



ClearView Wealth Limited
Proposed Merger with Matrix Holdings Limited

29 August 2014

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CVW and Matrix Enter into a Merger Implementation Deed



- 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**

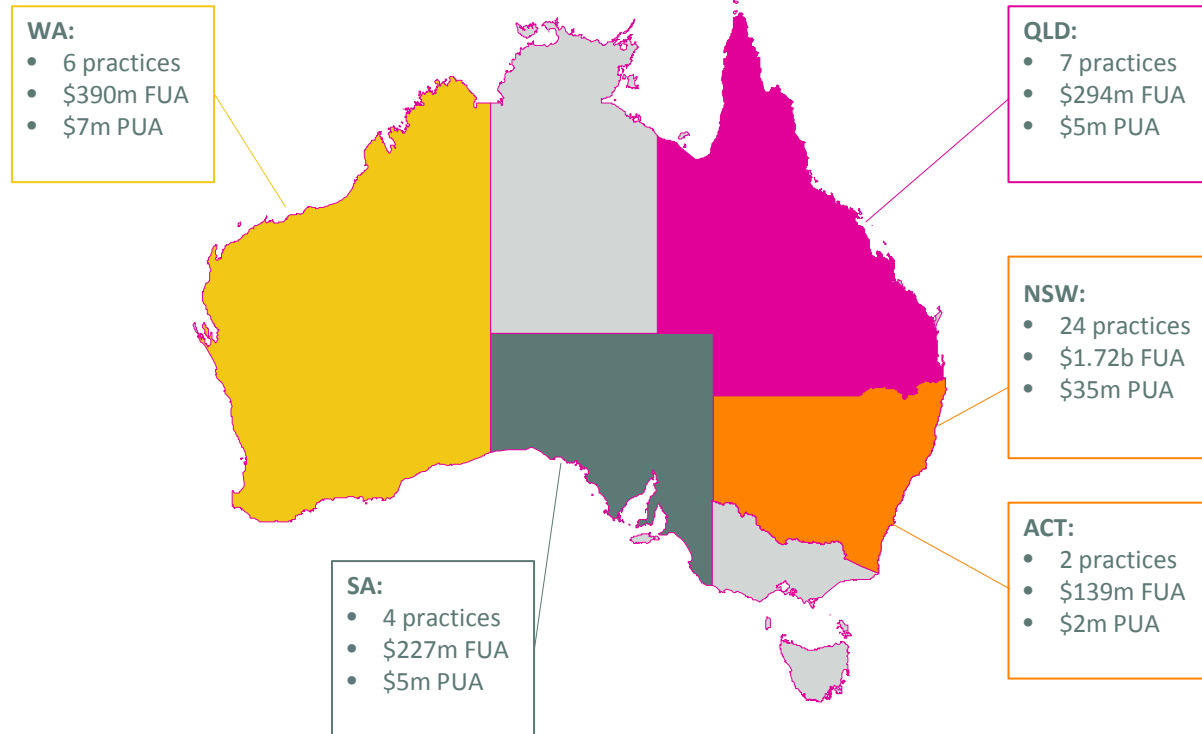
C

Strategic Rationale

D

Timetable

Matrix is a leading network of independent financial advisers



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



Transaction	<ul style="list-style-type: none">• Entered into the Merger Implementation Deed with Matrix Holdings under which ClearView agrees to make the Offer• Offer period will remain open until 4 October 2014, subject to Offer conditions outlined below
Consideration	<ul style="list-style-type: none">• \$7.75m initial cash payment to Matrix shareholders on completion of the Offer (\$4.41 per Matrix share); and• \$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
Target Board Recommendation	<ul style="list-style-type: none">• Matrix Board unanimously recommends that its shareholders accept the Offer subject only to the qualification that there is no superior proposal• ClearView has a matching right to amend its offer if Matrix receives a competing proposal
Performance Conditions attaching to the scrip consideration	<ul style="list-style-type: none">• At least 75% of Matrix practices remain with ClearView for 3 years after completion of the Offer• 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• 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• 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
Offer Conditions	<ul style="list-style-type: none">• Minimum acceptance condition of 90%• No material adverse change of the business of Matrix during the Offer period• Matrix has minimum net tangible assets of \$0.25m as at the Offer date• No prescribed occurrences or regulatory actions (customary for a transaction of this nature)• No other breach of Merger Implementation Deed
Other terms	<ul style="list-style-type: none">• Break fee payable in circumstances considered standard in a transaction of this nature• “No talk” (subject to customary fiduciary outs) and “No Shop” provisions• 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

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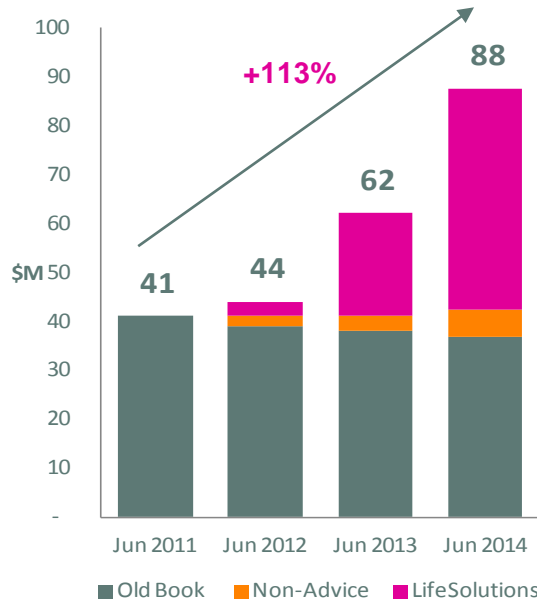
Timetable

Key Performance Metrics: ClearView Organic Growth FY14



Life Insurance

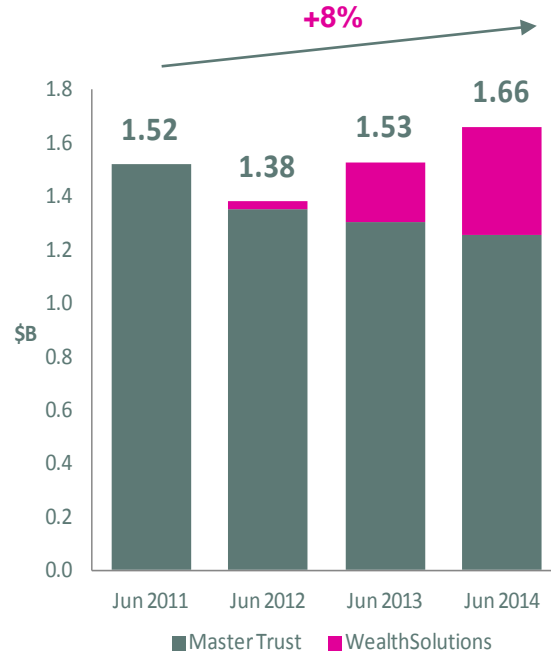
In-force Premium



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

Wealth Management

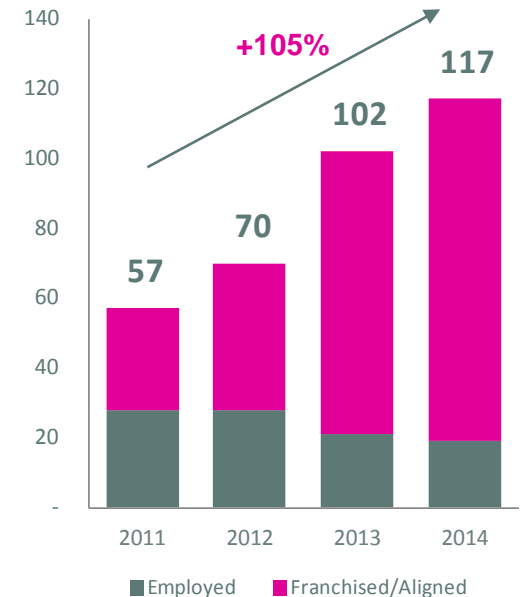
Funds Under Management



- 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



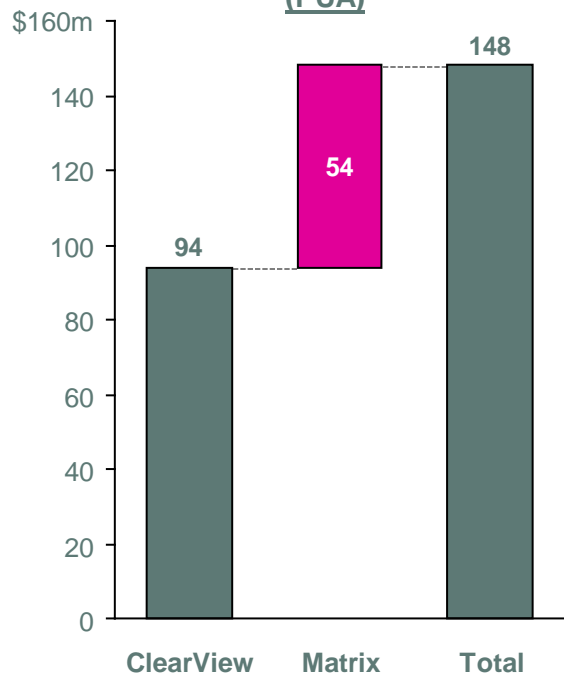
- Number of financial advisers increased to 117 (+15%)
- Focus on further recruitment of aligned advisers
- The merger with Matrix will materially expand the dealer group distribution footprint

Accelerates growth opportunity



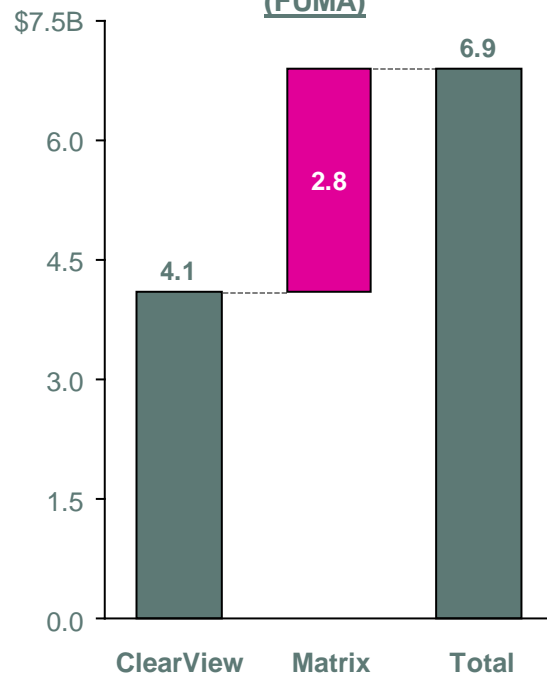
Life Insurance

Premiums Under Advice (PUA)



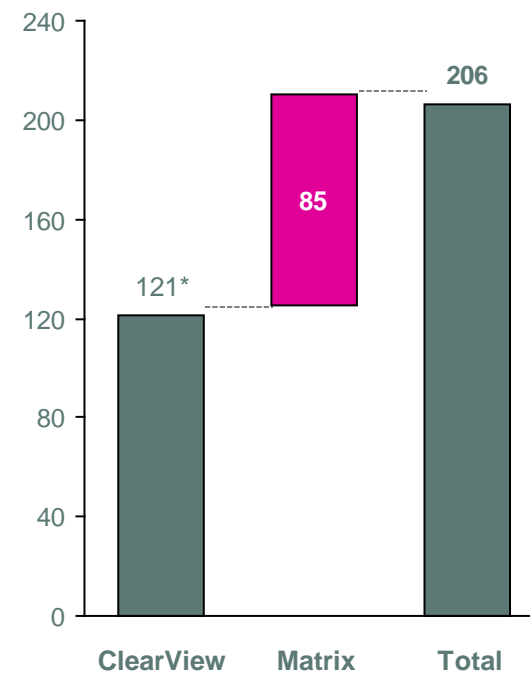
Wealth Management

Funds Under Management and Advice (FUMA)



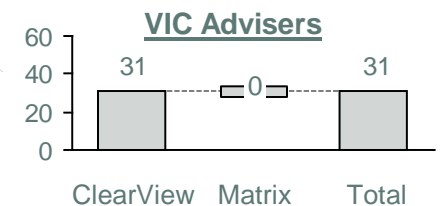
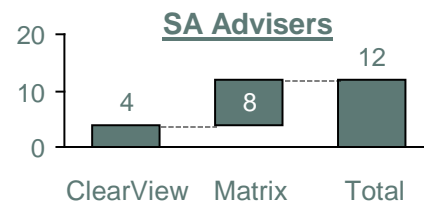
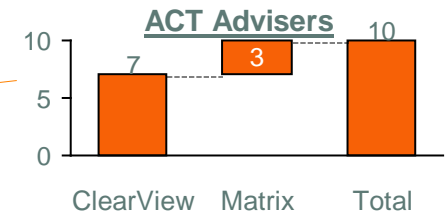
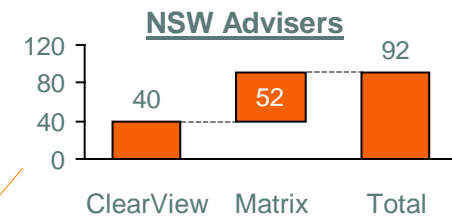
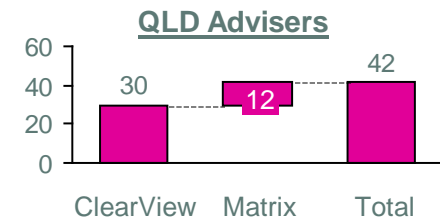
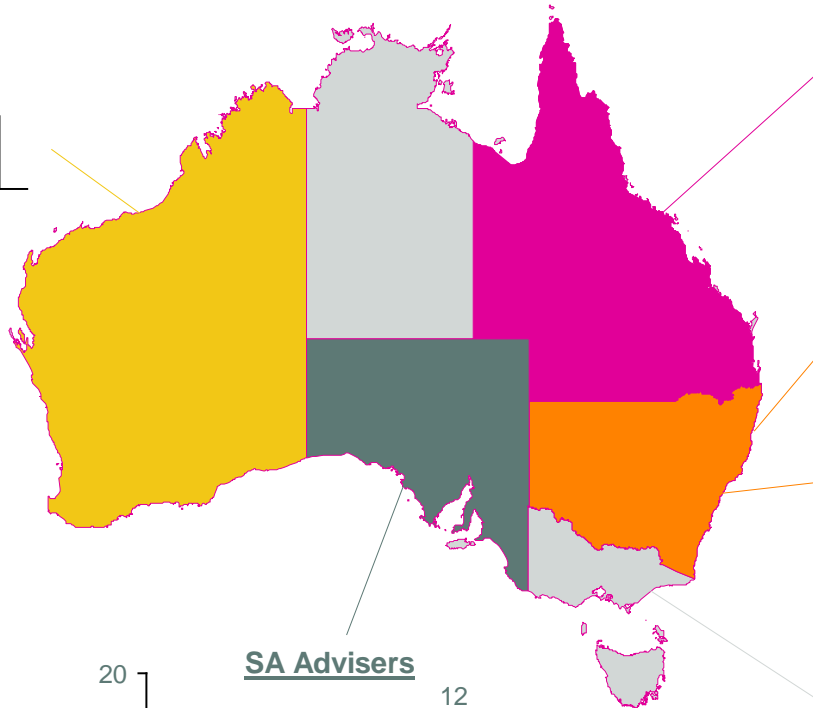
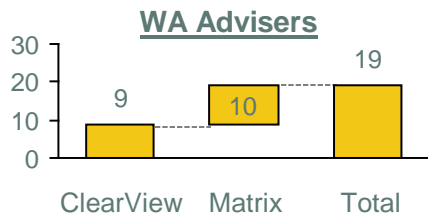
Financial Advice

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



- 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.

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Strategic Rationale: Key investment themes



1 Strong Brand	✓	<ul style="list-style-type: none"> Matrix has a very strong brand in the independent advice market ClearView advisers to adopt Matrix brand leading to improved recognition of adviser independence Ability to attract and recruit financial advisers by leveraging off non bank aligned model and brand
2 Cultural Alignment	✓	<ul style="list-style-type: none"> Cultural alignment with ClearView financial advisers; high quality independently minded advisers Advisers of Matrix are well known to ClearView and are culturally aligned with the values and processes Not “all things to all people”; focus is on quality over quantity
3 Enhanced distribution scale	✓	<ul style="list-style-type: none"> Key performance metrics showing significant scale increases: 57% growth in in-force Premium Under Advice 68% growth in Funds Under Advice & Management and an adviser base that increases by 70%
4 Skin in the game	✓	<ul style="list-style-type: none"> Matrix is 78% owned by advisers; post transaction performance based shares means significant component of purchase price aligned to ClearView outcomes
5 Financially Attractive	✓	<ul style="list-style-type: none"> 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 Limited cost synergies through integration 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 \$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
6 Assist in achieving operating leverage	✓	<ul style="list-style-type: none"> Implementing a high growth strategy has required investment in a cost structure prior to the realisation of revenue benefits 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 Acquisition anticipated to accelerate achieving scale

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Date	Event
29 August 2014	<ul style="list-style-type: none"><li data-bbox="415 349 1400 378">• Execution of Merger Implementation Deed and announcement of transaction
3 September 2014	<ul style="list-style-type: none"><li data-bbox="415 402 1613 431">• Target's Statement and Bidder's Statement lodged with ASIC and sent to Matrix shareholders
4 October 2014	<ul style="list-style-type: none"><li data-bbox="415 455 656 484">• Offer Close Date