



Australian Ethical[®] Investment

for Investors, Society and the Environment

ASX Announcement

ASX Code: AEF

Date: 10 October 2005

Purchase of shares by Select Managed Funds Ltd (SEM)

Please refer to the attached press release regarding a purchase of shares in Australian Ethical Investment by Select Managed Funds.

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PRESS RELEASE
10th October 2005

Select Managed Funds Limited (SEM) purchases 13% stake in Australian Ethical Investment Limited (AEF)

Select Managed Funds Limited (SEM) and Australian Ethical Investment Limited (AEF) today confirmed the purchase of a 13% stake in AEF by SEM from Ascalon Capital Managers Limited (Ascalon).

Select (SEM) which listed on the ASX in March 2005 specialises in the trusteeship and administration of public superannuation master funds.

Chris Kelaher, Managing Director of SEM, describes the purchase as a strategic stake designed to build on the already strong relationship between the two groups. SEM currently provides superannuation administration services to AEF.

SEM has long identified Socially Responsible Investments as a potential major beneficiary of the Superannuation Choice legislation and it therefore presents a highly attractive opportunity going forward. Mr Kelaher goes on to say that SEM looks forward to working closely with AEF into the future, to build on the outstanding achievement recorded to date.

AEF recently announced another record year of performance during 2005, up 76% on the previous year.

Ascalon is a member of the St George Group and specialises in assisting to commercialise and build boutique fund managers.

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