitate to contact us if you have any queries or wish to discuss any matters – your feedback is always welcome.

Yours faithfully



Phil Vernon
Managing Director
Australian Ethical Investment Ltd