Australian Ethical Income Fund
FUND PROFILE - 30 JUNE 2019

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

<table>
<thead>
<tr>
<th>Pricing frequency:</th>
<th>Daily</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy/Sell spread:</td>
<td>0.00%/0.00%</td>
</tr>
</tbody>
</table>

Fund facts

| Fund size: | $1.36m |
| Benchmark: | RBA Bank Accepted Bills Negotiable Certificates of Deposit 90 Days |
| 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: | 0.50% |
| Minimum initial investment: | $1,000 |
| 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 30/06/2019)

Performance (as at 30/06/2019)

<table>
<thead>
<tr>
<th>1m</th>
<th>3m</th>
<th>6m</th>
<th>1y</th>
<th>3y</th>
<th>5y</th>
<th>10y</th>
<th>Since inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>0.2%</td>
<td>0.5%</td>
<td>1.2%</td>
<td>2.0%</td>
<td>1.7%</td>
<td>1.7%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>0.1%</td>
<td>0.4%</td>
<td>0.9%</td>
<td>1.9%</td>
<td>1.8%</td>
<td>2.1%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

Calendar Performance (as at end 2018)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>1.3%</td>
<td>1.6%</td>
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<td>1.9%</td>
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</tbody>
</table>

Source: FE.

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 Income Fund
FUND PROFILE - 30 JUNE 2019

Top 10
Australian Government Bond 13.2%
Westpac Banking Corporation 7.9%
National Australia Bank Limited 7.6%
Western Australia Treasury Corporation 6.9%
Suncorp Metway Ltd 5.5%
Bank of Queensland 5.1%
Queensland Treasury Corporation 4.9%
South Australian Financing Authority 4.9%
Bendigo and Adelaide Bank Limited 4.7%
Treasury Corporation of Victoria 4.1%

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.

Sector allocation
- Government, SSA, State Government 48.3%
- Bank Senior Debt 21.4%
- Term Deposit 5.8%
- ABS, RMBS 5.3%
- Bank Covered Bonds 4.5%
- Corporate Credit 4.4%
- Commercial Paper/Bank Bills, Cash 10.3%

Asset allocation
- Australian Interest Bearing Investments 98.6%
- Cash 1.4%

Commentary
The Income Fund performance for the June quarter was 0.5% (0.6% Wholesale Fund) and slightly ahead of the benchmark (90 Day Bank Bill rate) return of 0.4%. The benchmark rate has seen a continuing substantial decline over the June quarter, falling from 1.78% to 1.20%. Fixed rate securities in the fund, purchased with up to 12 months to maturity, saw the fund benefit from these declines as they were marked to market.

Driving the decline in short term interest rates was the change in guidance from the Reserve Bank of Australia (RBA). Through 2018, the outlook from the RBA was that the next move in the official cash rate would be up, albeit not in the near term, as inflation gradually rose back into the target band. This outlook was scrapped in the March quarter, in favour of a balanced view.

The June quarter has seen another change, with the RBA outlook conceding there was spare capacity in the market, as unemployment rose back above 5%, and inflation remained below the target band. The new guidance was quickly followed with the cash rate cut to 1.25% in June and another cut priced in by the end of the quarter.

The fund continues to preference high quality liquid assets in recent purchases, with the top 10 securities dominated by State and Commonwealth Government issues with up to 12 months to maturity, bank positions taken through a combination of Floating Rate Notes, Discount Securities, and term deposits.

Need Help?
Contact us between 9:00am-5:00pm AEST Monday-Friday on:
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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

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Australian Ethical Income Fund (Wholesale)

FUND PROFILE - 30 JUNE 2019

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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: $6.36m
Benchmark: RBA Bank Accepted Bills Negotiable Certificates of Deposit 90 Days
Asset class: Money Market
Inception date: 01/07/2015
Minimum investment timeframe: 1 year
Risk level: Very low

Identifiers

ISIN code: AU60AUG00242
APIR code: AUG0024AU

Distributions

Frequency: 2
Dates: 30/06, 31/12

Fees

Management costs - PDS: 0.35%
Minimum initial investment: $25,000
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 30/06/2019)

![Performance Chart]

Performance (as at 30/06/2019)

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