

# Australian Ethical Fixed Interest Fund

FUND PROFILE - 31 MARCH 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 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:	\$0.52m
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:	1.00%
Minimum initial investment:	\$1,000 \$500 with a Regular investor plan
Additional transactional and operational costs:	0.00%

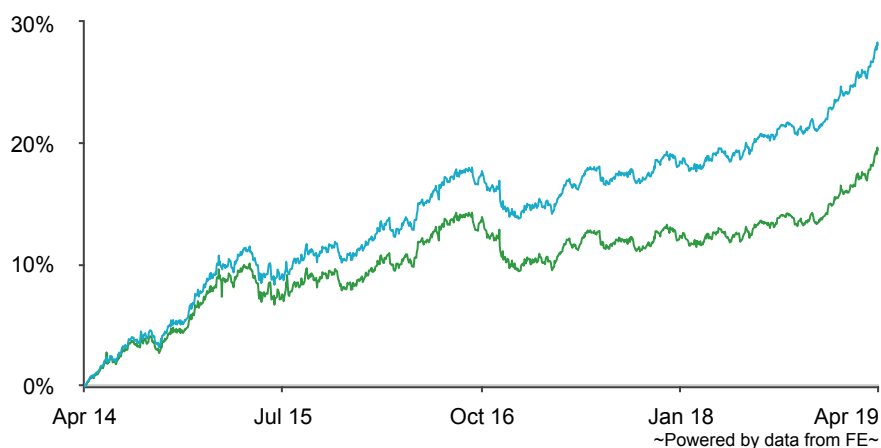
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(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 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 31/03/2019)



■ Australian Ethical Fixed Interest  
■ Benchmark

## Performance (as at 31/03/2019)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	1.7%	3.2%	5.2%	5.8%	2.7%	3.6%	-	3.7%
Benchmark	1.8%	3.4%	5.8%	7.2%	4.2%	5.1%	-	4.6%

## Calendar Performance (as at end 2018)

	CY2018	CY2017	CY2016	CY2015	CY2014
Fund	3.0%	2.2%	1.3%	1.1%	8.4%
Benchmark	4.5%	3.7%	2.9%	2.6%	9.8%

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 Fixed Interest Fund

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## Top 10

Australian Government Bond	51.2%
Queensland Treasury Corporation	9.1%
New South Wales Treasury Corporation	4.9%
Western Australia Treasury Corporation	4.1%
Treasury Corporation of Victoria	4.0%
Kreditanstalt Fuer Wier	2.3%
National Australia Bank Limited	1.9%
European Investment Bank	1.8%
South Australian Financing Authority	1.7%
Landwirtschaftliche Rentenbank	1.4%

## 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:

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Australian Ethical Investment Ltd

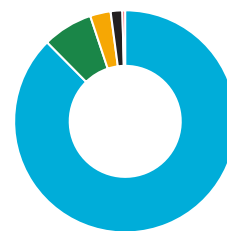
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

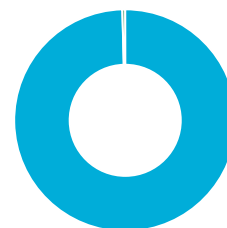
## Sector allocation

Government, SSA, State Government	87.6%
Corporate Credit	7.3%
Bank Senior Debt	3.0%
Bank Covered	1.7%
Cash	0.4%



## Asset allocation

Australian Fixed Interest	99.6%
Cash	0.4%



## Commentary

The Australian Ethical Fixed Interest Fund was short duration at the commencement of the March quarter relative to the Bloomberg Ausbond Composite Bond Index 0+. Long yields had declined through to the latter half of the prior quarter and were expected to stabilise as the market adjusted to another tightening of the US Fed Funds rate, delivered in late December. This stabilisation did not occur.

Yields continued their decline in the March quarter, pointing to expectations the US Federal Reserve would step back from projecting further tightening and the increasing belief the next move from the Reserve Bank of Australia (RBA) would be a rate cut. These moves were justified as the US Federal Open Market Committee (FOMC) did remove projections for future hikes, and the RBA stated that the next move in rates was roughly balanced between a hike and a cut. Following these changes in market guidance, the fund has moved to a neutral duration position.

The gross return for the fund was 0.02% behind the benchmark index, which was up 3.43% over the March Quarter. After fees, wholesale units in the fund were up 3.30% and retail units were up 3.16%.

Domestic unemployment remains below 5%, with little flow through from this labour market tightness to wages and inflation. There remains considerable uncertainty around the duration and depth of the decline in house prices in Sydney and Melbourne and the effect of this weakness on household consumption. While this combination of factors persists, the fund remains positioned with neutral duration relative to the benchmark.

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## Price information

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Buy/Sell spread:	0.00%/0.00%

## Fund facts

Fund size:	\$17.05m
Benchmark:	Bloomberg AusBond Composite 0+ Years
Asset class:	Fixed Interest
Inception date:	15/01/2014
Minimum investment timeframe:	3 years
Risk level:	Low-Medium

## Identifiers

ISIN code:	AU60AUG00234
APIR code:	AUG0023AU

## Distributions

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

## Fees

Management costs - PDS:	0.45%
Minimum initial investment:	\$25,000
Additional transactional and operational costs:	0.00%

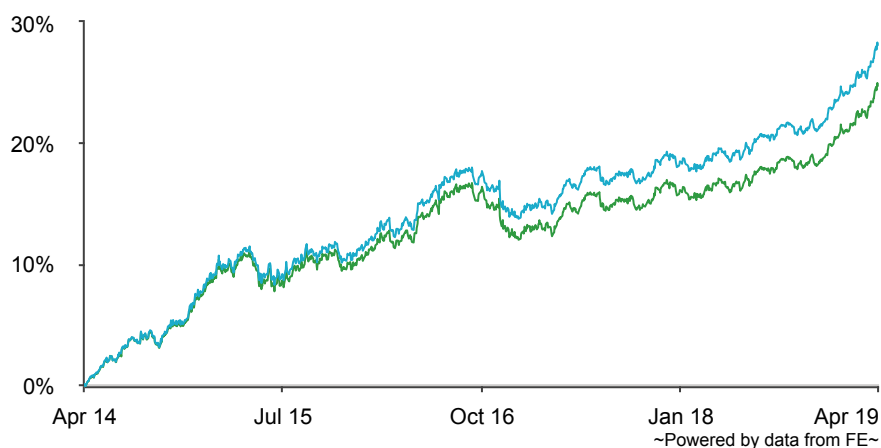
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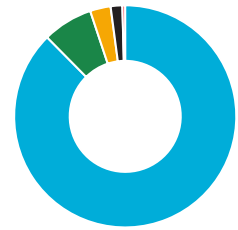
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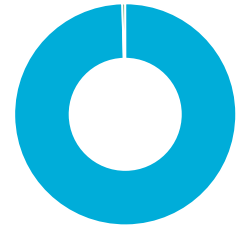
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