

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 provide exposure to primarily Australian fixed interest securities that support the Australian Ethical Charter, generating income with some capital growth potential over the medium to long term.

Price information

Pricing frequency: Daily

Buy/Sell spread: 0.00%/0.00%

Fund facts

Fund size: \$1.29m

Benchmark: Bloomberg AusBond Composite 0+ Years

Asset class: Fixed Interest

Inception date: 14/06/2012

Minimum investment timeframe: 3 years

Risk level: Low-Medium

Identifiers

ISIN code: AU60AUG00218

APIR code: AUG0021AU

Distributions

Frequency: 2

Dates: 30/06, 31/12

Fees

Management costs - PDS: 0.50%

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

Additional transactional and operational costs: 0.00%

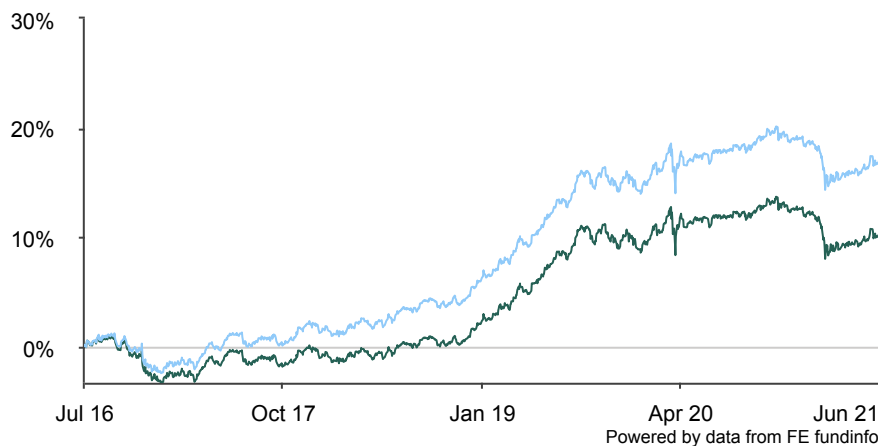
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 primarily fixed rate bonds, from issuers such as the Commonwealth and State Governments, banks and other corporate issuers that meet the Australian Ethical Charter.

Cumulative performance (as at 30/06/2021)



■ Australian Ethical Fixed Interest
■ Benchmark

Performance (as at 30/06/2021)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.6%	1.3%	-2.1%	-1.5%	3.3%	2.0%	-	3.3%
Benchmark	0.7%	1.5%	-1.7%	-0.8%	4.2%	3.2%	-	4.1%

Calendar Performance (as at end 2020)

	CY2020	CY2019	CY2018	CY2017	CY2016
Fund	3.7%	6.1%	3.0%	2.2%	1.3%
Benchmark	4.5%	7.3%	4.5%	3.7%	2.9%

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.

Australian Ethical Fixed Interest Fund

Fund Profile - 30 June 2021

Australian Ethical



Top 10

Government of Australia	56.6%
Queensland Treasury Corp.	7.3%
New South Wales Treasury Corp.	6.4%
Treasury Corporation of Victoria	5.6%
Western Australian Treasury Corp.	3.2%
South Australian Government Financing Authority	1.5%
National Housing Finance & Investment Corp.	1.0%
NBN Co. Ltd.	1.0%
Asian Development Bank	0.9%
European Investment Bank	0.9%

Ratings and awards

RIAA rating:



CERTIFIED BY RIAA

UNPRI signatory:



Why invest ethically?

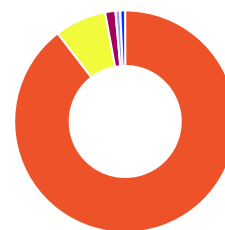
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.
Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.
Promote human rights: 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:
T 1800 021 227
F 02 9252 1987
E investors@australianethical.com.au
W australianethical.com.au
Australian Ethical Investment Ltd
c/o Boardroom Pty Ltd
GPO Box 3993
Sydney NSW 2001

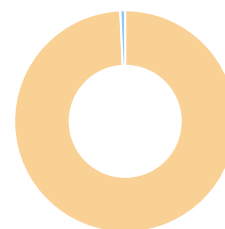
Sector allocation

Government	89.6%
Corporate Credit	7.5%
Bank Senior Debt	1.5%
Bank Covered	0.7%
Cash	0.7%



Asset allocation

Australian fixed interest	99.3%
Cash	0.7%



Commentary

The Australian Ethical Fixed Interest Fund saw a gross return of 1.46% for the June quarter, 0.06% behind the 1.52% return from the fund's benchmark, the Bloomberg Ausbond Composite Bond Index. After fees, wholesale units rose 1.4% and retail units 1.3%.

The positive performance over June was the result of a welcome reversal of the rapid yield rises that occurred in the March quarter, when markets had prematurely begun pricing in expectations inflation would return to Central Bank target levels in both the US and Australia. The Australian 10-year yield eased 0.25% over the quarter, to finish at 1.53%.

In the US, members of the Federal Open Market Committee indicated they did not expect to raise rates until 2023, and domestically the RBA continues to guide markets they do not expect to raise rates until 2024. Stronger than expected unemployment outcomes have continued to see markets questioning the capacity of the RBA to hold the cash rate at its current level for the duration of its forward guidance. At the end of the quarter, markets were anticipating an RBA meeting that would decide to further add to bond buying under the RBA Quantitative Easing programme, but not to extend the yield curve control to the next maturing bond in November 2024.

At the end of the quarter, the fund had a small long duration position relative to the index, anticipating the RBA would maintain a similar stance to the one it has held through the first half of 2021, remaining accommodative.

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