

Australian Ethical Fixed Interest Fund (Wholesale)

Australian Ethical



Fund Profile - 30 September 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: \$30.05m

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%

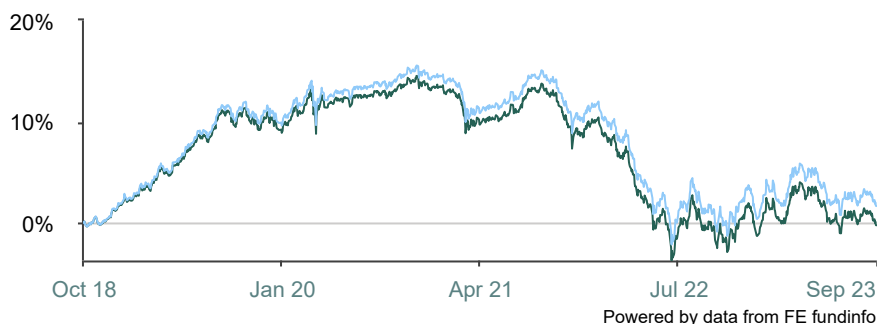
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 30/09/2023)



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

Performance (as at 30/09/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	-1.6%	-0.4%	-3.4%	1.4%	-4.3%	0.0%	-	1.9%
Bloomberg AusBond Composite Bond Index (0+Y)	-1.5%	-0.3%	-3.2%	1.6%	-3.9%	0.3%	-	2.3%

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	48.3%
Treasury Corporation of Victoria	8.1%
New South Wales Treasury Corp.	7.9%
Queensland Treasury Corp.	6.7%
Western Australian Treasury Corp.	2.7%
South Australian Government Financing Authority	1.7%
European Investment Bank	1.5%
Westpac Banking Corporation	1.4%
KfW	1.3%
ETSA Utilities Finance Pty Ltd.	1.2%

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

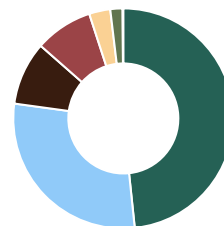
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

Sector allocation

Government	48.3%
State Government	28.8%
Corporate Credit	9.3%
SSA	8.5%
Bank Senior Debt	3.1%
Bank Covered	1.8%
Cash	0.1%



Asset allocation

Australian Fixed Interest	99.9%
Cash	0.1%



Commentary

Duration was held neutral through the September Quarter, and as a result gross returns to 30 September were in line with those of the Bloomberg Ausbond Composite Bond Index 0+ over the quarter, down 0.28%. After fees, retail units were down 0.41% and wholesale units were down 0.36%.

While volatile between a band of 4-4.4% over July and August, gross returns for each of those months were positive at 0.52% and 0.73% respectively, but while inflation has peaked both domestically and in the US, it has remained persistently above central bank targets, particularly in services, and employment markets have remained resilient.

Through September, as a narrative of central banks remaining "higher for longer" took hold, the 10y yield rose some 50bps to just below 4.50%, and September returns were negative as a result, down 1.54% overall and dragging the outcome for the quarter negative as well.

As yields rose in the last weeks of the quarter, the fund has added a small long duration position in 10y government bonds, believing there is little room for yields to continue to move persistently higher without creating other strains across the economy. We have also taken an overweight position (~5%) in shorter dated credit at the expense of government holdings in order to capture some rolldown as the bonds move toward maturity.

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