

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: \$220.00m

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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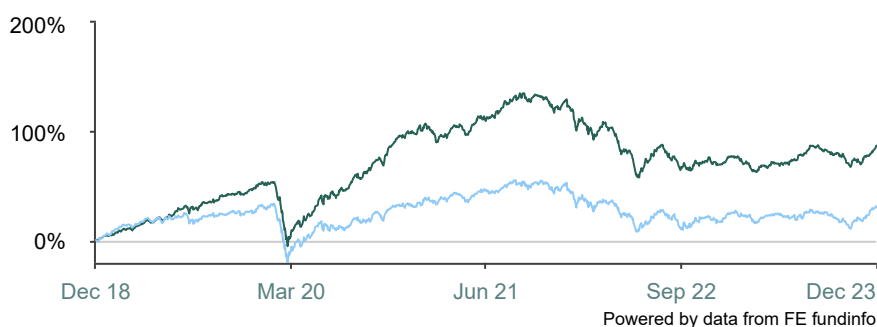
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Investment strategy

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 31/12/2023)



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

Performance (as at 31/12/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	6.2%	3.7%	5.0%	10.2%	-1.9%	13.3%	-	12.3%
S&P/ASX Small Indust.	8.5%	9.5%	7.4%	11.4%	-0.3%	5.5%	-	6.3%

Calendar Performance (as at end 2023)

	CY2023	CY2022	CY2021	CY2020	CY2019
Fund	10.2%	-25.4%	14.9%	35.9%	45.7%
S&P/ASX Small Indust.	11.4%	-21.8%	13.7%	5.9%	24.5%

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)

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Australian Ethical Emerging Companies (Wholesale) Fund

Fund Profile - 31 December 2023

Australian
Ethical



Top 10

GENTRACK GROUP LTD	4.2%
CONTACT ENERGY LTD	4.1%
NUIX LTD	3.8%
AUSSIE BROADBAND PTY LTD	3.6%
MERIDIAN ENERGY LIMITED -PARTIAL PAID SHARE	3.3%
ANSARADA GROUP LIMITED	3.2%
MACQUARIE TECHNOLOGY GROUP LTD ORD F/PD DS	3.0%
MACH7 TECHNOLOGIES LTD	3.0%
MERCURY NZ LTD	2.9%
DOMAIN HOLDINGS AUSTRALIA LIMITED	2.8%

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:

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Australian Ethical Investment Ltd

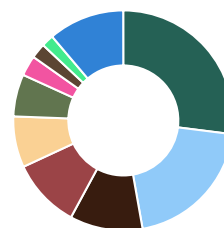
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

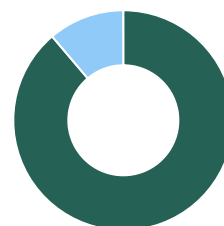
Sector allocation

Information Technology	27.0%
Health Care	20.2%
Financials	10.7%
Utilities	10.2%
Consumer Discretionary	7.5%
Communication Services	6.2%
Industrials	3.0%
Real Estate	2.2%
Materials	1.8%
Other	11.2%



Asset allocation

Australian & NZ Small Cap	88.8%
Cash	11.2%



Commentary

Equity markets continued to rise over the quarter, with the MSCI World index returning 9.8% (as measured in local currency). Markets were buoyed by an anticipated start to a rate cutting cycle, in particular by the Fed, with a series of rate cuts priced in for 2024. The Australian 10-year Government bond fell 53bps over the quarter to 3.96%, while the US 10-year fell 69bps to 3.88%. So far, a soft landing, while historically unlikely, remains a possibility, with inflation in much of the developed world approaching their target ranges, while employment has remained resilient. The rate sensitive information technology sector led equity markets, appreciating 11.0% over the quarter to finish up 55.9% for the full year. The Emerging Companies Fund (Wholesale) underperformed its benchmark (the S&P/ASX Small Industrials) by 5.8% over the December Quarter. Stock selection in the Fund's small and microcap names as well as elevated cash holdings both detracted from investment performance in a strongly performing domestic market. Our Healthcare names detracted with pathology company Healius being forced into a deeply discounted equity capital, while medical device company Cyclopharm fell on anticipated costs of launching in the USA. Our holding in Aussie Broadband detracted from investment performance after producing a stellar September quarter. Our underweight toward real-estate detracted as commercial property rallied on a more sanguine interest rate outlook. The Fund is currently holding elevated cash holdings.

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