

EASTON INVESTMENTS

Market Update

September 2012

Campbell McComb – Managing Director

Overview

- ❑ Easton Investments Ltd (EAS) is an ASX listed integrated wealth management business with Australian distribution capability, Asian and Australian funds management capabilities and soon to have Asian distribution capability.
- ❑ Easton recently purchased an Australasian funds management business, with the purchase of an Asian distribution business currently subject to regulatory approval.
- ❑ Focus is on owning **meaningful stakes in successful boutique businesses** in both Funds Management & Financial Planning – **“Barbell strategy”**.
- ❑ Capturing the ‘extra’ margin benefits that accrue from the integration of this Barbell strategy, whilst focusing on client outcomes.
- ❑ Maximise shareholder value by offering clients a wider range of services thereby increasing “share of wallet”.
- ❑ **Build in “highly rewarding markets”** – Australia and Asia Pacific, with the ability to cross-cultivate. Looking for niche opportunities.
- ❑ Grow organically and via acquisition where there is the ability to unlock further value.

Capital Structure

- ❑ Currently approximately 58.7m Shares on Issue – Market Capitalisation A\$12m (@ 20c).
- ❑ Extensive share ownership by Management and Directors (>50%).

The Board

❑ **Lee laFrate – Non - Executive Chairman:**

- Lee has worked in the financial services industry for over 29 years, with experience ranging from stock broking through to funds management. Lee was the founder and Chairman of boutique funds management business Treasury Group (1998 – 2007), which grew from a minor base to managing over \$15bn. Lee is the founder and Chairman of Armytage Private and was a Founding Director of Prime Financial Group from 2005 – 2008.

❑ **Campbell McComb – Managing Director:**

- Campbell has over 17 years experience in the funds management industry both in Australia and the United Kingdom. Campbell's achievements in the funds management industry were highlighted in the publication of 'Young Guns on the Share market', a book on Australia's "emerging stars" in the sector. His expertise spans retail and wholesale funds management, operations and corporate management.

The Board

☐ **Jonathan Sweeney – Independent Director:**

- Jonathan has over 26 years experience in the financial services industry, firstly in London as a fund manager with Gartmore and then in Australia with Armstrong Jones. He was Managing Director at The Trust Company from 2000 to 2008 and is currently the Chief Operating Officer of Folkestone Ltd (ASX:FLK).

☐ **Anthony (Tony) Hodges - Independent Director:**

- Tony has over 35 years experience in the securities industry. He held senior positions within AMP's money market companies before joining IOOF in 1985 as Head of Investments. He was a founding director of IOOF Investment Management Limited / Perennial Investment Partners Limited.

☐ **Rodney Green – Independent Director:**

- Rodney has over 30 years experience in the financial services industry. Prior roles include; Managing Director (and then Non-Executive Director) of Treasury Group Limited for seven years until 2008 and 6 years as the Chief Investment Officer and then Head of the Investment Division of Perpetual Ltd.



API Capital





Easton Wealth Australia –

- ❑ Easton Wealth Australia (Formerly Incito Group) has majority investments in three financial planning businesses as well as owning an Insurance focused advice business.
- ❑ Easton Wealth Australia holds the AFSL under which these businesses operate, providing compliance, professional development and other related services.
- ❑ In addition Easton Wealth Australia looks to assist these businesses to purchase similarly minded groups in their geographic area (Currently Vic. & W.A).
- ❑ The goal of EAS is to have similarly sized Australian and Asian distribution businesses in order to get both investor and client recognition in both markets.
- ❑ Easton Wealth Australia aims to build its FUA to \$1bn in the next 12-18 months (Currently \$260m).

Easton Wealth Australia –

- ❑ Chesterfields Financial Services (Perth)
 - 58% owned, remainder held by principals
 - Approximately \$150m FUA, non platform / x-plan run (direct shares & ETF's)
 - 3 advisers / 2 support staff

- ❑ Altitude Private Wealth (Melbourne)
 - 60% owned, remainder held by principals
 - Approximately \$50m FUA, Net Wealth /Macquarie / Linear
 - 2 advisers / 1 support staff

- ❑ Ex - Cochrane Shaw (Melbourne)
 - 100% owned, client book purchased from principal July, 2012
 - Approximately \$60m FUA, Asgard / MLC
 - Currently being advised internally

- ❑ “Easton” Wealth Protection (Melbourne)
 - 100% owned risk book, currently being spun out of Altitude PW
 - Approximately \$400k revenue, Tower
 - 1 adviser / 1 support staff



Easton Wealth Asia –

- ❑ Easton Wealth Asia (Formerly EQF Asia) is the holding company for our businesses in Asia.
- ❑ To date Easton Wealth Asia has announced the acquisition of:
 - 35% stake in Financial Partners (IFA Hong Kong) – subject to SFC approval (approx. 3-6 months away).
 - 100% Armytage Asset Management Ltd (FM / UCITS – Asia / Aust.)
 - Completed post shareholder approval on 28/8/12.
- ❑ Easton Wealth Asia will buy stakes in Asian based advisory businesses, aiming to build to a combined US\$1bn in FUA and US\$300m of FUM over the next 12-18 months.

Easton Wealth Asia –

❑ Financial Partners (Hong Kong)

- 35% owned (subject to SFC approval), remainder held by 3 principals
- Approximately US\$400m FUA
- 24 advisers / 20 support staff
- 70% of clients are expats and wealth accumulators (30-50yrs)
- 50 clients with over US\$1m, 500 clients with over US\$500k

❑ Easton Asset Management (Formerly AAM) (Melbourne / Singapore)



- 100% owned Funds Management / Asset Allocation business
- Earn-out to on-going management if they achieve \$750k EBIT for FY13
- Approximately \$220m FUM
- Over half that sits on UCITS platform distributed throughout Asia and the Middle East
- Will become the manager of direct Australian/Asian Equity portfolio's (SMA)

API Capital



API Capital

- ❑ API Capital's objective is to partner with a diverse range of asset management businesses focused on outward investment from Australia.
- ❑ API is initially targeting global equities, global fixed interest and private equity managers.
- ❑ API will invest in proven and maturing investment teams with the potential to operate under a co-operative culture of aligned interests.
- ❑ The principals of API have an established track record of managing investment teams across a range of geographies and asset classes.
- ❑ Robert Swift – API Managing Director was the former CIO at Putnam in Boston.
- ❑ API Capital is currently well progressed in evaluating a number of potential opportunities.

Summary

- ❑ Focus is on owning **meaningful stakes in successful boutique businesses** in both Funds Management & Financial Planning – **“Barbell strategy”**.
- ❑ Capturing the **‘extra’ margin benefits** that accrue from the integration of this Barbell strategy, whilst focusing on **client outcomes**.
- ❑ **Build in “highly rewarding markets”** – Australia and Asia Pacific, with the ability to cross-cultivate.
- ❑ Grow organically and via acquisition where there is the ability to **unlock further value**.

Easton Investments Ltd (EAS)

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