

Australian Ethical Income Fund

FUND PROFILE - 30 SEPTEMBER 2019

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: \$1.34m

Benchmark: Bloomberg AusBond Bank Bill

Asset class: Money Market

Inception date: 26/11/1997

Minimum investment timeframe: 1 year

Risk level: Very low

Identifiers

ISIN code: AU60AUG00036

APIR code: AUG0003AU

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%

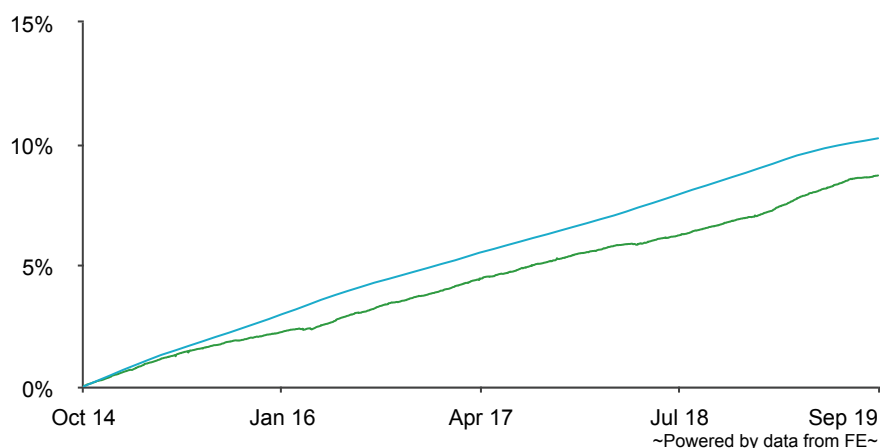
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website australianethical.com.au

*(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 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 30/09/2019)



■ Australian Ethical Income
■ Benchmark

Performance (as at 30/09/2019)

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	0.1%	0.3%	0.9%	1.9%	1.6%	1.7%	3.0%	3.9%
Benchmark	0.1%	0.3%	0.6%	1.6%	1.8%	2.0%	2.9%	4.4%

Calendar Performance (as at end 2018)

	CY2018	CY2017	CY2016	CY2015	CY2014
Fund	1.3%	1.6%	1.7%	1.6%	2.8%
Benchmark	2.0%	1.8%	2.0%	2.3%	2.7%

Source: FE.

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

Australian Government Bond	11.1%
Westpac Banking Corporation	8.0%
Western Australia Treasury Corporation	7.9%
National Australia Bank Limited	7.3%
Queensland Treasury Corporation	6.9%
New South Wales Treasury Corporation	5.3%
Treasury Corporation of Victoria	5.3%
Suncorp Metway Ltd	4.9%
Bank of Queensland	4.5%
Bendigo and Adelaide Bank Limited	4.2%

Ratings and awards

RIAA rating:



UNPRI signatory:



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 between 9:00am-5:00pm

AEST Monday-Friday on:

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Australian Ethical Investment Ltd

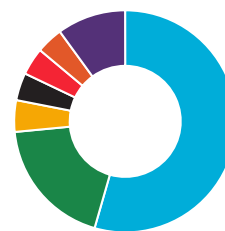
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

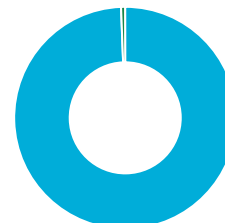
Sector allocation

State Government	54.4%
Bank Senior Debt	19.0%
Term Deposit	4.6%
Bank Covered Bonds	4.0%
RMBS	4.0%
Corporate Credit	3.9%
Commercial Paper/Bank Bills	10.0%



Asset allocation

Australian Interest Bearing Investments	99.4%
Cash	0.6%



Commentary

The Australian Ethical Income Fund returned 0.3% (0.4% for the wholesale fund) for the September quarter, approximately in line with the benchmark which returned 0.3% for the quarter.

As has been the theme over 2019, the benchmark rate has continued to decline and fell from 1.20% at the end of June to 0.95% at the end of September. Fixed rate securities in the fund, purchased with up to 12 months to maturity, saw the fund benefit from these declines.

The decline in the 90-day bills rate comes as markets expect the Reserve Bank to continue to loosen monetary policy to support the economy. With a rate cut delivered in July, the unemployment rate moving higher and a very low level of GDP growth for the year to June reported over the quarter, there is little reason to doubt short-term rates will continue to move lower in the near term.

The fund continues to preference high-quality liquid assets, with the top 10 securities dominated by State and Commonwealth Government issues with up to 12 months to maturity. Bank positions held consist of a combination of floating rate notes, short-dated discount securities and term deposits.

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