

Australian Ethical Investment Limited

Earnings guidance

ASX ANNOUNCEMENT

First Half FY2021 Earnings guidance

Australian Ethical advises that Underlying Net Profit after Tax (UPAT) for the 6 months ending 31 December 2020 is expected to be between \$4.6 and \$5.1 million¹, a mid-point increase of 11% on the 6 months ended 31 December 2019.

Strong growth in Funds Under Management (FUM) was partially offset by the impact of superannuation fee reductions including those implemented in the second half of FY20² and fee and threshold reductions across some managed funds in October 2020³.

Australian Ethical continues to actively invest in its growth strategy and anticipates that revenue will exceed \$50 million this financial year with associated tax rate adjustments.

FUM movement since September 2020

FUM increased to \$4.92 billion as at 30 November 2020, up 14% from \$4.32 billion as at 30 September 2020, and up 21.6% since 30 June 2020. This increase was driven by exceptional investment performance of \$0.43bn and strong net flows of \$0.18bn in October and November.

Outlook

John McMurdo, CEO at Australian Ethical, said: "We have seen excellent momentum in the first half of this financial year as a growing number of Australians seek to do good and do well with their money. Buoyed by excellent investment performance, we expect this strong growth in net inflows to continue.

"Meanwhile, we are actively implementing our strategic roadmap to ensure we realise the potential of ethical investing in delivering a better future. This includes investing in our brand, in our customer experience and in diversifying our distribution channels to maximise our reach and our impact.

"Financials in the second half of the financial year compared to the first half will be impacted by higher operating expenses, as well as increased investment in strategic and regulatory initiatives as we position our business for continued success."

¹ Excludes any potential performance fee that might be paid by the Australian Ethical Emerging Companies Fund as this will only be known at the end of the financial year.

² The percentage-based administration fee was reduced from 0.41% to 0.29% on 1 April 2020 across all superannuation and pension options. The defensive superannuation option management fee was reduced from 0.40% to 0.20% on 1 October 2020.

³ On 1 October 2020: the Balanced Fund wholesale investment threshold was reduced from \$500k to \$200k; the Income Fund management fee was reduced from 0.35% to 0.20% (wholesale) and 0.50% to 0.35% (retail); and the Fixed Interest Fund management fee was reduced from 0.45% to 0.30% (wholesale) and 1.00% to 0.50% (retail).

This earnings guidance is based on unaudited management accounts to 30 November 2020 and anticipates no significant market movements in December 2020. More information will be provided in the half year results that will be released in late February 2021.

This announcement is authorised by the Board.

About Australian Ethical

Australian Ethical is Australia's leading ethical investment 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 underpins and shapes both its ethical approach and the Company's culture and vision.

Media enquiries Camilla Herring **t** 0432 988 980

Shareholder enquiries Tom May, Company Secretary **t** 0488 799 474 **e** tmay@australianethical.com.au

Australian Ethical Investment Ltd **ABN** 47 003 188 930 **AFSL** 229949 australianethical.com.au