

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: \$223.27m

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%

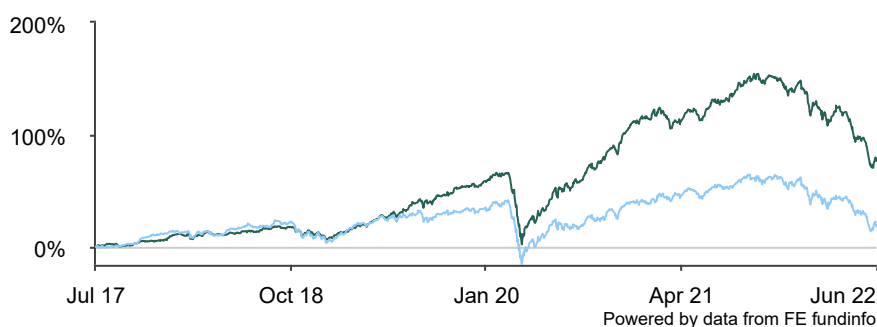
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 30/06/2022)



■ Australian Ethical Emerging Companies
■ S&P/ASX Small Indust.

Performance (as at 30/06/2022)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	-10.6%	-21.5%	-28.3%	-22.8%	10.0%	12.0%	-	12.9%
S&P/ASX Small Indust.	-10.0%	-18.4%	-25.9%	-24.0%	-2.2%	3.3%	-	5.3%

Calendar Performance (as at end 2021)

	CY2021	CY2020	CY2019	CY2018	CY2017
Fund	14.9%	35.9%	45.7%	-1.8%	12.3%
S&P/ASX Small Indust.	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.

Australian Ethical Emerging Companies (Wholesale) Fund

Fund Profile - 30 June 2022

Australian
Ethical



Top 10

CONTACT ENERGY LTD	4.0%
MERIDIAN ENERGY LIMITED -PARTIAL PAID SHARE	3.1%
OFX GROUP LIMITED	3.1%
GENWORTH MORTGAGE INSURANCE	3.1%
HRL HOLDINGS LIMITED	3.0%
COGSTATE LIMITED	2.9%
CAPITOL HEALTH LTD	2.8%
MERCURY NZ LTD	2.7%
MACQUARIE TELECOM GROUP LTD ORD F/PD DS	2.7%
HEALIUS LTD	2.6%

Ratings and awards

RIAA

Certification:



CERTIFIED BY RIAA

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

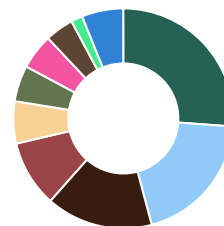
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

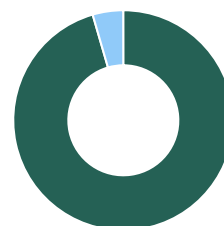
Sector allocation

Information Technology	26.2%
Health Care	19.7%
Financials	15.7%
Utilities	9.8%
Communication Services	6.2%
Industrials	5.3%
Consumer Staples	5.2%
Consumer Discretionary	4.2%
Real Estate	1.7%
Other	6.1%



Asset allocation

Australian & NZ Small Cap	95.5%
Cash	4.5%



Commentary

The Emerging Companies Fund fell -21.5% underperforming its benchmark which fell -18.4% over the June Quarter. The underperformance is attributed to the Funds significant overweight allocation into the information technology sector, the weakest performing sector, with healthcare also a laggard. The technology sell-off has been led out of the US, with microcap and small-cap Australian companies in their earlier stage of commercial development particularly hard hit. We continue to believe superior growth attributes are the primary reason for investing into small and microcap companies, irrespective of interest rates and consequently have been adding to some of our underperforming names. We were very pleased to receive a takeover offer for lab testing company HRL priced at a healthy 95% premium to the prevailing share price. We believe there will be additional merger and acquisition activity if share prices remain weak.

Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) is the Responsible Entity of the Australian Ethical managed funds. This information is of a general nature and is not intended to provide you with financial advice or take into account your personal objectives, financial situation or needs. Before acting on the information, consider its appropriateness to your circumstances and read the Financial Services Guide (FSG) and relevant product disclosure statement (PDS) and target market determination (TMD) available at www.australianethical.com.au/managedfunds/pds. You may wish to seek independent financial advice from a licensed financial adviser before making an investment decision. The performance of your investment in the Australian Ethical is not guaranteed; past performance is not a reliable indicator of future performance. The information contained in this document is believed to be accurate at the time of compilation. Where MSCI data is used, data is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI assumes no liability for or in connection with the data. For full MSCI and RIAA disclaimer, please see <https://www.australianethical.com.au/sources/>