

# Australian Ethical Fixed Interest Fund

FUND PROFILE - 30 SEPTEMBER 2018

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:	\$0.49m
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 fees - PDS:	1.50%
Minimum initial investment:	\$1,000 \$500 with a Regular investor plan
Additional transactional and operational costs:	0.00%

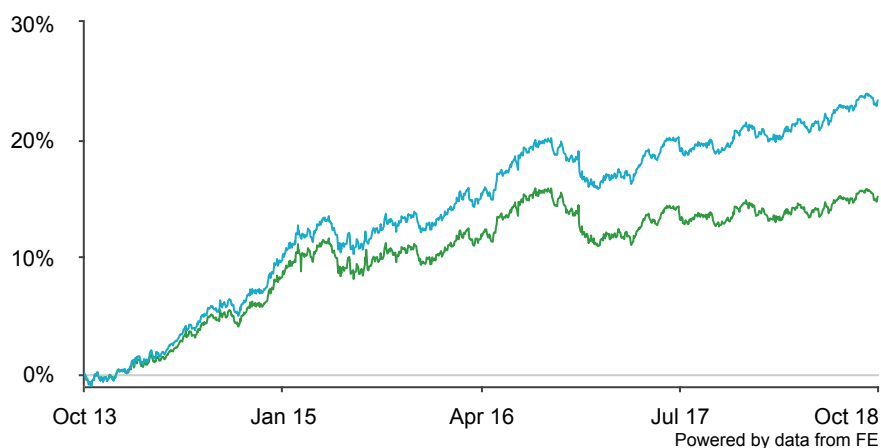
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(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 30/09/2018)



■ Australian Ethical Fixed Interest  
■ Benchmark

## Performance (as at 30/09/2018)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	-0.5%	0.2%	0.6%	2.2%	1.3%	2.9%	-	3.2%
Benchmark	-0.4%	0.5%	1.4%	3.7%	2.9%	4.3%	-	4.0%

## Calendar Performance (as at end 2017)

	CY2017	CY2016	CY2015	CY2014	CY2013
Fund	2.2%	1.3%	1.1%	8.4%	2.7%
Benchmark	3.7%	2.9%	2.6%	9.8%	2.0%

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.

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## Top 10

Australian Government Bond	50.9%
Queensland Treasury Corporation	8.7%
New South Wales Treasury Corporation	4.3%
Western Australia Treasury Corporation	4.2%
Treasury Corporation of Victoria	3.4%
Kreditanstalt Fuer Wier	2.5%
National Australia Bank Limited	2.1%
European Investment Bank	2.0%
South Australian Financing Authority	1.8%
Westpac Banking Corporation	1.5%

## 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:

**t** 1800 021 227

**f** 02 9252 1987

**e** investors@australianethical.com.au

**w** [australianethical.com.au](http://australianethical.com.au)

Australian Ethical Investment Ltd

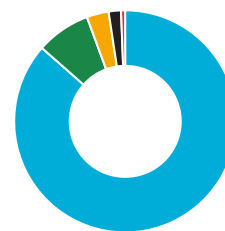
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

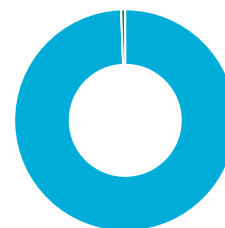
## Sector allocation

Government, SSA, State Government	86.5%
Corporate Credit	7.9%
Bank Senior Debt	3.2%
Bank Covered	1.8%
Cash	0.6%



## Asset allocation

Australian Fixed Interest	99.4%
Cash	0.6%



## Commentary

The Australian Ethical Fixed Interest Fund remained in a neutral duration position relative to the Bloomberg Ausbond Composite Bond Index 0+ with gross fund performance over the quarter in line with that of the index, ending the quarter up 0.5%. After fees the retail fund was 0.3% behind this at +0.2%, and the wholesale fund was 0.1% behind at +0.4%.

There was little movement in long dated yields over July, with another increase to the US Fed Funds rate having been delivered in the prior month. Domestically Australian employment data was strong, but underlying inflation continued to print below the RBA target band. August saw fixed income returns higher as yields retreated with ongoing trade tensions between the US and China, emerging market tensions, and a political uncertainty in Australia combining to provide the kind of risk-aversion favourable to bonds.

This unwound over September. Imposition of tariffs on US\$200b of imports from China by the United States was largely priced in already, and markets again focused on the next quarterly meeting of the Fed toward the end of the month, with the Fed hiking as expected and continuing to guide for a further hike later this year and more into next. Another strong result for Australian Employment was also released during the month.

The Australian Ethical Fixed Interest Fund has shifted to a small short duration position against the index, expecting to see yields drift higher into the end of 2018 in the absence of an external market shock.