

## MEDIA RELEASE

# Australian Ethical among top performing super funds in Australia

## Leading ethical investor outperforms during COVID crisis to prove you can do well by doing good

**SYDNEY, 17 July 2020:** Australia's original ethical investment manager Australian Ethical (ASX: AEF) has continued its track record of delivering market-leading financial returns for its members with positive impact for the planet.

According to new data from leading research house SuperRatings, the Australian Ethical Balanced (MySuper) option ranked third for its one-year performance in a year dominated by the COVID crash. With returns of 2.4% p.a., it was among just 15 of the options in the SuperRatings SR50 Balanced Index to generate a positive return for members.

Australian Ethical also reported an increase in funds under management to \$4.05 billion this week and record net inflows of \$660 million as a growing number of Australians look to Australian Ethical for investments that do well while doing good.

### Australian Ethical Balanced (MySuper) option returns

	1 year	7 year	10 year
Australian Ethical Balanced (My Super) option	2.4% p.a.	7.3% p.a.	6.8% p.a.

John McMurdo, Australian Ethical CEO, said: "This has been a pivotal year for Australian Ethical and these performance results reinforce what we have long known – that our style of investing can generate consistent outperformance while having a positive impact on the world even during the most challenging environment.

"These have been unprecedented times for not just global economic activity and stock markets, but for all of us personally. To end such a turbulent year with market-leading returns for our members and record flows into our superannuation and managed funds products is testament to the experience and commitment of everyone at Australian Ethical."

### Performance highlights

- The Australian Ethical Balanced (MySuper) option ranks number 3 in SuperRatings Top 10 balanced options for returns over 12 months
- Australian Ethical increased funds under management by 18.6% to \$4.05 billion as at 30 June 2020 (up from \$3.42 billion as at 30 June 2019)
- Australian Ethical saw record net inflows of \$660 million over the financial year to 30 June 2020 (across both superannuation and managed fund product)

### Comments from Australian Ethical Chief Investment Officer David Macri:

David Macri, Australian Ethical Chief Investment Officer, said: "Our domestic equities portfolios have performed very well again this year, leading to excellent relative performance for the Balanced (MySuper) option of our super fund.

“Over the years we have developed unique portfolio construction processes that lead to portfolios that are quite different to the market indices, with a skew to small caps, where we have demonstrated an ability to generate consistent significant alpha.

“In addition to our outperformance in small caps, our sector positioning has also contributed to this year’s performance. For example, we are underweight to the banking sector and overweight in the healthcare and IT sectors. Our performance in the unlisted property asset class was also market-leading, thanks to the underlying funds we selected using our process.

“I’m really proud of these results which I hope will put an end to the myth that ethical investing is only about doing the right thing, not generating financial returns.”

## **Additional context**

### **Superior risk-adjusted returns**

In June, Australian Ethical was the only retail super fund to crack the top 10 by combined risk adjusted rank - a ranking of funds' average percentile scores across the Sharpe, Sortino and Omega risk ratios in Rainmaker’s latest RMetrics MySuper report.

The report looked beyond the headline three-year returns of 41 MySuper single strategy-investment options and into their performance and relationships with volatility risk measures. It found that for the three years to 31 March 2020, Australian Ethical’s Balanced (MySuper) option was ranked equal first for its Sharpe ratio, achieved the highest three-year returns at 5.7% and took second place by risk-adjusted rank.

Macri said: “There is a perception that ethical investing can create concentration risk in a portfolio, but our performance disputes this. In fact, we have shown that by applying the fundamentals in portfolio construction in a systematic way we can outperform with *lower* risk.”

### **About the Australian Ethical Balanced (MySuper) option**

The Australian Ethical Balanced (MySuper) option invests in the Australian Ethical Balanced Managed Fund which – unlike other mainstream responsible investment options – was launched more than 30 years ago.

It provides investors with a balance between capital growth and a moderate level of income and invests in a diversified portfolio of assets that supports the Australian Ethical Charter including Australian and international shares, property and fixed income securities.

### **About the Australian Ethical investment process**

Australian Ethical offers eight managed funds and 13 investment options in its superannuation fund that are all underpinned by the same ethical conviction. These are managed by an in-house team of investment professionals consisting of sector specialists with an average of over 16 years’ experience.

Going much deeper than generic ESG investing, the team combines the most comprehensive ethical assessment process in the market with fundamental bottom up stock analysis. Investments are guided by an [Ethical Charter](#) which has been in place since 1986 and defines the universe of possible investments.

This means Australian Ethical does more than simply avoid companies with a negative impact and instead proactively seeks out companies that do good. It’s an approach that is proven to give members and investors a way to create wealth while making a positive impact on people, planet and animals.

Australian Ethical also drives progress through company engagement, shareholder voting, divestment triggers and using its investor voice in advocacy activities and supporting public campaigns to influence government change.

## About Australian Ethical

Australian Ethical is Australia's leading ethical investment manager. Since 1986, Australian Ethical has provided investors with wealth management products that align with their values and provide competitive returns. Investments are guided by the Australian Ethical Charter which shapes its ethical approach and underpins both its culture and its vision.

Australian Ethical has \$4.05 billion in funds under management across managed funds and superannuation as at 30 June 2020.

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