

Australian Ethical Diversified Shares Fund

Fund Profile - 30 June 2021

Australian Ethical



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 through investment in listed companies on Australian and international stock exchanges that meet the Australian Ethical Charter.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.05%/0.05%

Fund facts

Fund size: \$15.74m

Benchmark: Australian Ethical Diversified Shares Composite

Asset class: Equity

Inception date: 03/11/1997

Minimum investment timeframe: 7 Years

Risk level: High

Identifiers

ISIN code: AU60AUG00044

APIR code: AUG0004AU

Distributions

Frequency: 2

Dates: 30/06, 31/12

Fees

Management costs - PDS: 1.39%

Minimum initial investment: \$1,000
\$500 with a Regular investor plan

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)

Investment strategy

The opportunity to invest in a diversified share portfolio of Australian and international companies on the basis of their social, environmental and financial credentials. Generally, all Australian investments will have a market capitalisation greater than the 200th ranked stock listed on the ASX. The Fund has a low level of turnover and aims to be fully invested at all times.

Cumulative performance (as at 30/06/2021)



■ Australian Ethical Diversified Shares
■ Benchmark

Performance (as at 30/06/2021)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	4.4%	9.1%	12.7%	30.4%	12.0%	10.7%	11.2%	8.7%
Benchmark	2.9%	8.6%	13.7%	27.8%	11.0%	11.2%	12.4%	8.4%

Calendar Performance (as at end 2020)

	CY2020	CY2019	CY2018	CY2017	CY2016
Fund	7.1%	22.7%	-3.1%	11.9%	5.9%
Benchmark	2.7%	24.7%	-2.8%	10.2%	7.1%

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.

Top 10

WESTPAC BANKING CORPORATION ORD F/PD SHARES	1.8%
CSL LIMITED	1.8%
NATIONAL AUSTRALIA BANK	1.7%
TELSTRA CORPORATION LTD	1.6%
GOODMAN GROUP	1.5%
RESMED INC	1.4%
COCHLEAR LTD	1.3%
XERO LTD	1.3%
BORAL LIMITED	1.2%
BRAMBLES LIMITED ORDINARY FULLY PAID	1.2%

Ratings and awards

RIAA rating:



CERTIFIED BY RIAA

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.

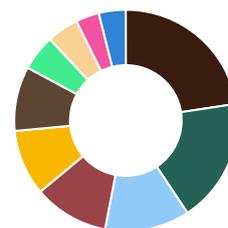
Promote human rights: We strive to avoid any investment in companies involved in the poor treatment of asylum seekers or the exploitation of workers through poor working conditions.

Need Help?

Contact us between 9:00am-5:00pm AEST Monday-Friday on:
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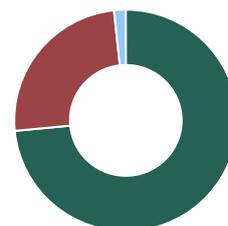
Sector allocation

Financials	22.6%
Information Technology	18.1%
Health Care	12.3%
Communication Services	10.9%
Real Estate	9.6%
Industrials	9.4%
Materials	5.2%
Utilities	4.6%
Consumer Discretionary	3.4%
Other	3.9%



Asset allocation

Australian & NZ Small Cap	73.5%
International Shares	24.8%
Cash	1.7%



Commentary

Global markets posted another strong quarter with the MSCI World Index appreciating 7.7%. This was driven by the US where the S&P 500 rose 8.6%, and closely followed by Europe (MSCI Europe ex UK) which rose 7.1%. Australia kept pace, the ASX 200 was up 8.3% driven by cyclicals. In Asia performance was subdued relative to other regions; including the Nikkei which was down 1.2%. Performance in global equity markets was driven by improved economic activity, the roll out of the vaccination program and strong monetary and fiscal support. This improved economic activity was reflected in a rising Purchasing Managers' Index. Unemployment rates have fallen faster than anticipated, and YoY Inflation rates have continued to rise – prompting investors to pay close attention to how Central Banks will react. However, despite the inflation concerns bond yields fell over the quarter with questions remaining around whether the rise in inflation will be sustained.

The Diversified Shares Fund appreciated 9.1% (Wholesale class: 9.3%) over the June quarter relative to its benchmark which increased 8.6%, resulting in outperformance of 0.94%. The domestic portfolio of the Fund increased by 7.26% versus its benchmark ASX200 which increased 6.26%, resulting in outperformance of 1% (before fees). The international portfolio underperformed its benchmark, returning 2.28% versus 2.33%. The Australian equities market outperformed global markets, reversing the trend of the previous quarter.

In the domestic portfolio, the sectors contributing most to performance were IT, Communication Services and Real Estate. The Fund is substantially overweight in all of these sectors which was the main driver of the outperformance. The sectors that detracted performance were Consumer Discretionary, Financials and Consumer Staples. In Consumer Discretionary the Fund does not hold Wesfarmers or Aristocrat due to our ethical criteria and in the Financials sector the bank that performed strongly was CBA which we do not hold due to our ethical criteria.

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