

Treasury Group Limited

Annual General Meeting
14 October 2014

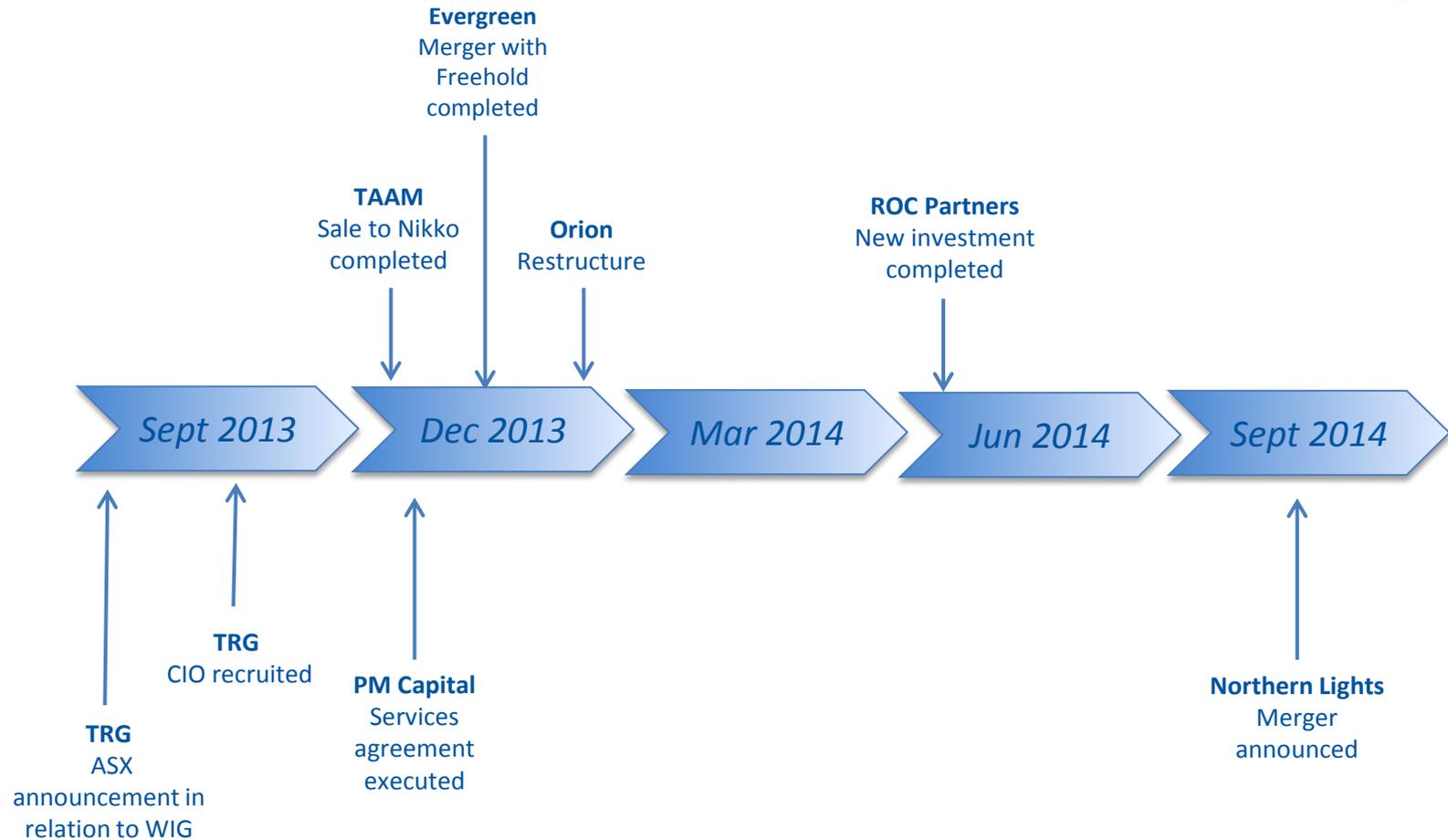
Agenda

1. Chairman's Address
2. Review of 2014
3. Northern Lights Merger
4. Outlook & Summary
5. Formal Items of Business

Chairman's Address - another year of strong growth

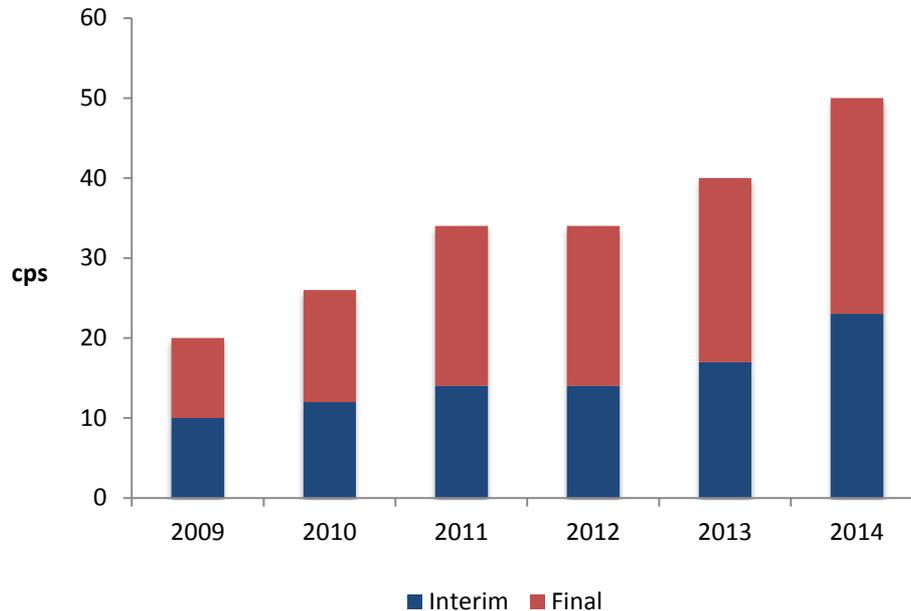
- FUM at June 2014 - \$25.4bn, up 48.5% on previous year
- Underlying NPAT \$14.0m, up 27.3% year on year
- TRG total shareholder return of 42.2% vs 17.3% for the S&P/ASX 300
- Strong momentum continues from RARE Infrastructure and IML
- Announcement of transformational merger with Northern Lights

Chairman's Address – continued management proactivity



Chairman's Address - dividends

Dividend History



- Final dividend 27 cps, fully franked
- Total dividend for FY 2014 up 25% to 50 cps
- Implied payout ratio of 88% (dividend policy 60-80%)

Chairman's address – market environment shifting

- Generally favorable market and economic environment albeit significant shifts evident during and after the financial year
 - 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 17.6% during the year (but currently down 6.7% from its peak); Global markets also down since year end
 - Concerns over outlook for economic growth in China and Europe, increasing supply of commodities and falling prices
 - Interest rates low in Australia and overseas although US tapering of QE program affecting expectations and fund flows
 - Australian dollar materially lower since end of financial year but still higher than terms of trade would imply
- Long term fundamentals for funds management remain attractive
 - Australian industry large and high growth
 - Growing post retirement market and ageing population
- Within Australian funds management market, Equities strategies generally saw outflows
- Regulatory changes and uncertainties (Federal government changes to timing of SGC levy increases, wind back of FoFA reforms)

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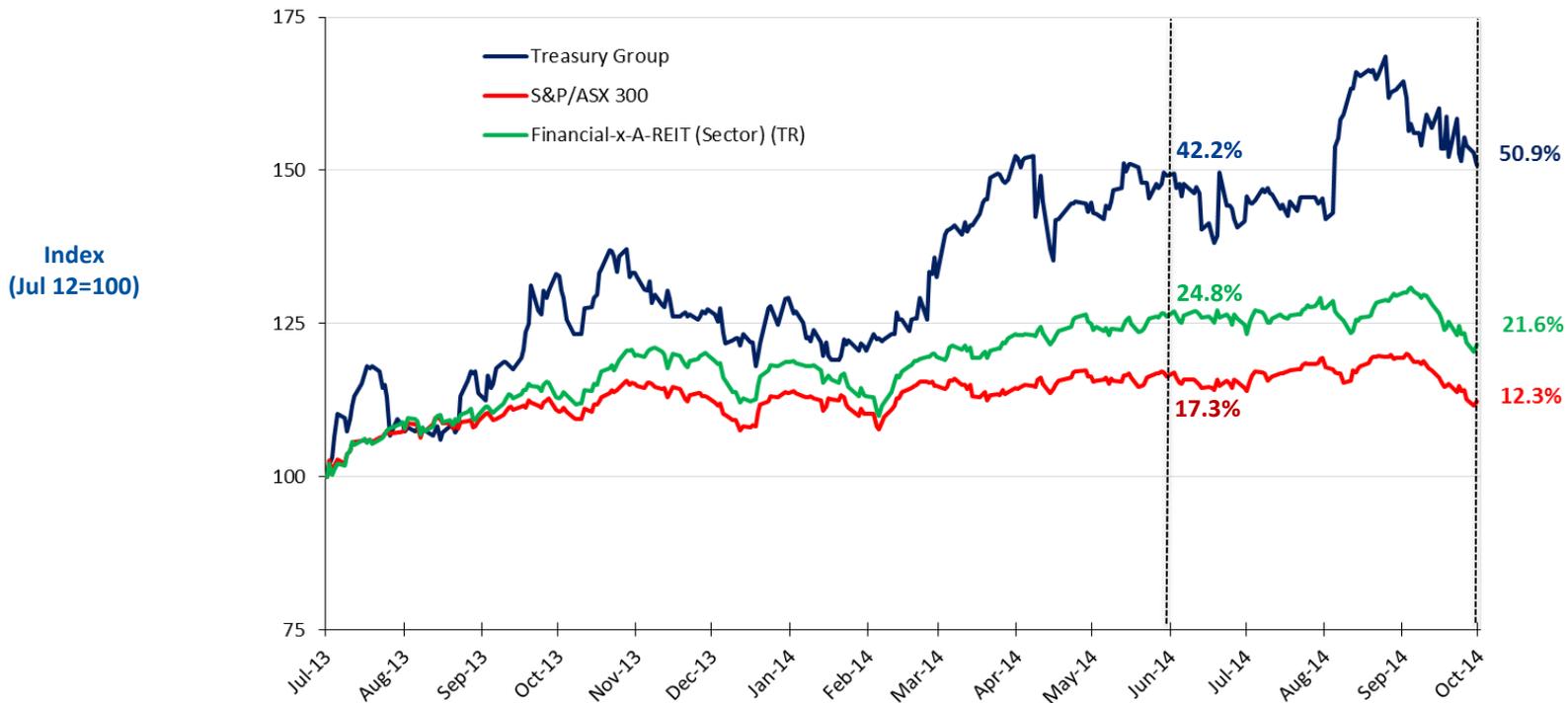
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Review of 2014 – significant outcomes during the year

- Underlying earnings up 27%. Statutory earnings up 26%
- Performance of key boutiques strong, particularly RARE and IML
- Continued Retail inflows for IML and RARE during year
- Pro-active approach to management of TRG interests
 - Merger of Evergreen Capital and Freehold Investment Management
 - TAAM sold to Nikko Asset Management
 - Restructure of Orion's funds management operations
- New boutique investment: ROC Partners
- Merger with Northern Lights announced

Review of 2014 – significant outcomes during the year

Total Shareholder Return (TRG vs S&P/ASX All Ordinaries & Diversified Financials)



Source: Treasury Group and Morningstar
Peer group is composed of 19 ASX listed Diversified Financial companies as nominated by brokers publishing research on TRG

Review of 2014 – improved financial results across the board

P&L Highlights (\$m)	FY2014	FY2013	% Change
Year end FUM (\$bn)	25.4	17.1	48.5%
Aggregate Boutique Mgmt Fee Income (\$m)	100.7	83.0	21.3%

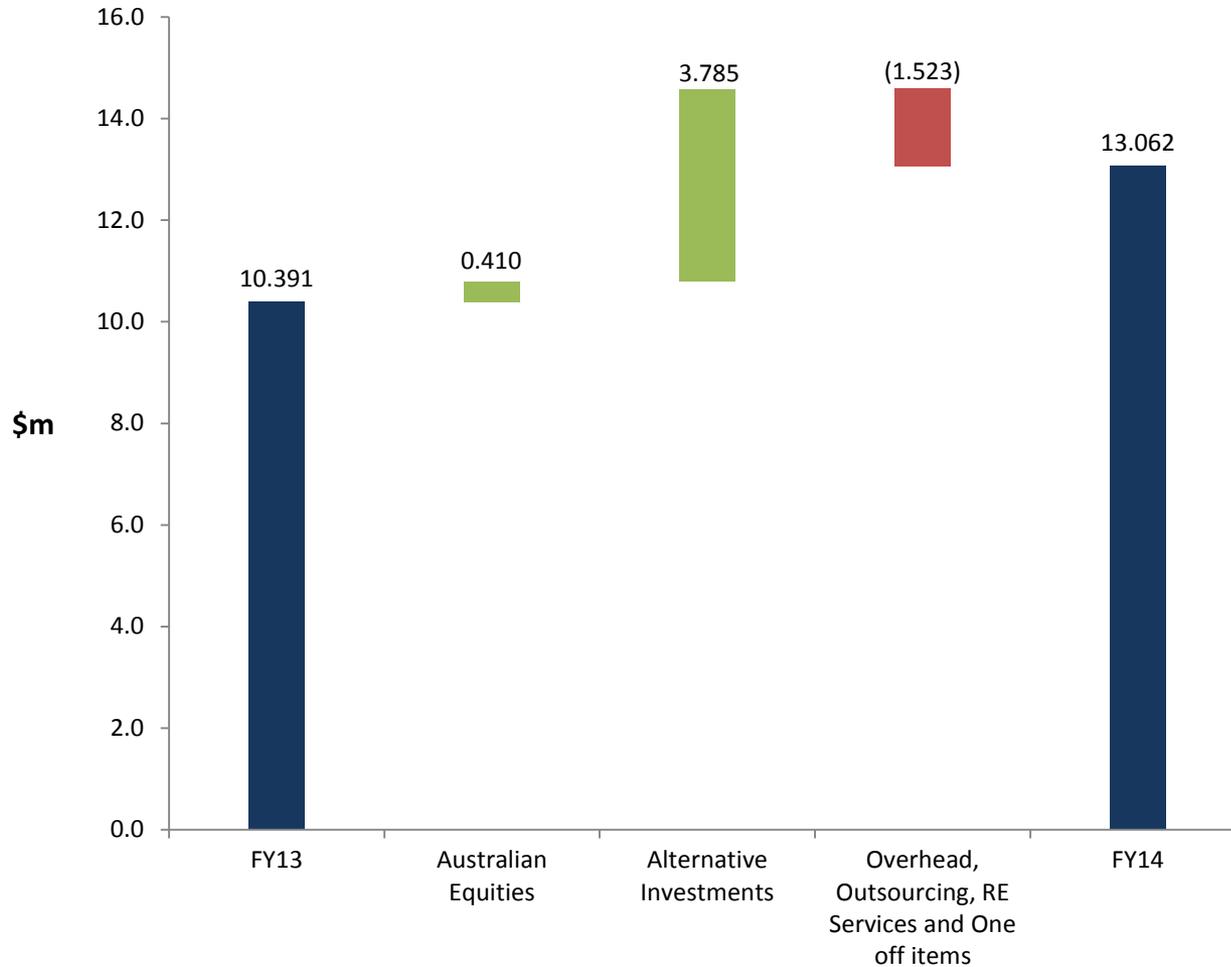
\$million

Revenue	2.3	4.3	-46.5%
Expenses	7.7	8.1	-4.9%
Equity Share of Associates	19.8	15.0	32.0%
Gain/(Loss) on sale of investments	<u>0.8</u>	<u>(0.4)</u>	n/a
Net Profit Before Tax	15.2	10.8	40.7%
Income tax expense	<u>2.1</u>	<u>0.4</u>	n/a
Net Profit After Tax	13.1	10.4	26.0%
Underlying Profit	14.0	10.6	32.1%

- FUM growth of 17.6% excluding addition of ROC Partners
- Aggregate net retail fund inflows for RARE and IML of \$648m
- Comparative revenues impacted by the one-offs in FY2013
- Net cash flow from operating activities up 11%
- TRG holds cash of \$12.9m at 30 June 2014
- Income tax expense includes abnormal write off of deferred tax asset in GVI

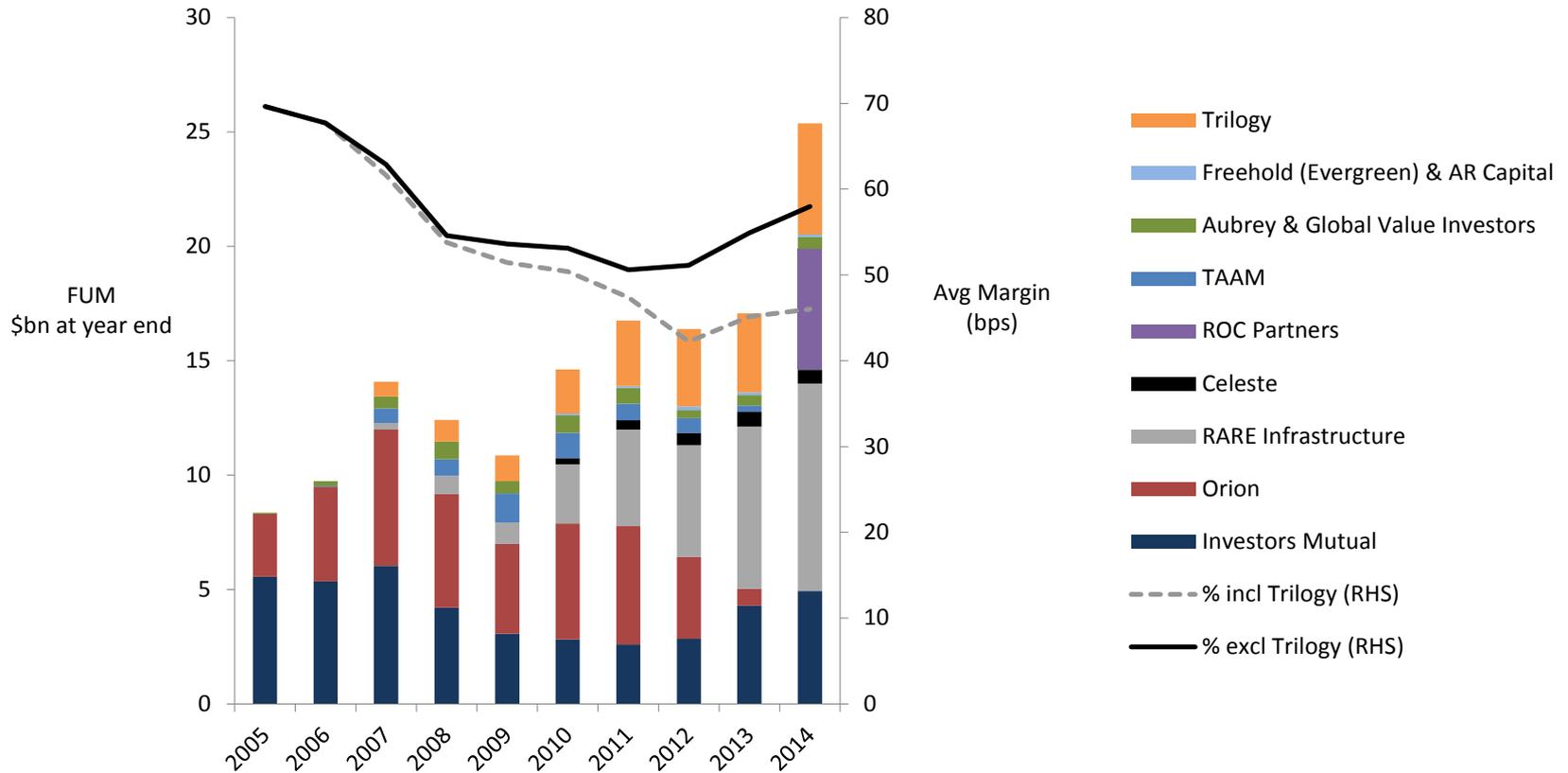
Review of 2014 – Alternatives (RARE) drove significant profit growth during year

Contribution to FY14 NPAT by Business Segment



Review of 2014 - Growth in FUM at RARE and IML driving improved financial outcomes for TRG

Composition of FUM vs Average Margin



Review of 2014 – TRG’s key boutiques have delivered alpha to investors over the long term

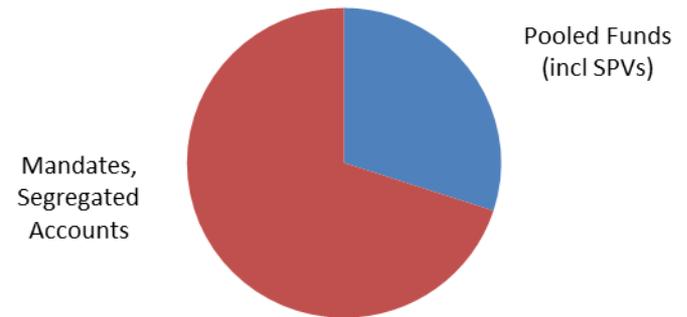
Boutique Investment Performance Since Inception (%pa to end August 2014)

Selected Funds	Net Return	Alpha	Inception Date	Sample Ratings
Aubrey Global Conviction	+2.2%	+0.2%	Jan 2007	Zenith – Recommended
Celeste Australian Small Companies Fund	+15.3%	+10.0%	May 1998	Zenith - Highly Recommended
Freehold A-REIT & Listed Infrastructure Fund	+18.4%	+1.1%	May 2010	Lonsec - Recommended
Investors Mutual - Australian Share Fund	+11.8%	+2.6%	Jun 1998	Lonsec - Highly Recommended
OCTIS Asia Pacific Fund	+3.5%	+0.7%	Oct 2007	n/a
RARE Infrastructure Value (AUD Hedged)	+8.9%	+1.3%	Aug 2006	Zenith - Highly Recommended

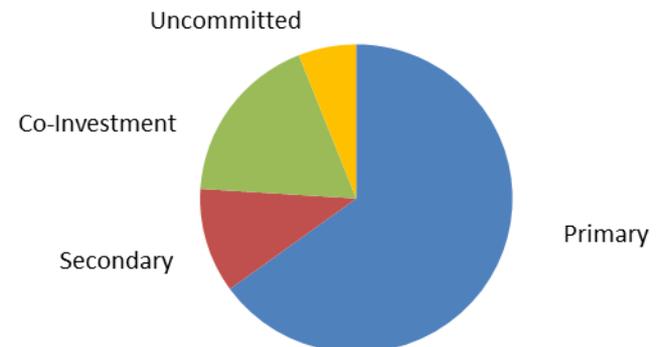
Review of 2014 – ROC Partners

- Australian and Asian private equity advisory business formed following MBO from Macquarie
 - FUM of \$5.3bn as at 30 June 2014 including primary investments, secondaries and co-investments
 - Team of 18 across offices in Sydney, Hong Kong and Tokyo
 - Revenue model includes base fee + Carried Interest potential across a portion of FUM
- Largest and longest established business in Australian market + established track record and capability in Asia
- Alliances with RCP Advisors (US) and SL Capital (UK)
- Transition out of Macquarie proceeding smoothly
- Treasury Group investment
 - 15% equity ownership and First Right to go to 20%. 7.5% share of Carried Interest
 - \$4.0m loan facility (currently drawn to \$2.5m)
 - Treasury Group providing Risk & Compliance, HR and other services via TIS

FUM by Product Type
(\$5.3bn as at 30 June 2014)



FUM by Strategy
(\$5.3bn as at 30 June 2014)



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Northern Lights Capital Group Merger

Merger Transaction Overview

- Treasury Group Limited (TRG) and Northern Lights Capital Group (Northern Lights) agree to a merger creating an international multi-boutique business with A\$49.6bn FUM
- Northern Lights is a privately owned, international multi-boutique asset management group headquartered in the US with 13 associated boutiques
- No change of control for TRG, TRG entitled to 61% economic interest in merged business, majority board representation
- Merger via a new Australian Trust and Trustee Company with Board, management and operations to be integrated

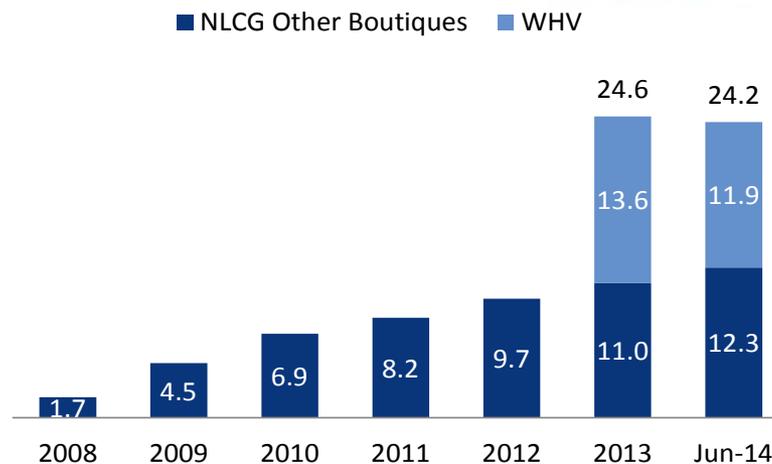
Compelling Transaction Rationale

- Expected to be materially EPS accretive to TRG shareholders from close
- Creates diversified international portfolio of asset management businesses
- Key Northern Lights boutiques growing strongly
- Executes on TRG's growth strategy

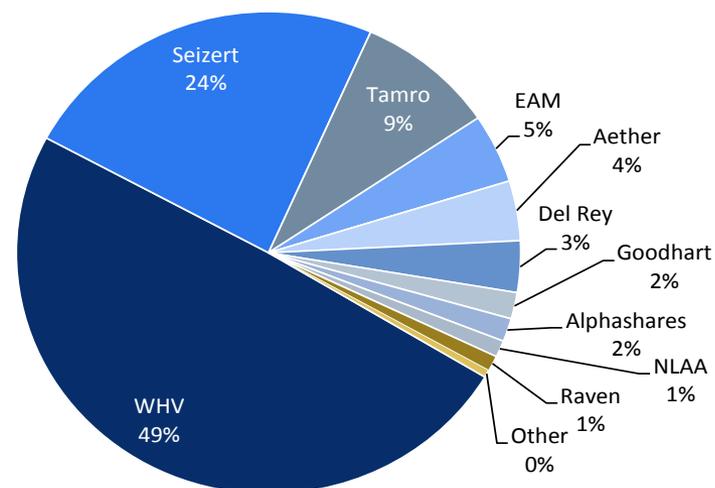
Northern Lights Capital Group Merger

- Founded in 2006 and headquartered in Seattle, US
- Private ownership with 27 limited partners, including BNP Paribas and Laird Norton Companies
- 20 employees and offices across the US, UK and France
- Team of industry veterans, formerly senior executives from Russell Investments, Janus Capital and Deloitte
- Structured equity-style investments in 13 boutiques
- Northern Lights key financial metrics:
 - FUM: A\$24.2bn
 - FY14PF Revenue: A\$37.4m
 - FY14PF NPAT: A\$15.7m
- Well diversified portfolio of strategies spread across US equities, international equities, emerging market equities, private equity and hedge funds
- Broad client diversification
- Strong history of organic and acquisition growth

Historical FUM (A\$bn)



FUM by Boutique



Northern Lights Capital Group Merger

Boutique	Location	Investment Date	Ownership	FUM (A\$) ⁽¹⁾	Strategy
Aether	US	October 2008	100% ⁵	\$1.0bn	Private equity fund of funds focused in the real assets sector
Alphashares	US	February 2008	31% ²	\$376m	Provider of a range of Chinese equity ETFs
Blackcrane	US	March 2014	30% ²	\$3m	Concentrated international/global equity strategies (all cap)
Del Rey	US	July 2010	25% ²	\$833m	International equity value manager
EAM	US	May 2014	15% ²	\$1.1bn	Small cap and micro cap firm. US, International, Global and emerging market strategies
Elessar	US	December 2007	38%	\$112m	US small cap specialist
Goodhart	UK	April 2009	19% ²	\$427m	Specialist multi-product asset manager – Japanese equity and Emerging market equities, UCITS structure capability
Nereus	India	January 2011	25% ^{4, 2}	-	Private equity boutique focused on renewable energy infrastructure
NLAA	UK	April 2014	25% ²	\$268m	Hedge funds seeding vehicle
Raven	US	May 2010	25% ²	\$254m	Private equity firm focused on asset-based lending
Seizert	US	December 2008	50% ²	\$5.7bn	US equities specialist (core and value) – small cap, mid cap and large cap products
Tamro	US	June 2007	24%	\$2.2bn	US small cap core equities
WHV	US	January 2013	n/a ³	\$11.9bn	Intermediary investment platform, access to US mutual fund structures, in house and external manager strategies

(1) As at 30 June 2014

(2) Merged group also holds preferential entitlement to income via preference shares or other structures

(3) Profit share arrangement

(4) Follow on investment currently being negotiated and may increase ownership interest to 50% but without any preferential entitlements to income

(5) Merged group holds no economic entitlement to Carried Interest as this is retained entirely by management

Northern Lights Capital Group Merger –key boutiques have delivered alpha to investors over the long term

Boutique Investment Performance Since Inception (%pa to end August 2014)

Selected Funds	Net Return ³	Alpha	Inception Date
Blackcrane Overseas Alpha	+17.3%	+5.3%	Jan 2013
Del Rey International Equity	+7.6%	+4.7%	Jan 2001
EAM International Small Cap	+12.5%	+10.8%	May 2011
Elessar Small Cap Value	+8.5%	+2.7%	April 2006
Seizert Mid Cap Equity	+13.1%	+4.0% ¹	April 2002
Tamro Small Cap	+10.8%	+0.3%	June 2000
WHV International Equity	+13.9% ³	+9.0% ³	Jan 1998

(1) Alpha is calculated based on gross rather than net performance

(2) Performance calculated in USD

(3) Performance is for period to June 2014

Northern Lights Capital Group Merger - Aether

- Aether is a fund of funds business focused on investments into private equity funds that invest in real assets (Oil & Natural Gas, Metals & Minerals, Agricultural, Timber)
- Founders: Sean Goodrich, Troy Schell. 7 staff in total
- USD\$1.0bn in FUM as at 30 June 2014
 - Established in 2007, 3 core funds have been raised to date (ARA I, ARA II, ARA III) plus one surplus fund.
 - Funds structured as unlisted 12 year closed end partnerships (clients committed for life of each fund)
 - Base fee charged on committed capital over fund life = base fee revenue accruing to Aether can be forecast with certainty
 - Carried Interest subject to a preferred return (note that carried interest accrues entirely to Aether team)
- Strong returns to date from ARA I and ARA II. ARA III currently in investment period.

Northern Lights Capital Group Merger - WHV

- Established in 1937, today WHV Investment Management is positioned as a multi-boutique asset management firm which provides access to 4 investment strategies for retail and intermediary clients through financial advisors
 - 8 Retail sales executives
 - 181 selling agreements with RIAs and broker dealers across the US (eg Wells Fargo, Charles Schwab, Fidelity, Merrill Lynch, etc) providing access to network of 6,000 advisors
- WHV's 4 current investment strategies include:
 - strategies of 2 Northern Lights associates, EAM and Seizert;
 - 2 strategies managed by Hirayama Investments (FUM of USD\$10.4bn as at 30 June 2014). Founded in 2008, Hirayama Investments is a private company that is an exclusive sub-advisor to WHV. Its investment strategy implements a top-down allocation process across economic sectors rather than countries
- WHV is a private company, wholly owned by Laird Norton (one of Northern Lights largest shareholders)
- Northern Lights participates in WHV economics via a contractual profit sharing arrangement. Contract is vested in perpetuity. Northern Lights also provides Distribution and Advisory services to WHV under contract.

Northern Lights Capital Group Merger – timetable to completion

- Work towards completion of conditions precedent and other matters is continuing
- Matters which have been completed or substantially progressed:
 - Shareholder agreement processes at required TRG boutiques
 - Finalisation of merger structure
- Matters which remain outstanding (work continuing and Treasury Group remains confident that all conditions will be satisfied):
 - Satisfaction of all conditions required for draw down of debt funding including no material adverse change in relation to Northern Lights
 - Satisfaction of all conditions to acquire additional equity interests in two Northern Lights boutiques
 - Minimum level of consents from clients of Northern Lights boutiques (on track)
 - Regulatory approvals including FINRA (US), Hart-Scott-Rodino Act (US) and FCA (UK)
- Timing for completion likely to be end of October or during November

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Outlook – TRG is well positioned

- Proposed merger with Northern Lights establishes platform for future growth
 - Significantly improved access to international clients and deal flow
 - Merger remains conditional however processes all on track
- TRG's business model remains leveraged to markets
 - Dow Jones started FY15 at higher levels than average for FY14
 - Weakness in Australian dollar brings upside from exposure to US dollar revenue from Northern Lights portfolio
- Continued momentum at RARE and IML
 - Aggregate Retail net inflows running at \$54m per month in June quarter

Outlook - Strategy

To be the leading global investment business focussed on equity investment into boutique funds management firms

- Complete merger and integrate business operations
- Leverage Distribution capabilities to drive growth in asset base and capture cross-selling opportunities
- Expand and diversify portfolio of boutiques leveraging international investment capability
- Proactive management of portfolio investments and interests
- Access additional capital for investment as required
- Second listing to deliver liquidity for US based investors

Proposed Northern Lights merger is consistent with Treasury Group's previously stated strategies – expand & diversify portfolio, strengthen distribution capabilities, improve access to capital, consider M&A opportunities

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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 2014”

Formal Items of Business

Item 2: Re-election of Mr Peter Kennedy

“That Mr Peter Kennedy, a Director retiring by rotation in accordance with the Company’s constitution and offering himself for re-election, be re-elected as a Director of the Company.”

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

In favour	Against	Abstention	Proxy’s Discretion
7,815,867	606,969	4,486	90,684

Formal Items of Business

Item 3: Adoption of Remuneration Report

“To adopt the remuneration report forming part of the Directors’ Report for the financial year ended 30 June 2014”

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

In favour	Against	Abstention	Proxy’s Discretion
4,796,459	578,524	20,966	89,734

Partnering with outstanding investment professionals to deliver superior investment performance to clients

Superior alignment of investment team incentives to client outcomes

Equity ownership delivers greater team stability

Alpha is disproportionately rewarded by investors

Accessibility and transparency

Value add:

- Distribution and marketing capability
- Efficient provisions of support services
- Provision of working capital and seed funding

Disclaimer

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