



KINGSWOOD

AN INTERNATIONAL INTEGRATED WEALTH &
INVESTMENT MANAGEMENT GROUP POSITIONED
FOR **GROWTH**



HIGH GROWTH MARKETS

Grow by acquisition in globally fragmented markets

VERTICAL INTEGRATION

Holistic wealth and investment management drives revenue growth

DISTRIBUTION NETWORK

Focus on creating regional 'Hubs' for personal advice

SCALABLE PLATFORM

Centralised proposition to support economies of scale and sales efficiency

GLOBAL AMBITION

Growth equity enables execution of international growth plan



£4.8bn

Assets under advice & management



62

Client Advisers



£80m

Growth equity for investment



174

Employees in 14 locations across UK, 3 offices in US and 1 in South Africa



16,000

Private Clients



UK WEALTH & INVESTMENT MANAGEMENT

Wealth Planning

- Advice
- Pensions
- Estate Planning
- Mortgages
- Protection
- Tax & accounting

Investment Management

- Discretionary Service
 - Managed Portfolio Service
 - Personal/Bespoke portfolios
- Alternatives
 - Defensive Alpha Fund



UK INSTITUTIONAL

Treasury Management

- Professional treasury and segregated liquidity management
- Institutional client base
- Discretionary and advisory basis

ESG Enhanced Cash Fund

- Short dated, low volatility collective offering
- Daily liquidity
- 'Green' credentialed



KINGSWOOD US

Independent Broker Dealers (IBD)

- Self employed model
- Commission driven
- Firm provides centralised compliance and custodian access

Registered Investment Advisors (RIA)

- Employee model
- Recurring advisory fees
- AUM driven

Investment Banking/ Kingswood Capital Markets

- Self employed model
- Fee and commission driven
- Firm provides centralised compliance and distribution

BUSINESS IS LED BY AN INSTITUTIONALLY CREDIBLE MANAGEMENT TEAM

GROUP CEO



GARY WILDER

A Chartered Accountant by training with over 30 years' experience and a substantial track record in pan European private equity and real estate. Gary was a Managing Director at Bankers Trust, MD and partner at Credit Suisse, and Managing Partner and Co-Head of the European funds group within Nomura, prior to establishing a private equity firm in partnership with Jonathan Massing.

GROUP CFO



PATRICK GOULDING

Patrick is a Chartered Accountant with more than 25 years' experience in strategy, finance and operational roles in the global financial services industry. Experience includes senior roles at Morgan Stanley, Lend Lease, ING and Schroders in the US, Australia and Europe.

HEAD OF WEALTH



LEIGH PHILPOT

With over 20 years' experience in the Private Client industry, Leigh joined Kingswood in 2019 from Kleinwort Hambros Private bank, where he was Head of Regions. Prior to this he founded and led the Discretionary Fund Management (DFM) business strategy for the bank.



RICHARD BERNSTEIN

Chief Risk & Compliance Officer



PAUL SURGUY

Head of Investment Management



HARRIET GRIFFIN

Chief Operating Officer



RUPERT THOMPSON

Chief Investment Officer



NIGEL DAVIES

Head of UK Institutional



DEREK BRUTON

US (CEO)



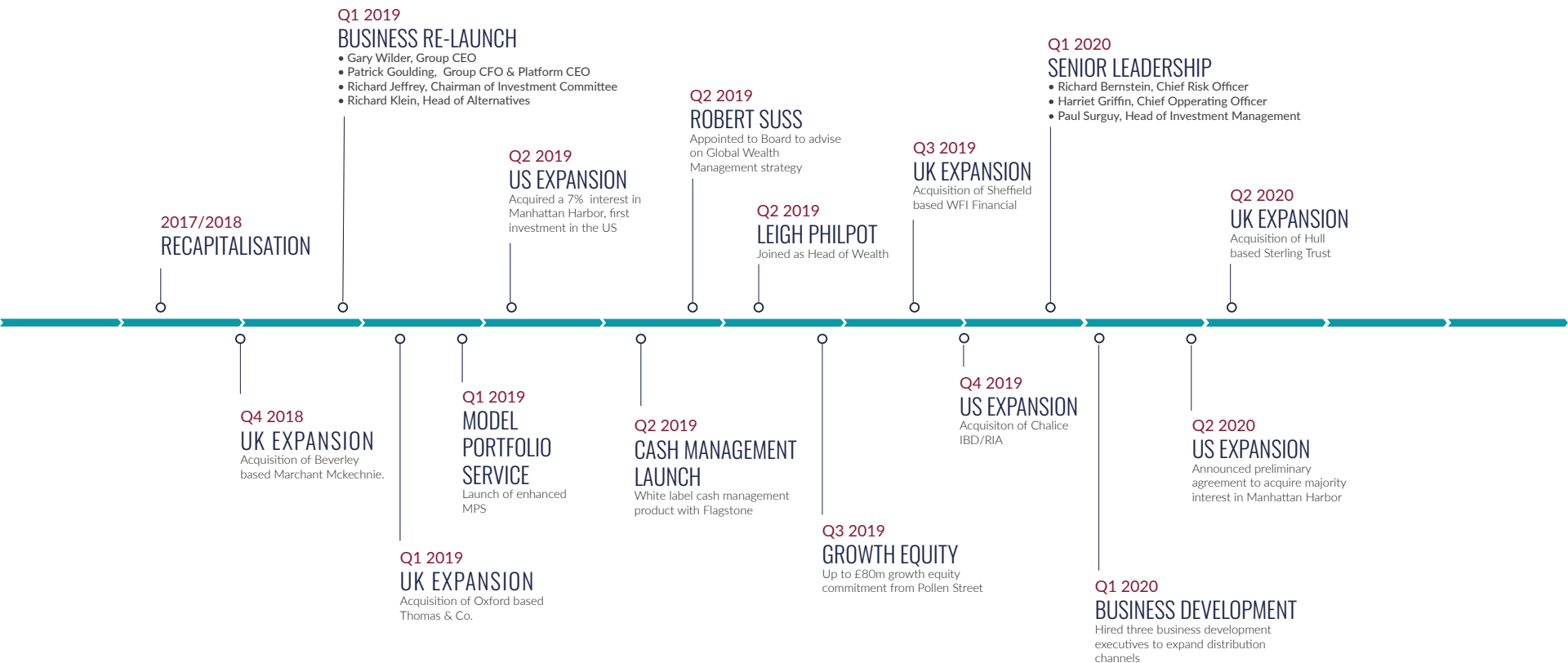
MIKE NESSIM

US (President)



RICHARD KLEIN

Head of Alternatives





- ✓ Re-launched under new management in early 2019, and further bolstered by significant new hires with large firm experience and strong track records
- ✓ Pollen Street Capital, a major private equity manager, committed up to £80 million permanent growth capital under-pinning a strong, debt-free balance sheet
- ✓ Sterling Trust acquisition transformative for business, with 22 financial advisers advising/managing £1.2 billion AUA/from 5 locations across Yorkshire and the North East of England
- ✓ Significant progress executing Kingswood's international strategy
 - ✓ US infrastructure, management team and regulatory framework now in place to expand and grow
 - ✓ Completed the acquisition of Chalice (an IBD and RIA) based in San Diego which provides full service securities brokerage, advisory and investment banking services to broad client base
 - ✓ Agreed to exercise option and increase interest in Manhattan Harbor (MH) from existing 7% to 20%
 - ✓ Signed heads of terms – subject to DD and regulatory approval - to contemporaneously merge Chalice business into MH
 - ✓ Kingswood will then hold a 50.2% majority interest in MH with commitment to contribute additional capital



AUA/AUM

6/20: £4.8bn (+100%)

12/19: £2.4bn (+50%)

12/18: £1.6bn (-)

12/17: £1.6bn (+10%)

Advisers

6/20: 62 (+63%)

12/19: 38 (+8%)

12/18: 35 (-8%)

12/17: 38 (-)

Clients

6/20: 16k (+113%)

12/19: 7.5k (+7%)

12/18: 7.0k (-4%)

12/17: 6.7k (+12%)

Total Revenue

12/19: £10.1m (+35%)

12/18: £7.5m (-19%)

12/17: £9.3m (+2%)

Operating EBITDA

12/19: £0.7m

12/18: £(1.6)m

12/17: £(1.0)m

Total Equity

12/19: £30.6m
(+22%)

12/18: £25.1m (+21%)

12/17: £20.9m (+17%)



Total Revenue
£10.1 million

2018 £7.5 million

+ £2.6 million

Recurring Revenue
83%

2018 83%

No change

Operating EBITDA
£0.7 million

2018 £(1.6) million

+ £2.3 million

**Pro Forma
Annualised 2019
Operating EBITDA**

£'000

Divisional EBITDAs:

Core 3,282

Marchant McKechnie 712

Thomas & Co* 480

WFI* 2,208

Centralised costs (4,334)

**Pro forma 2019
Operating EBITDA** 2,348

*Assumes full year of ownership

Total Equity
£30.6 million

12/18 £25.1 million

+ £5.5 million

AUM/AUA
12/19 £2.4bn
(*06/20 £4.8bn)

12/18 £1.6 billion

*06/20 +£2.4 billion

**Current market
valuation**
0.7% Price/AUM

Compared to fully integrated peer
group valuation of 2.8% Price/AUM

- 2.1% Price/AUM

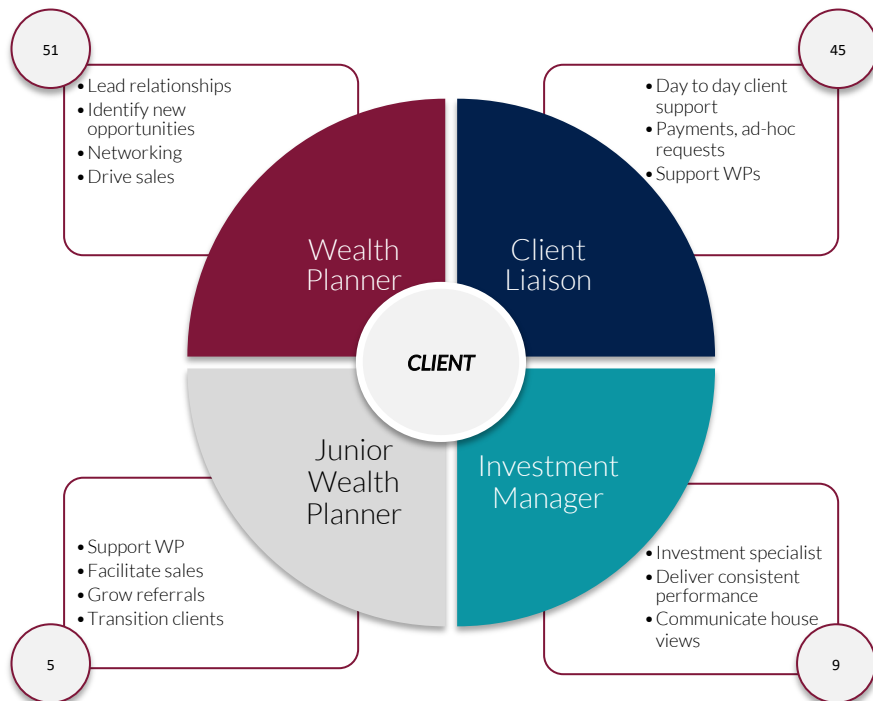


- ✓ Transition to remote working has gone smoothly with all employees working remotely since March 2020
- ✓ Advisers actively engaged with clients via Zoom and available at usual email and telephone numbers
- ✓ Business progressing well despite restrictions
 - ✓ No significant outflows experienced
 - ✓ £15m net flows into central investment proposition
 - ✓ Pipeline robust with active cases at healthy levels
 - ✓ Taking longer to process paperwork with third parties
- ✓ Weekly audio, visual and written communications emailed and available on the website for clients
- ✓ Recently produced quarterly magazine on Covid-19 and market impact – highly popular with clients
- ✓ In the US businesses and offices have operated seamlessly
 - ✓ NY office already prepared for full remote working following 9/11 and Hurricane Sandy
 - ✓ Atlanta office remained fully operational and staffed during the pandemic
- ✓ US business levels have held up well, supported by the enormity of Government and Federal Reserve support which has underpinned investor confidence
- ✓ M&A volume slowed in Q2, but seller interest remains strong with an expectation of higher deal volume in Q3 & Q4 2020

UK



Local and personal service at client level, supported by a scalable, risk controlled business model



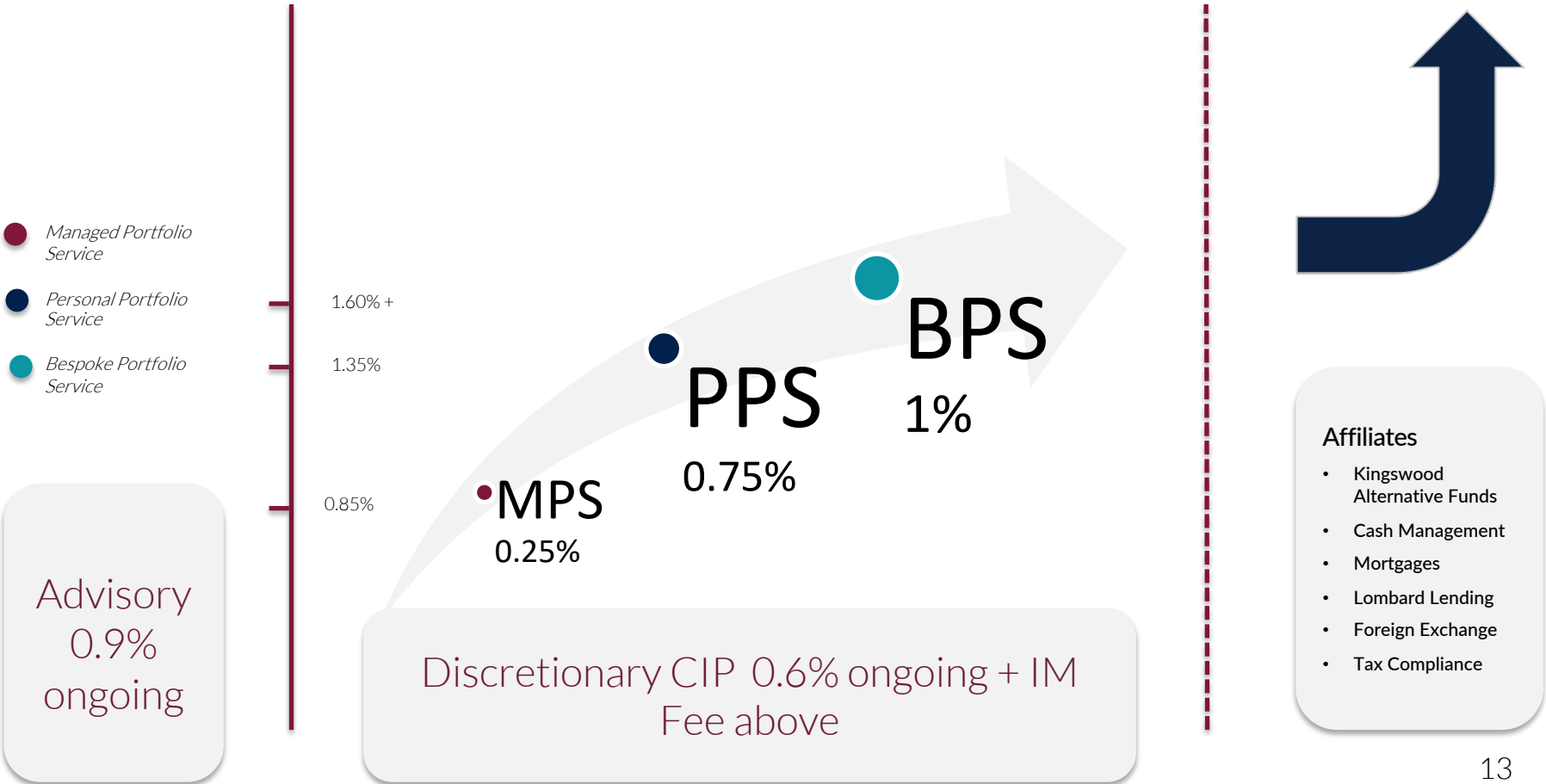
Summary

- Client relationships serviced by 3 or 4 named individuals
- Provide a highly personal front end, powered by a standardised core offer
- Wealth Planners lead all client relationships, with dedicated support teams ensuring business efficiency
- Highly experienced and resourced investment team can manage clients across all wealth bands

Benefits

- Enhanced client service
- Demonstrate depth of capabilities
- Improve client retention – less “key man” risk
- Capacity for sales
- Hunter/Farmer coverage across team
- Investment proposition directly linked to advice risk profiling, leading to a seamless integrated client experience and suitable outcomes

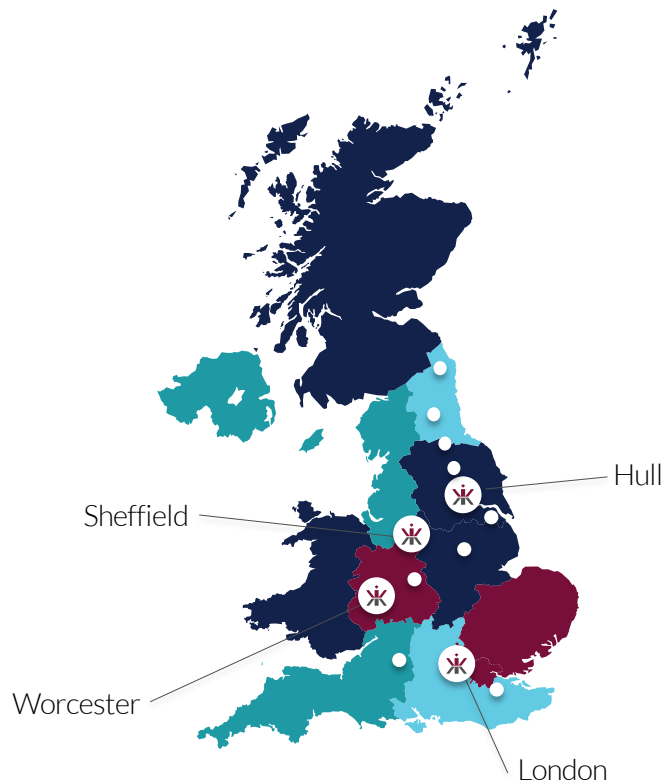
INCREASED CLIENT ENGAGEMENT DRIVES REVENUE GROWTH





The UK private wealth market is fragmented and undergoing ***substantial consolidation***

- Significant number of IFA owners at or close to retirement age and looking to exit
- Speed and scale of regulatory change proving highly disruptive
- Major aggregating opportunity, targeting strategic acquisitions and the creation of regional 'hubs'
- Over 2,750 firms across UK with 2-50 advisers represent potential targets



Creating regional 'hubs' across the UK



4 Regional Hubs



10 Satellite offices



SEAMLESS TRANSITION PROCESS

Dedicated integration team
Drives a higher margin



EXPANDING REGIONAL HUB FOOTPRINT

Increases our distribution channels
Ability to seamlessly bolt on acquisitions



CENTRALISED SUPPORT SERVICES

Economies of scale through shared support costs
Standardised risk and compliance, finance & HR processes



CENTRAL INVESTMENT PROPOSITION

Fully integrated CIP enhances client returns and
boosts profitability margins



ALIGNMENT OF INTEREST

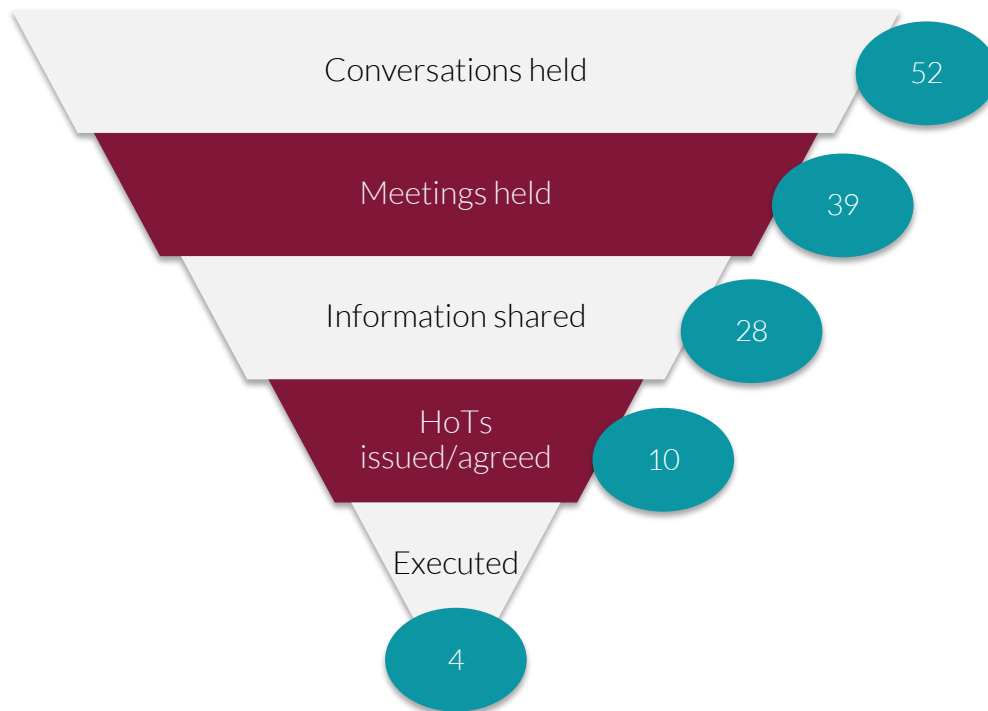
Deferred consideration structure tied to future
performance
Ability to issue LTIP



HIGHLY EXECUTABLE UK PIPELINE



The approach is disciplined in both identifying opportunities and determining value, given the accretive possibilities of each specific deal



- ✓ Strong in house M&A skillset
- ✓ Standardised documentation & process
- ✓ 4 acquisitions completed to date
- ✓ 3 under exclusive due diligence
- ✓ Significant reverse enquiry as a result of Pollen Street Capital's equity investment

Clear
executable
pipeline
identified

+25
Opportunities
across the UK

£7.5bn
Projected UK
AUM/AUA by
2021

RECENT UK ACQUISITIONS



Kingswood focused on expanding its network across the UK by acquiring strong regional financial advisory businesses

		EBITDA *	Value	AUM/AUA	Advisers
		(£m)	(£m)		
	Business Acquired				
Oct-18	Marchant McKechnie	£0.5	£4.0	£200m	4
Feb-19	Thomas & Co Financial Services	£0.5	£3.0	£150m	4
Sep-19	WFI Financial LLP	£1.8	£14.0	£550m	16
Jun-20	Sterling Trust	£2.5	£17.8	£1,200m	22

* Represents EBITDA delivered 12 months prior to acquisition

Provide professional treasury and liquidity management services to institutional clients on a primarily segregated basis

Service Provision

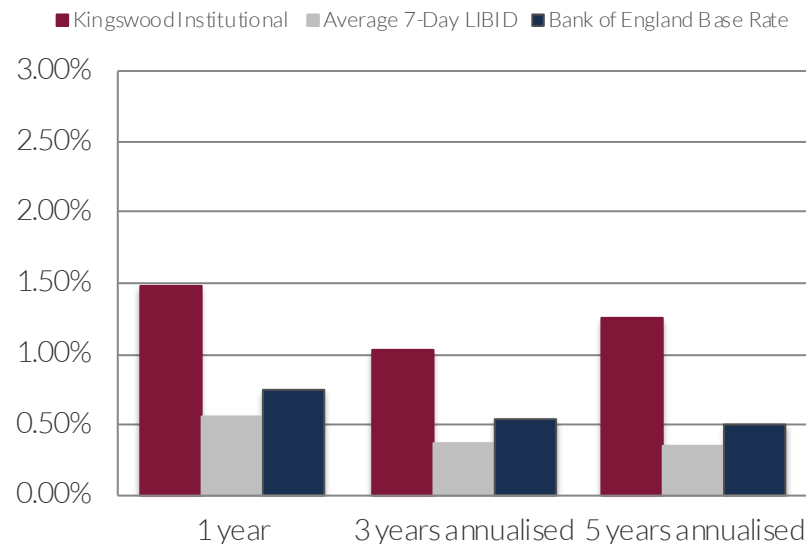
- Prudent investment management of surplus cash balances
- Portfolios range in size from £10m to over £100m
- Utilise a range of fixed interest instruments
- Provide Treasury Management Policy reviews
- Offer tailored treasury training programs
- £935 million AUM

Specialist client sectors

- Universities
- Smaller Corporates
- Charities
- Institutes

Investment philosophy

- 1** Preservation of capital
- 2** Liquidity of assets
- 3** Performance returns



ESG ENHANCED CASH FUND

Short duration, low volatility collective offering enhanced cash returns for institutions and private client investors with smaller sums to invest, sub £5m.



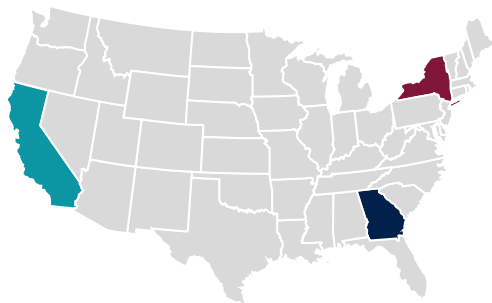
KINGSWOOD US



By combining Chalice and Manhattan Harbor, including its B/D Benchmark, Kingswood US will capitalise on a growing demand for financial advice in a fragmented B/D and RIA marketplace.

Kingswood US will grow by:

- ✓ Recruiting independent financial advisors
- ✓ Acquiring small to mid-size RIA firms and Broker/Dealers
- ✓ Expanding advisor “same store sales” growth by offering a superior wealth management platform and practice management support



New York, NY
San Diego, CA
Atlanta, GA

154

Regional
Representatives

\$1.7bn

Assets
Under Management

Successful Hybrid RIA business in the United States led by highly experienced management team with proven experience and track record in the independent RIA and B/D industry



DEREK BRUTON
CEO



MICHAEL NESSIM
President



JEFF MCCULLOUGH
Director of Adviser
Services



DAVID MARTIN
Director of
Compliance



MIKE ALSORAIMI
Chief Compliance
Officer



JEREMY WILDER
Chief Legal
Counsel



1

BUILD SUCCESSFUL SCALED B/D AND RIA

Recognised as one of the industry's premier wealth management firms

2

PROVIDE EXCELLENT SERVICE AND TECHNOLOGY

Kingswood will be the preferred destination for recruits and business principals looking to sell their business

3

BENEFIT FROM MOVEMENT TO FEE BASED BUSINESS

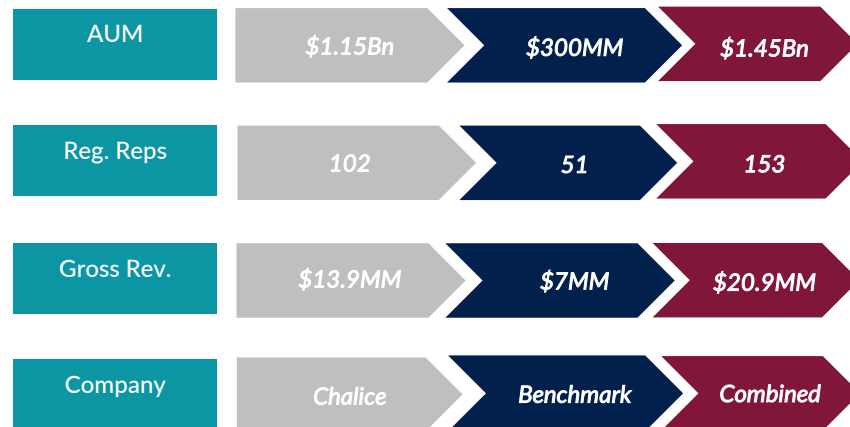
Managing significant B/D AUM/A to directly benefit from valuation uplift associated with anticipated movement from commission based assets to recurring fee based assets

4

UTILISE ECONOMIES OF SCALE

Expense management and sharing the cost across two firms, Kingswood will optimise earnings potential

KEY PERFORMANCE INDICATORS (Year end 2019 actual)



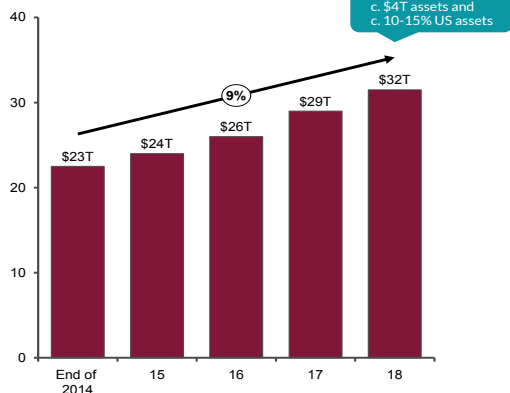
**Figures for Benchmark are for 9 months only*

SIGNIFICANT DEMAND FOR ADVICE



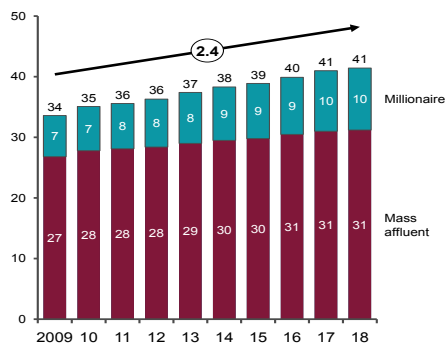
US retail wealth management total assets
(2014-18)

Trillions of USD



Mass affluent* and millionaire households in the US
(2009-18)

Millions of individuals



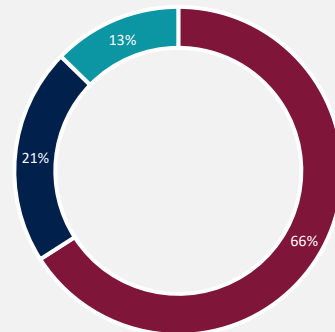
Note: * Mass affluent households have \$1K-\$1M in assets
Source: L.E.K. research; Cerulli; Capgemini 2018 McKinsey North American Wealth Management Survey

The US wealth management market is the largest in the world and has grown at c. 9% p.a. historically

- Independent broker-dealers control circa \$3 trillion in AUM with 123,000 advisors, mostly 1099 independent contractors
- This sector includes firms that are as large as LPL, with close to 17,000 independent financial advisors and ~\$700 billion AUA, to small B/Ds with less than 20 advisors
- Independent B/D marketplace is plagued by:
 - Rising regulatory and technology costs
 - Challenging recruiting environment as large competitors issue upfront checks and other perks
 - Inability to scale the business, leaving very little leverage to revenue share with clearing firms and product sponsors
- As a result, the independent channel has seen significant consolidation
 - B/Ds have gone out of business or transitioned to branch offices of other B/Ds
 - All recent transactions have been majority stake deals, as buyers have fallen into two main categories:
 - Private equity firms, who want control of a platform; or
 - Strategic buyers seeking significant home office cost savings
 - Larger B/D networks are capable of achieving economies of scale and increasing their bargaining power on the expense front, allowing them to attract advisors with a larger service offering or a reduced price

3,656 B/Ds
in the U.S.¹

- Retail
- Independent >\$100MM
- Independent <\$100MM



¹ 2020 Discovery Database



Target Market:

>100,000 Advisors with est.
\$100-\$1MM in T12 Gross
Revenue¹

Kingswood Will Recruit From

Wirehouses, Independents,
Regional B/Ds

Recruiting Pipeline

Over 25 advisors with ~\$3.5MM
in revenues, ~\$750MM in AUM

Why advisors are joining Kingswood US

1. A significant in house recruitment team and platform in place
2. Provides a hybrid platform, maximising the advisor's efficiency and minimising client complexity
3. Higher payouts and business owner tax advantages, advisors will increase their annual take home compensation
4. Flexibility of multi-clearing and Multi-custodial platform
5. Independence to run their business the way they want
6. Offload costly compliance and operation expenses by using a strong corporate RIA
7. Their business will not be managed to the lowest common compliance denominator
8. Access to a senior management team with deep experience and skills in the independent advisor industry
9. A built-in succession plan by agreeing to buy the advisor's business at market prices when they retire
10. Kingswood US will help the advisor grow their business organically through a high degree of practice management and new business support
11. With its business partners, Kingswood will help the advisor grow by identifying business acquisition opportunities

¹ 2020 Discovery Database



	B/Ds	RIA
TARGET MARKET	Over 150 Independent B/Ds with <\$100MM in gross revenues ¹	12,630 RIAs with between \$10-500MM in AUM
WHY	<ul style="list-style-type: none"> B/D marketplace is ripe for acquisition <ul style="list-style-type: none"> Aging owners Regulatory pressures Rising costs No scale Dismal recruiting results Valuation multiples are generally more reasonable than RIAs 	<ul style="list-style-type: none"> RIA marketplace is ripe for acquisition: <ul style="list-style-type: none"> Aging owners Rising operational costs Inadequate succession planning Slow growth RIAs generate recurring measurable and predictable recurring revenues Typically stronger and more ethical advisors than B/D reps
VALUATIONS	<ul style="list-style-type: none"> Historically trade at revenue multiples of 0.40x – 0.75x While valuations vary based on EBITDA, deals are valued on revenue multiples Normally cash deals, but equity can be component Earnouts are based on rep, AUM, and revenue retention as EDITDA earnouts are difficult to manage 	<ul style="list-style-type: none"> Market is frothy, generally range from 6-8x EBITDA for target firms. Varies by <ul style="list-style-type: none"> Size of firm Whether they possess some unique value proposition (e.g. technology) Quality of client base Typically cash + equity deals, with potential multiple year earn outs based on AUM and revenue retention
RISKS	<ul style="list-style-type: none"> As compared to RIAs, independent B/Ds typically have low EBITDA margins (2-9%) Slower growth rates – More difficult to recruit without capital and resources vs. large competitors, low organic growth Abundance of “scratch and dent” advisors that may drive up compliance costs and taint reputation AUM and revenue mix is tilted toward non-recurring 	<ul style="list-style-type: none"> Overpaying for business Advisor breakage as owner transitions out of business Due to high demand for RIA businesses, we will face staunch competition for good firms Need to carefully discern between RIAs and “Servicing RIAs”, which have lower gross margins Because it’s a seller’s market, seller expectations and conditions could be unreasonable
OBJECTIVES	<ul style="list-style-type: none"> Focus on asset vs. stock purchases to: <ul style="list-style-type: none"> Retain reps we want, avoid others Reduce our exposure Pursue firms with favorable growth rates and higher adjusted EDITDA potential through a shared service model Offer “Hub” opportunities to firms that are <ul style="list-style-type: none"> Larger and/or have strong brand identity Have a more defined business niche Acquire at B/D multiples and shift advisors to fee-based 	<p>Leverage RIA and referral agent relationships, as well as Bruton’s RIA contacts, to source “under the radar” opportunities</p> <ul style="list-style-type: none"> Pursue firms with reasonable expectations “First-mover advantage” with initial RIA acquisition as following purchases will drive greater synergies Offer “Hub” opportunities to firms that are <ul style="list-style-type: none"> Larger and/or have strong brand identity Have a more defined business niche



True hybrid RIA platform offering, with support of fee-based and commission business on one platform

- ✓ Multiple advisor affiliation options
 - W2 (employed) and 1099 (independent) models
 - Flexible payout schedules
- ✓ National presence with bi-coastal home offices
- ✓ Seasoned and accessible senior management team, with proven experience in the independent RIA and B/D industry
- ✓ Multi-custodial and multi-clearing flexibility
- ✓ Extraordinary, highly-personalised client service and transition support
- ✓ Comprehensive and affordable group health insurance coverage
- ✓ Industry-leading technology platform with Orion Advisor Services and AdvisorEngine
- ✓ Alternatives investment platform combined a superior due diligence platform
- ✓ CAIS platform providing access to institutional quality, private equity and hedge fund investments
- ✓ Fully automated process with the clients utilising DocuSign
- ✓ Institutional-quality wealth management solutions with leading Turnkey Asset Management platforms and direct relationships with quality alternative investment product platforms
- ✓ Nimble and flexible due diligence approach to advisor onboarding and Investment product additions
- ✓ Access to digital marketing and social media platform

Kingswood Group has committed to provide additional funding to Kingswood US to support both acquisitions and organic growth driven by the recruitment of independent financial advisors. Organic growth driven by recruitment only is projected to deliver the following:

	Year end 2020	Year end 2021	Year end 2022
Projected total advisers	200	275-350	350-450
Projected AUM/A	\$2Bn	\$6.9Bn - \$8.75Bn	\$8.75Bn - \$11.25Bn



KINGSWOOD CAPITAL MARKETS

Kingswood has launched an investment banking business in the US under the brand Kingswood Capital Markets (KCM), initially with 8 bankers and support staff based in NY, with a goal to increase to 25 bankers plus in key locations across the US over the next two years. KCM will generate high quality income for our business via securities underwriting and placement, debt arrangement, advisory and M&A leveraging our growing advisor distribution network.



CONCLUSION



Kingswood is significantly undervalued relative to both its fully integrated peers and wealth managers in general, offering the opportunity to investors to make outsized alpha returns

Company	Market Cap	AUM Last reported	P/AUM	PER CY2020	PER CY2021	EV/EBITDA CY2020	EV/EBITDA CY2021
Fully Integrated							
Schroders	£8,431m	£470,500m	1.8%	19.8x	18.9x	13.8x	13.0x
Standard Life Aberdeen	£6,388m	£490,000m	1.3%	19.5x	17.0x	31.4x	25.4x
St James's Place	£5,402m	£101,670m	5.3%	24.8x	21.5x	N/A	N/A
Quilter	£2,669m	£95,300m	2.8%	23.8x	18.2x	16.3x	13.7x
Average			2.8%	22.0x	18.9x	20.5x	17.4x
Kingswood	£35m	£4,800m	0.7%	7.9x	6.3x		
Wealth managers with financial planning capability							
Brewin Dolphin	£899m	£41,400m	2.2%	18.0x	18.0x	11.7x	11.5x
Rathbones	£888m	£42,646m	2.1%	17.2x	16.3x	N/A	N/A
Brooks Macdonald	£265m	£12,223m	2.2%	14.7x	12.8x	8.9x	7.6x
Mattioli Woods	£206m	£9,400m	2.2%	18.2x	18.0x	10.8x	10.6x
Charles Stanley	£142m	£20,200m	0.7%	14.5x	11.3x	3.5x	2.9x
Average			1.9%	16.5x	15.3x	8.7x	8.2x

*Source: Eikon consensus estimates (as at June 8 2020)



- ✓ High growth, international and fully integrated wealth & investment manager in three countries
- ✓ £4.8bn AUM/AUA and circa 16,000 clients
- ✓ Significantly undervalued relative to fully integrated peer group: 0.7% AUM/AUA vs 2.8% AUM/AUA
- ✓ Significant focus on closing valuation gap relative to fully integrated peer group to reflect true underlying valuation
- ✓ Active transaction pipeline in UK and US with a number in exclusive due diligence
- ✓ Unique management team combining extensive private equity experience and a track record of out performance, with a leadership group with large firm experience and success
- ✓ Rapid implementation of change management programme to significantly improve cost/income ratio and enhance margin
- ✓ Strong risk and compliance culture
- ✓ Robust balance sheet underpinned by Pollen Street Capital's growth equity commitment
- ✓ Targeting total £13-£15 billion AUM/AUA internationally by end 2021
- ✓ Targeting further capital raise to advance strategy within next 12 months



Disclaimer

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By their nature, forward looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward looking statement. Additionally, forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No responsibility or obligation is accepted to update or revise any forward looking statement resulting from new information, future events or otherwise.

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