



# Ethical Investment Growth Portfolio

*A diversified multi-asset portfolio of growth assets which include environmental and socially responsible investments in Australian and international shares, property, and infrastructure investments.*

## Quarterly Performance Update

31 December 2024

The Ethical Investment Growth Portfolio ended the quarter slightly lower, with a return of -0.10%, but saw a strong return of +12.05% for the full year.

2024 was marked by resilience in financial markets, with Australian and global equities delivering robust performances despite facing headwinds from elevated interest rates, persistent inflationary pressures, and ongoing geopolitical uncertainties.

Global share markets started the final quarter of the year strongly, but performance reversed in December. Markets decided to skip the usual Santa Rally that is often seen towards the end of the year and instead had a bit of a reality check following the brief euphoria of Trump being elected.

The concerns over how Trump's possible tariff wars could play out had a double whammy effect of reducing the likelihood of interest rates dropping as inflation concerns were once again dragged to the surface and inflaming the geopolitical situation with key trading partners.

Bond yields rose significantly during the quarter on the back of the inflation concerns and strong economic data, with the Australian and US 10-year bond yields almost reaching the highs of late 2023 which helped push share markets lower.

International shares (MSCI World NR Index AUD Hedged) rose 1.94% for the quarter, with US shares (S&P 500 PR Index USD) 2.07% higher.

The Australian share market was 0.86% lower for the quarter. The Financials (+5.86%) and Industrials (+3.19%) sectors of the market performed quite well, while the main detractors were the Materials (-11.75%) and Energy (-5.33%) sectors.

Amongst the main contributors to performance were several of the global share funds in the portfolio, including the *Stewart Investors Worldwide Fund* (+5.39%), the *Nanuk New World Fund* (+4.62%) and the *Impax Sustainable Leaders Fund* (+3.26%), while lower returns were seen from some of the more interest rate sensitive investments including the allocation to Australian REITs and the *NorthStar Impact Australian Equities Fund* (-5.26%).



Looking ahead, 2025 is expected to bring mixed dynamics for investors. While Australian equities are well-positioned to benefit from a stabilising domestic economy and demand for resources, global factors such as a potential U.S. recession, ongoing geopolitical tensions, and the pace of central bank rate adjustments will remain influential. Inflation trends and RBA policy decisions will also play a critical role in shaping market performance across asset classes.

The overall performance of the portfolio compared with the benchmark, the Morningstar Aggressive Target Allocation Index, is outlined below:

Periods to 31 December 2024	Since Inception	3 years	1 year	6 months	3 months
<b>Ethical Investment Growth Portfolio</b>	<b>+6.81%</b>	<b>-0.04%</b>	<b>+12.05%</b>	<b>+5.81%</b>	<b>-0.10%</b>
<b>Benchmark*</b>	+8.76%	+6.89%	+16.26%	+8.26%	+2.40%
<b>Relative Performance</b>	<b>-1.95%</b>	<b>-6.93%</b>	<b>-4.21%</b>	<b>-2.45%</b>	<b>-2.50%</b>

\* Morningstar Australian Aggressive Target Allocation Net Return in AUD Index.  
Inception date: 11 November 2019. Returns greater than one year are annualised.

## Portfolio Changes

A few minor changes were made to the portfolio during the quarter, including trimming holdings in Australian shares in favour of adding to hedged international shares, as well as adding to several property investments on weakness. The currency hedged version of the Nanuk New World Fund was added to the portfolio to help reduce the amount of currency risk in the portfolio.



## Portfolio News

**Stewart Investors** have initiated research with the Institute for Sustainable Futures on Packaging Sustainability, resulting in a landmark event in Mumbai, India, attended by executives from 11 major consumer goods companies. Stewart sees engagement as a way to mitigate business risks, protect against potential challenges and improve investment outcomes.

**Charter Hall Social Infrastructure** achieved Net Zero carbon emissions for assets in operational control, ahead of its 2025 target for Scope 1 and Scope 2. This was supported by its approach to renewable electricity and the execution of its nature-based offset strategy whereby it installed 945kW of solar across 51 childcare assets, bringing the total installed to 1500kW.

**Nanuk** has exposure to increasing investment in electricity grids and renewable energy generation, notably German company Siemens Energy AG and US peer GE Vernova Inc. - both leaders in grid technology and wind turbines.

Nanuk's holdings in diagnostic and analytical equipment suppliers, primarily serving the healthcare industry, underperformed following disappointing earnings outlooks from sector leaders reflecting slower than anticipated demand from pharmaceutical and contract research customers. This impacted the Fund's holdings in Agilent Technologies, Revvity and Shimadzu.

**WHEB** was the first public equity fund to achieve the Sustainability Impact label under the FCA's new Sustainability Disclosure Requirements (SDR). This milestone underscores WHEB's dedication to being a truly Positive Impact Fund. The SDR framework aims to help investors navigate sustainable investment markets and align with their preferences, and enhance anti-greenwashing measures by ensuring funds marketed as sustainable provide evidence of their impact.

## Key Facts

### Platform Availability

Hub24 (Super & IDPS, Core & Choice)

### Portfolio Fee

0.308% pa GST Inclusive

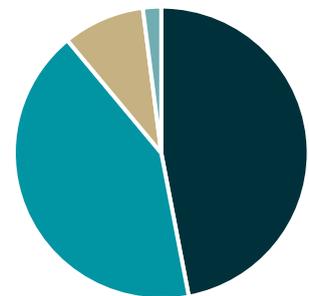
### Estimated Costs of Underlying Investments

0.85% pa GST Inclusive

## Investment Objective

The fund aims to provide a well-diversified exposure to growth assets which meets the benchmark of the Morningstar Australia Multi-sector Aggressive (TR) AUD Index, after fees, over rolling five-year periods.

## Asset Allocation



- INTERNATIONAL SHARES 47%
- AUSTRALIAN SHARES 42%
- PROPERTY & INFRASTRUCTURE 9%
- CASH 2%



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The performance table sets out the investment performance returns (AFTER investment management fees, but BEFORE administration fees, performance based fees and taxes) for the Portfolio. The performance returns have been calculated on a daily basis taking into account brokerage costs, and are accumulated for the period shown. Returns are shown as annualised if the period is over 1 year, or as total returns otherwise. Inception date is 11 November 2019.

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The Investment Management Fee shown includes GST and is net of any Reduced Input Tax Credits (RITC). Please also refer to the IDPS Guide/Super PDS and the relevant disclosure document for the managed portfolio for more information on the fees and other costs.

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