

# Wilson Group Limited

Investor Presentation – Nov 12th 2015

# Agenda



- > Group Overview
- > Group FY2015 Financials
- > Group Strategies and Progress for FY2016

# Group Overview



- > The Group is now focused on funds management.
  - \* 100% owned Wilson Group Priority Funds, established in 2005.
  - \* 75% owned Pinnacle. Pinnacle develops and supports new boutique funds management businesses. It has shareholdings of between 23% and 49.9% in each of seven affiliated fund managers who together have \$16.4 billion in funds under management at the end of September.

# Group Overview



- > Market capitalisation of \$110 million (as at 9 November 2015)
- > Group net assets of \$44.5 million<sup>1</sup>
- > Wilson Group continues to have no corporate debt
- > Cash and Liquid assets \$14.4 million<sup>2</sup> which includes a Priority Core Fund holding of circa \$4.8m which is currently unhedged.
- > Legacy arrangements with Wilson HTM (profit share and contingent liabilities).

<sup>1</sup> As at 30 June 2015

<sup>2</sup> Not including Pinnacle cash and liquids. There is an intercompany loan between WIG and Pinnacle of \$12 million.

# Wilson Group overview



# Group FY2015 Financials on a normalised basis

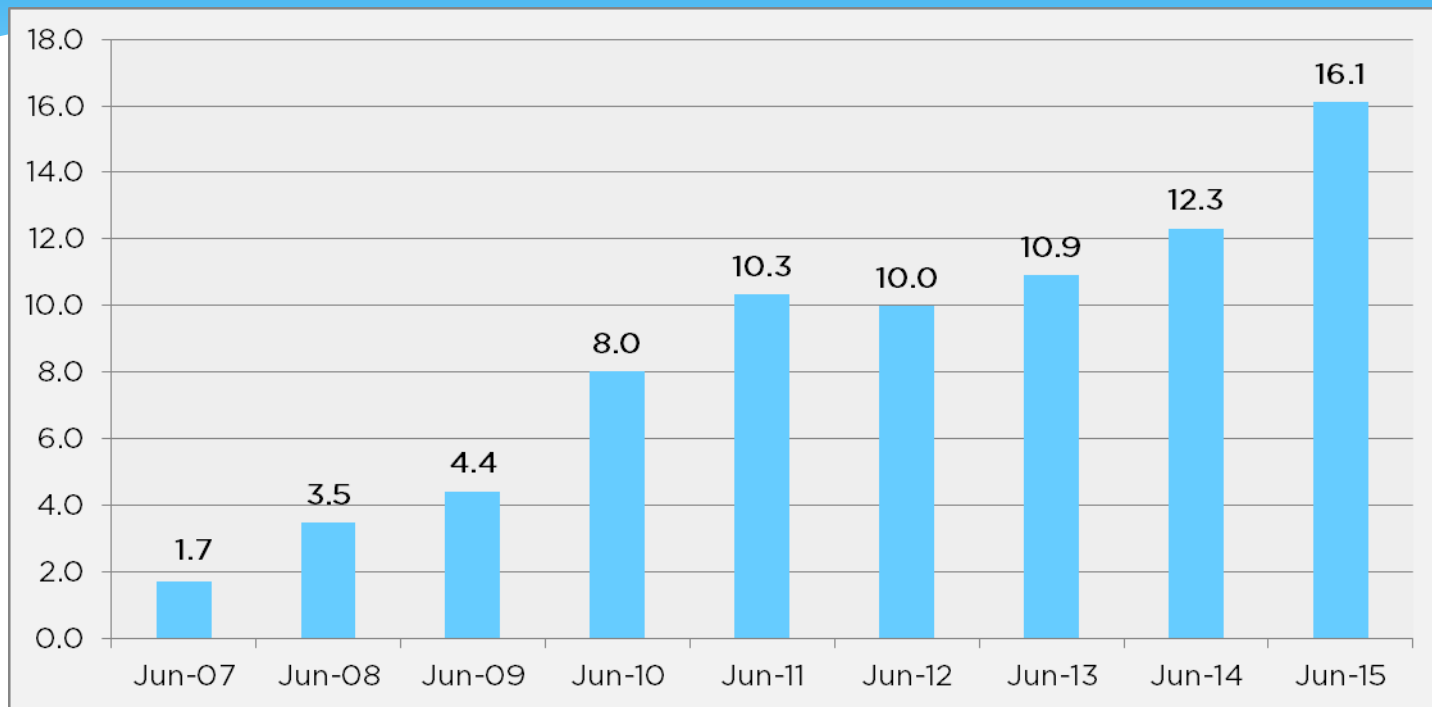


- > Group NPAT before individually significant items of \$4.8 million (1H15 \$2.6 million)
  - includes \$1.2 million tax benefit (1H15 \$0.6 million)
  - includes \$0.9 million contribution from securities business (discontinued operation) (1H15 \$0.5 million)
- > Special fully franked dividend per share of 2.25 cents per share
- > One-off costs associated with sale of \$1.85 million recognised in 2015
- > Pinnacle segment NPAT \$7.4 million ▲ 25 % from \$5.9 million
- > Pinnacle's share of the Boutiques' NPAT of \$11.9 million ▲ 42% from \$8.4 million
- > Pinnacle FUM of \$16.1 billion ▲ 31 % from \$ 12.3 billion

# Pinnacle funds under management (\$ billion)



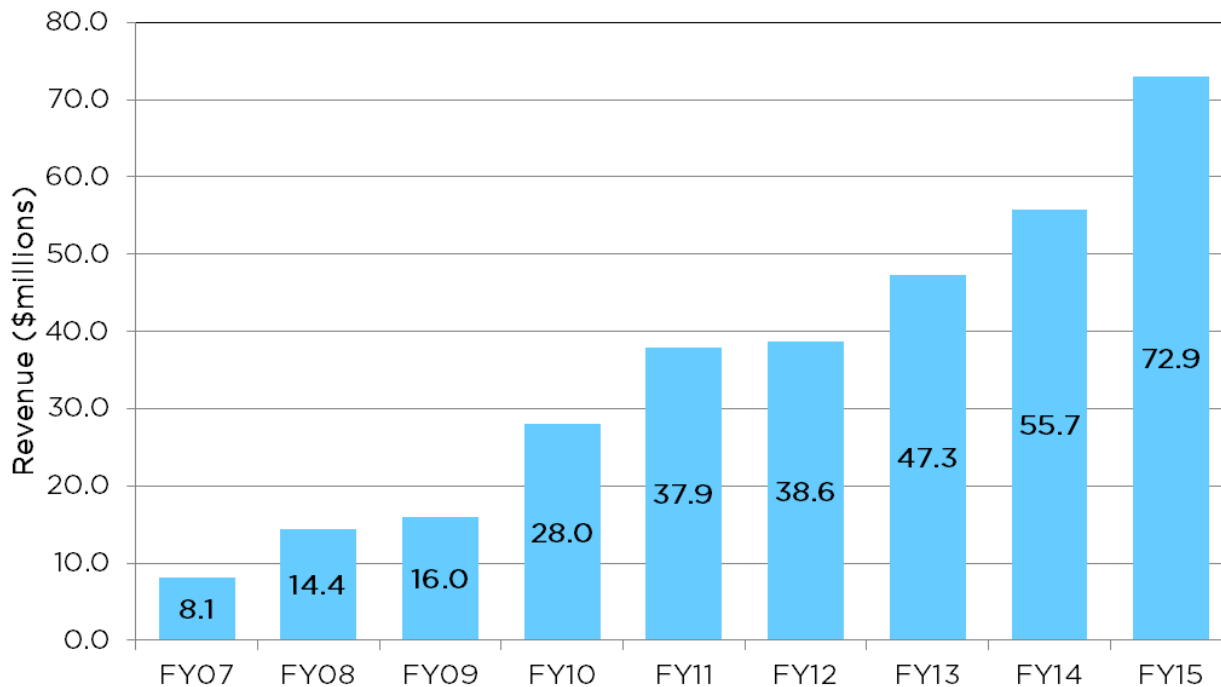
**Pinnacle**  
INVESTMENT MANAGEMENT



# Pinnacle Boutiques Gross Revenue



**Pinnacle**  
INVESTMENT MANAGEMENT





# Group Strategy and Progress for FY2016



## 1. FUM Growth

- > Focus on growing funds management business through Pinnacle and Wilson Group Priority Funds.
- > Pinnacle is continuing to invest in establishing boutiques and other initiatives. FUM \$16.4b as at September 15.
- > Priority Funds FUM up 8% YTD with market and alpha gains.

## 2. Cost Control

- > Reduce group overheads – Lower property, head-count, IT, professional services and Board costs will positively impact the second half – likely benefit of \$0.5 million annualised to begin in the second half.
- > Finalise Next Financial - Likely ongoing costs post closure in the order of \$0.1 million pa for run-off insurance. Expected closure costs in first half 2016 of \$0.5 million
- > Final additional expenses related to the disposal of the securities business to be incurred in 1H16.

## 3. Capital / Dividends

- > Fully franked dividend – Paid in September of 2.25c/share. The company intends to pay regular fully franked dividends.

# Pinnacle Strategy FY16



- > Continue to provide high quality distribution, Responsible Entity and infrastructure services
- > Support its affiliated fund manager's high standards
- > Remain focused on investing to enable continued strong performance and FUM growth
- > Grow retail FUM
- > Continue to assess selected third party distribution and new boutique opportunities

# Wilson Group Priority Funds



## > Wilson Group Priority Growth Fund

- > Actively managed portfolio of primarily small and mid-capitalised Australian companies with strong long-term capital growth and out-performance potential.
- > Good alpha YTD if sustained, has re-claimed the high water mark and can earn performance fees from here if even more alpha is added.

## > Wilson Group Priority Core Fund

- > Combines a selection of the best ASX 100 stocks with an allocation of small capitalised company stocks to drive out-performance.
- > As at 30 September 2015 the Priority Core Fund had a rating of 5 stars, the highest rating possible available from Morningstar.

# Wilson Group Priority Funds



## Out-performance through to 31 October 2015

	1 Month %	3 Month %	1 Year %	2 Year % p.a.	3 Year % p.a.	4 Year % p.a.	5 Year % p.a.	7 Year % p.a.	Since Inception % p.a.
Wilson Group Priority Growth Fund	7.68	6.78	16.32	3.85	7.29	5.02	2.17	13.64	15.24
S&P/ASX Small Ords Accum Index	7.12	1.36	2.43	-0.46	0.63	-0.16	-1.83	5.13	2.28
Excess Return	0.56	5.43	13.90	4.31	6.66	5.18	4.00	8.50	12.96

	1 Month %	3 Month %	1 Year %	2 Year % p.a.	3 Year % p.a.	5 Year % p.a.	Since Inception % p.a.
Wilson Group Priority Core Fund	5.21	-2.02	11.10	4.97	15.05	11.62	12.53
All Ordinaries Accumulation Index	4.59	-5.47	0.45	3.16	9.88	6.78	7.27
Excess Return	0.62	3.45	10.65	1.82	5.17	4.84	5.26

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- \* The returns for Wilson Group Priority Growth Fund ARSN 117 083 762 (**Growth Fund**) and Wilson Group Priority Core Fund ARSN 144 032 431 (**Core Fund**) are stated as at 31 October 2015 (net of fees). The Growth Fund inception date is 4/7/2005 and the Core Fund inception date is 22/6/2010. Past performance is not a reliable indicator of future performance. Returns are net of management fees (1.25% p.a. for the Growth Fund and 1.5% p.a. for the Core Fund) and net of any performance fees (20% for the Growth Fund and 15% for the Core Fund) and assume distributions are reinvested. Returns do not include tax or contribution fees of 0-2% or ongoing adviser service fees of 0-1% p.a. as these fees are not charged unless an investor agrees to pay them to an adviser. The Growth Fund's risk/return profile is High Growth and the Core Fund's is Growth. The S&P/ASX Small Ordinaries Accumulation Index and the All Ordinaries Accumulation Index assume 100% reinvestment of dividends. Interests in the Growth Fund and Core Fund are issued by Pinnacle Fund Services Limited ABN 29 082 494 362 AFSL 238371. The information provided is without reference to your objectives, financial situation or needs. Refer to the Wilson Group Priority Fund's Product Disclosure Statement available at [www.wilsongrouplimited.com.au](http://www.wilsongrouplimited.com.au) before making a decision.
- \* Summary information concerning the shareholders' agreement between Mr Macoun, Pinnacle and the Company can be found at [www.wilsongrouplimited.com.au/investor-centre/](http://www.wilsongrouplimited.com.au/investor-centre/)

# Appendix 1

## Group FY2015 Financials



Composition of Group Results (\$million)	1H2015	2H2015	FY2015	FY2014
<b>Pinnacle <sup>1</sup></b>	<b>4.2</b>	<b>3.2</b>	<b>7.4</b>	<b>5.9</b>
Principal Investments	(0.3)	0.4	0.1	1.2
Priority Funds	(0.1)	(0.2)	(0.3)	(0.4)
Next Financial	(0.4)	(0.3)	(0.7)	(0.4)
<b>Wilson HTM (pre consolidation of Wilson Group Priority Core Fund)</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>(0.9)</b>	<b>0.4</b>
Consolidation of Wilson HTM Priority Core Fund <sup>2</sup>	0.0	0.0	0.0	2.3
<b>Wilson HTM</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>(0.9)</b>	<b>2.7</b>
Group Overhead (unallocated)	(1.0)	(1.2)	(2.2)	(2.3)
Tax benefit from continuing operations before significant items <sup>3</sup>	0.6	0.6	1.2	0.9
<b>Adjusted profit from continuing operations</b>	<b>3.0</b>	<b>2.5</b>	<b>5.5</b>	<b>7.2</b>
Operating result of discontinued operation - Securities business <sup>4</sup>	0.5	0.4	0.9	1.2
Minority Interests	(0.9)	(0.7)	(1.6)	(3.6)
<b>Profit before significant items</b>	<b>2.6</b>	<b>2.3</b>	<b>4.8</b>	<b>4.8</b>
Loss on held-for-sale classification of discontinued operation <sup>4</sup>	0.0	(4.4)	(4.4)	0.0
Derecognition of deferred tax assets <sup>3</sup>	0.0	(9.4)	(9.4)	0.0
<b>Profit / (loss) attributable to shareholders</b>	<b>2.6</b>	<b>(11.6)</b>	<b>(9.0)</b>	<b>4.8</b>

1 Includes share of Pinnacle Boutiques profit after tax

2 Relates to profit before tax attributable to non-controlling interests in the Wilson Group Priority Core Fund required to be consolidated into the Group's results

3 Included in income tax (expense) / benefit from continuing operations

4 Included in Profit/(loss) from discontinued operations in statement of comprehensive income

# Appendix 2

## Extract from Pinnacle statutory financials



		FY2015	FY2014
<b>Pinnacle Boutiques (100% aggregate basis)</b>			
FUM (\$billion)		16.1	12.3
Revenue (\$million)		72.9	55.7
Net profit before tax		38.9	26.2
Tax expense		(11.4)	(8.2)
Net profit after tax		27.5	18.0
<b>Pinnacle</b>			
Revenue		5.9	4.3
Expenses		(10.3)	(6.2)
Share of Pinnacle Boutiques net profit after tax		11.9	8.4
<b>Pinnacle Group statutory result <sup>#</sup></b>		<b>7.5</b>	<b>6.5</b>
# 100% of Pinnacle (The Group had a 75.01% interest as at 30 June 2015).			