

ASX ANNOUNCEMENT

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Quarterly FUM Update

1 October – 31 December 2024

Australian Ethical Funds under Management (FUM) continues to grow reaching a new record high of \$13.26 billion

Australian Ethical continues to see growth in FUM with another quarter of positive net flows and investment performance, reaching the milestone of \$13 billion during the quarter.

Retail and wholesale net flows

Retail and wholesale net flows of \$173m for the quarter were driven by superannuation and the relatively new values-aligned channel.

Superannuation flows were predictably below recent quarters, due to the 7-week limited service period as part of the transition of the Mercer superannuation administration services to GROW Inc. The regular marketing program was scaled back during this period. Notwithstanding this disruption, superannuation flows remained solid, at \$101 million for the quarter, underpinned by record superannuation guarantee contributions. Superannuation flows are expected to stabilise in the second half, now that the administrator change has been completed, and as the marketing schedule resumes.

Investments net flows (excluding institutional) were \$72 million with positive inflows from the values-aligned channel where sales efforts have increased, and a solid pipeline has been built. This channel focuses on not-for-profit organisations including charities and foundations, as well as values-aligned businesses looking to invest their funds with an aligned fund manager.

Institutional net flows

As part of the acquisition of the Altius business, Australian Ethical now serves a number of institutional clients including Australian Unity (AU). AU utilises short term Altius fixed income funds for working capital management. As such, these funds experience seasonal fluctuations (inflows and outflows) as capital requirements change for AU. During the quarter, net outflows of \$58 million were reported for this channel. The Altius fixed income funds are lower margin funds, with the volatility of FUM having only a small impact on revenue.

Investment Performance

Australian Ethical reported positive investment performance of \$190 million for the quarter.

FUM & flows detail

FUM and flows for the three months to 31 December 2024 were:

Product Category	FUM Sept 24 (\$bn)	Net Flows		Market & other ² (\$bn)	FUM Dec 24 (\$bn)
		Retail & wholesale ¹ (\$bn)	Institutional (\$bn)		
Investments ³	4.26	0.07	(0.06)	0.02	4.29
Superannuation	8.69	0.10	-	0.17	8.96
Total	12.95	0.17	(0.06)	0.19	13.26

¹ Retail & wholesale includes net flows from direct, advised, employer and values-aligned channels.

² Includes changes in asset value due to market movements and net income.

³ Investments includes Managed Funds, SMA, ETF and mandates.

⁴ Variances in totals due to rounding.

Managing Director John McMurdo said today:

"I'm delighted that our continued commitment to our growth strategy has enabled us to achieve new milestones over the period, with \$13.26 billion in FUM reflecting 27% growth for the financial year to date.

"A mark of the strength of our business model and resilience is that even in a period where we were not able to promote and generate new superannuation business at our normal rate (given the administrator change and disruption), our other channels continued to provide meaningful uplift.

"It's particularly pleasing to see the strong investment performance over the last 12-month period, for example our wholesale Australian Shares Fund returned 17.9%, showcasing the calibre of our investment team, and providing further market evidence that good can do better. Consistent with our purpose to deliver investment outcomes achieved ethically, we will continue pressuring the financial industry and the companies we invest in to reduce, transition and stop activities which worsen climate change. Climate change risks and costs affect investors, directly and indirectly, short term and over the long term, and recent extreme weather events illustrate the growing financial as well as human impact of environmental degradation.

"We completed the successful transition of our custody services to State Street on 1 November 2024, and completed the transition of our Mercer superannuation administration services to GROW in late October 2024. Together these transformational programs will deliver the strengthened business platform, improved efficiencies and unit cost savings that will underpin our continued growth, and further future profit and operating leverage improvement in the medium term."

Further updates will be provided with Australian Ethical's half year result announcement on 27 February 2025.

This announcement is authorised by Karen Hughes, Company Secretary.

About Australian Ethical

Australian Ethical is one of Australia's leading ethical investment managers*. Since 1986, Australian Ethical has provided investors with investment management products that align with their values and provide long-term, risk adjusted 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 \$13 billion in funds under management across investments and superannuation. Visit: www.australianethical.com.au

*Please refer to <https://www.australianethical.com.au/why-ae/investment/#awards> for specific awards Australian Ethical has won, including the specific categories.

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