

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: \$11.64m

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)

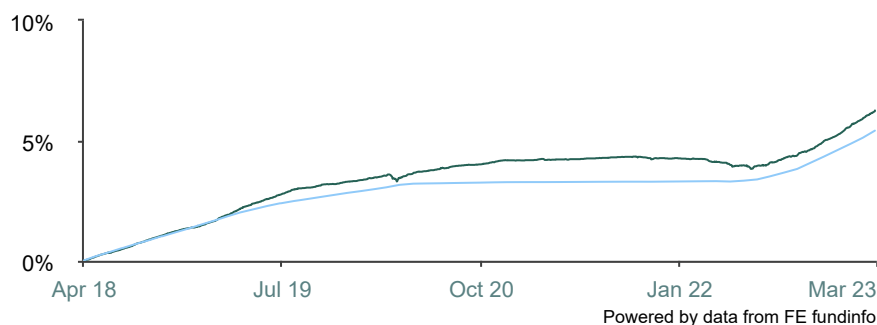
\*(after tax, before bonus expense)

\*\*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 31/03/2023)



■ Australian Ethical Income  
■ Composite Benchmark\*\*

## Performance (as at 31/03/2023)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	0.3%	1.0%	1.8%	2.1%	0.9%	1.2%	-	1.5%
Composite Benchmark**	0.3%	0.8%	1.5%	2.0%	0.7%	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.

# Australian Ethical Income Fund (Wholesale)

Fund Profile - 31 March 2023

Australian  
Ethical



## Top 10

Government of Australia	16.3%
Western Australian Treasury Corp.	9.4%
Treasury Corporation of Victoria	7.7%
Bank of Queensland Limited	6.2%
National Australia Bank Limited	5.6%
Westpac Banking Corporation	5.2%
Queensland Treasury Corp.	4.7%
Bendigo and Adelaide Bank Limited	3.8%
Suncorp-Metway Ltd.	3.7%
Macquarie Bank Ltd.	3.7%

## 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:

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

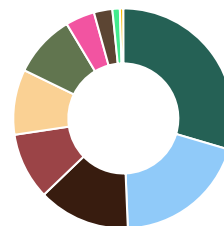
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

## Sector allocation

Bank Senior Debt	29.6%
State Government	19.8%
Government	13.5%
Term Deposit	9.8%
Corporate Credit	9.6%
Bank Covered Bonds	9.2%
SSA	4.3%
ABS	2.7%
RMBS	1.1%
Cash	0.5%



## Asset allocation

Australian Interest Bearing Investments	99.5%
Cash	0.5%



## Commentary

The net return for the Australian Ethical Income Fund (Retail) for the Quarter ended March 2023 was +1.00% (net of fees), +0.21% ahead of the benchmark Bloomberg Ausbond Bank Bills Index. The gross return for the fund was +1.05%.

The March Quarter saw the tightening cycle for the Reserve Bank of Australia continuing where it left off in 2022, with rate rises at both meetings during the quarter, increasing the cash rate from 3.1% to 3.6%. The cash rate has now been lifted 3.5% since the first hike in May 2022.

While the tightening to date has flowed through to short-term rates, with 3-month BBSW increasing from 3.26% to 3.71% over the quarter, markets have now moved to price an end to the tightening cycle with 1 year government bonds trading below the current cash rate at 3.207%, down from 3.36% at the end of December.

Market pricing is in spite of unemployment continuing to print at historically low levels and inflation continuing to run well ahead of the RBA target, and would appear to anticipate a significant slowdown in inflation as the economy cools in 2023.

Meanwhile credit spreads reacted coolly to market disruptions in March driven by the failure of a handful of US banks following deposit runs – trading volumes were thin and credit spreads widened only marginally, with credit default swap indices trading well below the wides seen in October 2022.

The modified duration of the fund remains short at 0.28, with floating rate securities adjusting their coupon to the higher BBSW benefiting from the move and the gross yield on the fund sitting around 4.1%. 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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