

International Shares Fund

Monthly Report | March 2018

About International Shares Fund

- Only consists of companies that have passed Australian Ethical's positive and negative screens, based on the Ethical Charter.
- Certified by the Responsible Investment Association Australasia.



Performance Returns

	1 month (%)	3 months (%)	1 year (%)	2 years (% p.a.)	3 years (% p.a.)	5 years (% p.a.)	7 years (% p.a.)	10 years (% p.a.)	Since Inception (% p.a.)
Fund (Retail)*	-0.5	-0.7	11.0	11.1	6.0	15.0	7.9	3.3	1.9
Benchmark~	-0.5	0.8	13.3	13.3	6.9	16.5	13.8	8.0	5.7
Relative Performance	+0.0	-1.5	-2.3	-2.2	-0.9	-1.5	-5.9	-4.7	-3.8
Fund (Wholesale)*	-0.4	-0.4	12.2	12.2	n/a	n/a	n/a	n/a	8.3
Benchmark	-0.5	0.8	13.3	13.3	n/a	n/a	n/a	n/a	8.6
Relative Performance	+0.1	-1.2	-1.1	-1.1	n/a	n/a	n/a	n/a	-0.3
<i>Alternative benchmarks</i>									
MSCI World ex Australia (AUD) Net	-0.5	0.8	13.3	14.4	8.0	17.0	13.6	7.8	

* Inception Date (Retail): 13 June 2007

* Inception Date (Wholesale): 1 July 2015

~ Benchmark was changed from MSCI Global Climate to MSCI World ex Australia from 1 July 2016. Composite benchmark is calculated by linking the two index series.

^ MSCI Global Climate Index history started from 31 August 2010.

Past performance is not an indicator of future performance.

Investment Commentary

All the global equities markets reported significant declines in March following concerns of a trade war between China and the US after President Trump said he will impose a 10% tariff for imported aluminium and 25% for steel. The Dow Jones finished the month down 3.7% which more than offset gains in the first two months of the quarter, with the index finishing down 2.5% for the March quarter. The European markets followed the US lead down with the added news the Central Bank left interest rates unchanged but dropped its easing bias. Asian markets were mixed as some traded lower on the increasing trade tensions between China and the US but seemingly improved relations on the Korean Peninsula offset some of the decline.

The International shares portfolio underperformed its blended benchmark for the March quarter. The portfolio generated a negative return of -0.12% versus the benchmark return of 0.79% (pre fees). The fund is overweight the Financials sector and as the result of stock selection based on our Ethical Charter the sector contributed -0.53% versus the benchmark return of 0.04%. The other sector which dampened performance was the fund's underweight position in the Consumer Discretionary sector where the benchmark was a positive contribution of 0.48% versus the fund's contribution of -0.09%.

Our underweight positions in the Consumer Staples and Energy sectors based on the Ethical Charter selection process resulted in positive contributions of 0.36% and 0.21% respectively, however this performance was insufficient to offset the above declines.

Top Holdings

Microsoft Corporation	2.9%
Alphabet Inc. Class A	2.8%
Accenture Plc Class A	1.9%
American Express Company	1.8%
Legrand SA	1.6%
Northern Trust Corporation	1.6%
Telefonica SA	1.5%
Facebook, Inc. Class A	1.4%
Continental AG	1.4%
Prudential Financial, Inc.	1.4%

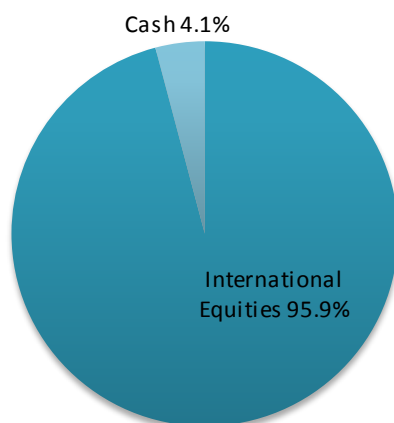
Our Ethical Approach

Australian Ethical is a specialist ethical fund manager. By investing responsibly in well-managed ethical companies, we believe we can deliver competitive financial performance to our clients and positive change to society and the environment.

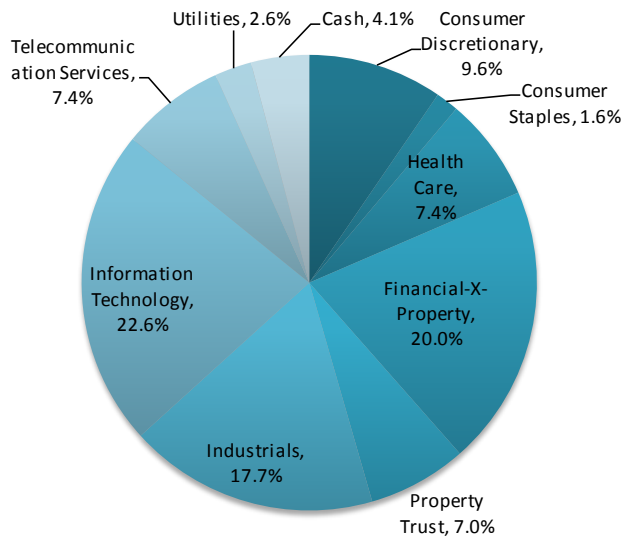
Significant Performers (For the quarter)

Best	Total Return	Contribution	Worst	Total Return	Contribution
Netflix, Inc.	56.9%	0.3%	IGM Financial Inc.	-14.5%	-0.2%
Microsoft Corporation	9.2%	0.3%	Prudential Financial, Inc.	-7.6%	-0.1%
Xylem Inc.	15.2%	0.2%	Principal Financial Group, Inc.	-11.5%	-0.1%

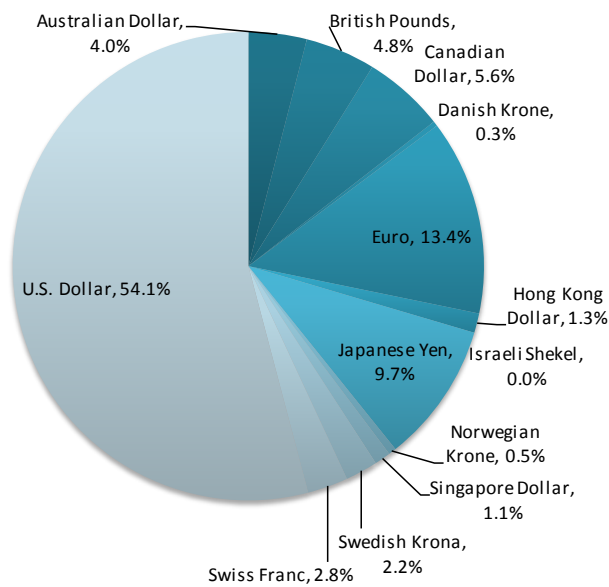
Asset Allocation



Sector Allocation



Currency Exposure



Key Information



Portfolio Manager Ray Gin

Ray is a Portfolio Manager. He has over 28 years' experience in the equities market.

Responsible entity:	Australian Ethical Investment Ltd
Minimum initial investment:	\$1,000 (retail) \$25,000 (wholesale)
Distribution:	Six-monthly
APIR:	AUG0006AU (retail) AUG0025AU (wholesale)
ARSN:	124 861 338
Contribution fee:	None
Establishment fee:	None
Withdrawal fee:	None
Termination fee:	None
Performance fee:	None
Management fee:	2.20% (retail) 0.85% pa (wholesale)
Buy-sell spread:	0.20%
Platforms:	Netwealth
Fund size:	\$ 581.1Million
Objective:	To provide long-term growth through investment in overseas companies which meet the Australian Ethical Charter.
Structure:	The Fund is an open-ended public unit trust.

A full explanation of all of 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.

Why invest ethically?

Aligning values with investments

You probably already understand the importance of having a portfolio that matches your appetite for risk, but equally, if not more important, is holding a portfolio that reflects your values. For example, if you value the provision of fair working conditions (and no child labour) then it's important to invest in funds that negatively screen out stocks on this basis.

Portfolio diversification

Ethical funds in particular, often invest in stocks that are not covered by many fund managers and brokers.

Good for the world

Your investments can help build a new low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.

For more information

t 1800 021 227
e enquiries@australianethical.com.au
w australianethical.com.au

Units in the managed funds are offered and issued by Australian Ethical Investment Ltd ABN 47 003 188 930, AFSL 229949. Our Product Disclosure Statements (PDS) and Financial Services Guide are available from our website or by phone and should be considered before making an investment decision. This information has been prepared without taking account of your individual investment objectives, financial situation or needs. Before acting on it, you should consider obtaining financial advice that is tailored to suit your personal circumstances. Australian Ethical is a registered trademark of Australian Ethical Investment Ltd