

Australian Ethical International Shares 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 international companies which meet the Australian Ethical Charter.

Price information

| | |
|--------------------|-------------|
| Pricing frequency: | Daily |
| Buy/Sell spread: | 0.10%/0.10% |

Fund facts

| | |
|-------------------------------|---------------------------------------------------|
| Fund size: | \$61.38m |
| Benchmark: | Australian Ethical International Shares Composite |
| Asset class: | Equity |
| Inception date: | 30/06/2015 |
| Minimum investment timeframe: | 7 Years |
| Risk level: | High |

Identifiers

| | |
|------------|--------------|
| ISIN code: | AU60AUG00259 |
| APIR code: | AUG0025AU |

Distributions

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

Fees

| | |
|-------------------------------------------------|----------|
| Management costs - PDS: | 0.85% |
| Minimum initial investment: | \$25,000 |
| Additional transactional and operational costs: | 0.00% |

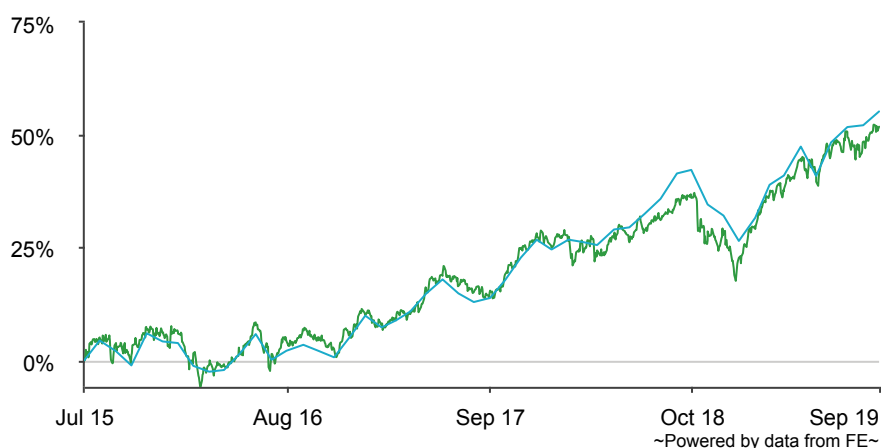
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(after tax, before bonus expense)

Investment strategy

The opportunity to invest in a diversified portfolio of companies listed on international stock exchanges, which meet the Australian Ethical Charter.

Cumulative performance (as at 30/09/2019)



■ Australian Ethical International Shares
■ Benchmark

Performance (as at 30/09/2019)

| | 1m | 3m | 6m | 1y | 3y | 5y | 10y | Since inception |
|-----------|------|------|-------|-------|-------|----|-----|-----------------|
| Fund | 2.2% | 4.1% | 10.1% | 11.6% | 13.1% | - | - | 10.3% |
| Benchmark | 2.0% | 4.7% | 10.1% | 9.1% | 15.0% | - | - | 10.9% |

Calendar Performance (as at end 2018)

| | CY2018 | CY2017 | CY2016 | CY2015 | CY2014 |
|-----------|--------|--------|--------|--------|--------|
| Fund | -1.7% | 13.6% | 3.9% | - | - |
| Benchmark | 1.5% | 13.4% | 5.9% | - | - |

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

| | |
|--------------------------|------|
| Microsoft Corporation | 3.6% |
| Alphabet Inc. Class A | 2.4% |
| Chubb Limited | 1.6% |
| Visa Inc. Class A | 1.5% |
| Xylem Inc. | 1.5% |
| Allianz SE | 1.5% |
| American Express Company | 1.5% |
| Eaton Corp. Plc | 1.5% |
| Accenture Plc Class A | 1.5% |
| AT&T Inc. | 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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Australian Ethical Investment Ltd

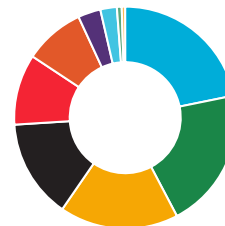
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

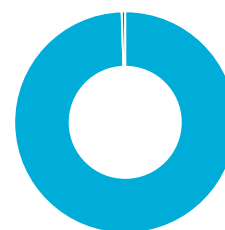
Sector allocation

| | |
|------------------------|-------|
| Financials | 21.8% |
| Information Technology | 20.5% |
| Industrials | 17.3% |
| Communication Services | 14.4% |
| Real Estate | 10.3% |
| Health Care | 8.8% |
| Consumer Discretionary | 3.3% |
| Utilities | 2.4% |
| Consumer Staples | 0.7% |
| Other | 0.5% |



Asset allocation

| | |
|----------------------|-------|
| International Shares | 99.5% |
| Cash | 0.5% |



Commentary

The International Shares Fund returned 3.9% (4.1% for the wholesale fund) over the September quarter, underperforming the benchmark (the MSCI World ex Australia index) which returned 4.7%. The US and Japan were significant drivers of the performance, with the S&P 500 up 5.8% and the Nikkei 225 up 6.9% over the quarter. In Europe markets lagged, with the UK FTSE100 up only 0.5% and the MSCI Europe (ex UK) up 2.5%.

While overall performance was strong, there was significant volatility – particularly during August when the S&P 500 experienced 11 one-day moves of more than 1% (including three declines of more than 2.6%). Markets continued to be sensitive to political developments, namely Brexit and 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.

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

Relative to the benchmark our strongest contributing sector was energy. The energy sector, which the fund does not have exposure to due to our ethical screening process, was down 2% over the quarter. The sector depreciated significantly as uncertainty crept into the market during August and was impacted again by the bombing of a Saudi Arabian oil facility in September.

The fund's poorest performing sectors relative to the benchmark were communication services, which was impacted by the fund's overweight exposure to Netflix (down -16%), and information technology, which was impacted by the fund not holding Apple (up 18% over the quarter).

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