



ClearView Wealth Limited  
Proposed Merger with Matrix Holdings Limited

29 August 2014

For personal use only

Simon Swanson – Managing Director  
Athol Chiert – Chief Financial Officer

## IMPORTANT NOTICE AND DISCLAIMER

### Summary information

This investor presentation (**Presentation**) contains summary information about ClearView Wealth Limited (ACN 106 248 248) and its subsidiaries (**ClearView**) and its activities as at the date of this Presentation.

### Offer

This presentation contains information about the Offer and the potential impact of the Offer's success. The Offer is inherently uncertain and may or may not be successful. No representations, warranty or assurance (express or implied) is given that the Offer will be successfully implemented or that, given that uncertainty, any of the assumed effects upon ClearView based around any assumed success of the Offer will actually occur.

### Future performance

This presentation contains certain forward looking statements. The forward looking statements contained in this presentation involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of ClearView, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Except as required by law, ClearView assumes no obligation to update or revise such information to reflect any change in expectations, beliefs, hopes, intentions or strategies. No representations, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward looking statements in this presentation will actually occur.

### Not investment advice

The information contained in this Presentation is not investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used as the basis for making an investment decision.

### Disclaimer

To the maximum extent permitted by law, ClearView, and its related bodies corporate, officers, employees and representatives (including agents and advisors), make no representation or warranty, express or implied, as to the currency, accuracy, completeness or reliability of the information contained in this presentation. To the maximum extent permitted by law, no person, including ClearView, related bodies corporate, officers, employees and representatives (including agents and advisers), accepts any liability or responsibility for any expenses, losses, damages or costs incurred by an investor and the information in this presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

The information in this presentation is subject to change without notice.

# CVW and Matrix Enter into a Merger Implementation Deed



For personal use only

- ClearView and Matrix have entered into a Merger Implementation Deed (MID) under which ClearView has agreed to offer to acquire all of the shares in Matrix's planning business subject to certain conditions.
- Matrix shareholders will be offered \$4.407 in cash and 8.776 ClearView shares (subject to performance conditions) per Matrix share. This equates to a total offer amount of \$7.75 million in cash plus 15.4 million ClearView shares (subject to performance conditions) valued at 81 cents per share (based on ClearView's 90 day VWAP to 27 August 2014).
- The proposed merger is an excellent cultural fit and complementary transaction which significantly enhances the position of the combined group.
- The combined group will have Funds Under Management and Advice of \$6.9 billion, \$148 million of premiums under advice and over 200 high quality financial planners.
- Matrix's Board unanimously recommends that its shareholders accept the offer (in the absence of a superior proposal) and Matrix's Directors intend to accept the offer in respect of their own shares.
- If the offer is successful, ClearView intends to maintain the current Matrix brand.
- Full details of the terms of the offer will be set out in the Bidder's Statement and Target's Statement expected to be sent to Matrix shareholders on 3 September.

**A**

**Background and Details of Transaction**

**B**

**Post Transaction and Market Positioning**

**C**

**Strategic Rationale**

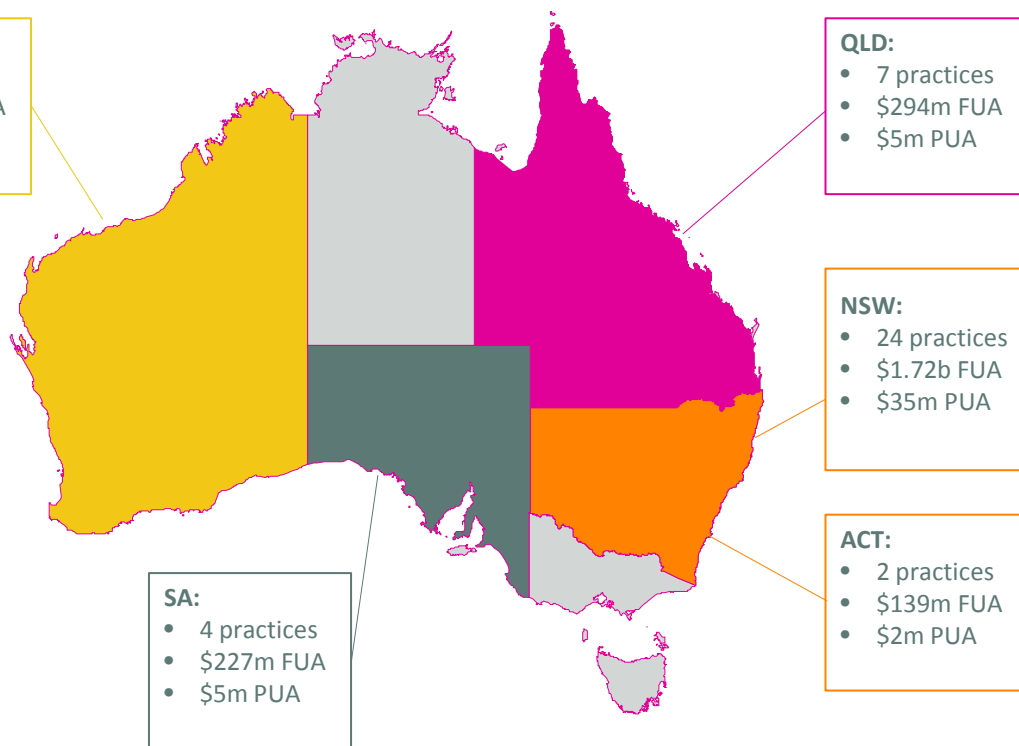
**D**

**Timetable**

# Matrix is a leading network of independent financial advisers



For personal use only



### Overview

- Matrix is a leading network of independent financial advisers primarily located on the East Coast. Matrix was formed in 1999 with 20 ARs.
- Today, Matrix consists of 43 practices with 85 advisers; materially expands the distribution footprint of ClearView.
- Matrix has a strong independent brand in advice market.
- Matrix advisers have circa \$32m of FUA per adviser/ \$64m per practice, and \$0.6m of PUA per adviser / \$1.3m per practice.
- Sound compliance practices and focus on “quality over quantity” of advisers.
- FY14, the relevant entities that will be acquired generated revenues of circa \$3m and breakeven at a NPAT level.
- Net assets of \$0.25m on completion; no debt in Matrix.
- 16 staff are employed by Matrix in its head office.

# Details of the transaction



For personal use only

|                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Transaction</b>                                                 | <ul style="list-style-type: none"> <li>Entered into the Merger Implementation Deed with Matrix Holdings under which ClearView agrees to make the Offer</li> <li>Offer period will remain open until 4 October 2014, subject to Offer conditions outlined below</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Consideration</b>                                               | <ul style="list-style-type: none"> <li>\$7.75m initial cash payment to Matrix shareholders on completion of the Offer (\$4.41 per Matrix share); and</li> <li>\$12.5m in ClearView shares issued at 90 day VWAP 2 days prior to the date of the announcement of the Offer. The scrip component is equivalent to 8.776 ClearView shares per Matrix share (circa \$0.81 per ClearView share) and is subject to performance conditions over a 3 year period, outlined below</li> </ul>                                                                                                                                                                                                                                                                              |
| <b>Target Board Recommendation</b>                                 | <ul style="list-style-type: none"> <li>Matrix Board unanimously recommends that its shareholders accept the Offer subject only to the qualification that there is no superior proposal</li> <li>ClearView has a matching right to amend its offer if Matrix receives a competing proposal</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Performance Conditions attaching to the scrip consideration</b> | <ul style="list-style-type: none"> <li>At least 75% of Matrix practices remain with ClearView for 3 years after completion of the Offer</li> <li>At least 90% of Matrix advisers contractually agree to adopt common processes across the Matrix and ClearView dealer groups (best practice approach) by year 3 after completion of the Offer</li> <li>Revenue of \$5m in Matrix dealer group by year 3 after completion of the Offer (revenue target is inflation adjusted) subject to Year 1 Revenue target not being less than \$3.3m</li> <li>Subject to satisfying the other performance conditions, scaled vesting of the scrip component of the Offer consideration if revenue of between \$4m and \$5m is achieved by Year 3 after completion</li> </ul> |
| <b>Offer Conditions</b>                                            | <ul style="list-style-type: none"> <li>Minimum acceptance condition of 90%</li> <li>No material adverse change of the business of Matrix during the Offer period</li> <li>Matrix has minimum net tangible assets of \$0.25m as at the Offer date</li> <li>No prescribed occurrences or regulatory actions (customary for a transaction of this nature)</li> <li>No other breach of Merger Implementation Deed</li> </ul>                                                                                                                                                                                                                                                                                                                                         |
| <b>Other terms</b>                                                 | <ul style="list-style-type: none"> <li>Break fee payable in circumstances considered standard in a transaction of this nature</li> <li>“No talk” (subject to customary fiduciary outs) and “No Shop” provisions</li> <li>Several Matrix shareholders that are not Directors have entered into pre-bid acceptance deeds with ClearView committing to accept the Offer in respect of 17.5% of the issued share capital of Matrix</li> </ul>                                                                                                                                                                                                                                                                                                                        |

**A**

Background and Details of Transaction

**B**

**Post Transaction and Market Positioning**

**C**

Strategic Rationale

**D**

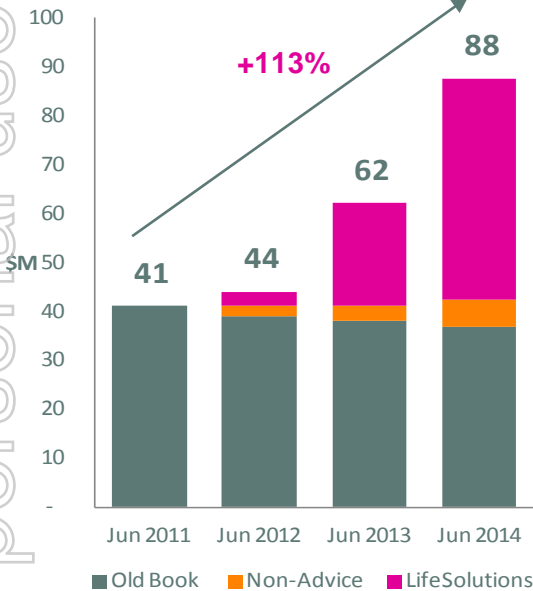
Timetable

# Key Performance Metrics: ClearView Organic Growth FY14



## Life Insurance

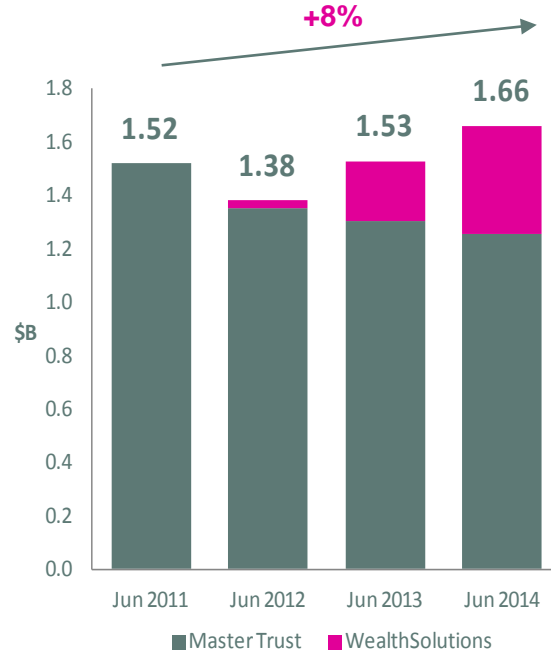
### In-force Premium



- ClearView has reflected strong growth in life insurance premium (+113%).

## Wealth Management

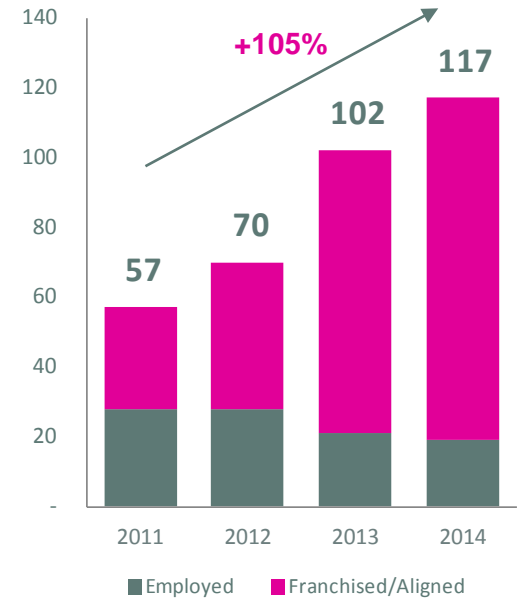
### Funds Under Management



- FUM has increased by 8% driven by the performance of investment markets and the launch of WealthSolutions.
- New wealth mid-market super product to be launched in 1H FY15

## Financial Advice

### Financial Advisers



- Number of financial advisers increased to 117 (+15%)
- Focus on further recruitment of aligned advisers
- The merger with Matrix will materially expand the dealer group distribution footprint

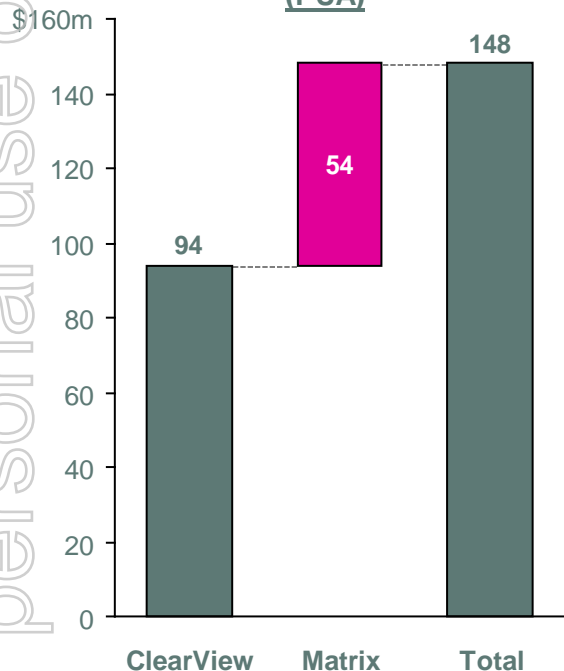


# Accelerates growth opportunity



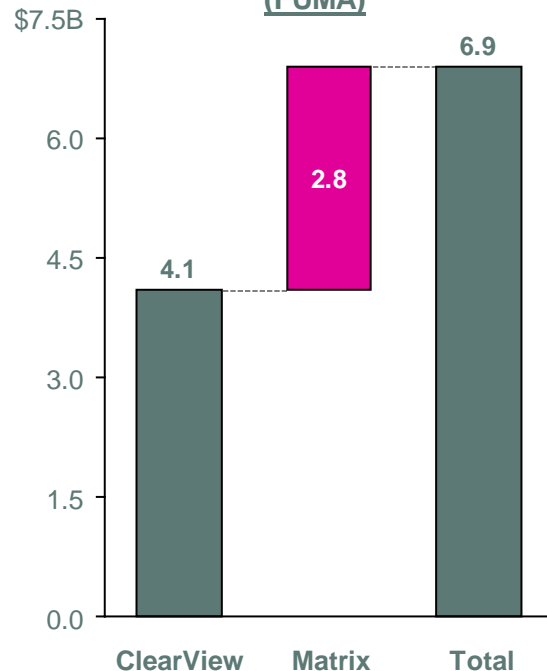
## Life Insurance

### Premiums Under Advice (PUA)



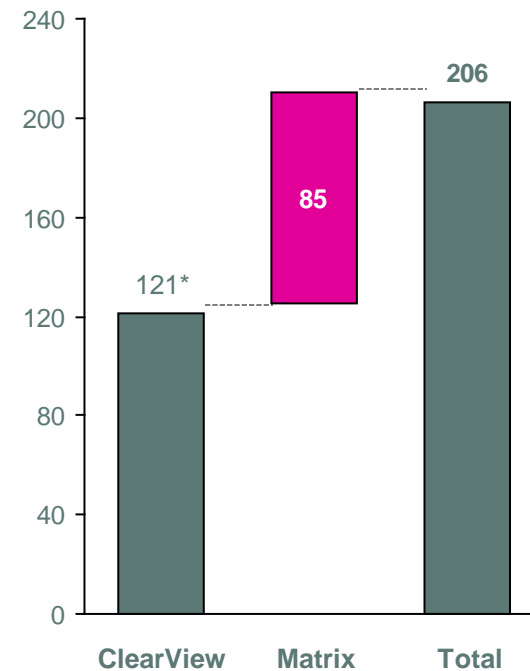
## Wealth Management

### Funds Under Management and Advice (FUMA)



## Financial Advice

### Financial Advisers

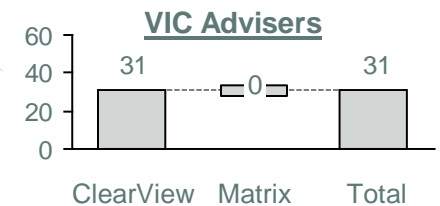
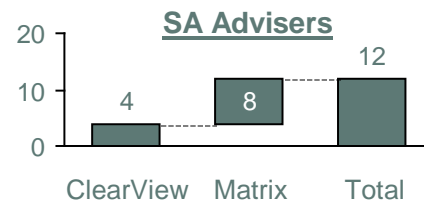
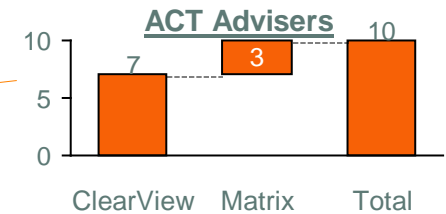
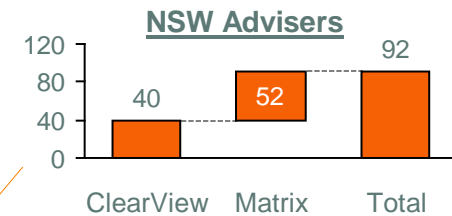
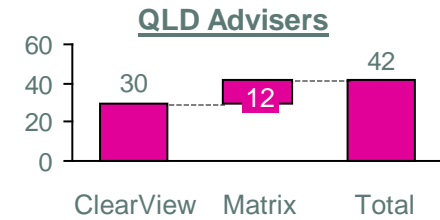
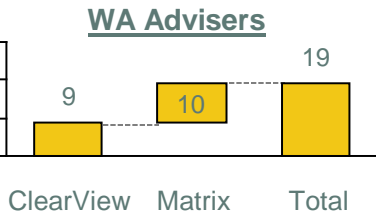
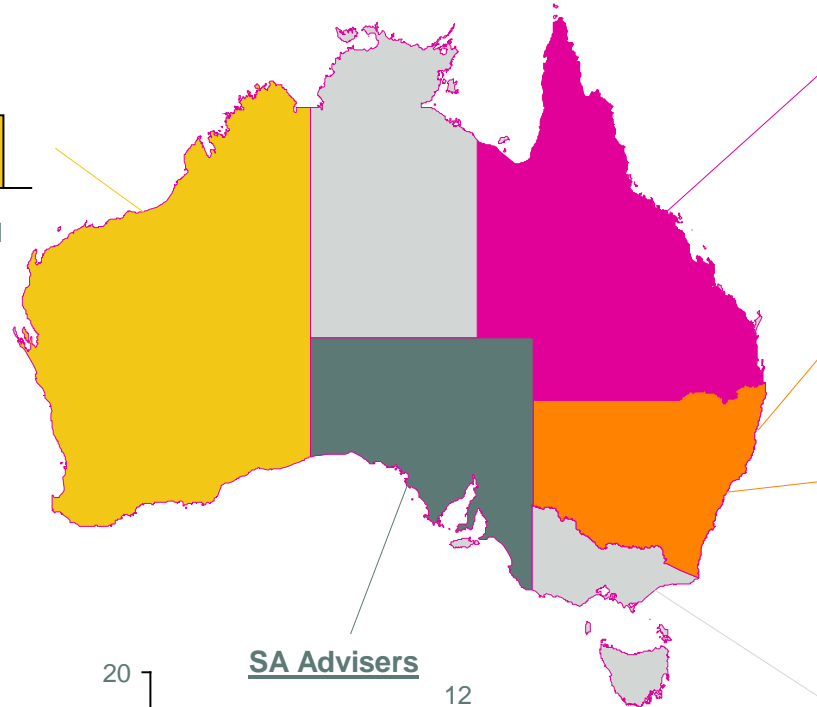


- The merger with Matrix materially expands the distribution footprint of ClearView and thereby is likely to accelerate the growth opportunity;
- Increases the number of financial advisers by 70%, funds under advice by 68% and premiums under advice by 57%; and
- Potential to accelerate the speed with which ClearView achieves scale, thereby eliminating the expense overruns faster.

# Geographic impact of acquisition



For personal use only



- ClearView operates predominantly an aligned adviser model with the number of advisers increasing to 121 at 31 July 2014; driven off the back of the organic growth recruitment strategy; focus on quality not quantity.
- The merger with Matrix materially expands ClearView's distribution footprint; strong presence on the Eastern seaboard, whilst increasing our presence in Western and South Australia.

**A**

Overview and Strategy

**B**

Post Transaction and Market  
Positioning

**C**

**Strategic Rationale**

**D**

Timetable

# Strategic Rationale: Key investment themes



|                                                               |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1</p> <p><b>Strong Brand</b></p>                           | <p>✓</p> | <ul style="list-style-type: none"> <li>• Matrix has a very strong brand in the independent advice market</li> <li>• ClearView advisers to adopt Matrix brand leading to improved recognition of adviser independence</li> <li>• Ability to attract and recruit financial advisers by leveraging off non bank aligned model and brand</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>2</p> <p><b>Cultural Alignment</b></p>                     | <p>✓</p> | <ul style="list-style-type: none"> <li>• Cultural alignment with ClearView financial advisers; high quality independently minded advisers</li> <li>• Advisers of Matrix are well known to ClearView and are culturally aligned with the values and processes</li> <li>• Not “all things to all people”; focus is on quality over quantity</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p>3</p> <p><b>Enhanced distribution scale</b></p>            | <p>✓</p> | <ul style="list-style-type: none"> <li>• Key performance metrics showing significant scale increases: 57% growth in in-force Premium Under Advice 68% growth in Funds Under Advice &amp; Management and an adviser base that increases by 70%</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>4</p> <p><b>Skin in the game</b></p>                       | <p>✓</p> | <ul style="list-style-type: none"> <li>• Matrix is 78% owned by advisers; post transaction performance based shares means significant component of purchase price aligned to ClearView outcomes</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p>5</p> <p><b>Financially Attractive</b></p>                 | <p>✓</p> | <ul style="list-style-type: none"> <li>• UNPAT sub \$1m adverse impact in FY15 driven by investment to further service expanded distribution footprint; \$2.5m integration/deal costs in FY15 to be reported below the line as a cost considered unusual</li> <li>• Limited cost synergies through integration</li> <li>• UNPAT accretive by FY16 with further improvements in profitability as revenue target is progressively achieved; expanded distribution footprint also has ability to deliver significant revenue synergies given ClearView’s market proven products</li> <li>• \$25.5m surplus capital at 30 June to fund cash component of acquisition; reduces to \$15.5m (after costs) with \$62m now available to fund future growth</li> </ul> |
| <p>6</p> <p><b>Assist in achieving operating leverage</b></p> | <p>✓</p> | <ul style="list-style-type: none"> <li>• Implementing a high growth strategy has required investment in a cost structure prior to the realisation of revenue benefits</li> <li>• Cost overruns should decrease as the business grows, providing it with material operating leverage and thereby increase the underlying profit margins through the in-force portfolios</li> <li>• Acquisition anticipated to accelerate achieving scale</li> </ul>                                                                                                                                                                                                                                                                                                           |

**A**

Overview and Strategy

**B**

Post Transaction and Market  
Positioning

**C**

Strategic Rationale

**D**

**Timetable**

# Timetable



For personal use only

| Date             | Event                                                                                                                                        |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| 29 August 2014   | <ul style="list-style-type: none"><li>• Execution of Merger Implementation Deed and announcement of transaction</li></ul>                    |
| 3 September 2014 | <ul style="list-style-type: none"><li>• Target's Statement and Bidder's Statement lodged with ASIC and sent to Matrix shareholders</li></ul> |
| 4 October 2014   | <ul style="list-style-type: none"><li>• Offer Close Date</li></ul>                                                                           |