

Quarterly business update

ASX ANNOUNCEMENT

FUM Announcement – 1 July to 30 September 2022

Continued positive net flows in challenging market

Positive net flows

During the quarter, Australian Ethical reported positive net flows of \$30 million. This includes a \$183 million redemption by an institutional client that, as previously advised, internalised the management of its sustainable option following its successor fund transfer into another fund. This is the final redemption by this client.

Excluding this institutional redemption, Australian Ethical recorded positive retail and wholesale net flows of \$213million for the quarter. Quarterly net flows have been driven predominantly by continuing solid flows in the superannuation business, which are less impacted by cautious market sentiment related to market volatility.

Funds under management

Funds under management at 30 September 2022 were \$6.18 billion, a decrease of 0.4% from 30 June 2022. This reduction was driven by negative investment performance following volatile investment markets, as well as the institutional redemption.

FUM & flows detail

FUM and flows by product for the three months to 30 September 2022 were:

Product Category	FUM June 22 (\$bn)	Net Flows (\$bn)	Market & other ¹ (\$bn)	FUM September 22 (\$bn)
Managed Funds ²	1.79	0.06	(0.04)	1.81
Institutional	0.18	(0.18)	0.00	0.00
Superannuation	4.23	0.15	(0.02)	4.37
Total	6.20	0.03	(0.05)	6.18
Total (excl institutional)	6.02	0.21	(0.05)	6.18

¹ Includes changes in asset value due to market movements and net income.

² Includes SMA; reflects retail, wholesale and mezzanine investors.

Christian Super update

Australian Ethical is pleased to announce that the Christian Super successor fund transfer (SFT) is progressing, with completion expected on 25 November 2022. Implementation and integration cost expectations remain in line with the \$3 million to \$4 million range provided in August 2022. The number of Christian Super employees to be retained to bolster capability is in line with previous market estimates provided.

As at 30 September 2022, Christian Super FUM was \$1.96 billion across 30,200 members. All members will be transferred into existing Australian Ethical Super options. Following the SFT, increased scale will allow Australian Ethical to pass on superannuation fee reductions to all members and improve competitiveness of our Super offering. Based on current product mix, the revenue margin across all products following the SFT is expected to be 1.01%, down from 1.05% at 30 June 2022¹ - this reduction includes the member based fee reductions implemented in September 2022.

¹ This includes both FUM based and member dollar-based fees, and represents all fees shown as a % of FUM

This announcement is authorised by the Board.

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About Australian Ethical

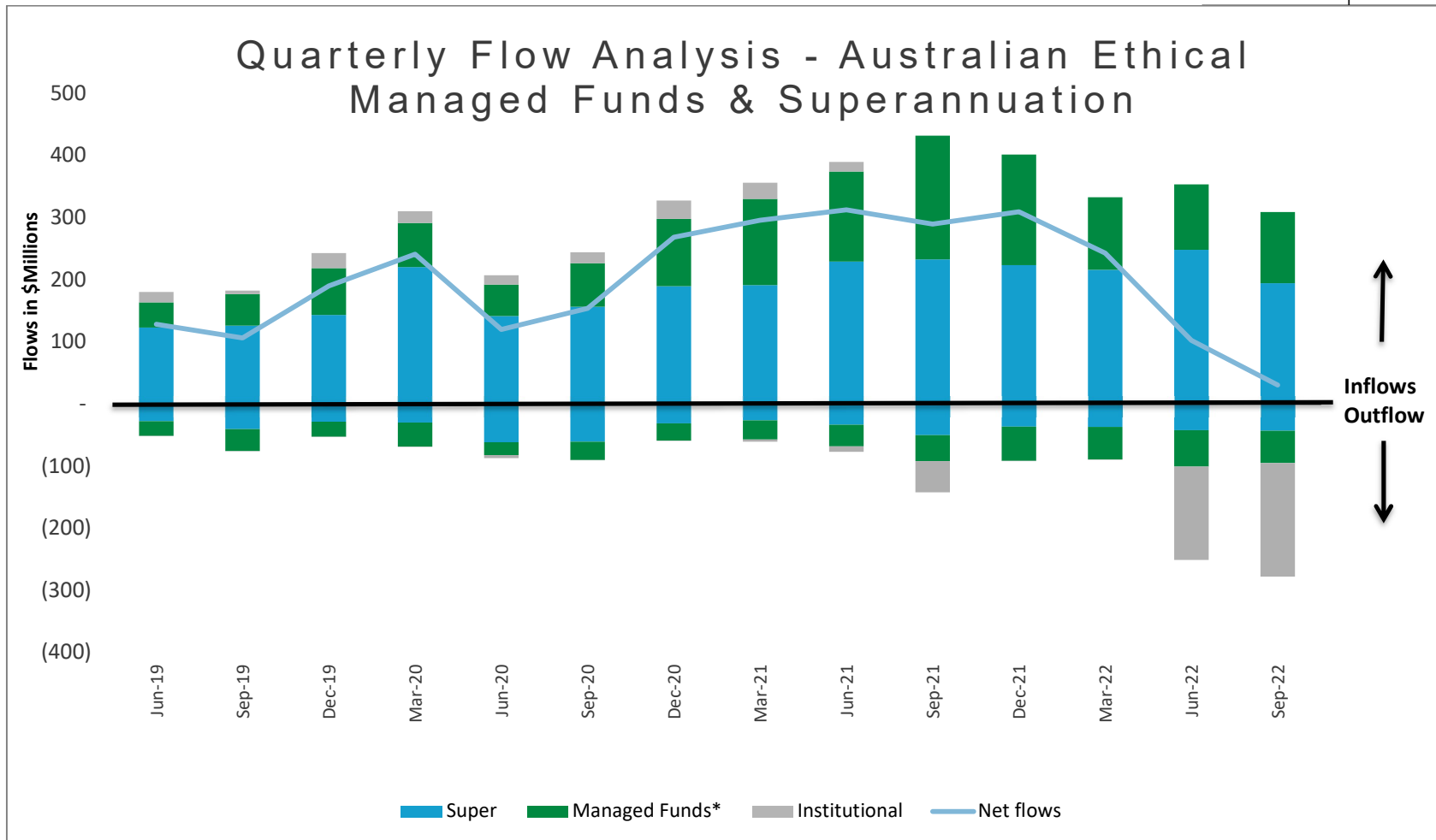
Australian Ethical is Australia's leading ethical investment manager. Since 1986, Australian Ethical has provided investors with investment management products that align with their values and provide competitive returns. Investments are guided by the Australian Ethical Charter which shapes its ethical approach and underpins both its culture and its vision. Australian Ethical has over \$6 billion in funds under management across managed funds and superannuation.

Visit: www.australianethical.com.au

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* Managed funds includes SMA

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