

Australian Ethical High Conviction Fund

Australian
Ethical



Fund ticker: AEAE
Fund Profile - 31 March 2023

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: \$6.49m
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%
Minimum initial investment: \$25,000
No minimum applies for the AEAE ETF
Additional transactional and operational costs: 0.05%

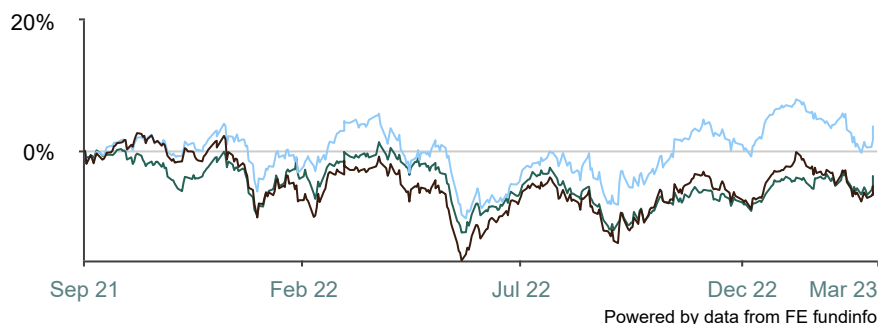
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 31/03/2023)



- Australian Ethical High Conviction
- Australian Ethical S&P/ASX 300 Accumulation
- S&P/ASX 300 Indust.s Acc.

Performance (as at 31/03/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	0.3%	4.7%	9.5%	-3.6%	-	-	-	-2.6%
Australian Ethical S&P/ASX 300 Accumulation	-0.2%	3.3%	12.8%	-0.6%	-	-	-	2.5%
S&P/ASX 300 Indust.s Acc.	-2.2%	2.3%	9.7%	-3.2%	-	-	-	-3.7%

Calendar Performance (as at end 2022)

	CY2022	CY2021	CY2020	CY2019	CY2018
Fund	-6.5%	-	-	-	-
Australian Ethical S&P/ASX 300 Accumulation	-1.8%	-	-	-	-
S&P/ASX 300 Indust.s Acc.	-8.0%	-	-	-	-

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

SUNCORP GROUP LIMITED	6.3%
CONTACT ENERGY LTD	5.3%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	5.2%
TELSTRA GROUP LIMITED	5.0%
ANSELL LIMITED	4.8%
ORORA LTD	4.7%
COLES GROUP LTD	4.5%
QBE INSURANCE GROUP LIMITED	4.4%
HEALIUS LTD	4.4%
BANK OF QUEENSLAND LIMITED	3.9%

Ratings and awards

RIAA

Certification:



CERTIFIED BY RIAA

Why invest ethically?

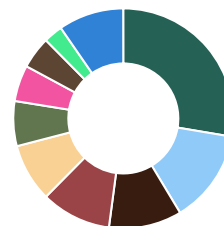
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.
Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.
Promote human rights: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

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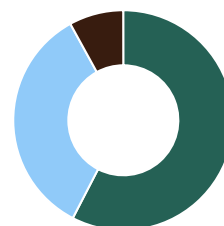
Sector allocation

Financials	27.6%
Health Care	13.7%
Communication Services	10.7%
Materials	10.3%
Industrials	8.5%
Consumer Staples	6.6%
Utilities	5.3%
Real Estate	4.7%
Consumer Discretionary	2.8%
Other	9.6%



Asset allocation

Australian & NZ Large Cap	57.6%
Australian & NZ Small Cap	34.4%
Cash	8.0%



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 High Conviction Fund (Wholesale) (the 'Fund') increased 4.7% net of fees in the quarter ended 31 March 2023, outperforming its benchmark, which increased 3.3%. The Financials sector was the top contributor to the Fund's quarterly performance, benefiting from an overweight position in the Insurers and an underweight position in the Banks. Bank stocks fell on concerns over the near-term outlook for volume growth and margins, while the collapse of Silicon Valley Bank and Credit Suisse negatively impacted global sentiment. Conversely, the Insurers added value with Medibank Private and QBE performing well. The Information Technology and Communication Services sectors also contributed positively during the quarter. Detracting from performance was the Healthcare sector, with Ansell underperforming following a soft earnings result. The underweight positions in the Consumer Discretionary and Materials sectors (in line with our Ethical Charter) also negatively impacted due to outperformance of those sectors during the quarter.

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