

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 by investing in small capitalisation companies that meet the Australian Ethical Charter.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.15%/0.15%

Fund facts

Fund size: \$197.69m

Benchmark: S&P ASX Small Industrials

Asset class: Equity

Inception date: 30/06/2015

Minimum investment timeframe: 7 Years

Risk level: Very high

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Identifiers

ISIN code: AU60AUG00275

APIR code: AUG0027AU

Distributions

Frequency: 2

Dates: 30/06, 31/12

Fees

Management costs - PDS: 1.20%

Performance fee: 20%

Minimum initial investment: \$25,000

Additional transactional and operational costs: 0.01%

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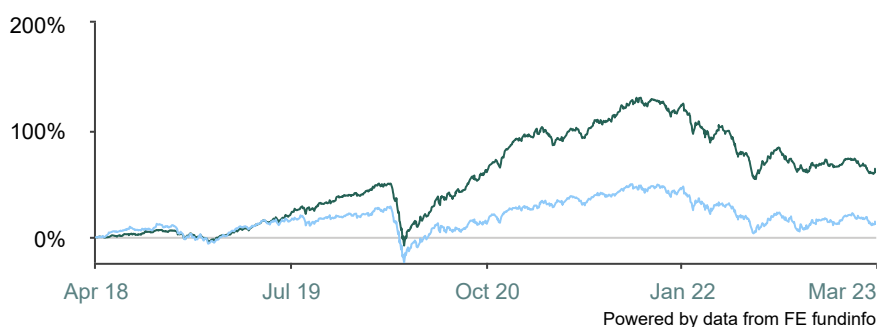
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Investment strategy

The opportunity to invest in a diversified portfolio of shares in small capitalisation companies on the basis of their social, environmental and financial credentials. The Fund utilises an active stock-picking management style with stocks selected for growth rather than income. All stocks are chosen on the basis of relative value where we deem the risks are being adequately priced.

Cumulative performance (as at 31/03/2023)



■ Australian Ethical Emerging Companies
■ S&P/ASX Small Indust.

Performance (as at 31/03/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	-2.9%	-1.3%	0.9%	-19.3%	16.1%	10.2%	-	11.9%
S&P/ASX Small Indust.	-3.0%	1.3%	8.0%	-12.8%	9.3%	2.6%	-	5.7%

Calendar Performance (as at end 2022)

	CY2022	CY2021	CY2020	CY2019	CY2018
Fund	-25.4%	14.9%	35.9%	45.7%	-1.8%
S&P/ASX Small Indust.	-21.8%	13.7%	5.9%	24.5%	-6.5%

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.

*(after tax, before bonus expense)

australianethical.com.au

Australian Ethical Emerging Companies (Wholesale) Fund

Fund Profile - 31 March 2023

Australian
Ethical



Top 10

CONTACT ENERGY LTD	4.6%
MERIDIAN ENERGY LIMITED -PARTIAL PAID SHARE	3.6%
DOMAIN HOLDINGS AUSTRALIA LIMITED	3.2%
AUSSIE BROADBAND PTY LTD	3.2%
MERCURY NZ LTD	3.2%
NUIX LTD	3.2%
CAPITOL HEALTH LTD	2.8%
GENTRACK GROUP LTD	2.7%
MACH7 TECHNOLOGIES LTD	2.6%
MACQUARIE TELECOM GROUP LTD ORD F/PD DS	2.6%

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

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W australianethical.com.au

Australian Ethical Investment Ltd

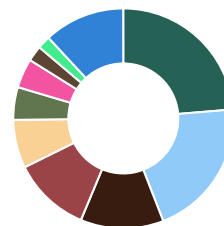
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

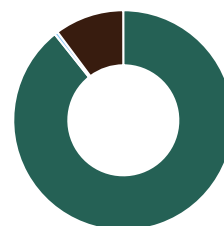
Sector allocation

Information Technology	23.7%
Health Care	20.4%
Financials	12.2%
Utilities	11.4%
Communication Services	7.1%
Consumer Discretionary	4.8%
Consumer Staples	4.3%
Industrials	2.3%
Materials	1.9%
Other	11.9%



Asset allocation

Australian & NZ Small Cap	89.3%
Australian & NZ Large Cap	0.5%
Cash	10.2%



Commentary

Despite the ongoing conflict in Ukraine, persistent inflation and the collapse of 3 banks in the US and Credit Suisse in Europe, equity markets rallied through the quarter. The MSCI World rose 7.0% over the March quarter in local currency terms with the S&P 500, MSCI Europe and the Nikkei all up by between 7-8%. The tech heavy NASDAQ composite index was up 16.8%, having fallen by 33.1% in the 2022 calendar year. The recovery in equity markets appears to be driven by an expectation that interest rates are nearing their peak, and that Central Banks will manage to avoid a deep recession. The rebound in equities contrasted with the story being told in bond markets with the banking crisis signalling to bond investors a greater risk of something breaking in the economy.

The Emerging Companies Fund (Wholesale) fell 1.3% net of fees in the quarter ended 31 March 2023, underperforming its benchmark which rose 1.3%. Over the last quarter, global inflation numbers have moderated resulting in forward-looking central bank interest rate expectations falling. This is a very positive development for investors, albeit the jury is still out on how long it will take to get inflation really under control. The Fund has a small-cap strategy with investments spread across small and microcap companies in Australia and New Zealand. The underperformance is attributed to being significantly underweight in Consumer Discretionary stocks with travel related stocks performing very strongly. At a sector level, Healthcare and Information Technology detracted from performance, while holding a zero weighting in real-estate was a positive contributor. The Fund cash position remains elevated, and we are looking to opportunistically deploy this capital.

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