

# Ethical Investment Large Cap Portfolio

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## ABOUT THIS MANAGED PORTFOLIO DISCLOSURE DOCUMENT

This Managed Portfolio Disclosure Document (Disclosure Document) has been prepared and issued by HUB24 Custodial Services Ltd (ABN 94 073 633 664, AFSL 239 122) ('HUB24', the 'Operator', 'we', 'us' or 'our') as operator of the Investor Directed Portfolio Service (the 'Service'), about which you have expressed an interest or in relation to which you may be an existing investor.

**The information contained in this Disclosure Document should be read in conjunction with the Investor Directed Portfolio Service Guide for the Service ('IDPS Guide').** If you do not have a copy of the IDPS Guide, you can obtain a copy free of charge from your financial adviser or the Operator.

This Disclosure Document is intended only for the purposes of providing an overview of the key features of the managed portfolio available through the Service. The information contained in this Disclosure Document is not intended to be a definitive statement nor an endorsement that this managed portfolio is appropriate for you and should not be relied upon in making a decision to invest.

To understand all the fees payable when you select a particular investment option, you must refer to the IDPS Guide and the Product Disclosure Statement (or other disclosure document) for the investment option. Refer to the IDPS Guide for details.

Any statement made by a third party or based on a statement made by a third party in this Disclosure Document has been included in the form and context in which it appears with the consent of the third party, which has not been withdrawn as at the date of this Disclosure Document.

## GENERAL ADVICE WARNING

The information in this Disclosure Document is general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before acting on this information, you should consider its appropriateness, having regard to your individual objectives, financial situation, needs and circumstances.

Before making a decision about whether to acquire or continue to hold the Ethical Investment Large Cap Portfolio, you should consider the IDPS Guide. The IDPS Guide is available free of charge by contacting your financial adviser or the Operator. When designing the portfolio, the portfolio manager does not take into account any potential investors' investment objectives, financial situation or needs.

You should also consider the Product Disclosure Document (or other disclosure document) for any underlying investment options acquired under this managed portfolio before making any investment decision. Upon request, your financial adviser or the Operator must give you (free of charge) a copy of this documentation.

If you'd like to request a free printed copy of this Disclosure Document or have any questions or would like any more information about the Ethical Investment Large Cap Portfolio, please contact your financial adviser or the Operator.

## ELIGIBILITY

You can only invest in the Service if you are advised by a financial adviser (adviser), unless otherwise approved by us, so you can receive financial advice for each investment you are considering, including investments held through the managed portfolio described in this Disclosure Document.

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## Managed portfolio

Ethical Investment Large Cap Portfolio

## Portfolio manager

The portfolio manager is Ethical Investment Advisers Pty Ltd (ABN 26 108 175 819, AFSL 276544) ('Ethical Investment Advisers'). The portfolio manager is responsible for designing and managing the composition of this managed portfolio to meet the investment objectives and investment strategy detailed below.

## Execution of investment strategy

HUB24 is responsible for implementing the investment instructions of the portfolio manager, by buying and selling of investments, taking into consideration, timing, trading costs (such as brokerage and currency costs, if applicable) and the mandate of the portfolio. It does so in accordance with your standing or other instructions in relation to the portfolio, as set out in the IDPS Guide and this Disclosure Document. HUB24 has the right to vary the managed portfolio, as set out in the IDPS Guide.

## Code

EIA002

## Inception date

13 June 2018

## Minimum initial investment amount

No minimum

## Designed for

The portfolio is designed for investors seeking;

- access to a portfolio of Australian listed securities which meet their ethical criteria; and
- long-term growth opportunities along with some dividend income.

## Investment objective

The portfolio aims to outperform the S&P/ASX 200 (TR) Index over rolling 5-year periods, after fees, while providing investors with access to a portfolio of Australian listed securities selected from the ASX 200 and which meet the portfolio managers environmental and socially responsible criteria.

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## Investment strategy

Ethical Investment Advisers believe everyone should be able to invest according to their values. They begin by looking at the largest 200 stocks in the Australian share market and screen these stocks on environmental and socially responsible grounds.

Ethical Investment Advisers then employ a two-stage screening process for the portfolio. Firstly, a negative screen is applied to companies which are involved in harmful environmental activities and socially hazardous activities such as tobacco and weapons manufacture, uranium or other mining, fossil fuels, coal seam gas or gambling. Companies which do not pass the negative screen are excluded from the portfolio.

Following the negative screen, a positive screen is applied to the remaining companies. The positive screen ranks the remaining companies according to their environmental and social impact. This includes assessing each companies involvement in positive environmental activities or benefit to society, such as healthcare, energy efficiency, recycling, renewable energy, fair trade, community finance and social welfare.

The stocks remaining after the ethical screening process will then be used to create a diversified portfolio of between 30 and 50 stocks, selected based on a range of valuation overlays.

Refer to the 'Investment strategy and process' section below for further details.

## Investment universe

The portfolio may invest in:

- Australian listed securities selected from the S&P/ASX 200 (TR) Index (at the time of purchase); and
- Cash (which may include Exchange Traded Funds (ETFs)).

The portfolio does not invest in derivatives.

## Benchmark

S&P/ASX 200 (TR) Index

## Asset allocation ranges

	Minimum	Maximum	Expected long term average target*
Australian shares	85%	100%	95%
Cash	0%	15%	5%

\*The portfolio manager does not target a particular strategic asset allocation. The long term asset allocation represents the portfolio manager's indicative expected long-term average asset position.

## Portfolio income

All income derived from the portfolio will be distributed to your cash account when received.

## Typical number of securities

30-50 stocks

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**Number of securities published to client**

All

**Turnover aim**

The portfolio will be reviewed monthly, with half-yearly rebalances expected. Therefore, the expected portfolio turnover is quite low at 20%.

**Minimum suggested timeframe**

5 years

**Investment fees**

**Investment management fee**

0.3075% p.a. (inclusive of GST and net of any RITC) of the balance in the portfolio.

The investment management fee is calculated as a percentage of the managed portfolio calculated daily and deducted from your cash account monthly in arrears.

The investment management fee is paid to HUB24 and used to remunerate the portfolio manager for its services in relation to the Service, and to meet the costs of the asset consulting and the investment management services associated with the portfolio.

This fee will only be deducted where you have agreed (consented) to the amount of the fee and its deduction from your cash account. If you do not provide your consent you cannot invest via this portfolio.

In addition to the investment management fee, there may be indirect costs associated with the underlying investments held within the managed portfolio.

**Investment performance fee**

N/A

**Other fees and costs**

For information about other fees and costs for trading within a managed portfolio, refer to the IDPS Guide (Part II) and the International Listed Securities Guide (if applicable).

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## ABOUT THE PORTFOLIO MANAGER

### Ethical Investment Advisers Pty Ltd

Ethical Investment Advisers are passionate about offering advice on ethical investment choices to all investors. At present, they help clients from around Australia and overseas. Ethical Investment Advisers believe everyone should be able to invest according to their values.

The vision of Ethical Investment Advisers is to help all investors incorporate their values with their investment objectives. By integrating the social, environmental and financial aspects of an investment, they believe that a more sustainable investment return is possible.

The directors of Ethical Investment Advisers have been ethical investment specialists since the 1990's. In 2004, they decided to establish Ethical Investment Advisers, so that they could offer specialist advice on ethical investing.

### Investment strategy and process

#### Investment philosophy

Ethical Investment Advisers aims to provide investors with access to a portfolio of stocks which meet environmental and socially responsible standards.

Ethical Investment Advisers screen investments on environmental and social grounds, utilising Environmental, Social and Governance (ESG) research from CAER and Sustainalytics, additional ethical research from Eco Investor, as well as their own internal research.

In addition, Ethical Investment Advisers access financial research from a number of brokers and research houses.

#### Investment process

Ethical Investment Advisers begin by looking at all stocks in the S&P/ASX 200. The first step is to screen these stocks for environmental and socially responsible standards. The ethical screening process has two stages. Firstly, a negative screen is applied to companies which are involved in harmful environmental activities and socially hazardous activities such as tobacco and weapons manufacture, gaming, animal cruelty, and uranium and coal mining, as well as direct and indirect fossil fuel involvement.

Secondly, a positive screen is applied to the remaining companies seeking to identify those which are involved in positive environmental activities or which provide benefits to society, such as healthcare, energy efficiency, recycling, renewable energy, fair trade, community finance and social welfare.

A diversified portfolio of between 30 and 50 stocks will then be selected based on a range of valuation overlays.

#### Ongoing Monitoring and Review

Ethical Investment Advisers will monitor the portfolio and make changes to the investments as required.

Ethical Investment Advisers continuously monitor all investments to ensure they continue to meet the portfolios environmental and socially responsible standards. If a company contravenes the ethical screening process, the manager will attempt to divest as soon as prudently possible.

#### How the portfolio manager manages risk?

The portfolio manager is unable to eliminate all investment risks, but does analyse, research, manage and aim to reduce the impact of risks on

investments by actively monitoring investment markets and the portfolio and use carefully considered investment and risk management guidelines.

## Risks

Before you consider investing in this portfolio, it's important you understand the risks that can affect your investments.

A summary of key risks is in the IDPS Guide. See the 'Risks' section in the IDPS Guide and please note this is not an exhaustive list of all the risks. The risks relevant to this portfolio reflect the underlying investments. For information about risks with regard to your personal situation speak to your adviser.

## Trade notifications

If the portfolio manager is planning to perform a rebalance or reallocation on your investment, HUB24 may send you an email notifying you of a set of pending investment instructions. This is called a trade notification.

The specific details of the investment instructions will be set out on InvestorHUB. You have a minimum of 24 hours from the time and date of the trade notification to cancel these pending investment instructions.

If you don't respond or take any action in relation to the pending investment instructions, the portfolio manager will submit the investment instructions on or around 10.00 am the next business day. If you opt out (i.e. do not consent) to the portfolio manager's proposed rebalancing or reallocation your investment in the managed portfolio will be withdrawn and be deposited into your cash account.

If you can't contact your adviser to cancel the pending investment instructions, you can give HUB24 verbal and or written instructions directly, as long as the verbal and or written instructions are received by HUB24 within the time frame mentioned above. The rebalance and reallocation of managed portfolios may occur regularly and you may receive a trade notification from HUB24 each time a rebalance or reallocation occurs.

Note: The trade notification feature has been developed to provide transparency and the right to veto any pending investment instructions within the agreed timeframe with your adviser or HUB24.

## Universe of investments

A managed portfolio can only be made up of asset classes and underlying assets and securities from the approved list of investments in the Service.

The portfolio manager will select from this list to construct this managed portfolio.

Where available, the actual list of assets and securities acquired in all of the above asset categories will be set out in your Statement of Advice.

## Contact details

Operator: HUB24 Custodial Services Ltd  
Mail: GPO Box 529, Sydney NSW 2001  
Email: [admin@hub24.com.au](mailto:admin@hub24.com.au)  
Phone: 1300 854 994  
Fax: 1300 781 689