

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 profits¹ are distributed to charitable organisations and social impact initiatives through The Australian Ethical Foundation.

Investment objective

Our Australian Shares SMA offers clients the opportunity to invest in a portfolio of Australian companies that aligns with their own values – we restrict companies that cause unnecessary harm to people, animals, society and the environment and seek out positive, future-building companies across healthcare, technology, utilities and finance. The Portfolio aims to exceed the return of the S&P ASX300 Total Return Index after taking into account management expenses over a 7 year period.

Investment strategy

We apply ethical screening and fundamental investment analysis to give clients a responsible alternative to mainstream equity portfolios – all within the flexible and transparent structure of an SMA. Leveraging the team, process and 20 plus year track record² of our award-winning³ Australian Shares Fund, it provides a concentrated portfolio of 15 to 30 holdings with a large cap bias, and is shaped by our Ethical Charter.

Portfolio facts

Benchmark:	S&P ASX 300
Asset class:	Australian equities
Inception date:	16/04/2020
Minimum investment timeframe:	7 Years
Typical number of stocks:	15-30
Risk level:	High

Fees

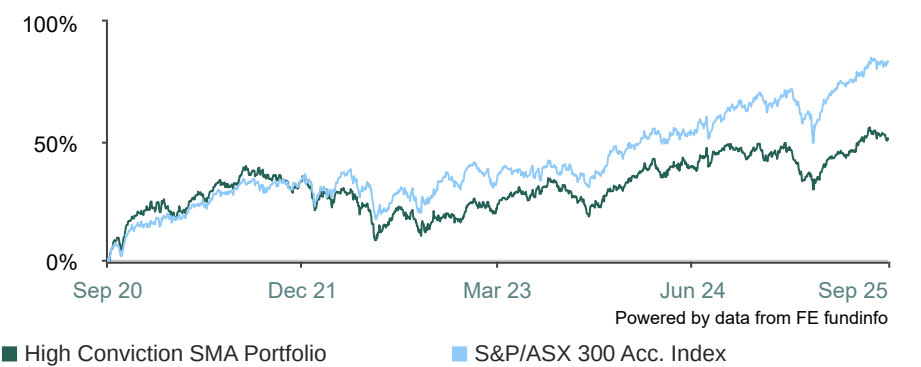
MER:	0.69%
Minimum initial investment:	\$25,000

¹(after tax, before bonus expense).
²Past performance is not a reliable indicator of future performance.
³Please refer to our website for the specific awards we have won, including the specific categories.

Platform availability

- Hub 24
- Netwealth
- Praemium

Cumulative performance (as at 30/09/2025)

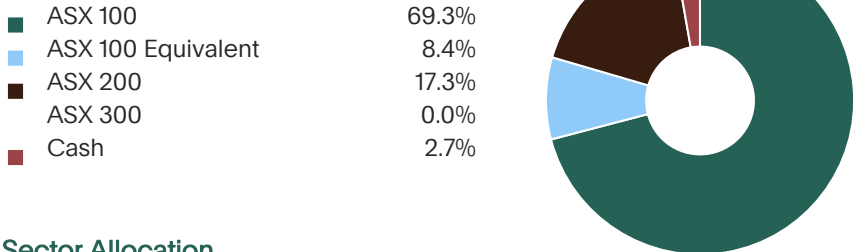


Performance ⁴ (as at 30/09/2025)

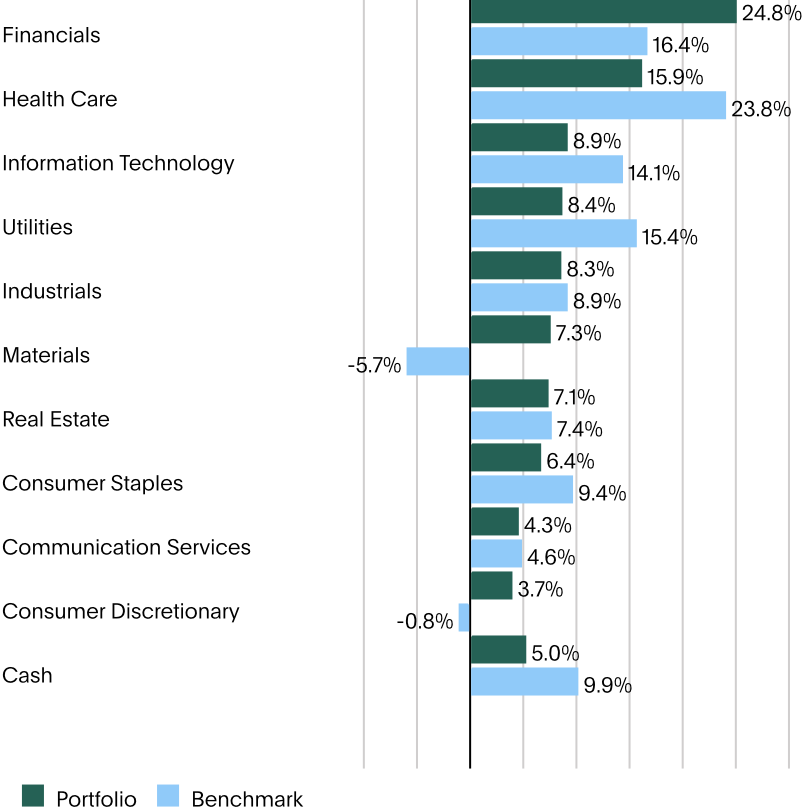
	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Portfolio ⁵	-2.2%	3.9%	11.7%	2.6%	10.6%	8.6%	-	11.0%
Benchmark	-0.7%	5.0%	14.9%	10.8%	15.0%	12.9%	9.9%	13.6%

⁴Past performance is not a reliable indicator of future performance.
⁵Based on gross performance before management fees.

Asset allocation



Sector Allocation



Top 3 contributors to Portfolio return

Graincorp
12.6%
Nuix
10.2%
Siteminder
4.3%

Top 3 detractors from Portfolio return

IPH Group
-21.9%
WEB Travel
-10.4%
CAR Group
-8.1%

Portfolio activity

Additions to the Portfolio

- Goodman Group
- Graincorp
- Sims Ltd.

Removals from the Portfolio

- Insurance Australia Group
- Meridian Energy

Ratings

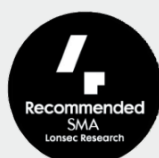
RIAA

Certification:



Lonsec

rating:



Need Help?

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Commentary

The High Conviction Portfolio delivered a +3.9% return (gross) for the September quarter, compared to the benchmark – the ASX 300 Accumulation Index – which recorded a return of +5.0%, and the portfolio's alternative benchmark – the ASX 300 Industrials Accumulation Index – which recorded a return of +1.2%.

With equity market valuations remaining elevated, particularly in some of the largest cap names, the September quarter saw small cap indices outperform their larger cap peers as investors began to refocus on areas of the market where valuations remain more attractive. While cognizant of liquidity considerations, the Portfolio has selected investments outside of the ASX 100 where we see attractive valuation opportunities. The Technology sector is one area of focus in this regard, with small to mid-cap technology companies like Pexa (+15%), Siteminder (+63%), and Nuix (+34%) delivering strong performance during the quarter, while their larger cap tech peers underperformed. Within Consumer Staples, the recent addition of Graincorp (+19%) to the portfolio during the quarter paid dividends as conditions appear favourable for upcoming harvests.

Within Financials, the Portfolio maintains an underweight position relative to the benchmark, and the decision not to own CBA (-8%) on valuation grounds contributed to relative performance as the stock underperformed following a strong year in FY25. Another positive contributor was the decision to own Coles (+13%) and not Woolworths (-13%) with Coles continuing to execute strongly.

Detracting from performance was the Materials sector (+21%), which significantly outperformed during the quarter as investor interest returned to the sector. The big miners benefited, while a strong rally in the gold price drove gold miners higher. This was a material headwind for the portfolio (-1.8%) given our natural underweight position to these companies. Excluding the impact of the resource sector, the Fund outperformed the ASX 300 Industrials index by +2.7%.

The Fund's overweight position in the Healthcare sector was also a detractor during the quarter (-10%), with the sector the worst performing in the market. We attribute some of this to the uncertainty caused by possible tariffs and other costs imposed in the US market, however CSL (-16%) was a surprising disappointment during earnings result season that negatively impacted the Portfolio. Nevertheless, we believe earnings growth will accelerate and with the stock now trading at a discount to the market, CSL is fundamentally too cheap in our view and we have continued to build our position.

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