

Notice of Meeting

ANNUAL
GENERAL
MEETING

10 AM THURSDAY, 24 OCTOBER 2019

Friday, 20 September 2019

Dear Shareholder,

Notice of Annual General Meeting Thursday, 24 October 2019 @ 10 am

The Company has had another record year. As you will have seen in the end of financial year results we have achieved (all comparisons to year ended 30 June 2018):

Financial highlights

- Net profit after tax attributable to shareholders of \$6.5m (up 29%)
- Consolidated statutory net profit after tax of \$6.6m
- Revenues of \$41.0m (up 14%)
- Performance fee on Emerging Companies Fund \$0.8m following strong investment outperformance
- Final ordinary dividend of 3 cents per share, fully franked; total dividend for year 5c (up 25%)
- Strong balance sheet, no gearing

Operating highlights

- Group funds under management of \$3.42bn (up 21%)
- Net inflows of \$322.1m (excluding institutional)
- Superannuation membership at 43,079 members, with funded membership growing 11%
- Strong performance across the investment portfolio recognised with multiple industry awards
- Continued uplift in net promoter scores: +62 (super) and +54 (managed funds) among the best in the industry¹
- Top quartile staff engagement score of 71%
- Strong operating cash flow

I invite you to attend Australian Ethical Investment Limited's Annual General Meeting to hear more about our outstanding year. The AGM will be held at the Company's offices:

Level 8
130 Pitt Street
Sydney NSW 2000

I enclose the formal notice of meeting, explanatory notes, a proxy form and a form for the submission of written questions. Depending on your annual report preferences, a copy of the 2019 Annual Report may be included; it is also available from our website.

australianethical.com.au/shareholders/annual-and-sustainability-reports

If you cannot attend the Board strongly encourages you to vote online at linkmarketservices.com.au or by using your proxy form!

The Board, CEO and management look forward to meeting you at the AGM.

Yours sincerely



Michael Monaghan
Acting Chair
AUSTRALIAN ETHICAL INVESTMENT LIMITED

¹ Australian Ethical brand research, Pollinate March 2019



Notice of Meeting

The Annual General Meeting of Australian Ethical Investment Limited will be held on Thursday, 25 October 2018 commencing at 10 am at:

Level 8
130 Pitt Street
Sydney NSW 2000

Explanatory notes for the business to be conducted are attached to and form part of this Notice and should be read carefully (**Explanatory Notes**).

ORDINARY BUSINESS

1. Accounts

To receive and consider the financial statements of the Company and its Controlled Entities for the year ended 30 June 2019 and the related Directors' Report, Directors' Declaration and Auditor's Report.

2. Re-elect Mara Wickerhauser Bûn

To consider and if thought fit pass the following resolution as an ordinary resolution:

That Mara Wickerhauser Bûn, Director, be re-elected as a Director of the Company.

3. Re-elect Michael John Monaghan

To consider and if thought fit pass the following resolution as an ordinary resolution:

That Michael John Monaghan, Director, be re-elected as a Director of the Company.

4. Adoption of Remuneration Report

To consider and if thought fit pass the following resolution as an ordinary resolution:

That the Remuneration Report as set out in the Annual Report for the financial year ended 30 June 2019 be adopted.

5. Director Fee Pool

To consider and if thought fit pass the following resolution as an ordinary resolution:

That for the purposes of ASX Listing Rule 10.17, the Company reward persons who undertake the duties and responsibilities of being a Non-Executive Director (including attendance at meetings of the Board of Directors and Board Committees) by approving payments in total aggregate of no more than \$675,000.



By order of the Board
Tom May
Company Secretary

Explanatory Notes

RESOLUTION 1 ACCOUNTS

The financial statements of the Company for the 2018/2019 financial year have been lodged with the Australian Securities Exchange and with the Australian Securities and Investments Commission in accordance with statutory lodgement timetables and requirements. The financial statements are tabled at the AGM to be received and considered by shareholders. No formal resolution on the financial statements and reports is required.

RESOLUTION 2 ELECTION OF MARA BÛN

The Board recommend shareholders vote FOR Resolution 2.

The Chairman of the Meeting intends to vote all available proxies FOR Resolution 2.

Ms Bùn is standing for election, details of her qualifications and experience are:

Mara Bùn

Non-Executive Director since 2013

BA (Political Economy), GAICD

Mara is a member of the People, Remuneration and Nominations Committee, the Investment Committee and the Australian Ethical Investment Limited and Australian Ethical Superannuation Pty Limited Audit, Risk & Compliance Committees. Mara is a Director of Australian Ethical Superannuation Pty Limited and Australian Ethical Foundation Limited.

Mara brings executive experience from Green Cross Australia, Choice, CSIRO, Macquarie Bank and Canstar to Australian Ethical. She is also Chair of the Board of the Gold Coast Waterways Authority and a Non-Executive Director of Enova Community Energy, a Byron Bay based social enterprise. Mara consults to research, business and government agencies. Currently she leads Strategy and Development pathways for Food Agility CRC, a ten-year research programme enabling digital solutions across Australian food value chains; and leads development of Simba Global's textiles data transformation strategy. Mara is President of the Australian Conservation Foundation.

RESOLUTION 3 ELECTION OF MICHAEL MONAGHAN

The Board recommend shareholders vote FOR Resolution 3.

The Chairman of the Meeting intends to vote all available proxies FOR Resolution 3.

Mr Monaghan was appointed as a Non-Executive Director on 22 September 2017 and elected by shareholders at the AGM held on 25 October 2017. Mr Monaghan is standing for re-election, details of his qualifications and experience are:

Michael Monaghan

Non-Executive Director since 2017

BA, FIA, FIAA, FAICD

On 1 September 2019 Michael was appointed as the Acting Chair of the boards of Australian Ethical Investment Limited and of Australian Ethical Superannuation Pty Limited. He is also Chair of the Investment Committee and, from 1 September 2019, Acting Chair of the People, Remuneration and Nominations Committee. He is also a member of the Product Disclosure Statement Committee and the Australian Ethical Investment Limited and Australian Ethical Superannuation Pty Limited Audit, Risk & Compliance Committees. He is a Director of Australian Ethical Foundation Limited.

Michael has more than 30 years' experience in investment, consulting and leadership of financial services organisations both in Australia and internationally. He was Managing Director of State Super Financial Services Australia Limited (StatePlus) from 2011 to 2016 and previously was a partner in the actuarial practice of Deloitte Touche Tohmatsu, the CEO of Intech Investment Consultants and held senior executive positions at Deutsche Bank, IBM and Lend Lease Corporation.

Michael is currently Deputy Chair of HammondCare, an aged care provider, a Director of Alpha Vista Financial Services Holdings Pty Ltd, a start-up global investment management business leveraging large scale data and computing capabilities and artificial intelligence and Chair of Flag Income Notes No. 3 Pty Limited, an issuer of wholesale fixed income securities.

RESOLUTION 4 REMUNERATION REPORT

The Chairman of the Meeting intends to vote all available proxies FOR Resolution 4.

Section 250R(2) of the Corporations Act requires Directors to provide shareholders an opportunity to vote on a resolution to accept the Remuneration Report included in the Directors' report in the Annual Report. The Remuneration Report outlines the Company's remuneration arrangements for Directors, the Managing Director and certain Company executives for the financial year ended 30 June 2019. A reasonable opportunity for discussion of the Remuneration Report will be provided at the AGM. Under section 250R(3) the vote on the resolution is advisory only and does not bind the Directors or the Company.

The Company's remuneration structure for the CEO and key management personnel is a matter that the Board actively engages with through detailed reviews of the structure by the Board's People, Remuneration and Nominations Committee. This is done to ensure that we continue to reward employees fairly and provide a direct link between their effort and contribution and the long term performance of the Company. Our remuneration policy aligns to the philosophy of the Company that sees our people as key stakeholders in the Company's success.

The Board is confident that the current structure is fair, equitable and appropriate and that it has been a significant factor in the recent record performance of the Company.

The Directors recommend that shareholders vote for the adoption of the Remuneration Report.

RESOLUTION 5 DIRECTOR FEE POOL

The Chairman of the Meeting intends to vote all available proxies FOR Resolution 5.

Subject to the Voting Exclusion Statement below the Chairman of the Meeting intends to vote all available proxies FOR Resolution 5.

ASX Listing Rule 10.17 states

“An entity must not increase the total aggregate amount of directors’ fees payable to all of its non-executive directors without the approval of holders of its +ordinary securities.

The notice of meeting must include the following:

- the amount of the increase;
- the maximum aggregate amount of directors’ fees that may be paid to all of the entity’s non-executive directors;
- details of any +securities issued to a non-executive director under rule 10.11 or 10.14 with the approval of the holders of the entity’s +ordinary securities at any time within the preceding 3 years; and
- a +voting exclusion statement”

For the purposes of ASX Listing Rule 10.17 (i.e. the Non-Executive Director fee pool), the Directors propose an increase in the remuneration fee pool of \$135,000 from an aggregate amount of \$540,000 per year to an aggregate amount of \$675,000 per year. The Company does not issue securities to Non-Executive Directors.

The Non-Executive Director fee pool was last increased two years ago at the 2017 AGM. Noting that all the advice that the Board has received is that Director fees paid by the Company are at the lower end of the market range, the Board is seeking an increase in Non-Executive Director fee pool at this AGM to allow for the possibility of:

- phased increases to current fees to align with market-based rates; and
- the appointment of an additional Non-Executive Director given the increasingly complex regulatory environment and noting that regulation of the financial services sector will continue to evolve as the industry expands and matures.

It should be noted that, if the Board decides not to appoint an additional Non-Executive Director, the Board will not use all of the approved increase in the Director fee pool to increase fees payable to current Directors.

Voting exclusion statements

RESOLUTION 4 REMUNERATION REPORT

As required by the Corporations Act 2001 (Corporations Act) no member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report, or a closely related party of any such member, may vote in any capacity (e.g. as a shareholder, proxy or corporate representative) on proposed resolution 4 unless:

- the person votes as a proxy appointed by writing that specifies how the person is to vote on proposed resolution 4; and
- the vote is not cast on behalf of any such member or closely related party of any such member.

The prohibition in the Corporations Act on members of the Company's key management personnel voting does not apply to the Chairman of the Meeting as proxy for a member entitled to vote where the proxy appointment expressly authorises the Chairman of the Meeting to vote in that capacity on Resolution 4 (see the attached Explanatory Notes for AGM Agenda items for further information).

RESOLUTION 5 DIRECTOR FEE POOL

The Company will disregard any votes cast in favour of resolution 5 by or on behalf of a Director of the Company or an associate of a Director. However, the Company will not disregard a vote if it is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Additional information

ANNUAL REPORT

The Company's annual report is available from its website at:

australianethical.com.au/shareholders/annual-and-sustainability-reports

PROXIES

A shareholder has the right to appoint a proxy, who need not be a shareholder of the Company. If a shareholder is entitled to two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

To appoint a proxy, ordinary shareholders should complete the proxy form distributed with this notice of meeting. The proxy form must be deposited at the share registry, Link Market Services Limited, or at the Company's Registered Office not later than 48 hours before the commencement of the meeting (i.e. by 10 am on Tuesday, 22 October 2019). Any proxy received after that time will not be valid for the scheduled meeting.

Proxies can be delivered as follows:

By hand	Link Market Services Level 12 680 George Street Sydney NSW 2000
By mail	Link Market Services Locked Bag A14 Sydney South NSW 1235
By facsimile	+ 61 2 9287 0309
Online	linkmarketservices.com.au

If posting your proxy, please ensure you mail it sufficiently in advance so that it arrives by the required time.

In appointing a proxy, ordinary shareholders should consider how they wish to direct the proxy to vote. A shareholder can direct a proxy to vote "for" or "against" or abstain from voting on each proposed resolution; or they can leave the decision to the appointed proxy after discussion at the Meeting. If shareholders complete and return their proxy form but do not nominate the identity of the proxy, they will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf.

If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of Resolutions 4 and 5 (Remuneration Report), please mark the box in Step 1 on the proxy form. By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if they have an interest in the outcome of Resolutions 4 and 5. If you do not mark this box on the proxy form and you have not directed your proxy how to vote the Chairman of the Meeting will not cast your votes on Resolutions 4 and 5 and your votes will not be counted in calculating the required majority if a poll is called.

The Chair will vote all undirected proxies in favour of resolutions 2, 3, 4 and 5.

If you appoint the Chairman of the Meeting as your proxy and wish to vote differently to how the Chairman of the Meeting intends to vote on any of the items, you must mark "For", "Against" or "Abstain" on the proxy form for the relevant resolution.

VOTING ONLINE

This can be done here:

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" – Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

VOTING ENTITLEMENTS

The Directors have determined that the shareholding of each shareholder for the purposes of ascertaining the voting entitlements for the AGM will be as it appears in the share register at 10 am on Tuesday, 22 October 2019 (Section 1074E; Regulation 7.11.37 Corporations Act 2001, ASTC Settlement Rules, Section 5.6).

RECORDING OF PROCEEDINGS

Please note that the Company intends to record the proceedings of the AGM.

Written questions from shareholders

The Directors of Australian Ethical Investment Ltd invite you to ask written questions to the Directors or to the auditors on:

- the management of the Company;
- the content of the auditor’s report to be considered at the meeting;
- the conduct of the audit of the annual financial report to be considered at the meeting.

This question form should be deposited at the Company’s Registered Office not later than five business days prior to the meeting – by 5 pm on Thursday, 17 October 2019. Written questions can be delivered to the Registered Office by hand, posted to Australian Ethical Investment Ltd, GPO Box Centre Sydney, GPO Box 8, Sydney NSW 2001 or emailed to governance@australianethical.com.au. If posting your question form, please ensure that you mail it sufficiently in advance so that it arrives at the Registered Office by the required time.

Please note that the Company intends to respond to written questions thematically. Answers to questions will be provided at the Annual General Meeting and will also be published on the Company’s website. The Company may not provide individual answers to written questions at the meeting. Also, the Company will not respond to or publish questions which in its view are defamatory, vexatious or which are the subject of or related to potential legal action by or against the Company. Questions addressed to the auditor will be passed onto them for consideration. The Company may choose not to answer questions which:

- would require the publication of confidential or commercially sensitive information which could cause detriment to the Company; or
- are not posed by shareholders in their capacity as shareholders: for example, questions asked by employee shareholders about specific staffing issues; questions asked by a contractor / shareholder about outsourcing arrangements; or questions asked by former Directors or employees using confidential information obtained in their capacity as a Director or employee.

Directors provide this opportunity to enable shareholders who may not be able to attend the Annual General Meeting to ask questions.

Shareholder name (exactly as it appears on holding statement)

Address and contact details

Question(s)



australianethical



100% Post Consumer Waste

This information is general information only and is not intended to provide you with financial advice or take into account your individual investment objectives, financial situation or needs. You should consider, with an accredited financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. You should consider the Product Disclosure Statement (PDS) for the Australian Ethical Retail Superannuation Fund before you make an investment decision. A copy of the PDS or updated information can be obtained by calling us on **1300 134 337** or visiting our website www.australianethical.com.au/super/pds.

No company in the Australian Ethical Group* guarantees the performance of any fund or the return of an investor's capital. The information contained in this document is believed to be accurate at the time of compilation.

Interests in the Australian Ethical Retail Superannuation Fund (ABN 49 633 667 743) are offered by Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) and issued by the Trustee of the Fund, Australian Ethical Superannuation Pty Ltd (ABN 43 079 259 733, USI AET0100AU)

*Australian Ethical Group means Australian Ethical Limited ACN 003 188 930 Issue date: September 2019


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
 Australian Ethical Investment Limited
 C/- Link Market Services Limited
 Locked Bag A14
 Sydney South NSW 1235 Australia

 **BY FAX**
 +61 2 9287 0309

 **BY HAND**
 Link Market Services Limited
 Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
 Telephone: +61 1300 554 474



X999999999999

PROXY FORM

I/We being a member(s) of Australian Ethical Investment Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Thursday, 24 October 2019 at the Company's Offices, Level 8, 130 Pitt Street, Sydney NSW 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolutions 4 & 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 4 & 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.


VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an .

Resolutions

	For	Against	Abstain*
2 Re-elect Mara Wickerhauser Bún	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-elect Michael John Monaghan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Director Fee Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Tuesday, 22 October 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Australian Ethical Investment Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**