

Wilson HTM Investment Group Ltd

2013 Interim Results

For the six months ended 31 December 2012

February 2013



Pinnacle
INVESTMENT MANAGEMENT



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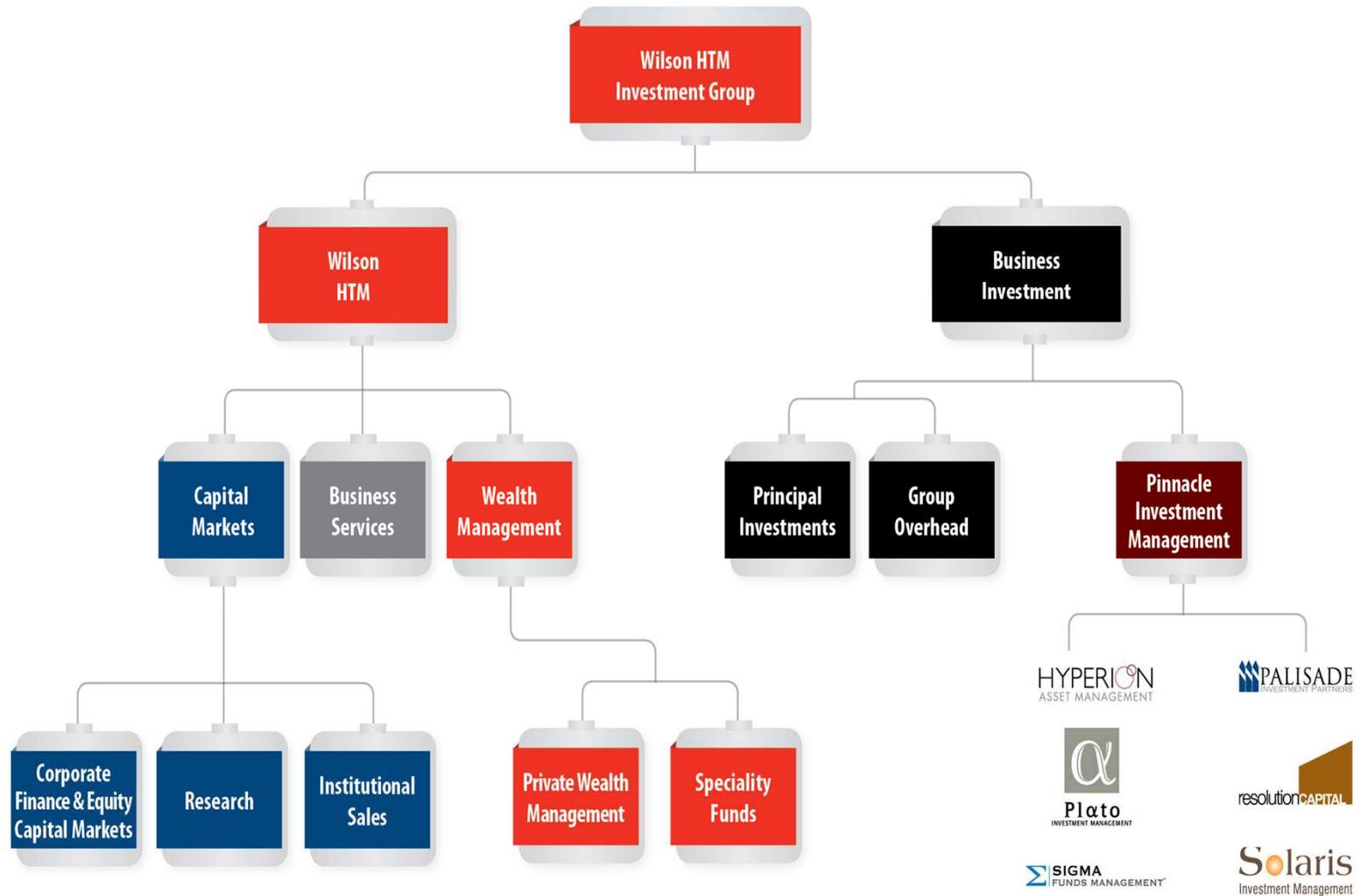
Agenda

- Wilson HTM Investment Group
- Update on six months to 31 December 2012
- Financial Results
 - Segment results
 - Revenue
 - Expenses
 - Funds under Management
 - Pinnacle
- Priorities for six months to 30 June 2013



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Wilson HTM Investment Group





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Update on six months to December 2012 - Financials

- Consolidated Net Loss after Tax attributable to shareholders of \$2.3m.
- Improvement on losses reported in pcp and six months to 30 June 2012, despite falling revenue.
- Finished first half FY13 with encouraging signs for uplift in business volumes and activity for second half FY13.



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Update on six months to December 2012

- Half way through 18-24 month timeframe to restructure for sustainable profitable growth including:
 - **Clear and defined strategy** across the business
 - **Reset REM and incentives** to reduce fixed costs and align with strategy for profitable outcomes
 - **Recruiting** new advisers and research staff, some of whom joined as part of the **Investorfirst** Limited (INQ) transaction;
 - **Re-building business** in wake of an unsettled period with exit of advisers and unnecessary cost and distraction of an on-market offer for WIG;
 - **Ongoing cost management** including relocating in Sydney and Melbourne to new premises for lower longer term property costs; and
 - **Exiting non-core business** in Next Financial – Mosaic's options trading business and individually managed accounts - whilst servicing residual products and client offering.



Update on six months to December 2012

- Established a 'value' of greater than \$35 million for Pinnacle, including its six boutiques, through strategic investor process, which ceased in December 2012.
- Stable and committed executive leadership team throughout the period.
- Supported staff participation and alignment with the firm's future success – with implementation of employee share and option plans.



1HFY13 Financial Result Summary

	1HFY12	2HFY12	1HFY13	Trend
Reported Net Loss After Tax and Minorities	(\$3.3m)	(\$4.3m)	(\$2.3m)	<i>Improving</i>
Total Group Revenue	\$41.7m	\$32.6m	\$30.4m	<i>Lower</i>
Corporate Debt	Nil	Nil	Nil	<i>Stable</i>
Available Cash and Principal Investments	\$24.7m	\$16.3m	\$16.4m	<i>Stable</i>
Net Tangible Assets	\$51.7m	\$48.0m	\$46.0m	<i>Reflects loss</i>
Total Funds Under Management	\$10.9bn	\$11.4bn	\$12.4bn	<i>up 8%</i>

- Revenue down 27% compared to 1HFY12 and 6.7% compared to 2HFY12.
- Corporate debt facilities with CBA are available and undrawn at present.
- At balance date, available cash was \$5.0 million and \$11.4 million was invested predominately in the Priority Funds.
- Net Tangible Assets of \$46.0 million includes \$16.4 million cash and Principal Investments and WIG's 79.3% interest in Pinnacle and its six boutiques.



Statutory Financial Statements

	Six months to Dec 11	Six months to June 12	Six months to Dec 12	<i>Trend</i>
Wilson HTM Investment Group Ltd:				
Capital Markets	(\$0.7m)	(\$3.0m)	\$0.2m	<i>Revenues up in Insto and CF steady</i>
Wealth Management	\$0.9m	(\$1.6m)	(\$4.0m)	<i>Revenues down</i>
Wilson HTM	\$0.2m	(\$4.6m)	(\$3.8m)	
Business Investment (Principal Investments & Pinnacle)	(\$2.7m)	(\$0.5m)	\$3.0m	<i>PI gains and Pinnacle profitable</i>
Group costs	(\$2.3m)	(\$1.0m)	(\$1.0m)	<i>Stable</i>
Loss before tax and minorities	(\$4.8m)	(\$6.0m)	(\$1.8m)	
Income tax benefit	\$1.1m	\$2.0m	\$1.1m	
Less non-controlling/minority interest	\$0.4m	(\$0.3m)	(\$1.6m)	<i>Profit in Priority Core Fund</i>
Loss attributable to Shareholders – Wilson HTM Investment Group Ltd	(\$3.3m)	(\$4.3m)	(\$2.3m)	

- Non controlling/minority interest relates to Priority Core Fund (50.5% of units held by WIG) and Pinnacle (owned 79.3% by WIG).
- The Wealth Management segment includes Next Financial. Next reported a loss of \$0.4 million in 1HFY13 compared with \$0.8 million profit in 2HFY12 and a loss of \$0.9 million in 1HFY12.



Revenue Trend

- January 2013 average brokerage has increased by 21% on January 2012 and is increasing again into February month, reversing the trend in 1HFY13.
- FUM income has fallen with reduced FUM in Wilson HTM during an unsettled 6 months. Building FUM is a key priority for Wilson HTM, whilst continuing to support a reduced FUM level in Next Financial.
- Corporate Finance revenue has been increasing quarter on quarter since 3QFY12.
- Institutional brokerage is up over 50% compared with previous six month period.



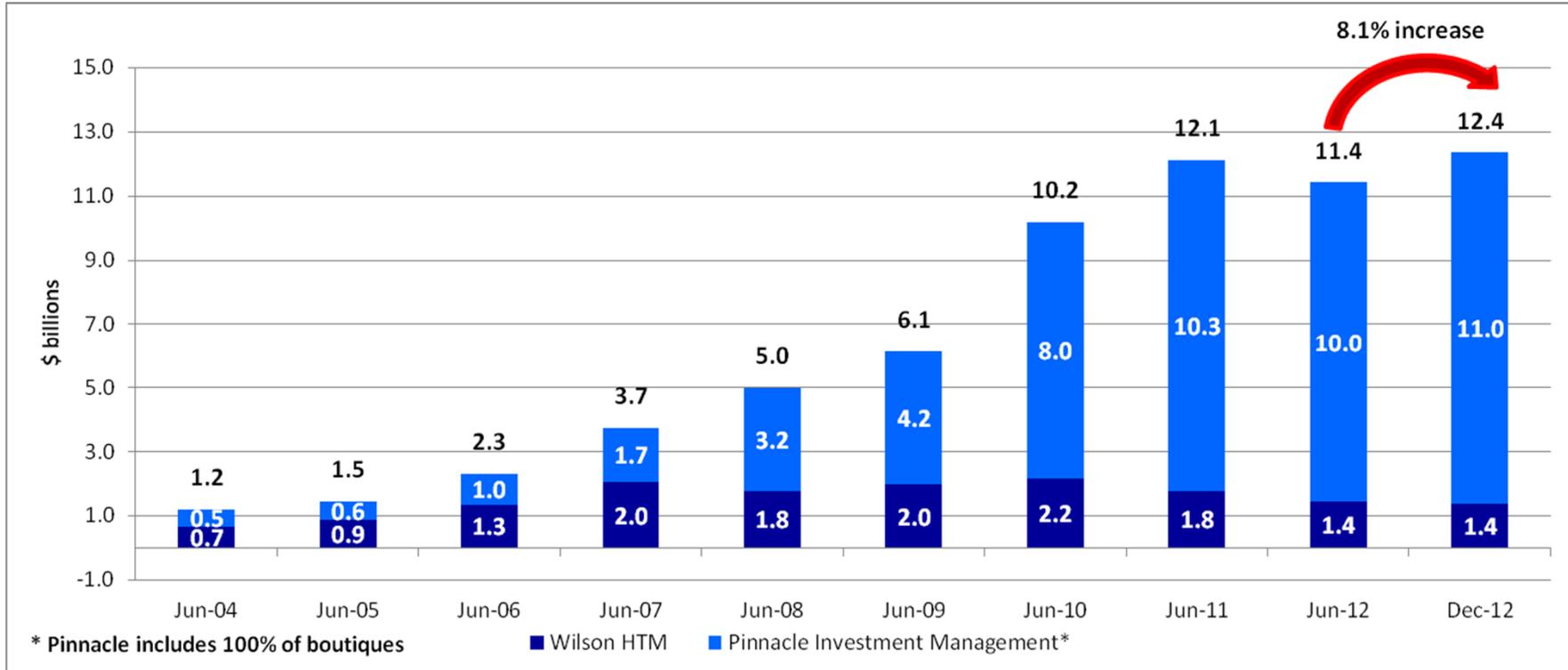
Expense Trend

- Group fixed costs continue to trend to lowest levels since FY2008
- Year on year reduction in fixed costs of 9% from FY10 to FY11, 14.7% in FY12 and in range of 7-8% for FY13
- Relocation of office premises in Sydney and Melbourne will reduce property costs further in FY14



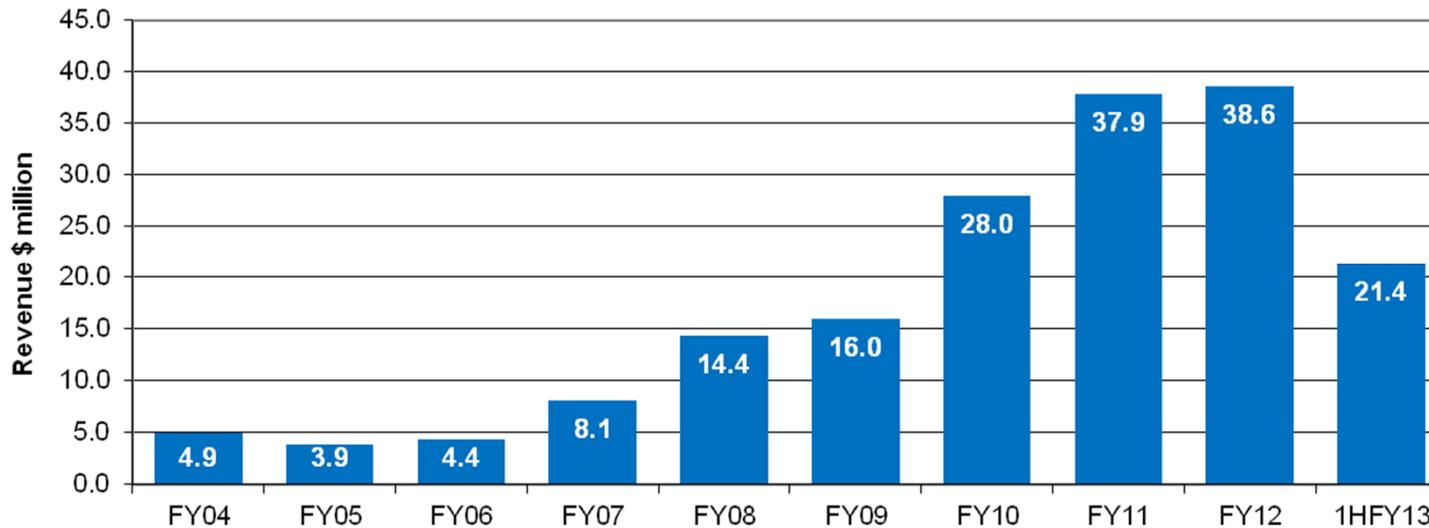
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Funds under Management



Pinnacle

Pinnacle Revenue Trend*



* Revenue shown is 100% of all boutiques' Revenue. This is shown to indicate trend and excludes revenue derived by Pinnacle itself, which is consolidated into Wilson HTM Investment Group Ltd's financial statements.

- Pinnacle achieved FUM and revenue growth during the six months to 31 December 2012.
- Pinnacle's FUM increased to \$11 billion at 31 December 2012 from \$10 billion at 30 June 2012, while Boutique revenue (shown at 100% of all Boutique's revenue) increased to \$21.4 million for half year, compared with \$38.6 million for the full year to 30 June 2012.
- WIG's share of Boutique NPAT was \$2.5 million, up from \$1.4 million in the pcp.



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Priorities for six month to 30 June 2013

- **Wealth Management:**
 - Continue expanding offering for clients;
 - Ongoing investment in advisers; and
 - Continuous improvement in online reporting and processes.

- **Priority Funds:**
 - Grow FUM in low cost online distribution channel;
 - Focus on generation of alpha; and
 - Continue path toward rating for Priority Core.

- **Corporate Finance:**
 - Build and successfully execute pipeline of capital markets and advisory work;
 - Identify and promote outstanding investment opportunities in emerging companies; and
 - Broaden sectoral and geographical coverage.



Priorities for six month to 30 June 2013

- **Research:**
 - Ongoing improvement in production and delivery of research product offering;
 - Enhance sales ideas to clients, sales desks and for morning meetings; and
 - Incorporate INQ research coverage.
- **Institutional:**
 - Enhance service and idea flow for institutional clients;
 - Build international distribution; and
 - Continue developing emerging companies ideas and alpha.
- **Pinnacle:**
 - continue to support profitable boutique growth and securing new FUM mandates and retail sales in order to build on the success of Pinnacle's leading house of boutiques.



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**Pinnacle Investment
Management**

**A Leading Wealth Manager
and Advisor to emerging
companies**

**Australia's Leading House of
Boutiques**



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