



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

30 September 2024

The Ethical Investment Growth Portfolio performed well during the quarter ending 30 September 2024 with a return of +5.91%.

Global markets experienced strong returns over the past few months, despite the ongoing pressures of high interest rates, geopolitical issues and the looming US election.

Helping to push shares higher were bond yields which fell as global inflation eased and several central banks initiated rate cuts, with the US Federal Reserve being the most significant. In September, the Federal Reserve reduced its benchmark federal funds rate by 0.50%, setting the target range between 4.75% and 5.00%.

Although the rate cut had been widely anticipated, there was considerable debate around the magnitude of the reduction, as the Fed shifted its focus from curbing inflation to safeguarding employment and sustaining economic growth. The Federal Reserve also indicated plans for further reductions, signalling an additional 0.50% rate cut in 2024, followed by a 1.00% decrease in 2025 and a further 0.50% cut in 2026.

At its most recent meeting, the Reserve Bank of Australia (RBA) opted to keep the cash rate target steady at 4.35%, indicating that it expects inflation to remain elevated for some time before returning to sustainable levels. The RBA's updated economic outlook projects a gradual return of inflation to its target range over the next few years.

International shares (MSCI World ex Australia NR Index) rose 2.30% for the quarter, with China leading the way with a 16% return in response to significant stimulus measures announced by China's central bank. US shares rose 5.53%, while Japan continues to struggle with a 4.20% fall.

The Australian share market was 7.79% higher, driven by strong returns in the Technology (+15.27%), Materials (+10.80%) and Consumer Discretionary (+10.61%) sectors, while the Energy (-6.38%), and Utilities (-1.24%) sectors were lower.

Amongst the main contributors to performance was the *Northstar Impact Australian Equities Fund* which gained 12.42% for the quarter, while the *Australian Ethical Emerging Companies Fund* and *Ethical Investment Large Cap* also both performed well with returns of more than 8% for the quarter.



Several of the smaller holdings in property REITs also saw strong returns for the quarter, particularly Charter Hall (+42%), Centuria (+26%) and the Charter Hall Social Infrastructure Fund (+21%).

The main detractors to performance were the *Regnan Global Equity Impact* which fell 1.06%, and *Pengana WHEB Sustainable Impact Fund* which managed a small gain of 0.53%.

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

Periods to 30 September 2024	Since Inception	3 years	1 year	6 months	3 months
Ethical Investment Growth Portfolio	+7.20%	+1.41%	+19.38%	+3.50%	+5.91%
Benchmark*	+8.70%	+7.53%	+21.77%	+5.39%	+5.72%
Relative Performance	-1.50%	-6.12%	-2.39%	-1.89%	+0.19%

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

Portfolio Changes

No major changes were made to the portfolio during the quarter, however holdings in global shares were trimmed slightly to lock in profits, while the proceeds were added to Australian shares via the *BetaShares Australian Sustainability ETF* and also to property through the *Australian Unity Property Income Fund*.



Portfolio News

The **Pengana WHEB Sustainable Impact Fund** will be adopting the 'Sustainability Impact' label in September 2024 under the UK Financial Conduct Authority's (FCA) Sustainability Disclosure Requirements (SDR) regime.

WHEB is among the first fund managers to be able to do so, and a real testament to the authenticity of their investment approach. WHEB have welcomed and support the SDR's introduction in order to tackle widespread greenwashing, and encourage the level of impact reporting they have championed for over a decade.

WHEB were also recently announced as award finalists for: 'Impact Manager of the Year' award at the LGC Investment Awards 2024 and 'Responsible Investor of the Year' award at Reuters Events Sustainability Awards 2024.

Australian Unity reported a significant increase in social impact, reaching \$2.01 billion for FY24, up from \$1.76 billion in FY23. This growth underscores the company's social value (CSV) framework, which integrates health, wealth, and care businesses that deliver social impact to customers, members and the community.

The Group continues to guide its investment in initiatives that support its three priority outcomes: lifelong wellness, economic empowerment, and strong communities. This value comes from supporting more Australians to age in place in their homes, which we know increases individual wellbeing, improves access to healthcare and alleviates the burden placed on hospitals.

To support individuals and families in having those difficult but necessary conversations about ageing and the future with their loved ones, Australian Unity has launched the Parenting Up podcast. While each episode explores a different topic, common throughout is the importance of open communication, empathy, and involving parents in decision-making processes to ensure their well-being and independence. Australian Unity have also won the Australian Property Funds Association's Environment and Sustainability Award 2024.

Key Facts

Platform Availability

Hub24 (Super & IDPS, Core & Choice)

Portfolio Fee

0.308% pa GST Inclusive

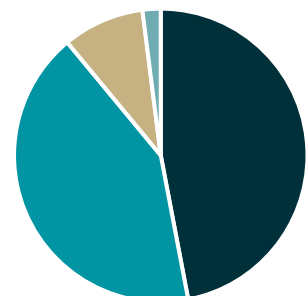
Estimated Costs of Underlying Investments

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.

Investment in securities and other financial products involves risk. Information, opinions, historical performance, calculations, or assessments of performance of financial products or markets rely on assumptions about tax, reinvestment, market performance, liquidity and other factors that will be important and may fluctuate over time.

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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