

### COMMENTARY FOR DECEMBER 2011

Over the month of December the Larger Companies Trust fell 1 per cent, underperforming the melded benchmark's return (which remained steady at of 0 per cent) by 1 per cent.

Domestic holdings underperformance was driven by the Trust's small holding in the large banks relative to the index. Stocks that detracted from relative performance were Fairfax Media which fell 12.7 per cent, Bendigo & Adelaide Bank which fell 10.6 per cent and Sigma Pharmaceuticals which fell 14.1 per cent.

On the positive side our holding in Cochlear rose 11.7 per cent, benefitting from the announcement that it had discovered the source of the problem in its N5 implant. Other stocks which contributed to performance included Transpacific Industries which rose 8.7 per cent, Fisher Paykel Healthcare which rose 6.3 per cent, Charter Hall Office REIT which rose 5.6 per cent and Insurance Australia Group which rose 3.5 per cent.

Over the month we introduced Sigma Pharmaceuticals, Invocare, DUET and Telecom NZ to the portfolio.

The International Equities Trust (themed around Global Smart Energy) which represents approximately 23 per cent of the Trust fell 2.2 per cent, underperforming the benchmark MSCI World Index (which remained steady at 0 per cent) by 2.2 per cent.

### PERFORMANCE

	1 month	3 months	1 year	3 years	5 years	10 years	Since inception (1 September 1997)
Australian Ethical Larger Companies Trust	-1.0%	1.2%	-15.5%	-2.5%	-6.6%	2.5%	5.8%
Melded Benchmark Index <sup>1</sup>	0.0%	3.5%	-4.0%	4.8%	-4.7%	2.0%	5.1%

<sup>1</sup> 65% ASX 200 Industrials & 35% MSCI World (AUD)

### GICS SECTORS

Sector	% of portfolio
Energy	0.0%
Materials	2.4%
Industrials	19.6%
Consumer discretionary	7.7%
Consumer staples	0.0%
Health care	22.7%
Financials	17.8%
Information technology	8.5%
Telecommunication services	5.6%
Utilities	8.2%
Property trusts	3.5%

### TOP HOLDINGS

Company	% of portfolio
Brambles	2.8%
Suncorp Metway	2.7%
Pharmaxis	2.7%
Telstra	2.7%
CSL	2.6%
Westpac	2.5%
Cochlear	2.5%
QBE Insurance Group	2.4%
Insurance Australia Group	2.4%

### ASSET ALLOCATION

	71.8% Australian listed shares
	21.9% International listed shares
	2.9% Australian cash
	3.5% Australian listed property



### BEST SIGNIFICANT PERFORMERS

Cochlear  
Transpacific Industries Group  
Fisher and Paykel Healthcare

### WORST SIGNIFICANT PERFORMERS

Fairfax Media  
Bendigo and Adelaide Bank  
Sigma Pharmaceuticals

### FUND SIZE

\$90.2m

### INVESTMENT PROFILES

**Transpacific** is Australia and New Zealand's leading recycling, waste management and industrial services company. The company is involved in a range of other waste-related industries, including the collection, recycling and reuse of used oil (both hydrocarbon based and organic oils); the collection and treatment of biodegradable aqueous wastes; and the collection and treatment of hazardous wastes.

**Fisher and Paykel Healthcare** designs, manufactures and markets a range of products to assist patients with breathing difficulties, including respiratory humidifiers for adults and new-born babies, as well as devices for the treatment of obstructive sleep apnoea. The company also manufactures thermal management systems and Neonatal Intensive Care Units for new-born and premature babies.

## KEY INFORMATION

Responsible entity	Australian Ethical Investment Ltd	Contribution fee	
Minimum investment	\$5,000	– Standard (non-electronic) investor	3.60%
Distribution	Half yearly	– Electronic investor	2.00%
APIR	AUG0004AU	<i>The fee is reduced for direct investments of \$35,000 and above</i>	
ARSN	089 919 166	Withdrawal fee	Nil
		Performance fee	Nil
		Indirect cost ratio	2.24% at 30 Jun 2011

## OBJECTIVE

The Australian Ethical Larger Companies Trust aims to provide long-term growth through investment in larger listed companies on Australian and overseas stock exchanges that meet the *australianethical* Charter.

## STRUCTURE

The fund is an open ended public unit trust.

## CONTACT

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## COMPANY SUMMARY

Australian Ethical Investment Ltd is a fund manager that specialises exclusively in sustainable funds management, offering managed funds and superannuation. *australianethical* has applied its rigorous ESG investment process to its portfolios for over two decades. Beyond screening out investments that negatively impact on society, *australianethical* uniquely seeks out investments in genuinely sustainable industries.

Return of capital and the performance of your investment in the managed funds 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. Total returns are calculated using the sell (exit) price, net of administration and investment management fees, gross of tax and as if distributions of income have been reinvested at the actual distribution reinvestment price. The latest available performance figures can be obtained from our website [www.australianethical.com.au](http://www.australianethical.com.au) or by calling 1800 021 227. Units in the managed funds are offered and issued by Australian Ethical Investment Ltd ABN 47 003 188 930, AFSL 229949. Our product guide (PDS) and financial services guide are available from our website or by phone and should be considered before making an investment decision. This information has been prepared without taking account of your individual investment objectives, financial situation or needs. Before acting on it, you should consider its appropriateness to your circumstances. *australianethical*® is a registered trademark of Australian Ethical Investment Ltd.