

# Australian Ethical Balanced Fund

FUND PROFILE - 31 DECEMBER 2018

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: 0.10%/0.10%

## Fund facts

Fund size: \$94.42m

Benchmark: Australian Ethical Balanced Composite

Asset class: Mixed Asset

Inception date: 16/10/1989

Minimum investment timeframe: 5 years

Risk level: Medium-High

## Identifiers

ISIN code: AU60AUG00010

APIR code: AUG0001AU

## Distributions

Frequency: 2

Dates: 30/06, 31/12

## Fees

Management fees - PDS: 1.81%

Minimum initial investment: \$1,000  
\$500 with a Regular investor plan

Additional transactional and operational costs: 0.04%

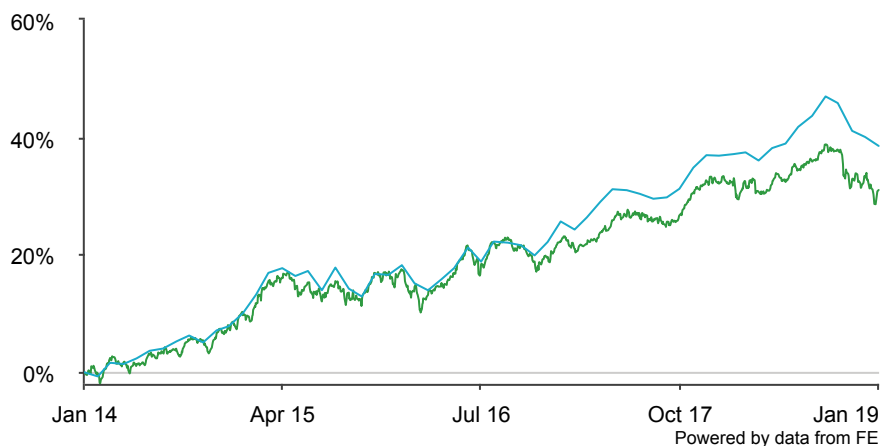
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(after tax, before bonus expense)

## Investment strategy

The opportunity to invest in a diversified portfolio of asset types and markets to reduce the volatility of returns. Asset classes include Australian and international shares, property and fixed income securities.

## Cumulative performance (as at 31/12/2018)



■ Australian Ethical Balanced  
■ Benchmark

## Performance (as at 31/12/2018)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	-1.6%	-5.0%	-2.5%	-0.8%	3.7%	5.6%	6.2%	6.5%
Benchmark	-1.1%	-5.0%	-2.3%	1.2%	5.4%	6.7%	8.3%	7.2%

## Calendar Performance (as at end 2018)

	CY2018	CY2017	CY2016	CY2015	CY2014
Fund	-0.8%	8.1%	4.2%	6.9%	9.7%
Benchmark	1.2%	8.9%	6.3%	7.4%	10.1%

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.

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## Top 10

Investa Commercial Property Fund	5.4%
Healthcare Wholesale Property Trust	3.9%
Westpac Banking Corporation	1.0%
Microsoft Corporation	0.9%
National Australia Bank Limited	0.9%
Government Of Australia 4.25% 21-apr-2026	0.8%
Government Of Australia 4.75% 21-apr-2027	0.8%
Alphabet Inc. Class A	0.8%
Government Of Australia 5.75% 15-may-2021	0.8%
Government Of Australia 2.75% 21-oct-2019	0.7%

## Ratings and awards

RIAA rating:



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](mailto:investors@australianethical.com.au)

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## Asset allocation

	Australian Shares	33.3%
	International Shares	25.1%
	Australian Fixed Interest	23.6%
	Property	9.5%
	Alternative Assets	0.5%
	Cash, FRN's and short duration fixed interest	7.8%



## Commentary

Global equity markets declined significantly over the December quarter with the MSCI World ex Aus index falling 11% due to investor concerns around whether the US economy can navigate through a period of rising interest rates while not hampering growth, amidst the backdrop of US trade tensions with China. The negative investor sentiment began in October and culminated in December with the US equity market experiencing the worst December monthly performance on record since 1931!

The Australian equity market also declined significantly over the quarter (-8.2% as measured by the S&P/ASX 200 Accumulation Index), with the Balanced Fund's portfolio matching the index return.

It is in this type of environment that the Fund's defensive asset classes come to the fore, with the fixed interest portfolio delivering 2.2% and cushioning some of the blow brought by equity markets.

Overall, the Wholesale Balanced Fund delivered a negative 4.7% return over the quarter, outperforming its benchmark (after fees) due to the outperformance of the international equities portfolio.

A key driver of the outperformance of the international equities portfolio was not holding some large US IT stocks, such as Apple and Amazon, which suffered large share price declines over the quarter. The portfolio also benefited from not holding stocks in the Energy and Materials sectors.

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