

# Earnings guidance & business update

## ASX ANNOUNCEMENT

### Earnings guidance for the half year ending 31 December 2022

Australian Ethical Investment advises that Underlying Profit after Tax (UPAT) before performance fees for the half year ending 31 December 2022 is expected to be between \$4.5 million and \$5.0 million.

This guidance includes the impact of the Christian Super successor fund transfer (SFT) for the period from 25 November 2022 - the financial year ending 30 June 2023 will include a seven month contribution from the SFT. The financial benefits of the transaction are in line with what was disclosed in August and November 2022. The SFT integration costs will be treated as a UPAT adjustment.

Any performance fee from the Emerging Companies Fund and the newly launched High Conviction Fund only crystallise on 30 June 2023 if those funds outperform their benchmarks.

This earnings guidance is based on unaudited management accounts to 30 November 2022 and anticipates no significant market movements during the remainder of the half year. More information will be provided when half year results are announced on 22 February 2023.

### FUM movement since 30 September 2022

Product Category	FUM September (\$bn)	Net Flows (\$bn)	Christian Super SFT (\$bn)	Market & other <sup>1</sup> (\$bn)	FUM November 22 (\$bn)
Managed Funds <sup>2</sup>	1.81	0.00		0.11	1.92
Superannuation	4.37	0.12	1.93	0.22	6.64
<b>Total</b>	<b>6.18</b>	<b>0.12</b>	<b>1.93</b>	<b>0.34</b>	<b>8.56</b>

<sup>1</sup> Includes changes in asset value due to market movements and net income.

<sup>2</sup> Includes SMA; reflects retail, wholesale and mezzanine investors

FUM increased to \$8.56 billion as at 30 November 2022 up 39% from 30 September 2022. The increase was driven by net flows of \$0.12 billion, investment performance of \$0.34 billion (net of distributions and fees), as well as the transfer of FUM from Christian Super (\$1.93 billion).

The Christian Super SFT has increased the scale of Australian Ethical through the addition of over 28,000 new members, and \$1.93 billion of FUM. Australian Ethical has passed on the benefits of this increased scale through fee reductions for all new and existing members, thereby improving the competitiveness of the super options<sup>3</sup>.

As at 30 November 2022, Australian Ethical had over 100,000 super members and over 13,000 managed funds investors.

This announcement is authorised by the Board.

## About Australian Ethical

Australian Ethical is Australia's leading ethical investment manager. Since 1986, Australian Ethical has provided investors with investment 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 \$8 billion in funds under management across managed funds and superannuation.

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<sup>3</sup> The dollar based administration fee for super and pension members was reduced from \$74 p.a. to \$68 p.a. The percentage based administration fee was reduced from 0.29% to 0.26%. Further reductions in management fees on various options were implemented as follows: Super: Conservative option investment fees and costs from 0.69% p.a. to 0.61% p.a.; Growth option investment fees and costs from 1.11% p.a. to 1.01% p.a.; High Growth option investment fees and costs from 1.02% p.a. to 0.97% p.a.; Australian Shares option investment fees and costs from 1.20% p.a. to 1.15% p.a.; Pension: Conservative option investment fees and costs from 0.67% p.a. to 0.59% p.a.; Growth option investment fees and costs from 1.07% p.a. to 0.97% p.a.; Australian Shares option investment fees and costs from 1.20% p.a. to 1.15% p.a.