

Wilson Group Limited

Wilson HTM Rapid Insights Conference

Investor Presentation – June 2nd 2016

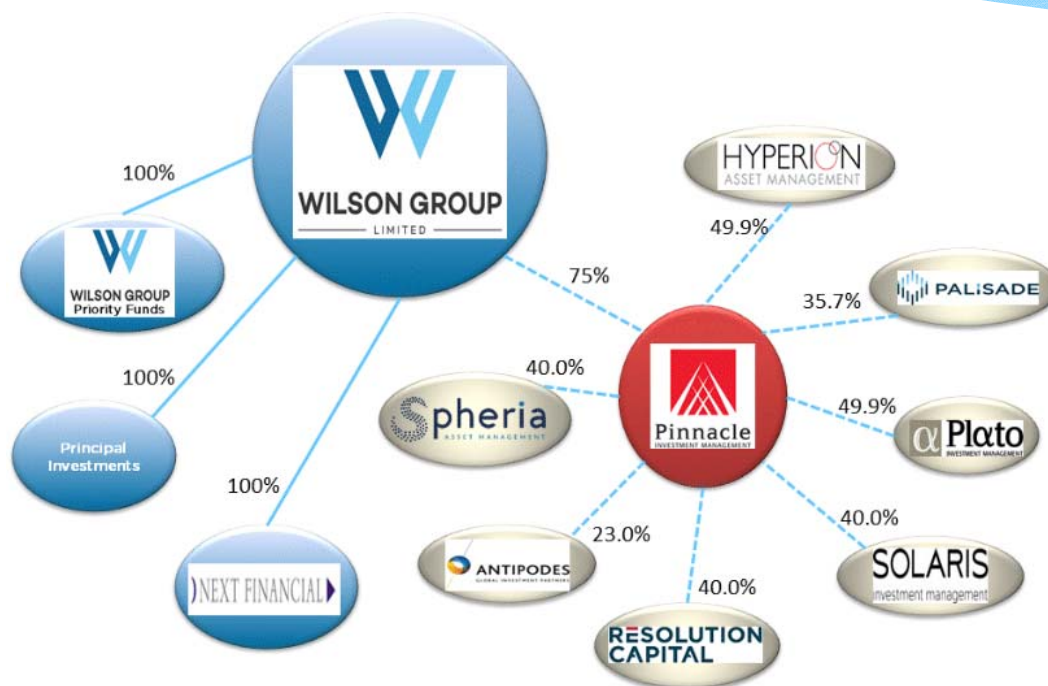


Agenda



- > Group Overview
- > Progress for FY2016
- > Acquisition of 25% of Pinnacle
- > Changes to Board and management structure
- > Change of investment manager for Priority Funds

Wilson Group overview



Group Overview



- > The Group is now focused on funds management.
 - > Currently 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 \$19.25 billion in funds under management at the end of April 2016.
 - > The Acquisition of remaining shares in Pinnacle to increase ownership to 100%.
 - > 100% owned Wilson Group Priority Funds, established in 2005.

Group Overview



- > Market capitalisation of \$154 million (as at 25 May 2016).
- > Group net assets of \$45.3 million¹.
- > Wilson Group continues to have no corporate debt.
- > Cash and Liquid assets \$11.3million² which includes Priority Funds holdings of circa \$7.0m which is currently unhedged.
- > Legacy arrangements associated with the sale of the securities business (profit share and contingent liabilities).

¹ As at 31 December 2015

² Not including Pinnacle cash and liquids as at 31 March 2016

Progress for FY2016



1. Acquisition of 25% announced on the 17th May.

- > If approved at the EGM by shareholders the acquisition results in a simpler, more efficient and strategically focussed group.

2. Cost Control

- > As previously announced, continued reduction in 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 in the second half.
- > The acquisition will further reduce Group overhead over time by a further \$1m per annum.

3. Capital / Dividends

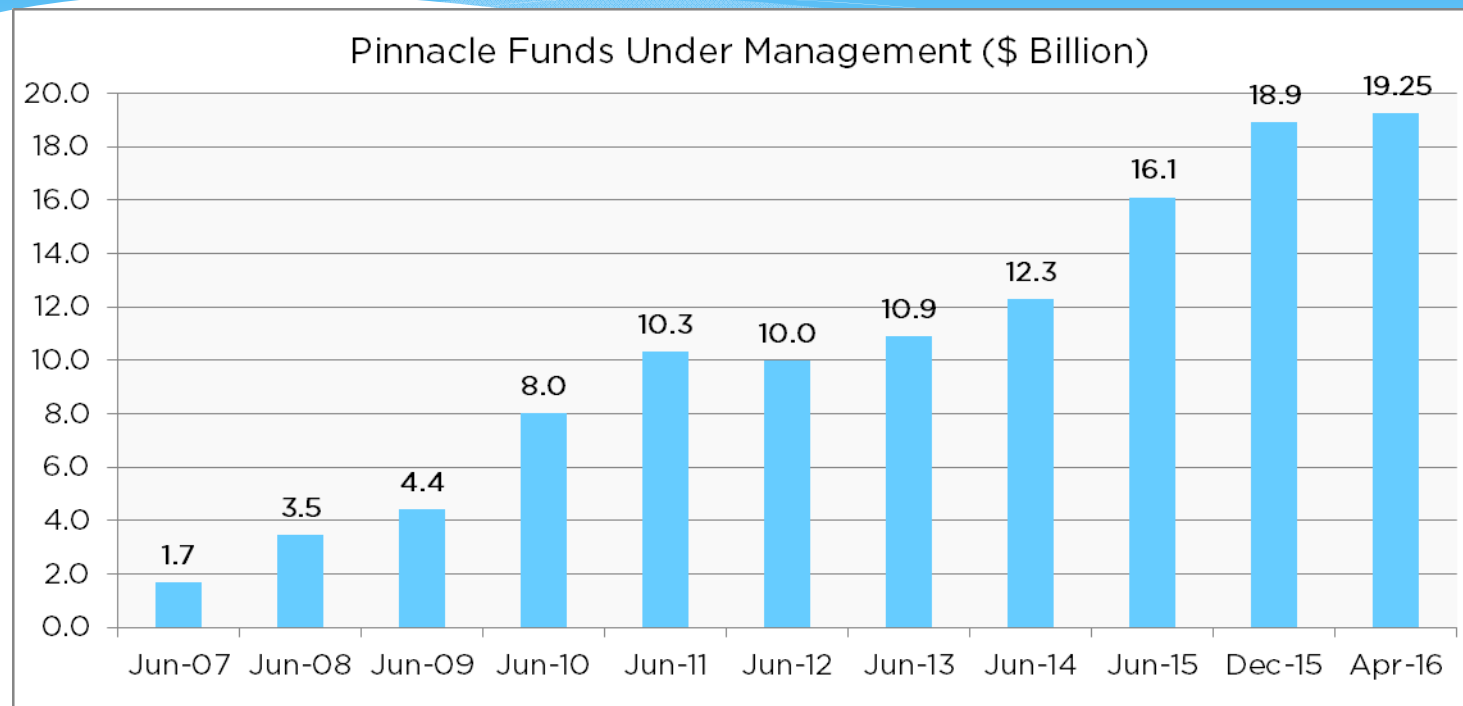
- > Fully franked dividend – A Special Dividend 5c/share fully franked will be paid post transaction completion.

Pinnacle overview

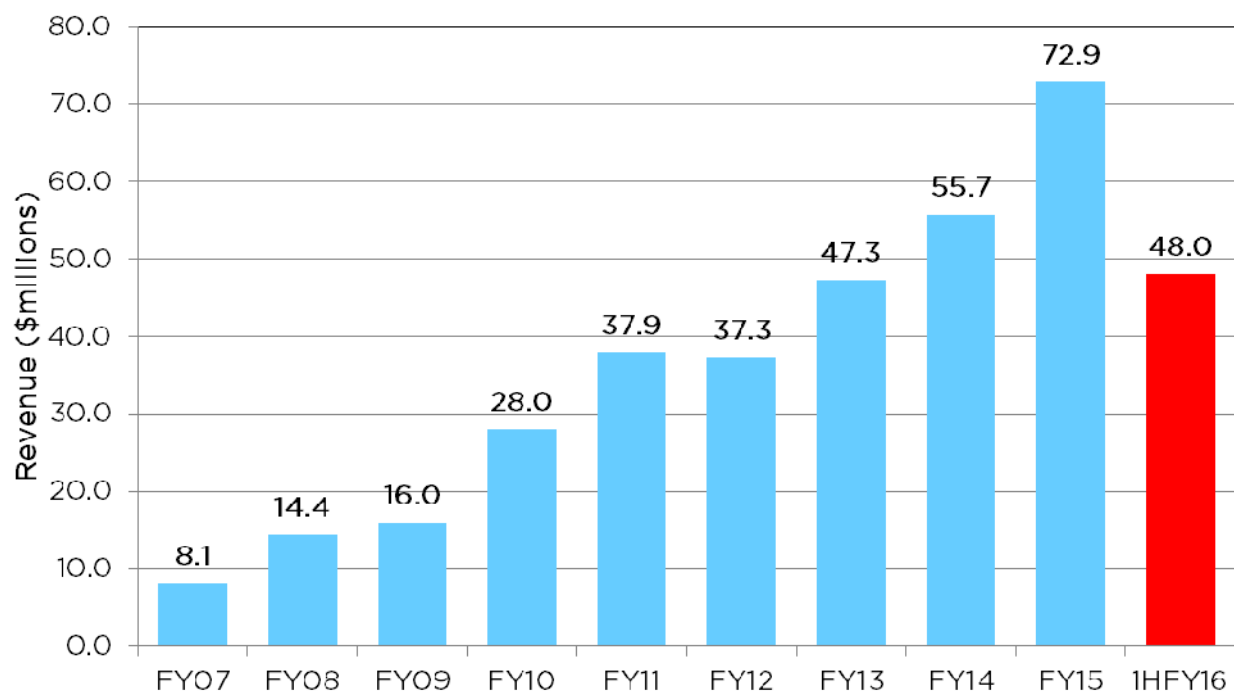


- > Pinnacle is a multi-affiliate investment management firm with a mission to establish, grow and support a diverse stable of world-class fund managers.
- > Funds under management of \$19.25 billion as at 30 April 2016.
- > Pinnacle's net profit after tax 1HFY16 was \$4.7 million.
- > Performance in the second half of FY2016 expected to be broadly consistent with the first half (noting that performance fees cannot be determined with any certainty until the end of the financial period).

Pinnacle funds under management (\$ billion)



Pinnacle Boutiques Gross Revenue



Pinnacle Strategy FY16



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

Acquisition of remaining 25% stake in Pinnacle



- > Wilson Group Limited (WIG) to acquire the 25% of Pinnacle held by the executive shareholders (Pinnacle Vendors) taking WIG's interest in Pinnacle to 100%.
- > WIG to issue shares to Pinnacle Vendors such that they will own 25% of WIG post-transaction.
- > The number of shares issued to the Pinnacle Vendors is approximately 37.0m shares.
- > The 25% of Pinnacle that is being sold to WIG is owned 14.2% by Mr Ian Macoun, Chairman and Managing Director of Pinnacle, and the remaining 10.8% is owned by various other executives of Pinnacle.

Conditions precedent



- > Shareholder approval at an extraordinary general meeting (EGM).
- > Independent expert opining the transaction is favourable to non-associated shareholders.
- > CGT roll over relief available to the Pinnacle Vendors.

Pinnacle Vendors agreement with Deutsche Bank



- > Pinnacle Vendors to acquire an additional 10.25m shares (7% interest) in WIG from Deutsche Bank at a price of \$0.95 per share subject to completion of the transaction.
- > Deutsche Bank will leave the share register at completion of the transaction.
- > Certain employees of Pinnacle will be provided with five-year loans totalling \$3m to fund the purchase of shares.

Special Dividend of 5 cents per share



- > Subject to the transaction proceeding, the WIG Board proposes to pay a special dividend of 5 cents per share fully franked.
- > The record date for the dividend will be set such that the Pinnacle Vendors will not participate.
- > WIG's cash and principle investments balance as at 31 March 2016 was \$11.3m, excluding Pinnacle and cash and liquids of \$12 million as at the same date.

Transaction benefits



- > Earnings accretive transaction.
 - > Enlarged earnings base.
 - > Overhead reduction over time of ~\$1.0 million per annum.
- > WIG obtains 100% control of Pinnacle.
 - > Current shareholders' agreement could limit ability to extract full value in the future due to various restrictions.
- > Direct access to Pinnacle cash flows.
 - > Improved financial flexibility.
 - > Increased ability to pay dividends to WIG shareholders from Pinnacle earnings.
- > Strong alignment of interests as Pinnacle management will be significant holders in WIG.
 - > Mr Ian Macoun to own 18.9% post completion.
- > Completed transformation of WIG into a pure play funds management business.
 - > WIG to be re-named as Pinnacle Investment Management Group Limited.

Transaction costs and other expenses



- > Transaction costs of an estimated \$0.9 million.
- > Additional insurance costs in relation to further cover for the sale of the securities business and Next Financial Group of \$0.2 million.
- > Completion balance sheet adjustments associated with the sale of the securities business of \$0.3 million.
- > Payments associated with the retirement of a loan to Mr Ian Macoun dating from 2006 in an amount of \$1.2 million, of which \$1 million has been historically accrued.

Board/Management restructure



- > Following the Transaction, the proposed board of 7 members is comprised as follows:
 - > Independent Chairman - Mr Alan Watson.
 - > 3 Non-executive Directors – Mr Steven Wilson AM, Ms Deborah Beale and Mr Gerard Bradley (Ms Beale and Mr Bradley to be appointed at completion).
 - > 3 Executive Directors - Mr Ian Macoun as Managing Director, Mr Adrian Whittingham and Mr Andrew Chambers.
- > Mr Sandy Grant, current Managing Director of WIG, will retire as a director of WIG at the EGM.
- > Mr Steven Skala AO, Non-Executive Director, to retire at completion of the transaction.

Indicative timetable for completion



Event	Indicative Timing
Dispatch Notice of Meeting including Independent Expert's Report	June 2016
EGM	July 2016
Completion*	July / August 2016
<i>*Subject to satisfaction or waiver of conditions precedent</i>	

Wilson Group Priority Funds



- > Change of Investment Manager
 - > The Group will effectively outsource the investment management of the funds in FY2017 to Spheria Asset Management, a new Pinnacle boutique.
 - > Subject to a unitholder vote at an EGM, the Core fund strategy will be changed to create a focus on ex 50 companies.
 - > Good alpha YTD in both funds (if maintained until June 30) will result in performance fees.

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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 30 April 2016 (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 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/