

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

30 June 2024

The Ethical Investment Australian Equities Portfolio returned -1.32% over the past quarter, slightly lower than the All Ordinaries Accumulation Index which fell 1.16%.

The market was slightly lower for the quarter on the back of continued sticky inflation which increases the probability of the Reserve Bank of Australia (RBA) being forced to increase interest rates, or at the very least keep them on hold for the foreseeable future. In its latest meeting, the RBA decided to leave the cash rate target unchanged at 4.35%, with the board expecting that it will be some time before inflation is sustainably low, with the RBA's updated economic projections showing inflation slowly returning to target over the next few years. Our base case is for the RBA to remain on hold throughout the remainder of 2024.

Market performance was driven by strong returns in the Utilities (+13.27%), and Financials (+3.99%) sectors of the market but dragged lower by the Energy (-6.66%), Materials (-5.92%) and Industrial (-4.32%) sectors.

The top performers for the quarter included a new holding in the portfolio, **Frontier Energy**, which has returned 29% since it was purchased. Frontier Energy announced progress on obtaining the funding required to develop their Waroona Renewable Energy Project.

The project is located 120km south of Perth and has the potential to become one of Western Australia's largest standalone renewable energy projects. The project consists of a large scale 120MW solar farm and integrated 4-hour 80MW Battery Electric Storage System (BESS) which will help avoid around 218,500 tonnes of CO₂-equivalent and power around 41,500 homes per year.

Other top performing companies included two other renewable energy companies in the portfolio, **Genex Power** (+10%) and **Vulcan Energy** (+31%), as well as the diagnostic imaging company **Capitol Health** (+31%) which announced a potential merger with competitor, Integral Diagnostics, which would make the combined company the third largest diagnostic imaging company in Australia.

Detractors to performance included healthcare companies **Sonic Healthcare** (-9%), **Immutep** (-28%) and **Medical Developments International** (-32%), as well as lithium miners **Pilbara Minerals** and **IGO** which were both 20% lower for the quarter.

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

Performance as at 30 June 2024	Since Inception	5 years	3 years	1 year	3 months
Ethical Investment Australian Equities	+6.60%	+5.78%	+0.12%	+5.86%	-1.32%
Benchmark (All Ordinaries Accumulation Index)	+8.08%	+7.63%	+6.12%	+12.51%	-1.16%
Relative Performance	-1.48%	-1.85%	-6.00%	-6.65%	-0.16%
Alternative Benchmark (Small Ordinaries Accumulation Index)	+6.37%	+3.70%	-1.55%	+9.35%	-4.46%
Relative Performance	+0.23%	+2.08%	+1.67%	-3.49%	+3.14%

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

Portfolio News

Two companies were removed from the portfolio during the month, **Integral Diagnostics** and **Probiotec**, the latter following a successful takeover offer by PYFA Health Singapore.

Two companies were added, **Frontier Energy**, which is discussed above, and **Immutep**, a globally active biotechnology company developing immunotherapy products for cancer and autoimmune diseases. Its main product involves clinical development for the treatment of cancer indications. The company is also focused on the development of other products, which include a blocking anti-LAG-3 antibody for cancer and a personalised immunocellular therapeutic investigated for the treatment of epithelial cancer.



Company News

Bendigo Bank has once again been named one of Australia's most trusted organisations in the long running Roy Morgan trust rankings. The insight allowed consumers to describe in their own words why they trust or distrust a brand, using data and insights from more than 60,000 Australians. Bendigo Bank was also named the most trusted agribusiness bank, voted by an extensive panel of 30,000 farmers.

Cochlear has been named a silver winner in the Most Innovative Product of the Year - Healthcare category - in Best in Biz Awards US. Cochlear, together with TechSee, a leader in computer vision technology, has changed customer support for the hearing impaired by introducing interactive live video support sessions to offer easy and accessible remote service. This revolutionary solution empowers Cochlear Device Support Specialists to "see what customers see," enabling them to guide users more efficiently in setting up or troubleshooting their devices.

Meridian Energy's newest wind farm, Harapaki, is on track for early completion. The target date for full commissioning was revised last year from June 2024 to September 2024 after Cyclones Hale and Gabrielle impacted both the site and SH5 transport route. The fast progress and teamwork between Meridian's project team and key suppliers mean full power is now expected in late July.

When completed, Harapaki will be the country's second largest wind farm, offering enough electricity to power most of Hawke's Bay. The project also marks several industry and company firsts, particularly in sustainability. Meridian has used innovative strategies and processes to reduce waste and maintain low carbon emissions. Throughout the life of the project, around 75% of materials have been diverted from land fill through reusing and recycling initiatives with the local community. A novel foundation design that requires less concrete, coupled with an on-site concrete plant, has also significantly decreased transportation needs from Napier.

Key Facts

Platform Availability

Hub24 (Super & IDPS)
Praemium (Super & IDPS)

Portfolio Fee

0.66% pa

Top 10 Holdings

NextDC
Bendigo and Adelaide Bank
Meridian Energy
CSL Limited
Genex Power
Sonic Healthcare
Mercury NZ
Hub24
Technology One
Cochlear

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 for details.¹

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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