

# Australian Ethical Diversified Shares 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 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: \$11.31m

Benchmark: Australian Ethical Diversified Shares Composite

Asset class: Equity

Inception date: 03/11/1997

Minimum investment timeframe: 7 Years

Risk level: High

## Identifiers

ISIN code: AU60AUG00044

APIR code: AUG0004AU

## Distributions

Frequency: 2

Dates: 30/06, 31/12

## Fees

Management fees - PDS: 1.90%

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

Additional transactional and operational costs: 0.00%

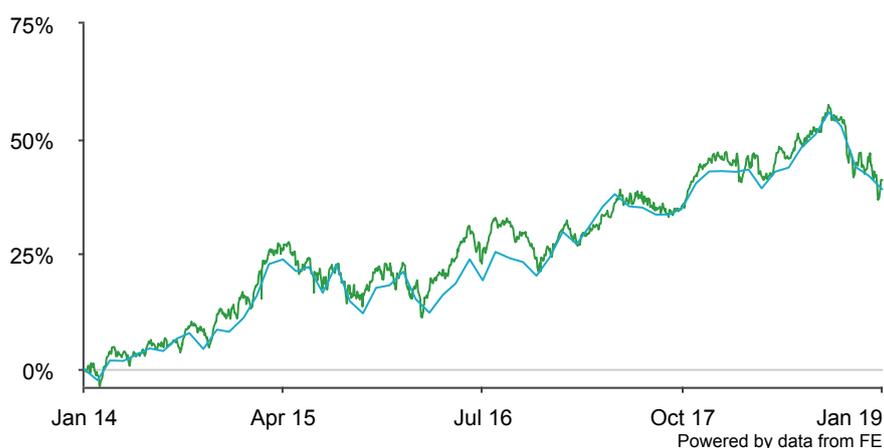
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(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 31/12/2018)



■ Australian Ethical Diversified Shares  
■ Benchmark

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

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	-2.7%	-8.9%	-5.3%	-3.1%	4.7%	7.1%	7.3%	7.8%
Benchmark	-2.1%	-9.0%	-6.1%	-2.8%	4.7%	6.8%	10.3%	7.6%

## Calendar Performance (as at end 2018)

	CY2018	CY2017	CY2016	CY2015	CY2014
Fund	-3.1%	11.9%	5.9%	6.3%	15.5%
Benchmark	-2.8%	10.2%	7.1%	9.0%	11.1%

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

Westpac Banking Corporation	2.1%
National Australia Bank Limited	2.0%
CSL Limited	1.9%
Telstra Corporation Limited	1.8%
Brambles Limited	1.5%
Goodman Group	1.5%
Insurance Australia Group Limited	1.5%
Resmed Inc CHESS Depository Interests on a ratio of 10 CDIs per ord.sh	1.4%
Medibank Private Ltd.	1.4%
QBE Insurance Group Limited	1.4%

## 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:

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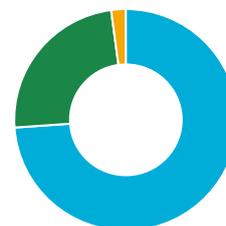
## Sector allocation

Financials	21.9%
Information Technology	16.3%
Health Care	15.1%
Real Estate	11.1%
Industrials	10.1%
Consumer Discretionary	7.3%
Telecommunication Services	6.4%
Utilities	5.1%
Consumer Staples	2.3%
Other	4.3%



## Asset allocation

Australian & NZ Shares	73.9%
International Shares	24.0%
Cash	2.1%



## Commentary

The Australian (-8.2%) and global equities markets (-11.1%) declined significantly over the December quarter. The Fund outperformed its benchmark due to the outperformance of the international equities portfolio against its benchmark MSCI ex Australia by 1.4% while the domestic fund marginally underperformed the S&P/ASX 200 Industrials index by -0.2%. Despite the S&P500 falling 9.2% in December due to continued uncertainties surrounding the US/China trade war, the downgrade of earnings from Apple and the partial government shutdown, the ASX200 managed to finish just 0.4% down for the month (assisted by the BHP up +12% as iron ore prices increased 10%).

The domestic equities fund relative to the benchmark index was down only -0.4% but within the portfolio the underweight positions in Financials, Industrials and Materials due to our ethical selection criteria resulted in negative attribution of -1.6% (our non-holding of CBA contributed -1% attribution). However our overweight positions in Consumer Discretionary (G8 and Trade Me were the leading stocks which appreciated 42% and 25%), Property Trusts and Utilities offset the majority of the negative contribution.

The international equities portfolio outperformed its benchmark by 1.4%. A key driver was the sharp sell-off in US IT stocks, including Apple and Amazon which the Fund does not hold. The portfolio also benefited from its non-investment in Energy and Materials, which was offset by the market's outperformance in Consumer Discretionary, Industrials and IT sectors.

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