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 investors with a balance between capital growth and a moderate level of income through a diversified portfolio of assets that supports the Australian Ethical Charter.

**Price information**
- **Pricing frequency:** Daily
- **Buy/Sell spread:** 0.05%/0.05%

**Fund facts**
- **Fund size:** $59.82m
- **Benchmark:** Australian Ethical Balanced Composite
- **Asset class:** Mixed Asset
- **Inception date:** 28/03/2018
- **Minimum investment timeframe:** 5 years
- **Risk level:** Medium-High

**Identifiers**
- **ISIN code:** AU60AUG00176
- **APIR code:** AUG0017AU

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

**Fees**
- **Management costs - PDS:** 0.91%
- **Minimum initial investment:** $25,000 minimum in the Fund and $500,000 investment across Australian Ethical’s managed funds.
- **Additional transactional and operational costs:** 0.04%

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)
Australian Ethical Balanced Fund (Wholesale)

FUND PROFILE - 30 SEPTEMBER 2019

Top 10

<table>
<thead>
<tr>
<th>Investment</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investa Commercial Property Fund</td>
<td>4.5%</td>
</tr>
<tr>
<td>Healthcare Wholesale Property Trust</td>
<td>4.2%</td>
</tr>
<tr>
<td>Morrison &amp; Co Growth Infrastructure Fund</td>
<td>1.4%</td>
</tr>
<tr>
<td>Westpac Banking Corporation</td>
<td>1.0%</td>
</tr>
<tr>
<td>Microsoft Corporation</td>
<td>1.0%</td>
</tr>
<tr>
<td>National Australia Bank Limited</td>
<td>0.9%</td>
</tr>
<tr>
<td>Government Of Australia 4.5% 15-apr-2020</td>
<td>0.9%</td>
</tr>
<tr>
<td>Government Of Australia 4.25% 21-apr-2026</td>
<td>0.8%</td>
</tr>
<tr>
<td>Government Of Australia 4.75% 21-apr-2027</td>
<td>0.8%</td>
</tr>
<tr>
<td>Government Of Australia 3.25% 21-apr-2029</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Ratings and awards

RIAA rating: [Image]

UNPRI signatory: [Image]

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.

Asset allocation

- Australian & NZ Shares: 32.6%
- International Shares: 26.6%
- Australian Fixed Interest: 23.1%
- Property: 8.8%
- Alternative Assets: 1.9%
- Cash, FRN’s and short duration fixed interest: 7.0%

Commentary

The Balanced Fund returned 2.9% after retail fees (3.2% after wholesale fees) over the quarter. The largest contributors to fund performance were the international and domestic equities portfolios which returned 4.3% and 3.9% respectively. Global Markets increased in the September quarter, with the MSCI World ex Australia index up 4.7%. US markets slumped as the Trump administration threatened a new 10% tariff on Chinese imports, but a subsequent delay prompted a recovery with the S&P500 up +1.2% over the quarter. Trade tensions, shifts in Central Bank policy and Brexit impacted the European markets, but the FTSE finished up 1.0%. The Hong Kong riots and US trade war weighed heavily on Asian markets (except Japan +2.3%). The Heng Seng finished down 8.6% for the quarter.

In Australia, the re-election of the government boosted the overall market, particularly housing which flowed onto better performance from the banks. The ASX200 was also boosted by the spike in the oil price due to the bombing incident in Saudi Arabia.

In the International Equities portfolio the biggest contributors to performance were utilities, which increased 13.1%, and real estate, up 8.3%, as investors chase yield and stability in a low interest rate, and volatile environment. Consumer discretionary (up 6%), and consumer staples (up 5.4%) were also strong contributors as US consumer sentiment showed positive signs.

Domestically the largest contributor to performance was stock selection in the communication services sector. While overall the sector declined by 3.2%, the fund’s holdings in the sector appreciated 5.3%, driven partly by REA Group which returned 13.4% as housing market sentiment improved.

The fixed interest portfolio benefited from further declines in bond yields, while the fund’s office property exposure benefited from capital appreciation as the sector continues to be attractive for investors due to strong tenant demand and a low yield environment.

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

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