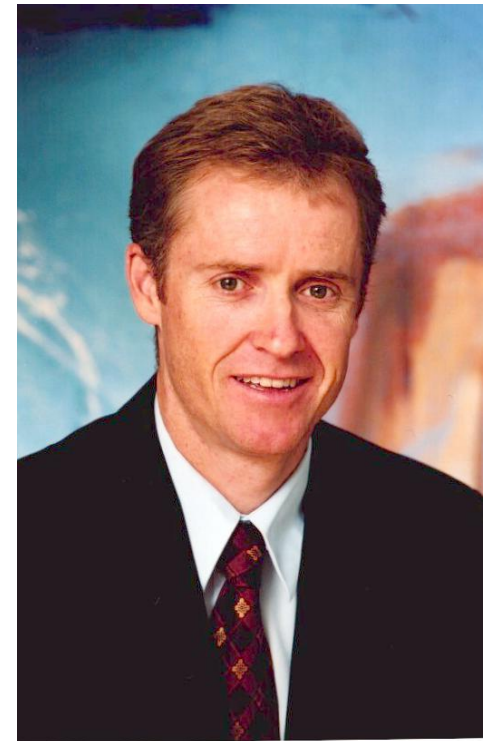


Treasury Group Ltd

**Results Presentation  
and Operational Update**  
Year end 30 June 2006

# Presentation

- Overview
- Operational Review
- Strategy and Outlook
- Summary



*David Cooper, Managing Director*

# Results at a Glance

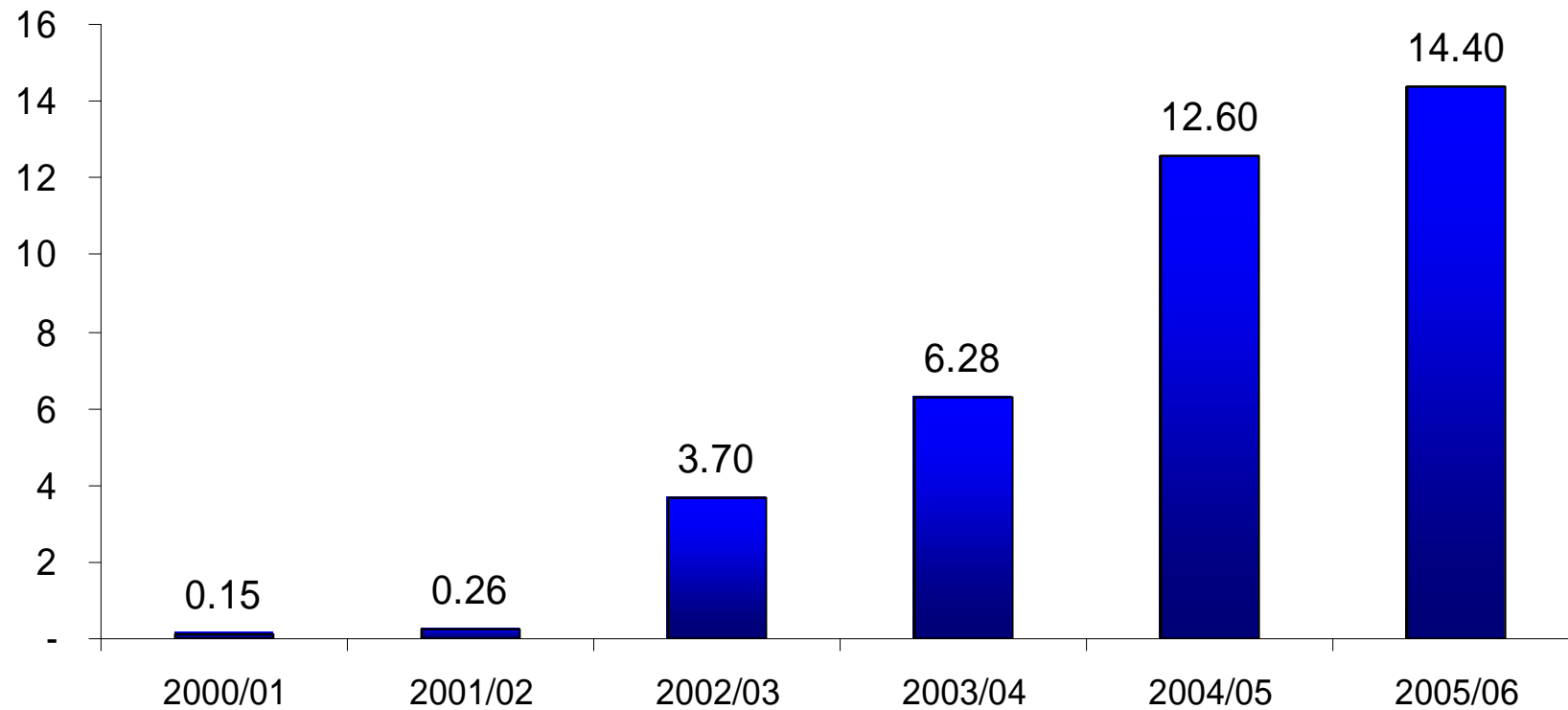
	2006	2005	% Change
Profit before tax <sup>1</sup> (excl discontinued operations)	\$34.9m	\$31.9m	+9.1
Net profit after tax	\$14.4m	\$12.6m	+14.3
Earnings per share	65.4 cents	60.4 cents	+8.3
Final dividend	32 cents	27 cents	+18.5
Full year dividend	50 cents	40 cents	+25.0
Funds under management	\$10.1 bn	\$8.7 bn	+16.1

<sup>1</sup> This includes the consolidation of two new start up businesses and some one off costs.

# Net Profit after Tax

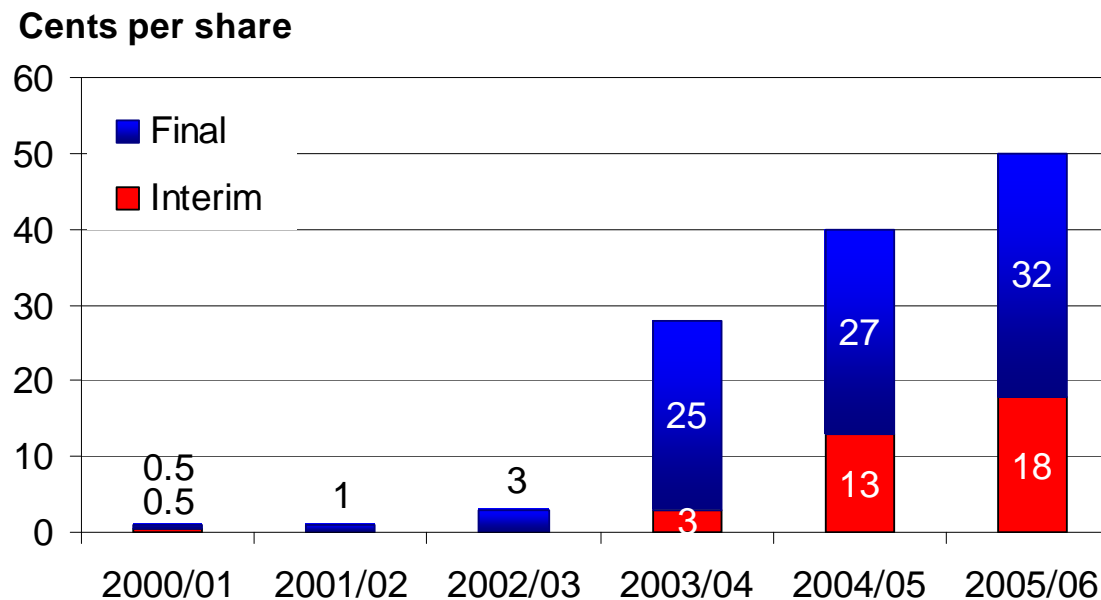
Growth profile maintained in year of consolidation

\$ million



# Dividend

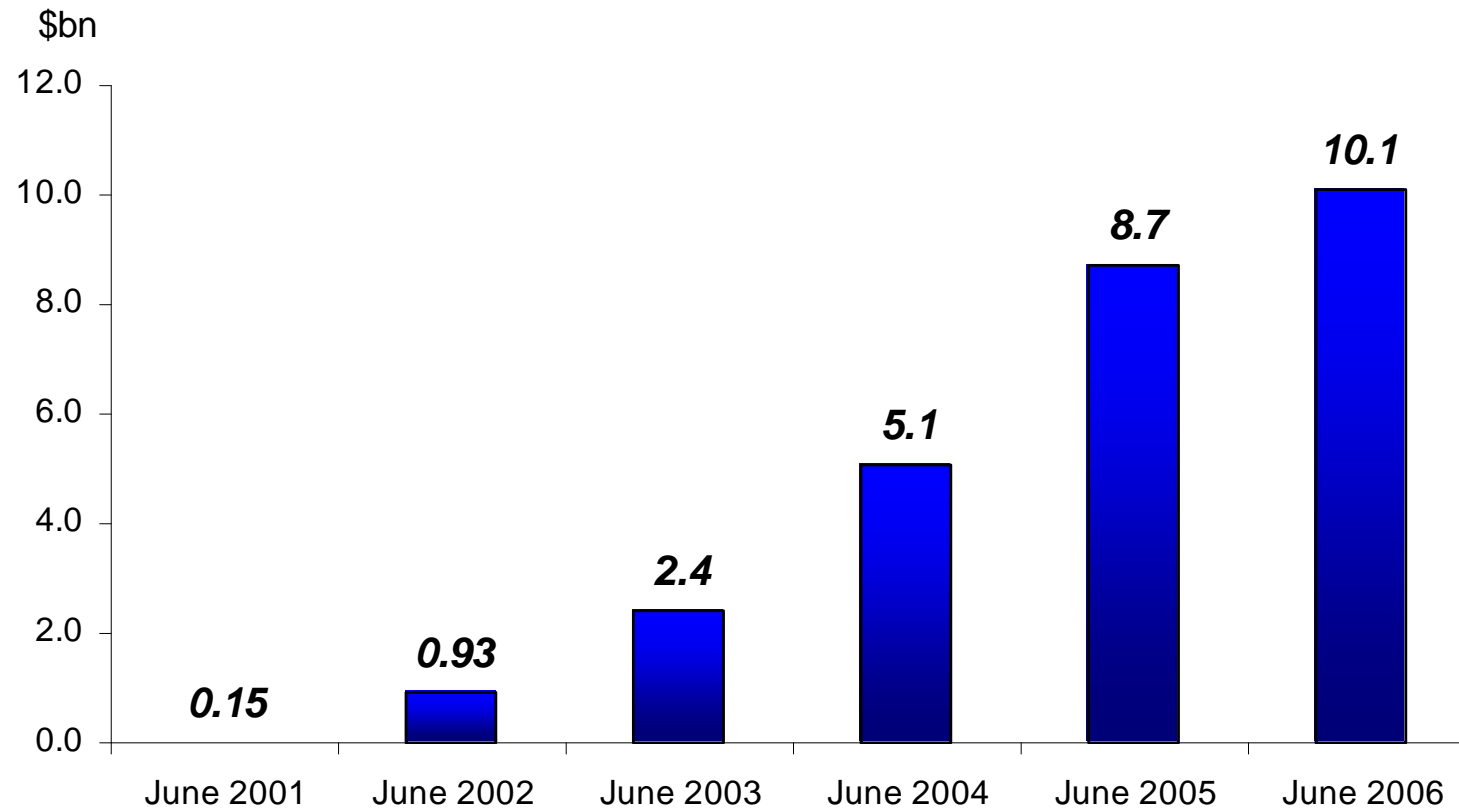
2006 Dividend up 25% on previous year



Total Dividend (\$m)	0.09	0.141	0.452	5.00	8.78	11.04
Payout ratio (%)	78.5	54.6	39.0	79.7	69.5	76.7
Weighted average no. of shares (million)	9.06	12.00	14.59	16.87	20.88	22.02

# Funds under management

Strong growth in FUM by Orion and Confluence



# Highlights of FY06

- Net Profit after Tax \$14.4 million an increase of 14%
- Final fully franked dividend declared of 32 cps
  - 25% increase in the full year dividend of 50 cps (40 cps, 2005)
- First full year of operation for GVI and TAAM – funds focused exclusively on investing in international equities
  - costs fully expensed through TRG's P&L impacting operating costs and margins
- Strong growth in funds under management recorded by Orion Asset Management and Confluence Asset Management
- Head office strengthened through appointment of MD to TIS and new Group CFO
- Established RARE Infrastructure, a fund that will invest in listed infrastructure assets globally (launched 4 July 2006)
- Entered into a contract to sell its 50% interest in Armytage private Ltd for \$3 million (executed on 11 July 2006).

# Discontinued Operations

- TRG's 50% interest in Armytage private Limited (ApL) was sold on 11 July 2006 for \$3m
  - treated as a discontinued operation under A-IFRS
  - settlement in three installments over 2 years
- Profit on the sale of the shares in ApL will be recognised in the results for the year ended 30 June 2007.
- Armytage's contribution to TRG's profit after tax for 2006 declined by 35% from \$0.40m to \$0.26m.
- Rationale for the sale:
  - Armytage business (private client advice and discretionary portfolio management) was non core to TRG's strategy
  - Represented less than 1% of earnings
  - Relied heavily on lumpy performance fees
  - Offered an attractive price

# Treasury Group Ltd

Operational Review




# Positioning



**Established boutique managers  
with steady growth outlook**

**Boutique managers in early  
growth phase**

# Funds under management

	June 2006	June 2005	% change
	\$5.4b	\$5.5b	-1.8%
	\$4.1b	\$2.7b	51.8%
	\$233m	\$176m	32.4%
Other managers <sup>1</sup>	\$400m	\$220m	82.0%
	<b>\$10.1b</b>	<b>\$8.6b</b>	<b>15.8%</b>

<sup>1</sup> Also includes Armytage private Limited (sold 11 July 2006)

# Established boutiques

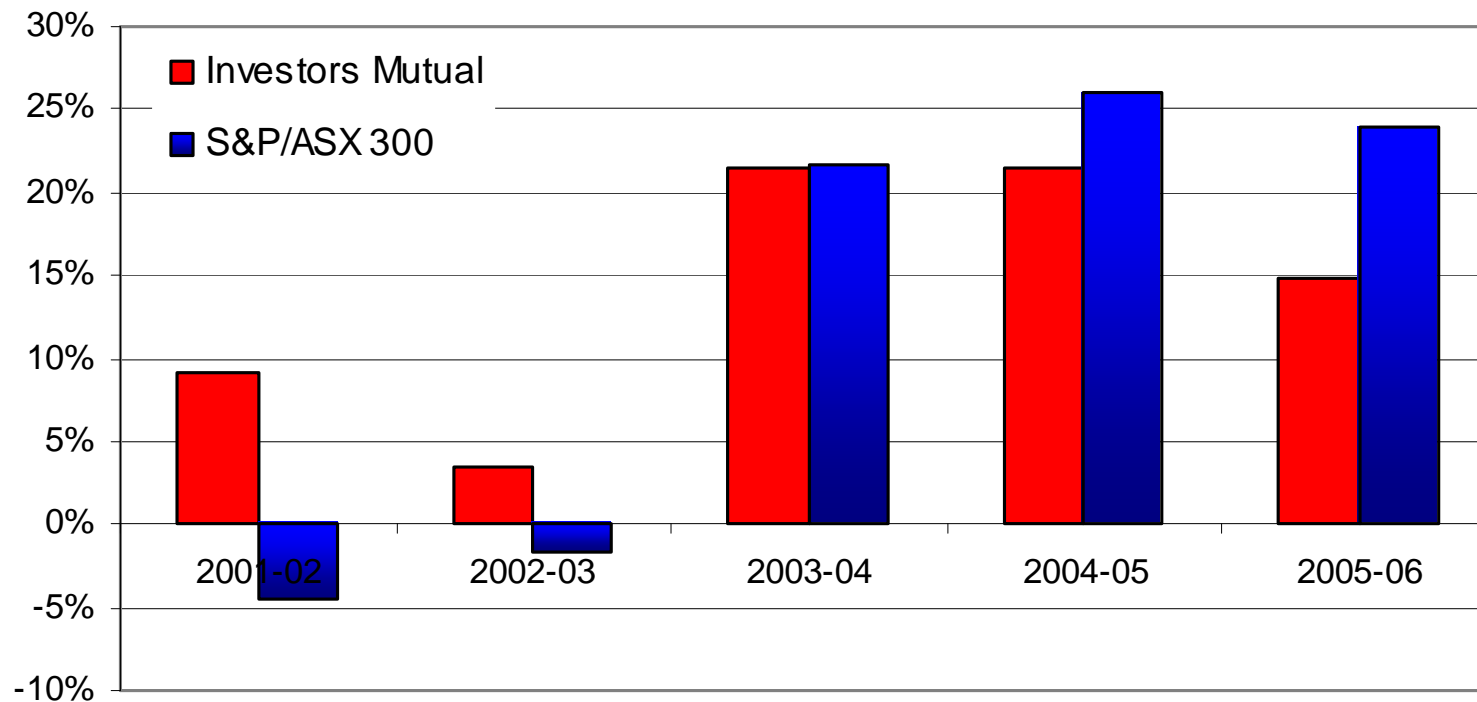


## Year of Consolidation



- FUM stable at \$5.4bn on 30 June 2006 (\$5.5bn in 2005)
- New CEO appointed – Tim Hyett
- Sandhurst Trustees new strategic alliance – “The Professional Series”
- Loss of some institutional mandates
- Investment style and processes remain strong
- Interest from new clients buying at the bottom of the cycle

# IML investment performance



- Tough year for all value managers, including IML
- Critical that they stand true to their stated investment approach
- Investment team well resourced
- TRG committed partner to IML's future

# Orion and Confluence

## A year of growth



### ORION

- FUM increased 52% to \$4.1bn
- Treasury Group increased stake from 30% to 42% over the year
- Strong investment performance for the third year in a row
- Continued institutional support
- Retail alliance with Challenger Financial Services a success



### CONFLUENCE

- FUM increased 32% to \$233m
- New products planned for 2006-07

# Newly established managers



**TREASURY ASIA** ■ ■ ■  
ASSET MANAGEMENT



# Global Value Investors

## Early growth



- Product positioned as an active global equity portfolio with strong value characteristics
- Funds under management over \$200m
- Investment performance has been encouraging in the 12 months to end July:

*GVI Global Industrial Share Fund* **18.81%**

*MSCI World Accum Index (AUD Hedged)* **13.18%**

- Recently opened to institutional business as the performance and competitive position becomes apparent to larger investors.

Represented on major platforms, including:

- ✓ Bridges – the portfolio service
- ✓ BT wrap
- ✓ Macquarie wrap
- ✓ Asgard
- ✓ Navigator
- ✓ Oasis
- ✓ Avanteos
- ✓ Skandia
- ✓ Premium Choice

# Treasury Asia Asset Management

## New Fund

TREASURY ASIA   
ASSET MANAGEMENT

- 3 Products offered:
  - Asia Pacific ex Japan
  - Asia ex Japan
  - New Asia Fund (pooled fund)
- Represented on 2 retail platforms:
  - MLC Masterkey
  - BT Wrap
- Pooled fund performance to date has been strong

## Institutional focus

- ✓ In advanced discussions with institutional prospects both locally and offshore

# RARE Infrastructure

## New Fund



- RARE is a new manager to our line up – announced in July 2006
- RARE has issued TRG notes that can be converted to a 40% equity stake
- RARE's investment focus is on listed and unlisted investments in [global infrastructure securities](#).
- RARE's business objective is to capitalise on the development of infrastructure as a separate and distinct asset class and to provide investors with superior Risk Adjusted Returns to Equity, R.A.R.E.
- The RARE investment team are specialists in valuing global infrastructure businesses. [The investment team has over 54 years global infrastructure experience](#). It is this experience and expertise that enables the RARE team to identify, analyse and invest in the securities of global infrastructure businesses.

# Global listed infrastructure



- Emerging as its own asset class
- Initial, private equity style, investment characteristics have matured
- Expected, over time, to rank alongside property

## Correlation to Global Asset Classes

US\$	Infra	Bonds	Equities	Property
Infra	1.00			
Bonds	0.27	1.00		
Equities	0.51	0.50	1.00	
Property	0.60	0.42	0.60	1.00

Source: Mercers, Dec-05

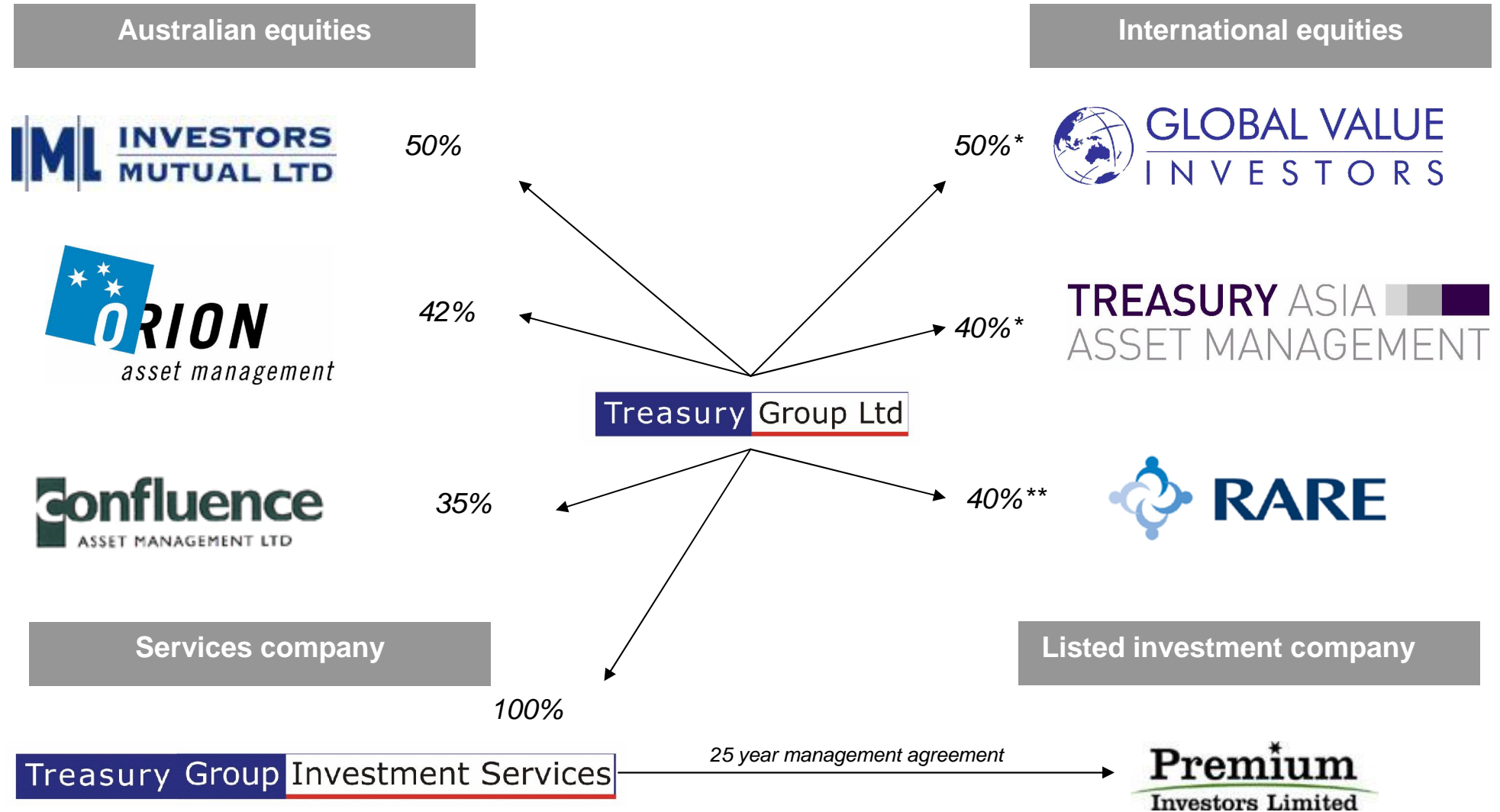
## Key Characteristics

- Long dated assets
- Resilient and predictable cash flows
- Low maintenance capex
- Largely fixed operating cost base
- Ownership of monopoly assets
- Greater leverage
- Attractive yield
- Inflation hedge
- Low volatility and correlation to other asset sectors

# Treasury Group Ltd

## Strategy and Outlook

# Stable of boutique funds/Partnerships



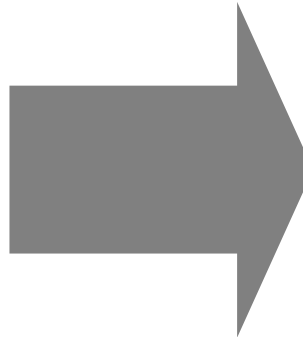
\* Economic interest once all staff shares have been taken up. \*\* Equity stake when RARE is at break-even

# The business model

Treasury Group Investment Services

## SERVICE PROVIDER

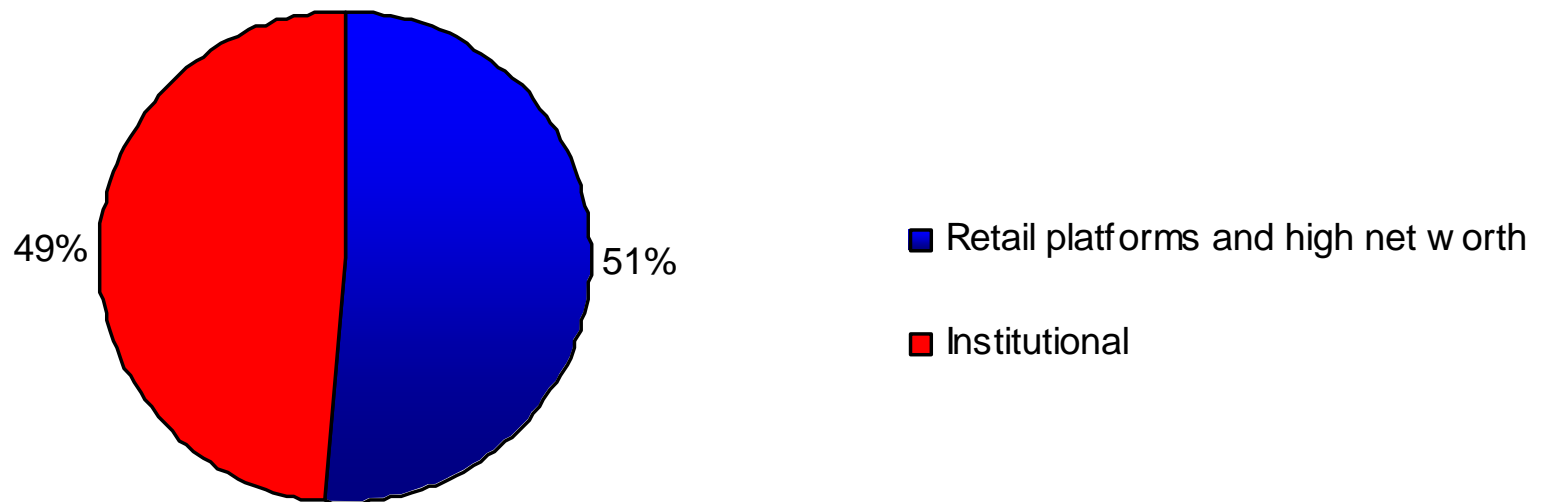
- Capital
- Risk management
- Compliance
- Human Resources
- Operations
- Administration
- Accounting
- IT
- Marketing
- Joint purchasing



**RESPONSIBLE ENTITY**  
**BOUTIQUE FUND MANAGERS**

# Pooled Funds across TRG Group

- 11 pooled investment products across the group
- Equally sourced from retail and institutional markets
- Strong relationships with the major asset consultants, research houses, and a wide range of institutional investors.



# Industry Trends

- Compulsory retirement savings remains an important driver of industry growth
- Use of boutique managers has grown rapidly in the institutional and retail market place
- The use of alternative asset managers, like RARE, is on the rise
- Australian funds under management market growth.
  - December 1991: \$231 billion
  - December 1998: \$482 billion
  - December 2005: \$955 billion
  - Now over A\$1 trillion

# Outlook

- Leverage TRG fund managers increasing visibility in offshore markets
- Launch Dublin funds for European investors
- International equity investments an increasing focus for the group
- Expanded product offerings from existing managers
- Continue to bring new boutiques to market

# Summary

- Equity owner and incubation of small to medium sized boutique funds management businesses
- Focused business model and partnership approach
- The last twelve months was a consolidation year building resources and expanding the manager line up
- High payout ratio with a solid dividend and no debt
- Strong exposure to Australian equities businesses
- Recently launched three international managers
- Business ready for next stage of growth

# Disclaimer

Treasury Group Ltd

Level 5, 50 Margaret Street  
Sydney, NSW 2000

Ph: 02 8243 0400

[www.treasury-group.com](http://www.treasury-group.com)

This presentation had been prepared by Treasury Group Limited for general information purposes and whilst every care has been taken in relation to its accuracy, no warranty is given or implied. Further, the information provided is not investment advice and any recipients should consider obtaining their own independent advice before making any decision that relied on this information.