

Treasury Group Ltd

NORTHERN LIGHTS
CAPITAL GROUP



TREASURY GROUP LIMITED // NORTHERN LIGHTS CAPITAL GROUP

ANNUAL GENERAL MEETING

15 OCTOBER 2015

Agenda

1. Chairman's address
2. FY15 Review
3. Investment Strategy
4. Sales Strategy
5. Seizert Capital Partners
6. Concluding Remarks
7. Formal Items of Business

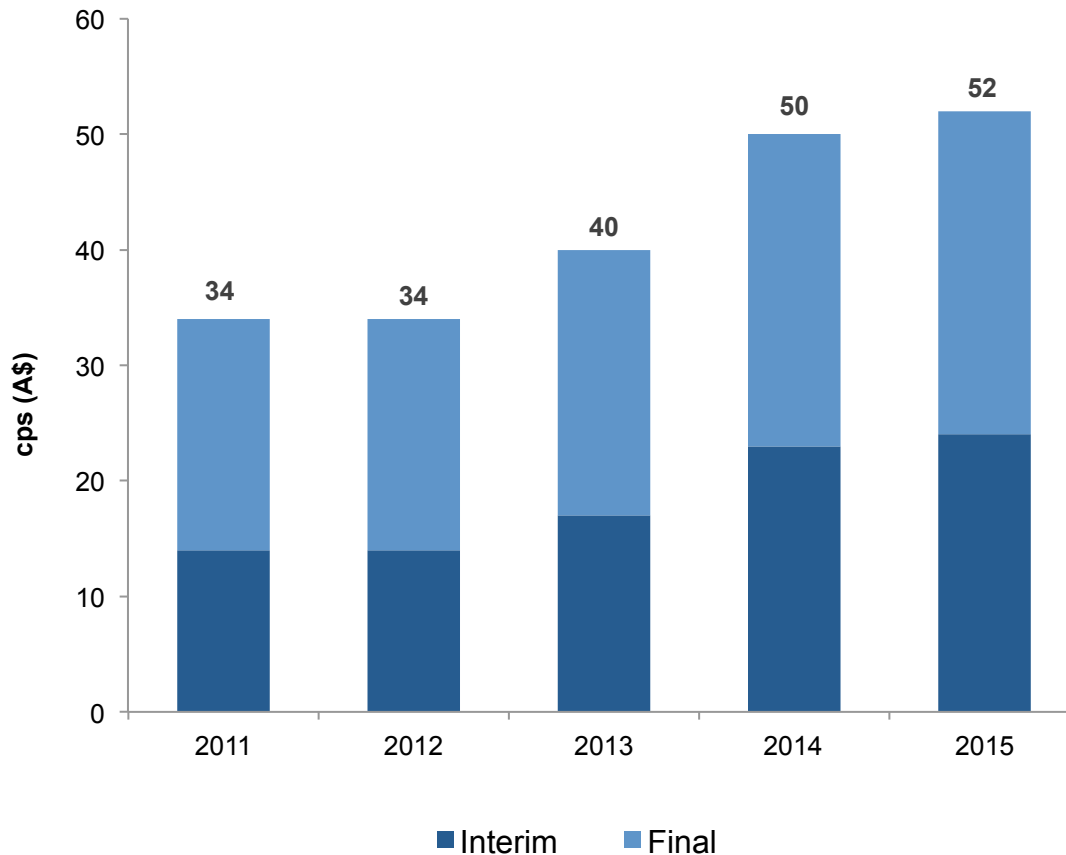
1. Chairman's Address

1. Chairman's Address: A Transformational Year

- » TRG and NLCG completed in November 2014, creating a greater diversified portfolio, greater leverage, broader management expertise, greater distribution capabilities and other strategic benefits
- » Underlying NPAT of \$18.7m – up 32.9% on FY14
- » Statutory NPAT of \$138.7m includes significant abnormals (mark to market revaluation of TRG portfolio at merger completion)
- » Aggregate FUM of \$49bn at 30 June 15 – down \$1.1bn or 2.3% since 30 Sept 2014 primarily due to WHV, del Rey, Seizert and loss of Institutional FUM at RARE
- » Strong momentum at RARE and IML – material earnings contribution from Seizert and Aether
- » Retail net inflows (aggregate) for RARE and IML of \$760m for FY15
- » Very strong business momentum from smaller boutiques Blackcrane, Raven and EAM

1. Chairman's Address: Dividends

Dividends Increased



- » Final dividend 28 cps, fully franked
- » Payout ratio of 71% against underlying NPAT (dividend policy 60-80%)

1. Chairman's Address: Market Environment Shifting

- » Australia:
 - » Interest rates low in Australia and expected to decline further
 - Australian dollar materially lower since end of financial year and diversifying the business to a larger proportion of US denominated earnings
 - Equities markets conducive to new issuance for much of the year (eg IPO activity, capital raisings by LICs including QV Equities (IML))
 - All Ordinaries up 1.3% during the year (but currently down 12.2% from its peak); Global markets also down since year end
 - Concerns increased over FY15 on the outlook for economic growth in China and Europe, increasing supply of commodities and falling commodity prices
 - » Long term fundamentals for funds management remain attractive
 - Australian industry large and high growth
 - Growing post retirement market and ageing population
 - » Increasing appetite from investors to move away from Australian Equities

1. Chairman's Address: Sale of RARE post-June

- » Conditional sale of RARE in July, post year-end
- » Sale of RARE Infrastructure delivering greater than 33x cash on cash return over 9 years of ownership
- » Completion expected ahead of expectations: end of October vs. previously announced end of November
- » Creates greater stability in earnings and greater diversification in asset classes with differing strategies
- » Provides capital to repay external debt, fund TRG/NL's investment pipeline and provide flexibility for potential capital management
- » Repayment of external debt will result in substantial interest savings
- » For FY15, RARE's pro-forma contribution to TRG/NL portfolio level earnings was approximately 37%
- » Ongoing ownership of 10% post-closing (down from 40%)

2. FY15 Review

2. Review of 2015: Significant Outcomes

- » Underlying earnings up 32.9%. Statutory NPAT of 138.7m, materially higher due to non-recurring abnormal gains
- » Performance of key boutiques strong, particularly RARE and IML. Material earnings contribution from Seizert and Aether
- » Continued retail inflows at IML and RARE during the year
- » Proactive approach to management of TRG interest
 - Merger with NLCG
 - Creation of Aurora Trust
 - Sale of RARE
 - Opportunity for merger-related synergies in 2016
- » 13 new boutiques added to create a group with:
 - Improved diversification by strategy, clients and geography
 - Strengthened access to investment and distribution capabilities
 - Opportunity for merger-related synergies in 2016

2. Review of 2015: Financial Results

Treasury Group underlying current year vs prior year results

P&L Highlights (A\$m)	TRG Underlying FY15	TRG Underlying FY14	Variance %
Revenue	6.7	2.3	191.3%
Employee expenses	5.3	4.4	20.5%
Other expenses	1.9	3.3	-42.4%
Equity Share of Associates	9.2	19.8	-53.5%
Share of earnings from Aurora	6.6	-	n/a
Gain/(Loss) on sale of investments	<u>0.3</u>	<u>0.8</u>	-62.5%
Net Profit Before Tax	15.6	15.2	2.6%
Income tax expense/(benefit)	<u>(3.1)</u>	<u>2.1</u>	n/a
Net Profit After Tax	18.7	13.1	42.7%
Underlying Profit After Tax	18.7	14.0	33.5%
Underlying Earnings Per Share (cents)	72.8	60.8	19.7%
Dividend Per Share (cents)	52.0	50.0	4.0%

- » TRG Statutory NPAT for FY15 \$138.7m
- » Actual FY15 figures include 7 months results post merger & 5 months TRG stand-alone. Pcp excludes NLCCG
- » Merger structure tax efficient – tax benefits for TRG
- » Majority of staff and other expenses now incurred at Aurora level
- » Equity share of associates down as it is reported through Aurora trust following merger. Excludes impairment charge attributed to WHV
- » FY15 profit for Aurora Trust includes non-cash items:
 - » Interest expense on unit holder debt \$2.3m (fair value adjustment)
 - » Amortisation of intangibles \$1.4m

2. Review of 2015: Financial Results

Significant non-recurring items in FY15

Treasury Group P&L (A\$m)	FY15	FY14
Profit After Tax	138.7	13.1
Gain on sale net of transaction costs and income tax expense	(130.8)	
Impairment of WHV by Aurora (TRG share)	10.8	
Legal, consulting and restructuring costs		0.2
Impairment of goodwill		0.2
Write off of Deferred tax asset in subsidiary		0.5
Underlying Profit	18.7	14.0

- » Gain on sale is mark to market adjustment of all assets and liabilities at the time of transfer to Aurora trust
- » Total transactions costs incurred by TRG were \$5.3m

2. Review of 2015: Financial Results

Reconciliation of major non-cash items at TRG/Aurora

Treasury Group P&L (A\$m)	FY15*
TRG Share of Profit/(Loss) from Aurora	(4.2)
Impairment of WHV by Aurora (TRG share)	10.8
Amortisation of identifiable intangibles (TRG share)	0.9
Fair value adjustment (TRG share)	1.6
Adjusted TRG share of Profit from Aurora	9.1
Adjusted Profit of Aurora	14.2

* For the period post-merger 26/11/14 – 30/6/15

2. Review of 2015: Financial Results – Aurora Trust

Illustrative aggregation of portfolio P&L as if all boutiques were 100% owned

Aggregate P&L for Boutiques (A\$m)	Pro-forma FY15
Year end FUM (\$bn)*	34.8
Average Net Margin (%)*	47 bpts
Management Fees [^]	168.3
Other income	<u>14.8</u>
Gross Profit	183.1
Employee expenses	54.5
Other expenses	<u>36.7</u>
NPBT	91.9
Income Tax	<u>10.1</u>
NPAT	81.8
Aurora Share of After Tax Profit	44.3

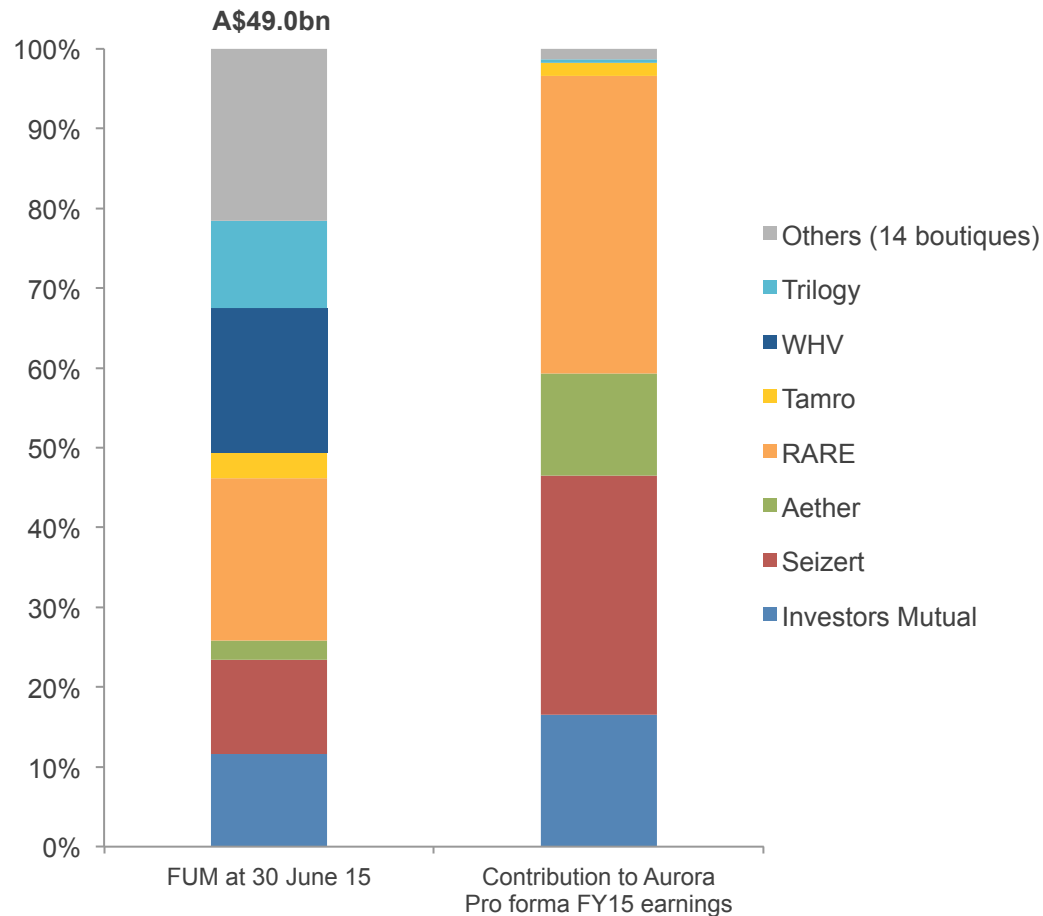
* Average net margin and year end FUM excludes Trilogy and WHV

[^] Management fees exclude Performance fees

- » Total FUM of \$49.0bn at 30 June 2015, excluding WHV & Trilogy FUM was \$34.8bn
- » Aggregated results include all the boutiques of TRG and NLCCG (excludes WHV)
- » Excludes Aurora management and operating costs and interest expense

2. Review of 2015: Financial Results – Aurora Trust

Contribution by boutique – pro forma for 12 months



- » Well diversified portfolio of Products and strategies
- » Broad client diversification
- » Broad geographic diversification
- » Approximately 45% of portfolio earnings from boutiques denominated in USD (pro forma 30 June 2015)
- » RARE, Seizert, Investors Mutual and Aether contribute the majority of earnings

3. Investment Strategy

3. Investment Strategy: Overview

- » Generally ultra-long-term holders of assets
- » Seek to make two types of investments
 - Core holdings in larger strategic partnerships
 - Smaller capital commitments to highly scalable opportunities
- » Will from time-to-time divest
 - When fundamental risks to business/portfolio cannot be easily managed
 - If we become misaligned with a portfolio company
 - If we see no path forward to a profitable investment
- » Should be judged on full cycle of ownership of these assets
 - If we can replicate what has happened with RARE, this is a very valuable business

3. Investment Strategy: Overview, continued

- » Constantly strive to enhance portfolio diversification
 - Many vectors of diversification that we consider
 - Most important is balance of long-term contractual revenue with long-only “optionality”

3. Investment Strategy: Sunrise / Sunset



SUNRISE

- International/global/emerging markets equities
- Liquid alternatives
- Private Capital (equity, debt, real estate)
- Real assets
- Liability Driven Investing
- Smart / exotic betas
- Specialty fixed income
- Passive equity
- ESG
- Multi-Asset portfolios / Target Date funds
- ETFs, ETMFs & Managed ETFs



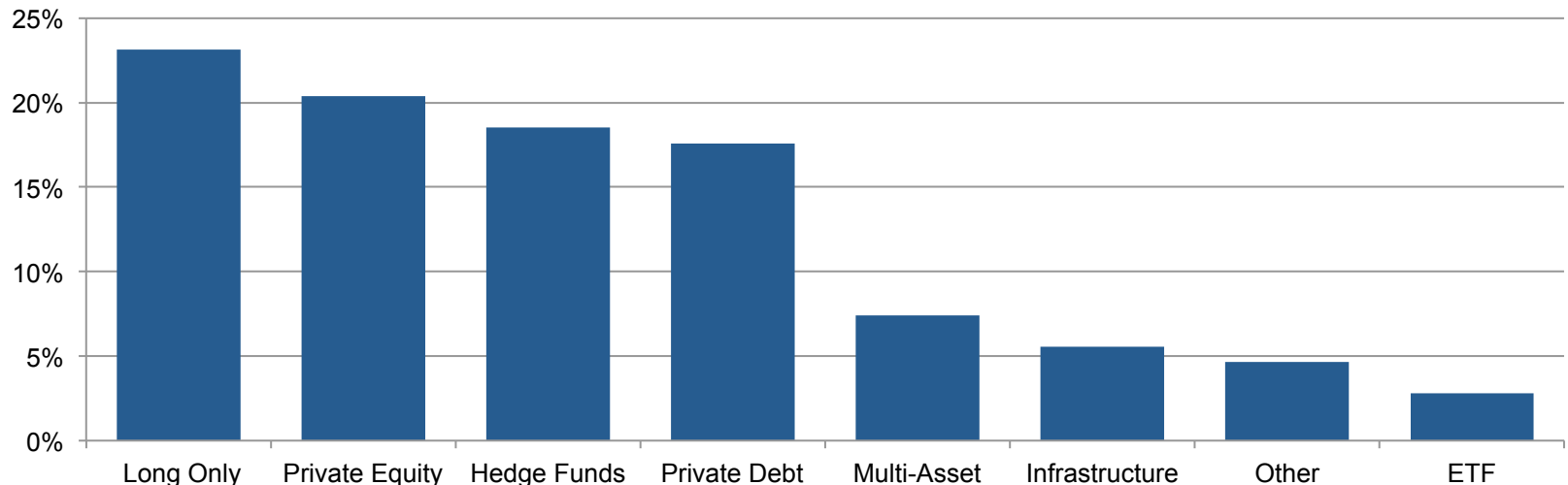
SUNSET

- Domestic equities, particularly large cap
- Defined benefit plans
- Traditional hedge fund of funds
- Traditional mutual funds (without 401(k) exposure)
- Style box asset allocation

3. Investment Strategy: Deal Pipeline

- » Sourced more than 130 opportunities, of which approximately:
 - 45 moved through to intensive due diligence;
 - 25 added to current prospect list;
 - 6 offered term sheets;
 - 14 countries
- » Robust existing deal pipeline with opportunities across a wide-range of geographic regions, asset classes, and size

Asset Class of Post-Merger Investment Opportunities



4. Sales Strategy

4. Sales Strategy: Building Businesses

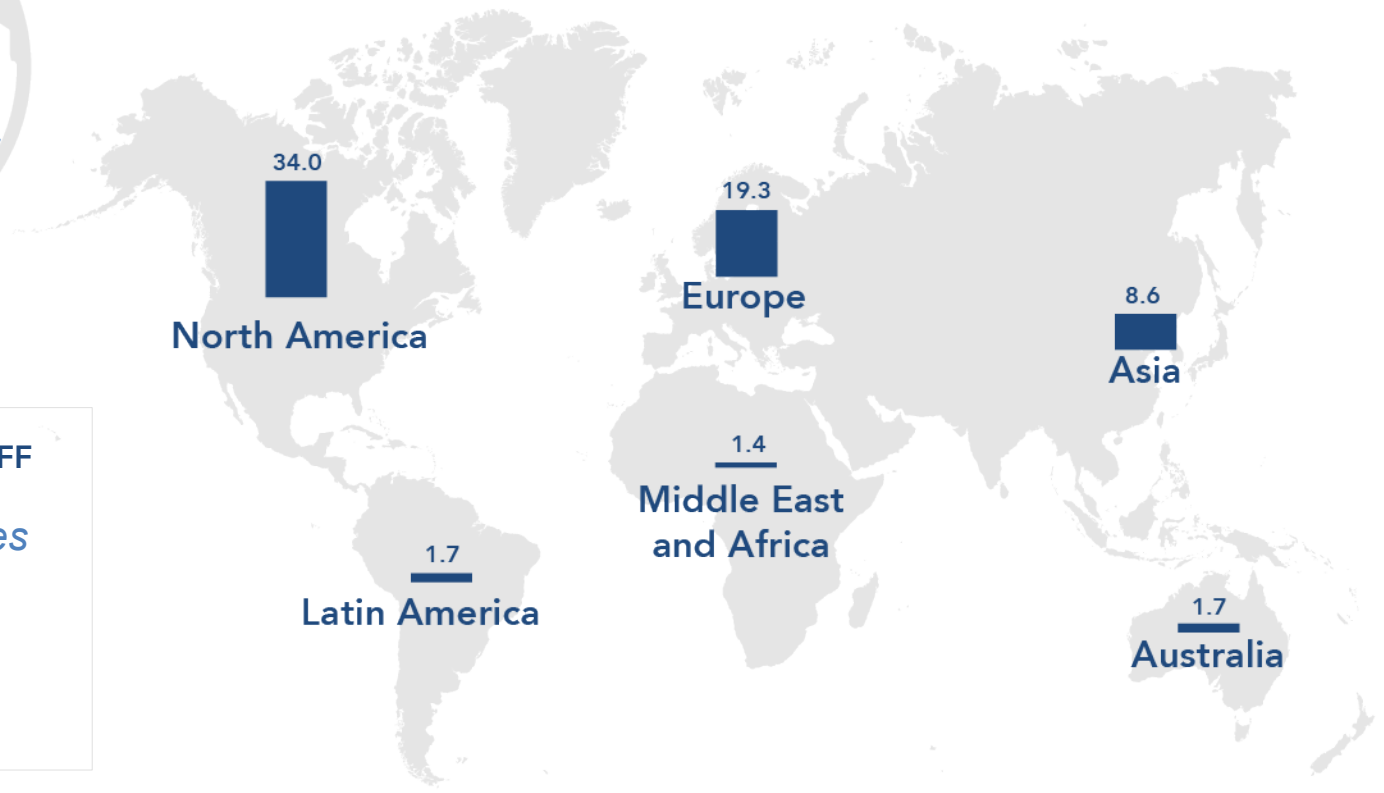
- » Builders of asset management businesses
 - Supporting boutiques with significant expertise and experience
 - Creating stability, diversity and growth of FUM and revenue
 - Generating enterprise value for boutiques and Aurora
 - Allowing our organization to attract outstanding boutique partners in the future

- » Global distribution team is currently engaged with 75% of our core and emerging boutiques
 - Core managers: Seizert, RARE, and IML
 - Emerging managers: ROC, EAM, and Blackcrane

- » Seasoned team has collectively raised over \$50 billion AUS and worked with over 25 asset management companies in multiple geographies at every stage of development

4. Sales Strategy: Global Market AUM (USD)

Global Assets Under Management: \$68.7T in 2013



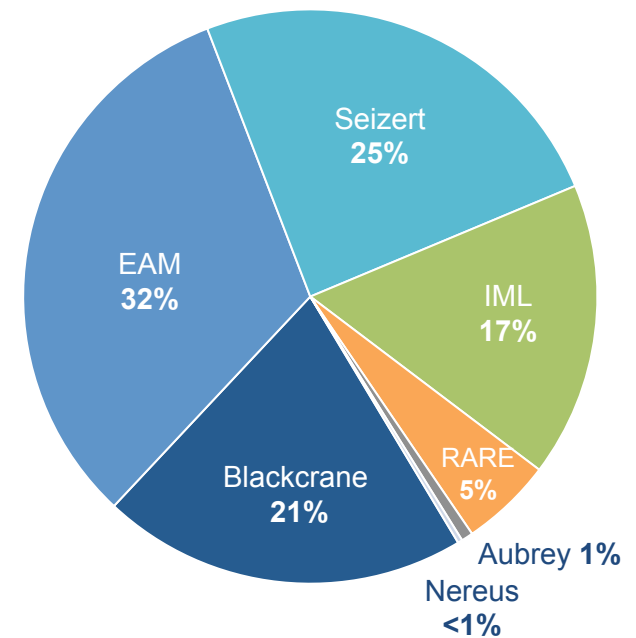
TRG / NL GLOBAL STAFF

- 6 Institutional Sales
- 3 Sales Support
- 3 Marketing

4. Sales Strategy: Strong Activity Drives Results

- » Global sales and marketing team conducts 1,000+ meetings annually across the world
- » New business development presence in the largest markets: AUS, US, CAN, UK and EU
- » Significant relationships and interactions with the top 100 consulting firms
- » Yearly participation in 60+ formal institutional searches
- » Current pipeline of over \$5 billion AUS (for distributed boutiques) is well diversified by manager, geography, market and strategy
- » Other non-distributed boutiques in TRG/NLCG portfolio showing strong organic growth

Current Pipeline Breakdown of Distributed Boutiques



Pipeline breakdown includes distributed boutiques only and does not account for potential FUM inflows of other boutiques in the TRG/NLCG portfolio

4. Sales Strategy: Growth in Core and Emerging Boutiques

Core Boutiques

- » Our distributed core managers (RARE, IML, and Seizert) have experienced 5-year compounded annual growth rate (FUM) of 15 to 30%
- » We will continue to focus on facilitating solid FUM expansion year-over-year
- » Leveraging global consulting relationships and increasing cross regional sales

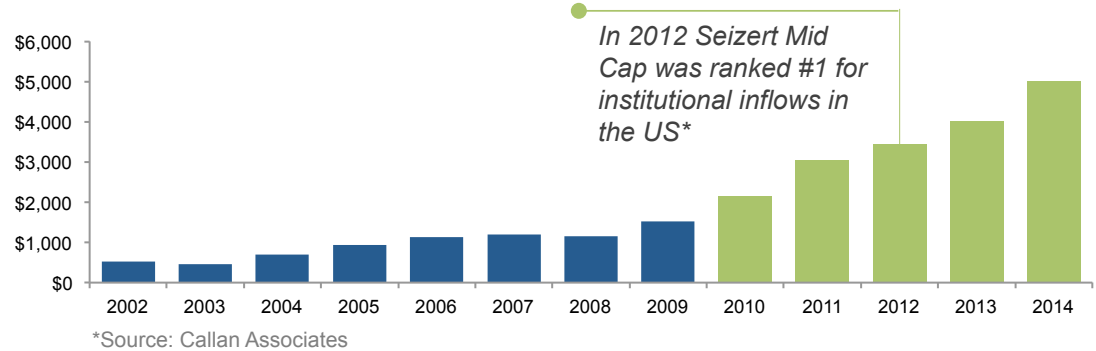
Emerging Boutiques

- » Emerging managers (EAM, Blackcrane and ROC) offer the ability for rapid growth and value creation
 - EAM's non-US practice has grown from \$0 to \$117m USD in just 16 months (since partnership inception in June 2014 through September 2015)
 - Blackcrane's FUM levels have increased from \$3m to \$205m USD in less than 20 months (since partnership inception in February 2014 through September 2015)

4. Sales Strategy: Business Building with Seizert

Highlights of strategic partnership include:

Accelerated AUM growth since partnership was formed in December 2008



Fully integrated Sales & Marketing teams and combined sales strategy

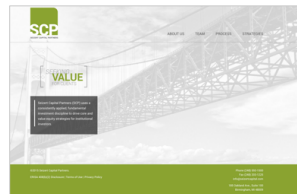
- Integration of CRM programs to track activity comprehensively
- Sales trainings combined team to execute consistently in market
- Daily conversations among teams to ensure strategic approach taken with all clients / prospects

Facilitated launch of various investment vehicles

- WHV / Seizert Small Cap Value Mutual Fund
- Commingled Trust for the US Defined Contribution market

Strategic re-brand and ongoing management of marketing strategy

New website & digital marketing initiatives



New logo & rebranded marketing materials



Refreshed investment process graphics and communication tools



5. Seizert Capital Partners

5. Seizert Capital Partners: Gerry Seizert Introduction

- » Co-founder of Seizert Capital Partners in 2000
- » Chartered Financial Analyst and Chartered Investment Counselor
- » Held various positions at Munder Capital Management from 1995 -1999: Co-CEO, Managing Partner, CIO, Equities
- » Spent 15+ years at Loomis, Sayles & Co., L.P. and served on firm's BOD and Investment Policy Committee
- » Also held portfolio management positions at First of America Bank, BancOne, and Austin Financial Advisors
- » Currently participates as Board Member or Trustee for Washington-Parks Academy and Lincoln-King Academy Charter Schools, Beaumont Hospital, University of Toledo Foundation, Advent/Claymore Funds

5. Seizert Capital Partners: Firm Overview



- » Assets under management of USD \$3.8 billion (9/30)
- » Dedicated long-only US value investors focused on quality companies
- » Concentrated strategies with a long-term perspective and research-driven culture with disciplined investment process
- » Over 600 client accounts including public pensions, corporations, foundations, manager of manager funds, municipal, ultra high net worth
- » Through Aug 31, all strategies outperformed benchmark over 3-year period; Mid Cap strategy ranked #2 among peers for 10-year period

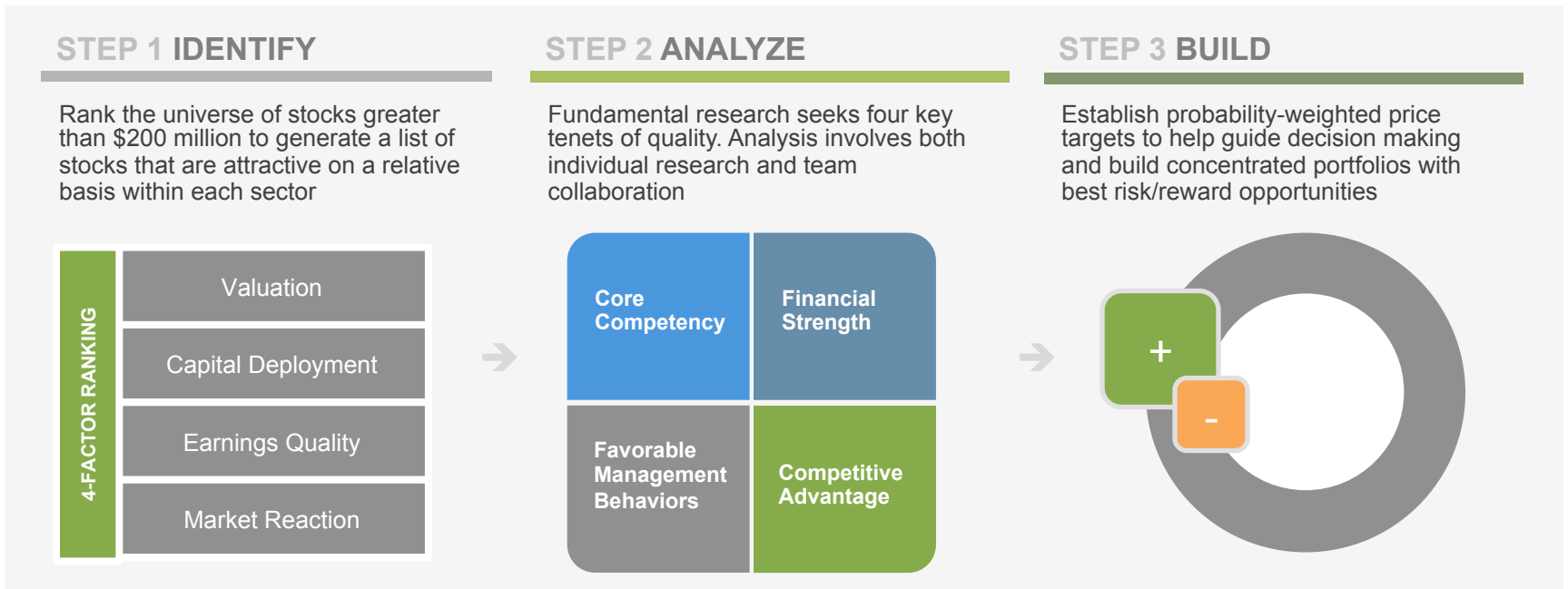
STRATEGY	BENCHMARK	INCEPTION DATE	# HOLDINGS	PORTFOLIO MANAGEMENT TEAM	AUM (\$ millions)
Core Equity	S&P 500	Jan 2001	30-55	Tom Kenny, Andy Jones, Chuck Schmidt	\$520
Mid Cap Equity	Russell Midcap	Apr 2002	20-30	Ed Eberle, David Collon, Darin Young	\$1,548
Large Cap Value Equity	Russell 1000 Value	Apr 2002	30-55	Gerry Seizert, Tom Kenny, Chuck Schmidt	\$503
Concentrated Equity	Russell 1000	Apr 2008	20-30	Ed Eberle, David Collon, Darin Young	\$588
Small Cap Value	Russell 2000 Value	Jan 2010	50-70	Tom Kenny, Gerry Seizert, Andy Jones	\$180

5. Seizert Capital Partners: Robust Investment Team

	ROLE	YEARS EXPERIENCE	PREVIOUS EXPERIENCE
Gerald Seizert, CFA, CIC	Managing Partner Portfolio Manager	40 Years	Munder Capital Management, Managing Partner and CIO – Equities Loomis, Sayles & Co., Managing Partner
Edward Eberle, CFA	Partner Portfolio Manager	25 Years	Valenti Capital, Executive Vice President Munder Capital Management, Portfolio Manager
David Collon	Partner Portfolio Manager	20 Years	Jay A. Fishman, Ltd, Portfolio Manager/Analyst Friedman, Billings, Ramsey & Co., Institutional Sales
Thomas Kenny, CFA	Partner Portfolio Manager	22 Years	Munder Capital Management, Director, Senior Investment Manager and Senior Portfolio Manager Woodbridge Capital Management, Portfolio Manager
Charles Schmidt	Portfolio Manager	39 Years	Loomis, Sayles & Co., Portfolio Manager Continental Bank, Vice President
Andrew Jones	Portfolio Manager	11 Years	Wells Fargo Advisors, Financial Advisor GMAC Financial Services, Financial Analyst
Sharon Pomber	Trader	34 Years	Munder Capital Management, Head Trader Loomis, Sales & Co., Head Trader
Daniel Nye	Investment Analyst/ Trader	9 Years	Northpointe Capital, Equity Analyst
Darin Young	Investment Analyst	9 Years	Duff & Phelps, Analyst/Senior Associate Ernst & Young/EY Capital Advisors, Senior Analyst
Paul Seizert	Portfolio Specialist	4 Years	Dingman Center Angel Network Monsoon Capital Management

5. Seizert Capital Partners: Investment Expertise

- » Consistent and disciplined process has been used for over 15 years by all team members at the firm, across all strategies
- » We believe value factors have historically outperformed over time – focus on companies where short-term market biases may be contributing to undervaluation
- » Investment process relies on systematic and fundamental analysis to identify what we believe to be the most attractive opportunities
- » 3 key steps to our investment process:



6. Concluding Remarks

6. Concluding Remarks

» Today we have

- Given a feel for the complexion of our business
- Shown you the depth and quality of the team, as well as the depth of thought that goes into our strategy
- Demonstrated the quality of the boutiques that Treasury invested in via the merger with Northern Lights



INTRODUCING

PACIFIC CURRENT GROUP

- Creating clarity around the integrated group
- Promoting a shared culture for employees
- Ability to build a global brand that reaches audiences in many jurisdictions
- It is intended our new ticker on ASX will be **PAC**

INSPIRATION FOR THE NAME

PACIFIC

the body of water that connects the two company headquarters, and also evokes a feeling of vastness and tranquillity

CURRENT

directional movement or flow of information from one place to another, and also meaning present and prevalent



7. Formal Items of Business

7. Formal items of business

- » **Item 1:** Financial statements and reports

- » *“To receive and consider the Financial Report, the Directors’ Report and the Auditor’s Report for the year ended 30 June 2015.”*

7. Formal items of business

» **Item 2:** Adoption of Remuneration Report

- » *“that for the purpose of section 250R(2) of the Corporations Act, the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2015 be adopted.”*

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy's Discretion
8,178,032	794,227	26,863	214,019

7. Formal items of business

- » **Item 3a:** Election of Mr Jeffrey Vincent
- » *“That Mr Jeffery Vincent, a Director appointed on 10 December 2014, retire in accordance with clause 7.1(d) of the Constitution, and being eligible for re-appointment, be elected as a Director.”*

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy's Discretion
11,732,446	450,403	9,473	217,549

7. Formal items of business

- » **Item 3b:** Election of Mr Gilles Guérin

- » *“That Mr Gilles Guérin, a Director appointed on 10 December 2014, retire in accordance with clause 7.1(d) of the Constitution, and being eligible for re-appointment, be elected as a Director.”*

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy's Discretion
11,902,395	280,454	9,473	217,549

7. Formal items of business

- » **Item 3c:** Election of Mr Joseph Ferragina
- » *“That Mr Joseph Ferragina, a Director appointed on 31 March 2015, retire in accordance with clause 7.1(d) of the Constitution, and being eligible for re-appointment, be elected as a Director.”*

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy's Discretion
11,020,351	1,024,939	147,032	217,549

7. Formal items of business

- » **Item 3d:** Election of Mr Paul Greenwood

- » *“That Mr Paul Greenwood, a Director appointed on 10 December 2014, retire in accordance with clause 7.1(d) of the Constitution, and being eligible for re-appointment, be elected as a Director.”*

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy's Discretion
11,491,810	691,039	9,473	217,549

7. Formal items of business

- » **Item 3e:** Election of Mr Antony Robinson

- » *“That Mr Antony Robinson, a Director appointed on 28 August 2015, retire in accordance with clause 7.1(d) of the Constitution, and being eligible for re-appointment, be elected as a Director.”*

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy's Discretion
12,114,495	67,054	9,973	218,349

7. Formal items of business

- » **Item 3f:** Re-election of Ms Melda Donnelly
- » *“That Ms Melda Donnelly, a Director, retire in accordance with clause 7.1(f) of the Constitution, and being eligible for re-appointment, be re-elected as a Director.”*

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy's Discretion
11,884,892	299,257	3,132	222,590

7. Formal items of business

» **Item 4a** : Issue of 34,007 shares

» *4a: “That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue of 34,007 ordinary Shares previously issued for nil consideration, as described in the Explanatory Statement of the Notice of Meeting.”*

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy’s Discretion
11,392,491	765,264	12,222	214,269

7. Formal items of business

» **Item 4b** : Issue of 487,804 shares

» *4b: “That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue of 487,804 ordinary shares previously issued for nil consideration, as described in the Explanatory Statement of the Notice of Meeting.”*

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy’s Discretion
11,579,772	106,208	20,538	215,549

7. Formal items of business

» **Item 5:** Change of name and constitution

- » *“That with effect from the day on which the Australian Securities and Investments Commission alters the details of the Company’s registration the name of the Company be changed to Pacific Current Group Limited; and*
- » *“the constitution of the Company be amended by deleting the definition of “company” in section 1.2 and replacing it with:*

“”company” means Pacific Current Group Limited; ABN 006 708 792, or such other name as may be adopted from time to time.”

Proxies have been received in respect of the resolution as follows:

In favour	Against	Abstention	Proxy’s Discretion
12,053,682	101,813	36,827	217,549

Disclaimer



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