

August 2008

Australian Ethical wins Banksia Award

The new home of Australian Ethical Investment, Trevor Pearcey House, won the 2008 Banksia Environmental Foundation award for the Built Environment.

‘This is the second Banksia award we have been awarded’, said the Managing Director, Anne O’Donnell, ‘and it is again an honour to be recognised for our leadership in building a sustainable Australia.’

In November 2007 Australian Ethical’s refurbished Canberra headquarters became only the third building in Australia to achieve a 6-star Green Star rating. This rating from the Green Building Council of Australia classifies Trevor Pearcey House as ‘world leading’.

Martin Halloran appointed as Chief Investment Officer

Martin Halloran has joined Australian Ethical as its new chief investment officer. Martin has over 15 years experience in the financial services industry. He was most recently managing director of global markets at nabCapital, where he was responsible for developing strategies for capital management, funding and risk management. He also managed an investment team charged with delivering investor products to institutional and retail clients.

Martin has spent much of the last year developing the traded environmental markets capacity at nabCapital and brings detailed understanding of these issues.

Managing director Anne O’Donnell said the appointment of Martin is a very positive step for Australian Ethical. Anne said, ‘Australian Ethical will benefit from Martin’s strengths in risk management, equity derivatives, and experience in leading teams of finance professionals. In addition, he will further add to the management of the various Australian Ethical portfolios particularly in the areas of fixed income and the Balanced Trust.’

Two new directors for Australian Ethical

Australian Ethical has brought on two new independent directors. Dr Les Coleman and Mr Andre Morony joined the board of Australian Ethical in July. Both Les and Andre have significant senior experience in the finance industry.

Les has been a trustee of two superannuation funds, a director of ten companies involved in finance, retail and distribution and has over 20 years experience in senior management positions. Since 2004, Les has been a Senior Lecturer at the Finance Department of the University of Melbourne and has published many articles and papers, particularly in the area of risk management. For four years he was a columnist with The Australian newspaper.

Andre started his 30 year career in the finance sector at the Commonwealth Treasury, representing Australia at the Organisation for Economic Cooperation and Development before taking various roles at Bankers Trust (BT) including as Chief Economist and Chief Investment Officer.

From 2001-2006, Andre was Chief Investment Officer at ARIA. He currently sits on the boards of ABN AMRO Investments Australia, Challenger LBC Terminals Jersey and Steam Packet Group. He is also on the Catholic Superannuation Fund investment committee.

The appointment of Les and Andre increases the number of non executive and independent directors on the Australian Ethical Board and they will provide significant expertise on investment and finance matters.

World Trust celebrates its one year anniversary

After more than 20 years of ESG investing, Australian Ethical launched the World Trust on 30 July 2007.

The World Trust was introduced just before the decline in global stock markets. As a result it has returned -17.3% since inception. This compares to the benchmark MSCI World Index which returned -18.3% over the same period.

The wholesale International Trust outperformed its benchmark by 5.4% since its inception (14 June 2007) with a return of -16.9% compared to the benchmark's -22.3%. This outperformance has been achieved as a result of a disciplined structure and good sector and geographic coverage coupled with Australian Ethical's rigorous ESG investment process.

The World Trust's funds have grown to \$37.5 million (both retail and wholesale) invested in a portfolio of 56 companies.

The World Trust portfolio manager, Frank Zhu, said, 'The fund's renewable energy investments in wind, solar and geothermal sectors have performed strongly to offset the lack of exposure to the strong commodities and conventional energy markets. The World Trust has avoided the US financial meltdown and built exposure to leading quality companies in Asia and Japan.

'Despite the high levels of volatility we have not shied away from making investments. We hold a modest level of cash and have stayed true to our bottom up stock picking and disciplined approach to investing', Frank said.

Australian Ethical trusts lead their categories

After a difficult 12 months on domestic and international share markets, the Australian Ethical trusts have continued to perform strongly compared to other funds in their Morningstar categories.

The Income Trust is ranked first in its Australian Bonds category returning 5.12% per annum over three years.

The Equities Trust has been a strong performer in its Australian Mid/Small Growth category over the last 12 months to 31 July 2008. Not only has it led its category over this period, it has also outperformed its benchmark S&P ASX Small Industrials Index by 23%.

The Large Companies Share Trust demonstrates its long term strong performance by leading its Equity World/Australia category over seven years to 31 July 2008.

Super members online access

Super members can now access account details online at www.austethical.com.au. From the *Client Log-in* box on our homepage click on the super member log-in. In addition to obtaining a balance (up to 30 May 2008), members can change address and beneficiary details, and view and change investment strategies. Transaction histories are not yet available.

Employer and adviser access will be available in the near future.

Australian Ethical on the Asgard platform

Australian Ethical is looking to expand the range of trusts it has available on the Asgard platform. We are looking to make an application to have the Equities Trust and the Large Companies Share Trust, and possibly the World Trust added to the platform. If you are an adviser who uses Asgard and would see it as appropriate to recommend these trusts to your clients we would like to get in touch with you. Please contact Adam by phoning 02 6201 1926 or email adam@australianethical.com.au.