

16 June 2022

Earnings guidance and business update for the year ending 30 June 2022

ASX ANNOUNCEMENT

Earnings guidance for the financial year ending 30 June 2022

Australian Ethical Investment (ASX:AEF) advises that Underlying Profit after Tax (UPAT) before performance fees for the year ending 30 June 2022 is expected to be between \$9.8 million and \$10.2 million. This represents a mid-point increase of 9% on the 12 months ended 30 June 2021, excluding the impact of performance fees.

Any performance fees on the Emerging Companies Fund and the High Conviction Fund will only crystallise on 30 June 2022.

This earnings guidance is based on unaudited management accounts to 31 May 2022. More information will be provided when full year results are announced in late August 2022.

FUM and flows since 31 March 2022

FUM at 31 May 2022 was \$6.64 billion, down 3% from 31 March 2022, as continued volatile markets impact investment performance. The decrease in April and May was driven primarily by negative investment performance of \$340 million.

Australian Ethical is pleased to report continued positive net flows for the period 1 April to 31 May of \$150 million, which has partly offset the negative investment performance. Net flows for the financial year to 31 May were \$990 million (including a \$50 million institutional redemption), compared to \$914 million in the prior comparative period.

Institutional redemption

Australian Ethical has been notified that an institutional client will be redeeming its \$340 million investment in Australian Ethical's Balanced Fund through a number of staged redemptions expected from June to November 2022.

This represents approximately 1.7% of annual revenue (based on FY22 total forecast revenue). This client is currently undergoing a Successor Fund Transfer into another fund, with the acquiring fund internalising management of its sustainable option.

Whilst this redemption will impact Australian Ethical Funds Under Management in the near term, overall solid FUM growth is still expected in FY23 following continued investment in product and channel development, as well as the rising demand for authentic ethical investing.

Christian Super update

On 6 April, Australian Ethical announced its superannuation subsidiary, Australian Ethical Superannuation Pty Limited, had entered into an exclusive memorandum of understanding to explore a successor fund transfer (SFT) that would see Christian Super members transfer into Australian Ethical Super. The due diligence process is substantially

completed and expected to be concluded by mid-July with further updates to be provided at that point. The proposed SFT could see up to \$2 billion of FUM transferred to Australian Ethical Super in late 2022 or early 2023.

This announcement is authorised by the Board.

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About Australian Ethical

Australian Ethical is Australia's leading ethical investment manager. Since 1986, Australian Ethical has provided investors with investment management products that align with their values and provide competitive returns. Investments are guided by the Australian Ethical Charter which shapes its ethical approach and underpins both its culture and its vision.

Australian Ethical has \$6.6 billion in funds under management across managed funds and superannuation.

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