



An overview of the UK fund management industry

Presentation made by IMAS Corporate Finance
to a delegation from the
Asset Management Association of China
16 September 2013

1. Introducing IMAS and IMASinsight

2. UK Fund Management Industry

Leading M&A advisory firm in the UK financial services

Independent advice, backed by strong focus and culture, brings results for our clients

Our focus

- We provide independent M&A advice, exclusively focused in the UK financial services sector, typically in the £5m-£100m enterprise value range

Our culture

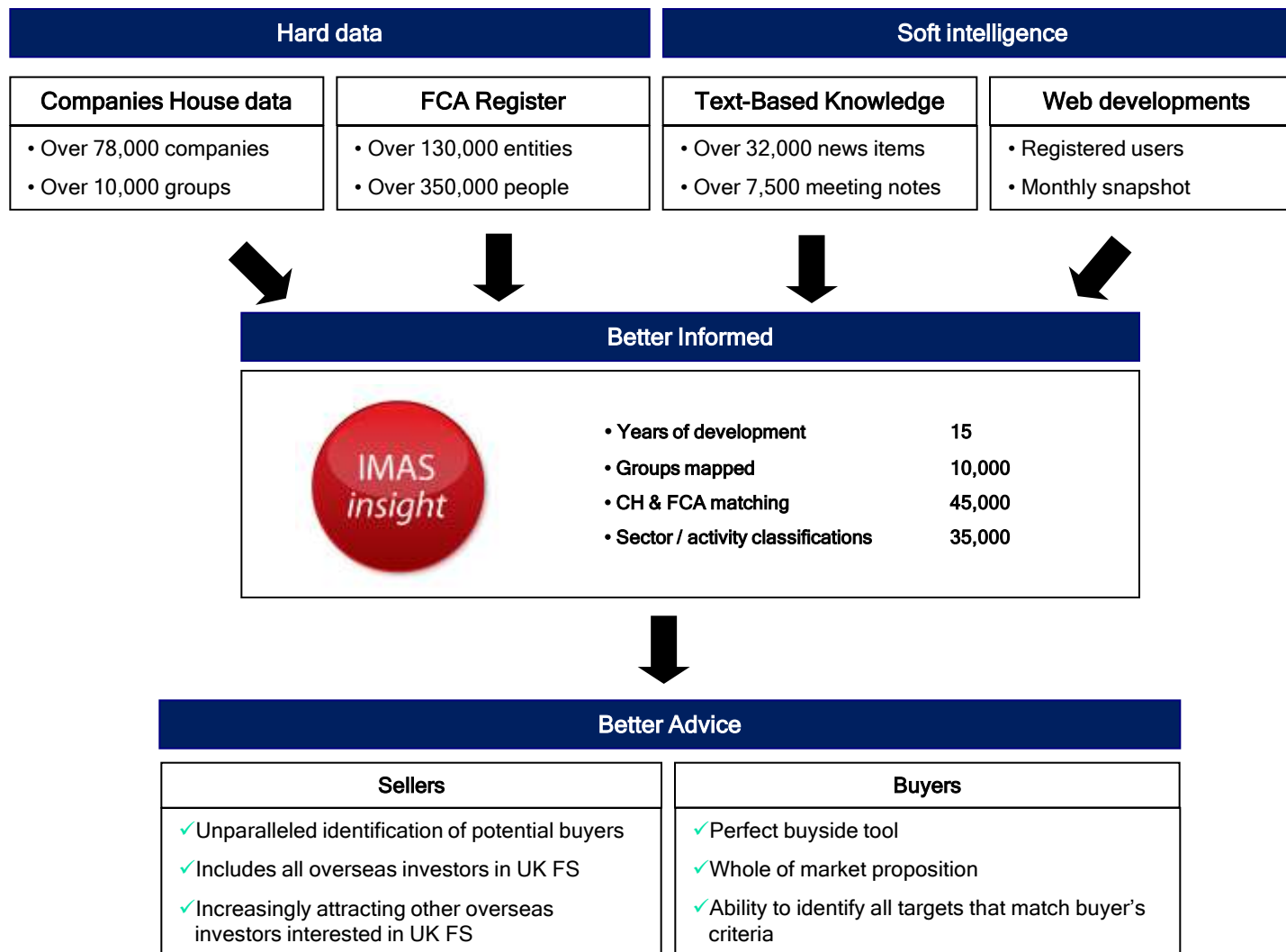
- Focus on developing long-term client relationships
 - Typically engaged 12-18 months ahead of any 'process'
 - Enables better understanding
- Dedicated senior level attention
 - Partners typically from 'bulge bracket' investment banks
 - Partners involved in day-to-day execution / client mgmt
- Knowledge leadership
 - Complete up-to-date mapping of the industry and market dynamics (sources: FSA, Companies House)
 - Experience and insight into key industry / sector issues
- Shared goals
 - Provision of independent conflict-free advice
 - All partners participate in profits and equity

Our results



IMASinsight - proprietary 'mapping' 100% of the UK FS industry

Unique tool able to assist buyers and sellers alike



IMASinsight possible because company information is highly transparent

Companies House

(www.companieshouse.gov.uk)

All companies have to file, available for inspection by the public, the following information:

Financial Results

- Profit and Loss
- Balance sheet
- Explanatory notes

Other details

- Directors with dates of birth
- Shareholders and number of shares held

FCA Register

(www.fca.org.uk/register)

All companies with Financial Services sector need to be authorised or registered and individuals approved

Companies

- Date of authorisation
- Allowed activities
- Numbers of approved persons

Approved Persons

- Functions approved for
- Full history of approvals

IMASinsight analysis is summarised and available on the web

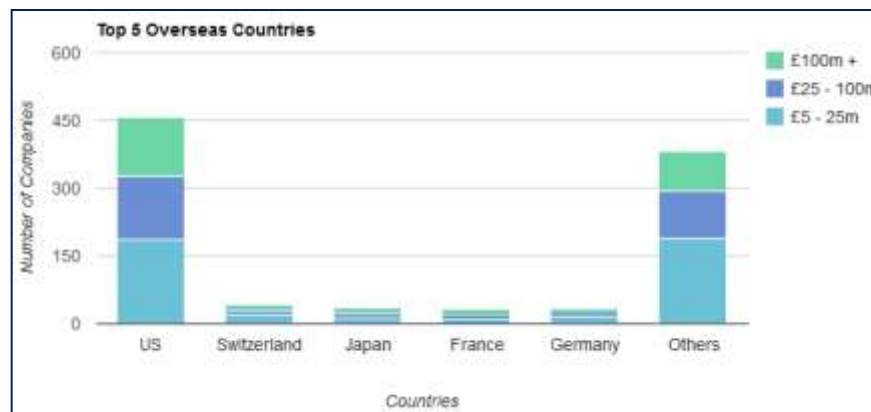
Ownership analysis

Groups analysed by type of control and indicative size (market value)

		Ownership							
		UK Quoted	Privately held	Widely Held	Overseas Owned	Private Equity	Mutual/Friendly	Other	Total
IMAS value banding	£100+ million	90	88	19	267	58	39	19	580
	£25 - 100 million	41	234	31	282	63	52	11	714
	£5 - 25 million	27	996	56	434	61	152	33	1,759
	Total	158	1,318	106	983	182	243	63	3,053

Source: IMASinsight

...and by domicile of parent for overseas owned groups



Source: IMASinsight

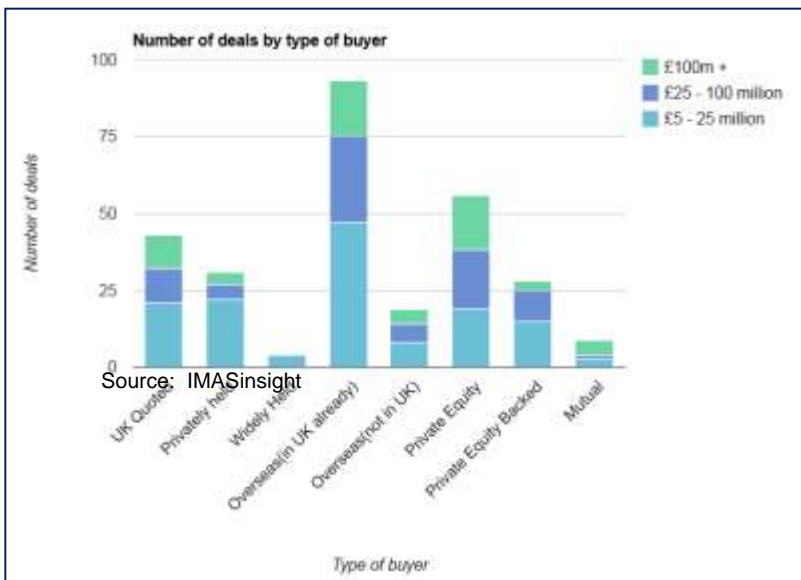
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M&A activity is tracked



Source: IMASinsight

c. 25 M&A deals per quarter being completed with increasing levels of activity in 2013 as confidence returns



Source: IMASinsight

Overseas acquirers and private equity funds have been the most active

Source: IMASinsight

1. Introducing IMAS and IMASinsight

2. UK Fund Management Industry

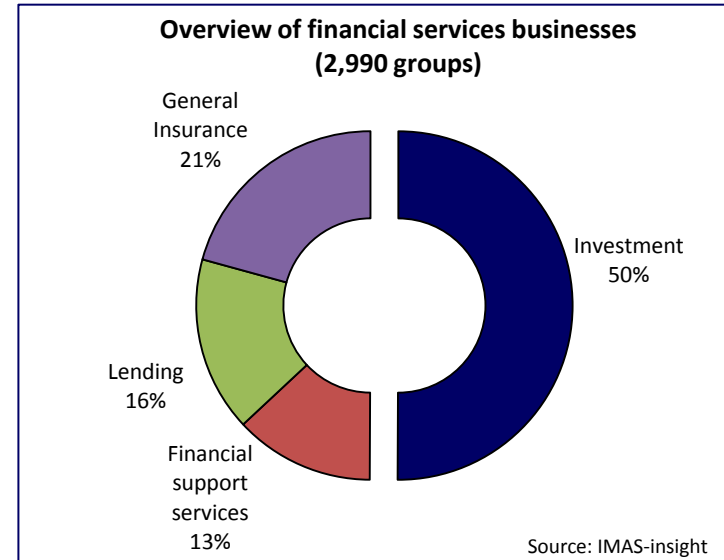
	UK Quoted	Privately held	Widely Held	Overseas Owned	Private Equity	Mutual/Friendly	Other	Total
£100+ million	11	26	4	22	0	0	2	65
£25 – 100 million	5	32	5	36	3	2	1	84
£5 – 25 million	4	97	5	52	1	2	5	166
Total	20	155	14	110	4	4	8	315

Source: IMASinsight

- IMAS insight analyses the UK financial services sector into around 100 sector/activities
- Above is the analysis for the UK fund management industry

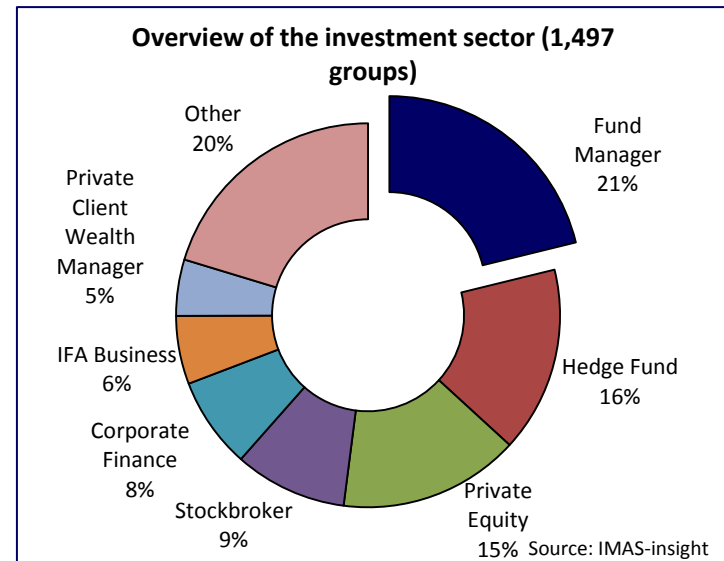
Fund management is the most important segment

The UK financial services sector is dominated by investment businesses, with over 50% of the market (defined as groups with a capital value in excess of £5 million)



Within the investment sector, 21% of businesses are fund managers followed by:

- Hedge funds 16%
- Private equity 15%

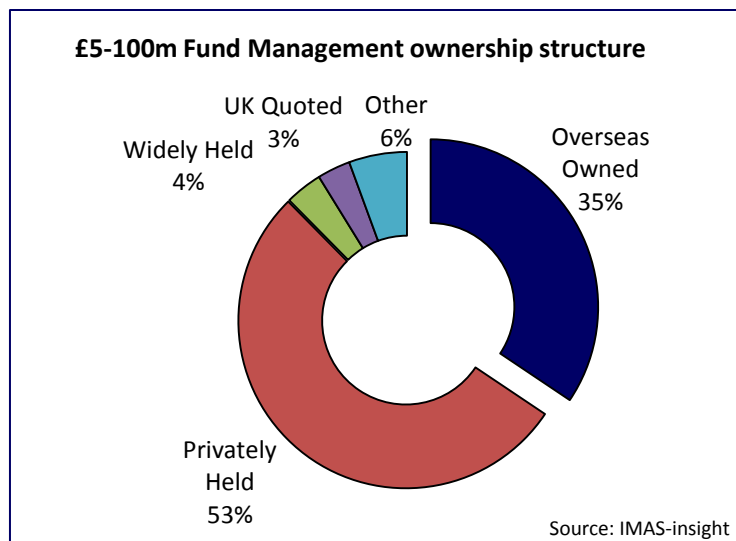
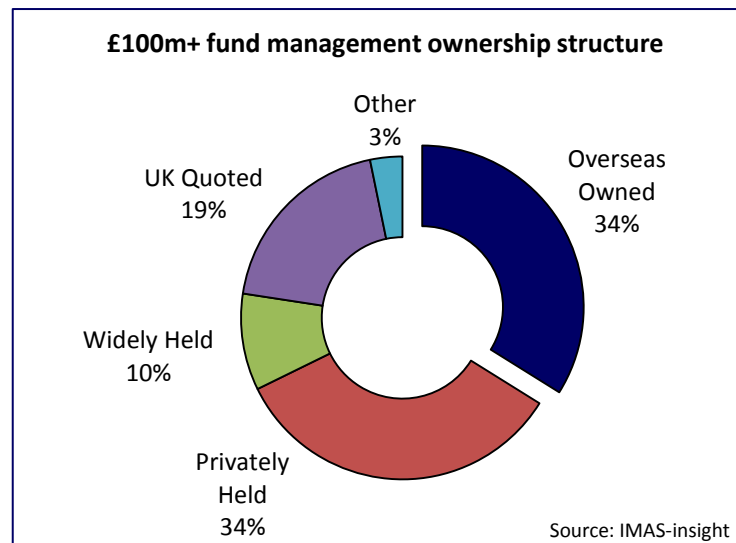


Overseas companies major investor in fund management

Overseas ownership very significant

- £100m+ 34%
- £5m to £100m 35%

Typically overseas ownership is greater in larger companies (ie £100m+) but not within UK fund management

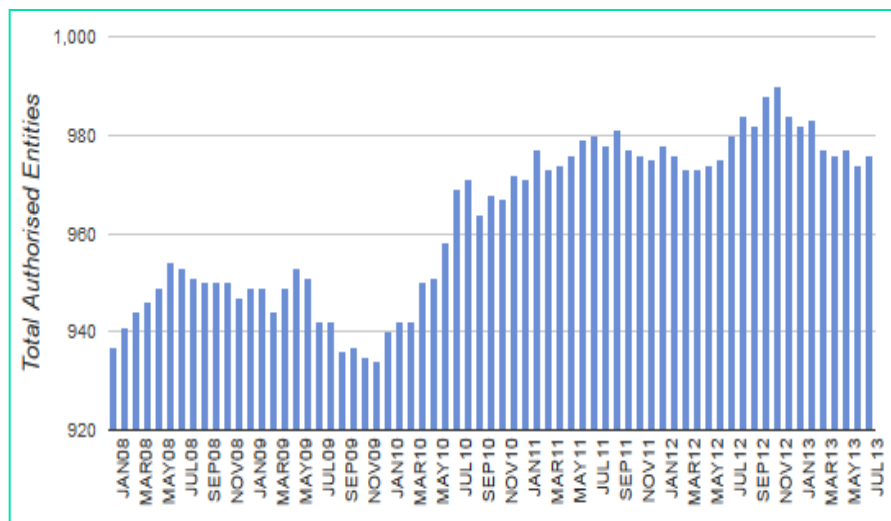


The number of fund management entities have remained stable

Authorised entities

Fund Management

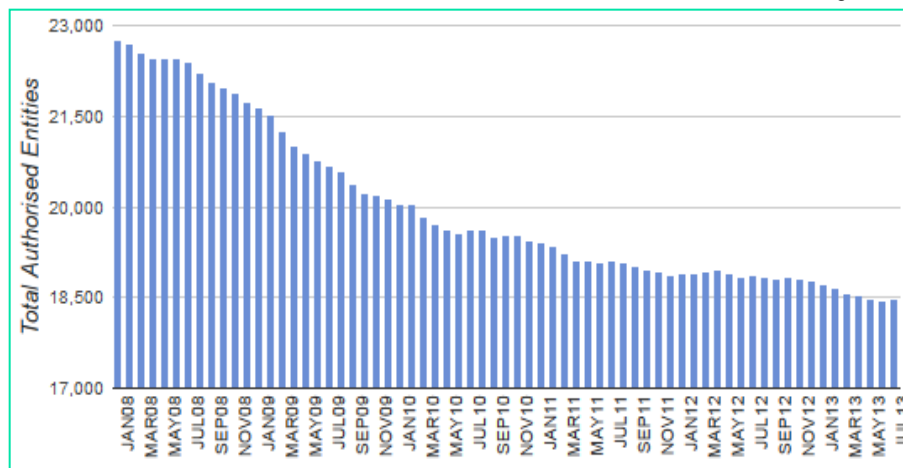
The number of authorised fund management business has increased since January 2008 by 4%



Source: IMASinsight

All authorised entities

The number of authorised entities has fallen by 19% over a similar period



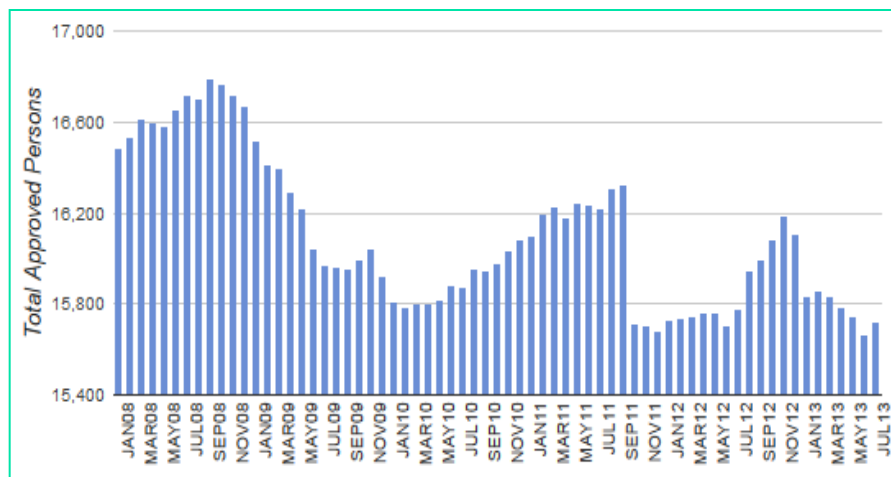
Source: IMASinsight

The number approved persons in fund management

The fall in numbers has been far more muted than the whole industry

Fund Management

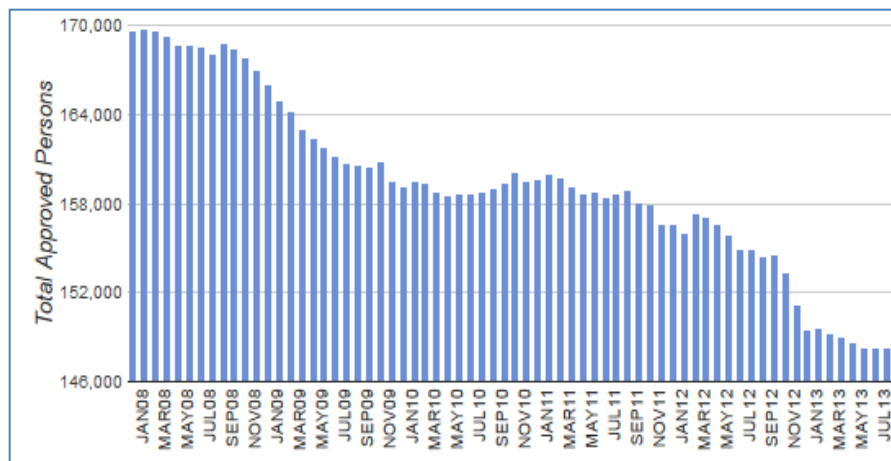
The number approved persons in fund management has fallen 5% since the beginning of January 2008



Source: IMASinsight

All authorised entities

For the whole industry the number of approved persons has fallen by 13% over the same time period



Source: IMASinsight

M&A activity significant but less than industry average

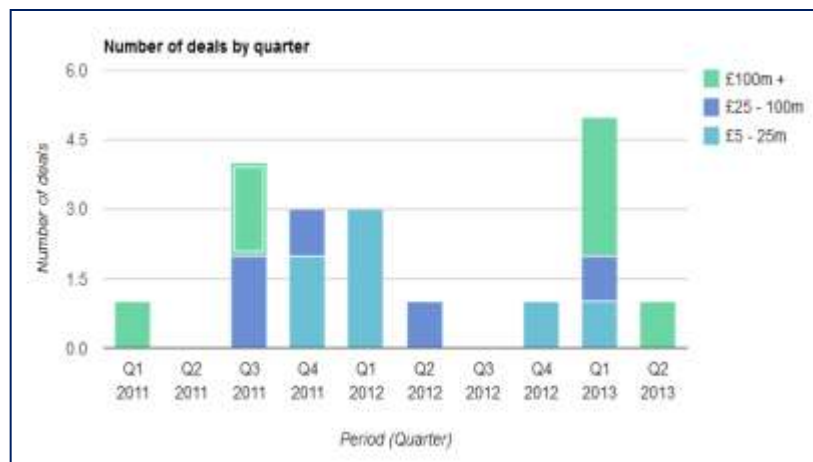
M&A activity as a percentage of the whole market

By volume: 7%

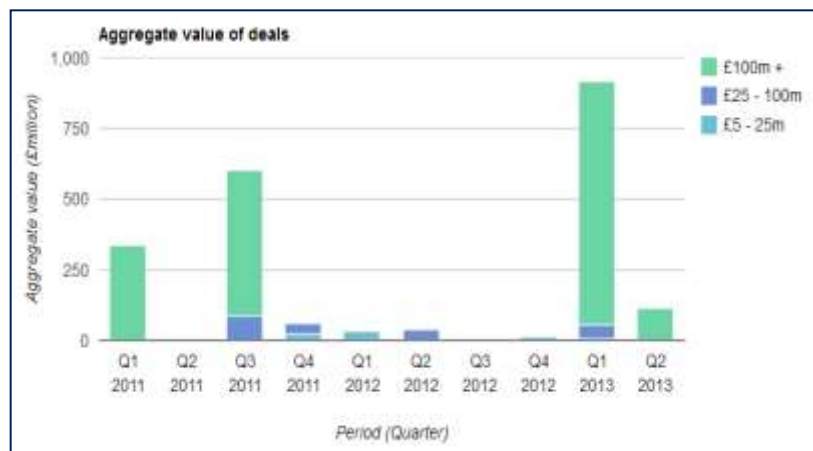
By value 7%

Given the fund management industry makes up 10% of the whole FS sector, M&A activity is somewhat lower than might be expected

Reflects fund management businesses can be set up rather than acquired



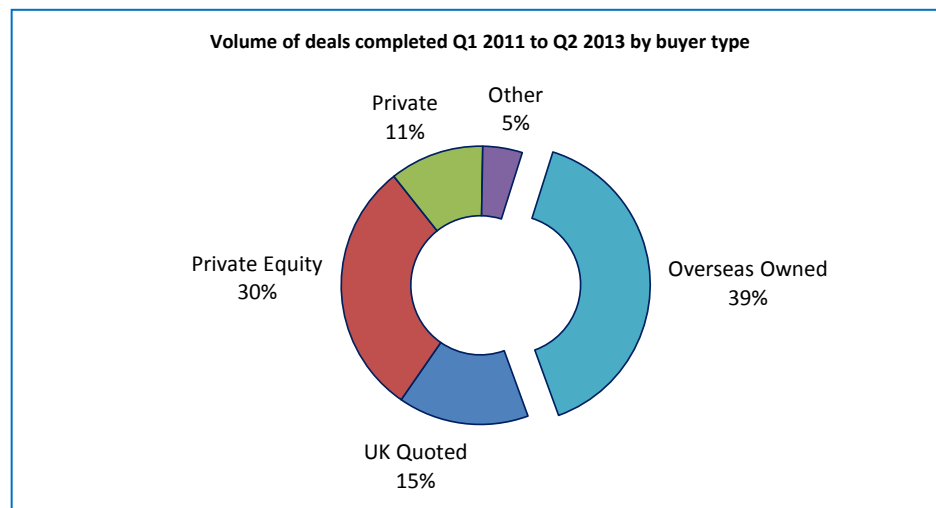
Source: IMASinsight



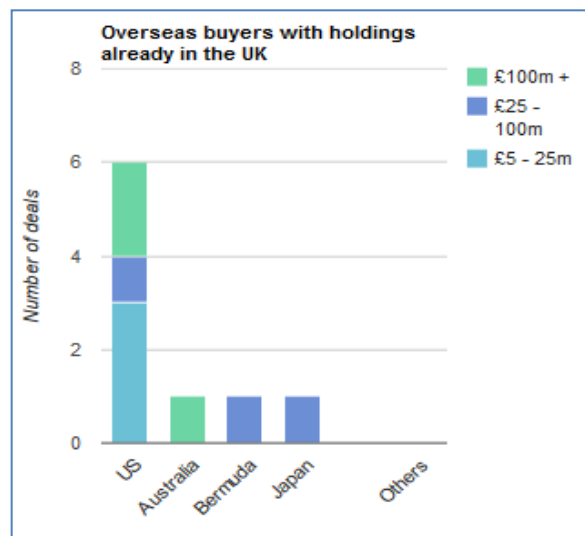
Source: IMASinsight

Overseas firms are the most active acquirers

All overseas buyers had an existing UK operations



The investment is largely by American companies



Source: IMASinsight

Source: IMASinsight

Level of overseas ownership in financial services

Industry context

- UK financials services industry highly international
 - 46% of groups with value in excess of £100m are overseas owned
- The City of London retains its foremost position in international financial services

Accessing fund management expertise

- For fund management companies worth in excess of £100m overseas ownership 34%
- Don't need to own a fund management business to access its expertise
- However, many do hence the significant level of overseas ownership
- Overseas owned fund managers are investing further into the UK fund management industry as the most active acquirers

Conclusions

- Fund management is a key element of UK financial services
- It has continued to be successful despite global downturn in financial services
- Major international fund management operations have a significant presence in the UK
- Overseas firms have continued to invest in UK fund management businesses

APPENDIX IMAS has complete mapping of the sector enabling specific targeting by subsector, size and ownership

Data feeds from the FCA and Companies House, complemented with proprietary in-house research

Lending / Distribution

Mortgage/Secured personal lending
Other Lending Distributor
Unsecured personal lending
Commercial Finance Broker

Lending / Risk

Banks: Corp. and Retail
Banks: Representative
Building Society
Commercial Property Lending
Consumer Finance
Invoice and Receivable Finance/Factoring
Leasing and Asset Finance
Other Risk Bearing Lending
Private Bank Lender
Residential Mortgage Lending
Securitisation Vehicles/SPVs
Specialist Corporate Lending
Premium Finance
Credit Union
Bridging Finance

Lending / Services

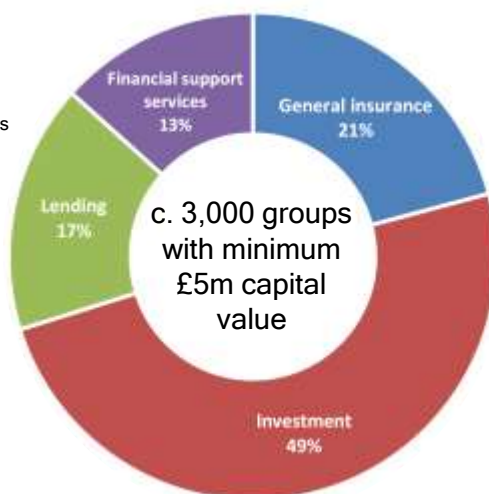
Debt Collectors/Debt Purchase
Debt Management
Administration

Support Services / Financial Technology

Data Analytics
Payment Providers
Technology: Insurance Related
Technology: Investment Related
Technology: Lending related
Technology: Trading

Support Services / Outsourced Services

Business Process Outsourcing
Compliance Providers
Corporate Services
Credit Assessment
Financial Research
Fund Administration
General
Industry Association
Other Financial Services
Pension Administration
Risk Management



General Insurance / Distribution

Commercial Lines Broker
General Insurance Network
In-House Broker
Lloyd's Broker
Other
Personal Lines Broker
Reinsurance Broker
Specialist Broker
Underwriting Agent
Wholesale Broker

General Insurance / Risk

Captive Insurer
Mutual/Friendly
General Insurer
Healthcare Insurer
Insurer in run-off
Lloyd's Insurer
Lloyd's Corporate Member
Service Company
Non life Mutual
Other
Personal Lines
Reinsurance
Specialist Insurer

General Insurance / Services

Assistance
Insurance Claims handling
Health Care Related
Loss adjuster/Assessor
Related Business
P&I Club Manager
Risk Management
Run-off Management

Investment / Advice

Corporate Finance
Fund Manager
Hedge Fund Manager
Other Financials Advisory
Private Client Wealth Manager
Private Equity
Actuary

Investment / Distribution

Employee Benefits
Health Insurance
IFA Business
IFA Network
Tied Adviser

Investment / Product

Life Company
Life Mutual
Investment and Unit Trust

Investment / Trading

Commodity or Futures Broker/Trader
Endowment Dealers
Interdealer Broker
Niche Traders
Other Trading Operations
Stockbroker
Foreign Exchange Dealers
Investment Bank