

Australian Ethical Balanced Fund (Wholesale)

FUND PROFILE - 31 DECEMBER 2020

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: \$135.55m

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%

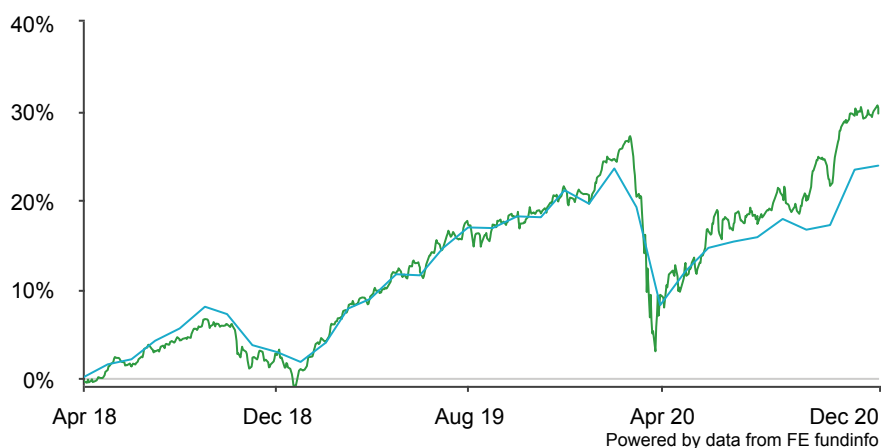
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 31/12/2020)



■ Australian Ethical Balanced
■ Benchmark

Performance (as at 31/12/2020)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.2%	8.2%	10.5%	8.5%	-	-	-	9.9%
Benchmark	0.4%	6.2%	7.4%	3.6%	-	-	-	8.1%

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

INVESTA PROPERTY GROUP	4.2%
HEALTHCARE WHOLESALE PROPERTY FUND - 3.5% ORDINARY UNITS	
MICROSOFT CORP	1.1%
AUSTRALIAN GOVERNMENT 5-75 15/05/2021	1.0%
NATIONAL AUSTRALIA BANK	0.9%
CONTACT ENERGY LTD	0.8%
WESTPAC BANKING CORPORATION ORD F/ PD SHARES	0.8%
ALPHABET INC-CL A	0.8%
PILBARA MINERALS LTD	0.7%
AUSTRALIAN GOVERNMENT 2-5 SER 155 21/05/2030	0.7%

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

AEST Monday-Friday on:

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Asset allocation

	Australian & NZ Shares	34.1%
	International Shares	25.4%
	Australian Fixed Interest	22.9%
	Property	8.2%
	Alternative Assets	1.6%
	Cash, FRN's and short duration fixed interest	7.9%



Commentary

The December quarter was a strong quarter for equity markets, with most major markets rising over 10%. The MSCI World rose 12.5% over the 3-month period. This was largely driven by the S&P 500, which rose 12.1%, however most major markets saw similar returns, including the S&P/ASX 200 up 13.7%, the FTSE 100 up 10.9%, the MSCI Europe ex UK up 10.2% and MSCI Asia rising 14.9%. Progress on the development of a COVID-19 vaccine, Biden's election victory and the anticipation of further fiscal stimulus were the main drivers of investor optimism.

The Balanced Fund returned 7.9% (Wholesale Fund 8.2%) over the 3-month period, outperforming its benchmark by 1.7% (2.0% Wholesale Fund). The Fund's Domestic Equities portfolio was the main driver of performance, returning 18.6% against its benchmark return of 13.7%. Financials were a significant contributor to performance, with banks recovering strongly over the quarter. Materials also contributed, driven by Pilbara Minerals, which benefited from an improved outlook for the demand for lithium as electric carmakers ramp up production, driving the stock up 187%.

The International Equities portfolio returned 7.4% against its benchmark return of 5.7%. Financials, Industrials and IT were the main contributors to performance. The Fund's Property holdings returned 4.1%, outperforming its benchmark by 1.8%, as the portfolio's healthcare exposure benefited from increased investor interest in the sector. Fixed Income had a slight negative return with bond yields ending the quarter slightly higher as the macro outlook improved.

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