

# Australian Ethical Fixed Interest Fund (Wholesale)

Australian  
Ethical



Fund Profile - 30 June 2022

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 support the Australian Ethical Charter, generating income with some capital growth potential over the medium to long term.

## Price information

<b>Pricing frequency:</b>	Daily
<b>Buy/Sell spread:</b>	0.00%/0.00%

## Fund facts

<b>Fund size:</b>	\$30.76m
<b>Benchmark:</b>	Bloomberg AusBond Composite 0+ Years
<b>Asset class:</b>	Fixed Interest
<b>Inception date:</b>	15/01/2014
<b>Minimum investment timeframe:</b>	3 years
<b>Risk level:</b>	Low-Medium

## Identifiers

<b>ISIN code:</b>	AU60AUG00234
<b>APIR code:</b>	AUG0023AU

## Distributions

<b>Frequency:</b>	2
<b>Dates:</b>	30/06, 31/12

## Fees

<b>Management costs - PDS:</b>	0.30%
<b>Minimum initial investment:</b>	\$25,000
<b>Additional transactional and operational costs:</b>	0.00%

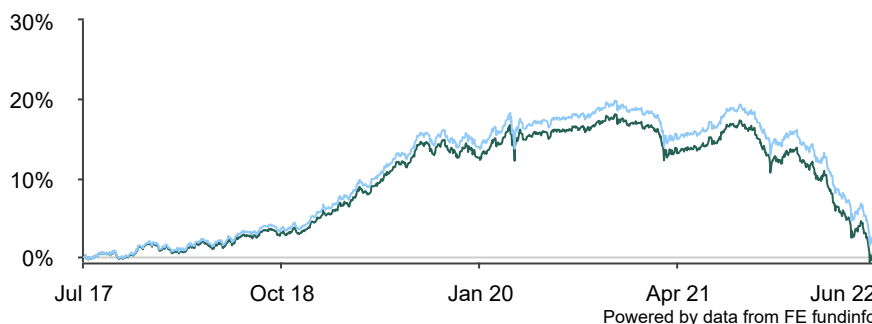
A full explanation of all the fees and costs that you may be charged for investing in the Fund is provided in the Fund's Product Disclosure Statements available from our website [australianethical.com.au](http://australianethical.com.au)

\*(after tax, before bonus expense)

## 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 30/06/2022)



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

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

	1m	3m	6m	1y	3y	5y	10y	Since inception
Fund	-1.5%	-3.9%	-9.7%	-10.9%	-3.0%	0.4%	-	2.0%
Bloomberg AusBond Composite Bond Index (0+Y)	-1.5%	-3.8%	-9.5%	-10.5%	-2.6%	0.9%	-	2.5%

## Calendar Performance (as at end 2021)

	CY2021	CY2020	CY2019	CY2018	CY2017
Fund	-3.3%	4.2%	6.7%	4.0%	3.2%
Bloomberg AusBond Composite Bond Index (0+Y)	-2.9%	4.5%	7.3%	4.5%	3.7%

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.

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## Top 10

Government of Australia	56.3%
Queensland Treasury Corp.	7.4%
Treasury Corporation of Victoria	6.4%
New South Wales Treasury Corp.	6.3%
Western Australian Treasury Corp.	2.8%
South Australian Government Financing Authority	1.7%
European Investment Bank	1.1%
Landwirtschaftliche Rentenbank	1.0%
International Finance Corp.	1.0%
KfW	0.9%

## 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](mailto:investors@australianethical.com.au)

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

Australian Ethical Investment Ltd

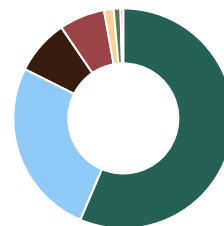
c/o Boardroom Pty Ltd

GPO Box 3993

Sydney NSW 2001

## Sector allocation

Government	56.4%
State Government	26.0%
SSA	8.1%
Corporate Credit	6.7%
Bank Senior Debt	1.4%
Bank Covered	1.0%
Cash	0.4%



## Asset allocation

Australian Fixed Interest	99.6%
Cash	0.4%



## Commentary

The return of the Australian Ethical Fixed Interest Fund (Wholesale) for the June Quarter was -3.91% net of fees. Retail units declined -3.96% net of fees. The fund benchmark, the Bloomberg Ausbond Composite Bond Index 0+ declined -3.81%. The June quarter continued the same themes that were present in the March Quarter, with yields rising considerably and credit spreads widening. Markets have moved to price an aggressive response from central banks to high rates of inflation, with expectations they will need to go beyond normalization of monetary policy to pre-pandemic settings instead targeting policy that seeks to restrict activity.

Government bond yields increased a further 77bps over the quarter, with the 10-year bond yield increasing to 3.57%, having increased 1.11% in the March quarter. In June in particular, the 10-year yield reached a peak above 4.1% mid-month, before easing back as market fears about a possible recession began to emerge.

The yield to maturity of the Fixed Interest Fund sits at 3.55% at the end of June, in line with the benchmark yield at 3.56%, having started the year more than 2% lower at 1.46%. When bond yields rise, the market value of those bonds declines, and the extent of that movement is determined by the duration of the bond (or portfolio). Through the calendar year to date the fund has been positioned with a neutral duration relative to the index, and at the end of June fund modified duration sat at 5.2.

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