

Australian Ethical Investment Limited

Australian Ethical to acquire Altius Asset Management (circa \$2 billion FUM) from Australian Unity

ASX Announcement

Australian Ethical Investment Limited (ASX: AEF) today announced it has entered into a binding agreement to acquire the sustainable fixed income asset management business, Altius Asset Management from Australian Unity.

The acquisition, when completed, will see Australian Ethical grow its funds under management (FUM) by circa A\$2 billion, from \$10.3 billion to circa \$12.3 billion an increase of 19%.

The combined Australian Ethical and Altius fixed income capability will result in a sustainable fixed income team of seven, an expanded bond fund portfolio, and Australian Unity becoming one of Australian Ethical's largest institutional clients.

The proposed acquisition is consistent with Australian Ethical's strategy to serve the growing potential addressable market created by the structural drivers favouring responsible investing, and to offer super fund members and investors increased access to ethical investment capability.

Australian Ethical will pay Australian Unity \$4.25 million in cash upon transaction completion, which will be subject to the satisfaction of Conditions Precedent (expected to occur in July), with an additional \$1.25 million payable after completion, contingent on Australian Unity investment meeting certain transition steps and maintaining agreed minimum FUM targets. While at a lower revenue margin consistent with the fixed income asset class, this transaction will be EPS accretive from financial close and is expected to generate circa \$1 million of EBITDA in FY25.

Australian Ethical Chief Executive Officer John McMurdo:

“The acquisition of leading fixed-income fund manager Altius is another important milestone for Australian Ethical as we scale and broaden our investment capability consistent with our strategy and Ethical Charter. Transactions such as this add to our momentum as a purpose-driven business and our ability to deliver sound investment returns while influencing progress towards a better future for people, animals, and planet.

“We are delighted to welcome the Altius team, their clients, and Australian Unity as a key institutional client partner. They join 130,000 investors and superannuation customers who have also chosen to invest ethically.”

Australian Ethical, CIO Ludovic Theau added:

“This acquisition also signifies our ongoing commitment to work with like-minded organisations such as Australian Unity. We look forward to this being the first of many new investment initiatives, where Australian Ethical and Australian Unity can combine their leadership capabilities in ethical investment management and social impact best market practice.”

Altius’s Co-founder and Chief Investment Officer Bill Bovingdon: “We are excited by the opportunity to join Australian Ethical, the market-leading ethical investment platform, and to combine Altius’ deep expertise in responsible fixed income with Australian Ethical’s ethical investing heritage across asset classes.

“Naturally, clients will be at the centre of our considerations as we work closely with Australian Unity on a successful transfer of funds.”

Dr Joe Fernandes, Australian Unity Group Chief Investment Officer and Executive General Manager, Funds Management: “The transaction is an endorsement of the sustainable investment approach Altius and Australian Unity have built and refined for more than a decade, achieving continuity, additional scale and focus for the Altius business.

“The transaction with Australian Ethical aligns with Australian Unity’s strategy of partnering to accelerate its ambitions and focusing our commercial portfolio to areas where we can maximise impact.

Under the deal terms, Altius co-founders Bill Bovingdon, Chris Dickman and Gavin Goodhand, will join the Australian Ethical investment team under Chief Investment Officer Ludovic Theau.

The new capability, and combined investment team will continue to operate in line with Altius Asset Management’s Sustainability Policy and will be in line with Australian Ethical’s Ethical Charter.

Altius, as part of Australian Ethical’s expanded fixed income capability, will continue to oversee Australian Unity’s cash and fixed interest portfolios, as well as the other fixed income funds and mandates currently managed by Altius.

The transaction also includes an ongoing commitment by Australian Ethical and Australian Unity to work together. Australian Ethical looks forward to working in partnership with Australian Unity on further co-investment and product development opportunities.

Australian Ethical’s half year FY24 results and reaching a milestone \$10 billion in FUM in March 2024, demonstrate that investment in the business is achieving growth and scale, supported by its strengthening business platform.

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This announcement is authorised by the Board.

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About Australian Ethical

Australian Ethical is amongst Australia's leading ethical investment managers¹. 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 \$10 billion in funds under management across managed funds and superannuation. Visit: www.australianethical.com.au

¹ Please refer to <https://www.australianethical.com.au/why-ae/investment/#awards> for specific awards Australian Ethical has won, including the specific categories.