

# Australian Ethical Fixed Interest Fund (Wholesale)

Australian  
Ethical



Fund Profile - 30 September 2021

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: \$41.71m

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: 0.30%

Minimum initial investment: \$25,000

Additional transactional and operational costs: 0.00%

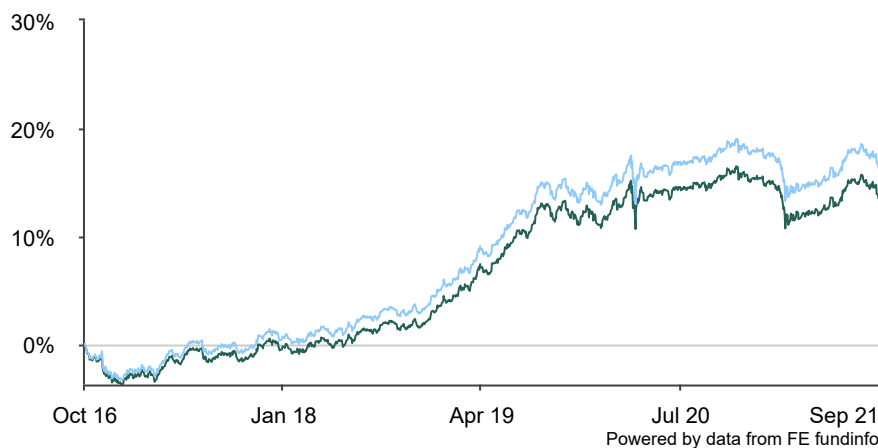
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(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 30/09/2021)



■ Australian Ethical Fixed Interest  
■ Benchmark

## Performance (as at 30/09/2021)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	-1.5%	0.3%	1.7%	-1.9%	3.7%	2.6%	-	3.8%
Benchmark	-1.5%	0.3%	1.8%	-1.5%	4.1%	3.1%	-	4.3%

## Calendar Performance (as at end 2020)

	CY2020	CY2019	CY2018	CY2017	CY2016
Fund	4.2%	6.7%	4.0%	3.2%	2.1%
Benchmark	4.5%	7.3%	4.5%	3.7%	2.9%

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.

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## Top 10

Government of Australia	53.5%
New South Wales Treasury Corp.	7.7%
Queensland Treasury Corp.	7.3%
Treasury Corporation of Victoria	6.7%
Western Australian Treasury Corp.	2.8%
South Australian Government Financing Authority	1.7%
Landwirtschaftliche Rentenbank	1.1%
KfW	1.0%
European Investment Bank	1.0%
International Finance Corp. (District of Columbia)	1.0%

## Ratings and awards

RIAA rating:



CERTIFIED BY RIAA

## 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](mailto:investors@australianethical.com.au)

**W** [australianethical.com.au](http://australianethical.com.au)

Australian Ethical Investment Ltd

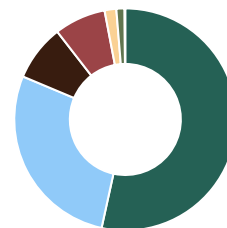
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

## Sector allocation

Government	53.5%
State Government	27.9%
SSA	8.2%
Corporate Credit	7.5%
Bank Senior Debt	1.7%
Bank Covered	1.2%
Cash	0.1%



## Asset allocation

Australian Fixed Interest	99.9%
Cash	0.1%



## Commentary

The Australian Ethical Fixed Interest Fund gross return was 0.34% in the September quarter, 3bps ahead of the 0.31% return from the fund's benchmark, the Bloomberg Ausbond Composite Bond Index. After fees, wholesale units rose 0.27% and retail units 0.22%.

The result for the quarter is largely flat, after being up as much as 1.9% to the end of August. Into August, markets had been anticipating the RBA would need to delay or reverse stated plans to wind back asset purchases to \$4b per week (previously \$5b per week).

However, at the September meeting the RBA followed through with the taper. While conceding that GDP will "decline materially" in the September quarter as a result of restrictions in Sydney and Melbourne, they remain of the view that the setback to the economy will only be temporary, anticipating a return to growth in the December quarter. This less-dovish-than expected RBA left domestic rates trading marginally higher, but largely flat from there.

Late in September the US Federal Reserve met and confirmed they would likely begin tapering asset purchases later this year. Despite being a widely held expectation, long end yields rose in response, with the AU 10y finishing the month 0.35% higher, and the fund and the index each declining 1.5%.

At the end of the quarter, the fund had a small long position relative to the index, avoiding bonds subject to Yield Curve Control and holding the next maturity instead, and remaining neutral to the remainder of the curve.

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