Company: **Australian Ethical Investment Limited**

Date: **11/11/2025**

Time: **10:00AM AEDT**

[START OF TRANSCRIPT]

Stephen Gibbs: Good morning, and welcome to the Annual General Meeting of Australian Ethical Investment Limited. My name is Steve Gibbs, and I'm the Chairman of the Company. I'd like to open our meeting by first acknowledging the Traditional Custodians of the country on which we meet. Here in Sydney, it's the Gadigal people of the Eora Nation.

I would also acknowledge the Traditional Custodians of all the lands, wherever you are, those looking online today. I'd like to recognise and celebrate their continuing connection to land, waters, and culture, and I pay my respects to their Elders, past and present.

We are conducting the AGM today as a hybrid meeting whereby shareholders may participate by attending here in person - and welcome again to those who are here in Sydney - or online. The Company Secretary has advised me that a quorum, which is two shareholders, is present. I therefore declare the Annual General Meeting open.

My fellow Directors, Julie Orr, Sandra McCullagh, Richard Brandweiner, and Brian Bissaker, and our Managing Director, John McMurdo, are present in the room today. The executive leadership team, I would also like to introduce some members of the team that are here at today's meeting, Mark Simons. I'm going to go - if I can see that far.

It's almost - you're almost in the order it's got on my list, sorry. Mark Simons, Ludovic Theau, Alison George, Maria Loyez, Eveline Moos, Conrad Tsang, and our newest edition, Anthony Lane, Chief Operating Officer, who only commenced with us yesterday. Welcome very much, Anthony, and of course, our Company Secretary, Karen Hughes is in the background there somewhere.

I also confirm that the Company's Auditor, Jessica Davis, a partner at KPMG is present. Welcome. We've received 187 valid proxy forms. This represents approximately 42% of the ordinary voting shares of the Company on issue. The proxy votes will be released to the ASX with the results of this AGM.

The Notice of Meeting was dispatched to all shareholders. I will take the Notice of Meeting as read.

The procedure for the meeting will be as follows. Please note that we are recording today's proceedings, and the recording may be available on our website in due course. We are pleased to facilitate this hybrid meeting through the MUFG online platform. This enables shareholders to participate in the meeting, irrespective of where they are in the world, and I warmly welcome those of you participating online.

I have a couple of quick housekeeping points. For those of you here in person, I would appreciate if all mobile phones could be turned off or turned to silent mode. Recording devices and cameras may not be used during the meeting. In the unlikely event of an emergency, please follow the emergency exit signs and the instructions of the venue staff.

The order of business will be as follows. I will deliver a short address, our Managing Director and CEO, John McMurdo will then address the meeting. I will then ask if anybody has questions for John or me. We will then proceed with the formal agenda.

I note that in accordance with the Company's constitution, the status of employees has been reported on in the Remuneration Report and the Sustainability Report, which are part of the Annual Report, which accompanied the Notice of Meeting. The financial statements will be tabled, and I will provide an opportunity for shareholders to ask questions in relation to the financial statements for the year ended, 30 June 2025.

The Directors standing for re-election or election, Sandra McCullagh and Brian Bissaker will address the meeting at the relevant time and answer any questions that you have. Polls will be conducted for all resolutions. You can vote at any time, provided of course you haven't voted already, and I urge you to vote as soon as you can.

I will leave a short period at the end of the meeting to allow people to finalise their vote before I close the meeting because once I declare the meeting closed no more voting will be available. The results of the polls, as I said, will be published on the ASX and on the Company's website as soon as the information is available, which we expect to be - will be this afternoon.

Before I give my formal address, I'd like to share a short video.

[Video playing]

Financial year 2025 has been an important and successful year for Australian Ethical. We have grown, delivered strong results for shareholders, and continued to prove that you can do well by doing good. Both organic and inorganic successes contributed to our business's strong financial performance in financial year '25.

Our funds under management increased to $13.94 billion on 30 June, and I'm thrilled to say that we've exceeded the $14 billion mark of funds under management in the first quarter of the current financial year. The Altius acquisition has been good for the business, not just adding enhanced fixed income capability to the team, but also adding $1.93 billion in FUM. Investment performance and organic net flows added an additional combined $1.64 billion.

In financial year '25, our underlying profit after tax was up 29% on the previous year to $23.8 million. Total dividends increased by 56% to $0.14 a share, reflecting stronger earnings and our commitment to disciplined capital management while preserving balance sheet strength.

We've been doing this for a long time. Since our inception in 1986 - coming up to 40 years next year - we have been investing in line with our Ethical Charter using a sophisticated two-stage investment process, which makes us unique and true to our label of Australian Ethical. For us, ethics comes first - it always has.

Our team assesses assets and sectors against our ethical criteria before then applying our rigorous investment process. This process leads us towards future-focused investment opportunities. It's led us to investing in new innovations and technologies across industries and sectors over the years, including healthcare, education, and climate technologies.

Today, we are an investor in sustainable housing, low carbon infrastructure technologies, as well as private market and venture-style investments enabling emerging energy and climate technology. Our Ethical Charter also steers us away from dying industries, and the possibility of stranded assets.

We invest this way because it's who we are. We believe the power of money can be harnessed to deliver both competitive returns and positive change for people, planet, and animals. The evidence of this power is reflected in the returns we deliver through market cycles and economic conditions, and in the measurement of the difference our portfolios make.

In the last year, our Australian flagship Australian Shares Fund and Emerging Companies Funds celebrated 30 and 10 years of ethical outperformance respectively, while three of our super options ranked in the top 20 super fund options in the country.

Every year, we also mention how our Ethical Charter makes our listed portfolios look different. We have 2.3 times the revenue from sustainable impact solutions compared to the benchmark. We have 5.2 times the revenue from sustainable water and agriculture and pollution prevention solutions compared to the benchmark.

On the climate front, we have 75% lower emissions intensity, and 4.1 times the level of renewables and energy solution. Investing for the future is what the world needs, but to be effective, we also know we need the right signals from government and the right policy settings.

We were disappointed that government wasn't more ambitious when it set its 2035 Nationally Determined Contribution target in September, which was for emissions to be 62% to 70% below the 2005 levels. This is the emissions target Australia agreed to set every five years when we became a signatory under the Paris Agreement in 2015.

What's shocking is that fossil fuels still account for more than 80% of greenhouse gas emissions globally, which is why we continue to engage with banks about their lending to fossil fuel companies and new projects, and with insurers about why they continue to provide insurance to those companies and projects.

I am personally more than a little disappointed that the Australian Government continues to subsidise fossil fuel companies, amounting to close to an estimated $15 billion in the last year in subsidies.

While we wanted to see more ambition from the government on fossil fuel expansion emissions reductions, we have now shifted our focus to the role we can play to ensure the nation reaches our next set of targets. We're also looking forward to COP30, which I think might have even started today, and the possibility of the Global Conference coming to Australia in 2026.

Our foundation is supporting Professor Anne Poelina from the Martuwarra Fitzroy River Council to join a delegation in Belém, Brazil this month. The goal is to advocate for the protection of the pristine Kimberley region and its communities in Western Australia, highlighting Indigenous leadership and scientific knowledge in nature conservation.

The foundation's refreshed strategy and vision to empower communities to preserve nature and regenerate ecosystems, comes at a time when investors and markets are starting to consider the dependencies on nature and the impact their investments are having on nature.

While nature is deeply embedded in our ethical assessment process, we are now developing a formal position on nature to guide our assessment of companies and their links to nature loss, and impacts on vulnerable species and sites with high biodiversity.

Before handing over to our Chief Executive Officer and Managing Director John McMurdo, I'd like to say a few words of thanks and acknowledgement. I want to acknowledge and welcome Richard Brandweiner and Brian Bissaker, who were appointed to the Board in September last year and April this year, respectively. Both individuals bring a wealth of experience and knowledge to help the business elevate its position, and deliver on its vision and purpose.

Most recently, Richard was Chief Executive Officer of Pendal Australia, and prior to this, he was Chief Investment Officer of Aware Super and a Group Executive at Perpetual Investments. Meanwhile, Brian was the CEO of Colonial First State and CEO of Virgin Money Australia, and Executive Vice President at BT Funds Management, and a Group Executive of the Bank of Queensland.

On your behalf, I want to give a big thank you and acknowledgement to Kate Greenhill, who has recently retired as a Non-Executive Director. As well as being Non-Executive Director of Australian Ethical and our super fund, Kate has been the Chair of the Australian Ethical Investment and Australian Ethical Superannuation Audit, Risk and Compliance Committees, and a member of the People and Remuneration Committee, the Due Diligence Committee, and the Insurance and Benefits Committee.

Kate was first appointed Director of Australian Ethical Investment on 22 February 2013, and has played a significant role in the transformation of what the Company was then to what it is today. Shareholders owe Kate a huge debt of gratitude, so thank you, Kate. It's always sad when someone leaves who has had such a profound impact on an organisation.

Before I finish, some more rather sad news. Tony Cole passed away over the weekend. Tony Cole was a Director of AEI. He was appointed just before Kate in February 2013, and retired from the Board on 30 June 2017 due to health and personal reasons. Tony was an exceptional Australian, and the country will be significantly less with his passing.

I would also like to take this opportunity to thank everyone who contributed to the success that Financial Year '25 was. My fellow Directors, our MD/CEO and his leadership team, all AEI employees and our key service providers, thank you. I'll now pass over to John for a more in-depth presentation about your Company.

John McMurdo: Thanks, Steve. Morning, everyone. It's great to be together again actually. I'd also like to acknowledge the Traditional Owners of the land on which we're meeting today, and pay my respects for their custodianship of country, country we're blessed to be on today.

I wanted to begin this morning where Steve partly left off, in publicly extending my gratitude to the entire Australian Ethical team, all of our staff, our leadership group, our Board, many of whom are gathered today in the room of course and many more around the country online this morning.

We've had another incredible financial year in financial year 2025. Indeed, a transformational one in many respects, which is in large part due to the deep commitment and fabulous capability of the people that I've referred to just now. The purpose-driven, high-performing culture, which I observe every day in this organisation, is the absolute foundation of our success.

Our purpose, as Steve said, which is where I always start, remains clear, also unwavering, to invest for a better world. This is not a slogan, rather, it's the lens through which every decision in our organisation is made.

In a year marked by record-breaking climate events, regulatory scrutiny, swaying political agendas, shifting global sentiment on sustainable investing or sustainability in general, our role as ethical investors has never been more important. While many investment managers have indeed pulled back, weakening their focus, we continue to allocate capital to future-focused opportunities, advocate for systemic change, and use our growing influence to catalyse positive outcomes for people, planet, and animals.

Our theory of change is working as our funds under management have grown, our brand recognition has increased, and our credibility as an organisation is further recognised, so too, has our ability to create change, both through our investments and our stewardship activities. We are proud of what we do, but there's a lot more yet to be done.

The 2025 Planetary Health Check reveals that seven of the nine planetary boundaries have been breached, with greenhouse gas concentrations rising, overuse of nutrients, deforestation, ocean acidity and biodiversity, all reaching levels that are unsustainable and that will challenge our very way of life.

In Australia, we've seen firsthand the economic and the personal cost of the climate crisis with more frequent weather events, extreme ones, bush fires, coral bleaching, and more recently, the significant algal bloom in South Australia. Australia's first National Climate Risk Assessment, published only a few weeks ago, made for a pretty sobering reading, in my opinion, flagging the future risks and the costs that our country may well bear.

It's clear that to protect our future, we must protect our planet. To do that, the world needs to continue to reduce its reliance on emissions-intensive energy to slow warming in line with science-based targets.

While it doesn't seem so at times, pleasingly, this message is starting to get through. For the first time this year, global renewable energy generation surpassed coal, with solar expansion and steady wind growth driving the world's shift away from fossil fuels. This is a natural consequence of the global investment in clean energy, now nearly doubling that of fossil fuels.

As investors, we've had an important role to play, not just directing capital, but also guiding business leaders and regulators to set the right conditions to enable the acceleration of the transition to cheaper and cleaner renewable energy. We are driven by the science and the opportunity, investing in technologies and solutions, reshaping industries, and delivering long-term investment returns as the world shifts towards a lower carbon future.

We have been, and we'll continue to be a loud and public voice calling for change. But I have to say, given the growing scale and influence of Australia's superannuation system, which by the way is on track to be the second largest in the world by 2030, it's so disappointing that there are not more loud voices seeking better disclosure of climate risk, commitments to end deforestation, pushing for alternatives to animal research, or standing up to protect the natural habitats that underpin our ecological systems.

We are garnering support though. In the last 12 months, shareholder resolutions we co-filed, including with Westpac and Macquarie Group, saw an increase in support. Our most recent co-filed shareholder resolution in July, calling on Macquarie Group to improve climate risk disclosure, got 35% support from shareholders, ranking it in the top five climate-related shareholder resolutions in the world in the last 12 months.

Following the lead of Aldi and Woolworths last year, Coles confirmed they're developing a formal commitment through the Science Based Targets initiatives to eliminate deforestation from its supply chains. But sometimes we're also seeing companies take a backward step, and sadly, in August this year, Woolworths walked back on their commitment to no deforestation in their beef supply chain.

Our investments and stewardship teams are again engaged in active discussions with them on that topic, as well as their policy on farmed salmon sourcing, caged eggs, and on governance more broadly.

These kind of initiatives are absolutely integral to who we are. Multi-year strategic initiatives designed to drive meaningful change, that will make businesses more sustainable, better for investors, and ultimately better for everyone. It's how we realise our vision of money as a force for good.

In terms of business performance and highlights in FY25, I'm so proud to share that our team has again delivered quite remarkable results. Underlying profit, up a significant 29% to $23.8 million. Our statutory profit or NPAT, was up 68% to $19.9 million. That was enabled by strong 19% year-on-year revenue growth to $119.4 million, combined with disciplined cost management.

That combination, being reflected in our cost to income ratio improving to 71.4% from 73.7% in FY24, further demonstrating the structural improvement in our operating leverage, that I've consistently said would begin to emerge from our increased scale. Funds under management reached a new record high of $13.94 billion, and as Steve said, surpassed $14 billion in the last quarter, aided most importantly by strong continued organic growth, but further supported by the successful acquisition and integration of Altius Asset Management.

Our financial momentum and the structural improvement in our operating profit enabled the Board, with confidence, to declare dividends at $0.14 per share for the year, a 56% uplift on FY24. Clearly, an excellent year on all key measures. But as most of you know, this has not been a one year journey or a one-off flash in the pan style result.

When we embarked on our growth strategy in 2020, we were clear that funds under management and revenue capture, if we were successful, would result in stronger medium to longer term profit growth, and a business more capable of capturing further upside beyond that. As I stand here today, the Australian Ethical team continue to deliver on that promise.

FUM capture has been strong, predominantly from strong and consistent to organic growth. We've now delivered more than 50 consecutive quarters of positive net flows, when other fund managers have at times struggled. We have achieved that through various economic and political cycles, through inflationary environments, a global pandemic even, and geopolitical tensions, of course.

That organic growth has been augmented by accretive M&A, which has delivered further valuable scale, and in the more recent case of Altius Asset Management, both scale and aligned capability, that increases the strength and breadth of our business and of our economic engine, being investment management margin capture.

Revenue growth, even after sharpening our pricing over the last five to 10 years to intentionally support customer retention, has been very, very pleasing. That's enabled us now to present five year underlying EPS growth running at 20% compound, and significantly increased dividends in recent periods.

For me in the Board though, even more pleasing than the results we've already delivered is the unquestionably stronger, more diversified, more capable business we now have that positions us strongly for further growth. We've built with intention one of the most trusted brands in the country, with very strong customer satisfaction measured by Net Promoter Scores.

We were awarded the NEO Brand Awards for Financial Partner of the year, the NEO segment being those more progressive Australians more likely to connect with brands because they reflect how they themselves feel about issues. Exactly our target market, as you would expect.

We're further advanced in the build of our target operating platform, with significant transitions of superannuation providers, custodians, and investment platform partners, providing us more modern, agile, scalable solutions with significant underlying unit cost efficiencies at the same time. Our investment capabilities, including our human capital, asset classes, and product offerings, are broader and deeper than ever before.

That investing and impact capability is underpinning exactly what our target market is attracted to, high quality, repeatable investment returns, while also putting our stronger shoulder to the wheel on creating a better world.

As Steve mentioned, our Australian Shares Fund celebrated its 30-year anniversary during this year. Over that 30 years, delivering an amazing 9.7% per annum return net of fees, which is around 2% compound above the benchmark over 30 years. A remarkable evidence point of our successful long-term investment capability, delivering strong outcomes for our customers.

We're using our growing scale, our credibility and trusted voice to help deliver on our purpose, to steward and advocate, as I shared earlier, in boardrooms, with CEOs, at AGMs, via the media, through sponsoring research, through submissions to industry bodies, to government and more. Not only with businesses and assets we direct capital to, but also in sectors where we don't.

Add to that, the valuable and growing work of our foundation, and our customers value our efforts and our approach immensely. Done for reasons of mission, but also instrumental in building our brand trust.

A better series of proof-points I think than me talking about the quality of the Company are the number of external awards we are receiving across almost every facet of our business in fact, for investments and superannuation excellence and performance, responsible investment leadership, brand resonance, for growth, for our customer experience and service, our B Corp leadership across Australia and New Zealand, and most recently, last week, we won the People's Choice Award in the consumer website Finder, their Green Innovation category.

Australian Ethical is now a business that's been able to invest for growth, achieve growth, achieve accelerated profit realisation, and build a true platform to capture more. So, our medium-term opportunity is exciting to us.

We do believe the drivers for and the demand for responsible investing will continue over time, even as political regimes change and rhetoric oscillates because the existential threat to the planet and the urgency of many, if not all humans, to address these problems is growing. We have a clear and disciplined strategy to succeed, and the strong, authentic brand that Australian Ethical now has positions us very strongly.

We have worked hard, and as a priority over the last few years, to build deep and perpetual capability in the high margin, sticky, high systems growth part of the market, being retail superannuation, and believe we're now very strongly positioned with brand trust, investment capability and performance, direct to consumer marketing capability, channel breadth, and momentum.

It's been our priority, and we are pleased with the traction. It will underpin our growth, and will continue to be a major focus of our strategy. Further, I've highlighted in more recent times, we've also been systematically building the capability and infrastructure to compete and succeed in the investment space beyond superannuation.

We see potential for new revenue capture through the asset class expansion we've already embarked on in private markets and in fixed income, and future potential in international equities.

The investment talent, product expansion, systems and process, we continue to build, and believe we can package in the years ahead, combined with our natural reach into the advisor market and now further augmented with resource pointed at the values aligned middle market is, we believe, deeply perspective for us.

This capability is now supported with recommended ratings for all of our multi-asset funds, our Australian shares, emerging companies, high conviction funds, and in more recent days, our green bond and sustainable bond funds. We're receiving numerous awards for many aspects of our investing capability.

We expect the green shoots of that work to continue to emerge over the next 18 to 36 months as we present new and recent product development to market and build on what is already a growing pipeline of opportunities. We also remain intent on securing the benefits of scale over time. Our successful transitions to GROW and to State Street are enhancing our customer delivery and our operational efficiency, while delivering valuable unit cost reductions.

Our implementation of the Charles River and Alpha data platform will first and foremost support the resilience of our investment business, but also allow us to present more institutional grade offerings and service to market, secure investment and support from investment consultants and external stakeholders support more broadly, and enable us much more strongly to compete in that values aligned middle market.

We're making meaningful progress in the use of our improved data capability, aided by those more agile service providers to further optimise and target our marketing and retention activities. This now includes even the early use of AI to support that optimisation. As I've shared already this morning, the people capability we've been able to build and secure really underpins a great platform for our further growth.

In summary, I'm describing a strategy that sees us start to leverage the optionality and growth platform that we've built for revenue growth and will see us continue to focus our effort to build and partner for more efficient systems and processes, and leverage our scalable rate cards over the medium term.

We are adamant that we can continue to grow the top line both organically and periodically inorganically as well as you've seen, and further widen the cost to income jaws. This is a strategy that will benefit all of our stakeholders, and as I stand in front of our shareholders this morning, I expect you to continue to be well rewarded for your support of our Company.

In conclusion, we recognise the challenges that remain, geopolitical uncertainty, cost of living pressures, lower superannuation switching rates evident across the entire superannuation sector, will continue to test us, but our strong balance sheet, our enhanced capability, and our clear strategy, give us confidence in our ability to navigate those headwinds and capture the many opportunities we see ahead.

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

Steve and I want to extend our gratitude to our shareholders, our investors, our super fund members, our partners, and the entire Australian Ethical team for your unwavering support and dedication. Together, we are proving that it is possible to deliver strong financial returns and create real, lasting impact for people, planet, and animals. Resolute in our purpose, confident in our strategy, and excited for the next phase of our journey.

Thanks again for being with us this morning, and Steve and I look forward to answering any questions that you may have.

Stephen Gibbs: Do we have any questions in the room? [Eric]. Microphone coming.

Eric: (Shareholder) It's 14 of these meetings I've been to now. I've got two questions. First one comes, we now have a very, very strong Board. I'd like to welcome all the Directors that we have to this Board. My question for the Board is, how do we benchmark against other equivalent companies? Who do we compare against?

Stephen Gibbs: Okay. Can I ask a question in return, in what respect? Do you mean in terms of the key financial aspects of the Company or do you mean in terms of our impact or everywhere? The whole lot?

Eric: (Shareholder) Our impact is far better than all the others, of course, how do we compare financially?

Stephen Gibbs: Financially? What we do is we look at other - we look at really three cohorts, Eric, and I'll ask John to weigh in. We look at funds managers, we look at superannuation funds, and we look at other listed companies, particularly listed companies in those, but there's only a handful. There's only a handful of listed fund manager companies. But we do look at other listed companies about our size, even if they're in different industries just to get a comparison about how we're doing, and we stack up pretty well.

I can't quote you numbers off the top of my head, but we stack up okay. We're more than okay compared to where we were a few years ago. We're growing.

Eric: (Shareholder) Well, since I've got the mic.

Stephen Gibbs: Go ahead.

Eric: (Shareholder) I'll preface my question by saying, we've got a very good branding program. The logos, the marketing is really, really good. Our business seems to be about - majority is superannuation, but my question is, despite our branding, despite our strong management team, our inflows are fairly consistently not accelerating or not growing. How do you see the market - the superannuation market in particular, even though it's going to keep growing, how are we performing now? Have we fallen off? We were the second fastest growing superannuation company, how are we going now?

Stephen Gibbs: We're still one of the fastest. John, you can jump in again, but can I just say, Eric, that what's been happening in superannuation over the last few years is the number of people and the amount of money that's been switched from one fund to another fund has declined significantly.

The last number I saw about - compared to just post COVID was down about 50%. So many more people are not switching than they used to. Why? Don't know. We never will know, but our judgment is that in times of uncertainty, people don't like making major financial decisions, and the last few years has certainly done that.

There's other factors. There's stapling of superannuation funds. Once you've joined one at the start of your working career, that's where you stay unless you make a decision to move. Whereas previously there were catalysts for people to change, such as changing jobs and so on. Stapling has had some impact, we think. They're the two major factors. John, do you want to add anything?

John McMurdo: No, I completely agree with that. Let me add to that. In financial year '25, we were out of the market for a period of time as we had to do our major superannuation transition, so that put a little bit of a hole in our performance last year. What was really pleasing to see conversely was our fourth quarter of the last financial year, actually being a record quarter of net flows in our history as a Company.

We think that bodes well for our continued growth, and confident about continuing to do well in superannuation, and as I suggested in my address, we've been looking with intent to develop a second growth engine outside of superannuation. Overall as I said, we're very optimistic about our future for both flows and growth in general.

Stephen Gibbs: Thanks, Eric. Any other questions from the room? In the room? Got a question, I think. There's just one question, yes. The question is, is Australian Ethical impacted by

Macquarie Group's move to substantially reduce the number of funds on its platform? John [unclear]?

John McMurdo: The short answer to that is no. Macquarie Group's confirmed that we'll remain on their platform, so that's pleasing for us.

Stephen Gibbs: Okay. If there's no more question - oh, yes, please. Thank you.

Unidentified Participant: (Shareholder) Chair, could you just talk a little bit about APRA's performance testing and any risks for the business around that, like in terms of if performance were to drop off and - yes, what's the nightmare scenario? What should we be worried about at night around that kind of scenario for the Company?

Stephen Gibbs: Well, I'll start by saying that we obviously monitor our performance against the test, and we do that continually because you're right, it's a huge risk. We're not in immediate and any immediate risk apart from one of our options may - one of our super options is marginal in terms of the test.

Where most of the money is in terms of our balance fund and a couple of the other options, we've got a significant buffer. But of course, if it happened that we failed the test two years in a row, it is a very serious issue because we can no longer - well, after one year, we have to advise members about poor performance, and I think after two, we're not allowed to accept any new money into that option. So it is a serious issue, and that's why we continue to monitor.

We do note that the treasurer recently announced, or I note that the treasurer recently announced a review of the performance test. Not sure what's going to happen. We have often said that as an ethical investor, we don't want to be subject to a different performance test because we believe you can ethically invest and still deliver great returns, and that's our primary position. We've proven that, and at the moment we're not in any short-term risk of that happening.

Unidentified Participant: (Shareholder) Can you remind me, is the test - it's two years in a row of a rolling five year or an average five year...

Stephen Gibbs: I think it's average 10 now. It's an average of 10 years.

Unidentified Participant: (Shareholder) Ten, okay, so well above.

Stephen Gibbs: So 10 year. It's a 10 year - yes, I think it started off at seven, am I right? Eight. Started off at eight and it's now 10. So it's a row - it's over a 10 year period. It's two years in a row you fail over a rolling 10-year period. I think I'm right on that, yes.

Unidentified Participant: (Shareholder) The strategy that might be at risk, how much fund are you talking there?

John McMurdo: No, it's modest in the scheme of our total funds under management, and of course we have the ability to migrate those into other funds that we have, so we're not especially concerned about that. I think the other point I'd make is it's been relevant that we now have a fabulous investment committee. We have a much deeper, stronger more experienced investment team across all asset classes, and so we feel like we've done a good job in creating resilience around exactly that issue in recent years.

Stephen Gibbs: Thanks for the question. Any other questions? Any other questions from anybody online before we move on? Okay, that being the case, no further questions, we'll move to the formal part of the business of the meeting. With the exception of item 1 for which there is no resolution required, the following process will be followed. I'll read the resolution being put to the meeting, I won't ask for movers or seconders.

The resolution and the relevant proxies will be displayed on the screen. I will follow the order of the resolutions as they appear in the Notice of Meeting. As I said earlier, voting on the resolutions will be conducted by way of a poll. Only shareholders, proxy holders or appointed representatives are entitled to vote or speak or vote at the meeting.

For those attending the meeting in person, you can cast your vote by filling out a paper voting card that you should have been given. If you don't have a paper voting card and you're entitled to vote, please let us know and we'll make sure that that's corrected. For those shareholders participating in the meeting via the online platform, you can cast your direct vote using the electronic voting card you would've received when you validated your registration online.

If you have any questions about casting your vote online, please refer to the online platform guide available on our website or call us on the numbers set out in the guide. If we experience any technical issues, a short recess or adjournment may be required depending on the number of shareholders being affected. If this occurs, I shall advise you accordingly.

Tessa Tavita, at the back of the room from MUFG is the Returning Officer for the meeting. If you're attending the meeting in person, you will have been given an attendance card when you registered on arrival.

If you have a yellow voting card, you're a voting shareholder, proxy holder or corporate representative and have chosen to vote using a paper voting card. If you have a blue card, you're a non-voting shareholder. You're entitled to ask questions or comments, but you're not entitled to vote at the meeting. If you have a red card, you're a visitor. You're not entitled to speak or vote at the meeting.

If anyone with a yellow or blue card wishes to speak, please make your way to the microphone or use the roving microphone, and identify yourself to me before you ask any questions. For those participating via online platform as one already has, you can ask a question by selecting the Ask a Question button or web phone tab. I will consider the questions submitted online after I've taken questions from the floor.

Out of fairness to everyone present, I ask that you limit your questions to one at a time, and also restrict your questions and comments to the resolutions being considered. I reserve the right as Chair to rule questions as not pertaining to the AGM or out of order. I confirm that in accordance with the Notice of Meeting and proxy form, where undirected proxies have been given to me as my role as the Chairman, I will vote those proxies in favour of resolutions 2, 3, 4, and 5.

As advised, after the votes are accounted, the results of the polls will be released to the ASX and on the Company's website. The formal part of the business item 1, accounts. Item 1 provides for the meeting to receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2025 and the related Director's Report, Director's Declaration, and Auditor's Report.

These documents have been made available to shareholders in accordance with their communication preferences.

For the purposes of the *Corporation's Act*, I table the Financial Accounts, Director's Report and Auditor's Report before the meeting. No resolution is required in relation to item 1, but I invite shareholders to ask questions on the financial statements for the year ended 30 June, and the related Director's Report and Auditor's Report, including any questions of the Auditor on matters relevant to the Auditor's work. Are there any questions?

There being no questions, I'll move to the second formal item, which is resolution 2. This resolution concerns the re-election of Sandra McCullagh as a Non-Executive Director. The resolution is, that Sandra McCullagh, Director, be re-elected as a Non-Executive Director of the Company. In accordance with the Company's constitution, Sandra is retiring from office, and being eligible, is standing for re-election. The Board endorses Sandra's re-election. I will now ask Sandra to address the meeting.

Sandra McCullagh: Good morning, and thank you, Chair, for the opportunity to address the meeting today. My name is Sandra McCullagh. I was appointed as a Director of Australian Ethical in March 2023. I'm Chair of the Investment Committee, and a member of the People, Remuneration Committee and the Nominations Committee of Australian Ethical.

I was originally appointed as an Independent Member of the Investment Committee back in February 2022. I have eight years' experience as a Professional Company Director in a range of financial services, insurance, ESG, and not-for-profit roles. I've served on the Board of QSuper during the negotiation and merger with SunSuper to form Australian Retirement Trust, and I served as the Chair of the Investment Committee at QSuper up until the merger.

I'm now a Director of Workcover Queensland, the workers' compensation business of the Queensland Government, and I serve as Chair of the People Committee on that Board. I'm also now on the Board of the Sunshine Coast Hospital and Health Service, where I serve on the Audit and Risk committee and on the Workforce Committee.

Alongside that, I serve on a number of not-for-profit boards in the arts, education, and women's leadership space. I also have a strong background in ESG, energy and investment banking. I thrive in complex-for-purpose board roles, and Australian Ethical is one of those.

At Australian Ethical, it's been a busy year as Steve and John have outlined. We've transferred our custody and investment administration to State Street, implemented the Charles River and Alpha data platforms, and completed the acquisition of Altius fixed income business in September 2024, and that expanded our in-house capability, especially in fixed income.

In fact, in FY25, all the Altius fixed income funds outperform their benchmark over one year, and often significantly outperforming their benchmark, demonstrating the quality of the team and the products we've acquired and integrated into our business. We've achieved recommended ratings for all our multi-asset funds from Lonsec and Zenith, and some of our fixed income funds merged from Altius.

The recommended ratings from rating agencies are important recognition of the skills, stability, and track record of our investment team and our product performance. Alongside the build out of our private markets investment team, we now have a solid platform across all investment classes to enable the investment team to deliver the range of products and performance that are needed in the market for us to succeed.

Our funds under management has now passed $14 billion. I believe I've brought skills such as investment governance to the Investment Committee, and these have added value as Australian Ethical grows, expands its product base, and continues its investment performance within our 23 guiding principles of our investment - of our Ethical Charter.

You can read more about our investment achievements in 2025 on page 12 of our Annual Report. We have a good mix of skills and experience on the Board of Australian Ethical as the Company continues to grow and prosper, and I believe I've added value, expertise and diversity of thought at the Australian Ethical Board and on the Investment Committee. I very much appreciate your support in my re-election as a Director. Thank you.

Stephen Gibbs: Do we have any - stay there, Sandra. Do we have any questions for Sandra? Nothing online? No. Nothing in the room? Thanks, Sandra. We're now going to display the resolution 2 with the current proxy votes for, against, and abstain. Thank you. We'll move to, if nothing further on resolution 2, we'll move to resolution 3, the election of Brian Bissaker.

The resolution is, that Brian Bissaker, Director, be elected as a Non-Executive Director of the Company. Brian was appointed as a Non-Executive Director of the Company by the Board with effect from 15 April 2025, and in accordance with the Company's constitution, Brian is standing for election. The Board endorses Brian's election. I'll now ask Brian to address the meeting.

Brian Bissaker: Thank you, Steve. Can I first say that it's a privilege for me to be seeking election to the Board of Australian Ethical Investment. Can I thank the Board for initially appointing me in April of this year, and for shareholders for the opportunity to be elected to the Board. I also sit on the People and Remuneration Committee and the Audit and Risk Committee.

I'll talk to my professional experience, and then talk to the reasons why I sought a position on the Board, which articulates why I'm well suited to add value to the Australian Ethical Investment Business as a Board Director. I spent the first 11 years of my executive career as a tax advisor at KPMG, gaining my chartered accounting qualifications.

I used this experience then to move into funds management as an Executive Vice President of product at BT Funds Management, and then as General Manager of Product at Colonial First State, and then moving on to becoming the Chief Executive Officer of Colonial First State. Both houses are and were world leading funds management businesses of their times. I worked across both the retail and institutional businesses in those funds management houses.

This almost two decades of senior executive positions saw me gain significant experience across a broad range of operations, product, marketing and distribution, strategy, human resources, operations. During my time, I was also the Deputy Chair of the Financial Services Council, which is the funds management industry association, as well as the Director of the Australian Superannuation Funds Association.

Later in my career, I gained further experience in banking as the Chief Executive Officer of Virgin Money and as a Group Executive of the Bank of Queensland. This broader financial services experience has continued in my nine years as a Non-Executive Director across a range of organisations, including on the Board of Citibank, the Board of IMB Bank, and as Chair of Artega Investment Administration.

On those Boards, I have chaired Audit Committees, People and Culture Committees, and ESG committees, so I have a great deal of experience in governance of highly regulated financial services organisations.

I sought a position on the Board of Australian Ethical because I have had a long-term interest in the value investing. I have significant experience in funds management and broader financial services industry that I could bring to the Board. I first established a values-based investment fund in 2007 when I was Chief Executive of Colonial First State.

CFS entered an arrangement with the UK-based Generation Investment Management to exclusively distribute their ESG-based global share fund into the Australian retail market. Generation is chaired then and now by former US Vice President, Al Gore, and is a leading global values investing house.

That fund since 2007 has returned 11% per annum for 18 years. I can see many parallels between the way that Generation manage their portfolios and how Australian Ethical manage money. As John pointed out, the Australian Ethical Retail Share Fund, Australian Share Fund has a 30-year track record of 9.7% per annum for 30 years, 2.2% above benchmark. That is exceptional, and that's what really attracts me to this organisation, those investment performance returns.

These results show that ethically based investment can produce significant long-term investment performance, which has a positive and productive impact for society and members, their own investment goals.

As John and Steve have talked about, Australia and the globe are facing many challenges from climate change through to armed conflict, and I want to add my skills to a dynamic growing organisation that is investing in a way that is taking on these challenges and producing investment performance that benefits our investors, our shareholders and society.

Stephen Gibbs: Thanks Brian, just stay there just in case we have any questions. Do we have any questions for Brian? No. Thank you. Thanks, Brian. Now we're now going to show on the slide the resolution and the number of proxy votes that have been lodged. Thank you. Being no questions on resolution 3, we'll go to resolution 4, the grant of long-term Hurdled Performance Share Rights to the Chief Executive Officer.

The resolution is, that for the purpose of ASX Listing Rule 10.14 and all other purposes, approval is given for the grant of long-term Hurdled Performance Share Rights to Australian Ethical Investment Limited's Managing Director and CEO, John McMurdo, under the Australian Ethical Executive Long-Term Incentive Plan and on the terms described in the explanatory notes included in the Notice of Meeting. Are there any questions or comments on resolution 4, please? If not, we'll show the proxies. Thank you.

Before I go to resolution 5, my time piece is telling me that it is almost 11:00am on the 11th day of the 11th month. This is of course, Remember Day. Remembrance Day is observed in Australia on November 11 to commemorate the loss of Australian lives in all wars and conflicts. The date marks the anniversary of the 1918 Armistice that ended World War I, and a minute of silence is observed at 11:00am to honour all personnel who served or suffered while in the service of their country. Can you join me please in a minute of silence.

[Silence]

Thank you very much. We'll then go to resume the formal business of the meeting, and we go to resolution 5. Resolution 5, the resolution is, that the Remuneration Report as set out in the Annual Report for the financial year, 30 June 2025 be adopted. Are there any questions or comments on resolution 5? No. We'll display the resolution and the proxy please. Thank you.

That concludes the formal part of the business of the meeting. Before I close the meeting, however, shareholders present who have not voted, should now vote if they wish to and shareholders online if they've not voted who wish to, should now do so. I will keep the voting open for another few minutes to allow anybody who hasn't voted to vote, and because once I declare the meeting closed, the polls will be closed as well. So we have some here.

Thank you. Okay, no more voting in the room. I'm just going to wait one more minute for anybody online. We've had no communication by anybody online that is having trouble voting? None. Thank you. I now declare the polls closed. There being no further business, I thank you for your attendance and I formally close the 2025 Annual General Meeting of Australian Ethical Investment Limited.

Please join us, the Directors, the executive, and other shareholders for some light refreshments out in the area, just out as you turn - as you came in to the meeting. Thanks again.

[END OF TRANSCRIPT]