

# Australian Ethical Fixed Interest Fund (Wholesale)

Australian  
Ethical



Fund Profile - 30 June 2023

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: \$29.75m

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%

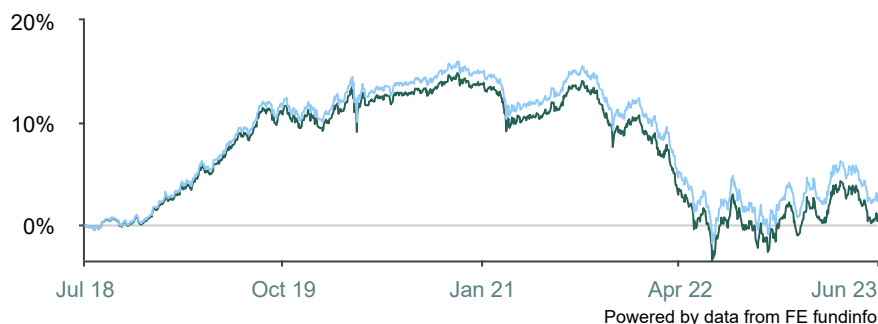
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(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 30/06/2023)



■ Australian Ethical Fixed Interest  
■ Bloomberg AusBond Composite Bond Index (0+Y)

## Performance (as at 30/06/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	-2.0%	-3.0%	1.4%	1.0%	-3.8%	0.1%	-	1.9%
Bloomberg AusBond Composite Bond Index (0+Y)	-2.0%	-2.9%	1.5%	1.2%	-3.5%	0.5%	-	2.4%

## Calendar Performance (as at end 2022)

	CY2022	CY2021	CY2020	CY2019	CY2018
Fund	-10.0%	-3.3%	4.2%	6.7%	4.0%
Bloomberg AusBond Composite Bond Index (0+Y)	-9.7%	-2.9%	4.5%	7.3%	4.5%

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	52.0%
Treasury Corporation of Victoria	7.9%
New South Wales Treasury Corp.	7.5%
Queensland Treasury Corp.	6.5%
Western Australian Treasury Corp.	2.7%
South Australian Government Financing Authority	1.7%
Westpac Banking Corporation	1.4%
KfW	1.3%
European Investment Bank	1.3%
International Finance Corp.	1.0%

## 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:

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

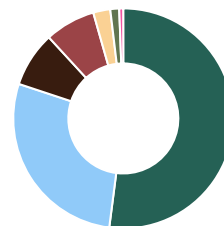
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

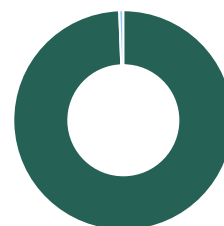
## Sector allocation

Government	52.0%
State Government	28.0%
SSA	8.1%
Corporate Credit	7.4%
Bank Senior Debt	2.5%
Bank Covered	1.3%
Cash	0.6%



## Asset allocation

Australian Fixed Interest	99.4%
Cash	0.6%



## Commentary

The net return of the Australian Ethical Fixed Interest Fund (Retail) for the quarter ended June 2023 was -3.07%, 0.12% behind the -2.95% return of the benchmark Bloomberg Ausbond Composite Bond Index 0+, with the gross return of the fund was -2.95%.

For the financial year to June 2023, the fund return was +0.85% (retail, net of fees), with the Bloomberg Ausbond Composite Bond Index 0+ return +1.24%. The 12 month gross return of the fund was +1.35%.

The negative return for the quarter was attributable to rising yields. The rise in yields reversed the falls seen over March 2023 following the collapse of Silicon Valley Bank and other regional banks in the United States. The Australian 10y yield, which had fallen 0.51% over the month of March, rose 0.71% over the June quarter. As the perceived risk of ongoing issues in the US banking sector receded, market focus returned to the need for central banks to continue tightening policy. It is accepted that the post-pandemic inflation peak has passed, but it remains unclear whether inflation with return to central bank target levels, with services inflation a particular focus both in the US and in Australia. Employment outcomes in both countries have run ahead of expectations through the quarter, with the May outcome for Australia driving a decline in the unemployment rate back to 3.6% despite RBA expectations it will end 2023 at 4.0% as the economy cools.

The fund has ended the June Quarter with a neutral duration position, accepting market pricing for the risk of additional RBA hikes over the latter half of 2023, but way of the aggressive cuts to policy priced for the US and any move higher in yields that may stem from trimming those expectations should economic data continue to surprise to the upside.

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