

# Australian Ethical Australian Shares Fund

Fund Profile - 31 December 2023

Australian Ethical



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 focusing on Australian companies that meet the Australian Ethical Charter.

## Price information

**Pricing frequency:** Daily

**Buy/Sell spread:** 0.15%/0.15%

## Fund facts

**Fund size:** \$188.79m

**Asset class:** Equity

**Inception date:** 19/09/1994

**Minimum investment timeframe:** 7 Years

**Risk level:** Very high

**Risk level:** Very high

## Identifiers

**ISIN code:** AU60AUG00028

**APIR code:** AUG0002AU

## Distributions

**Frequency:** 2

**Dates:** 30/06, 31/12

## Fees

**Management costs - PDS:** 1.69%

**Minimum initial investment:** \$1,000

\$500 with a Regular investor plan

**Additional transactional and operational costs:** 0.03%

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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)

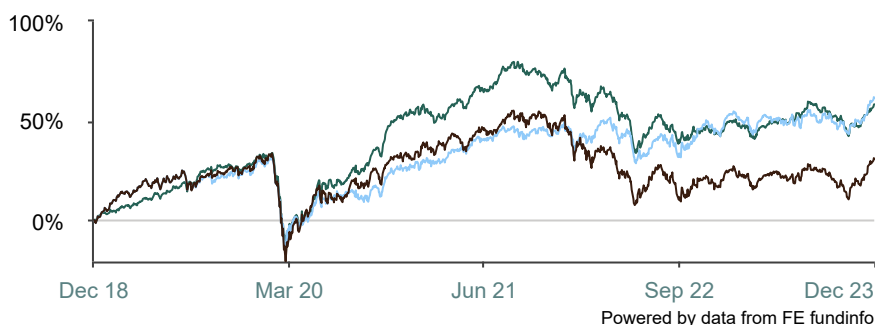
\*(after tax, before bonus expense)

\*\*The Benchmark was the composite S&P/ASX Small Industrials Accumulation Index from inception until 12 August 2019 and is the S&P/ASX 300 Accumulation Index thereafter.

## Investment strategy

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

## Cumulative performance (as at 31/12/2023)



- Australian Ethical Australian Shares
- Composite Benchmark\*\*
- S&P/ASX Small Indust.

## Performance (as at 31/12/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	5.1%	3.7%	2.9%	10.3%	1.3%	9.6%	9.3%	9.5%
Composite Benchmark**	7.2%	8.4%	7.5%	12.1%	9.0%	10.0%	8.2%	7.4%
S&P/ASX Small Indust.	8.5%	9.5%	7.4%	11.4%	-0.3%	5.5%	5.9%	6.6%

## Calendar Performance (as at end 2023)

	CY2023	CY2022	CY2021	CY2020	CY2019
Fund	10.3%	-17.6%	14.2%	19.9%	27.0%
Composite Benchmark**	12.1%	-1.8%	17.5%	1.7%	22.5%
S&P/ASX Small Indust.	11.4%	-21.8%	13.7%	5.9%	24.5%

Source: FE fundinfo.

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

SUNCORP GROUP LIMITED	3.9%
CONTACT ENERGY LTD	3.5%
INSURANCE AUSTRALIA GROUP LTD	3.3%
MACQUARIE TECHNOLOGY GROUP LTD ORD F/PD DS	3.2%
BANK OF QUEENSLAND LIMITED	3.1%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	3.0%
NATIONAL AUSTRALIA BANK	3.0%
BENDIGO AND ADELAIDE BANK LIMITED	2.9%
QUBE HOLDINGS LTD	2.7%
DOMAIN HOLDINGS AUSTRALIA LIMITED	2.6%

## Ratings and awards

RIAA

Certification:



CERTIFIED BY RIAA

## 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 Monday-Friday on:

T 1800 021 227

F 02 9252 1987

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

W [australianethical.com.au](http://australianethical.com.au)

Australian Ethical Investment Ltd

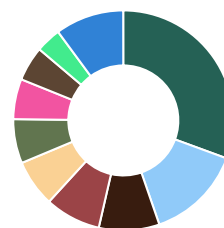
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

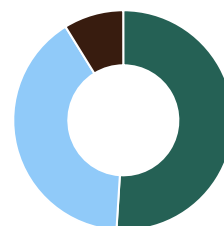
## Sector allocation

Financials	30.6%
Health Care	14.1%
Information Technology	8.9%
Utilities	8.2%
Industrials	6.9%
Real Estate	6.5%
Communication Services	5.9%
Materials	5.1%
Consumer Discretionary	3.7%
Other	10.1%



## Asset allocation

Australian & NZ Small Cap	51.0%
Australian & NZ Large Cap	40.2%
Cash	8.8%



## Commentary

Equity markets continued to rise over the quarter, with the MSCI World index returning 9.8% (as measured in local currency). Markets were buoyed by an anticipated start to a rate cutting cycle, in particular by the Fed, with a series of rate cuts priced in for 2024. The Australian 10-year Government bond fell 53bps over the quarter to 3.96%, while the US 10-year fell 69bps to 3.88%. So far, a soft landing, while historically unlikely, remains a possibility, with inflation in much of the developed world approaching their target ranges, while employment has remained resilient. The rate sensitive information technology sector led equity markets, appreciating 11.0% over the quarter to finish up 55.9% for the full year. The Australian Shares Fund (Wholesale) underperformed its benchmark (the S&P/ASX300) by 4.6% over the December Quarter.

Stock selection in Fund's large cap, small cap names as well as elevated cash holdings detracted from investment performance in a strongly performing domestic market. On a sectoral basis, being significant underweight to the strongly performing Materials sector was a detractor from investment performance. Our Healthcare names detracted with pathology company Healius being forced into a deeply discounted equity capital, while medical device company Cyclopharm falling on anticipated costs of launching into the USA. Our overweight toward insurance detracted with IAG and Suncorp underperforming on perceived storm damage on the East Coast of Australia. Our underweight toward Real-estate detracted as commercial property rallied on a more sanguine interest rate outlook. The Fund is currently holding elevated cash holdings.

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