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.

**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 30/09/2019)**

**Price information**

<table>
<thead>
<tr>
<th>Pricing frequency:</th>
<th>Daily</th>
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<tbody>
<tr>
<td>Buy/Sell spread:</td>
<td>0.20%/0.20%</td>
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</tbody>
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**Fund facts**

| Fund size: | $162.83m |
| Benchmark: | S&P/ASX 300 Accumulation |
| Asset class: | Equity |
| Inception date: | 19/09/1994 |
| Minimum investment timeframe: | 7 Years |
| Risk level: | Very high |

**Identifiers**

| ISIN code: | AU60AUG00028 |
| APIR code: | AUG0002AU |

**Distributions**

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

**Fees**

| Management costs - PDS: | 1.99% |
| Minimum initial investment: | $1,000 |
| $500 with a Regular investor plan |
| Additional transactional and operational costs: | 0.07% |

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)
Australian Ethical Australian Shares Fund
FUND PROFILE - 30 SEPTEMBER 2019

Top 10
National Australia Bank Limited 4.2%
Westpac Banking Corporation 4.1%
Contact Energy Limited 3.5%
Macquarie Telecom Group Limited 3.3%
Bendigo & Adelaide Bank Ltd. 3.2%
Bank of Queensland Limited 3.2%
Infigen Energy 3.1%
Healius Limited 3.1%
Mirvac Group 2.6%
Fisher & Paykel Healthcare Corporation Limited 2.6%

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.

Sector allocation
- Financials 29.2%
- Health Care 18.4%
- Information Technology 12.5%
- Utilities 12.0%
- Consumer Discretionary 5.0%
- Communication Services 5.0%
- Real Estate 4.7%
- Materials 2.7%
- Industrials 2.6%
- Other 7.7%

Asset allocation
- Australian & NZ Small Cap 63.4%
- Australian & NZ Large Cap 30.7%
- Unlisted Equity 1.2%
- Cash 4.8%

Commentary
The Australian Shares Fund had an excellent September quarter returning 9.7% (9.9% for the wholesale fund) against its benchmark, which rose 2.4%. The fund’s 12-month performance is also very strong at 15.2% (16.3% for the wholesale fund) against the benchmark’s 5.4% return.

Equity markets continued their positive momentum with lower interest rates driving shares prices upwards, while America/China trade negotiations kept markets in check. The fund’s small cap company holdings drove this quarter’s outperformance, with the standout sectoral performances being healthcare, financials and information technology.

The strongest performer was drug developer Opthea, which appreciated 400% after announcing a successful Phase 2 clinical trial in age-related macular degeneration. The second strongest contributor was wind generator Infigen Energy, which rose 43% as investors welcomed the increasingly contracted nature of their energy portfolio and the company’s ability to firm up third-party renewable energy production.

We were pleased with the price recovery of mortgage broking aggregator Australian Finance Group which generated a 43.4% return over the quarter after avoiding serious regulatory backlash from the Royal Commission. Another strong portfolio contributor was broking and wealth management software company GBST (+29%) which benefited from takeover activity. Mortgage insurer Genworth Mortgage Insurance Australia generated a total return of 34.1% as confidence returned to the residential property market.

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