

# 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

Pricing frequency: Daily

Buy/Sell spread: 0.00%/0.00%

## 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  
\$500 with a Regular investor plan

Additional transactional and operational costs: 0.00%

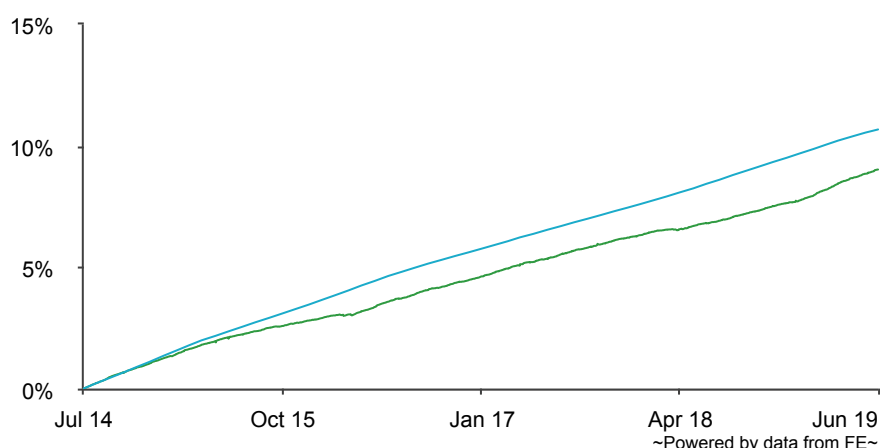
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(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 30/06/2019)



■ Australian Ethical Income  
■ Benchmark

## Performance (as at 30/06/2019)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.2%	0.5%	1.2%	2.0%	1.7%	1.7%	3.1%	3.9%
Benchmark	0.1%	0.4%	0.9%	1.9%	1.8%	2.1%	2.9%	4.3%

## Calendar Performance (as at end 2018)

	CY2018	CY2017	CY2016	CY2015	CY2014
Fund	1.3%	1.6%	1.7%	1.6%	2.8%
Benchmark	1.9%	1.7%	2.0%	2.3%	2.7%

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.

## 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](http://australianethical.com.au)

Australian Ethical Investment Ltd

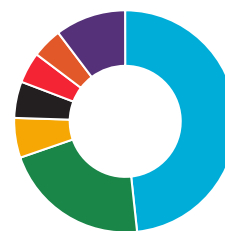
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

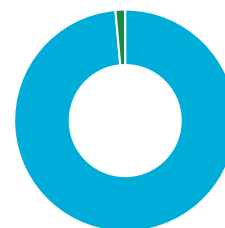
## Sector allocation

Government, SSA, State Government	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.

# Australian Ethical Income Fund (Wholesale)

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## Investment objective

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## 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%

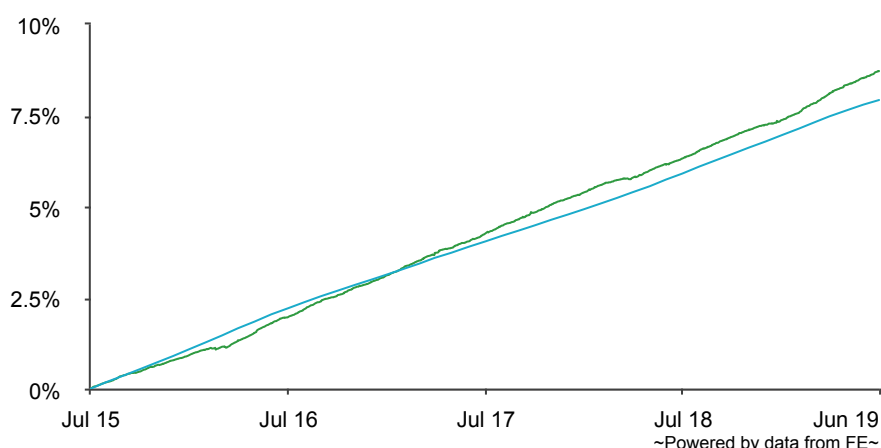
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## Cumulative performance (as at 30/06/2019)



■ Australian Ethical Income  
■ Benchmark

## Performance (as at 30/06/2019)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.2%	0.6%	1.3%	2.3%	2.2%	-	-	2.1%
Benchmark	0.1%	0.4%	0.9%	1.9%	1.8%	-	-	1.9%

## Calendar Performance (as at end 2018)

	CY2018	CY2017	CY2016	CY2015	CY2014
Fund	1.9%	2.2%	2.2%	-	-
Benchmark	1.9%	1.7%	2.0%	-	-

Source: FE.

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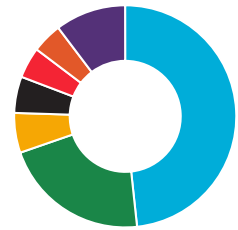
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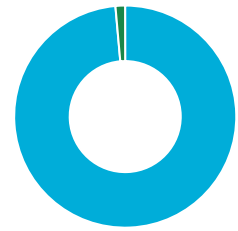
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	Commercial Paper/Bank Bills, Cash	10.3%



## Asset allocation

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