

Australian Ethical High Conviction Fund

Australian
Ethical



Fund ticker: AEAE

Fund Profile - 31 December 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: 0.15%/0.15%

Fund facts

Fund size: \$9.50m

Benchmark: S&P/ASX 300 Accumulation

Asset class: Equity

Inception date: 01/10/2021

Minimum investment timeframe: 7 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: 15.00%

Minimum initial investment: \$25,000

No minimum applies for the AEAE ETF

Additional transactional and operational costs: 0.05%

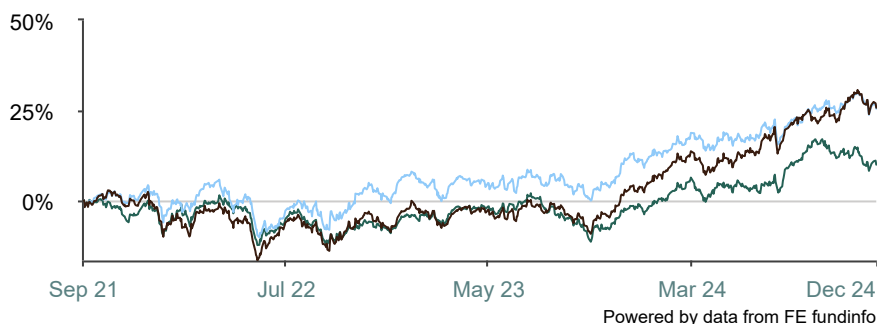
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 31/12/2024)



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

Performance (as at 31/12/2024)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	-4.3%	-6.0%	6.5%	11.7%	3.8%	-	-	2.9%
Australian Ethical S&P/ASX 300 Accumulation	-3.1%	-0.8%	6.9%	11.4%	7.1%	-	-	7.2%
S&P/ASX 300 Indust.s Acc.	-3.0%	2.2%	10.5%	21.2%	7.7%	-	-	7.3%

Calendar Performance (as at end 2024)

	CY2024	CY2023	CY2022	CY2021	CY2020
Fund	11.7%	7.0%	-6.5%	-	-
Australian Ethical S&P/ASX 300 Accumulation	11.4%	12.1%	-1.8%	-	-
S&P/ASX 300 Indust.s Acc.	21.2%	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

CONTACT ENERGY LTD	5.6%
RESMED INC	4.8%
WESTPAC BANKING CORPORATION ORD F/PD SHARES	4.7%
WEB TRAVEL GROUP LIMITED	4.4%
ORORA LTD	4.3%
PEXA GROUP LTD	4.3%
COLES GROUP LTD	4.0%
SUNCORP GROUP LIMITED	3.8%
Dexus	3.8%
AUSSIE BROADBAND PTY LTD	3.6%

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.

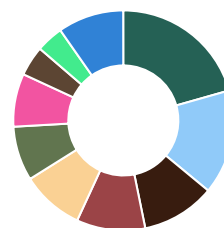
Promote human rights: We strive to avoid any investment in companies involved in the poor treatment of asylum seekers or the exploitation of workers through poor working conditions.

Need Help?

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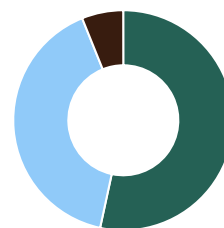
Sector allocation

Financials	20.6%
Health Care	15.4%
Industrials	10.8%
Communication Services	10.1%
Information Technology	9.2%
Materials	8.0%
Utilities	7.8%
Consumer Discretionary	4.4%
Consumer Staples	4.0%
Other	9.7%



Asset allocation

Australian & NZ Large Cap	53.4%
Australian & NZ Small Cap	40.5%
Cash	6.1%



Commentary

The High Conviction Fund (Wholesale) underperformed in the quarter ending December 31, 2024, falling -6.0% compared to the ASX 300 Accumulation Index's -0.4% fall. Sector allocation and stock selection were key detractors. Under allocation in resources and energy provided outperformance, as China concerns still weigh on large, capitalised mining companies.

The underweight exposure to Materials offset negative performance elsewhere, as large cap names continue to see pressure on concerns for Chinese demand for resources.

Financials were a key area of underperformance for the period. With valuation multiples at or near record highs across much of the sector, the Fund shifted to an underweight position in Financials on the expectation that investor returns would be limited. This thesis proved to be too early in 2024, as investors sought out the relative safety haven of banks and insurers, particularly as interest rate expectations modified post September. However, with valuations remaining elevated and earnings growth minimal, we continue to hold the view that the Financials sector is unlikely to outperform over the next 12 months. We therefore maintain an underweight position to this sector going into 2025

Additionally, within Consumer Discretionary WEB Travel Group faced demand disruptions but refocused on B2B growth after a demerger, with the stock underperforming the sector.

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