

Australian Ethical Investment Limited

Earnings guidance & FUM

ASX ANNOUNCEMENT

First Half FY2020 Earnings guidance

Australian Ethical Investment Limited advises that Underlying Net Profit after Tax (UPAT) for the 6 months ending 31 December 2019 is expected to be between \$4.2 and \$4.6 million¹, a mid-point increase of 38.7% on the 6 months ended 31 December 2018 and 30.7% on the 6 months ended 30 June 2019. The main driver of this profit growth is due to strong growth in Funds Under Management (FUM).

FUM movement since June 2019

FUM has increased 9% to \$3.72 billion as at 31 October 2019, up from \$3.42 billion as at 30 June 2019. This increase was mostly driven by strong net flows (\$0.17bn), with positive investment performance (\$0.13bn) also contributing to the increase.

Outlook

Australian Ethical has had a very strong first half so far, with the implementation of strategy well underway which has seen the successful delivery of the new content management system and website, new adviser portal and fee reductions on three of our super options. We expect strong growth in flows to continue into the second half of the year, whilst we maintain momentum on implementation of our strategic roadmap.

The financials in the second half of the financial year compared with the first half will be impacted by higher operating expenses as we continue to invest in the growth of the business and strategic initiatives.

This earnings guidance is based on unaudited management accounts to 31 October 2019 and is subject to no significant market movements occurring in December 2019. More information will be provided in the half year results that will be released in late February 2020.

This announcement is authorised by the Board.

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 deliver strong returns. Investments are guided by the Australian Ethical Charter which underpins and shapes both its ethical approach and the Company's culture and vision.

¹ This range excludes any performance fee revenue that might be paid by the Australian Ethical Emerging Companies Fund as this will only be known at the end of the financial year.