

Quarterly FUM Announcement & Earnings Guidance update

ASX ANNOUNCEMENT

FUM Announcement – 1 April to 30 June 2022

Continued positive net flows in challenging market

Positive net flows

During the quarter, Australian Ethical reported positive net flows of \$102 million. This includes a \$150 million redemption by an institutional client that, as previously advised is internalising management of its sustainable option following its successor fund transfer into another fund. Excluding this institutional redemption, Australian Ethical recorded positive retail and wholesale net flows of \$252 million for the quarter. Quarterly net flows were driven by solid superannuation contributions. Managed fund net flows remain positive but have been impacted by cautious market sentiment related to market volatility.

Net flows for FY22 were \$943 million. Excluding institutional, net flows were \$1.14 billion, a 20% increase on FY21. This included record super net flows of \$751 million, an increase of 22% year on year.

Funds under management

Funds under management at 30 June 2022 were \$6.2 billion, a decrease of 9% from 31 March 2022. Despite the positive net flows, investment performance has been affected by highly volatile investment markets.

FUM for FY22 is up 2% since 30 June 2021, as strong net flows have more than offset the impact of negative investment performance.

Customer growth

Australian Ethical continues to report solid headline growth. 4,794 new customers joined Australian Ethical during the quarter, taking total customers to 83,066, up 4% from 31 March 2022.

Customer numbers increased 17% year on year.

Christian Super update

A separate ASX announcement has been released today confirming that a Successor Fund Transfer deed has been executed with Christian Super. This will see members of Christian Super transferred into Australian Ethical Super with a target date of end of 2022. As at 30 June 2022, Christian Super have 30,000 members and \$1.96 billion of funds under management.

Detailed implementation planning is now being undertaken. While there is no capital consideration under a successor fund transfer, details of estimated transition and integration costs, member fee reductions, and other stakeholder benefits will be finalised and provided when Australian Ethical FY22 full year results are announced at end of August 2022.

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FUM & flows detail

FUM and flows by product for the three months to 30 June 2022 were:

Product Category	FUM March 22 (\$bn)	Net Flows (\$bn)	Market & other ¹ (\$bn)	FUM June 22 (\$bn)
Managed Funds ²	2.04	0.05	(0.31)	1.78
Institutional	0.37	(0.15)	(0.03)	0.19
Superannuation	4.42	0.20	(0.39)	4.23
Total	6.83	0.10	(0.73)	6.20
Total (excl institutional)	6.47	0.25	(0.70)	6.02

FUM and flows by product for the year to 30 June 2022 were:

Product Category	FUM June 21 (\$bn)	Net Flows (\$bn)	Market & other ¹ (\$bn)	FUM June 22 (\$bn)
Managed Funds ²	1.76	0.39	(0.37)	1.78
Institutional	0.41	(0.20)	(0.02)	0.19
Superannuation	3.90	0.75	(0.42)	4.23
Total	6.07	0.94	(0.81)	6.20
Total (excl institutional)	5.66	1.14	(0.78)	6.02

¹ Includes changes in asset value due to market movements and net income.

² Includes SMA; reflects retail and wholesale investors, excludes institutional.

Earnings Guidance update

Australian Ethical advises that its Emerging Companies Fund will pay a performance fee of \$0.4 million after outperforming its benchmark, the S&P ASX Small Industrials over the last 12 months. The performance fee revenue less tax and constitutional grant to the Australian Ethical Foundation adds \$0.2 million to guidance on Underlying Profit after Tax (UPAT) announced on 16 June 2022. The UPAT range for the year ended 30 June 2022 is now expected to be between \$10.0 million and \$10.4 million. This earnings guidance is based on unaudited management accounts to 30 June 2022.

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 over \$6 billion in funds under management across managed funds and superannuation.

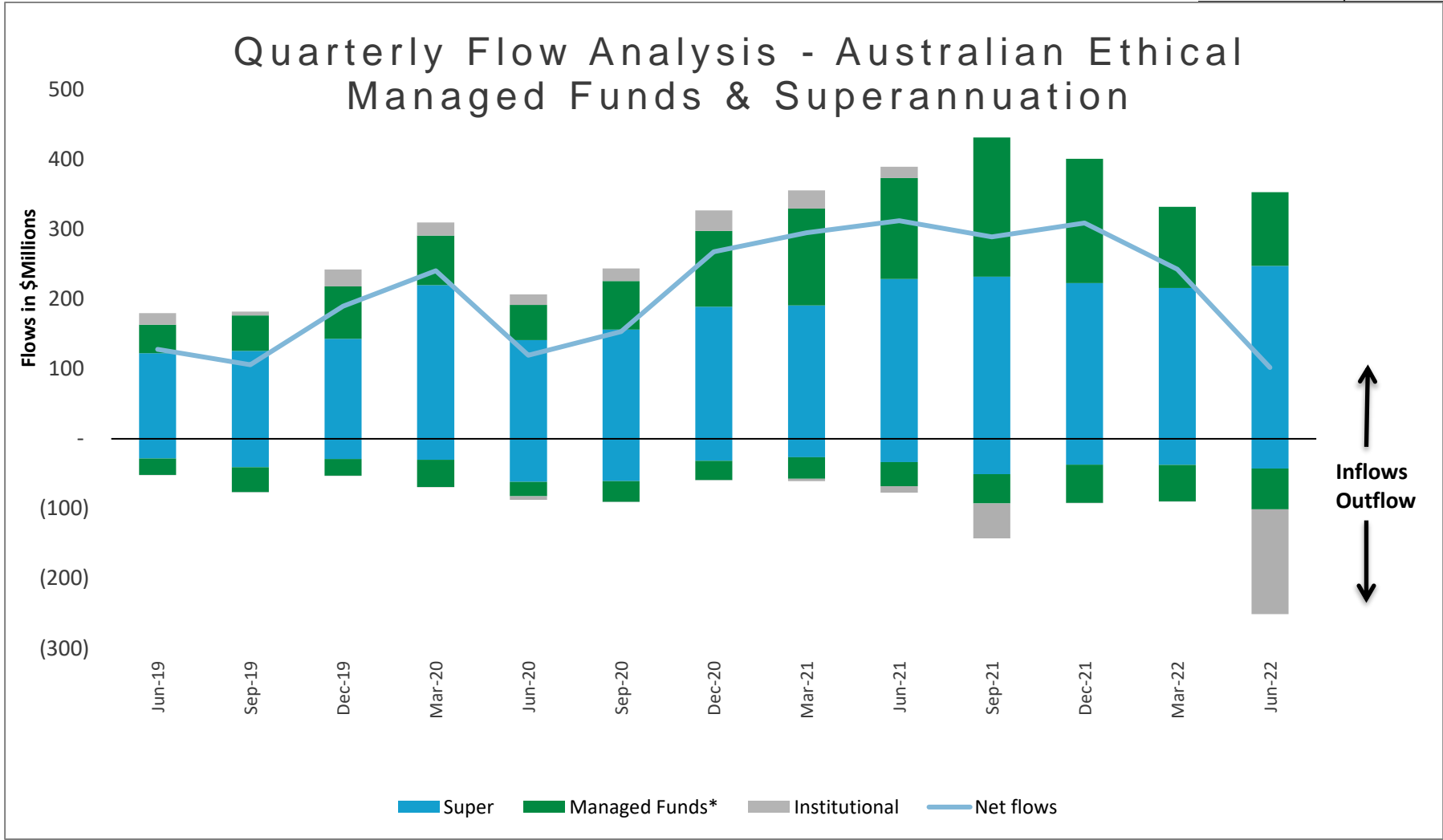
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Quarterly Flow Analysis - Australian Ethical Managed Funds & Superannuation



* Managed funds includes SMA

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