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)

<table>
<thead>
<tr>
<th>Performance (as at 30/09/2019)</th>
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<tbody>
<tr>
<td><strong>Fund</strong></td>
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<tr>
<td>1m</td>
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<tr>
<td>0.1%</td>
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<tr>
<td><strong>Benchmark</strong></td>
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<td>0.1%</td>
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Calendar Performance (as at end 2018)

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<tbody>
<tr>
<td>Fund</td>
<td>1.3%</td>
<td>1.6%</td>
<td>1.7%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>2.0%</td>
<td>1.8%</td>
<td>2.0%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

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.
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.