

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: \$11.08m

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

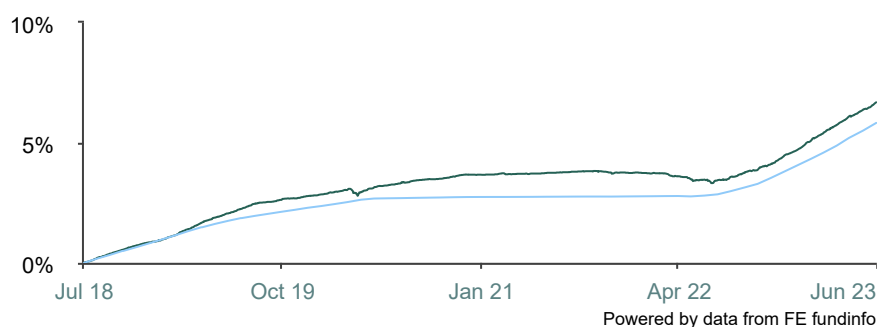
*(after tax, before bonus expense)

**The Benchmark was the Australian 90 Day Bank Bill from inception to 13 Aug 2019 and is the Bloomberg AusBond Bank Bill Index thereafter.

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 30/06/2023)



■ Australian Ethical Income

■ Composite Benchmark**

Performance (as at 30/06/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	0.3%	0.9%	1.9%	3.1%	1.1%	1.3%	-	1.6%
Composite Benchmark**	0.3%	0.9%	1.7%	2.9%	1.0%	1.1%	-	1.4%

Calendar Performance (as at end 2022)

	CY2022	CY2021	CY2020	CY2019	CY2018
Fund	0.9%	0.1%	0.8%	1.9%	1.9%
Composite Benchmark**	1.3%	0.0%	0.4%	1.4%	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.

Top 10

Treasury Corporation of Victoria	10.7%
Western Australian Treasury Corp.	8.0%
Bank of Queensland Limited	6.4%
National Australia Bank Limited	5.9%
New South Wales Treasury Corp.	5.9%
Asian Development Bank	4.7%
Westpac Banking Corporation	4.5%
South Australian Government Financing Authority	4.1%
Bendigo and Adelaide Bank Limited	3.8%
Suncorp-Metway Ltd.	3.2%

Ratings and awards

RIAA

Certification:



CERTIFIED BY RIAA

Why invest ethically?

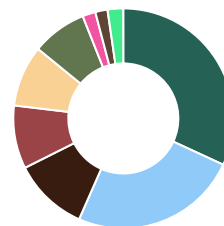
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.
Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.
Promote human rights: 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?

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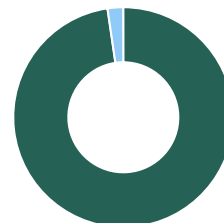
Sector allocation

Bank Senior Debt	31.9%
State Government	24.7%
Corporate Credit	11.0%
Bank Covered Bonds	9.3%
Term Deposit	9.0%
SSA	8.1%
ABS	1.9%
RMBS	1.8%
Cash	2.3%



Asset allocation

Australian Interest Bearing Investments	97.7%
Cash	2.3%



Commentary

The net return for the Australian Ethical Income Fund (Retail) for the Quarter ended June 2023 was +0.88% (net of fees), 0.02% behind of the benchmark Bloomberg Ausbond Bank Bills Index. For the financial year, the fund was +3.13% (net of fees) vs 2.89% for the index.

The Reserve Bank of Australia paused its tightening cycle in April, following the uncertainty that was lingering in markets following the collapse of a number of regional banks in the United States, but resumed tightening in May and June after quarterly inflation data available late in April printed well above the target range. Many of the major banks have shifted their forecast for the peak in the RBA cash rate higher from 4.1% to 4.6% over the quarter, with this shifting expectation explaining the shift in the 3-month BBSW that underpins the majority of floating rate securities of 0.63%, ahead of the 0.50% increase in the cash rate over the quarter.

Credit spreads, which had not considerably widened following the events of March, tightened marginally through the quarter allowing the bank senior debt portfolio, priced at a margin over the bank-bill-swap rate, to contribute just under half the funds return.

The modified duration of the fund remains short at 0.31, with floating rate securities adjusting their coupon to the higher BBSW benefiting from the move and the gross yield on the fund sitting around 4.9%. The fund continues to hold a mix of short-dated fixed rate securities, term deposits, mortgage and other asset backed securities, and floating rate notes in order to meet its return objectives.

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