EQUITY Trustees

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Macquarie Equities 7th Annual Australian Conference - 3 May 2007

Peter Williams

Managing Director

Equity Trustees

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An independent Australian based financial services firm that is increasing its market presence and generating improved returns.

Our performance is based upon:

- Well developed revenue streams
- Clear performance indicators
- An established growth strategy

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Key themes

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1. Background
   - History
   - Company overview
2. Financial services
3. Revenue streams
   - Funds Management
   - Private Clients
   - Fund Services / Responsible Entity (RE)
   - Superannuation
4. Key indicators
5. Growth strategy
6. 2007 forecast

History

- Founded in **1888** – trustee company heritage
- **1980's** – expansion of trustee services into private client wealth management
- **Early 2000's** – introduction of managed fund distribution and development of responsible entity services
- **2003** – significant change programme introduced in company
- **2003** – acquisition of superannuation master trust (Wealthpac Australia Ltd)
- **2003 to present day** – expansion of service offering along the eastern seaboard

Company overview

Managing Director

Board of Directors
(MD + 5 independent directors)

Private Clients
30% of operating revenue

Funds Management
30% of operating revenue

Fund Services
22% of operating revenue

Superannuation
18% of operating revenue

Support Services

- An uncomplicated structure designed for efficiency

Company overview

- Market capitalisation of approx $210m
- 7.8m shares on issue
- Inclusion in S&P/ASX All-Ordinaries Index
- Offices in Melbourne, Sydney & Brisbane
- 140 employees
- Operating revenue up by 90% (2004-2007)
- Share price up 6-fold since March 2003

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EQT share price

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Growth strategy

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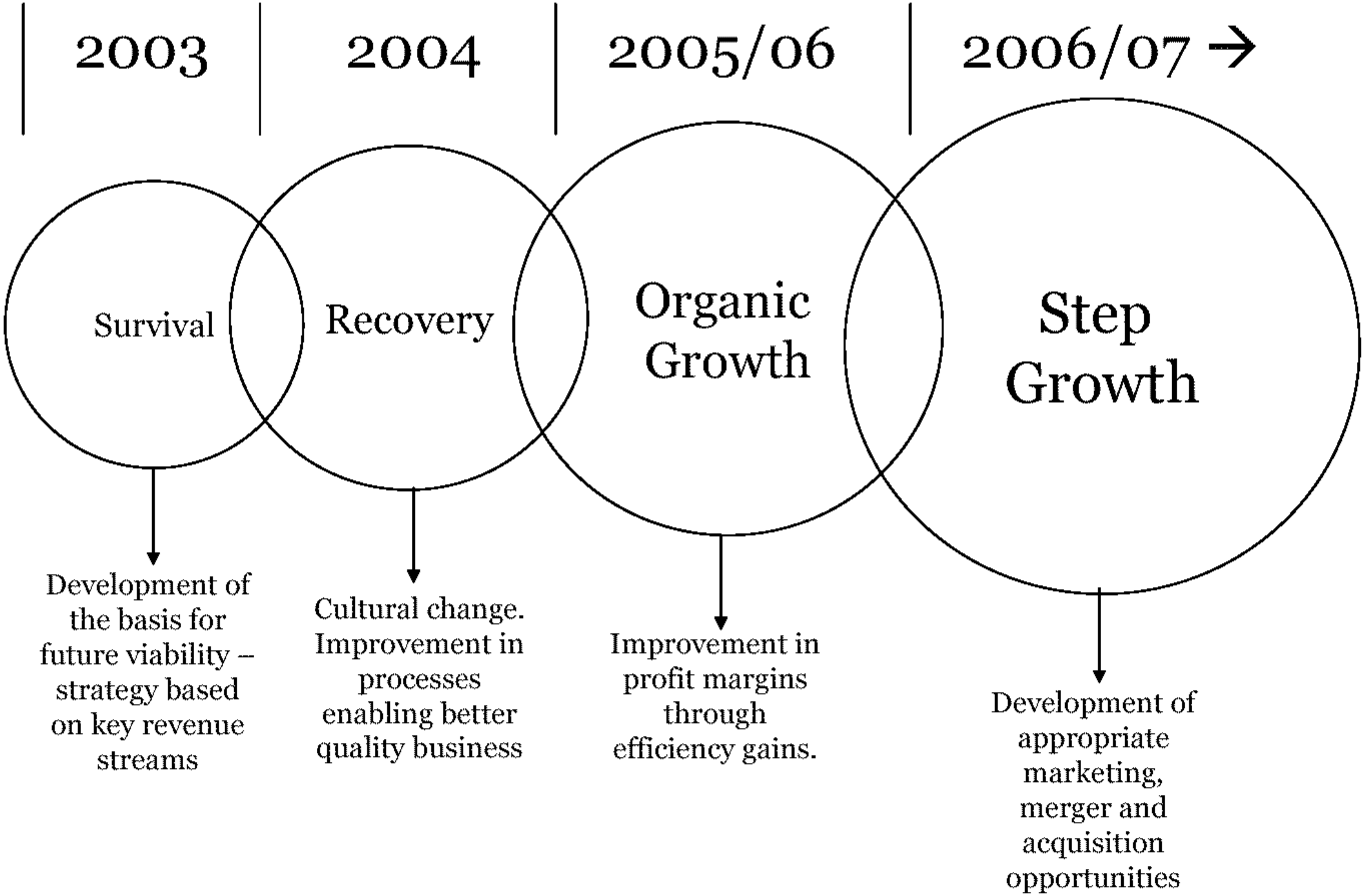

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Investment markets

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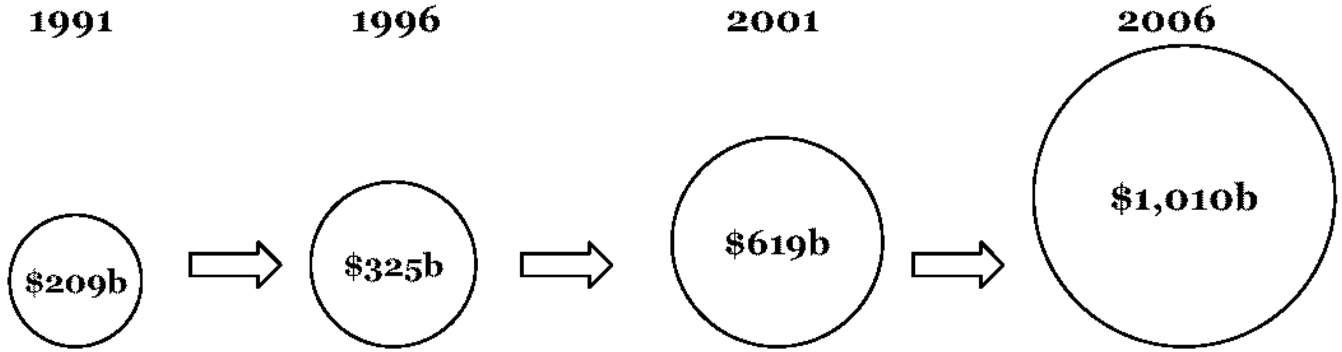
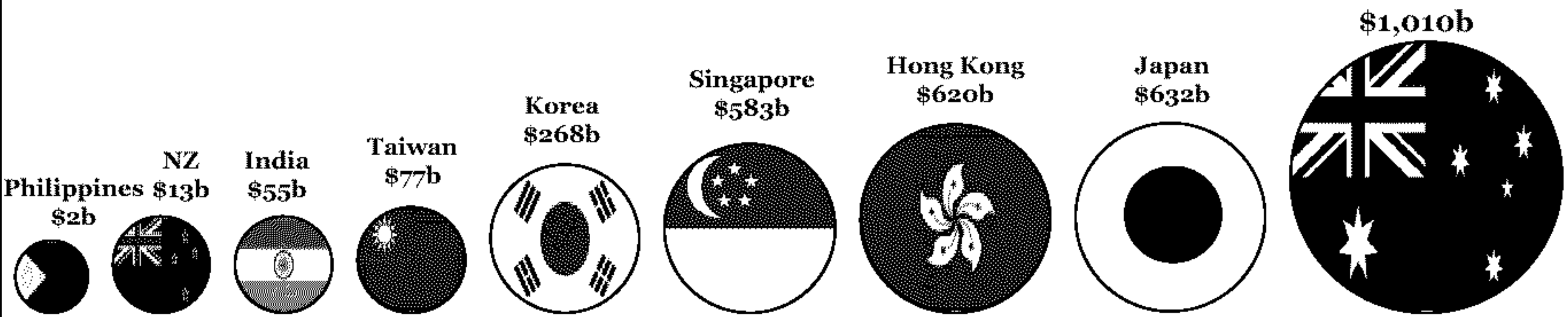
Australian investment funds are growing at a compound rate of 11% pa



Australia is the largest investment fund market in Asia



Source: Axiss – Australia, A Global Financial Services Centre (Benchmark Report, August 2006).

All figures represented in $A.

Investment markets

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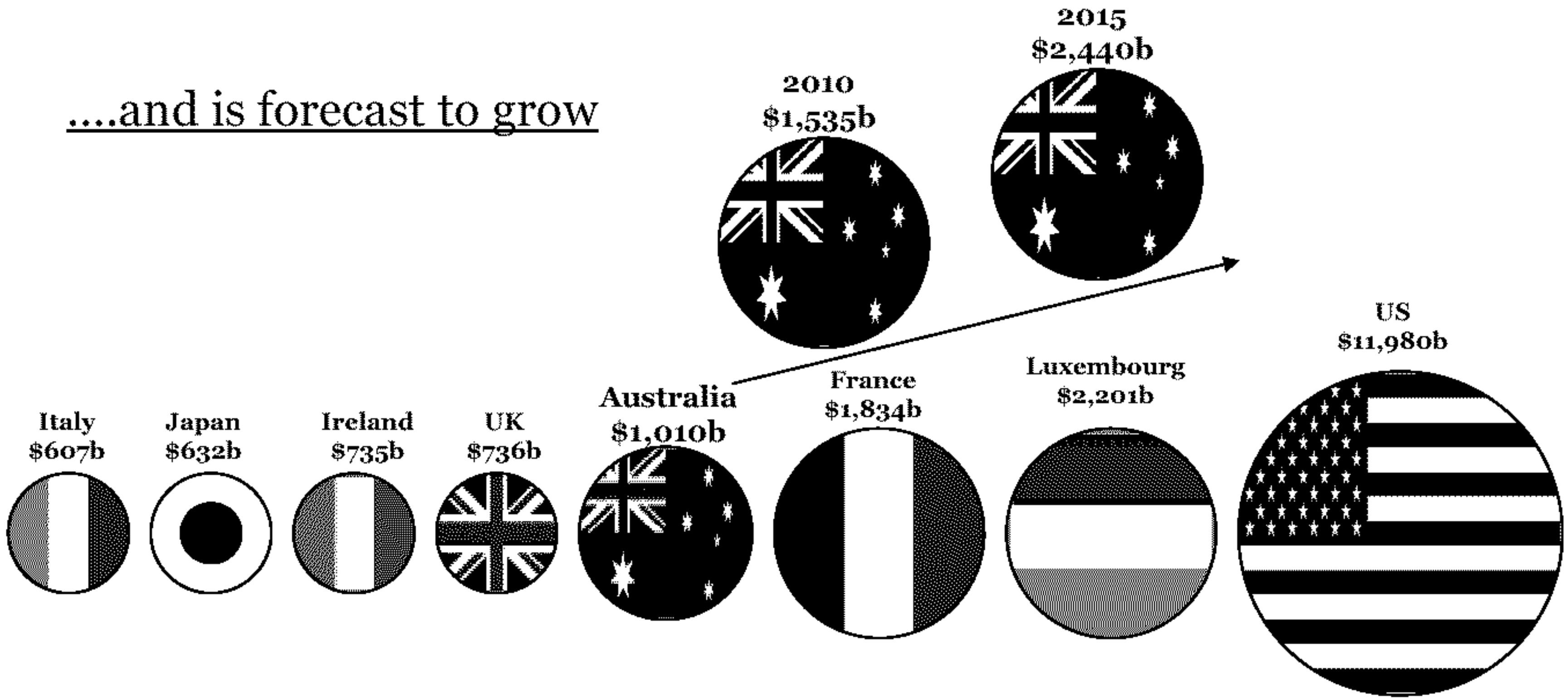
Australia has the 4th largest investment fund market in the world.....

....and is forecast to grow



Source: Axiss – Australia, A Global Financial Services Centre (Benchmark Report, August 2006).

All figures represented in $A.

Forecasts for 2010 and 2015 are based on long term average growth rates, utilising $A/$US exchange rate of US$0.7080

Investment markets

Australia is an attractive investment market

- Superannuation guarantee
- Growing number of high net worth investors
- Sophisticated marketplace
- Prudent regulatory environment
- Breadth of asset classes and managers
- Presence of global managers

Equity Trustees is well placed to take advantage of market trends

Funds Management

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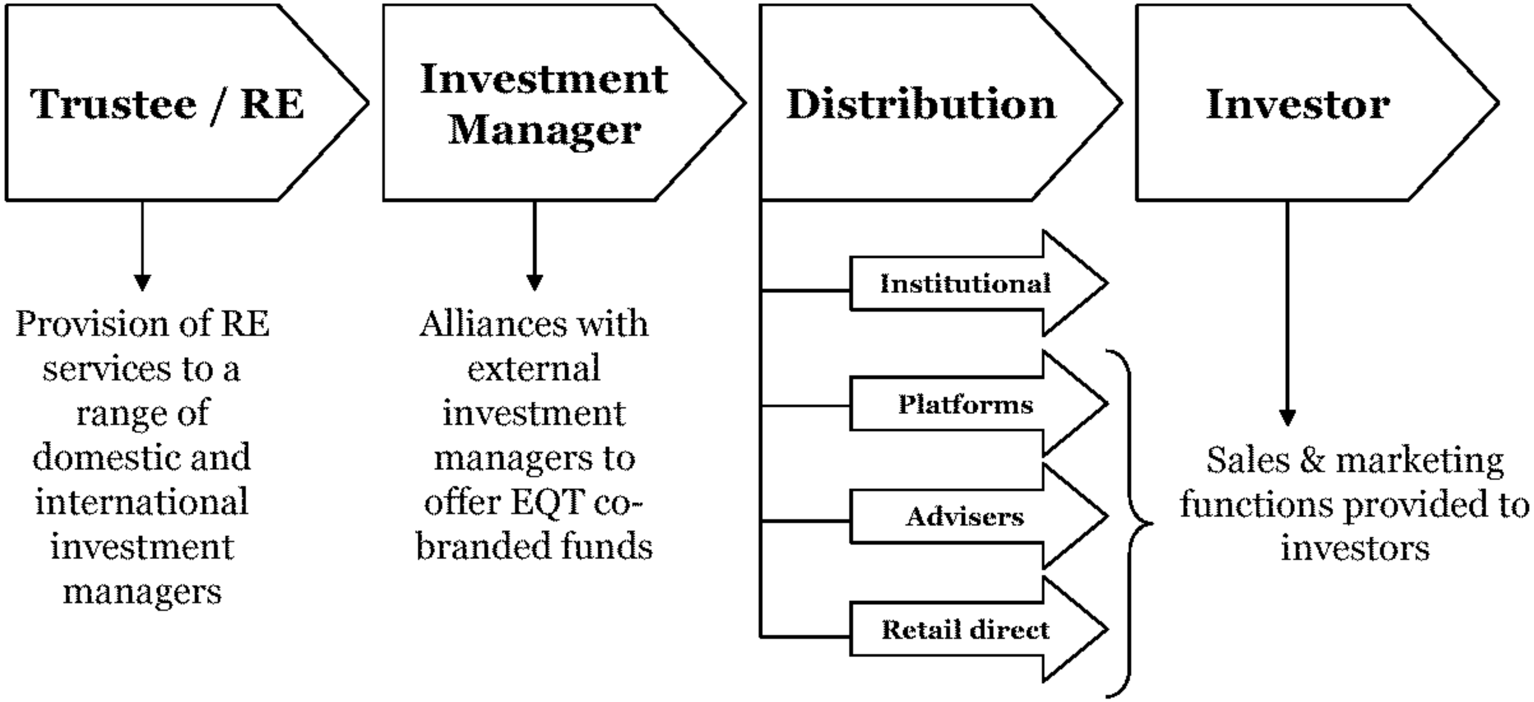
A strategic approach to the value chain



An ability to add value in combination with external parties (investment managers) for investors

Funds Management

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EQT Funds Management undertakes two key roles

Product Management

Liaison with external fund managers to develop a range of EQT co-branded funds.

Sales & Marketing

Distribution of EQT co-branded funds to wholesale and retail investors through platforms, adviser groups and direct channels

PIMCO

Grange Asset Management
A Lehman Brothers Company

IVI

SGH
SG Hiscock & Company

LaSalle Investment Management.

MIR

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EQT co-branded funds

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Australian Equities	International Equities	Fixed Interest	Property
➢ Absolute return ➢ Concentrated ➢ Small co ➢ Geared ➢ Emerging franchises	➢ Global (intrinsic val) ➢ Emerging markets	Hybrid Australian Global ➢ High yield ➢ Non-Treasury ➢ Inflation linked ➢ Emerging markets	➢ Mortgages ➢ LPTs (Aust) ➢ Global

Money Management | IMCA FUND MANAGER OF THE YEAR 2006 WINNER Overall

Money Management | IMCA FUND MANAGER OF THE YEAR 2006 WINNER Credit

THE BEST OF THE BEST OF Money WINNER 2006

Money Management | IMCA FUND MANAGER OF THE YEAR 2006 WINNER Australian Shares (Mid and large cap)

Money Management | IMCA FUND MANAGER OF THE YEAR 2006 WINNER Fixed Interest (Diversified)

THE BEST OF THE BEST OF Money WINNER 2006

Money Management | IMCA FUND MANAGER OF THE YEAR 2006 FINALIST Australian Shares (Small cap)

Money Management | IMCA FUND MANAGER OF THE YEAR 2006 FINALIST Property Securities

Private Clients

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Solutions designed for client wealth creation and management

Portfolio Management	Investment services utilising in-house asset management capability
Trusts & Estates	Traditional business line governed by Trustee Companies Act
Philanthropy	Combines trustee and asset management capabilities

Private Clients

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Meeting a range of client requirements

Generates investment returns relative to client risk profile ← **Asset Management** | **Fiduciary responsibility** → Trustee heritage is the basis of all client interaction

- **Wealth creation**
- **Wealth protection**
- **Investment structures**
- **Philanthropy**
- **Trust structures**
- **Estate planning**
- **Superannuation (DIY)**

Private Clients

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Wealth creation & management

- ***Portfolio Management Service***
- Service levels run from "custody" to "total care"
- Individual portfolios for each client
- Direct investments utilised
- Links to estate planning & trust services

Asset Management

- In-house
- Salaried staff, not commission based – interests aligned with client
- Provides investment advice across all Private Client services – maintains consistency
- Australian equity expertise – reflected in the performance of the ***EQT Flagship Fund***

Philanthropy

- $400m+ under management
- $15m+ distributed per annum
- Funds established by Will and now Prescribed Private Funds
- Funds invested directly and also through ***EQT Charitable Balanced Fund***

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EQT Flagship Fund

- Managed by Asset Management team
- A concentrated portfolio of S&P/ASX200 stocks
- Style neutral, tax effective with a longer term focus
- Mix of qualitative and quantitative research methods
- **# 5 Australian Equity General** fund (3 years)*

	3-year	Inception[1]
Total net return[2]	26.43%	25.01%
Return vs Index[3]	+0.56%	+0.41%

* Ranked by Standard & Poors Research at 23/2/2007. Published in *The Australian Financial Review* 28/2/2007.
[1] Fund inception 1/8/2003
[2] Total return net of ongoing fees and expenses assuming the reinvestment of all distributions – as at 31/3/2007.
[3] Measures total net return against the S&P/ASX 200 Index (excl property trusts)

EQT Flagship Fund is also known as Common Fund No.2. Past performance is not indicative of future performance

EQT Charitable Balanced Fund

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A balanced fund exclusively for charitable investors

- Fund of funds model investing predominantly in EQT co-branded funds
- Exposure to Australian & international equities, property, fixed interest and cash
- Rated **# 1 multi-sector growth fund** on the basis of 3-year and 5-year performance*

	3-year	**5-year**
Total net return[1]	19.62%	14.19%
Sector median[2]	15.05%	9.28%

* Rated by Morningstar Research at 18/4/2007. Published in *The Sunday Age* 22/4/2007.

[1] Total return net of ongoing fees and expenses assuming the reinvestment of all distributions – as at 31/3/2007.

[2] Median for multi-sector growth funds – as measured by Morningstar Research at 18/4/2007.

EQT Charitable Balanced Fund is also known as Common Fund No.5. Past performance is not indicative of future performance.

Fund Services

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Strong growth in **Responsible Entity** services

- Highly specialised – legal & technical
- Compliance overlay
- Regulatory overlay
- Significant barriers to entry
- Differentiation between start up and ongoing requirements – experience is valuable
- Domestic and international managers

Responsible Entity

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Service chain

Risk management → **Compliance** → **Documents** → **Regulatory** → **Operations**

- **Risk management**: Due diligence on manager
- **Compliance**: Development and approval of compliance and audit plans
- **Documents**: Offer documentation. Appointment of external service parties
- **Regulatory**: Management of required documentation
- **Operations**: Fund and plan operation. Daily compliance monitoring

EQT Fund Services

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Responsible Entity

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<u>Competitive advantage</u>

- Experience – > 25 managers; >90 funds
- Process – risk management & compliance
- Operations – leverage Funds Management experience
- Size – large enough to generate scale, small enough to be efficient
- Internal resources

Able to introduce new fund to market in 8-12 weeks

Superannuation

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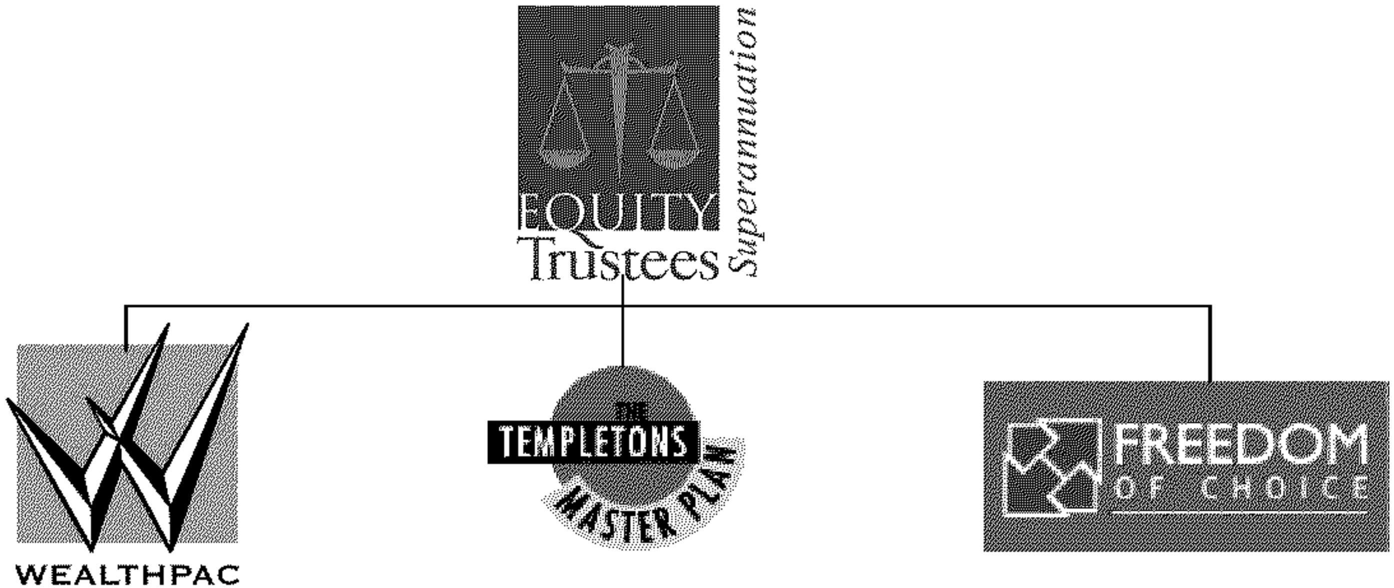
Focus on corporate superannuation services

- Wealthpac master-trust (acquired in 2003)
- Templetons master-trust (2005)
- Freedom of Choice master-trust (2007)*



* Acquisition is subject to due diligence and regulatory approval

Superannuation

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Growth in platform

- Addition of 2 master-trusts since 2005
- Multiple distribution channel opportunities
- Significant cross-sell opportunities
- Relationship based for members / employers
- Participants in "9% contribution" market segment
- Proprietary systems
- On-line capability – www.super.com.au

Key Indicators

Activity = growth. Measured by key indicators.

	2003	2004	2005	2006
Operating revenue[1]	$14.3m	$16.8m	$19.8m	$24.8m
Operating margin[1]	n/a	18.4%	21.2%	26.8%
Operating profit[1]	($3.6m)	$3.1m	$4.2m	$6.6m
EPS[2]	(52.08¢)	45.52¢	52.98¢	69.94¢
Share price[3]	$5.12	$7.40	$11.10	$18.50

[1] Excludes gains from the sale of investments. Operating profit is pre-tax.
[2] Represents basic EPS calculation. A capital raising in 2005 increased the weighted average shares on issue by 14%.
[3] Share price measured at 30 June in each year

Growth strategy

Step growth

- Opportunities likely to come in wealth management and super (master-trust)
- In-house capability to assess opportunities
- All opportunities assessed against existing capabilities and returns to all stakeholders
- Freedom of Choice acquisition to be completed by end-June (subject to regulator approval)

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2007 forecast

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Based on projections for the 2007 financial year – assuming that market conditions remain favourable

	2004	2005	2006	2007*
Operating revenue[1]	$16.8m	$19.8m	$24.8m	$32m (est.)
Operating margin[1]	18.4%	21.2%	26.8%	34.0% (est.)
Operating profit[1]	$3.1m	$4.2m	$6.6m	$11m (est.)
EPS[2]	45.52¢	52.98¢	69.94¢	105¢ (est.)

Shares on issue have increased by 24% from 6.3m at 30 June 2004 to 7.8m in April 2007

* Forecast update released to the ASX on 30 April 2007
[1] Excludes gains from the sale of investments. Operating profit is pre-tax.
[2] Represents basic EPS calculation. A capital raising in 2005 increased the weighted average shares on issue by 14%.

Looking ahead

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- Financial services sector growth opportunities
- Relationship based = opportunities
- Good buy-in from key staff and board who are determined to continue growing the company
- Understanding of key revenue drivers
- Build for stakeholders

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