

# 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 March 2025

The Ethical Investment Australian Equities Portfolio fell 8.14% for the quarter ending 31 March, following both the US and Australian share market lower as Trump's tariff policies set the scene for the current volatility in markets.

Donald Trump started his second term with the more market disruptive policies of government spending cuts and tariffs causing market volatility and a broad sell off. The uncertainty of the depth of spending cuts, extent of tariffs, and ultimately how these will impact economic growth caused a de-risking in markets. Two days after the quarter end on 'Liberation Day' Trump announced the full extent of global tariffs causing further significant market volatility and selloffs.

The "reciprocal tariffs" are based on what the US believes to be the effective tariff rates that nations impose on US goods, including factors like local sales taxes and alleged "currency manipulation." In Australia, with which the US maintains a trade surplus, we will face a 10% tariff (the minimum rate).

The worst performing sectors of the Australian market were Information Technology, Health Care and Real Estate whilst Industrials, Utilities and Communication Services were the best performers, as investors gravitated towards the more defensible areas of the market. Financials also detracted as disappointing earnings and high valuations sent the share prices of banking stocks into the red.

The good news is that inflation is showing signs that it is back within the Reserve Bank of Australia's (RBA) 2-3% target range, prompting the central bank to cut official cash rates for the first time since 2020, down to 4.10%. Based on this our portfolio is likely to benefit due to our overweight exposure to growth related stocks and the property trust sector which will benefit from lower lending costs. We also have a larger cash holding to take advantage of any further volatility producing opportunities.

At a company level, technology stocks including **Macquarie Technology** (-25%), **NextDC** (-23%) and **Technology One** (-11%) were among the main detractors to performance, as was **Bendigo Bank** (-14%) and healthcare companies **Recce Pharmaceuticals** (-25%) and **Immutep** (-23%).

Bucking the trend was the technology company **Megaport** which rose 30% for the quarter, following a strong half-year result, while real estate companies **Charter Hall** (+12%) and **Mirvac** (+11%) also performed very well.

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

Performance as at 31 March 2025	Since Inception	5 years	3 years	1 year	3 months
<b>Ethical Investment Australian Equities</b>	<b>+5.63%</b>	<b>+8.38%</b>	<b>-2.66%</b>	<b>-5.35%</b>	<b>-8.14%</b>
<b>Benchmark</b> (All Ordinaries Accumulation Index)	+7.80%	+13.63%	+5.15%	+2.20%	-3.29%
<b>Relative Performance</b>	-2.17%	-5.25%	-7.81%	-7.55%	-4.85%
<b>Alternative Benchmark</b> (Small Ordinaries Accumulation Index)	+6.01%	+10.24%	-0.82%	-1.26%	-2.00%
<b>Relative Performance</b>	-0.38%	-1.86%	-1.84%	-4.09%	-6.14%

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

## Portfolio News

**Auswide Bank** was replaced in the portfolio with a holding in **MyState Bank**, following the successful merger of the two companies in February.

Other changes included the removal of **IGO Limited** and **Superloop** from the portfolio, while the Australian IT services company, **Data#3** was added.

**Data#3** is focused on helping its customers solve complex business challenges using innovative technology solutions. The company delivers an integrated array of solutions spanning cloud, modern workplace, cyber security, data & analytics and connectivity. These technology solutions are delivered by combining Data#3's services across consulting, project services and support services.

Holdings in **Hub24** and **Xero** were trimmed, and we also took advantage of the market volatility and used some of the portfolio cash to increase holdings in **IPD Group**, **Macquarie Technology** and **Bendigo Bank**.

## Company News

**Meridian Energy** have won Silver at the 2025 Better Future Awards World Design Awards. The company's head office has been designed to be one of New Zealand's - and the world's - most sustainable workspaces.

A new hot water scheme launched by Meridian Energy uses technology to automatically shift when a home's hot water is heated, automatically switching off the electricity supply to hot water cylinders during peak periods and switching it back on when there is less demand. Shifting hot water heating to non-peak periods won't just reduce household costs, it will also reduce New Zealand's reliance on non renewable fuel sources.

The company has also agreed to acquire NZ Windfarms Ltd. This will allow the company to repower the Te Rere Hau Wind Farm in Manawatu on the North Island of NZ with a generation capacity of up to 170MW. The repowering project has the potential to generate seven times the energy production of the current turbines.

Meridian Energy announced that it had signed a Power Purchase Agreement with Harmony Energy and First Renewables in respect of their joint venture to build the 150MW Tauhei Solar Farm on the North Island of New Zealand. Once completed in late 2026, the Tauhei Solar Farm will be New Zealand's largest to date, generating 280 gigawatt hours of electricity each year, enough to power around 35,000 homes. Meridian will purchase 100% of the output from the farm for its first 10 years of operation, facilitating the financing of the construction.

The **Charter Hall Social Infrastructure Trust** continues to enhance the quality of its portfolio with the strategic acquisition of a specialised pathology laboratory located in Osborne Park, WA, leased to Clinipath Pathology which is a 100% owned subsidiary of Sonic Healthcare Group. This was funded through the divestment of 16 childcare assets throughout the past six months for total consideration of \$84 million.

## Key Facts

### Platform Availability

Hub24 (Super & IDPS)

Praemium (Super & IDPS)

### Portfolio Fee

0.66% pa

### Top 10 Holdings

Bendigo and Adelaide Bank

NextDC

Charter Hall Group

Meridian Energy

Mirvac Group

Charter Hall Social Infrastructure

Sonic Healthcare

CSL Limited

IPD Group

Hub24



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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.

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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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