



KINGSWOOD

PROTECT AND GROW YOUR WEALTH

POSITIONED FOR *GROWTH*



GARY WILDER
Group CEO

- ✓ Vertically integrated wealth management group with a global ambition to consolidate and grow in high growth markets
- ✓ We are evaluating raising additional permanent equity to further accelerate our acquisitive growth strategy
- ✓ Targeting acquisitions of c£5 - £10m in size over the next 2 years
- ✓ Targeting returns on investment of c20%
- ✓ Clear and executable pipeline of 20+ opportunities across the UK
- ✓ Further growth opportunities available in US largely through active recruitment and organic growth
- ✓ Capital support through Pollen Street convertible equity facility

INVESTMENT PROPOSITION



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

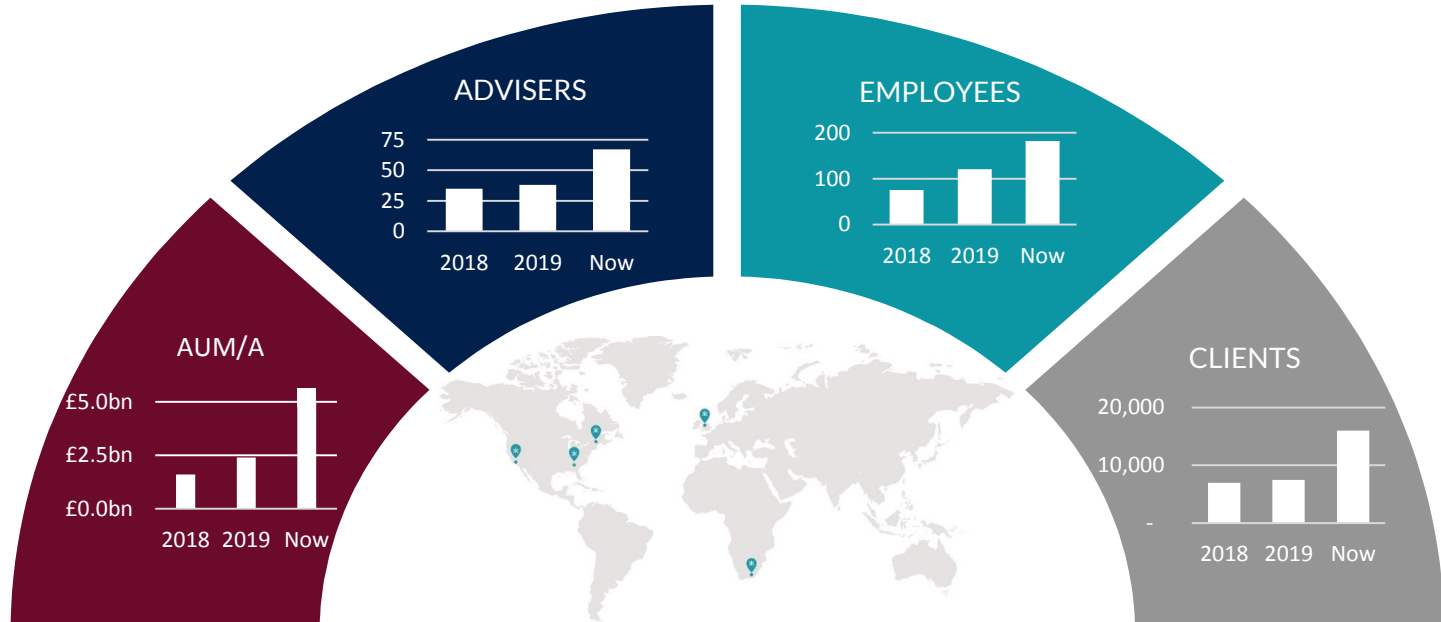
Centralised proposition to support economies of scale and sales efficiency

MANAGEMENT TEAM

Experienced & incentivised at every level

GLOBAL AMBITION

Growth equity enables execution of international growth plan





UK

Wealth

Wealth Planning

advice, pensions, estate planning, mortgages, protection, tax & accounting

Investment Management

discretionary service, managed portfolio service, personal/bespoke portfolios, alternatives

Institutional

treasury and liquidity management services to institutional clients

US

Independent Broker Dealers

Self employed model, commission driven, centralised compliance

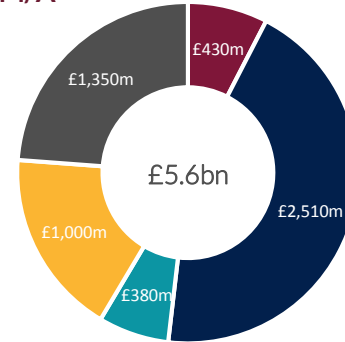
Registered Investment Advisers

employed model, recurring advisory fees, AUM driven

Investment Banking

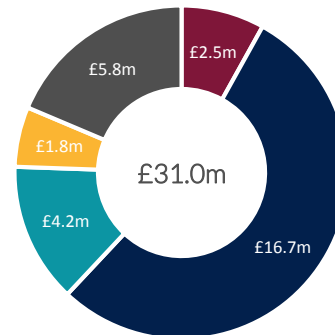
self employed model, fee & commission driven, centralised distribution

AUM/A



- Wealth Planning - London
- Wealth Planning - Regional
- Investment Management
- Institutional
- Kingswood US

PRO-FORMA ANNUAL REVENUE



- Wealth Planning - London
- Wealth Planning - Regional
- Investment Management
- Institutional
- Kingswood US (net)



LEIGH PHILPOT

Head of
Wealth Management

Full vertical integration maximises synergies and economies of scale. Growth in AUM and Revenue focussed on:

DFM

- Strong investment performance vs ARC and risk benchmarks
- Migration opportunity for wealth planning assets to MPS (currently £90m) and higher margin PPS service (£320m)
- “Kingswood Private” service for HNWs and Charities
- Each £100m to MPS adds £250k of revenue and each £50m to PPS £375k

Increased Adviser Efficiency

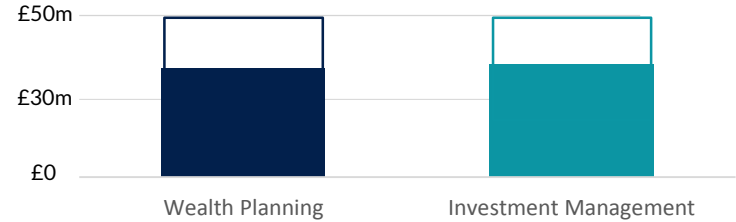
- Centralised proposition and additional support
- Reduced administrative burden to focus on client interaction
- Kingswood Academy

Expanded Share of Wallet

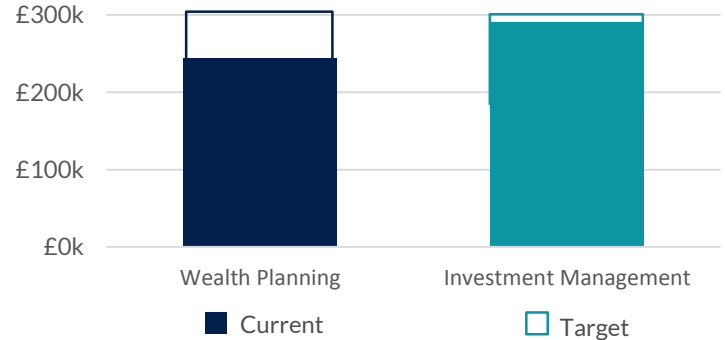
- Revenues from cash management, portfolio lending, mortgages
- Consolidate client assets from competitors
- Kingswood product launches

Integrated proposition coupled with LTIP and equity upside, strong financial backing and international growth supports acquisition strategy

AUM PER ADVISER



RECURRING REVENUE PER ADVISER



PERSONAL AND LOCAL



INTEGRATED EXPERTISE



DEPTH



GROWTH



IMPACT

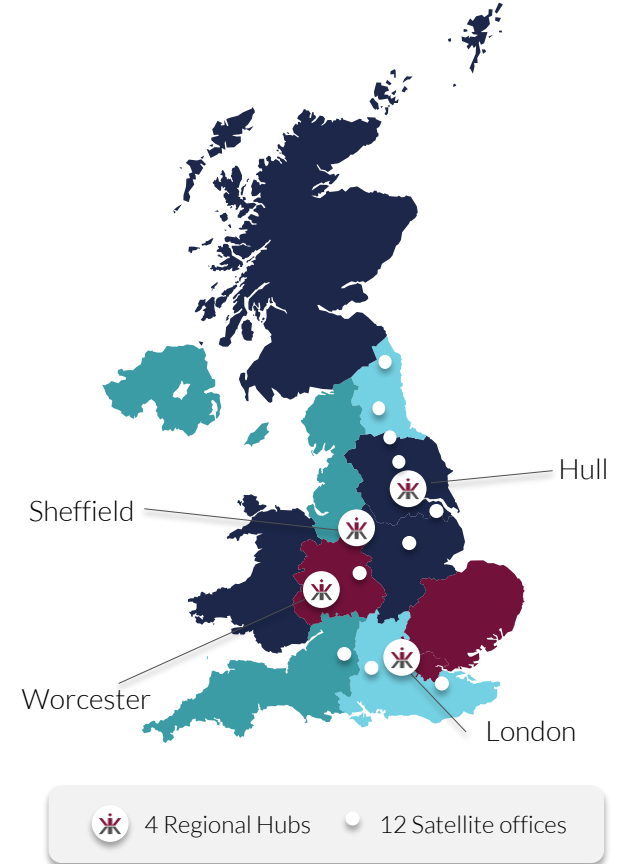
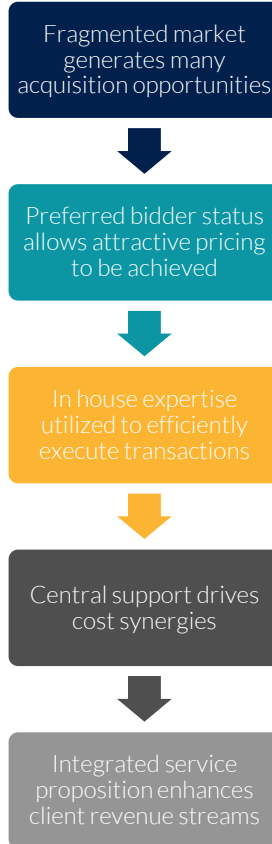


JEFF GRANTHAM

Head of Wealth Planning

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

- Significant number of Financial Adviser business owners at or close to retirement age and looking to exit.
- Speed and scale of regulatory change proving highly disruptive. PI Insurance is increasingly problematic.
- Major aggregating opportunity, targeting strategic acquisitions. Creation of fully operational regional 'hubs' capable of efficient scaling up through further acquisitions.
- Over 2,750 firms across UK with 2-50 advisers represent potential targets
- Long term loyal client/adviser relationships provide reliable income stream, with significant potential uplift through cross selling additional products and service.





PATRICK GOULDING
Group CFO

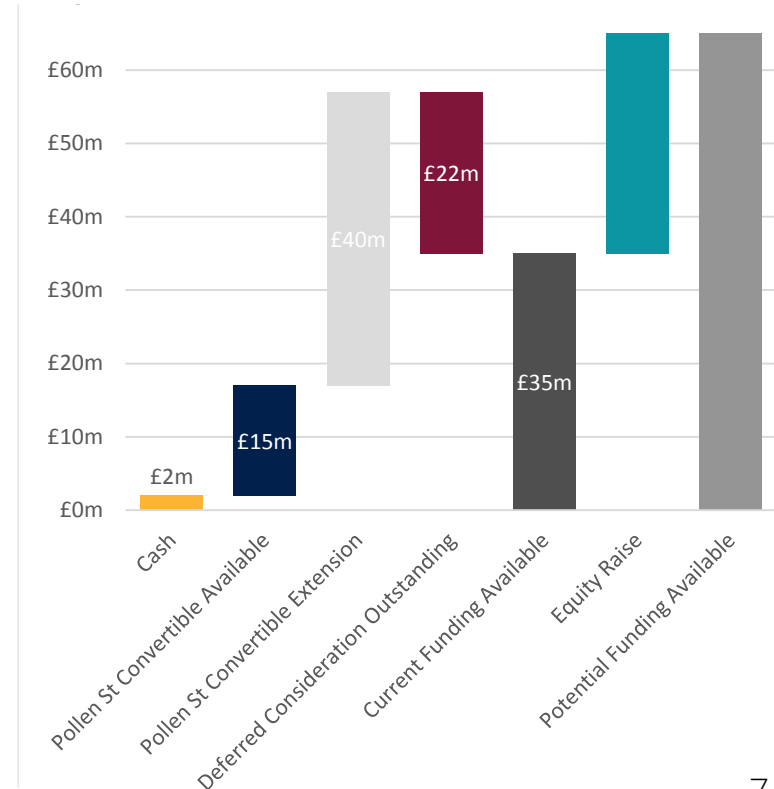
POLLEN ST CAPITAL EQUITY FACILITY

- Irredeemable convertible preference share facility agreed in September 2019
- Initial commitment of £40 m, with a potential further £40m, gives up to £80m of acquisition funding to execute our pipeline
- £25m utilised so far
- Converts at 16.5p
- Value sharing between Pollen Street Capital and Kingswood aligns interests
- Pollen Street Capital board members bring significant experience and expertise

POTENTIAL EQUITY RAISE

- While Kingswood remains well funded by the convertible facility, we would like to maintain our capital flexibility and balance our capital structure
- With a UK pipeline of c£200m we feel there is a significant opportunity to deploy additional capital
- An equity raise would be deployed over 2 years in transactions of c£5 - £10m
- This is expected to produce returns on investment of 20% post integration

FUNDING AVAILABLE





Acquisition criteria

- Must be singularly dedicated to servicing their clients
- Target must have strong appetite for centralisation and synergies it can bring
- Focus on ability to migrate assets to our integrated wealth proposition – earnout linked to achieving migration targets
- We want the acquired teams to stay and grow the business
- Targeting EBITDA returns on investment of c15% pre-synergies, c20% post
- Identification of fee uplift and organic growth
- Clean regulatory track record

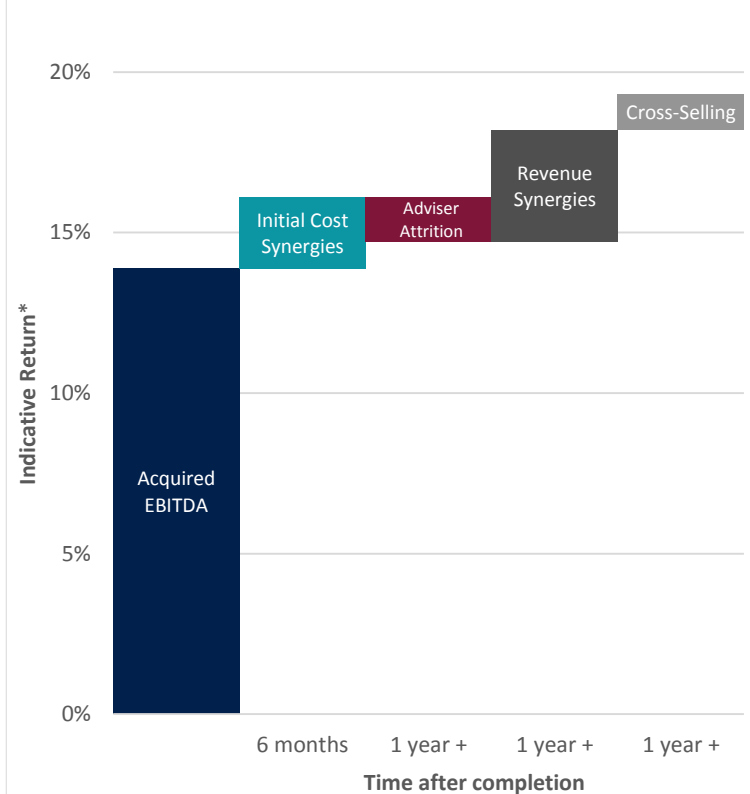
Post-acquisition integration

- Key staff retained to preserve and grow client relationships
- Rigorous focus on revenue and profit, as well as AUM/A and ROCE
- Target higher revenue yield on AUA/M by providing enhanced services to clients
- Post-acquisition, review against these metrics quarterly and adjust strategy

Why Kingswood is a preferred bidder

- Kingswood model frees adviser time to focus on clients
- Products and services present additional revenue opportunities for incoming advisers
- LTIP and incentives align teams to deliver short and long term performance

TARGET RETURNS



*Returns calculated as EBITDA/Acquisition cost incl. expenses

KINGSWOOD'S RECENT ACQUISITIONS



Date	Acquisition	Price	AUM/A	P/AUM	Advisers	Initial EBITDA ⁽¹⁾	Current EBITDA	Target Post-Synergy EBITDA	Initial P/EBITDA	Target P/EBITDA	Initial ROI ⁽²⁾	Target ROI ⁽³⁾
Oct-18	Marchant McKechnie	£4.0m	£200m	2.0%	4	£0.9m	£0.9m	£1.1m	4.4x	3.6x	23%	28%
Feb-19	Thomas & Co	£3.3m	£150m	2.2%	4	£0.5m	£0.5m	£0.7m	6.6x	4.7x	15%	21%
Sep-19	WFI Financial	£14.0m	£550m	2.5%	16	£1.8m	£1.9m	£2.3m	7.8x	6.1x	13%	19%
Jun-20	Sterling Trust	£17.8m	£1,200m	1.5%	22	£2.5m	£2.5m	£2.8m	7.1x	6.4x	14%	18%
Sep-20	Regency	£3.5m	£320m	1.1%	6	£0.5m	£0.5m	£0.7m	7.0x	5.0x	14%	20%
Total		£42.6m	£2,420m	1.8%	52	£6.2m	£6.3m	£7.6m	6.9x	5.6x	15%	19%

Marchant McKechnie

- Highly profitable business with principal key to remain
- Growth potential in region
- Relentless focus on client service

Thomas & Co

- Preferred location with potential for growth
- Experienced team keen to remain and grow business
- Fee uplift potential

WFI Financial

- Four locations across South Yorkshire and Midlands
- Strong and consistent record of growth and profitability
- Scalable platform with potential for fee uplift and growth
- AUM/A of £500m+ with opportunity to migrate to Kingswood's proposition

Sterling Trust

- Track record and experience of Jeff Grantham, who has assumed senior leadership role in Kingswood group post acquisition
- Highly profitable business with consistent record of growth and success
- Five locations across North East, traditionally under-served by financial advisers
- Over £1 billion of assets with potential to migrate to Kingswood's proposition

Regency

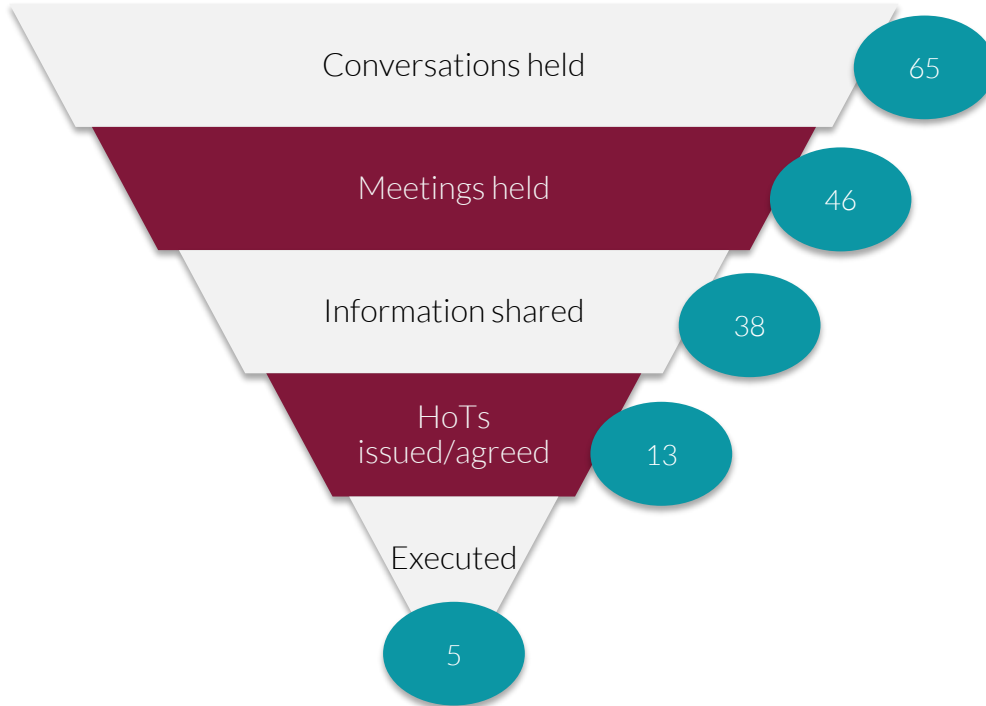
- Great location in affluent London commuter belt
- Principal's desire to remain and grow the business
- Young adviser team
- Relentless client service focus

1) Represents EBITDA delivered 12 months prior to acquisition
 2) Defined as Initial EBITDA/Price
 3) Defined as Target EBITDA/Price

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
- ✓ 5 acquisitions completed to date
- ✓ 3 under exclusive due diligence
- ✓ Significant reverse enquiry as a result of Pollen Street Capital's equity investment

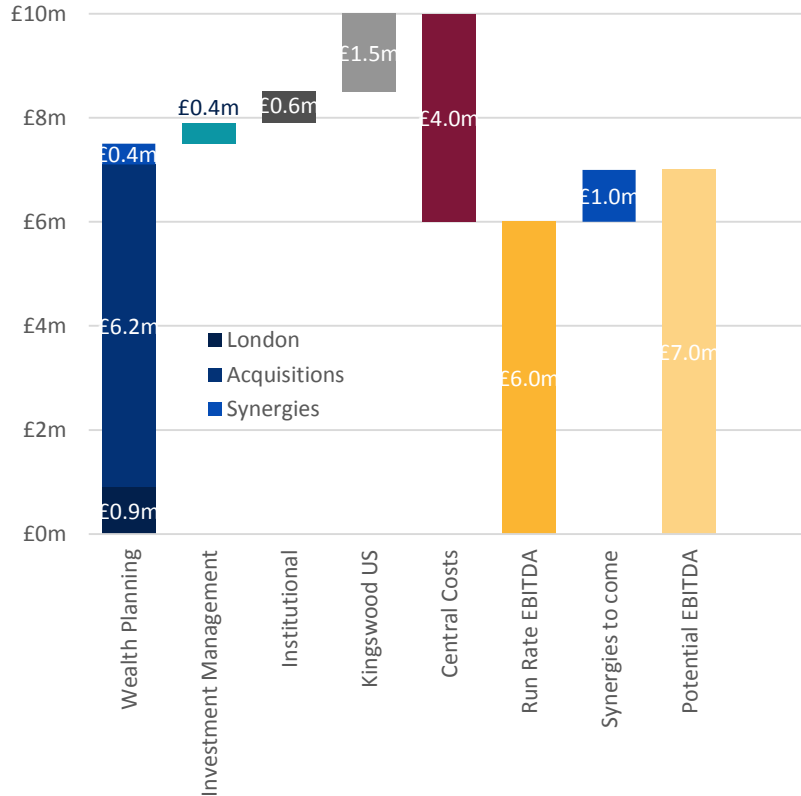
Clear
executable
pipeline
identified

+20
Opportunities
across the UK

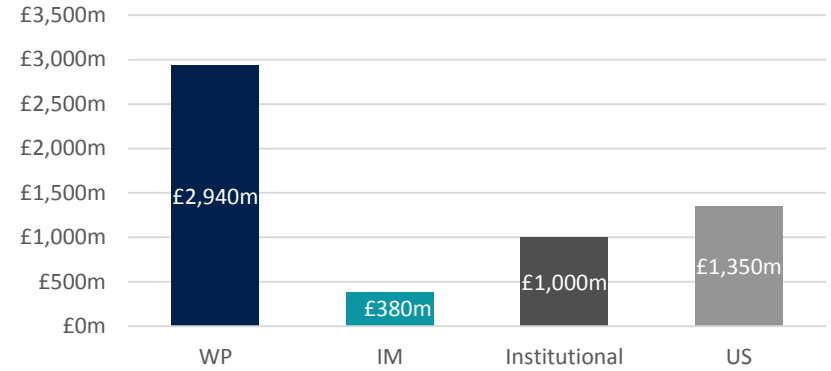
£7.5bn
Projected UK
AUM/A by 2021



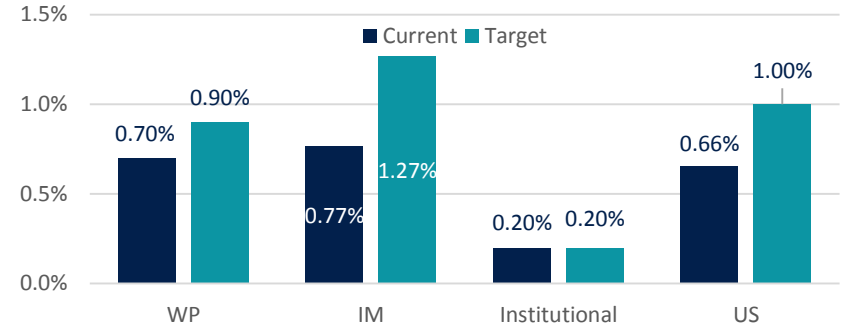
RUN RATE EBITDA BRIDGE



AUM/A



REVENUE YIELD





MIKE NESSIM

Managing Partner
(Kingswood US)

OBJECTIVES:

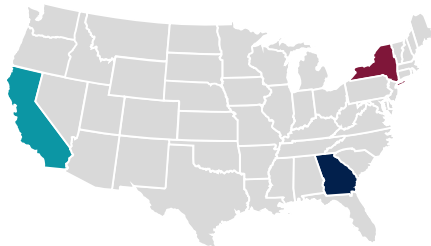
- 1) Built a successful scaled BD and RIA
- 2) Provide excellent service & technology
- 3) Benefit from movement towards fee-based business
- 4) Leverage economies of scale

Kingswood US will grow by:

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



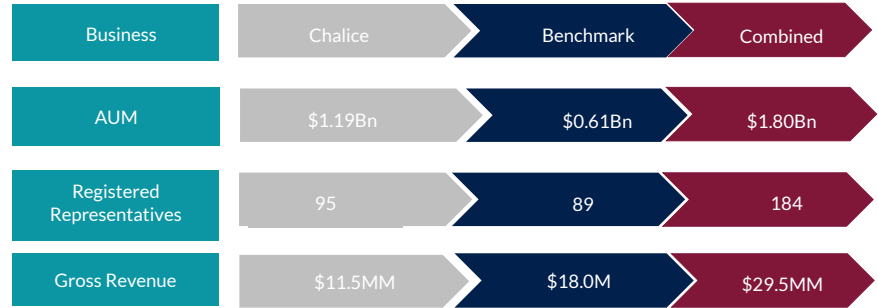
New York, NY
San Diego, CA
Atlanta, GA



● BD – Broker Dealer

● RIA – Registered Investment Adviser

KEY PERFORMANCE INDICATORS (12 months to Oct 2020)



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.



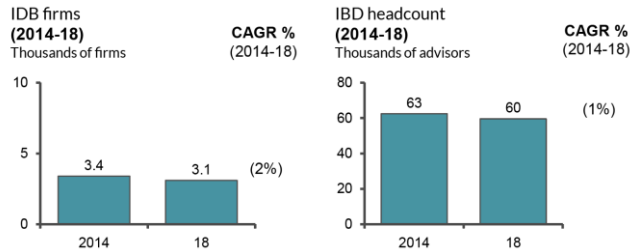
KINGSWOOD MARKETING

Kingswood marketing is a 7-person in-house recruitment team and acquisition team. Their target market is; Broker dealers, Registered investment advisors and individual advisors. Our goal is to increase this team to 15 over the next 12 months.



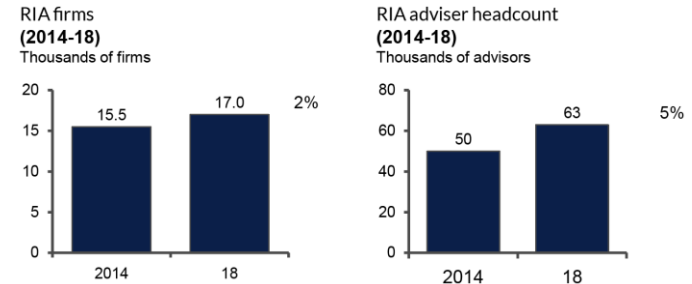
INDEPENDENT BROKER DEALERS (IBDs)

- IBDs buy and sell securities on behalf of clients on a commission basis, aligning themselves with a FINRA authorized firm to execute trades and custody assets
- IBDs control ~\$3 trillion in client assets with ~123k advisers across the US operating on a mostly self-employed basis
- The IBD sector includes firms as large as LPL with close to 17,000 independent financial advisers and ~\$700 billion AUA to small, local IBD firms with less than 20 advisers
- Small and medium sized independent BDs are facing many challenges:
 - An inability to achieve scale, leaving very little leverage to revenue share with clearing firms and product sponsors
 - Rising regulatory and technology costs
 - A difficult recruiting environment making it hard to attract good advisers as large competitors issue upfront cash incentives to attract talent
- The independent channel has consequently seen significant consolidation:
 - IBDs have gone out of business or transitioned to branch offices of other BDs
 - Larger BD networks can achieve economies of scale with increased bargaining power allowing them to attract advisers with a larger service offering at a reduced price



REGISTERED INVESTMENT ADVISERS (RIAs)

- RIAs generate recurring, measurable and predictable revenue streams from the direct management of client assets
- Regulated by SEC
- Currently over 12,500 RIA firms with between \$10m and \$500m in AUM
- RIA marketplace is ripe for acquisition:
 - Aging ownership with no clear succession plans
 - Rising operational costs
 - Slow pace of growth
- Market is therefore active with pricing in range of 6 - 8x EBITDA multiples for target firms
- Key value drivers include:
 - Size of firm and quality of underlying client base
 - Whether target possesses some unique value proposition e.g. proprietary technology solution
 - Typically cash + equity structure, with potential multiple year earn-out driven by revenue retention and AUM



Some firms and individuals operate as IBDs and RIAs concurrently, with some potential overlap in the data presented above.
Source: Cerulli Associates, FRNA; L.E.K. research



TODAY

- ✓ High growth, international and fully integrated wealth & investment manager
- ✓ £5.6 billion AUM/AUA and circa 16,000 clients
- ✓ Significantly undervalued relative to fully integrated peer group

STRATEGY

- ✓ Active transaction pipeline in UK and US
- ✓ Strategy provides hedge against UK centric businesses and enhances quality of earnings
- ✓ Robust balance sheet underpinned by Pollen Street's growth equity commitment

EXECUTION

- ✓ Implementation of change management programme to improve cost/income ratio and enhance margin
- ✓ Strong risk and compliance culture
- ✓ Unique management team combining extensive PE experience and track record of out performance
- ✓ Leadership group with large firm financial services experience and success

OPPORTUNITY

- ✓ Focus on closing valuation gap to reflect true underlying valuation
- ✓ Targeting AUM/A of £13-£15 billion by end 2021
- ✓ Raise further raise to advance strategy within next 12 months



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