

Australian Ethical Balanced Fund (Wholesale)

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 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: \$187.13m

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: 0.85%

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 30/06/2021)



■ Australian Ethical Balanced
■ Benchmark

Performance (as at 30/06/2021)

| | 1m | 3m | 6m | 1y | 3y | 5y | 10y | Since inception |
|-----------|------|------|------|-------|-------|----|-----|-----------------|
| Fund | 2.6% | 5.9% | 8.0% | 19.3% | 10.8% | - | - | 10.9% |
| Benchmark | 2.4% | 5.8% | 8.4% | 16.4% | 8.8% | - | - | 9.5% |

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 | 4.8% |
| INVESTA PROPERTY GROUP | 3.9% |
| AUSTRALIAN GOVERNMENT 0-25 SER159 21/11/2024 | 2.8% |
| MICROSOFT CORP | 1.2% |
| AUSTRALIAN GOVERNMENT 2-75 SER152 21/11/2028 | 1.0% |
| ALPHABET INC-CL A | 0.8% |
| WESTPAC BANKING CORPORATION ORD F/PD SHARES | 0.8% |
| NATIONAL AUSTRALIA BANK | 0.8% |
| COCHLEAR LTD | 0.7% |
| AUSTRALIAN GOVERNMENT 4-25 21/04/2026 | 0.6% |

Ratings and awards

RIAA rating:



UNPRI signatory:



Why invest ethically?

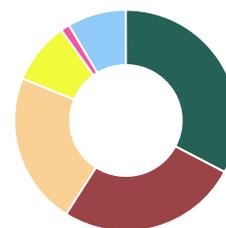
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.
Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.
Promote human rights: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

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Sydney NSW 2001

Asset allocation

| | |
|---------------------------|-------|
| Australian & NZ Small Cap | 32.7% |
| International Shares | 26.3% |
| Australian fixed interest | 22.2% |
| Property | 9.0% |
| Alternative Assets | 1.3% |
| Cash | 8.5% |



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 Balanced Fund returned 5.7% (Wholesale class: 5.9%) over the quarter, driven by the equity's portfolio. The Domestic Equities holdings were the largest contributor to performance, returning 10% against its benchmark, the S&P ASX 200, which returned 8.3%. Materials led the outperformance where the portfolios lithium holdings, Pilbara Minerals and Orocobre, appreciated 38.8% and 35.9% respectively. The portfolio's overweight to the Information Technology sector was another strong contributor to outperformance, returning 13.7% against the benchmark return of 12.1%.

The International Equities portfolio returned 9.1%, slightly underperforming its benchmark, the MSCI World Index ex AU, which returned 9.3%. The sectors contributing the most to the Fund's performance were Industrials, IT and Communication Services sectors, where the Fund has overweight positions.

The Fixed Income portfolio appreciated 1.5%, 0.06% behind its benchmark, resulting from a reversal of the yield rises that occurred in the March quarter on the back of inflation concerns.

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