

Australian Ethical Fixed Interest 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 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:	\$0.55m
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%

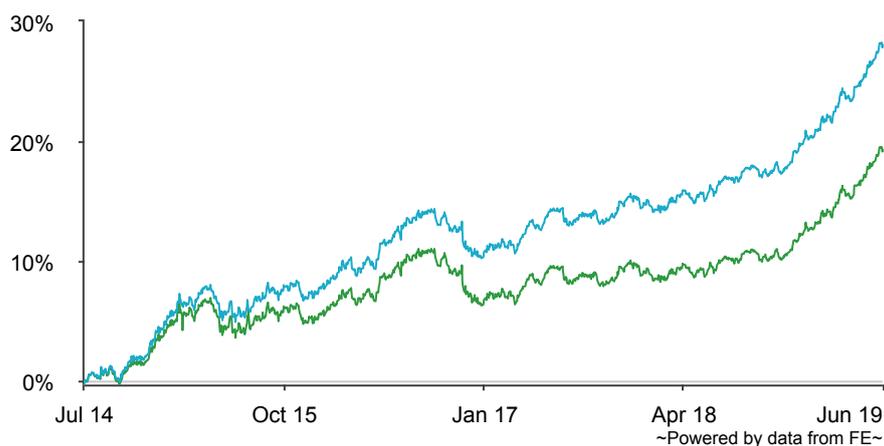
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 30/06/2019)



■ Australian Ethical Fixed Interest
■ Benchmark

Performance (as at 30/06/2019)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.9%	2.8%	6.0%	8.3%	2.7%	3.6%	-	4.0%
Benchmark	1.0%	3.1%	6.6%	9.6%	4.2%	5.1%	-	4.8%

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

FUND PROFILE - 30 JUNE 2019

Top 10

Australian Government Bond	51.7%
Queensland Treasury Corporation	8.4%
New South Wales Treasury Corporation	5.0%
Western Australia Treasury Corporation	4.4%
Treasury Corporation of Victoria	3.7%
Kreditanstalt Fuer Wier	2.3%
European Investment Bank	1.7%
South Australian Financing Authority	1.7%
National Australia Bank Limited	1.4%
International Bank of Reconstruction & Development	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

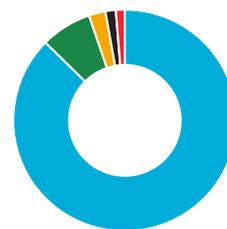
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

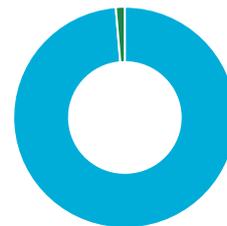
Sector allocation

Government, SSA, State Government	87.5%
Corporate Credit	7.4%
Bank Senior Debt	2.4%
Bank Covered	1.5%
Cash	1.3%



Asset allocation

Australian Fixed Interest	98.7%
Cash	1.3%



Commentary

The Australian Ethical Fixed Interest Fund returned 2.8% (2.9% Wholesale Fund) in the June quarter, slightly behind the benchmark return of 3.1%.

The Fund held a neutral duration through the June quarter relative to the Bloomberg Ausbond Composite Bond Index 0+. Long bond yields continued to decline globally as central bank guidance moved from patience to explicit easing biases, and market pricing shifted to price multiple cuts. The local 10-year yield lost another 45 basis points over the June quarter to sit at 1.32% by the end of June.

Domestically, the Reserve Bank of Australia (RBA) had been reluctant to concede the need for monetary policy support to lift inflation back into the target band.

Guidance moved early in the year from a belief that the next move in the official cash rate would be higher, to being roughly balanced, and then in this quarter shift to an easing bias, before delivering a cut at the June meeting.

The key for the change in the RBA's view has been the rise in unemployment to above 5%, and an expectation that it could fall below 4.5% before it would put upward pressure on inflation.

With market pricing continuing to expect further support from central banks in the near term, the fund remains positioned with neutral duration relative to the benchmark.

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Price information

Pricing frequency:	Daily
Buy/Sell spread:	0.00%/0.00%

Fund facts

Fund size:	\$18.08m
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%

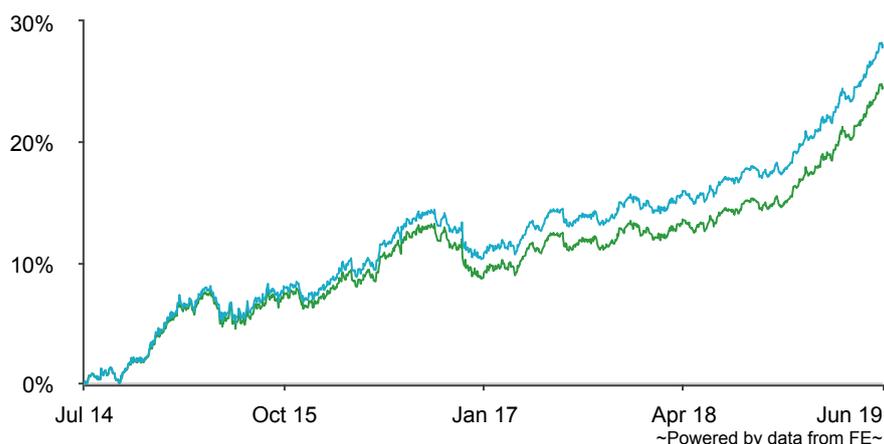
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■ Benchmark

Performance (as at 30/06/2019)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	1.0%	2.9%	6.3%	9.0%	3.6%	4.5%	-	4.9%
Benchmark	1.0%	3.1%	6.6%	9.6%	4.2%	5.1%	-	5.5%

Calendar Performance (as at end 2018)

	CY2018	CY2017	CY2016	CY2015	CY2014
Fund	4.0%	3.2%	2.1%	2.1%	-
Benchmark	4.5%	3.7%	2.9%	2.6%	-

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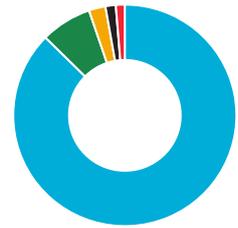
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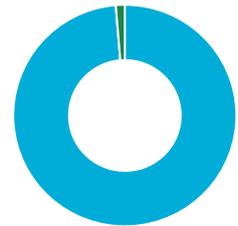
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