

Australian Ethical Fixed Interest Fund

Fund Profile - 30 June 2024

Australian Ethical



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 meet our Ethical Criteria, generating income with some capital growth potential over the medium to long term. The Fund aims to track the return of the Bloomberg AusBond Composite 0+ years Index before taking into account management costs over a 3 year period.

Price information

Pricing frequency:	Daily
Buy/Sell spread:	0.00%/0.00%

Fund facts

Fund size:	\$0.91m
Benchmark:	Bloomberg AusBond Composite 0+ Years
Asset class:	Fixed Interest
Inception date:	14/06/2012
Minimum investment timeframe:	3 years
Risk level:	Low-Medium

Identifiers

ISIN code:	AU60AUG00218
APIR code:	AUG0021AU

Distributions

Frequency:	2
Dates:	30/06, 31/12

Fees

Management costs - PDS:	0.50%
Minimum initial investment:	\$1,000 \$500 with a Regular investor plan
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 30/06/2024)



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

Performance (as at 30/06/2024)

	1m	3m	6m	1y	3y	5y	10y	Since inception (ann.)
Fund	0.8%	-0.9%	0.0%	3.2%	-2.6%	-1.2%	1.2%	1.8%
Bloomberg AusBond Composite Bond Index (0+Y)	0.8%	-0.8%	0.2%	3.7%	-2.1%	-0.6%	2.2%	2.5%

Calendar Performance (as at end 2023)

	CY2023	CY2022	CY2021	CY2020	CY2019
Fund	4.5%	-10.2%	-3.5%	3.7%	6.1%
Bloomberg AusBond Composite Bond Index (0+Y)	5.1%	-9.7%	-2.9%	4.5%	7.3%

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	42.1%
New South Wales Treasury Corp.	9.9%
Treasury Corporation Of Victoria	9.6%
Queensland Treasury Corp.	7.4%
Western Australian Treasury Corp.	2.2%
South Australian Government Financing Authority	2.0%
National Australia Bank Limited	1.4%
Ausgrid Finance Pty Ltd.	1.4%
Kfww	1.4%
Westpac Banking Corporation	1.4%

Ratings and awards

RIAA

Certification:



Why invest ethically?

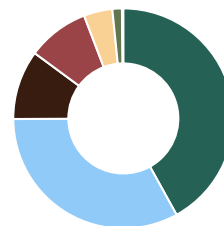
Portfolio diversification: Diversify your portfolio by investing in companies and sectors not well covered by other fund managers and brokers.
Help build a better world: Invest in the new, low-carbon economy, fund medical and technology breakthroughs, efficient transport and more.
Promote human rights: 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
W australianethical.com.au
 Australian Ethical Investment Ltd
 c/o Boardroom Pty Ltd
 GPO Box 3993
 Sydney NSW 2001

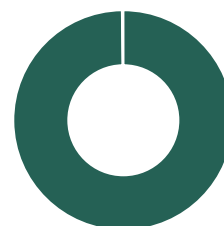
Sector allocation

Government	42.0%
State Government	33.0%
Corporate Credit	10.2%
SSA	9.1%
Bank Senior Debt	4.2%
Bank Covered	1.4%
Cash	0.2%



Asset allocation

Australian Fixed Interest	99.8%
Cash	0.2%



Commentary

The Australian Ethical Fixed Interest Fund gross return for the 12 months ended 30 June 2024 was +3.71%, 3 basis points ahead of the 3.68% return of the fund benchmark, the Bloomberg Ausbond Composite Bond Index 0+. After fees, retail units returned 3.18% and wholesale units returned 3.39%.

The last financial year has been punctuated by volatility in bond yields. Markets have oscillated between pricing additional tightening by central banks in order to contain expectation through the first half of the year, before pricing in forward expectations of rate cuts early in 2024, then pushing those expectations back as the economic data has failed to support early moves to unwind the tightening cycle that was designed to contain post pandemic inflation.

The yield on Australian Government 10 year bonds rose 0.40% across the year from 4.02% to 4.42%, a high of 4.95% in November following a final tightening move from the RBA in November and the peak of "higher for longer" expectations. Since falling to 3.89% in late December, this longer bond yield traded in a band around 4.1% through January to March, then a higher band around 4.3% through April-June. The fund has taken small long duration positions to capture the higher side of this band, but we remain cautious with domestic inflation data surprising to the upside late in the year.

The fund has a small overweight to credit (just under +5% vs benchmark), focused on front end credit opportunities only, with credit markets priced for a benign economic outlook rather than pricing in recessionary conditions seeing longer credit spreads trading lower than we would expect for this point in the cycle.

Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) is the Responsible Entity of the Australian Ethical managed funds. This information is of a general nature and is not intended to provide you with financial advice or take into account your personal objectives, financial situation or needs. Before acting on the information, consider its appropriateness to your circumstances and read the Financial Services Guide (FSG) and relevant product disclosure statement (PDS) and target market determination (TMD) available at www.australianethical.com.au/managedfunds/pds. You may wish to seek independent financial advice from a licensed financial adviser before making an investment decision. The performance of your investment in the Australian Ethical is not guaranteed; past performance is not a reliable indicator of future performance. The information contained in this document is believed to be accurate at the time of compilation. Where MSCI data is used, data is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI assumes no liability for or in connection with the data. For full MSCI and RIAA disclaimer, please see <https://www.australianethical.com.au/sources/>