

# Australian Ethical Advocacy Fund (Wholesale)



FUND PROFILE - 30 SEPTEMBER 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 through investment in listed companies on Australian and international stock exchanges that meet the Australian Ethical Charter. A small number of shares which fail to meet the charter may be purchased from time to time to allow advocacy activities to progress. These additional shares will not materially affect the Fund's investment returns.

## Price information

Pricing frequency:	Daily
Buy/Sell spread:	0.05%/0.05%

## Fund facts

Fund size:	\$42.76m
Benchmark:	Australian Ethical Advocacy Composite
Asset class:	Equity
Inception date:	13/01/2012
Minimum investment timeframe:	7 Years
Risk level:	High

## Identifiers

ISIN code:	AU60AUG00200
APIR code:	AUG0020AU

## Distributions

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

## Fees

Management costs - PDS:	0.95%
Minimum initial investment:	\$25,000
Additional transactional and operational costs:	0.00%

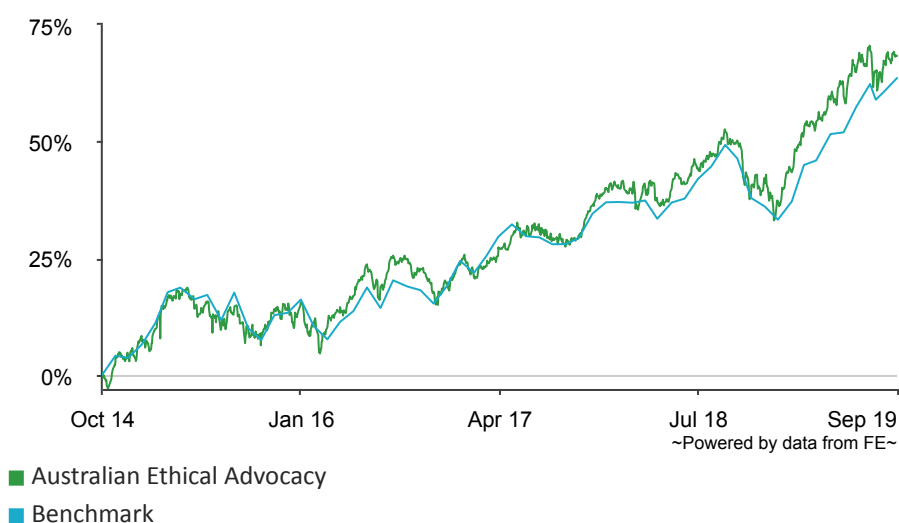
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(after tax, before bonus expense)

## Investment strategy

The opportunity to invest in a diversified share portfolio of Australian and international companies, which meet the Australian Ethical Charter. Generally, all Australian and New Zealand investments will have a market capitalisation greater than the 200th ranked stock listed on the ASX. As an advocacy fund, one of the main purposes of the Fund is to engage directly with companies to pursue improved corporate behaviours in line with the Australian Ethical Charter.

## Cumulative performance (as at 30/09/2019)



## Performance (as at 30/09/2019)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.6%	2.1%	9.1%	12.1%	11.2%	11.0%	-	13.6%
Benchmark	1.9%	4.0%	12.1%	11.8%	11.5%	10.3%	-	12.7%

## Calendar Performance (as at end 2018)

	CY2018	CY2017	CY2016	CY2015	CY2014
Fund	-1.9%	13.3%	7.3%	7.5%	16.8%
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.

## Top 10

Westpac Banking Corporation	2.1%
CSL Limited	2.0%
National Australia Bank Limited	2.0%
Telstra Corporation Limited	1.6%
Resmed Inc CHESSE Depository Interests on a ratio of 10 CDIs per ord.sh	1.5%
Goodman Group	1.4%
QBE Insurance Group Limited	1.4%
Lendlease Group	1.4%
Brambles Limited	1.3%
Insurance Australia Group Limited	1.3%

## Ratings and awards

### RIAA rating:



CERTIFIED BY RIAA

### UNPRI signatory:

Signatory of:



## 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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**e** investors@australianethical.com.au

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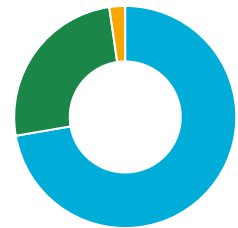
## Sector allocation

Financials	22.3%
Information Technology	14.8%
Health Care	13.5%
Real Estate	12.1%
Industrials	11.2%
Communication Services	11.1%
Utilities	4.6%
Materials	3.7%
Consumer Discretionary	2.8%
Other	3.9%



## Asset allocation

Australian & NZ Shares	72.3%
International Shares	25.4%
Cash	2.3%



## Commentary

The Diversified Shares Fund returned 1.9% (2.1% for the wholesale fund) over the September quarter, underperforming its benchmark (75% ASX200, 25% MSCI World ex Au) which returned 4.0%. Global markets performed well with the US and Japan significant drivers. The S&P 500 increased by 5.8% and the Nikkei 225 increased 6.9% over the quarter, while in Europe markets lagged with the UK FTSE 100 up only 0.5% and the MSCI Europe (ex UK) up 2.5%. Domestically, while the S&P ASX 200 increased by 2.4%, performance was relatively subdued compared to other markets, as concerns about Australia's slowing economy weighed on investors' minds.

While overall global market performance was strong, there was significant volatility, particularly through August. Markets continued to be sensitive to political developments, in particular Brexit, as well as trade tensions between the US and China. Markets were also rocked significantly in July by the inversion of the yield curve, which is believed by some to be a leading indicator of an economic slowdown or recession.

Despite these concerns, the international equities component of the fund returned positive performance across all sectors over the quarter. The biggest contributors to performance were utilities, which increased 13.1% over the quarter, and real estate, up 8.3%, as investors continue to chase yield and stability in a low-interest-rate and volatile environment. Consumer discretionary (which increased 6%), and consumer staples (which increased 5.4%) were also strong contributors as consumer sentiment in the US continued to show positive signs.

The largest contributor to performance in the domestic equities portfolio was stock selection in the communication services sector. While the sector overall declined by -3.2%, the fund's holdings in the sector appreciated 5.3%, driven in part by REA Group which returned 13.4% over the quarter as sentiment around the housing market improved. The fund's relative underperformance compared to its benchmark was driven largely by the domestic equities portfolio, which underperformed its benchmark by 1.8%. The largest detractor was the information technology sector largely due to an overweight position in Nearmap, which declined 31.8%, and Appen, which declined 24.3%.

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