

Australian Ethical Income Fund

FUND PROFILE - 31 MARCH 2021

Australian Ethical is one of Australia's leading ethical fund managers. By investing responsibly in well-managed ethical companies, we deliver competitive financial performance to our clients and positive change to society and the environment. Since our inception in 1986, our Ethical Charter has guided all investment decisions and underpinned our business practices. Every year 10 per cent of our profits* are distributed to charitable organisations and social impact initiatives through The Australian Ethical Foundation.

Investment objective

To generate an income stream consistent with prevailing short-term interest rates while minimising the risk of capital loss and supporting the Australian Ethical Charter.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.00%/0.00%

Fund facts

Fund size: \$1.46m

Benchmark: Bloomberg AusBond Bank Bill

Asset class: Money Market

Inception date: 26/11/1997

Minimum investment timeframe: 1 year

Risk level: Very low

Identifiers

ISIN code: AU60AUG00036

APIR code: AUG0003AU

Distributions

Frequency: 2

Dates: 30/06, 31/12

Fees

Management costs - PDS: 0.20%

Minimum initial investment: \$1,000
\$500 with a Regular investor plan

Additional transactional and operational costs: 0.00%

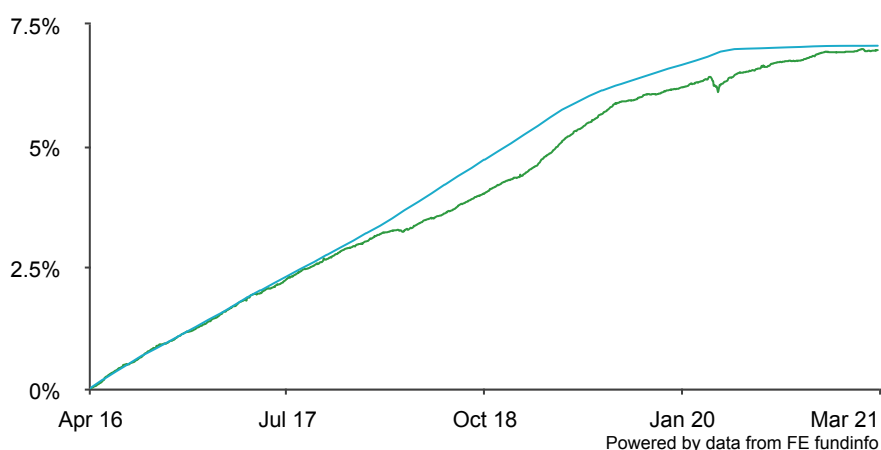
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(after tax, before bonus expense)

Investment strategy

The opportunity to invest in a diversified portfolio of interest-bearing investments generating income. The Fund is invested in short-dated deposits, high grade mortgage-backed securities, State and Commonwealth Government Bonds, and bank and other corporate bonds. As such, the returns of the Fund tend to move in line with the general level of interest rates.

Cumulative performance (as at 31/03/2021)



■ Australian Ethical Income
■ Benchmark

Performance (as at 31/03/2021)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.0%	0.0%	0.2%	0.7%	1.2%	1.4%	2.4%	3.7%
Benchmark	0.0%	0.0%	0.0%	0.1%	1.1%	1.4%	2.3%	4.1%

Calendar Performance (as at end 2020)

	CY2020	CY2019	CY2018	CY2017	CY2016
Fund	0.7%	1.7%	1.3%	1.6%	1.7%
Benchmark	0.4%	1.4%	2.0%	1.8%	2.0%

Source: FE fundinfo.

Total returns are calculated using the sell (exit) price, net of management fees and gross of tax as if distributions of income have been reinvested at the actual distribution reinvestment price. The actual returns received by an investor will depend on the timing, buy and exit prices of individual transactions. Return of capital and the performance of your investment in the fund are not guaranteed. Past performance is not a reliable indicator of future performance. Figures showing a period of less than one year have not been adjusted to show an annual total return. Figures for periods of greater than one year are on a per annum compound basis. The current benchmark may not have been the benchmark over all periods shown in the above chart and tables. The calculation of the benchmark performance links the performance of previous benchmarks and the current benchmark over the relevant time periods.

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Top 10

New South Wales Treasury Corp.	10.7%
Government of Australia	10.1%
Queensland Treasury Corp.	8.8%
Western Australian Treasury Corp.	8.7%
South Australian Government Financing Authority	5.6%
Bendigo and Adelaide Bank Limited	5.2%
Northern Territory Treasury Corp.	5.1%
Bank of Queensland Limited	5.1%
National Australia Bank Limited	5.0%
Treasury Corporation of Victoria	3.7%

Ratings and awards

RIAA rating:



UNPRI signatory:



Why invest ethically?

Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.

Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.

Promote human rights: We strive to avoid any investment in companies involved in the poor treatment of asylum seekers or the exploitation of workers through poor working conditions.

Need Help?

Contact us between 9:00am-5:00pm

AEST Monday-Friday on:

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Australian Ethical Investment Ltd

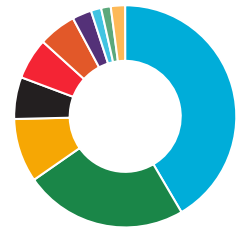
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

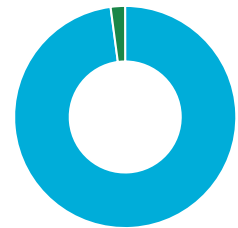
Sector allocation

State Government	41.6%
Bank Senior Debt	23.8%
Government	9.3%
Term Deposit	6.1%
Corporate Credit	6.0%
Bank Covered Bonds	5.5%
SSA	2.8%
ABS	1.5%
RMBS	1.4%
Cash	2.1%



Asset allocation

Australian Interest Bearing Investments	97.9%
Cash	2.1%



Commentary

Over the March quarter the Australian Ethical Income Fund return was 0.04% after fees, (0.09% gross), 0.09% ahead of the flat result for the benchmark Bloomberg Ausbond Bank Bills Index at 0.00%.

The outperformance owes to the fund's higher yield to maturity than the bank bills, with the fund currently holding half its assets in State and Commonwealth Government Bonds for liquidity purposes, a quarter invested across Bank Senior Unsecured Bonds, and the remaining quarter in Term Deposits, Corporate Credit, Mortgage Backed and other Asset Backed Securities.

With the fund maintaining a short duration position, and the Reserve Bank maintaining the policy of Yield Curve Control out to 3 years, the Income Fund did not see the 3%+ decline experienced in our longer duration Fixed Interest product.

In the near term, the outlook for short term money markets remains one of subdued returns, with near-zero bank bill rates reflecting the abundance of available liquidity in the market. While maintaining a book of high-quality liquid assets with short average duration, the Fund will continue to augment holdings with other credit exposures.