

25 February 2016

## Australian Ethical reports strong half year results

### *Strong profit growth, increase in FUM*

#### **Financial highlights (all comparisons to half year ended 31 December 2014):**

- Net profit after tax (NPAT) of \$1.5 million (up 172%)
- Underlying profit after tax<sup>1</sup> (UPAT) of \$1.5 million (up 55%)
- Revenues of \$10.9 million (up 11%)
- Operating expenses of \$8.4m (up 3%)
- Total expenses of \$9.4m (up 1%)
- Interim ordinary dividend of 120 cents per share, fully franked

#### **Operating highlights:**

- Group funds under management of \$1.4bn (up 35%)
- Net inflows of \$155m (up 102%)
- Superannuation membership at 23,570 members (up 11%)
- Top quartile investment performance for key funds

Australian Ethical Investments (ASX: AEF) today announced its financial results for the half year ended 31 December 2015, reporting an increase in net profit after tax (NPAT) of 172% to \$1.5 million, when compared to the \$0.55 million reported for the previous corresponding period.

Half year revenue increased 11% to \$10.9 million, up from \$9.9 million, while net inflows doubled over the previous corresponding period, increasing to \$155 million from \$77 million.

Funds under management (FUM) for the half year increased 35% to \$1.4 billion, up from \$1.0 billion reported for the same period the year before. The increase was driven by a combination of new inflows and asset management performance.

A fee reduction of 0.30%, reducing superannuation asset based administration fees to 0.63%, occurred on 31 July 2015. The impact of the superannuation fee reductions was offset by increases in net flows and growth of funds under management throughout the half year period.

“We have had an exceptional half year result. Our net inflows have doubled, our investment performance remains strong and we maintain a disciplined approach to cost management,” said Australian Ethical Managing Director Phil Vernon.

“Our strong new business growth is driven by increasing interest in ethical investing, as Australians look for ways build their wealth in a positive way. Our solid investment track record, over multiple time periods, proves that people can make their money do good for both themselves and the planet.

“Australian Ethical is a success story for shareholders, investors and the ‘Purpose Economy’,” he added.

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<sup>1</sup> Refer reconciling table in the Shareholder Newsletter

**Interim dividend:**

The Board declared an interim fully franked final dividend of \$1.20 per share for the six months ended 31 December 2015. The record date for the dividend will be 10 March 2016 with payment due on 25 March 2016.

**Impact of market volatility since 31 December 2015**

Since the balance date of 31 December 2015 global markets have been volatile. The company's revenues are primarily driven by FUM which is, in turn, driven by market performance, our own investment performance and net inflows. Net inflows, particularly in managed funds can be affected by market volatility and sentiment.

We produce net inflow and funds under management information at the end of each quarter in order to provide shareholders with the key drivers of revenue. The last such update was provided on 20 January 2016 as at 31 December 2015.

Given the volatility in the markets since balance date we provide an update on our FUM at 22 February 2016 and net inflows since 31 December 2015 in the table below:

**Period to 22 February 2016**

<b>Product Category</b>	<b>FUM Dec 15 (\$m)</b>	<b>Net Flows (\$m)</b>	<b>Market &amp; Other* (\$m)</b>	<b>FUM 22 Feb 16 (\$m)</b>
Managed Funds	493.7	1.8	(50.3)	445.1
Superannuation	907.6	33.7	(38.5)	902.9
<i>All Products</i>	1,401.3	35.5	(88.8)	1,348.0

\* Includes changes in asset value due to market movements, income, reinvestments and distributions.

**Outlook**

Whilst we see investment markets continuing to be volatile for some time we remain confident that the trend for growing social consciousness and increasing demand for ethical investment products will continue.

We believe that our strategy of providing values based consumers a range of competitive, professionally managed superannuation and investment products with multiple investment options to suit their current investment profile fills a unique need in the market and will lead to continual growth.

**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 without compromising returns. Investments are guided by the Australian Ethical Charter which both shapes its ethical approach, and underpins the Company's culture and vision.

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