

FUM and NPAT higher, dividend increased

- **Strong growth in underlying NPAT – up 27% to \$14.0 million**
- **NPAT up 26% to \$13.1 million**
- **Total FUM at \$25.4 billion, up 49% on FY2013 driven by strong performances from RARE, IML and acquisition of ROC Partners**
- **Dividends up 25% to 50 cents per share (fully franked)**
- **Portfolio rationalisation – sale of TAAM, merger of Evergreen Capital and closure of Orion Australian equities**
- **Merger with Northern Lights Capital Group creates an international multi-boutique asset management group**

Treasury Group Limited (ASX:TRG, “Treasury” of “the Company”) is pleased to report the Company’s full year results for the period ending 30 June 2014.

Consolidated profit after tax (NPAT) totalled \$13.1 million for the year, representing an increase of 26% on the prior year (FY2013: \$10.4 million). On an underlying basis, the Company’s profits were \$14.0 million, representing an increase of 27% on FY2013 (\$11.0 million). The key drivers for the increase in profit growth were improved market conditions and strong performances from RARE Infrastructure (RARE) and Investors Mutual Limited (IML).

Treasury Group’s Chairman, Mr. Mike Fitzpatrick commented:

“This is a pleasing result for the Company and we are confident that business momentum will continue into 2015.

We are excited to be stepping into the next phase of growth for the Company and the opportunity to create an international multi-boutique asset management group via the proposed merger with Northern Lights Capital Group.

Over the last six months management was focused on the merger with Northern Lights Capital Group that was announced on 5 August 2014. We believe that this is a company transforming transaction as it delivers significant diversification in our earnings stream, enhances our distribution capability offshore, adds high growth boutiques and creates a management team with greater depth and geographical expertise.”

Treasury Group's CEO, Mr. Andrew McGill commented:

"This is another good financial result for the Company, again due principally to FUM and earnings growth achieved from our boutique partners, particularly RARE Infrastructure and Investors Mutual.

Average margins across Treasury Group's portfolio finished the year higher, in part due to continued funds inflow from higher margin Retail Investors at key boutiques.

We saw a high level of investment portfolio activity during the year with the addition of ROC Partners to our portfolio as well as restructuring actions at some of our other portfolio investments.

The increase in full year dividend reflects the Board's confidence in the Company's financial position and outlook."

Total Funds Under Management (FUM) at 30 June 2014 were \$25.4 billion, an increase of \$8.3 billion or 49% on FY2013 (\$17.1 billion). The acquisition of ROC Partners in May 2014 contributed \$5.3bn in FUM for the full year ended 30 June 2014. The aggregated net retail funds inflow from RARE and IML for the year ending 30 June 2014 totalled \$648 million, compared to \$425 million in FY2013.

Average net margin increased to 58 bps for FY2014 (excluding Trilogy), compared to 55 bps in FY2013. The increase in average net margin was largely driven by an increase in retail funds inflow from RARE and IML together with an outflow of lower margin FUM from Orion.

Reflecting the strong full year result, the Board declared a fully franked final dividend of \$0.27 per share on 5 August 2014, which represents a 17% increase on the final dividend in FY2013 (\$0.23 per share). Total dividends for the year increased 25% to \$0.50 per share (FY2013 \$0.40). The dividend increase reflects the Board's confidence in the Company's financial strength and positive operating outlook. The record date for the final dividend is 28 August 2014 and the payment date is 25 September 2014.

A summary of the Profit and Loss for the year ending 30 June 2014:

\$000's	FY2014	FY2013	% Change
Total Revenue	\$2,324	\$4,303	(46%)
Equity Share of Associates	\$19,772	\$15,050	31%
Expenses	(\$7,753)	(\$8,146)	(5%)
Net Profit After Tax	\$13,062	\$10,391	26%
UNDERLYING NET PROFIT	\$14,035	\$11,024	27%
Basic Earnings Per Share (cents)	56.6	45.0	26%
Dividend Per Share (cents)	50.0	40.0	25%

Note:

- (1) The above financials are reported to the nearest thousand whereas the percentage increase year on year is calculated on the actual results.
- (2) Underlying profit excludes abnormal and non-recurring items from current and prior year including gains and losses on sale of investments, impairment of goodwill and investment, write off of deferred tax assets, settlement fee from PRV restructure and other legal and restructuring costs.

Merger with Northern Lights Capital Group

On 5 August 2014, Treasury Group Ltd and Northern Lights Capital Group (Northern Lights) entered into an agreement to merge and create an international multi-boutique asset management group.

Northern Lights is a privately owned, US based, multi boutique funds management business. Northern Lights currently holds investments in 13 boutiques with a FUM of A\$24.2bn, and offices in the US, UK and France.

As part of the transaction, a new Australian Trust and Trustee Company will be established which will own the interests in the combined 21 boutiques (8 TRG and 13 Northern Lights)¹. TRG and Northern Lights will each receive units in the new Trust, equivalent to approximately 61% and 39% holdings, respectively. Upon completion of the transaction, TRG will transfer its assets to the Trust and will hold majority Board representation. The transaction remains conditional with completion expected in October 2014.

Your Board looks forward to working with our new partners, Northern Lights, in the development of an international multi-boutique business.

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About Treasury Group

Treasury Group is an ASX listed company with strategies focused on the generation of shareholder value via partnering with outstanding investment professionals in the funds management industry. Established in 2000 the Company has grown to be a market leader in the multi-boutique model of funds management. Treasury Group's business model comprises a suite of support services and infrastructure that streamlines operations and allows the investment teams to focus on achieving the best results for their clients.

¹ Subject to completion of required shareholders agreement processes at Investors Mutual, Celeste and Orion

Treasury Group Limited

Full Year Results Presentation

30 June 2014

Agenda

1. Overview
2. 2014 Financial Results
3. FUM & Performance
4. Merger with Northern Lights Capital
5. Outlook

1. Overview - momentum from key boutiques driving improved outcomes

Financial

- Normalised NPAT up 27.3% to \$14.0m
- Statutory NPAT up 26.0% to \$13.1m
- FY2014 dividend up 25.0% to 50.0cps
- Basic eps up 25.8% to 56.6cps

Operational

- Strong momentum continues this year at RARE and IML
- Total FUM up 48.5% to \$25.4bn
- Proactive management of investments and interests
- New boutique investment: ROC Partners

1. Overview - operational highlights at Treasury Group

- Strong performance across boutiques, particularly RARE and IML:
 - › Retail net funds inflow (aggregate) for RARE and IML– \$648m vs \$425m (FY2013)
 - › IML successfully launches LIC, QV Equities which will drive higher earnings in FY2015
- Total FUM at 30 June 2014 – \$25.4 billion, up \$8.3 billion (or 48.5%) on FY2013
- Proactive management of Investments and Interests
 - › Merger between Evergreen Capital and Freehold Investment Management
 - › Sale of interest in Treasury Asia Asset Management to Nikko Asset Management
 - › Restructure of Orion Asset Management's Australian Equities funds management business
- Acquisition of stake in ROC Partners (Australian and Asian private equity investment and advice business)
- Investment in core capabilities
 - › Andrew Howard, Chief Investment Officer appointed in 2013
 - › Additional Distribution executive added to London based team in 2013
- Merger with Northern Lights announced post year end

2. Financial Results - growth in FUM; Underlying NPAT up 27.3%

P&L Highlights (\$m)	FY2014	FY2013	% Change
Year end FUM (\$bn)	25.4	17.1	48.5%
Aggregate Boutique Mgmt Fee Income (\$m)	98.3	83.0	18.4%

\$million

Revenue	2.3	4.3	-46.5%
Employee expenses	4.4	4.5	-2.2%
Other expenses	3.3	3.6	-8.3%
Equity Share of Associates	19.8	15.0	32.0%
Gain/(Loss) on sale of investments	<u>0.8</u>	<u>(0.4)</u>	n/a
Net Profit Before Tax	15.2	10.8	40.7%
Income tax expense	<u>2.1</u>	<u>0.4</u>	n/a
Net Profit After Tax	13.1	10.4	26.0%
Underlying Profit	14.0	11.0	27.3%
Basic Earnings Per Share	56.6	45.0	25.8%
Dividend Per Share (cents)	50.0	40.0	25.0%

- FUM growth of 17.6% excluding addition of ROC Partners
- Aggregate net retail fund inflows for RARE and IML of \$648m
- Comparative revenues impacted by the one-offs in FY2013
- TRG expenses lower due to lower headcount
- Dividend per share 25.0% higher
- Net cash flow from operating activities up 11%
- TRG holds cash of \$12.9m at 30 June 2014
- Income tax expense includes abnormal write off of deferred tax asset in GVI

2. Financial Results – material level of non-recurring expenses in FY14

Treasury Group P&L (\$000)	FY2014	FY2013	% Change
Profit After Tax	13,062	10,391	25.7%
Settlement fee from PRV restructure	-	(537)	
Legal, consulting and restructuring costs	160	495	
Impairment of goodwill/investment in AR Capital	293	331	
Impairment of investment in TAAM		800	
Unrecognised tax losses from prior periods		(455)	
Write off of Deferred tax asset in subsidiary	520	-	
Underlying Profit	14,035	11,024	27.3%

- Residual carrying value in relation to AR capital written off
- Consulting and legal costs in relation to various matters
- No allowance in FY14 result for costs of Northern Lights merger

2. Financial Results - operating leverage for TRG shareholders: FUM up 17.6% excluding ROC, NPAT up 25.1%

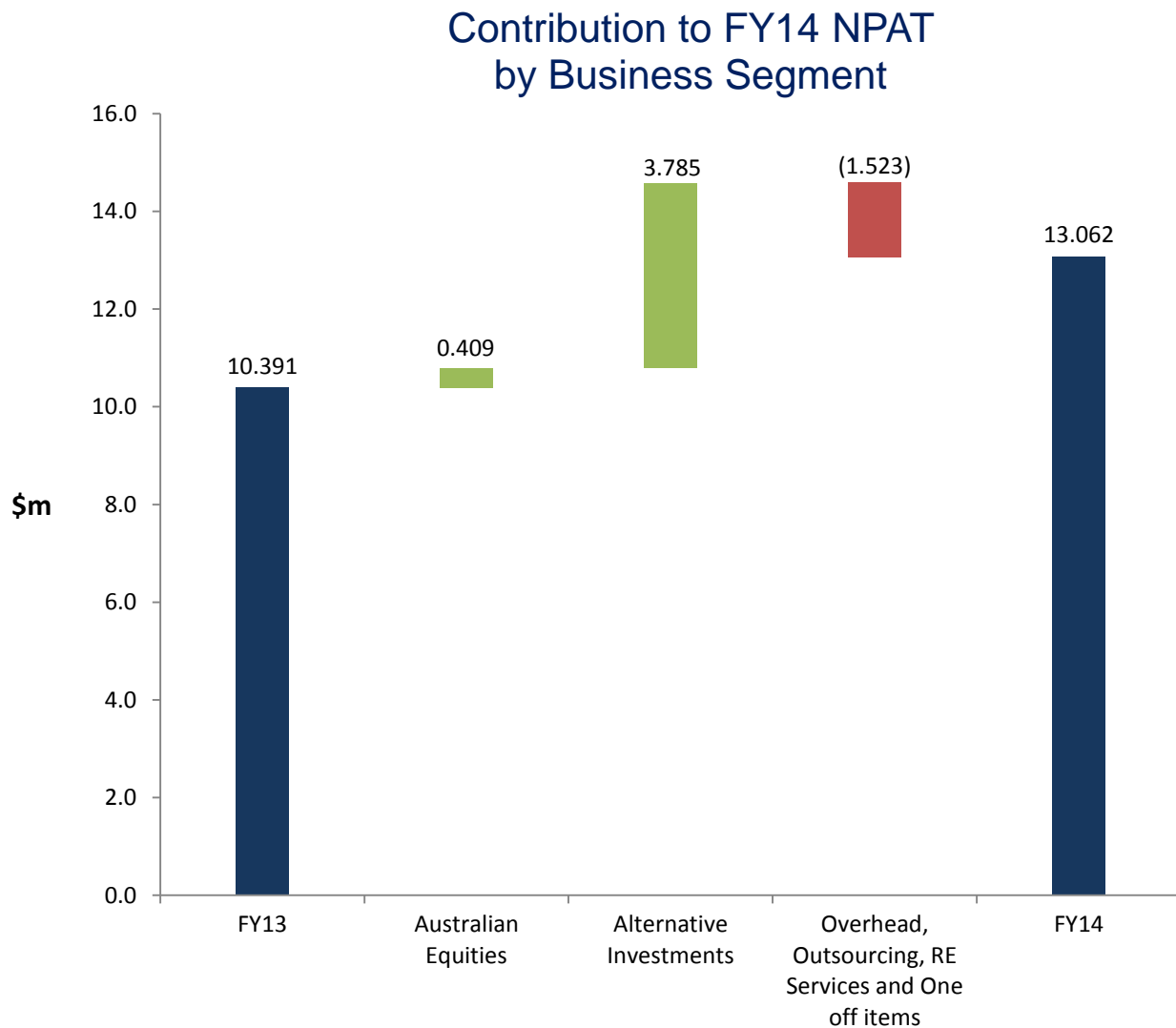
Aggregate P&L for Boutiques (\$m)	FY2014	FY2013	% change
Year end FUM (\$bn)	25.4	17.1	48.5%
Average Net Margin (%)	58 bpts	55 bpts	5.5%

Management Fees*	98.3	83.0	18.4%
Other income	<u>3.9</u>	<u>1.3</u>	200.0%
Gross Profit	102.2	84.3	21.2%
Employee expenses	23.3	21.5	8.4%
Other expenses	<u>18.9</u>	<u>14.9</u>	26.8%
NPBT	60.0	47.9	25.3%
Income Tax	<u>12.1</u>	<u>9.6</u>	26.0%
NPAT	47.9	38.3	25.1%
TRG Share of After Tax Profit	19.8	15.0	32.0%

- Excluding ROC, FUM increased by 17.6% during FY14
- Average net margin higher due to favourable change in mix
- TRG share of after tax profit higher due to increased contribution from IML & RARE

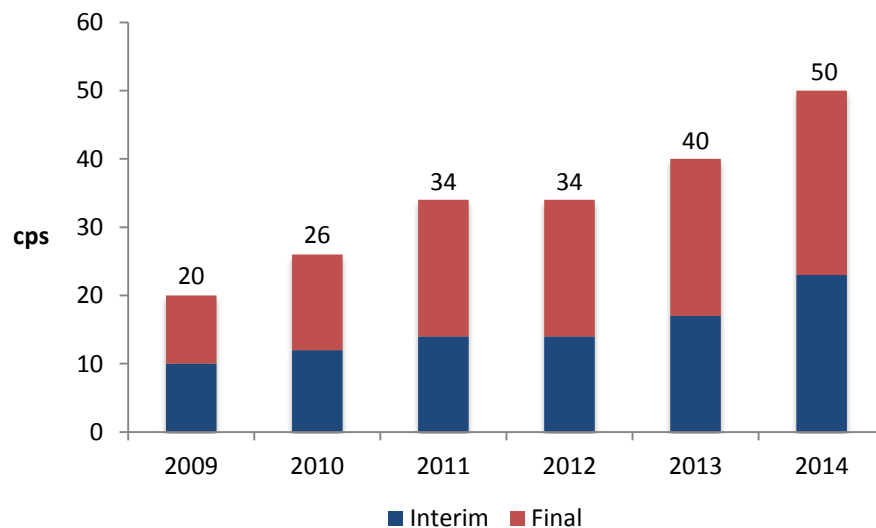
*Includes performance fees

2. Financial Results - RARE driving significant profit growth during year



2. Financial Results – dividend higher

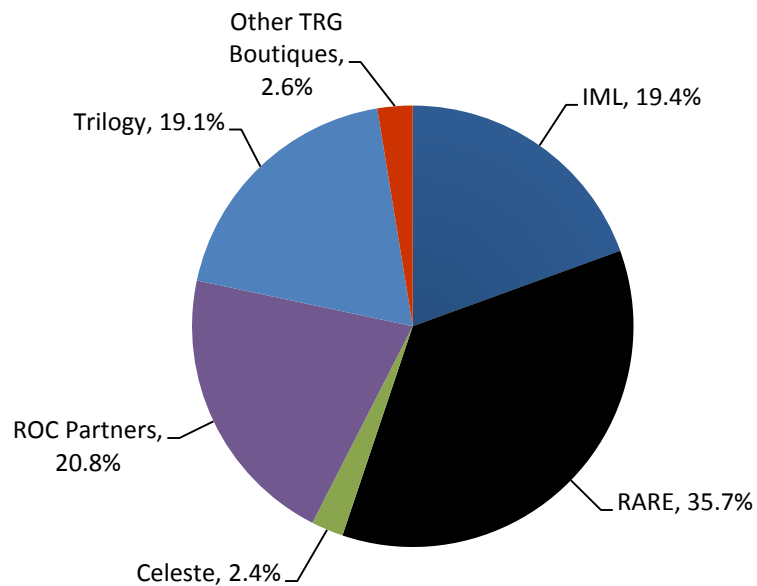
Dividend History



- Final dividend 27 cps, fully franked
- Total dividend for FY 2014 up 25% to 50 cps
- Implied payout ratio of 88%

4. FUM and Performance

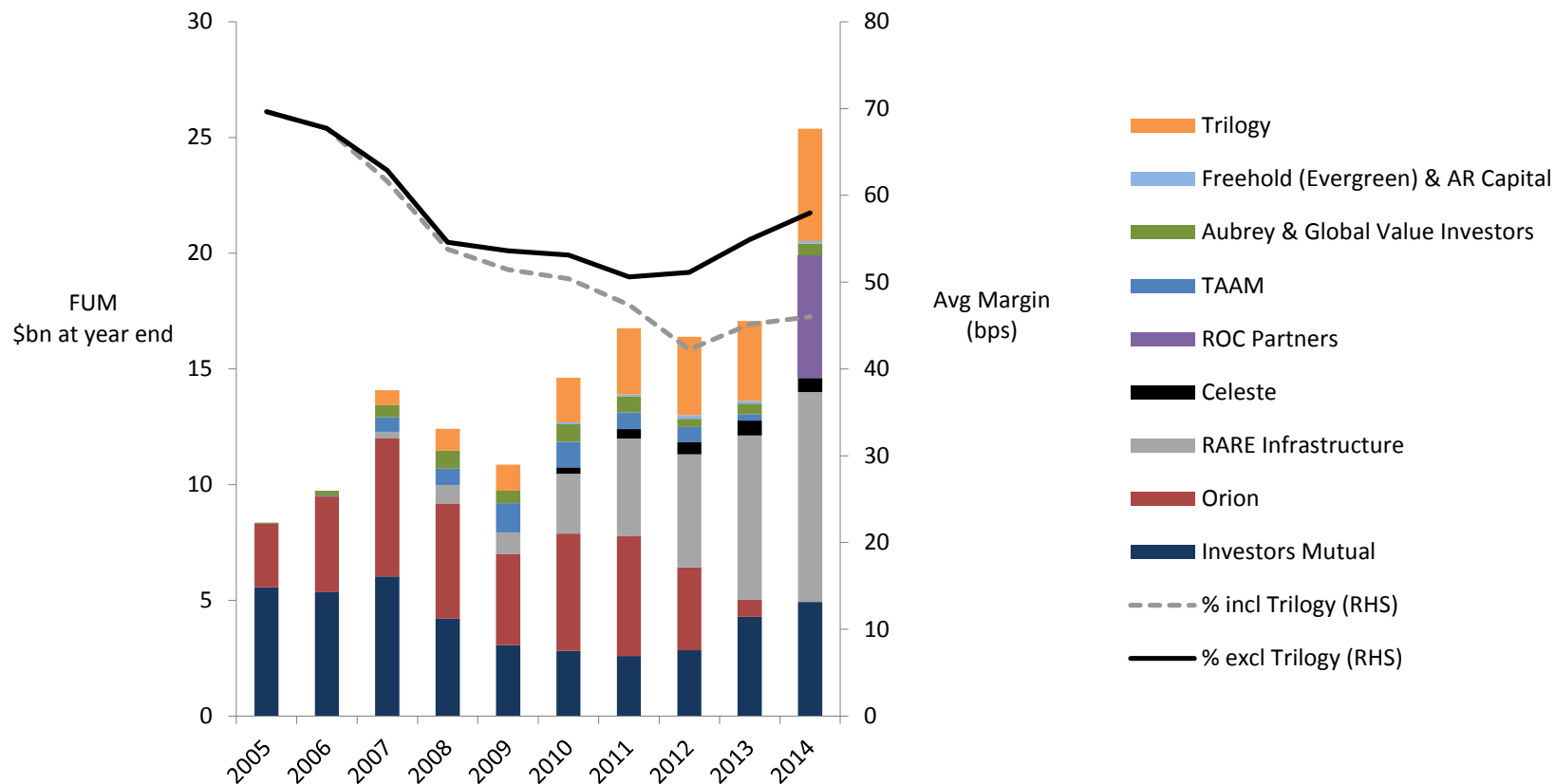
Composition of TRG FUM
as at 30 June 2014



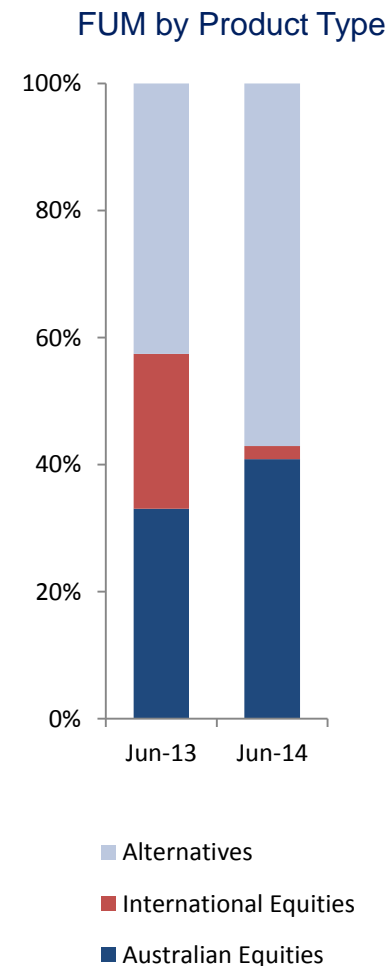
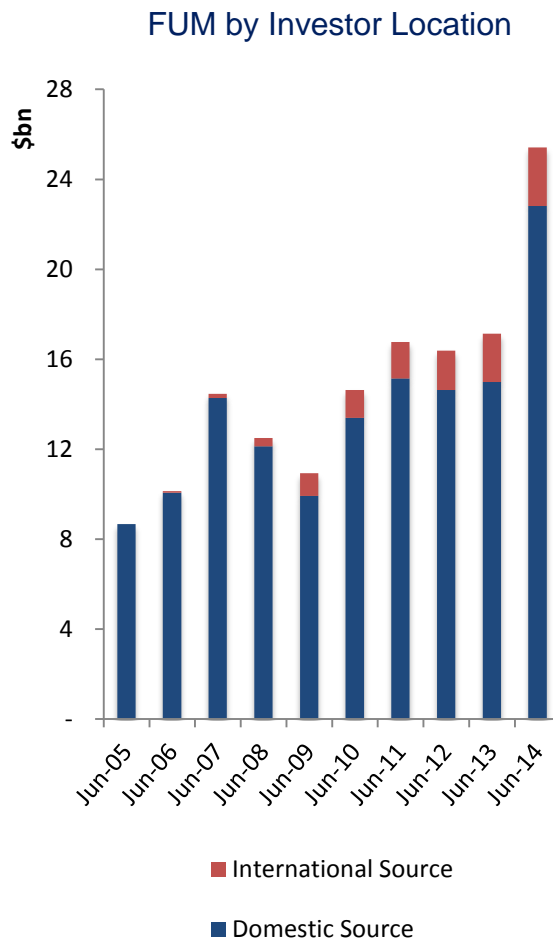
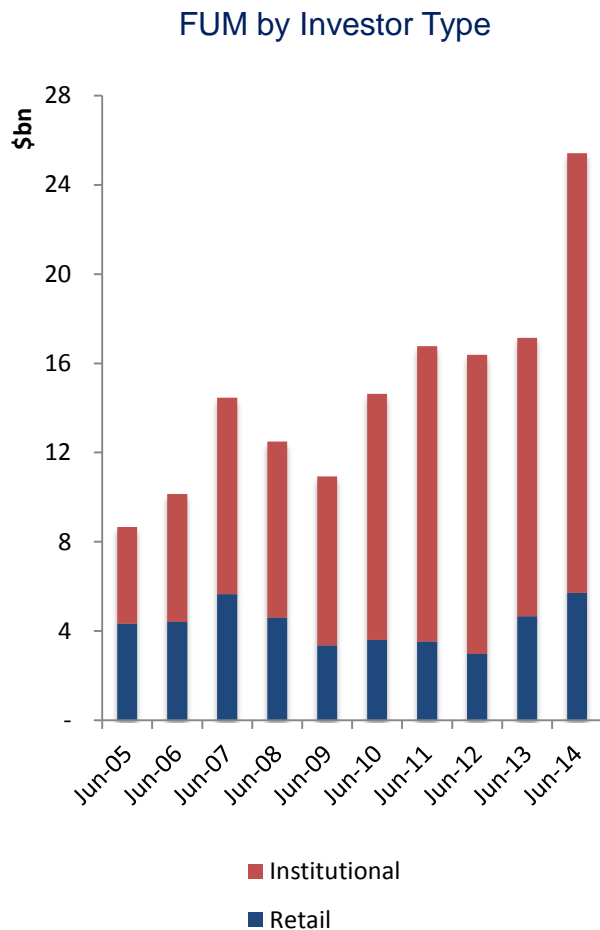
- Addition of ROC Partners in June 2014 with \$5.3bn total FUM
- Total FUM \$25.4 billion as at 30 June 2014, up 48.5% on FY2013

4. FUM and Performance – average margin higher due to growth at RARE and IML

Composition of FUM vs Average Margin



4. FUM and Performance – addition of ROC Partners impacts FUM profile

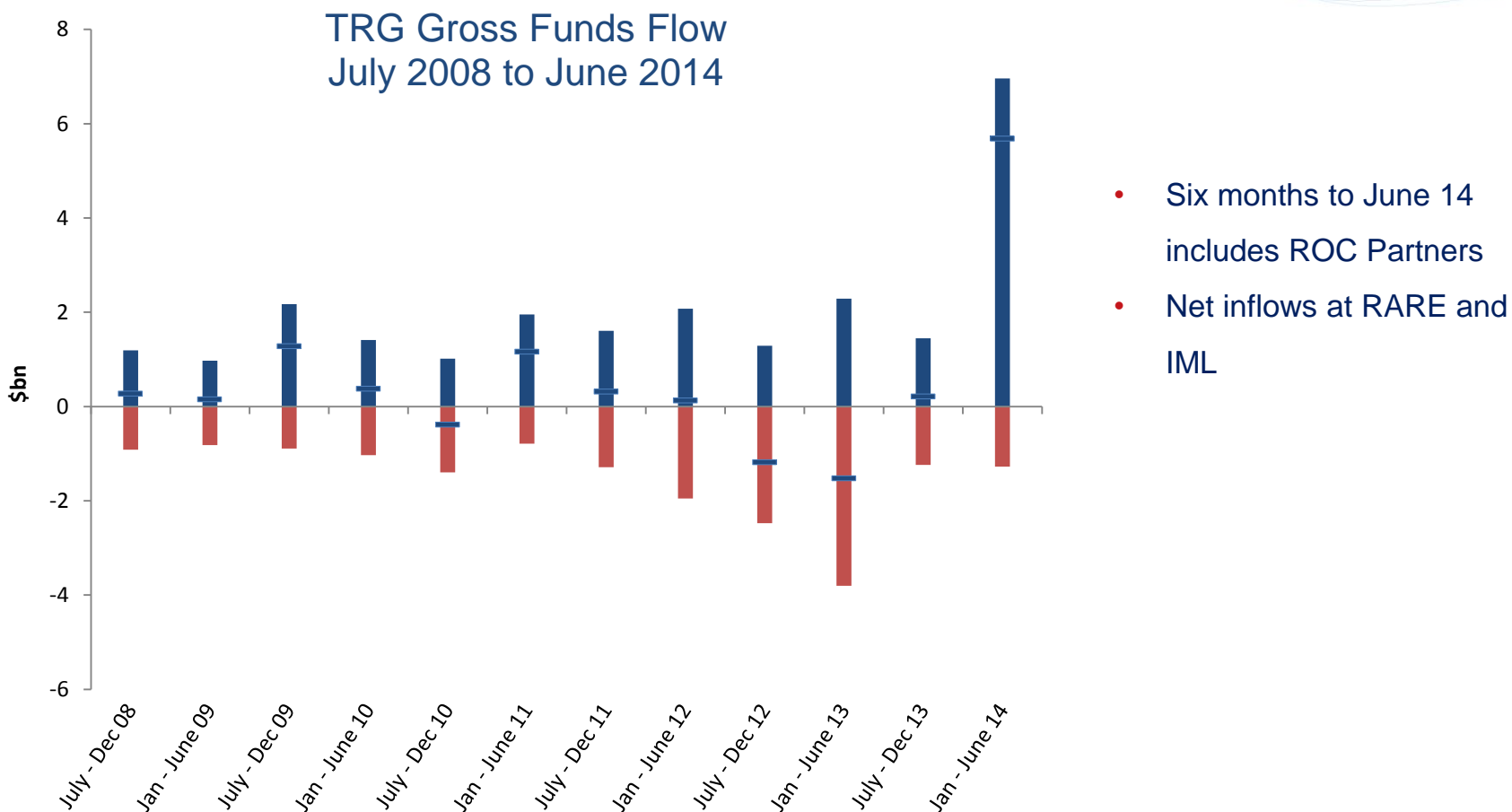


4. FUM and Performance

Performance Relative to Comparative Indices (%pa) – Net of Fees to end June 2014

	1 Year Excess Returns	3 Year Excess Returns	5 Year Excess Returns	Since Inception	Inception Date	Sample Ratings
Aubrey Global Conviction	-6.60	-4.70	n/a	-2.00	July 2010	Zenith - Recommended
Celeste Australian Small Companies	-4.10	5.30	7.60	10.00	May 1998	Zenith - Highly Recommended
Investors Mutual - Australian Share	-3.30	3.73	2.87	2.59	June 1998	Lonsec - Highly Recommended
RARE Infrastructure Value (AUD Hedged)	11.60	5.50	8.60	1.10	Nov 2006	Zenith - Highly Recommended
Freehold A-REITs & Listed Infrastructure	-2.60	0.30	n/a	1.00	May 2010	Lonsec - Recommended
Octis Opportunities Fund	- 0.16	n/a	n/a	0.30	Nov 2012	n/a

4. FUM and Performance - Funds flow review



Note: Chart shows funds flows, not change in FUM

5. Merger with Northern Lights Capital Group

Merger Transaction Overview

- Treasury Group Limited (TRG) and Northern Lights Capital Group (Northern Lights) agree to a merger creating an international multi-boutique business with A\$49.6bn FUM
- Northern Lights is a privately owned, international multi-boutique asset management group headquartered in the US with 13 associated boutiques
- No change of control for TRG, TRG entitled to 61% economic interest in merged business, majority board representation
- Merger via a new Australian Trust and Trustee Company with Board, management and operations to be integrated

Compelling Transaction Rationale

- Expected to be materially EPS accretive to TRG shareholders from close
- Creates diversified international portfolio of asset management businesses
- Key Northern Lights boutiques growing strongly
- Executes on TRG's growth strategy

5. Merger with Northern Lights Capital Group

Strategy Going Forward

- Continued expansion and diversification of portfolio via value enhancing new investments
- Drive growth in asset base across portfolio by leveraging distribution capabilities
- Second listing on a global exchange within 3 years
- Leverage strategic benefits of relationships with Northern Lights cornerstone shareholders, BNP Paribas and Laird Norton
- Merger is consistent with TRG's previously stated strategies – expand & diversify portfolio, strengthen distribution capabilities, improve access to capital, consider M&A opportunities

6. Outlook – TRG is well positioned

- Proposed merger with Northern Lights establishes platform for future growth
 - › Significantly improved access to international clients and deal flow
 - › Merger remains conditional and there are also risks around pre-emptive rights processes at some TRG boutiques
- TRG's business model remains leveraged to markets
 - › All Ords and Dow Jones both started FY15 at larger levels than average for FY14
- Continued momentum at RARE and IML
 - › Aggregate Retail net inflows running at \$54m per month in June quarter

Disclaimer

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- *is not personal advice and does not take into account the potential and current individual investment objectives or the financial situation of investors; and*
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