

## Altius Sustainable Bond Fund (Retail)

Altius Asset Management employs a diversified strategy to fixed interest funds management that aims to take advantage of the mispricing of bonds in all market conditions. The Altius Sustainable Bond Fund is an Australian fixed interest fund that invests in companies which conduct their business and apply capital responsibly, giving consideration to a range of environmental, social and governance (ESG) issues.

### Performance as at August 2025

	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.	Since inception %
Gross total return	0.44	1.59	5.70	5.44	2.17	2.48	2.87
Net total return	0.40	1.47	5.18	4.93	1.64	1.90	2.25
Benchmark	0.32	1.00	4.22	3.83	1.21	1.88	2.20
Excess to benchmark	0.08	0.47	0.96	1.10	0.43	0.02	0.04

Net total returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance. Gross total returns are calculated before fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

Effective 1 July 2016, Benchmark is 50% Reserve Bank of Australia Cash Rate and 50% Bloomberg AusBond Composite 0+Yr Index and applied retrospectively for all performance.

Excess to benchmark is calculated on Net total return.

Inception date for performance calculations is 21 November 2014.

### Portfolio Performance and Activity

Global markets in August were shaped by trade policy, weak US labour data, and Federal Reserve dynamics. RBA policy and local economic data influenced local yields. The month began with a focus on the August 1 tariff deadline, which introduced a new 50% tariff on copper and a 35% tariff increase for non-USMCA goods in Canada. However, deals struck earlier with the EU and Japan helped soften the blow. The key market shock came from the July US jobs report. It showed significant downward revisions for May and June (-258k combined) and left job growth barely positive. This triggered concerns about a weakening labour market. The S&P 500 fell 1.6% in its worst day of the month. Meanwhile, 10-year Treasury yields dropped 16bps to 4.20%.

From mid-month, global sentiment improved as investors anticipated a Fed rate cut in September. US inflation data showed CPI was in line with expectations. However, core CPI rose at the fastest pace in six months. At Jackson Hole, Chair Powell reinforced dovish expectations by highlighting downside labour risks. This greatly improved the odds of a policy cut at the September meeting.

Political intervention added volatility as President Trump dismissed Fed Governor Lisa Cook, reviving fears over Fed independence and the sacked of the head of the Bureau of Labour Statistics Markets following the weak labour numbers.

Closer to home, the RBA cut rates as expected by 25bps to 3.60% on August 14th. Markets focused on the inflation and unemployment forecasts, which remained unchanged from the May meeting but noted the labour market errs "a little tight," suggesting limited further policy easing and at a quarterly pace. Unemployment fell back to 4.2% from 4.3% in July, suggesting a resilient labour market even though employment growth has slowed. Household consumption showed some green shots in August with improvements in consumer confidences and higher annual household spending. NAB business indicated rising confidence but weakening current conditions. Closing out the month was the monthly CPI print with the trim YoY rising to 2.7% from 2.1% affected by the base effects of electricity subsidies. Domestic yields were largely range-bound over the month, finishing August largely unchanged. Three-year bonds ranged between 3.30% to 3.49% closing at 3.41%, 4bps lower, while 10 year bonds traded between 4.21% and 4.38% finishing unchanged at 4.31%.

August credit markets were marked by fluctuations tied to equity sentiment, central bank expectations, and

### Contact Details

#### Website

[www.australianethical.com.au/managed-funds/investment-options/altius-funds/altiusam.com](http://www.australianethical.com.au/managed-funds/investment-options/altius-funds/altiusam.com)

#### Email

[australianethical@unitregistry.com.au](mailto:australianethical@unitregistry.com.au)

#### Investor Services

T 1300 788 031

#### Adviser Services

T 1300 788 031

thinned trading due to US and European holidays. Early in the month, a “risk-on” tone prevailed. US, European, and Australian spreads tightening alongside stronger equity performance. US IG cash spreads outperformed by 5.4bps, while Australian IG spreads compressed by 3bps. Domestic demand was supported by CBA’s large A\$5bn senior multi-tranche three- and five-year deal, helping major bank curves tightening a further 1-2bps to 64bpts and 77bpts respectively. Offshore, Australian banks’ bonds moved broadly in line with global peers, tightening marginally in USD and EUR markets.

Corporate spreads, particularly in the consumer sector, outperformed on strong demand for supermarket names, while regional bank paper benefitted from the ongoing demand for majors’ banks.

Mid-month, spreads softened as global equity markets rotated out of Technology and waited for Jackson Hole. Although Powell’s Jackson Hole commentary was dovish in tone and initially provided support for credit markets, it weakened later in the week. US and European spreads finished wider (+1.4bps and +4bps respectively), while Australian spreads continued to grind tighter. Domestic banks’ outperformed, particularly in the belly of the curve, and offshore bank issuance led to a strong tightening in French and UK names.

Global credit indices widened into month-end, with US IG spreads and European spreads widening +5bps and +4bps respectively, reflecting fragile sentiment.

Australian markets diverged, with spreads flat to modestly tighter, supported by subdued issuance.

Corporate paper continued to attract demand, tightening 1–3bps across sectors in the final week, while French bank paper came under selective pressure due to ongoing political risks. Overall, August highlighted resilience in Australian credit markets compared with softer offshore performance, underpinned by strong local demand, cautious dealer inventory management, and a shortage of supply. Over August, Major bank three- and five-year spreads contracted 3bpt and 5bpts to finish at 62bpt and 73bpts respectively while 10NC5 major bank subordinated debt finished 5bps tighter at 138bpts. On the corporate front the single A sector contracted 7bpts to 86bpts while BBB’s finished 10bpts tighter at 108bpts.

Primary market activity was steady over August. OCBC kicked off with a \$1bn green three FRN at 70bpts receiving strong demand of \$2.3bn, with participation across our funds. CBA’s followed with a multi-tranche A\$5bn senior unsecured deal (see above). Other notable deals included \$1.5bn five year from Credit Agricole at 100bpts, HSBC five- and ten-year senior

preferred deal at 125bpts and 160bpts respectively and Svenska Handelsbanken five year senior deal at 82bpt. The only notable corporate deal was Vonovia, a German real estate company that issued \$300m for 7 years 150bps and \$550m for 10-years at 167bps. Overall order books remained strong with tight concessions and a sustained appetite for financials and corporates. Australia’s issuance stood out as resilient, with sizeable deals well covered, while offshore markets showed capacity to re-accelerate once holiday effects passed.

## Socially Responsible Investments in Focus

In early August, we saw another large bank depart from the net zero banking alliance (NZBA). UBS announced its exit, recognising NZBA’s role in helping to establish initial target-setting frameworks, but believing that its in-house capabilities are now strong enough to guide its climate strategy independently. Whilst the bank retained its commitment to net zero by 2050, it had delayed its net zero operational emissions (scopes 1 and 2) target from 2025 to 2035 earlier this year. Without a standardised guidance to align banks’ climate targets, we risk seeing further weakening in their discipline in executing climate strategies.

Following the wave of high-profile exits, the NZBA Steering Group launched a member vote on a structural shift: moving from a membership-based model to a framework initiative, which would see its role focused on providing guidance and tools rather than maintaining formal memberships. The proposed framework model would transform mandatory climate obligations – like setting interim targets and reporting emissions – into non-binding guidance. This model would see NZBA transition to a soft advocacy group, which would undermine the urgent need for strong climate action as it would allow for reduced accountability and reporting. This reinforces the need for strong government policy which is now more important than ever to drive urgent climate action. NZBA’s operations were paused to allow members to cast their votes, and the outcome of this vote is expected by the end of September 2025.

### Contact Details

#### Website

[www.australianethical.com.au/managed-funds/investment-options/altius-funds/altiusam.com](http://www.australianethical.com.au/managed-funds/investment-options/altius-funds/altiusam.com)

#### Email

[australianethical@unitregistry.com.au](mailto:australianethical@unitregistry.com.au)

#### Investor Services

T 1300 788 031

#### Adviser Services

T 1300 788 031

**ALTIVUS**  
ASSET MANAGEMENT

Powered by  
**Australian  
Ethical**



In a notable development, former UN climate chief Christiana Figueres urged Australia to adopt a more ambitious greenhouse gas reduction target of cutting emissions by at least 75% below 2005 levels by 2035. This is backed by a group of more than 350 businesses advocating that this would be much better for the economy. They estimate that achieving such ambition could inject approximately \$370 billion into Australia's GDP by 2035.

The Climate Change Authority (CCA) is preparing formal advice to the Australian Government, which will inform the target Australia submits to the UN in September 2025. Previously, the CCA proposed that a 65-75% reduction in emissions below 2005 levels by 2035 target could be ambitious and achievable, while Climate Analytics had suggested that a target of 81% would align with the Paris 1.5C goal.

The Australian Office of Financial Management (AOFM) highlighted investors are applying greater scrutiny of the Labour Government's \$7 billion green bond issuance to assess their environmental impact and alignment with the party's objectives. While \$5.4 billion has already been allocated toward transport, climate, and conservation projects, investors are raising concerns around greenwashing, requesting for more transparency and demonstrated environmental outcomes. Investors are increasingly paying attention to the credibility and robustness of the green bond framework and want to understand how that supports Australia's net zero climate ambition.

During the month, the Federal Government also announced plans to fast-track reforms to the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), with legislation proposed for introduction to Parliament before the end of 2025, moving up the timeline from mid-2026. The reforms aim to strengthen environmental protection, improve project assessment efficiency, and increase decision-making accountability. The government is also looking to remove duplication within the approvals

and assessment system to help speed up housing, renewable energy and critical minerals projects.

A report by the Australian Conservation Foundation (ACF) revealed that the cattle industry, particularly beef production, was the largest driver of deforestation in Australia. This is having devastating consequences for biodiversity and climate. In response, Coles established a commitment to source only deforestation-free beef for its own-brand products by the end of 2025, aligning with the Science-Based Targets Initiative (SBTi). In contrast however, Woolworths who had initially pledged to stop selling deforestation-free beef by December 2025 downgraded the deforestation risk of Australian beef to "low", thus shifting its priorities away from it. The move essentially demonstrates a roll-back of its prior commitment and raises concerns about the consistency and credibility of its sustainability commitments.

## Outlook

### Sector Profile as at August 2025

Asset Class	Portfolio %	Benchmark %
Agencies	6.70	0.82
Asset Backed	8.40	--
Cash at Bank	4.81	--
Financials	34.82	2.51
Industrials	14.01	2.21
RBA Cash	--	50.00
Semi Government	24.52	16.75
Sovereigns	3.20	24.09
Supranationals	3.53	3.61

### Ratings Exposure

Rating	Portfolio %	Benchmark %
A	22.75	1.67
AA	37.31	17.15
AAA	23.09	29.57
BBB	16.86	1.61
RBA Cash	--	50.00

### Maturity Profile

Term	Portfolio %	Benchmark %
0 - 1 Year	10.64	54.39
1 - 3 Years	26.60	10.39
3 - 5 Years	17.67	10.34

#### Contact Details

##### Website

[www.australianethical.com.au/managed-funds/investment-options/altius-funds/altiusam.com](http://www.australianethical.com.au/managed-funds/investment-options/altius-funds/altiusam.com)

##### Email

[australianethical@unitregistry.com.au](mailto:australianethical@unitregistry.com.au)

##### Investor Services

T 1300 788 031

##### Adviser Services

T 1300 788 031

**ALTIVUS**  
ASSET MANAGEMENT

Powered by  
**Australian  
Ethical**



5 - 7 Year	16.45	8.28
7+ Years	28.63	16.59

## Ratings / Awards

## Top 20 Issuers

Issuer	Portfolio %	Benchmark %
New South Wales Treasury Corp.	9.77	4.70
Treasury Corporation of Victoria	5.87	4.94
Queensland Treasury Corp.	4.39	3.45
Commonwealth Bank of Australia	4.11	0.18
NAB 11 AM CALL ACCOUNT	3.59	--
NBN Co Limited	3.35	0.17
Government of Australia	3.20	24.07
Housing Australia	3.12	0.07
Cooperative Rabobank U.A.	2.79	--
Wesfarmers Limited	2.18	0.03
Oversea-Chinese Banking Corp. Ltd. /Sydney Branch/	2.16	--
Airservices Australia	1.97	0.06
Tasmanian Public Finance Corp.	1.97	0.36
Bank Australia Limited	1.86	--
Western Australian Treasury Corp.	1.80	1.01
Teachers Mutual Bank Limited	1.79	--
Woolworths Group Limited	1.72	0.08
BNP Paribas SA	1.67	0.02
Cooperative Rabobank U.A. (Australia Branch)	1.59	0.06
APOLLO Series 2023-1 Trust	1.58	--



## Important Information

Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg") do not approve or endorse this material and disclaim all liability for any loss or damage of any kind arising out of the use of all or any part of this material.

## Responsible Investment Association of Australia (RIAA) certified

The Altius Sustainable Bond Fund has been certified by RIAA according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsibleinvestment.org](http://www.responsibleinvestment.org) for details. The Responsible Investment Certification program does not constitute financial product advice. Neither the Certification symbol nor RIAA recommends to any person any financial product is a suitable investment or that returns are guaranteed. RIAA does not hold an Australian Financial Service License.



**SUSTAINABLE**  
CERTIFIED BY RIAA

## Portfolio Summary Statistics

	Portfolio %	Benchmark %
Yield to maturity (%)	4.31	3.81
Modified duration (years)	2.91	2.43

## Fund Snapshot

APIR code	AUS0071AU
Inception Date	21 Nov 2014
Distribution frequency	Quarterly
Minimum initial investment	\$5,000
Fund size (net asset value)	\$171.2m
Management fee*	0.37% p.a
Buy/Sell spread	0.05%/0.05%
Advice fee	Available

\*Refer to the Fund's Product Disclosure Statement for more details on the Fund's management costs which also include recoverable expenses and indirect costs. Total management costs may vary.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating AUS0071AU (Altius Sustainable Bond Fund) assigned 30 June 2025) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at Fund Research Regulatory Guidelines at: <http://www.zenithpartners.com.au/RegulatoryGuidelines>

The rating issued 08/2021 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to

## Contact Details

## Website

[www.australianethical.com.au/managed-funds/investment-options/altius-funds/altiusam.com](http://www.australianethical.com.au/managed-funds/investment-options/altius-funds/altiusam.com)

## Email

[australianethical@unitregistry.com.au](mailto:australianethical@unitregistry.com.au)

## Investor Services

T 1300 788 031

## Adviser Services

T 1300 788 031

**ALTIVUS**  
ASSET MANAGEMENT

Powered by  
**Australian  
Ethical**



change without notice and Lonsac assumes no obligation to update. Lonsac uses objective criteria and receives a fee from the Fund Manager. Visit [lonsac.com.au](https://lonsac.com.au) for ratings information and to access the full report. © 2021 Lonsac. All rights reserved.

The Altius business is now owned by Australian Ethical, however Australian Unity provides transitional support services to Australian Ethical for Altius investors and advisers. For more information on the Altius Sustainable Bond Fund, please contact your financial adviser or our Investor Services Team.

The information has been prepared by Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) (Australian Ethical), in its capacity as Responsible Entity of the Altius Sustainable Bond Fund. The information is prepared based on information available at the time. This information is not advice and does not consider your individual circumstances or needs. In deciding whether to acquire, hold or dispose of the product you should obtain a copy of the current Product Disclosure Statement, Additional Information Document and the Target Market Determination, available on [altiusam.com](https://altiusam.com). Past performance is no indicator of future performance.

#### Contact Details

##### Website

[www.australianethical.com.au/managed-funds/investment-options/altius-funds/altiusam.com](https://www.australianethical.com.au/managed-funds/investment-options/altius-funds/altiusam.com)

##### Email

[australianethical@unitregistry.com.au](mailto:australianethical@unitregistry.com.au)

##### Investor Services

T 1300 788 031

##### Adviser Services

T 1300 788 031

**ALTÍUS**  
ASSET MANAGEMENT

Powered by  
**Australian  
Ethical**

