

Australian Ethical Australian Shares Fund

Ethical Survey, as voted by members of the Ethical Advisers Co-Op



Poor | Disappointing | Average | Appealing | Excellent

As voted by Ethical Adviser Co-op members. Find a specialised ethical adviser near you: www.ethicaladviserscoop.org/find-an-adviser.html

Fund Overview

This is an actively managed Australian shares fund, focused on ASX 300 stocks. Holdings must be consistent with Australian Ethical's Ethical Charter, and uses principles-based positive and negative screening. The portfolio commits to align with UN Sustainable Development Goals and the Paris Agreement.

Ethical Concerns

Investments

- ✗ Some investments in the Fund may be problematic for ethical investors, such as:
 - Fossil-fuel financing: Westpac, NAB
 - Corporate Governance: Westpac – AUSTRAC conviction
 - Fossil Fuels (oil/gas): Contact Energy (82% hydro/geothermal energy generation is supplemented with natural gas and oil/diesel peaking facilities)

Other concerns

- ✗ Underlying holdings are provided for all funds rather than specific investment options. Australian Ethical will, however, provide a full list of holdings for the International Shares Fund upon request.
- ✗ Different (potentially misleading) statements across different information sources. E.g. high-level statements on website and in reporting that Australian Ethical portfolio has “zero” investment in fossil fuels and avoids investment in other carbon-intensive industries, whereas there are exceptions where a company outweighs this with positive contributions in other ways.
- ✗ No individual fund-level information or reporting on climate/sustainability performance. Whole of portfolio data only.

Good Points

- ✓ Fund uses a charter which excludes coal (but not fossil fuel financing), coal seam gas, oil, weapons, tobacco, old growth logging, exploitation, gambling, human rights abuses, and harmful products.
- ✓ The fund preferences sustainability leaders, selecting companies from several positive industries including renewables.
- ✓ The manager provides a [charter](#) detailing the ethical screening process.
- ✓ Great commitment to sustainability and transparency by being a [UNPRI signatory](#) and [RIAA](#) certified and [IGCC member](#).
- ✓ Reasonable transparency around holdings – [top ten holdings](#) are shown for each fund but full listing of all [share-holdings](#) in all funds is found in another area of website. Full [voting](#) history is provided on website.
- ✓ Strong record of voting and engagement on climate change and other corporate responsibility style resolutions. The manager also publishes its [ethical influencing](#) activity on the website, and is a member of the Investor Group on Climate change.
- ✓ The fund's carbon emissions are 70% lower than benchmark [S&P ASX200 Index].
- ✓ The fund's investment choices demonstrate a clear connection with the 'Impact' UN Sustainable Development Goal. The impact of Australian Ethical's share investments has been measured as 3 times the broader market impact on SDG's; see the [Sustainability Report](#).
- ✓ Australian Ethical only specialise in ethical investments.
- ✓ Australian Ethical has been B-Corp certified since 2014.
- ✓ Australian Ethical donates 10% of profits each year to charities and social impact initiatives. Since 2000, Australian Ethical has donated over \$3.5 million to positive impact initiatives around Australia and the world.

*This survey, and the information contained in this document, consider **ethics only** and do not include ANY analysis of fees, performance of financial suitability. It is **general advice only**. The ethical score is subjective and benchmarked to each adviser's average ethical client. Your ethics may differ. We recommend you speak to an experienced ethical financial adviser for personalised advice before making any decisions.*

About the 'Ethical Survey'

About the Ethical Advisers Co-Op

The Ethical Advisers Co-op is a group of 35 financial advisers who are passionate about ethics and finance. The Co-op was established as a not-for-profit over 10 years ago to enable likeminded financial advisers to work together to represent the voice of the consumer. We work to shift the super and investment industry into being more ethically aligned with their clients' objectives. The Co-op's nationwide membership of ethical financial advisers help over 3,300 Australians make financial decisions and invest in line with their ethical values.

How the Leaf-System Works

The ethical rating is voted by Australian financial advisers who specialise in ethical investments (Co-op members). The advisers assess if fund ethics suit their average ethical client, and if it matches with the average client's expectations and objectives. The advisers consider how successful the fund is at; 1) removing industries and stocks harmful to the environment and society 2) including companies with environmental or social benefits, and 3) providing evidence of actions from the fund which benefit society and/or the environment. The quality of information the fund provides on its ethical policies, companies invested in, and proxy voting is important in assessing if a fund is as ethical as claimed. The final rating is an average of these votes.

Financial advisers are voluntarily participating to help ethical consumers gain a quick understanding of how the clients of a group of industry professionals view the ethics of each fund. The Co-op and the advisers do not receive any form of remuneration or reward for participating.

Further Research

Does your fund walk the talk?

The Australasian Centre for Corporate Responsibility (ACCR) – a not-for-profit shareholder advocacy organisation – pushes for transparency around whether your super fund 'walks the talk' on issues such as climate and human rights. You can find details on your super fund [here](#).

Is your fund investing in fossil fuels?

Market Forces is a not-for-profit delivering transparency on fossil fuel lending, insuring and investing within super funds, banks and insurance companies. You can see how exposed your super fund, bank or insurance company is to the fossil fuel industry [here](#).

If the fund is certified by the Responsible Investment Association Australasia (RIAA)

You can find more ethical and investment information for certified funds [here](#).

More information on this fund

For exact details of the fund's claimed ethics, costs and legal details see the fund's Product Disclosure Statement - available on their website.

Vote based on information last updated 12th June 2020