

Wednesday, 15 November 2023

# Australian Ethical 2023 AGM

## Speeches & Presentation slides

### ASX Announcement

The Chair and Managing Director's speeches and presentation slides (including details of proxy votes received) are attached.

This announcement is authorised by Karen Hughes, Company Secretary.

## About Australian Ethical

Australian Ethical is Australia's leading ethical investment manager.<sup>1</sup> Since 1986, Australian Ethical has provided investors with investment management products that align with their values and provide long-term, risk adjusted 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 \$9.0 billion in funds under management across managed funds and superannuation.

Visit: [www.australianethical.com.au](http://www.australianethical.com.au)

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<sup>1</sup> Please refer to <https://www.australianethical.com.au/why-ae/investment/#awards> for specific awards Australian Ethical has won, including the specific categories.

## Stephen Gibbs, Chair

At the start of my address to last year's AGM I said that financial year 2022 was a challenging year for Australian Ethical as it was for almost all investment managers and superannuation funds.

And I also said that the challenges had continued into the first part of financial year 2023.

Well, as it turned out the challenges continued throughout financial year 23 but we saw Australian Ethical perform very well and deliver what we consider to be a transformative year.

I will leave it to our Managing Director and Chief Executive Officer John McMurdo to take you through the company's performance over the year.

Whilst the focus of the Annual General Meeting of shareholders of an ASX listed company must be on the company's performance over the last financial year and what the outlook is going forward I want to spend a few minutes talking about Australian Ethical's stewardship program.

We do include a section in our Annual Report and in our soon to be released Sustainability Report about our engagement with companies and our policy advocacy.

I want to highlight that over Financial Year 23 we engaged over 250 companies with more than 65 being proactive engagements, meaning that we did more than just sign on to an engagement led by another organization.

Companies committed to change following 25% of those proactive engagements.

Much of our stewardship activity goes unnoticed in the public domain but it is an incredibly important element of Australian Ethical's activities as a for purpose company.

Of course, some of our activities get a great deal of publicity probably most notably in last financial year was the case of the Lendlease housing development at Mt. Gilead, in western Sydney.

Our Stewardship team engaged with Lendlease over a four year period about the impact of the proposed development on a Koala population- and we did achieve what were clearly improvements in the way the development would likely affect the Koalas.

Not only did this take a great deal of time it also involved a great deal of work.

And at one stage it seemed to me that a lot of people turned the whole issue around whereby, I guess because of our very much increased profile, Australian Ethical became the villain here for not divesting- rather than Lendlease for not ensuring that there would be no impact on the Koala colony.

Anyway, as you know we did end up divesting from Lendlease because we were not satisfied that Lendlease was taking appropriate steps to protect the Koala colony that will be impacted by the development.

And that leads me to make a comment about divestment.

There are many within the investment community in Australia who argue that divestment should never be an option.

Whilst I agree that it should always be the case that engagement seeking to change behaviour is preferable and those endeavours must be strenuously pursued- divestment must always remain an option, albeit the option of last resort.

We do think that divestment can be effective because it can affect a company's cost of capital, making it less competitive than its more sustainable competitors, it can also impact a company's reputation and can create signals that help influence broader change.

Some say that divesting does nothing because someone else just buys the shares- maybe, but what if all shareholders divested- the company's share price would plummet.

But even if we act alone there are some activities that we just do not want to be associated with.

Returning to the Lendlease issue we are currently awaiting a NSW government review which is looking at evidence from the NSW Chief Scientist, Lendlease and the Department of planning- and submissions from Australian Ethical and other organisations who understand the importance of biodiversity- and hoping that the attention we have brought to this issue will bring further pressure to bear, and ensure the survival of this Koala colony, a species which many Australians would be surprised to learn are at threat of distinction.

The most recent example of our engagement activity is with Boral, where we have been engaging in private and publicly leading a group of high-profile investors that are urging Boral not to turn its back on its 1.5 degree Paris-aligned emissions target for 2030.

This followed Boral's announcement that it was walking back its 2025 commitment to reducing emissions from 18% to 12-14%.

We have met with the CEO of Boral and written to the company's Board of Directors expressing our concerns and voted against the re-election of the Chair on climate grounds at the company's recent AGM.

And not well known but covered in more detail in our sustainability report is our engagement with Microsoft about its provision of products and services that may enable human rights abuses.

These are just 3 examples of our significant stewardship program.

I now want to spend a couple of minutes commenting on the future of ethical investing-or responsible or sustainable or Environmental Social and Governance (commonly referred to as ESG) investing.

There are those who seem to be arguing that it is in decline - for what I would think could be categorised as ideological or political reasons.

We have heard of some US Republican states removing mandates from Investment managers because of their ESG credentials.

Perhaps more instructive is the anecdotal evidence of some fund managers closing ESG funds because of the stance taken by some of these US state governments.

All that indicates to me is that these fund managers were never really committed to ESG investing- they only did it to get on the bandwagon and to increase FUM and revenue and when that is at risk they very soon abandon their new found commitment to ESG.

On the broader issue of the ESG funds being in decline I must call out an article in the Australian Financial Review on 29 October which went under the headline "ESG FUNDS ARE SHRINKING AS MANAGERS, INVESTORS MOVE ON. "

The article quoted Morningstar numbers which showed that last quarter was the 4<sup>th</sup> consecutive quarter in the US where there had been net redemptions for ESG funds and for the first time US money managers closed more ESG funds than they opened.

And what about non ESG funds - were they similarly affected - who knows because there was no comment in the article.

But, the article went on to say that flows into Australasian sustainable funds were relatively muted, though positive with \$US30.1 million in net inflows.

Some paragraphs later the article says that "Of course it's not just sustainable funds being hit.

The broader market saw outflows of \$US 7.85 Billion over the period."

So net positive flows of \$US 30.1 million into sustainable funds compared to outflows of \$US 7,850 million in the broader market is indication that ESG investing is in decline - I will leave it to you to come to your own conclusion.

The headline that ESG funds are shrinking might describe what is happening in the US but not in Australia and certainly not for Australian Ethical.

And speaking of inflows and outflows it has been noted in one report on our company that organic growth decreased in financial year 2023 compared to the previous financial year.

True but flows were still substantially positive at a time when we know that many Investment managers are experiencing negative flows.

And as a comparison I remind shareholders that the company had positive flows of \$114 million in the first quarter of financial year 2024 as we announced to the market on 19 October.

And remember the AFR article says flows into the entire ESG sector during that quarter in Australia were \$US 30 million or about \$AUD 45 million- so many Investment managers must have experienced outflows where we continue to grow – and we think that would have been the case in financial year 2023.

Finally, I do want to make comment on the overall financial result for financial year 2023.

Net Profit after tax was down - Yes but underlying profit was up on the previous year - the difference of course largely accounted for by the successful Superannuation Fund Transfer and the one-off costs that were incurred.

The overwhelming majority of shareholders, both Institutional and individual that we have spoken to understand the importance of that SFT to the company - if that transaction had not been undertaken and the one off costs not incurred then short term shareholder return would have looked better but that would have been at the expense of substantial uplift in the medium to long term shareholder return.

And it is interesting to note that our share price is up some 12.5% since we announced our financial year 2023 results whereas the S&P ASX 300 index is down some 3% over the same period.

I would like to thank my fellow Non-Executive Directors, Our Managing Director and CEO and all of his senior leadership team and indeed all of Australian Ethical's employees for their contribution to the company's continuing growth, not just in size in financial terms but in recognition and influence. And thank you our shareholders for your continuing support.

I now pass over to John for a more in depth presentation about your company.

## John McMurdo, Managing Director

Thanks Steve, I'd also like to acknowledge the Traditional Owners of the Country on where we meet today, the Gadigal people of the Eora Nation, pay my respects to Elders past and present and thank them for protecting Country - since time immemorial.

### Good morning, everyone

I'd like to also acknowledge in front of our many stakeholders this morning, the whole Australian Ethical team, including our leadership team and Board who are present today. Our organisation has always been made up of good people. But more than ever, we have a significantly capable, experienced, purpose-driven and successful team who show extraordinary commitment and determination as we continue to implement our growth strategy, and as we accelerate Australian Ethical into the larger, more impactful business it is clearly becoming.

### Purpose

Purpose. In talking about the business, and as I share with any stakeholders, purpose is always my start point.

It's confronting sometimes actually, because, as Australian Ethical becomes stronger, even more impactful and more able and successful in influencing for the positive and for good - the size of the problem or problems we concern ourselves with as an ethical manager, only seem to increase.

I refer to many things ....

- this year marking the twentieth since scientists linked extreme weather to climate change. As the world watches this play out in the form of devastating heat waves, forest fires and severe floods, global leaders do agree that emissions must be reduced. But there is also broad acceptance that by 2030, annual investment for clean energy alone will need to be running at least three times the current pace.
- I refer to global conflict continuing and even heightening - ongoing in Ukraine, newly devastating in the middle east, and in many other parts of the globe even when not on the front page of the news.
- Injustices facing First Nations people abroad and certainly in Australia go unchecked.
- Inequality is worsening, not improving around the world.
- Natural habitat and biodiversity continues to decrease.
- The plight of animals and many species worsens.
- And, sadly, I could go on.

What we do in allocating capital to better places, and using our growing voice and stewardship to advocate for systemic not just company change is so important.

Australian Ethical is more important than ever before – and indeed I would argue we need many more “Australian Ethical’s” around the globe.

- And while we are driven by a burning desire and a clear purpose to create a better world – at the same time we remain deeply convicted that ethical investing can and does deliver attractive investment returns while also influencing progress towards the better future I speak of. Indeed, our 37-year investment track record demonstrates exactly that.
- We are committed to, and confident in our ability to continue being a proof-point for that duality – of great investment outcomes and positive change for the world.
- And we see opportunity. The energy transition alone presents significant opportunities from an investment perspective, and Australian Ethical is well ahead of that curve.
- By investing in companies and assets that we believe are part of the solution for a sustainable economy, a sustainable planet and are good for people and animals, and restricting investments in companies that aren’t, we see many opportunities for growth in the medium to long term.

Our Ethical Charter and investment thesis that investors’ money can do well and do good – is as true today as ever.

Steve has already shared examples where Australian Ethical has put its mouth where its money is, and used our leverage as a shareholder to engage with companies we are invested in to bring about positive change.

Boral is one of only three companies in Australia ranked by Climate Action 100+ (CA100+), a global independent investment network, as misaligned in its direct and indirect lobbying, alongside Woodside and Santos.

Instead of stepping back from its commitments, Boral can improve its performance and reduce its contribution to climate change as part of the review of its 2030 target and transition plan. That’s why we have been leading a group of high-profile investors to make sure our voice is heard.

On Lendlease we have had a four-year engagement that has resulted in some positive changes being made to Lendlease’s original plans for the site. But as Steve also mentioned, we continue to fight for more.

We share these examples as just a small window into the important work our Ethics and Research team is doing in using our shareholdings and our voice to bring about positive change for people, animals and the planet.

## Business Performance and FY23 Highlights

In terms of business performance and highlights from the past financial year, it has been a year of many, many highlights and a couple of misses too, which I always prefer to be candid about.

In the first half of the year we chose to write down our investment in Sentient Impact Group. That investment was designed to help us expand our capability in impact investing. Regrettably, Sentient has struggled, for a variety of reasons, including a tough economic environment.

Our experiment in partnering with Employer Platforms only yielded modestly positive results. We would have preferred to see stronger growth in net-flows.

While they are clear misses in my view, we have garnered helpful learning that we expect to be valuable to us in the future.

And of course, I call out these challenges in what has otherwise undoubtedly been a transformative year for Australian Ethical.

For the full year we recorded a pleasing 15% growth in both revenue and underlying profit compared with the prior year.

But as you know, that only tells part of the story. The real story is that we recorded record-breaking growth in Funds under Management (FUM) of 48%. This was due to continued organic growth in both customer numbers and net in-flows, positive investment performance, and the completion of the Christian Super successor fund transfer. A full \$3bn of growth in just one year.

To put that in context – we were very happy last year to have reached \$6.2bn dollars in FUM, after 36 years of operating. A year later we are \$9.2bn.

That success enabled us to deliver a 22% revenue increase in the second half versus the first half, and a 38% increase in second-half underlying profit.

With an ungeared balance sheet, surplus regulatory capital, and increased second-half profitability, the Board was able to declare a strong final dividend of 5c per share, taking total full-year dividends to 7c – which was up 17% on the prior year.

The headline results are clearly very strong – and while we had done our best to convey to the market the future financial and other benefits of the initiatives we had been pursuing – most notably but not only Christian Super – as the market digested our full-year result, feedback from both institutional and private shareholders has been very positive about the successful year we have delivered.

If you look beneath the headlines the result is arguably even more satisfying.

- We achieved 54% customer growth in the year to more than 127,000 customers.

- While several fund managers were recording net outflows, given the challenging economic environment, we continued to attract month-on-month positive retail flows.
- Investment performance admittedly was uncomfortably below benchmarks in the first half of the year given the spike in oil prices and other sectors we are naturally underweight in, given our charter. But performance rebounded strongly in the second half to around benchmark for the full year, for most funds.
- Our advised channel continued to grow, and now accounts for more than \$1.5bn of our total funds under management. A fabulous credit to the hard work and success of our dedicated adviser team.
- Our staff engagement remained at high levels.
- We continue to manage risk very effectively.
- We have maintained a respectful and cooperative relationship with relevant regulators.
- We have clearly built an effective merger and acquisition muscle as evidenced by the speed, integration results and overall success of the Christian Super SFT
- And we continued to provide grants for meaningful philanthropic initiatives and supported the important work being done by many not-for-profits – via The Australian Ethical Foundation – given our ongoing profitability.

## Looking forward

As the Board and leadership team look forward, we are immensely satisfied with the transformational year that FY23 was for Australian Ethical in terms of both growth and key metrics.

But we are even more proud of how the business is now positioned and poised to continue to flourish from here. We undoubtedly have a larger, stronger, more capable, more resilient and more impactful business than at any time in our history. This is on account of the intentional investment we have made in the business, to enable us not only to run a high quality and larger \$9bn business, but to position us to capture the future growth potential we are confident exists.

To give you a flavour of our strengthened capability I'd just like to share a few features;

- The addition of our new Chief Investment Officer Ludo Theau, our Head of Impact and Ethics, Alison George, Chief Technology Officer, Conrad Tsang, Chief Executive Superannuation, Ross Piper and others - this strength dramatically lifts our leadership and delivery capability – we now have a deeply capable and purpose driven team of 120 quality professionals across the organisation.
- We have added unlisted and impact investment capability into our multi-asset approach – positioning us well for the growing demand in this arena.
- The long-term investment track-record we continue to deliver, our stronger investment team, our strengthened investment committee are all contributing to our products being

increasingly positively rated by external research houses and asset consultants – allowing us to expand our channel mix beyond direct to consumer.

- Our brand is moving from strength to strength – from increased brand awareness in the consumer market, maintaining our lead with advisers as the most known responsible investment manager, and elevating our credibility with media. The media coverage we now generate is multiples of what it was previously, through a combination of our corporate performance, our ethical stewardship activities and thought leadership on important topics.
- Our adviser distribution team are now well respected and known in the financial advice community.
- Our internal customer service team is delivering much stronger service and better outcomes for our customers than our outsourced providers were previously, and just last week we were awarded a coveted customer experience (CX) Award for Best Inclusive Customer Experience for the work the team have led to improve the experience for vulnerable customers including victims of domestic violence.

I could and would love to go on about the strengthened capability, but perhaps rather than that, consider these three proof-points about the quality of the business we now have.

1. Last month we were recognised at the Australian Growth Company Awards (AGCA), sponsored by the ASX and others – as the Financial Services category winner for growth companies in Australia.
2. We were this year awarded the highest ever BCorp rating in Australia and N.Z, for any business in any sector, given the quality of our business and our ability to acknowledge and deliver for multiple stakeholders. The highest ever score!
3. And Morningstar International out of Chicago, endorsed us as one of the 8 global leaders for ESG commitment, and the only Australian owned company to make that top echelon.

These acknowledgements represent recognition of our growth, recognition of the quality of our sustainably built and oriented company, and recognition for our investment and ethical craft on not just a local stage – but internationally now as well.

## Outlook

In terms of outlook, as I have shared.

We believe we are very well positioned for future growth with high capability, a stronger business platform, deep ethical pedigree and reputation and a strong, ungeared balance sheet. Our larger scale is allowing early operating leverage to begin to emerge as demonstrated in the second half of FY23.

We will continue to execute both our medium-term strategy and the near-term opportunities that are clear to us, including new growth options, but also back-office synergy opportunities created through the SFT and other activities we have delivered.

I also want to be realistic about the broader picture and express my concern about the state of the world, and global economies. While we are extremely well placed and highly confident of our medium-term success, this year may well prove to be a difficult one for us and other investors. Global conflict, persistent inflation, and market volatility – are all obviously at play. The world in my opinion is a darker place today than it was, even 3 months ago. These volatile environments naturally put pressure market wide on FUM growth, and discretionary flows into investments and superannuation.

And so, we will remain diligent and focused. Balancing the attractive medium-term opportunities for our business, with whatever market realities present in the short-term.

We are fortunate that the strength of the business we have built means we are on a sure footing but, like all investment managers, the markets determine to some extent how good or challenging our year might be. I do have confidence however that we have an excellent and highly skilled investment team and broader business who are well placed to manage what the year ahead brings. Certainly the benefit of the significant uplift in scale and profitability we delivered in FY23, gives us even further insulation against market and other shocks.

### **In concluding**

We remain resolute in our pursuit of a more sustainable and ethical future, one where our investments not only yield financial returns but also contribute to a world that thrives for generations to come.

And we are confident – about the momentum we have, the strength of the business we have built, and in the growth opportunity that remains available to us to capture.

I extend my heartfelt gratitude to our shareholders, investors, super fund members, stakeholders, and the entire team for your unwavering support and dedication. Together, we will continue to help shape a tomorrow that aligns with our respective values and paves the way for a brighter future.

**Thank you for your ongoing support and interest in Australian Ethical.**

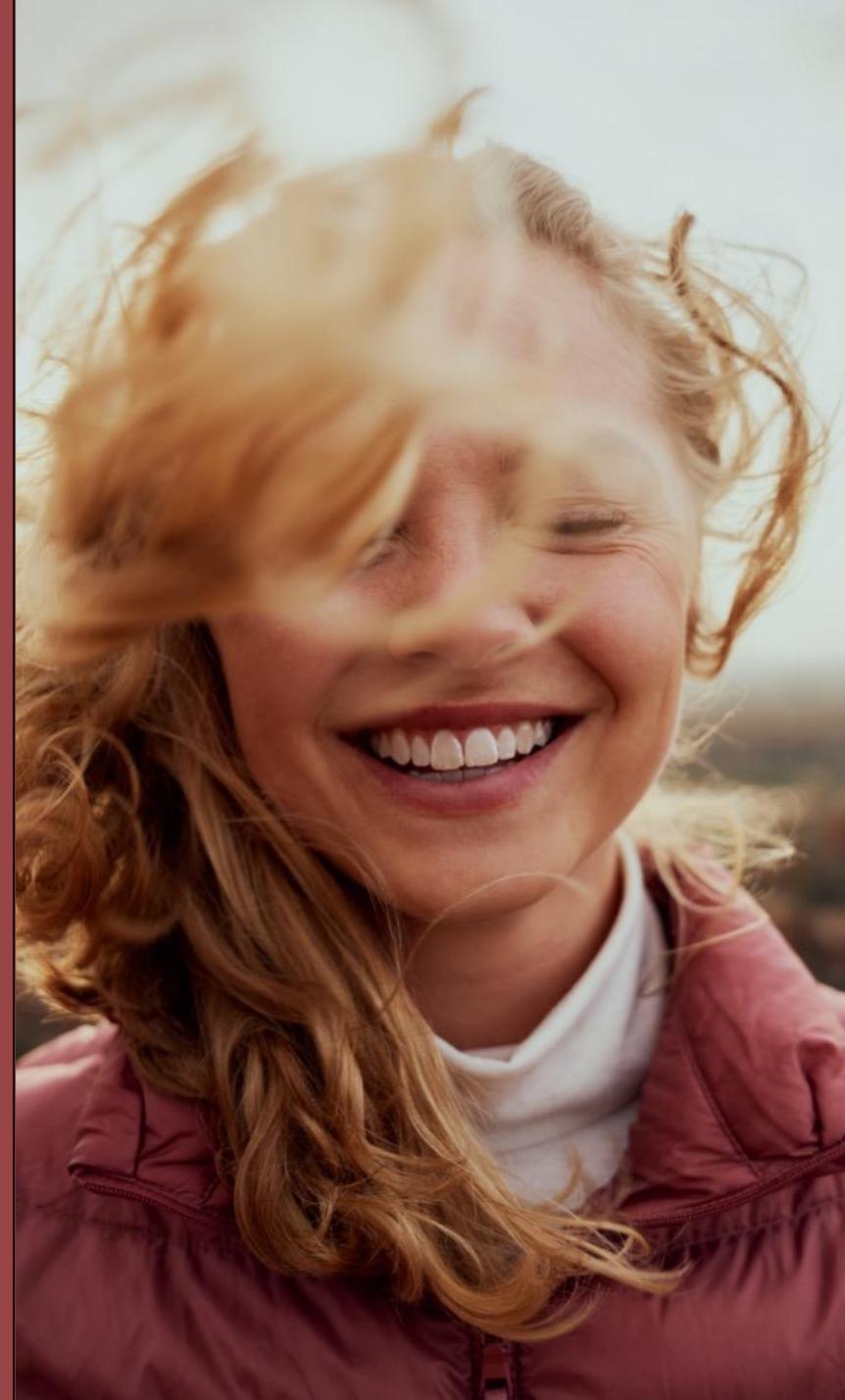
**Steve and I would now like to open the floor to any questions you may have.**

Australian  
Ethical



# FY23 Annual General Meeting

John McMurdo, CEO | 15 November 2023





Australian Ethical acknowledges the Traditional Owners of the Country on which we meet, the Gadigal people of the Eora Nation. We pay our respects to Elders past and present and thank them for protecting Country – since time immemorial.



# Investing for a better world





# Why inequality is growing in the US and around the world

NEWSROOM

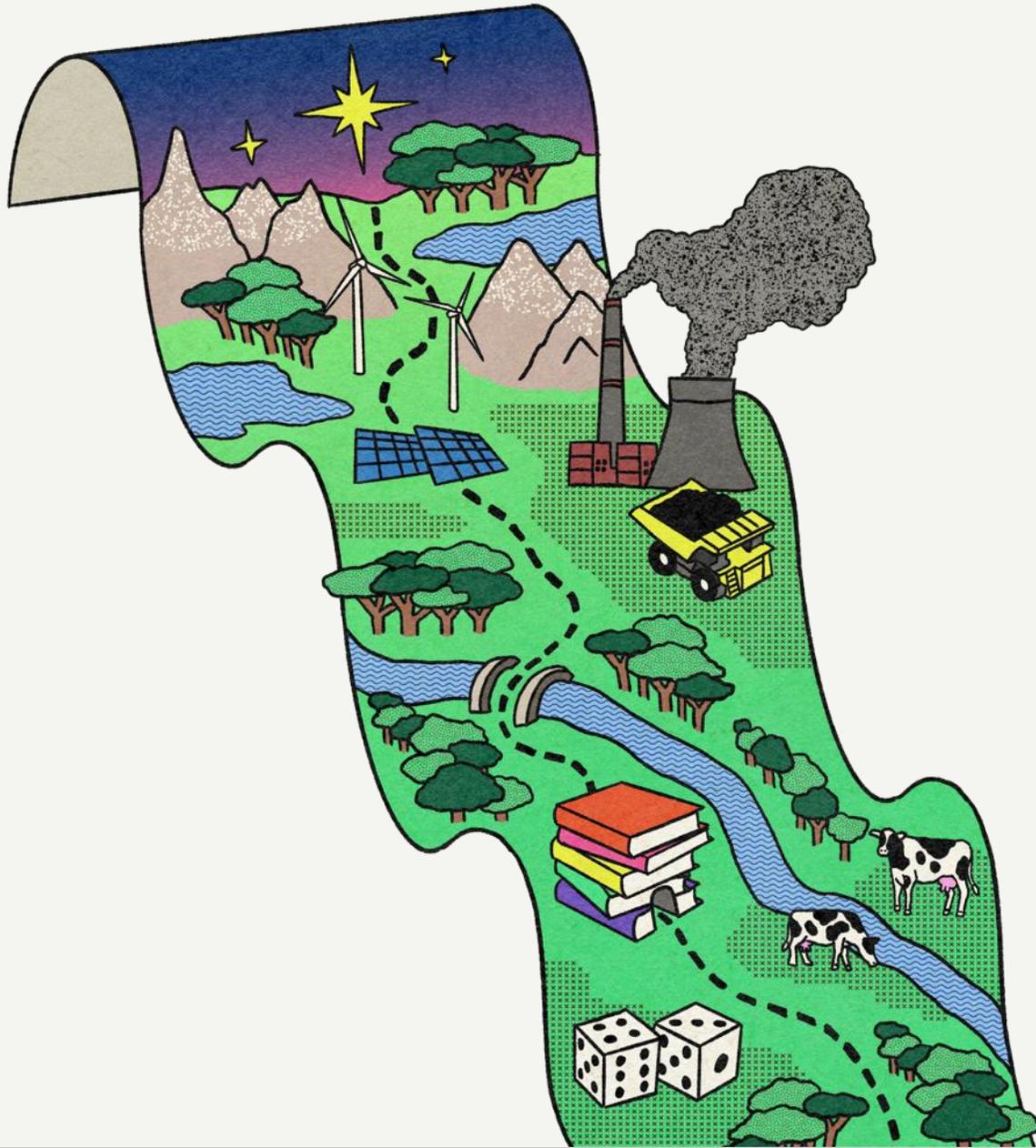
## Climate change widespread, rapid, and intensifying - IPCC

Conflict in Middle East could bring 'dual shock' to global commodity markets



Crushing Indigenous hopes, Australia rejects 'Voice' referendum





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Ethical investing can deliver both attractive investment returns and influence progress towards a better future for the planet and all its inhabitants.

# Boral investors urge it to stay the course on green transition

16 October 2023

Boral Limited  
Level 3, Trials 2  
39 Dehti Road  
North Ryde, NSW, 2113

Delivered by email to jp.wallace@boral.com.au

To the Board of Directors,

We are writing on behalf of the Climate Action 100+ investor group, Australian Ethical Investment, HESTA, AMP and Plato Investment, relationship with Boral in recent years, and is sending this letter to you toward a Paris aligned transition for the company.

Boral's leadership in the sector in setting a 1.5 degree aligned 2030 target view this as an opportunity for the company to lead the transition market in lower embodied carbon (LEC) products.

The building out of the company's LEC products as a proportion of its total production that if continued and accelerated will position Boral as a leader in the market, the investor group see this as a critical opportunity in the market. The company has a much to gain from working to retain its leadership position on climate, we are asking Boral's board to ensure the company:

- Retains an ambitious and 1.5 degree aligned SBTi verified 2030 target and ensure coverage of all material emissions (scope 1, 2 and 3). If the company has concerns about reaching the target, they should transparently disclose the barriers and the steps being taken to overcome them.
- Positively advocates for Paris aligned climate policy, individually as well as through its industry bodies. The company should disclose where an industry body has advocated for non-Paris aligned positions and how the company has responded to that. Specifically, the company should support, alongside investors, the establishment of sector pathways, which will help the company meet its targets by coordinating action across the economy and supply chain.
- Establishes climate governance practices that reflect best practice and prepare the company for transition, by ensuring transparency, accountability and alignment across the business. These practices should support good decision making across capital allocation decisions, public policy positions, scenario analysis and reporting, and the development of the reviewed transition plan.

We commend these actions to the Boral board in the spirit of our shared interest in the company's long term success.

Regards,



John McMurdo  
CEO, Australian Ethical Investment

Additional information at the bottom of the letter includes logos for Australian Ethical, HESTA, AMP, and Plato, and contact details for Australian Ethical Investment Ltd.

Australian Ethical 

In order to retain its leadership position on climate, we are asking Boral's board to ensure the company:

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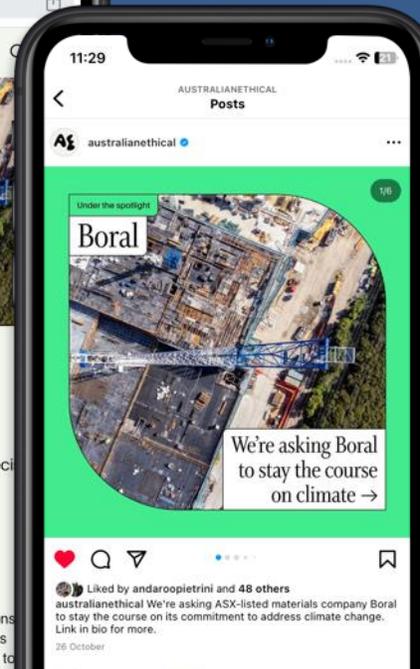
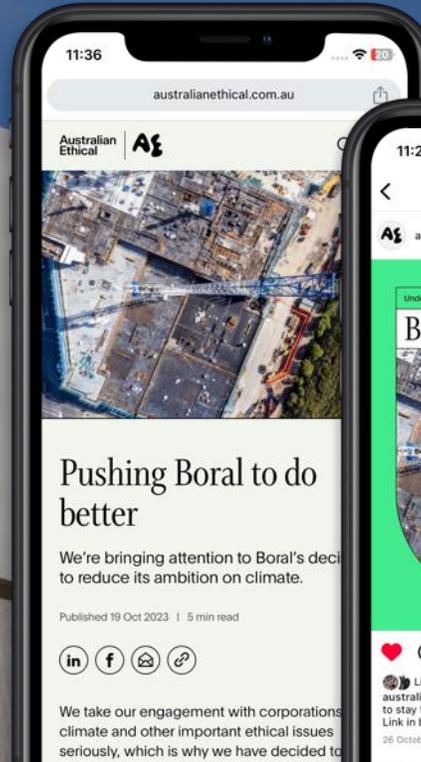
Regards,



John McMurdo  
CEO, Australian Ethical Investment

Australian Ethical  |  |  | 

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T 1800 021 227 (9:30am to 5:30pm AEST Mon-Fri) | E enquiries@australianethical.com.au





## Our call to Lendlease and the NSW Government

We're calling on the NSW Government and Lendlease to be transparent about the width of the koala corridors.

Updated 19 Dec 2022 | 10 min read



Save as PDF

On 21 November 2022, the NSW Government exhibited plans for Phase 2 development as part of its public consultation, which closes on 19 December.

The NSW Government had forewarned that it would publish mapped koala corridors for the Gleed development, showing how the average widths were calculated, but it has failed to include this information as part of its public consultation. Without this key information, there is no way for Australian Ethical or conservation groups to assess with any confidence whether the corridors will allow koalas safe passage through the site.

The corridors are needed to ensure koalas have east to west connection across the site, and to ensure the Nepean River koala corridor does not become a functional dead end at Mount Gleed.

While our engagement with Lendlease to date has been largely constructive - more details on what has been achieved here - we continue to be concerned that the development will have a net negative impact on koalas.



### Why east-west connectivity for koalas remains critical

The corridors are needed to ensure koalas have east to west connection across the site, and to ensure the Nepean River koala corridor does not become a functional dead end at Mount Gleed. Lendlease proposes to provide a passage for koalas to move east-west across the site from Neorumba Reserve through Menangle Creek to the Nepean River (corridor A) and from Beulah Reserve up to Menangle Creek to the Nepean River (corridor B). It also proposes to provide a north-south corridor along the Nepean River.



Indicative Koala Corridors - Gleed  
Nepean River Corridor (Blue Component)  
Menangle Creek Corridor (Red)  
Menangle Creek Corridor (A) (Green)

### We have two concerns about Lendlease's proposed corridors.

First, all three of the proposed corridors on Lendlease's site (corridors A and B, and the Nepean River) coverage at the confluence between the Nepean River and Menangle Creek. It is therefore critical that koalas pass through this section of the corridor. If koalas do not pass through it, three corridors will be functional dead ends.

Under Lendlease's plans as put to the Independent Panel of the Office of the NSW Chief Scientist



## Why we divested from Lendlease

We've sold our Lendlease shares over its planned development that impacts one of the last healthy koala colonies in NSW.

Published 19 Dec 2022 | 9 min read



Save as PDF

### Specifically

- We have sold our debt and equity positions in the Lendlease Group (ASX: LNC) and related vehicles.
- We will also sell our investment in an unlisted property trust, the Australian Prime Property Fund - Retail, which is managed by Lendlease, at the first available opportunity.

### Why now?

In December 2022, we warned Lendlease that we would divest our shareholdings if it went ahead with Stage 2 of the Mt Gleed housing development in south-west Sydney without transparency around its proposed koala corridors critical to the survival of this colony.

Our engagement with Lendlease has since stalled.

We don't take divestment lightly. It is our last resort, and it is a valuable and necessary part of our advocacy process.

Ultimately, if the housing development goes ahead as proposed, we believe we won't know if the koala corridors will be adequately protected.

The survival of the Mt Gleed koala colony hinges on the existence of appropriately designed corridors to provide safe passage across the site, according to advice from the Office of the Chief Scientist and Engineer (OSCE).

We have serious concerns about the way the OSCE are being engaged by the NSW Department of Planning & Environment (DPE) and Lendlease and the lack of transparency around public consultation to date.

...ion body, the Environment and Heritage Minister is inconsistent with the...  
...ed planning proposal, including the "Report and Strategy" for...  
...ation needed to include...



# Australian Ethical walks away from Lendlease over koala development

# Business performance and FY23 highlights



# FY23 results

Consistent and disciplined strategic execution is yielding strong results

- Strong FUM & customer growth
- Diversification of channels & products, driving a more resilient business
- Solid investment performance despite challenging market conditions
- Full year profit at upper end of guidance range

Note: All financial results and metrics in this pack relate to 12 months ended 30 June 2023 with comparatives relating to 12 months ended 30 June 2022.

**+48%**

FUM growth

**+54%**

Customer growth

**+15%**

Revenue growth to \$81.1m

**+15%**

UPAT increase to \$11.8m

# FY23 results

- Strategy delivering strong momentum into FY24
- Strong second half revenue and profit uplift
- Operating leverage emerging following Christian Super SFT

**+\$3bn**

FUM growth

**\$9.2bn**

Record FUM

**+22%**

2H revenue  
increase

**+38%**

2H UPAT  
increase

**\$92m**

revenue run rate  
at 30 June 2023

**5c** final dividend

**7c** total dividend, up 17%

# FY23 operational highlights

<p><b>+54%</b></p> <p>growth in customers to <b>&gt;127,000</b></p>	<p>Progressed M&amp;A strategy with Christian Super SFT</p> <p><b>+28,000</b> members</p> <p><b>+\$1.93bn</b> FUM</p>	<p><b>\$0.47bn</b></p> <p>positive organic net flows*</p>	<p><b>Top 10</b></p> <p>NPS for super; <b>#4</b> for customer advocacy^</p>	<p><b>70%</b></p> <p>employee engagement score</p>
	<p>Reached milestones of</p> <p><b>\$9bn</b> total FUM</p> <p><b>\$7bn</b> in super FUM</p>	<p><b>\$0.65bn*</b></p> <p>positive organic net flows (excl. institutional)</p>		<p><b>Increase</b> in prompted brand recognition</p>
	<p><b>\$0.60bn</b></p> <p>Positive organic super net flows</p>	<p><b>Multiple awards and accolades</b> continue</p>		

\* Excludes Christian Super FUM uplift of \$1.93bn

^ Investment Trends Super Member Engagement Report 2023. Independent research with 25 major super funds

# Our Foundation supports charities combatting climate change



## The Fistula Foundation

189 women's lives restored from obstetric fistula by surgery

Strategic grants

**\$1m+\***

directed to effective, proven climate mitigation strategies

Visionary grants

**\$500k\***

provided to innovative projects fighting climate change



## Accounting for Nature

Protecting our native environment and cultural heritage



## Grata Fund

Fighting for First Nation's climate justice



## Solar Citizens

Driving the uptake of electric vehicles across Australia

\* Utilising funding provisioned in FY22

# Looking forward – to the future





**Ludo Theau**

Chief Investment Officer



**Alison George**

Head of Impact and Ethics



**Conrad Tsang**

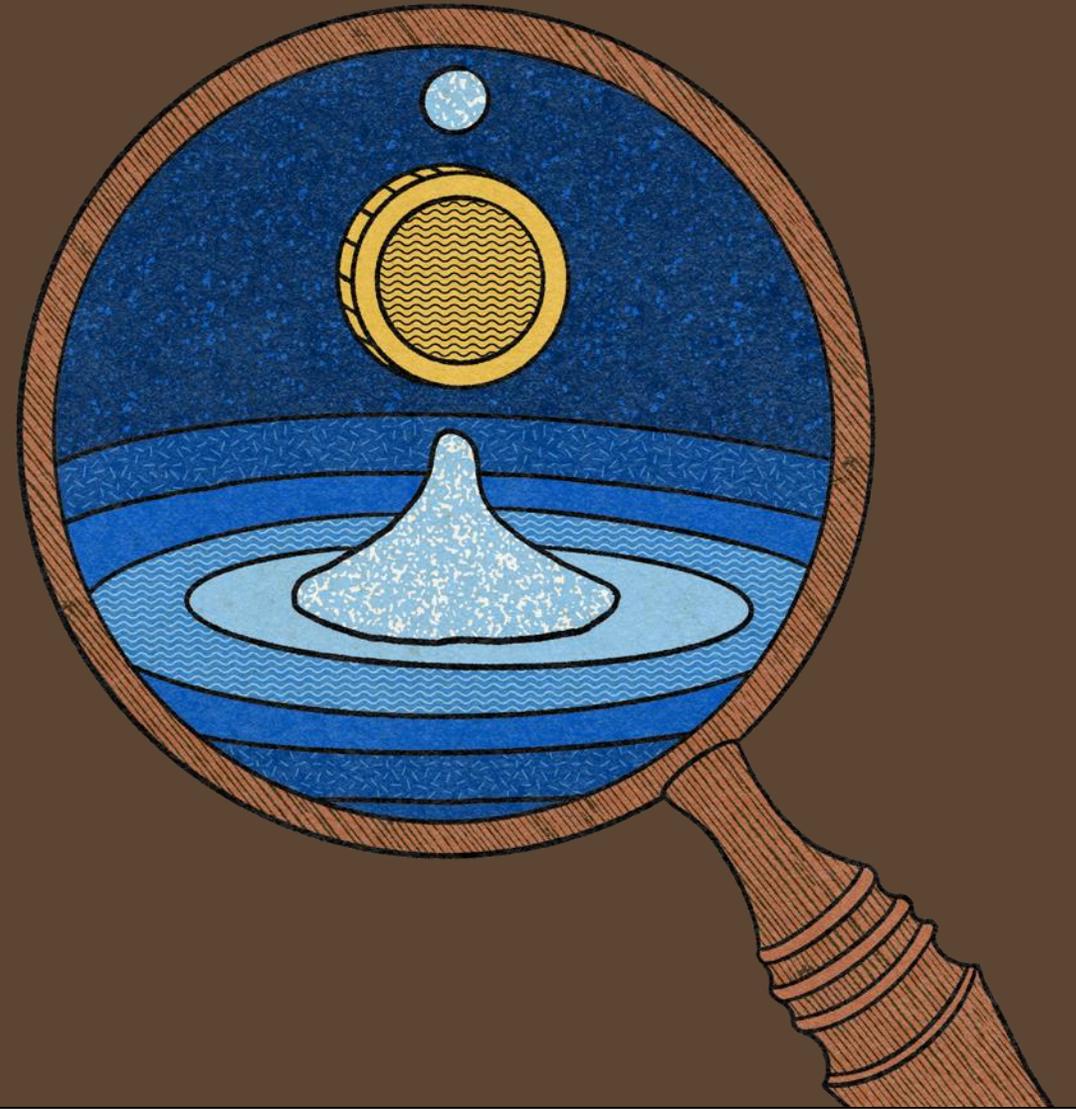
Chief Technology Officer



**Ross Piper**

Chief Executive  
Superannuation

# Impact investments in our portfolios



**ANALYSIS**

## **'Just better investing': How top ethical fund picks its winners**

# **Australian Ethical FUM hits \$9bn**

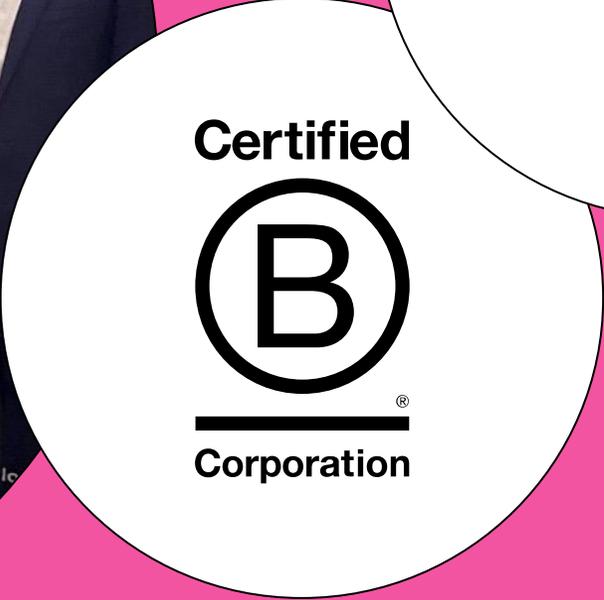
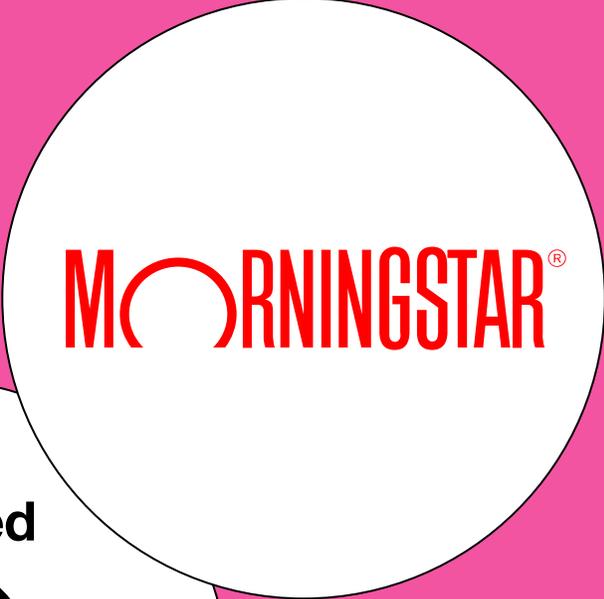
Just 13 Aussie finance providers are B Corp certified. These two are on the ASX.

**Super funds need to take broad approach to ethical investing:  
Australian Ethical CEO**

**Don't get 'stranded' with fossil fuel stocks as transition gains pace:  
Australian Ethical**

**Australia's top companies back Indigenous Voice as public support wavers**





# Outlook





Thank you

AE

# Questions?



# Resolution 2

That the Remuneration Report for the financial year ended 30 June 2023 be adopted.

For

25,297,759

Open

388,281

Against

5,446,551

Abstain

73,531

# Resolution 3

That Stephen Gibbs, Director, be re-elected as a Non-executive Director of the Company.

For

25,875,418

Open

386,472

Against

5,038,549

Abstain

22,435

# Resolution 4

That Sandra McCullagh, Director, be elected as a Non-executive Director of the Company.

For

29,334,229

Open

414,658

Against

1,550,975

Abstain

23,012

