

Australian Ethical Emerging Companies Fund



FUND PROFILE - 30 JUNE 2019

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 by investing in small capitalisation companies that meet the Australian Ethical Charter.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.20%/0.20%

Fund facts

Fund size: \$5.28m

Benchmark: S&P ASX Small Industrials

Asset class: Equity

Inception date: 30/06/2015

Minimum investment timeframe: 7 Years

Risk level: Very high

Identifiers

APIR code: AUG0026AU

Distributions

Frequency: 2

Dates: 30/06, 31/12

Fees

Management costs - PDS: 1.99%

Performance fee: 20%

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

Additional transactional and operational costs: 0.00%

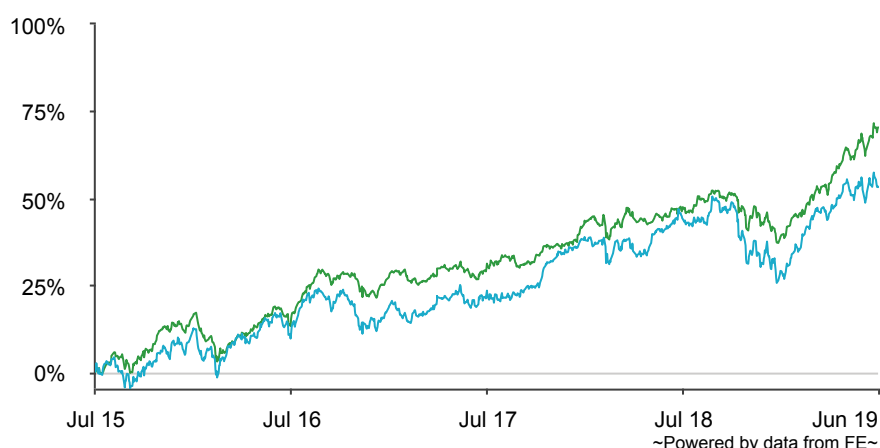
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(after tax, before bonus expense)

Investment strategy

The opportunity to invest in a diversified portfolio of shares in small capitalisation companies on the basis of their social, environmental and financial credentials. The Fund utilises an active stock-picking management style with stocks selected for growth rather than income. All stocks are chosen on the basis of relative value where we deem the risks are being adequately priced.

Cumulative performance (as at 30/06/2019)



■ Australian Ethical Emerging Companies
■ Benchmark

Performance (as at 30/06/2019)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	2.1%	10.6%	22.2%	15.6%	13.6%	-	-	14.3%
Benchmark	0.4%	5.4%	18.8%	6.4%	10.8%	-	-	11.3%

Calendar Performance (as at end 2018)

	CY2018	CY2017	CY2016	CY2015	CY2014
Fund	-2.4%	11.4%	10.1%	-	-
Benchmark	-6.5%	15.7%	6.2%	-	-

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.

Australian Ethical Emerging Companies Fund

FUND PROFILE - 30 JUNE 2019

Top 10

Mach7 Technologies Ltd.	4.2%
Contact Energy Limited	3.5%
Bigtincan Holdings Ltd	3.5%
Australian Finance Group Ltd.	3.4%
Healius Limited	3.3%
Rhipe Limited	3.3%
GBST Holdings Ltd	3.1%
Cyclopharm Limited	3.0%
EROAD Limited	2.9%
3P Learning Ltd.	2.8%

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?

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Australian Ethical Investment Ltd

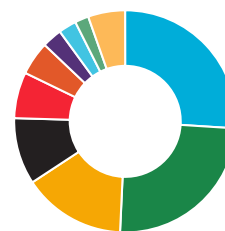
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

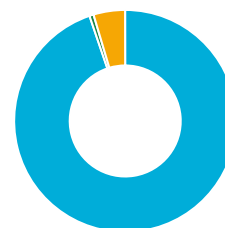
Sector allocation

Information Technology	26.0%
Health Care	24.7%
Financials	15.0%
Utilities	9.7%
Consumer Discretionary	6.7%
Communication Services	4.9%
Materials	2.9%
Real Estate	2.6%
Consumer Staples	2.0%
Other	5.4%



Asset allocation

Australian & NZ Small Cap	94.7%
Unlisted Equity	0.6%
Cash	4.6%



Commentary

The Emerging Companies Fund had an excellent June quarter, gaining 10.6% against its benchmark which rose 5.4%. Equity markets continued their positive momentum with lower interest rates driving shares prices upward.

The standout sectors in the Fund were Information Technology, Healthcare and Financials. The strongest individual stock performer was health imaging software company Mach7, which appreciated an impressive 157%, benefiting from cashflow breakeven guidance and recent contract wins. In the IT sector, strong performance contributors included software-as-a-service reseller Rhipe (+58%) which is benefiting from the ongoing move towards cloud delivered Microsoft Office365, Azure and Dynamics software.

We were pleased with the performance of police background and reference checking technology company CVCheck, which appreciated 133% on news the company was approaching cashflow breakeven. The Fund's holding in stock broking and wealth management software company GBST (+53%) benefited from a takeover offer from Bravura Solutions.

In the Healthcare sector, lung imaging company Cyclopharm appreciated 34% as a result of growing market confidence their Technegas product will soon gain Food and Drug Administration (FDA) approval in the US, allowing for this product to be released to market.

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Australian Ethical Emerging Companies (Wholesale) Fund

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Price information

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Fund facts

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Benchmark:	S&P ASX Small Industrials
Asset class:	Equity
Inception date:	30/06/2015
Minimum investment timeframe:	7 Years
Risk level:	Very high

Identifiers

ISIN code:	AU60AUG00275
APIR code:	AUG0027AU

Distributions

Frequency:	2
Dates:	30/06, 31/12

Fees

Management costs - PDS:	1.20%
Performance fee:	20%
Minimum initial investment:	\$25,000
Additional transactional and operational costs:	0.06%

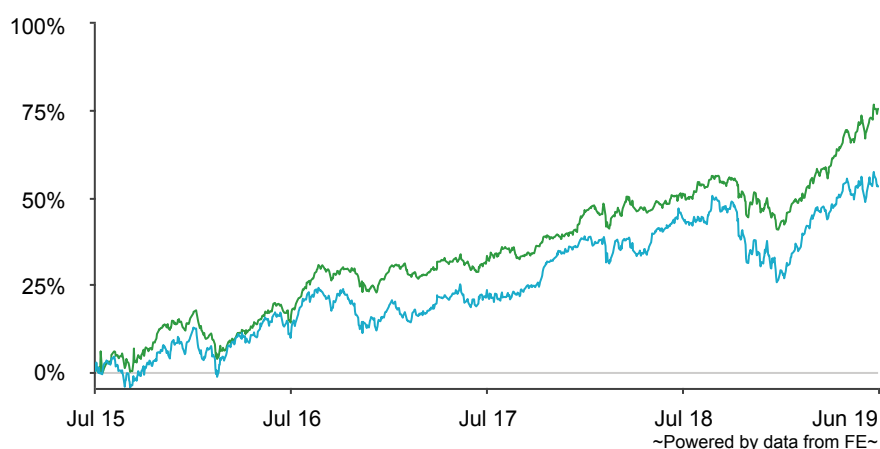
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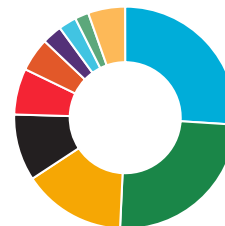
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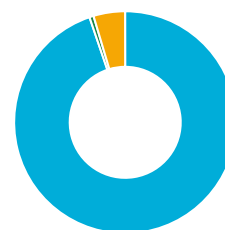
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