

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: \$8.91m

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%

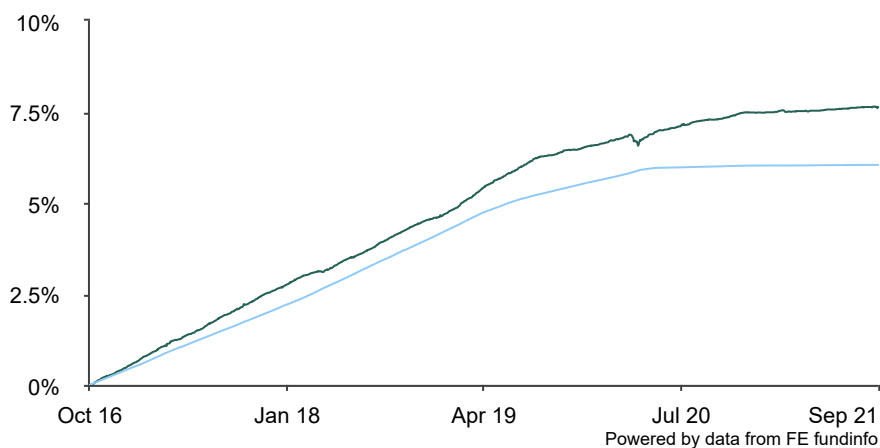
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 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 30/09/2021)



■ Australian Ethical Income

■ Benchmark

Performance (as at 30/09/2021)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.0%	0.1%	0.1%	0.3%	1.1%	1.5%	-	1.6%
Benchmark	0.0%	0.0%	0.0%	0.0%	0.7%	1.2%	-	1.4%

Calendar Performance (as at end 2020)

	CY2020	CY2019	CY2018	CY2017	CY2016
Fund	0.8%	1.9%	1.9%	2.2%	2.2%
Benchmark	0.4%	1.4%	2.0%	1.8%	2.0%

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.

Australian Ethical Income Fund (Wholesale)

Fund Profile - 30 September 2021

Australian
Ethical



Top 10

New South Wales Treasury Corp.	11.2%
Australian Capital Territory	7.6%
Tasmanian Public Finance Corp.	7.1%
Westpac Banking Corporation	6.3%
Bank of Queensland Limited	5.5%
Queensland Treasury Corp.	4.7%
KfW	4.4%
Bendigo and Adelaide Bank Limited	4.4%
National Australia Bank Limited	3.9%
Treasury Corporation of Victoria	3.4%

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:

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Australian Ethical Investment Ltd

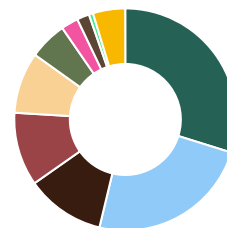
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GPO Box 3993

Sydney NSW 2001

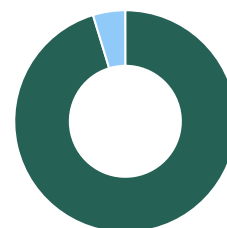
Sector allocation

State Government	29.8%
Bank Senior Debt	23.9%
Corporate Credit	11.5%
SSA	10.7%
Bank Covered Bonds	8.9%
Term Deposit	5.5%
Government	2.5%
ABS	1.8%
RMBS	0.6%
Cash	4.7%



Asset allocation

Australian Interest Bearing Investments	95.3%
Cash	4.7%



Commentary

Over the September quarter, the gross return of the Australian Ethical Income Fund was 0.01%, for an after fee return of 0%. The Fund's gross return was slightly greater than the benchmark Bloomberg Ausbond Bank Bills Index which returned 0.001% for the quarter.

The Income Fund objective is to reflect short-term interest rates. The return of both the fund and the benchmark for the quarter reflect the exceptionally low yield available for short-duration interest bearing investments, as the Reserve Bank of Australia maintains a cash rate target of 0.10% and continues its yield curve control target through to the April 2024 Government Bond, also at 0.10%. High levels of liquidity in the market mean that the return available for short-duration government securities, particularly those with less than 1 year to maturity, are trading well below the 0.10% target level.

The fund outperformance for the quarter owes to the fund's holdings in bank senior unsecured floating rate notes, term deposits, mortgage and asset backed securities, and corporate credit. Though the prevailing low yield environment has suppressed returns from these instruments also, they remain at a premium to the bank bill rates that comprise the index.

In the near term, the outlook for short term money markets remains one of subdued returns, with near-zero bank bill rates reflecting the abundance of available liquidity in the market. While maintaining a book of high-quality liquid assets and short average duration, the Fund will continue to seek to augment these holdings with other credit exposures.

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