

## ASX ANNOUNCEMENT

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# Second Quarter FUM and Business Update – 31 December 2025

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### **Australian Ethical reports \$14.08 billion in funds under management at 31 December 2025**

Australian Ethical's FUM as at 31 December 2025 was \$14.08 billion, representing a 1% decrease over the quarter. The movement in FUM was driven by positive retail and wholesale net flows which were offset by negative investment performance and an inorganic institutional outflow during the period.

Managing Director John McMurdo said today:

"Despite challenging investment market conditions, it's been a pleasing first half of the year. On the superannuation side, we've seen changes to our digital marketing capability delivering an increase in new member joins in Q2, and with the completion of our transition to GROW, we are realising cost efficiencies and can focus on uplifting the member experience to support continued growth. The solid pipeline we've built in our newer channels, as well as upcoming product innovation also positions us well for ongoing success and continued growth into the second half of the year."

"The strength of our brand and business outlook has enabled us to attract significant talent to our team over the period, with the vacant roles in our executive team now filled with high calibre, seasoned financial services leaders, in Anthony Lane as COO and Natalie Kooymen as CRO.

"We look forward to presenting a strong half-year result at the end of February."

## Q2 FUM and Flows

### **Organic net flows - retail and wholesale**

Q2 retail and wholesale net flows of \$0.10 billion were driven by superannuation. Australian Ethical saw a 15% uplift in new member joins compared to Q1, following the completion of the administration transition to GROW, an uplift in digital media capability, and the reactivation of the Employment Hero channel. The lag between joining and full account activation means a lift in rollovers and SG contributions is expected in the second half.

Australian Ethical has also built a strong middle market pipeline for its investment products, with net flows expected in the second half of FY26.

### **Inorganic net flows**

Following the sale of its banking business to Bank Australia, Australian Unity Bank's \$0.25 billion mandate with Australian Ethical has been redeemed and transferred to Bank Australia. This was a low-margin institutional mandate acquired as part of the acquisition of Altius Asset Management. The loss of this mandate will not impact profit, as the

small annual revenue reduction of approximately \$0.3 million, will be offset by a planned simplification of the business platform and cost savings as a result of this improvement.

Australian Ethical retains Australian Unity as a client through their investments in other fixed income funds.

### Fund Movements Relating to Client Capital Management

During Q2, client capital management activities led to a positive FUM movement of \$0.07 billion.

### Investment Performance

Investment performance during the period was impacted by challenging market conditions, resulting in negative investment performance of -\$0.11 billion.

FUM and flows for the three months to 31 December 2025:

Product Category (\$bn)	FUM Sept 25	Net flows			Capital management fund movements <sup>2</sup>	Market & other <sup>3</sup>	FUM Dec 25
		Organic		Inorganic			
		Retail & Wholesale <sup>1</sup>	Institutional	AU bank mandate redemption			
Investments <sup>4</sup>	4.38	(0.01)	-	(0.25)	0.07	(0.08)	4.11
Superannuation	9.90	0.11	-	-	-	(0.03)	9.98
<b>Total</b>	<b>14.28</b>	<b>0.10</b>	<b>-</b>	<b>(0.25)</b>	<b>0.07</b>	<b>(0.11)</b>	<b>14.08</b>

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

<sup>2</sup> Reflects changes in FUM relating to an institutional client's capital management requirements. These FUM movements are typically subject to variability and cyclical trends and have a small revenue impact given the low margin on these funds.

<sup>3</sup> Includes changes in asset value due to market movements, net income and cash distributions.

<sup>4</sup> Investments includes Managed Funds, SMA, ETF and mandates.

<sup>5</sup> Variances in totals may occur due to rounding.

## Business Update

### Business platform strength

The transition of the Australian Ethical Retail Superannuation Fund to a single administration platform, together with the delivery of a single insurance product has been completed, delivering greater efficiency and scalability to Australian Ethical's superannuation business. The first half of FY26 will see six months of unit cost savings from the administration transition to GROW - which relates to the first tranche of members transitioned in October 2024 - compared to three months in the prior comparative period.

Australian Ethical remains on track with the implementation of the Charles River platform across its investment portfolio, with the transition of the Fixed Income and Equities portfolios now complete. The last remaining asset class (Multi-Asset) is due for completion before 30 June 2026. This initiative is a significant step forward in building an institutional-grade investment platform, which will deliver greater efficiency, improved risk management, and scalability across investment operations ensuring that Australian Ethical is well positioned to service middle market and institutional channels.

Australian Ethical continues to be recognised for its leadership in ethical investing, winning Money Magazine's 2026 Best of the Best Awards for best ESG Superannuation Product and Best ESG Pension Product, reinforcing Australian Ethical's position at the forefront of sustainable investing and highlighting the organisation's ongoing commitment to positive impact and industry best practice.

This announcement is authorised by Maria Conejo, Acting Company Secretary.

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## About Australian Ethical

Australian Ethical is one of Australia's leading ethical investment managers<sup>^</sup>. 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 \$14 billion in funds under management across investments and superannuation. Visit: [www.australianethical.com.au](http://www.australianethical.com.au)

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