

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: \$9.61m

Benchmark: Bloomberg AusBond Bank Bill

Asset class: Money Market

Inception date: 30/06/2015

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: 0.20%

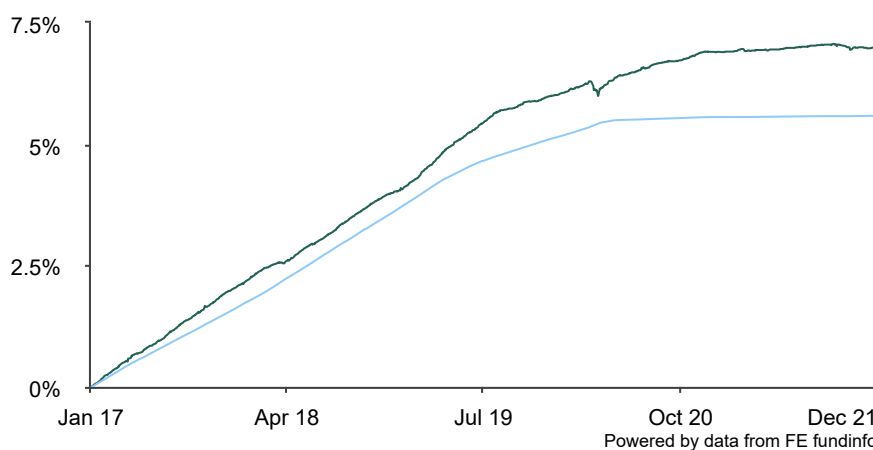
Minimum initial investment: \$25,000

Additional transactional and operational costs: 0.00%

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 31/12/2021)



■ Australian Ethical Income

■ Benchmark

Performance (as at 31/12/2021)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.0%	-0.1%	0.0%	0.1%	0.9%	1.4%	-	1.5%
Benchmark	0.0%	0.0%	0.0%	0.0%	0.6%	1.1%	-	1.3%

Calendar Performance (as at end 2021)

	CY2021	CY2020	CY2019	CY2018	CY2017
Fund	0.1%	0.8%	1.9%	1.9%	2.2%
Benchmark	0.0%	0.4%	1.4%	2.0%	1.8%

Source: FE fundinfo.

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.

*(after tax, before bonus expense)

Australian Ethical Income Fund (Wholesale)

Fund Profile - 31 December 2021

Australian Ethical



Top 10

Government of Australia	15.2%
New South Wales Treasury Corp.	10.0%
Tasmanian Public Finance Corp.	7.8%
Australian Capital Territory	6.6%
Westpac Banking Corporation	5.5%
Queensland Treasury Corp.	4.1%
Bank of Queensland Limited	4.1%
KfW	3.9%
Bendigo and Adelaide Bank Limited	3.3%
ETSA Utilities Finance Pty Ltd.	2.9%

Ratings and awards

RIAA

Certification:



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 Monday-Friday on:

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Australian Ethical Investment Ltd

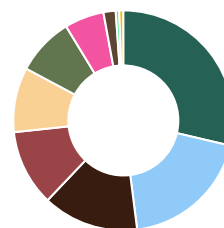
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

Sector allocation

State Government	28.7%
Bank Senior Debt	19.3%
Government	14.1%
Corporate Credit	11.2%
SSA	9.5%
Bank Covered Bonds	8.5%
Term Deposit	5.8%
ABS	1.8%
RMBS	0.5%
Cash	0.6%



Asset allocation

Australian Interest Bearing Investments	99.4%
Cash	0.6%



Commentary

Over the December Quarter, the return of the Australian Ethical Income Fund was -0.1% after fees. The benchmark Bloomberg Ausbond Bank Bills Index returned 0.01% for the quarter.

After 18 months of low-to-no return from short term debt securities, forcing investors seeking yield to either move down the credit spectrum or invest in longer maturities, the prospect of a shift in RBA policy saw yields and spreads exhibit some volatility in the December quarter.

12 month government securities went from offering 0.03% to 0.25% over the quarter, after peaking as high as 0.39% in October as markets speculated about the end of the RBA's Yield Curve Control measures, leaving returns from this sector largely flat, adding 0.02%.

The fund's holdings in credit instruments (bank senior unsecured floating rate notes, mortgage and asset backed securities, and corporate credit) comprise a third of the fund saw a small widening in spreads and these assets detracted 0.05% from fund performance over the quarter instead of the outperformance they had provided to previous quarters.

The outlook for short term money markets has begun to shift to slightly higher returns, as expectations of RBA policy shifts see BBSW rising (from 0.02% to 0.06%), 1y bonds offering better-than-cash returns again, and banks raising term deposit rates. The fund will maintain a book of high-quality liquid assets and short average duration, while augmenting these holdings other credit exposures.

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