

# Shareholder Presentation

## Merricks Capital Special Opportunity Fund Limited

Opportunities in the Financial Services Sector

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# Agenda

1. Recent changes at MEF
2. Experienced new manager – Andrew Barnes
3. The future for the Company
4. Opportunities today
5. Acquisition strategy
6. And the big opportunity.....

## Recent changes at MEF

- Management contract acquired by Andrew Barnes
- Divestment of existing portfolio
- Acquisition of 49% interest in van Eyk Research
- Proposed change of name to Australasian Wealth Investments

## Experienced manager - Andrew Barnes

- **MD/Founder, Just Wills Holdings Limited**, one of UK's largest will writing and estate planning businesses (exit via trade sale 2011)
- **CEO, Bestinvest**, a US\$5.7 bn UK investment management & advisory company (sold to private equity in 2008)
- **Managing Director, Australian Wealth Management Limited**, a major listed Australian wealth management business with a statutory trust company (80,000 wills and US\$1bn trust assets). Led IPO, exit via merger 2006
- **Director, Citibank Australia**, Wealth Management and e-commerce. Designed and launched Citi On-line Cash Management Account (now global).
- **Chairman, realestate.com.au Limited**, Australia's leading on line real estate search engine. Led IPO 1999
- **Executive Director, Macquarie Bank Limited**, with responsibility for their banking and Private Banking operations.

## The future for Australasian Wealth Investments (MEF)

- Wealth Management Holding Company
- Investments across all wealth management sectors
- Each sector with a distinct brand rather than a single identity
- Distribution through “Advised” as well as “Self Directed” channels

## Opportunities today

- Valuation of distribution at historically low levels
- Independent model under threat from tied distribution
- Regulation and increased costs of compliance
- Low returns = low fees ,more use of technology
- Demographic not psychographic approach to servicing customers
- Compulsory super still growing



## Strategy

Acquire core capabilities....

- Research – van Eyk
- Asset Management - Blueprint
- Distribution (Advised and non advised)
- Trust and estate planning

.....then look for complimentary acquisitions

## Acquisitions - Research – The Cornerstone

- Independent sector needs to have access to research and funds capabilities
- Opportunity for distribution of funds management capabilities
- Development opportunity linking research to self-service and low balance clients

van Eyk is a respected provider with strong market positioning - dealing with thousands of IFAs



## Acquisitions - Distribution

- Distribution will become more valuable in time as non tied fund managers compete to get access to market
- Opportunities for restructuring
- Access to clients for “in-house” funds
- Put in place low balance proposition – scaled advice
- Distribution of estate planning and trust advice - growing with aging of baby boom generation



## Acquisitions – Asset Management

- Boutique funds will increasingly need access to market and capital
- Potential for attractive opportunistic acquisitions
- Valuations for smaller providers likely to be under some pressure
- Consolidation opportunities

## Acquisitions – Platform

- Specialist providers may well prove attractive – IMA platforms linking to Research and Portfolio Construction
- Direct to consumer platform similar to UK examples:

- Hargreaves Lansdown
- Bestinvest
- Chelsea Financial Services

which deliver self directed and managed solutions on a B to C basis linked to research

## And the big opportunity.....

- Generational wealth transfer, the next big opportunity in wealth management
- Few scale participants
- \$70bn transferring annually by 2025
- Potential of substantial attrition from existing advisers



## The short-term future for Australasian Wealth Investments may include:

- Buyback management contract
- Acquire balance of van Eyk
- Acquire trustee company
- Acquisitions funded through shares or capital raising
- Timing – likely within next 12 months

## The types of returns shareholders should expect

- Company will own operating businesses
- Dividends will flow through holding company to shareholders
- Company will be valued on a p/e multiple
- Company is unlikely to sell investments



Thank you