

# Ethical Investment Australian Equities Portfolio

*A portfolio of predominantly small and medium sized Australian companies which meet strict environmental and socially responsible standards.*

## Quarterly Performance Update

31 December 2024

The Ethical Investment Australian Equities Portfolio ended the quarter slightly lower, with a -1.07% return which was broadly in line with the All Ordinaries Accumulation Index which was down 0.86%.

The Australian market started the quarter strongly, but performance reversed in December which saw a decline of over 3% for the month.

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 10-year bond yield reaching more than 4.50% for the first time since the highs of late 2023 which helped push the share market lower.

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

At a company level, performance was driven by strong returns from the technology and financial names in the portfolio including **Hub24** (+18%), **Technology One** (+30%), **Auswide Bank** (+17%), **Xero** (+13%) and **Bendigo and Adelaide Bank** (+12%).

The top performing investment was **IperonX** (+66%) which continues to impress investors with its potential in the Titanium market as it aims to become a leading American titanium metal and critical materials company – using patented metal technologies to produce high performance titanium alloys, from titanium minerals or scrap titanium, at lower energy, cost and carbon emissions.

The main detractors to performance were **Pilbara Minerals** (-30%), **NextDC** (-14%), and **IPD Group** (-20%).

The overall performance of the portfolio compared with various benchmarks is outlined below:

Performance as at 31 December 2024	Since Inception	5 years	3 years	1 year	3 months
<b>Ethical Investment Australian Equities</b>	<b>+6.72%</b>	<b>+5.58%</b>	<b>-2.87%</b>	<b>+8.23%</b>	<b>-1.07%</b>
<b>Benchmark</b> (All Ordinaries Accumulation Index)	+8.39%	+8.30%	+6.90%	+11.41%	-0.86%
<b>Relative Performance</b>	-1.67%	-2.72%	-9.77%	-3.18%	-0.21%
<b>Alternative Benchmark</b> (Small Ordinaries Accumulation Index)	+6.39%	+4.01%	-1.57%	+8.36%	-1.01%
<b>Relative Performance</b>	+0.33%	+1.57%	-1.30%	-0.13%	-0.06%

Inception date :25 May 2015. Returns great than one year are annualised.

## Portfolio News

Four companies were removed from the portfolio during the quarter for financial reasons, **Hansen Technologies**, **Close the Loop Group**, **Frontier Energy** and **Ingenia Communities Group**, while two new companies, **Objective Corp** and **Mirvac Group** were added to the portfolio.

**Objective Corp** is engaged in the supply of information technology software and services. The company provides content, collaboration and process management solutions for the public sector in Asia Pacific, Europe and USA.

**Mirvac Group** is an Australian property manager which operates in the Residential, Retail, Build to Rent and Office and Industrial sectors. The company has strong sustainability performance and targets, including reaching the net positive carbon goal in Scope 1 and 2 emissions, and setting a target of net positive Scope 3 emissions within the next 6 years.

## Company News

**IperionX** has taken a significant step toward its goal of creating a leading global titanium-producing business by purchasing a suite of breakthrough Titanium technologies. The acquisition of Blacksand Technology's assets and IP provides IperionX with exclusive commercial rights to patents and proprietary technologies such as green rutile, alkaline roasting hydrolysis, hydrogen-assisted metallothermic reduction and hydrogen sintering and phase transformation.

**Recce Pharmaceuticals** receives Human Research Ethics Committee approval to commence dosing for registrational Phase 3 trial of R327G in patients with diabetic foot infections. This key ethics approval signifies that the company has met the safety and efficacy testing required to proceed dosing in humans with the large-scale, late-stage clinical trial.

**Chorus** has partnered with National Narrowband Network Company (NNNCo), one of Australia's leading Internet of Things (IoT) providers, to launch a new IoT asset management solution called Neura. Designed to deliver purpose-built IoT connectivity and solutions to councils, utility providers and businesses across New Zealand, Neura provides real-time monitoring and management of critical assets such as water systems, public lighting, power and waste collection. This will allow organisations to wirelessly connect and track their physical assets and environments to help improve efficiency, reduce costs and improve sustainability outcomes.

**Auswide Bank** and Tasmanian-based MyState Bank announced their intention to merge, creating a bank that would span the Eastern seaboard of Australia from Queensland to Tasmania. The proposed merger of the two successful regional banks will bring together complementary strengths and resources, providing the opportunity for future growth and enhanced customer experiences.

**Vulcan Energy** has achieved a world-first S&P Global Dark Green rating. The company has been assessed by leading independent ratings agency, S&P Global Ratings, and awarded a Dark Green rating overall, the highest ever received by a Metals and Mining company globally. Vulcan was also awarded a Dark Green rating across the Green Enabling Project and Renewable Energy categories.

## Key Facts

### Platform Availability

Hub24 (Super & IDPS)

Praemium (Super & IDPS)

### Portfolio Fee

0.66% pa

### Top 10 Holdings

NextDC

Bendigo and Adelaide Bank

Sonic Healthcare

Meridian Energy

CSL Limited

Hub24

Charter Hall Group

Technology One

Charter Hall Social Infrastructure

Mirvac Group



## Disclaimers

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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 25 May 2015.

The Ethical Investment Australian Equities Portfolio has been certified by the Responsible Investment Association Australasia according to the operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au) for details.<sup>1</sup>

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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