

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:** \$9.57m

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

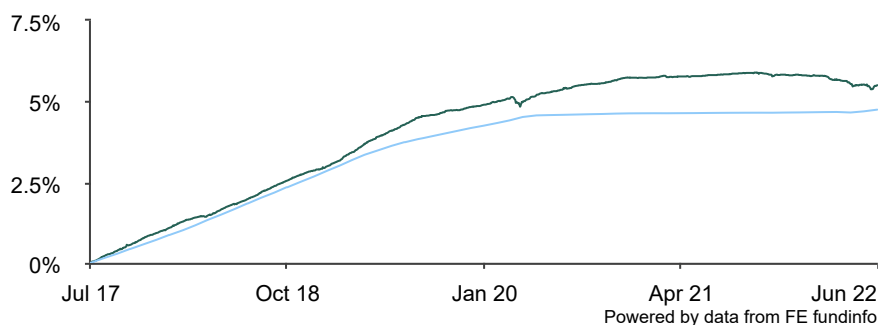
\*(after tax, before bonus expense)

\*\*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 30/06/2022)



■ Australian Ethical Income

■ Composite Benchmark\*\*

## Performance (as at 30/06/2022)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.0%	-0.2%	-0.3%	-0.3%	0.4%	1.1%	-	1.4%
Composite Benchmark**	0.1%	0.1%	0.1%	0.1%	0.3%	0.9%	-	1.2%

## Calendar Performance (as at end 2021)

	CY2021	CY2020	CY2019	CY2018	CY2017
Fund	0.1%	0.8%	1.9%	1.9%	2.2%
Composite Benchmark**	0.0%	0.4%	1.4%	2.0%	1.8%

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

Government of Australia	34.9%
Westpac Banking Corporation	5.7%
Bank of Queensland Limited	4.8%
New South Wales Treasury Corp.	4.1%
Treasury Corporation of Victoria	3.8%
National Australia Bank Limited	3.6%
ETSA Utilities Finance Pty Ltd.	3.0%
Suncorp-Metway Ltd.	2.7%
Bendigo and Adelaide Bank Limited	2.6%
European Investment Bank	2.6%

## Ratings and awards

### RIAA

#### Certification:



CERTIFIED BY RIAA

## Why invest ethically?

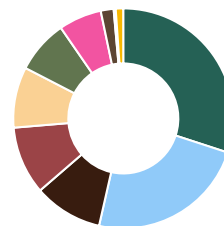
**Portfolio diversification:** Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers. Help build a better world: Invest in the new, low - carbon economy, fund medical and technology breakthroughs, efficient transport and more. Promote human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

Contact us Monday-Friday on:  
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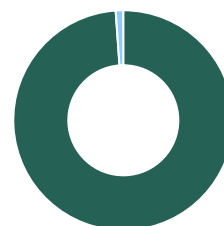
## Sector allocation

Government	30.0%
Bank Senior Debt	23.5%
State Government	10.1%
Corporate Credit	10.0%
Bank Covered Bonds	8.9%
SSA	7.8%
Term Deposit	6.3%
ABS	1.9%
RMBS	0.3%
Cash	1.1%



## Asset allocation

Australian Interest Bearing Investments	98.9%
Cash	1.1%



## Commentary

Like the quarter before it, the June quarter was characterized by two themes that each detract from fund returns: rising yields and widening credit spreads, with the net return of the Australian Ethical Income Fund -0.15%, below the 0.07% return of the Bloomberg Ausbond Bank Bills Index.

During the quarter, the Reserve Bank of Australia commenced normalization of the cash rate with a 0.25% hike in May and a further 0.50% hike in June. Anticipating further hikes, yields increased, with both the 3-month Bank Bill Swap rate moving from 0.23% at the end of March to 1.81% at the end of June, and the April 2023 Australian Government Bond moving from 1.065% to 2.34%.

The fund holds short-dated government and state government bonds, and this increase in yields saw these securities detract 0.07% from fund performance. Widening credit spreads, as bank issuers returned to debt capital markets for Senior Unsecured issuance, saw Bank Senior issues detracting 0.03%.

There has not been an adverse credit event from any of the portfolio holdings. The declines in the Government Bond portfolio represent a mark-to-market adjustment, with the securities continuing to be held at the new yield. Floating Rate securities will adjust to the higher 3-month bank bills rate at their next coupon reset.

Portfolio yield to maturity lifted over the quarter from 0.75% to 1.67%. The continues to target a mix of high-quality liquid bonds and floating rate credit exposures in the period ahead.

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