

Australian Ethical Investment Limited

2016 Earnings Guidance

Higher revenue forecast as FuM exceeds \$1.5 bn

Australian Ethical Investment Limited (ASX:AEF) advises that Net Profit after Tax (NPAT) for the 12 months ending 30 June 2016 is expected to be between \$3.47 and \$3.84 million, an increase of 86% on the NPAT for the full year ended 30 June 2015 of \$1.97 million.

The increase is due to strong growth in funds under management as a result of both the increase in market values and strong flows into Australian Ethical's products. Funds under Management (FuM) has increased 31% since 1 July 2015 to \$1.53 billion at 17 May 2016.

The increase in funds under management outweighed the impact of fee reductions made in July 2015, resulting in an increase in forecast revenue of 8.5% on the prior corresponding period.

Net flows for the 12 months to 30 June 2016 are expected to be in the order of \$300 million which, if achieved, will be 67% higher than the last financial year. Total expenses are forecast to be 1% higher than the prior year.

Underlying Profit after Tax (UPAT) for the 12 months ending 30 June 2016 is expected to be the same as NPAT, with no adjustments for the period. UPAT for the 12 months ended 30 June 2015 was \$2.45 million. NPAT and UPAT are reconciled as follows:

	FY15 (\$'000)	This guidance FY16 (\$'000)	% Increase/ (Decrease)
Net profit after tax	1,970	3,657	86%
Add back property revaluation	484	-	
Underlying profit after tax	2,454	3,657	49%

Explanation of items removed from UPAT

In calculating UPAT we reverse the impact on profit of certain, predominantly non-cash, items to provide a better understanding of operational results. Items adjusted include:

- *Property Revaluation: Devaluation of the company's property holding in Canberra.*

This profit guidance is based on unaudited management accounts to the end of April 2016. More information will be provided in the announcement of the full year results in August 2016.

About Australian Ethical

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

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