

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: 0.15%/0.15%

Fund facts

Fund size: \$243.96m

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: 0.01%

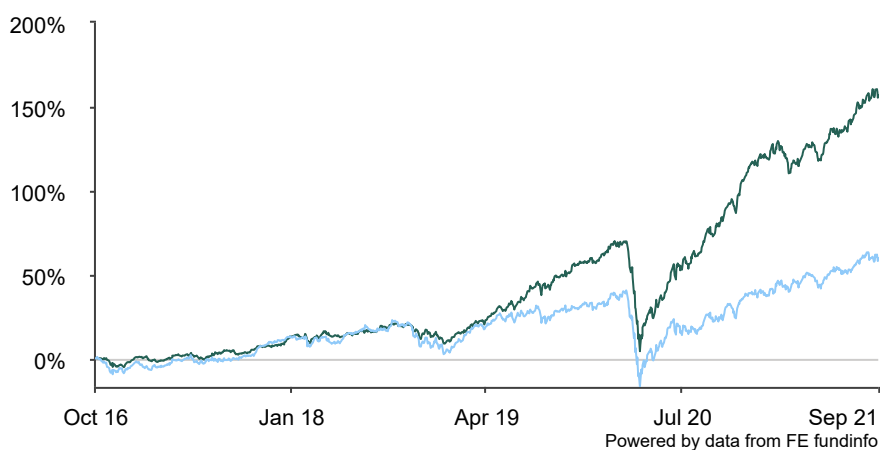
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 30/09/2021)



■ Australian Ethical Emerging Companies
■ Benchmark

Performance (as at 30/09/2021)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	1.2%	9.8%	19.1%	40.1%	28.7%	20.8%	-	21.1%
Benchmark	-1.3%	3.8%	11.4%	29.1%	9.5%	9.8%	-	11.3%

Calendar Performance (as at end 2020)

	CY2020	CY2019	CY2018	CY2017	CY2016
Fund	35.9%	45.7%	-1.8%	12.3%	10.9%
Benchmark	5.9%	24.5%	-6.5%	15.7%	6.2%

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.

Australian Ethical Emerging Companies (Wholesale) Fund

Fund Profile - 30 September 2021

Australian
Ethical



Top 10

BIGTINCAN HOLDINGS LTD	4.1%
COGSTATE LIMITED	3.7%
AUSSIE BROADBAND PTY LTD	3.2%
CONTACT ENERGY LTD	3.1%
MACH7 TECHNOLOGIES LTD	2.9%
MNF GROUP LTD	2.8%
GENWORTH MORTGAGE INSURANCE	2.7%
HEALIUS LTD	2.7%
MACQUARIE TELECOM GROUP LTD ORD F/ PD DS	2.7%
DAMSTRA HOLDINGS LTD	2.6%

Ratings and awards

RIAA rating:



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

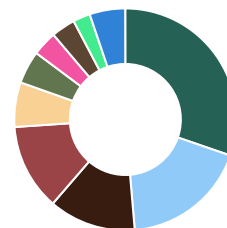
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

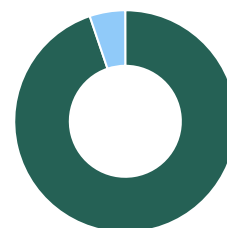
Sector allocation

Information Technology	30.3%
Health Care	18.4%
Communication Services	12.7%
Financials	12.6%
Utilities	6.5%
Industrials	4.8%
Consumer Staples	3.6%
Consumer Discretionary	3.5%
Materials	2.5%
Other	5.2%



Asset allocation

Australian & NZ Small Cap	94.8%
Cash	5.2%



Commentary

The S&P/ASX 200 returned 1.7% over the September quarter. Despite an initial pullback in July due to the spread of the Delta variant, by early September the ASX was up 4.5% for the quarter. However, much of these gains were eroded through the remainder of September, following a global pullback in equities. US economic growth appeared to show signs of slowing, and US fiscal and monetary support slowly began to be withdrawn. In China, news that property development goliath Evergrande is on the brink of collapse, piled onto concerns around the CCP crackdown on tech companies and slowing economic growth. While most markets ended reasonably flat, Hong Kong's Hang Seng index fell 13.9% over the quarter.

The Emerging Companies Fund appreciated 9.7% (Wholesale Fund: 9.8%) over the September quarter relative to its benchmark which increased 3.8%, resulting in outperformance of 5.9% (Wholesale Fund: 6%). The sectors driving this outperformance included communications services, healthcare, and information technology. The strongest performer was neurological focussed contract research organisation Cogstate which appreciated on a disease modifying Alzheimer's drug approval in the US. Employment referencing cloud software company xRef and police checking technology company CV Check performed strongly as people start to move jobs as the COVID situation stabilizes on the back of vaccination rates. Communication service providers including fast growing broadband provider Aussie Broadband, data centre owner/operator Macquarie Telecom and digital telco MNF Group were all strong contributors to investment performance.

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