

# Australian Ethical Income 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 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: \$1.44m

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 fees - PDS: 1.00%

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

Additional transactional and operational costs: 0.00%

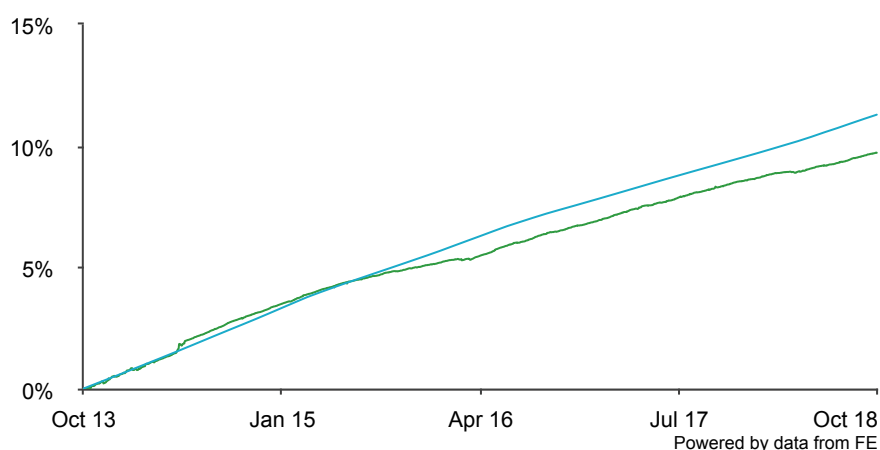
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(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 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 30/09/2018)



■ Australian Ethical Income  
■ Benchmark

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

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.1%	0.4%	0.7%	1.3%	1.5%	1.9%	3.2%	4.0%
Benchmark	0.1%	0.5%	1.0%	1.9%	1.9%	2.2%	3.1%	4.4%

## Calendar Performance (as at end 2017)

	CY2017	CY2016	CY2015	CY2014	CY2013
Fund	1.6%	1.7%	1.6%	2.8%	3.8%
Benchmark	1.7%	2.0%	2.3%	2.7%	2.8%

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 SEPTEMBER 2018

## Top 10

Australian Government Bond	10.3%
Westpac Banking Corporation	7.6%
National Australia Bank Limited	7.1%
Western Australia Treasury Corporation	6.8%
Treasury Corporation of Victoria	5.7%
Suncorp Metway Ltd	5.4%
Bendigo and Adelaide Bank Limited	5.1%
South Australian Financing Authority	4.1%
Bank of Queensland	4.0%
Queensland Treasury Corporation	2.8%

## 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

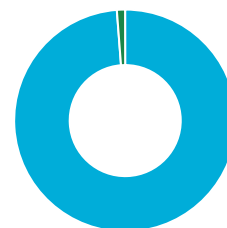
## Sector allocation

Government, SSA, State Government	43.8%
Bank Senior Debt	25.8%
Corporate Credit	7.0%
ABS, RMBS	6.8%
Term Deposit	6.6%
Bank Covered Bonds	3.7%
Commercial Paper/Bank Bills, Cash	6.4%



## Asset allocation

Australian Fixed Interest	98.8%
Cash	1.2%



## Commentary

Over the three months to the end of September, Australia's short-term money market rates eased back from the strained levels they had reached at the end of the previous quarter. The benchmark three-month Bank Bill Swap Rate started the quarter at 2.11% and fell back below 2% before the end of July. It has remained in a band between 1.91% and 1.95% since then. An anticipated peak in the rate coming into the end of the quarter did not materialise, although the rate remains stuck at between 0.41-0.45% above the prevailing RBA cash rate. There has been no change to the RBA cash rate, which remains anchored at 1.5% with market pricing and commentary continuing to suggest no moves are expected until well into 2019.

The fund has continued to take advantage of the elevated Bank Bill Swap Rate through bills from Westpac and NAB through the quarter. The fund is also allowing the mortgage-backed security portfolio to amortise down its allocation within the fund as we review and observe the performance of these securities in the market, especially considering the backdrop of a weaker housing market and tighter credit standards. Our preference is to instead place inflows into highly liquid securities at this time.

Retail fund performance through the June quarter was below that of the benchmark rate after fees, though wholesale fund performance was ahead.