



ETHICAL INVESTMENT MID-CAP PORTFOLIO

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

Quarterly Performance Update – 30 June 2021

The Ethical Investment Mid-Cap Portfolio rose 8.97% for the quarter, outperforming the All Ordinaries Accumulation Index by 0.31%.

The Australian share market rose 8.66% for the quarter, buoyed by strong returns in the IT (12.13%), Consumer Discretionary (11.55%) and Property (10.46%) sectors. Lower returns were seen in the Utilities (-4.52%) and Energy (-2.25%) sectors, the latter of which this portfolio has no exposure to.

The main contributor to performance for the quarter was **Dubber Corp** which gained 72%. Dubber offers a cloud-based software-as-a-service solution for call recording and audio asset management, as well as artificial intelligence integration.

Other strong returns came from the investment and superannuation platform, **Hub24** (37%), lithium miner **Orocobre** (35%), education provider **Janison Education** (22%), and property manager **Charter Hall Group** (22%).

Among the main detractors to performance were **Appen** (-15%), **Challenger** (-13%), **Blackmores** (-12%), and **Ramsay Health Care** (-4%), all of which were sold during the quarter.

The overall performance of the portfolio compared with the All Ordinaries Accumulation Index is outlined below:

Periods to 30 June 2021	Since Inception	3 Years	1 Year	3 Months
Ethical Investment Mid-Cap Portfolio	+9.94%	+13.96%	+29.73%	+8.97%
All Ordinaries Accumulation Index	+9.05%	+10.29%	+30.24%	+8.66%
Relative Performance	+0.89%	+3.67%	-0.51%	+0.31%

Portfolio Changes

Several companies were removed from the portfolio during the month; **Blackmores**, **Ramsay Health Care**, **Appen**, **Challenger** and **Hansen Technologies**, the latter being removed after receiving a strong takeover offer.

Four new companies were added; **Macquarie Telecom**, **Recce Pharmaceuticals**, **Novonix** and **Xero**.

Macquarie Telecom is engaged in the provision of telecommunication and hosting services to corporate and government customers within Australia. Macquarie Telecom is involved in data hosting facilities, data network and cloud services.

Recce Pharmaceuticals is a drug discovery and development business commercialising a new class of synthetic antibiotics with broad spectrum activity designed to address the global health challenge of antibiotic resistant superbugs. The company's lead drug candidate and has been developed for the treatment of blood infections and sepsis derived from E. coli and S. aureus bacteria - including their superbug forms.

Novonix is a developer and supplier of materials, equipment and services for the global lithium - ion battery industry with operations in the USA and Canada. The Group also owns a natural graphite deposit in Queensland. The company is aiming to develop and commercialise ultra-high purity, high performance graphite anode material for the lithium-ion battery market, focused on electric vehicles, energy storage and specialty applications.

Xero provides a platform for online accounting and business services. It is a New Zealand domiciled public technology company which deals in the cloud-based accounting software platform for small and medium-sized businesses.

During the quarter we also trimmed holdings in several companies including **Calix**, **Australian Ethical**, **Cochlear** and **Auswide Bank**, and added to holdings including **Mercury NZ**, **4D Medical**, **Meridian Energy** and **NextDC**.

Company News

Spark Infrastructure has continued its foray into generation, purchasing development rights to a string of new renewable energy projects with a collective capacity of 1.5 gigawatts. The announcement comes after the company opened its first 100 megawatt solar farm last year. Spark says it has earmarked \$1.15 billion to invest in new solar, wind and battery projects, and is even having “a look at” green hydrogen.

Until recently Spark was exclusively an investor in transmission and distribution. It owns 49 per cent of South Australia’s distribution network operator SA Power Networks, a 15 per cent stake in transmission network operator Transgrid in NSW, and a 49 per cent stake in Victorian distribution operators Powercor and CitiPower.

But as the nation moves rapidly away from concentrated baseload power plants towards less centralised renewable generation, Spark decided to get a piece of the action through the Bomen Solar Farm, a 100 megawatt project near Wagga Wagga in NSW which it built from scratch. The solar farm, which is wholly owned by Spark, started feeding energy into the grid in June last year.

4D Medical announced it was awarded \$28.9m in funding over 5 years as part of the Federal Government’s Medical Research Future Fund Frontier Health and Medical Research initiative. The funding will be used to develop two generations of world first dedicated lung function scanners. The new scanners will be integrated with 4D Medical’s existing XV Lung Ventilation Analysis Software providing enhanced details of lung function of patients.

Cochlear received expedited US Food and Drug Administration (FDA) approval of Remote Check which enables clinical professionals to virtually connect with recipients and provide support from the safety of their own home. It allows people with a Cochlear Nucleus 7 Sound Processor to complete a series of hearing checks from their compatible iOS device using the Nucleus Smart App.

Key Facts

Platform Availability

Hub24 (Super & IDPS)
 Praemium (Super & IDPS)
 Emerald Wrap (Super & IDPS)
 WealthO2 (Super & IDPS)

Portfolio Fee

0.66% pa GST Inclusive

Avoided Investments



Oil



Tobacco



Weapons



Heavy
Polluters



Gambling



Coal

Targeted investments



Healthcare



Recycling



Education



Sustainable
Technologies



Clean Energy



Aged Care

Investment Objective

The fund aims to outperform the S&P/ASX All Ordinaries Index over rolling five-year periods, while providing access to companies which meet strict environmental and socially responsible standards

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