

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: \$244.36m

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% max.

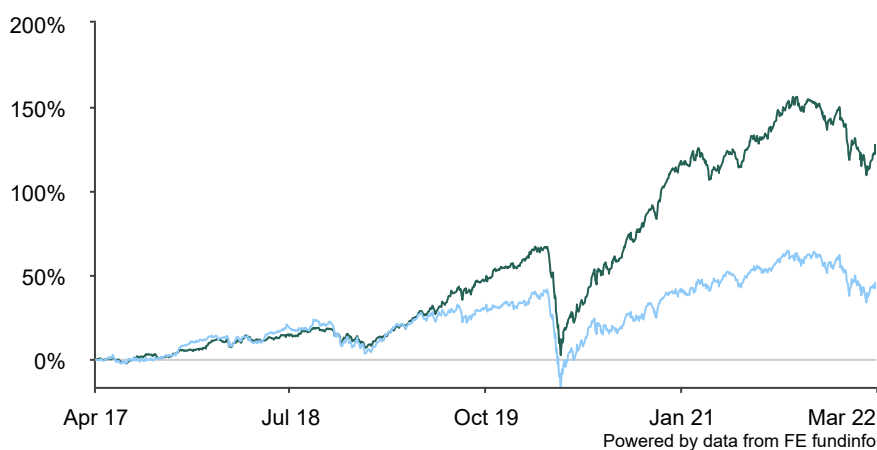
Minimum initial investment: \$25,000

Additional transactional and operational costs: 0.01%

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 31/03/2022)



■ Australian Ethical Emerging Companies

■ Benchmark

Performance (as at 31/03/2022)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	3.4%	-8.7%	-10.5%	6.6%	23.3%	17.7%	-	17.5%
Benchmark	3.0%	-9.1%	-10.2%	0.0%	6.5%	7.7%	-	8.7%

Calendar Performance (as at end 2021)

	CY2021	CY2020	CY2019	CY2018	CY2017
Fund	14.9%	35.9%	45.7%	-1.8%	12.3%
Benchmark	13.7%	5.9%	24.5%	-6.5%	15.7%

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.

*(after tax, before bonus expense)

Top 10

CONTACT ENERGY LTD	3.5%
GENWORTH MORTGAGE INSURANCE	3.5%
COGSTATE LIMITED	3.4%
BIGTINCAN HOLDINGS LTD	3.2%
OFX GROUP LIMITED	3.2%
MERIDIAN ENERGY LIMITED -PARTIAL PAID SHARE	2.7%
SYMBIO HOLDINGS LTD	2.6%
AUSSIE BROADBAND PTY LTD	2.6%
PEPPER MONEY LTD/AU	2.5%
HEALIUS LTD	2.5%

Ratings and awards

RIAA

Certification:



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

W australianethical.com.au

Australian Ethical Investment Ltd

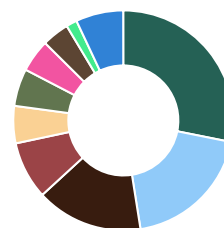
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

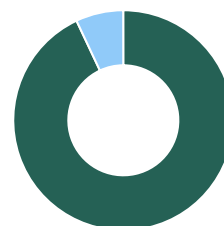
Sector allocation

Information Technology	28.2%
Health Care	19.4%
Financials	15.7%
Utilities	8.5%
Communication Services	5.5%
Consumer Staples	5.5%
Industrials	4.8%
Consumer Discretionary	4.0%
Materials	1.6%
Other	7.0%



Asset allocation

Australian & NZ Small Cap	93.0%
Cash	7.0%



Commentary

The market continues to be volatile – COVID is still an evolving virus that could continue to spark widespread lockdowns, as evidenced by recent actions to lock down significant portions of the population in China; Russia’s invasion of the Ukraine increases the probability of recently unfathomable tail risks such as nuclear war and the inflation and interest rate regime that has become entrenched over 30 years may be at a tipping point. Again this quarter, the market measure of “fear”, the VIX index, has traded through a wide range with each headline– starting the year at relatively benign reading of 16, before peaking at 35 at the start of March following the commencement of hostilities in the Ukraine and then receding back to recent average of 20.

The Fund slightly outperformed the ASX Small Industrials Benchmark falling 8.8% against the benchmarks 9.1% decline. The outperformance is attributable to strong stock selection in the financials and utility sectors while information technology names detracted from investment performance. The Funds overweighting in information technology was a significant detractor with earlier stage, small, growth orientated companies underperforming in wider market in the rising interest rate environment. We added to our holdings in payments company EML and PDF and e-signature business Nitro Software due to share price weakness. We topped up on our holdings in Mayfield Childcare and vitamin company Blackmores. We divested our holdings in pharmacy wholesaler and Priceline pharmacy chain into the Wesfarmers take-over bid. Small industrial ASX companies have been weak in an environment of rising commodity prices, higher interest rates and global economic dislocation because of war and Covid-19. We continue to believe small growing companies offer the most attractive risk/return equations over the medium to long term.

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