



ASX Announcement

16 November 2010

SUNCORP SELLS ITS INVESTMENT MANAGEMENT BUSINESSES AND ENTERS STRATEGIC PARTNERSHIP

Suncorp today announced it has agreed to sell Tyndall Investments in Australia and New Zealand (Tyndall Investments) to Nikko Asset Management (Nikko AM).

Suncorp Life CEO, Geoff Summerhayes, said the transaction was consistent with the Suncorp Group's strategic focus on simplifying its businesses.

"This transaction continues the simplification of the life business which will see us focus on life insurance, complemented by superannuation and investments," Mr Summerhayes said.

"Our strategic review concluded that Suncorp Life was not the natural owner of an investment management business. As a result, we sought a strong external investment management firm to manage Suncorp funds.

"The sale meets Suncorp's other objectives of minimising business disruption and maximising sale proceeds, as well as balancing the needs of policy holders and shareholders."

Management of Suncorp funds

Suncorp will remain Tyndall Investments major client, creating an important strategic customer partnership going forward. Approximately \$18 billion of Suncorp directed funds will continue to be managed by Tyndall Investments.

Partnering with an investment management company of Nikko AM's pedigree and scale means Suncorp shareholders and clients can access enhanced capability with genuine international reach, global best practice and specialist investment expertise.

The transaction also positions Tyndall Investments for future growth as Nikko AM has strong distribution capabilities in the pan-Asian region.

Suncorp has committed to pay Nikko AM a minimum level of fees over the next three years and has the option to extend this commitment for a further three years.

Total potential value package

The total potential value package is up to \$128.5 million, including \$80 million upfront cash to Suncorp, a \$5 million access fee, a \$30 million option payment in three years time, and \$13.5 million for employee equity interests.

"This delivers a strong financial return to Suncorp shareholders, particularly in the context of the flexible arrangements struck with Nikko AM for the management of Suncorp's funds," Mr Summerhayes said.



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On a normalised profit basis, Tyndall Investments generated a net profit after tax in FY10 of \$10.2 million. The sale implies a multiple of up to 12.6x normalised FY10 NPAT.

The unconditional consideration is greater than Tyndall Investments contribution to the Suncorp Life Embedded Value and greater than the net tangible assets relating to this business.

As a result of a write down of allocated goodwill of \$85 million, the current year reported loss on sale after tax is expected to be approximately \$30 million. However, if the option is exercised, this results in an additional \$21 million profit after tax in year 3.

Importantly, the sale does not impact the day-to-day activities of Tyndall Investments, which remains focused on managing client portfolios and continues to be highly rated by the research community for its approach, process and performance track record.

Suncorp was advised by Greenhill Caliburn, Minter Ellison and Bell Gully.

Ends

For more information:

Media – Jamin Smith, 0409 170 035
Analysts – Nicole Marques, 0437 792 504

Teleconference

A market presentation relating to this announcement, as well as Suncorp's APS 330 disclosure, will be held at 10:00am AEDT (9:00 Brisbane). Details are:

Dial-in (Australia):	1800 885 612
Dial-in (international):	+61 2 8314 8650
Conference ID:	25645251



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Attachment A – Information on Tyndall Investments

Tyndall Investments is a leading investment manager with c \$25 billion of funds under management. The business operates in both Australia and New Zealand markets and offers retail and institutional clients a broad range of investment capability across domestic and global fixed income, domestic equities (intrinsic value and core styles) and global equities, along with a global premia capability. Tyndall Investments manages the 15th largest Australian and 5th largest New Zealand pool of investment funds.

Tyndall Investments has a diversified suite of investment capabilities which cater for a broad range of retail and wholesale clients across a variety of asset classes and investment strategies. Through a combination of strong investment performance and a dedicated sales and marketing team, these products enjoy strong support from major dealer groups, advisers, platform providers, retail and institutional asset consultants and retail investors.

Tyndall Investments performance and its dedicated team has resulted in it, and its products, holding strong investment ratings by asset consultants and validated through numerous major industry accolades in recent years. The Tyndall Investments teams are ranked as the number two Australian equities and fixed income fund managers over ten years.

Recently, Tyndall Investments won the Australian Fixed Interest category in the 2010 S&P Fund Awards and was also a finalist in the Award's Australian Equities - Large Cap and Group Finalist in the Fund Manager of the Year categories.



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Attachment B – Information on Nikko AM

Nikko AM is aspiring to be the leading independent Asian mutual fund management company. A brief overview of the business and benefits to Suncorp is as follows:

History and Ownership

- Founded in 1959, Nikko AM is headquartered in Tokyo and is owned by The Sumitomo Trust & Banking Co. Ltd and Nikko AM employees.
- Sumitomo is listed on the Tokyo Stock Exchange, is a strong, stable company with a market capitalisation of c. A\$9 billion and investment grade credit ratings (A+ by S&P, Aa3 Moody's long-term stable).
- Sumitomo acquired the business in 2009 from Citigroup, however Nikko AM operates independently with an independent board.

Operations

- Growing customer base and one of the largest mutual fund management companies in Japan with US\$120 billion AuM (September 2010) in mutual funds and institutional accounts.
- Will provide Suncorp access to the expertise of over 530 employees with 57 Portfolio Managers; 18 Traders and 38 analysts / economists / strategists.
- Provides the opportunity to diversify into products in new jurisdictions, with Nikko AM having offices in Japan, Singapore, Hong Kong, London (global currencies) and New York (global sovereign bonds, global macro).
- Strong balance sheet with no debt and close to US\$500 million in cash or liquid investments.

Products

- Suncorp will gain access to more than 350 investment products offered through in-house and outsourced platforms. Offers a "World Series Fund Platform" multi-manager solution providing access to highly rated external global managers.

Key Employees

- Strong management team led by Timothy McCarthy (Chairman and CEO), Bill Wilder (President and CIO), Charles Beazley (Head of International and Institutional Businesses), Blair Pickerell (Head of Asia and Global Chief Marketing Officer) and Frederick Reidenbach (COO/CFO).
 - Timothy McCarthy joined Nikko AM in 2004 following senior roles with Good Morning Securities Korea, Charles Schwab, Jardine Fleming, Fidelity and Merrill Lynch.



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- Bill Wilder joined Nikko AM in 2004 following senior roles at Fidelity Japan and Schroder Securities. He has 33 years experience in Asia.
- Charles Beazley joined Nikko AM in 2006 following senior roles at Gartmore and Merrill Lynch Investment Management.
- Blair Pickerell joined Nikko AM in 2010 following senior roles at Morgan Stanley Investment Management, HSBC and Jardine Fleming.
- Frederick Reidenbach joined Nikko AM in 2004 following senior roles at Fidelity, Smith Barney and Cooper & Lybrand.

Expansion Strategy

- Nikko AM is a leading Asian asset management company. The firm has had an office in Singapore for two decades, has an office in Hong Kong, and owns 40% of Rongtong Fund Management in China.
- Nikko AM is in the process of expanding its footprint in the region in order to assist the rapidly growing middle classes of Asia to meet their investment needs.