

Balanced Fund

Quarterly Report | March 2018

About Balanced Fund

- A diversified portfolio of asset types and markets to reduce the volatility of returns.
- Only consists of investments that have passed Australian Ethical's positive and negative screens, based on the Ethical Charter.
- Offers excellent diversification benefits as it invests across multiple asset classes.
- Aims to provide a balance between capital growth and a moderate level of income.
- Certified by the Responsible Investment Association Australasia.



Performance Returns

	3 months (%)	1 year (%)	3 years (%p.a.)	5 years (%p.a.)	10 years (%p.a.)	Since Inception (%p.a.)*
Balanced Fund	-1.0	5.7	4.0	8.2	5.2	6.6
Benchmark	-0.6	5.5	4.9	9.2	6.6	7.3
Relative Performance	-0.4	+0.2	-0.9	-1.0	-1.4	-0.7

* Inception Date (Retail): 16 October 1989

Past performance is not an indicator of future performance.

Investment Commentary

The March quarter was generally a negative one for global markets driven by fears of a potential trade war after President Trump announced the US will impose tariffs on imported steel and aluminium. While the tariffs themselves are not overly significant, investors were concerned of retaliation, particularly by China, and the risk of the 'trade war' escalating.

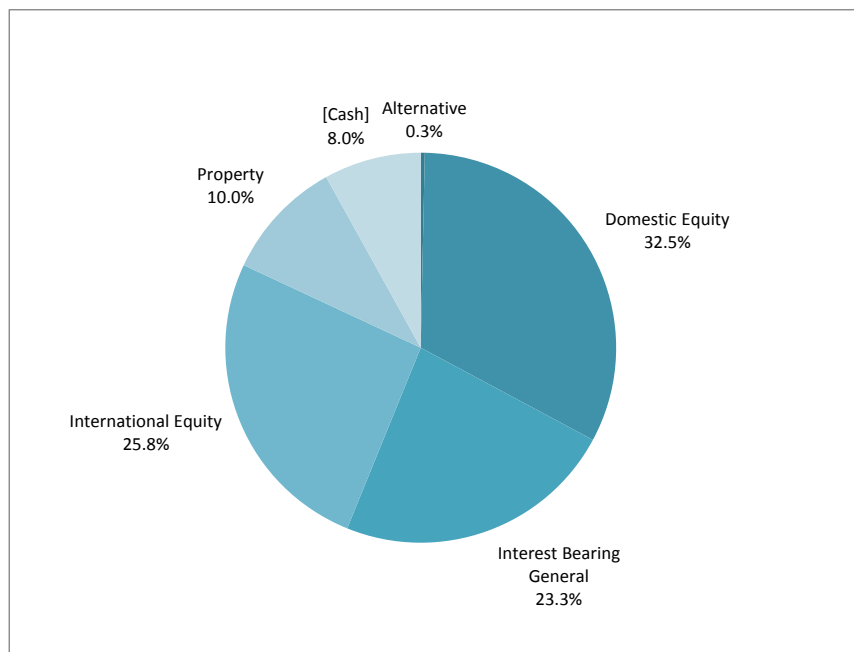
The Australian share market was one of the worst performing, down 3.9% as measured by the S&P/ASX 200 Accumulation index, given Australia's large reliance on China as a trade partner and so could be a big loser in any trade war between the US and China. Also the Banking Royal Commission began in March and was the main contributor the Banks significantly underperforming over the quarter with a return of -7.1%.

With this backdrop the Balanced Fund returned -1.0% (after fees), underperforming its benchmark by 0.4ppts. The Fund however did outperform its benchmark over the quarter on a before fees basis (by 0.4ppts) driven by outperformance of the domestic equities portfolio due to the overweight positions to the best performing sectors; Health Care (+6.7%) and Information Technology (+1.6%), as well as the underweight position to the Banks.

Top Holdings

Investa Property Group	Australian Direct Property	5.4
Healthcare Wholesale Property Fund	Australian Direct Property	4.4
National Australia Bank Limited	Domestic Shares	0.9
Westpac Banking Corporation	Domestic Shares	0.9
Government Of Australia 4.25% 21-apr-2026	Australian Fixed Interest	0.8
Government Of Australia 4.75% 21-apr-2027	Australian Fixed Interest	0.8
Government Of Australia 5.75% 15-may-2021	Australian Fixed Interest	0.8
Microsoft Corporation	International Shares	0.8
Alphabet Inc. Class A	International Shares	0.8
Suncorp Group Limited	Domestic Shares	0.7

Asset Allocation



Key Information



Portfolio Manager David Macri, CFA

David is Australian Ethical's Chief Investment Officer. He has over 19 years experience in the financial services industry.

Responsible entity:	Australian Ethical Investment Ltd
Minimum initial investment:	\$1,000 (retail) \$25,000(wholesale)^
Distribution:	Half yearly
APIR:	AUG0001AU(retail) AUG0017AU(wholesale)
ARSN:	089 919 255
Contribution fee:	None
Establishment fee:	None
Withdrawal fee:	None
Termination fee:	None
Performance fee:	None
Management fee:	2.42% pa (retail) 0.85% pa (wholesale)
Buy-sell spread:	0.15%
Platforms:	Asgard, Freedom of Choice, Plan B, Lifetrack, MLC Navigator, Netwealth, Oasis, Spectrum (SMF)
Fund size:	\$1074.0 Million
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.
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.

^ Direct investors must maintain a minimum \$500,000 investment across Australian Ethical's managed funds and a minimum of \$25,000 in the Balanced Fund.

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

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