

# Ethical Investment Large Cap Portfolio

Issue date: 13 June 2018

## ABOUT THIS MANAGED PORTFOLIO DISCLOSURE DOCUMENT

This Managed Portfolio Disclosure Document (Disclosure Document) has been prepared and issued by Diversa Trustees Limited (ABN 49 006 421 638, AFSL 235153, RSE Licence No. L0000635) (Trustee, we, us) as Trustee of the HUB24 Super Fund (ABN 60 910 190 523, RSE R1074659) (Fund).

The information contained in this Disclosure Document is incorporated by reference into the Product Disclosure Statement Part I and Part II (PDS) for the Fund and should be read in conjunction with the PDS, Additional Information Booklet, Investment Booklet, individual insurance policies (as applicable) and the relevant underlying disclosure documents (if any) for each investment option.

This Disclosure Document is intended only for the purpose of providing an overview of the key features of the managed portfolio available through the Fund. 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 solely relied upon in making a decision to invest.

All dollar amounts are in Australian dollars unless otherwise indicated. All fees include GST (where applicable) unless otherwise specified. Information in this document is subject to change from time to time. Other fees and costs apply. To understand all the fees payable when you select a particular investment option, you must refer to the PDS (including the information incorporated into the PDS) and the product disclosure statement (or other disclosure document) for the investment option. Refer to Part II of the PDS and, if applicable, the disclosure document for the particular investment option(s) for details.

This managed portfolio is comprised of a number of underlying financial products. By selecting this managed portfolio, you instruct the Administrator to purchase on your behalf the underlying financial products that make up the managed portfolio.

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has been included in the form and context in which it appears with the consent of the third party, which has not been withdrawn as at the date of this Disclosure Document.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 personal objectives, financial situation, needs or circumstances. Before acting on this information, you should consider its appropriateness, having regard to your personal objectives, financial situation, needs and circumstances.

Before making an investment decision about the product, including about whether to acquire or continue to hold the Ethical Investment Large Cap Portfolio, you should consider the PDS (including incorporated information). These documents are available free of charge by contacting your financial adviser or the Administrator or through the product website shown in the front cover of the PDS. When designing the portfolio, the portfolio manager does not take into account any potential investor's investment objectives, financial situation or needs.

You should also consider the product disclosure document (or other disclosure document) for any underlying investment acquired under this managed portfolio before making any investment decision. Upon request, your financial adviser 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 Fund or the Ethical Investment Large Cap Portfolio, please contact your financial adviser or HUB24 Custodial Services Limited (ABN 94 073 633 664, AFSL 239122) (HUB24, Administrator).

## ELIGIBILITY

You can only invest in the Fund 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 has been appointed by the Trustee to provide various services in relation to the Fund, including promoter, administration, investment management and custody services.

HUB24 is responsible for implementing the investment instructions of the portfolio manager by buying and selling investments, taking into consideration timing, trading costs (such as brokerage and currency costs, if applicable) and the mandate of the portfolio. HUB24 has the right to vary the managed portfolio, as set out in the Additional Information Booklet.

By investing in this managed portfolio, you instruct HUB24 to buy and sell on your behalf the underlying financial products that make up the managed portfolio as advised by the portfolio manager.

## Code

EIA002

## Inception date

13 June 2018

## Minimum initial investment amount

No minimum

## Holding limits

100%

For more information refer to 'Investment Holding Limits' in the Investment Booklet.

## 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.

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## 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.

## 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

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## 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 to 50 stocks

## 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

## Risk level (Standard Risk Measure)

High. The estimated likelihood of a negative annual return is 4 to less than 6 years in 20 years.

The Standard Risk Measure is a way of describing the level of risk of different investment options and provides a guide on the expected number of negative annual returns over any 20-year period. It does not consider all form of investment risk. Please refer to the Investment Booklet for more information about the Standard Risk Measure.

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## Investment fees

### Investment management fee

0.33% p.a. inclusive of GST of the balance in the managed 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.

### Investment performance fee

N/A

### Other fees and costs

In addition to the Investment fee described above, there may be other fees and costs relating to the underlying investments that make up the managed portfolio, including, but not limited to, a cash management rate <sup>1</sup> and transaction fees.

For more information refer to Part II of the Super PDS and, if applicable, the product disclosure document (or other disclosure document) for any underlying investments acquired under this managed portfolio.

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<sup>1</sup> A cash management rate will apply to the cash account portion you hold in this managed portfolio. The cash management rate is the amount that the Administrator earns from its cash management activities and is not a separate fee payable by you. Refer to Part II of the Super PDS for more information.

## 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.

The portfolio manager conducts monthly stressing testing of the portfolio, which includes a number of different metrics such as maximum drawdown, volatility, beta, correlation, risk-adjusted return, days of gain and loss, rolling weekly volatility, upside and downside capture and rolling 90-day returns.

## Labour standards and environmental, social and ethical considerations

The Trustee does not take into account labour standards, environmental, social or ethical considerations when making the investments available.

This investment strategy directly measures and incorporates labour, environmental, social and ethical standards as part of the investment decision making process. Negative screens are put in place to exclude 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. The portfolio manager is aware that these issues can influence social, business and investor outcomes, and consider these issues when making an investment decision. The portfolio manager's consideration of labour, environmental, social or ethical considerations is in its own right and not on behalf of the Trustee. See the 'Investment Strategy and process' section in this Disclosure Document for more information around the portfolio manager's consideration of labour, environmental, social or ethical considerations.

## 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 PDS. See the 'Risks' section in the PDS. 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

HUB24 may send you an email notifying you of a set of pending investment instructions if the portfolio manager is planning to perform a rebalance or reallocation on your investment. 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 do not 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 cannot 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 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 Fund.

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

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

By investing in this managed portfolio, you instruct HUB24 to buy and sell on your behalf the underlying financial products that make up the managed portfolio as advised by the portfolio manager.

## Contact details

Administrator: HUB24 Custodial Services Limited  
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

Trustee: Diversa Trustees Limited  
Mail: GPO Box 3001, Melbourne VIC  
3001  
Phone: (03) 9616 8600