

Australian Ethical High Conviction Fund

Australian
Ethical



Fund ticker: AEAE
Fund Profile - 31 March 2022

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

The Fund aims to provide long term capital growth and income from focusing on a relatively concentrated portfolio of Australian and NZ companies that meet the Australian Ethical Charter.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.20%/0.20%

Fund facts

Fund size: \$2.74m

Benchmark: S&P/ASX 300 Accumulation

Asset class: Equity

Inception date: 01/10/2021

Minimum investment timeframe: 7 to 10 Years

Risk level: Very High

Identifiers

ISIN code: AU60AUG79196

APIR code: AUG7919AU

Distributions

Frequency: 2

Dates: 30/06, 30/12

Fees

Management costs - PDS: 0.80%

Performance fee: 15% max.

Minimum initial investment: \$25,000
No minimum applies for the AEAE ETF

Additional transactional and operational costs: 0.05%

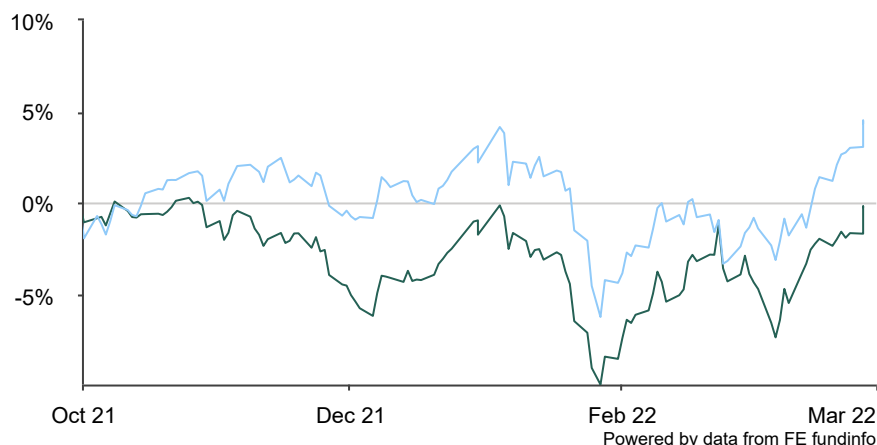
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(after tax, before bonus expense)

Investment strategy

The Fund primarily invests in a relatively concentrated share portfolio of companies predominately drawn from the S&P ASX 300 and selected on the basis of their social, environmental and financial credentials. The Fund utilises an active bottom up stock-picking and benchmark unaware management approach.

Cumulative performance (as at 31/03/2022)



■ Australian Ethical High Conviction
■ Benchmark

Performance (as at 31/03/2022)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	3.8%	1.5%	-0.2%	-	-	-	-	-0.2%
Benchmark	6.9%	2.1%	4.3%	-	-	-	-	4.3%

Calendar Performance (as at end 2021)

	CY2021	CY2020	CY2019	CY2018	CY2017
Fund	-	-	-	-	-
Benchmark	-	-	-	-	-

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.

Australian Ethical High Conviction Fund

Australian Ethical



Fund ticker: AEAE
Fund Profile - 31 March 2022

Top 10

BANK OF QUEENSLAND LIMITED	7.1%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	6.1%
SUNCORP GROUP LIMITED	5.8%
FLETCHER BUILDING LIMITED	4.7%
TELSTRA CORPORATION LTD	4.6%
COLES GROUP LTD	4.5%
TPG TELECOM LTD TPM-VHA MERGED COMPANY DEFERRED DELIVERY	4.5%
CONTACT ENERGY LTD	4.1%
BENDIGO AND ADELAIDE BANK LIMITED	4.1%
ORORA LTD	3.9%

Ratings and awards

RIAA

Certification:



CERTIFIED BY RIAA

Why invest ethically?

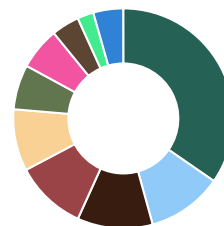
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers. **Help build a better world:** Invest in the new, low - carbon economy, fund medical and technology breakthroughs, efficient transport and more. **Promote human 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 Monday-Friday on:
T 1800 021 227
F 02 9252 1987
E investors@australianethical.com.au
W australianethical.com.au
 Australian Ethical Investment Ltd
 c/o Boardroom Pty Ltd
 GPO Box 3993
 Sydney NSW 2001

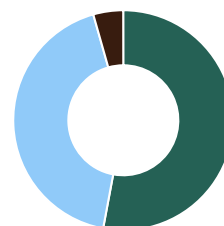
Sector allocation

Financials	34.7%
Materials	11.1%
Consumer Staples	11.1%
Health Care	10.5%
Communication Services	9.1%
Industrials	6.6%
Information Technology	6.2%
Utilities	4.1%
Consumer Discretionary	2.4%
Other	4.4%



Asset allocation

Australian & NZ Large Cap	53.0%
Australian & NZ Small Cap	42.7%
Cash	4.4%



Commentary

The market continues to be volatile – COVID is still an evolving virus that could continue to spark widespread lockdowns, as evidenced by recent actions to lock down significant portions of the population in China; Russia’s invasion of the Ukraine increases the probability of recently unfathomable tail risks such as nuclear war and the inflation and interest rate regime that has become entrenched over 30 years may be at a tipping point. Again this quarter, the market measure of “fear”, the VIX index, has traded through a wide range with each headline– starting the year at relatively benign reading of 16, before peaking at 35 at the start of March following the commencement of hostilities in the Ukraine and then receding back to recent average of 20.

The Fund added 1.5% over the quarter versus the ASX 300 benchmark return of 2.1%. The Fund’s avoidance of carbon intensive activities in the energy and materials was a detractor from returns during the quarter. Small caps also underperformed large caps during the quarter. By sector, financials were the strongest contributor, in particular Genworth, which announced a special dividend with its result. Other notable positives were metal recycler Sims Group, packaging company Orora as well as Cochlear in the healthcare sector, all of which delivered above expectations results. Outside of resources, detractors included Healius (as the market factored in some normalisation in COVID testing volumes) and Fletcher Building, which slipped in spite of a robust set of results. There were several changes to the portfolio during the quarter including the divestment of NIB and the addition of QBE after the latter delivered a below expectations result, affording the opportunity to buy at an attractive price. The Fund continues to be relatively defensively positioned and oriented towards more mature companies with strong balance sheets.

Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) is the Responsible Entity of the Australian Ethical managed funds. This information is of a general nature and is not intended to provide you with financial advice or take into account your personal objectives, financial situation or needs. Before acting on the information, consider its appropriateness to your circumstances and read the Financial Services Guide (FSG) and relevant product disclosure statement (PDS) available at www.australianethical.com.au/managedfunds/pds. You may wish to seek independent financial advice from a licensed financial adviser before making an investment decision. The performance of your investment in the Australian Ethical is not guaranteed; past performance is not a reliable indicator of future performance. The information contained in this document is believed to be accurate at the time of compilation.

Where MSCI data is used, data is the property of MSCI. No use or distribution without written consent. Data provided “as is” without any warranties. MSCI assumes no liability for or in connection with the data. For full MSCI and RIAA disclaimer, please see <https://www.australianethical.com.au/sources/>