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 through investment in listed companies on Australian and international stock exchanges that meet the Australian Ethical Charter.

**Price information**
- **Pricing frequency:** Daily
- **Buy/Sell spread:** 0.10%/0.10%

**Fund facts**
- **Fund size:** $12.14m
- **Benchmark:** Australian Ethical Diversified Shares Composite
- **Asset class:** Equity
- **Inception date:** 03/11/1997
- **Minimum investment timeframe:** 7 Years
- **Risk level:** High
- **ISIN code:** AU60AUG00044
- **APIR code:** AUG0004AU

**Identifiers**
- **ISIN code:** AU60AUG00044
- **APIR code:** AUG0004AU

**Distributions**
- **Frequency:** 2
- **Dates:** 30/06, 31/12

**Fees**
- **Management costs - PDS:** 1.90%
- **Minimum initial investment:** $1,000
- **Additional transactional and operational costs:** 0.00%

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](http://australianethical.com.au)

*(after tax, before bonus expense)

**Investment strategy**
The opportunity to invest in a diversified share portfolio of Australian and international companies on the basis of their social, environmental and financial credentials. Generally, all Australian investments will have a market capitalisation greater than the 200th ranked stock listed on the ASX. The Fund has a low level of turnover and aims to be fully invested at all times.

**Cumulative performance (as at 30/06/2019)**

**Performance (as at 30/06/2019)**

<table>
<thead>
<tr>
<th></th>
<th>1m</th>
<th>3m</th>
<th>6m</th>
<th>1y</th>
<th>3y</th>
<th>5y</th>
<th>10y</th>
<th>Since inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>3.1%</td>
<td>6.6%</td>
<td>19.6%</td>
<td>13.3%</td>
<td>10.3%</td>
<td>10.0%</td>
<td>9.3%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>3.6%</td>
<td>7.9%</td>
<td>18.1%</td>
<td>10.9%</td>
<td>11.3%</td>
<td>9.6%</td>
<td>12.1%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

**Calendar Performance (as at end 2018)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>-3.1%</td>
<td>11.9%</td>
<td>5.9%</td>
<td>6.3%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>-2.8%</td>
<td>10.2%</td>
<td>7.1%</td>
<td>9.0%</td>
<td>11.1%</td>
</tr>
</tbody>
</table>

Source: FE.

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.
Top 10

Westpac Banking Corporation 2.0%
CSL Limited 1.9%
National Australia Bank Limited 1.9%
Telstra Corporation Limited 1.9%
Goodman Group 1.5%
Resmed Inc CHESS Depositary Interests on a ratio of 10 CDIs per ord.sh 1.5%
Brambles Limited 1.5%
Insurance Australia Group Limited 1.5%
Dexus 1.3%
GPT Group 1.3%

Ratings and awards

RIAA rating: Certified by RIAA

UNPRI signatory:

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 between 9:00am-5:00pm AEST 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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financials</td>
<td>22.3%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>14.3%</td>
</tr>
<tr>
<td>Health Care</td>
<td>13.6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>12.0%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>11.6%</td>
</tr>
<tr>
<td>Communication Services</td>
<td>10.9%</td>
</tr>
<tr>
<td>Utilities</td>
<td>4.3%</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>4.0%</td>
</tr>
<tr>
<td>Materials</td>
<td>3.8%</td>
</tr>
<tr>
<td>Other</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Asset allocation

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian &amp; NZ Shares</td>
<td>73.5%</td>
</tr>
<tr>
<td>International Shares</td>
<td>24.9%</td>
</tr>
<tr>
<td>Cash</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Commentary

The ASX200 (+6.5%) and global equities markets (+5.3%) appreciated again over the June quarter, following a very strong March quarter. The Diversified Shares Fund returned 6.6% (6.9% Wholesale Fund) but underperformed its benchmark returning 7.9% for the June quarter. A positive outperformance by the international equities component of the portfolio was not enough to offset the domestic equities component’s underperformance.

The domestic equities component of the portfolio returned 7.8% (pre-fees), underperforming the ASX 200 by -0.9%. The re-election of the government boosted the overall market. The sectors driving the gains were IT, REITS (Real Estate Investment Trusts) and Utilities. In the IT sector, the strongest positive contributors were Nearmap (+35%), Appen (+26%) and Xero (+23%).

REITS continued to appreciate as investors were looking to gain yield in a low interest rate environment. The relative outperformance of this sector was due to a decline in the retail REITS segment, which the Fund does not hold due to ethical screening.

The sectors which declined were Financials and Materials. Financials underperformed due to banks recovering strongly as investors bought fully franked yields, but as the Fund is underweight in this sector, it resulted in underperformance. The underperformance in the Materials sector was due to stock selection.

The international equities portfolio outperformed its benchmark by 0.7% with this component of the portfolio appreciating 5.9% (before fees). The main markets where the Fund invests (US and Europe) all rebounded strongly in the month of June, offsetting the poor performance in the early part of the quarter due to the US-China trade war tensions. The Financial, Industrial and IT sectors were the top performers with the Fund overweight in these sectors. The detractors were Consumer Discretionary, Consumer Staples and Health Care.
Australian Ethical Diversified Shares Fund (Wholesale)

FUND PROFILE - 30 JUNE 2019

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Investment objective

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Price information

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<tr>
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<tbody>
<tr>
<td>Buy/Sell spread:</td>
<td>0.10%/0.10%</td>
</tr>
</tbody>
</table>

Fund facts

| Fund size: | $174.74m |
| Benchmark: | Australian Ethical Diversified Shares Composite |
| Asset class: | Equity |
| Inception date: | 23/01/2012 |
| Minimum investment timeframe: | 7 Years |
| Risk level: | High |

Identifiers

| ISIN code: | AU60AUG00192 |
| APIR code: | AUG0019AU |

Distributions

| Frequency: | 2 |
| Dates: | 30/06, 31/12 |

Fees

| Management costs - PDS: | 0.95% |
| Minimum initial investment: | $25,000 |
| Additional transactional and operational costs: | 0.00% |

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Investment strategy

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Cumulative performance (as at 30/06/2019)

![Cumulative performance chart]

Performance (as at 30/06/2019)

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<td>11.3%</td>
<td>-</td>
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<tbody>
<tr>
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<td>-1.9%</td>
<td>13.3%</td>
<td>7.3%</td>
<td>7.7%</td>
</tr>
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