

Australian Ethical High Conviction Fund

Australian
Ethical



Fund ticker: AEAE
Fund Profile - 30 June 2024

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

The Fund aims to provide long term capital growth and income from focusing on a relatively concentrated portfolio of Australian and NZ companies that meet our Ethical Criteria. The Fund aims to exceed the return of the ASX300 Total Return Index after taking into account management costs over a 7 year period.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.20%/0.20%

Fund facts

Fund size: \$8.10m

Benchmark: S&P/ASX 300 Accumulation

Asset class: Equity

Inception date: 01/10/2021

Minimum investment timeframe: 7 to 10 Years

Risk level: Very High

Identifiers

ISIN code: AU60AUG79196

APIR code: AUG7919AU

Distributions

Frequency: 2

Dates: 30/06, 30/12

Fees

Management costs - PDS: 0.69%

Performance fee: 15.000000

Minimum initial investment: \$25,000
No minimum applies for the AEAE ETF

Additional transactional and operational costs: 0.05%

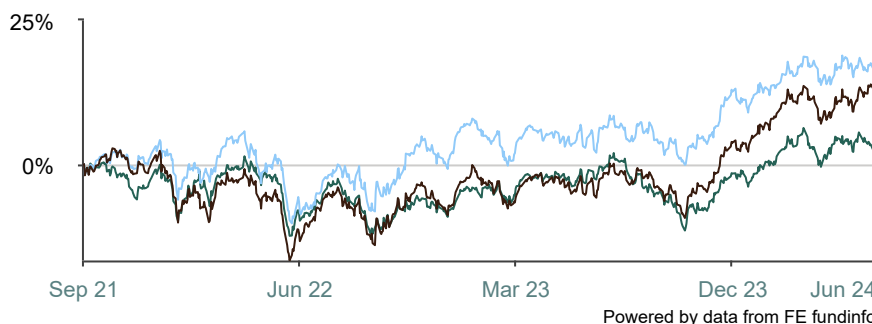
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(after tax, before bonus expense)

Investment strategy

An actively-managed, focused share portfolio leveraging our ethical investing philosophy & capability. Invested in 20-35 select shares, predominantly from the S&P ASX300, on the basis of their social, environmental and financial credentials. Benchmark unaware, with a concentration on larger capitalisation stocks.

Cumulative performance (as at 30/06/2024)



- Australian Ethical High Conviction
- Australian Ethical S&P/ASX 300 Accumulation
- S&P/ASX 300 Industrials Acc.

Performance (as at 30/06/2024)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	-0.5%	-3.0%	4.9%	4.2%	-	-	-	1.1%
Australian Ethical S&P/ASX 300 Accumulation	0.9%	-1.2%	4.2%	11.9%	-	-	-	6.0%
S&P/ASX 300 Industrials Acc.	3.3%	0.1%	9.7%	17.7%	-	-	-	4.8%

Calendar Performance (as at end 2023)

	CY2023	CY2022	CY2021	CY2020	CY2019
Fund	7.0%	-6.5%	-	-	-
Australian Ethical S&P/ASX 300 Accumulation	12.1%	-1.8%	-	-	-
S&P/ASX 300 Industrials Acc.	12.2%	-8.0%	-	-	-

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.

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Top 10

RESMED INC	6.3%
CONTACT ENERGY LTD	5.4%
PEXA GROUP LTD	5.2%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	5.2%
DOMAIN HOLDINGS AUSTRALIA LIMITED	4.7%
SUNCORP GROUP LIMITED	4.7%
ORORA LTD	4.5%
WEBJET LIMITED	4.2%
COLES GROUP LTD	4.1%
RAMSAY HEALTH CARE LTD	4.1%

Ratings and awards

RIAA

Certification:



Why invest ethically?

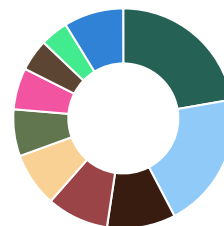
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.
Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.
Promote human rights: 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?

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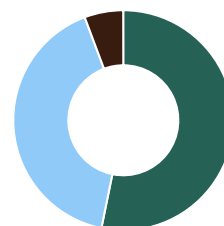
Sector allocation

Health Care	22.3%
Financials	20.1%
Materials	10.1%
Real Estate	9.1%
Utilities	8.0%
Communication Services	6.9%
Industrials	6.1%
Consumer Discretionary	4.7%
Consumer Staples	4.1%
Other	8.8%



Asset allocation

Australian & NZ Large Cap	53.2%
Australian & NZ Small Cap	41.1%
Cash	5.7%



Commentary

The High Conviction Fund (Wholesale) (the 'Fund') increased 4.2% net of fees in the financial year ended 30 June 2024, underperforming the benchmark ASX 300 Accumulation Index's return of +11.9%.

The Fund transitioned portfolio management responsibilities in the year and the weighting towards the Healthcare, Information Technology, and Renewables sectors was increased, now representing ~35% of the portfolio.

Despite delivering a positive absolute return for the fiscal year, the Fund's underperformance versus the benchmark largely reflected a handful of underperforming stocks that outweighed positive momentum elsewhere.

The Financials sector was the major contributor to returns however, the shift to a sector under-weight proved too early and drove some of the relative underperformance.

Information Technology was a positive contributor for the Fund, with Nuix (NXL), performing strongly. The Fund has increased its weighting to the technology sector and including other technology related companies in other GICS sectors, the portfolio now has ~20% exposure to technology companies.

The Healthcare stocks were mixed, with Resmed, Fisher & Paykel Healthcare performing well but their contribution was outweighed by weakness in Ramsay Health Care, Ansell, and Healius. Healius and Ansell were divested during the year.

The Communication Services sector detracted from performance. The Fund's positions in Telstra and TPG Telecom, were divested given the ongoing structural challenges in the sector and replaced by fast growing small cap telco, Aussie Broadband. Domain Holdings had a disappointing year, but valuation metrics are supportive and we think the outlook is positive.

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