

Australian Ethical Investment Limited

COVID-19 update & quarterly FUM announcement 1 January 2020 to 31 March 2020

ASX ANNOUNCEMENT

FUM movement for the quarter

Australian Ethical funds under management (FUM) was \$3.59 billion at 31 March 2020, down from \$3.87 billion as at 31 December 2019. This decrease has been driven by unprecedented falls in global equity markets due to the COVID-19 pandemic partly offset by net inflows.

FUM and flows by product for the three months to 31 March 2020 were:

Product Category	FUM December 19 (\$bn)	Net Flows (\$bn)	Market & other* (\$bn)	FUM March 20 (\$bn)
Managed Funds	1.32	0.05	(0.23)	1.14
Superannuation	2.56	0.19	(0.29)	2.45
All products	3.87	0.24	(0.52)	3.59

* Includes changes in asset value due to market movements and net income.

FUM movement for the financial year to date

Over the financial year to 31 March 2020, Australian Ethical increased FUM from \$3.42 billion at 30 June 2019 to \$3.59 billion, an increase of 5%. This increase was driven by strong netflows in aggregate during the period which have offset recent negative market movements.

FUM and flows by product for the financial year to 31 March 2020 were:

Product Category	FUM June 19 (\$bn)	Net Flows (\$bn)	Market & other* (\$bn)	FUM March 20 (\$bn)
Managed Funds	1.16	0.15	(0.17)	1.14
Superannuation	2.26	0.39	(0.20)	2.45
All products	3.42	0.54	(0.36)	3.59

* Includes changes in asset value due to market movements and net income.

Australian Ethical calculates FUM-based revenue on daily FUM balances.

Australian Ethical COVID-19 update

Australian Ethical is continuing to monitor the COVID-19 situation and is following a robust crisis management plan that focuses on protecting the health, safety and wellbeing of employees; ensuring the uninterrupted operation of the business and meeting the varying needs of members and investors.

Liquidity update

Australian Ethical regularly stress tests the business for varying scenarios which reflect possible changes in future net cash flows, member behaviour and market conditions.

Given the Federal Government's changes relating to the early release of superannuation, Australian Ethical applied additional modelling to test different levels of increased member redemptions and the consequent impact on the liquidity of the Australian Ethical Retail Superannuation Fund.

Following this modelling, Australian Ethical is satisfied with the liquidity of the fund to meet a heightened demand for redemptions across a range of different scenarios.

With the COVID-19 situation still unfolding, Australian Ethical will continue to undertake additional reviews in order to respond effectively to any further government measures. It will also continue its proactive communication with members and investors about the potential impact of these measures on them and their investment objectives.

Investment update

The investment team has been working remotely and seamlessly since mid-March in line with best practice guidelines from health authorities.

Australian Ethical's investment philosophy remains unchanged. The investment team continues to manage the portfolio in line with each fund's investment objectives while upholding stringent ethical criteria to make money matter for members and investors. It is also looking to allocate capital to the best medium-term opportunities that the COVID-19 crisis has uncovered.

A visual summary of performance for the quarter and a detailed update are provided on the Australian Ethical website [here](#).

Fee reduction update

On 1 April 2020, Australian Ethical reduced the percentage-based administration fee on its superannuation and pension products from 0.41% to 0.29% per annum¹.

This continues its track record of reducing fees to improve outcomes for current and future members as well as delivering on the broader strategic initiative of making products as cost effective as possible for all Australians.

This announcement is authorised by the Board.

¹ Following the fee reduction, the superannuation fund's administration fee is 0.29% p.a. of daily fund balance plus \$97 p.a. per member. An investment fee is also payable, the level of which depends on the investment option. Full details are available on the company's website.

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About Australian Ethical

Australian Ethical is Australia's leading ethical wealth manager. Since 1986, Australian Ethical has provided investors with wealth management products that align with their values and provide competitive 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 \$3.5 billion in funds under management across superannuation and managed funds.

Visit: www.australianethical.com.au

