

Australian Ethical High Conviction Fund

Australian
Ethical



Fund ticker: AEAE

Fund Profile - 30 September 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: \$6.71m

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%

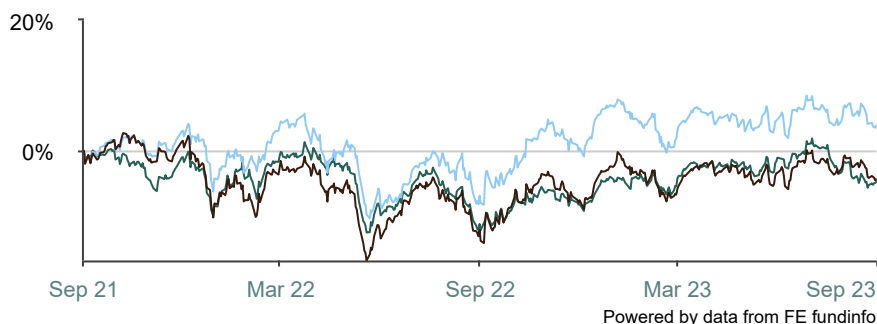
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 30/09/2023)



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

Performance (as at 30/09/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	-3.1%	-3.8%	-0.9%	8.4%	-	-	-	-2.4%
Australian Ethical S&P/ASX 300 Accumulation	-2.9%	-0.8%	0.1%	12.9%	-	-	-	1.9%
S&P/ASX 300 Indust.s Acc.	-3.7%	-1.1%	1.1%	10.9%	-	-	-	-2.2%

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.

Australian Ethical High Conviction Fund

Fund ticker: AEAE
Fund Profile - 30 September 2023

Australian
Ethical



Top 10

SUNCORP GROUP LIMITED	6.6%
ORORA LTD	6.3%
CONTACT ENERGY LTD	5.9%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	5.4%
RESMED INC	4.9%
TPG TELECOM LTD TPM-VHA MERGED COMPANY DEFERRED DELIVERY	4.6%
BANK OF QUEENSLAND LIMITED	4.4%
PEXA GROUP LTD	4.3%
DOWNER EDI LIMITED	4.3%
FLETCHER BUILDING LIMITED	4.1%

Ratings and awards

RIAA

Certification:



CERTIFIED BY RIAA

Why invest ethically?

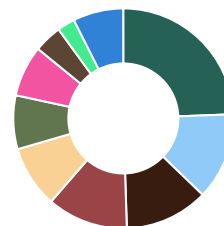
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.
Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.
Promote human rights: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

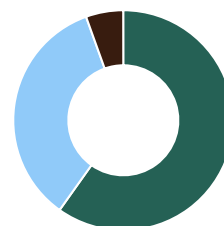
Sector allocation

Financials	24.4%
Health Care	12.8%
Materials	12.3%
Communication Services	11.9%
Industrials	9.1%
Utilities	7.9%
Real Estate	7.5%
Consumer Staples	4.1%
Consumer Discretionary	2.6%
Other	7.4%



Asset allocation

Australian & NZ Large Cap	59.9%
Australian & NZ Small Cap	34.7%
Cash	5.5%



Commentary

Both equity and bond markets fell over the quarter. Underpinning these declines was a move higher in the yield curve, with the US 10-year government bond yield increasing 76bps, exceeding 15 year highs. With inflation remaining stubbornly above the Fed's target of 2-3%, unemployment still below 4% and the oil price on the rise again, markets are repositioning for rates to remain relatively high compared to recent history over the longer term.

The Australian Ethical High Conviction Fund (Wholesale Trust with Perf Fee) underperformed its benchmark (the S&P/ASX 300) over the September 2023 quarter by 2.9%.

The market's two best performing sectors for the quarter, Energy and Consumer Discretionary, were negative detractors from performance given the portfolio's underweight position in both. Energy stocks benefited from a 30% rise in oil prices during the quarter due to supply cuts from key producers. Consumer Discretionary stocks performed well despite concerns over the outlook for the consumer, as FY23 results held up better than expected while balance sheets remain relatively strong. Healthcare was the weakest sector in the market during the quarter (-8.6%) and was the biggest detractor from performance. Healius continues to struggle in the short-term with lower GP volumes post Covid. We added Resmed to the portfolio during the quarter, which we believe has been oversold on market concerns regarding the potential impact of obesity drugs on its customer base. Communication Services was the best contributing sector to performance during the quarter, driven by positive performance in TPG Telecom and Domain. TPG was the subject of an indicative, non-binding offer from Vocus Group for part of its business. Domain benefited from a strengthening property market that should drive strong revenue growth in FY24. The Utilities sector also provided some defensive support for the portfolio with Contact Energy delivering a good result and positive outlook for the year ahead.

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) and target market determination (TMD) 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/>