



Developing the next generation of talented asset managers

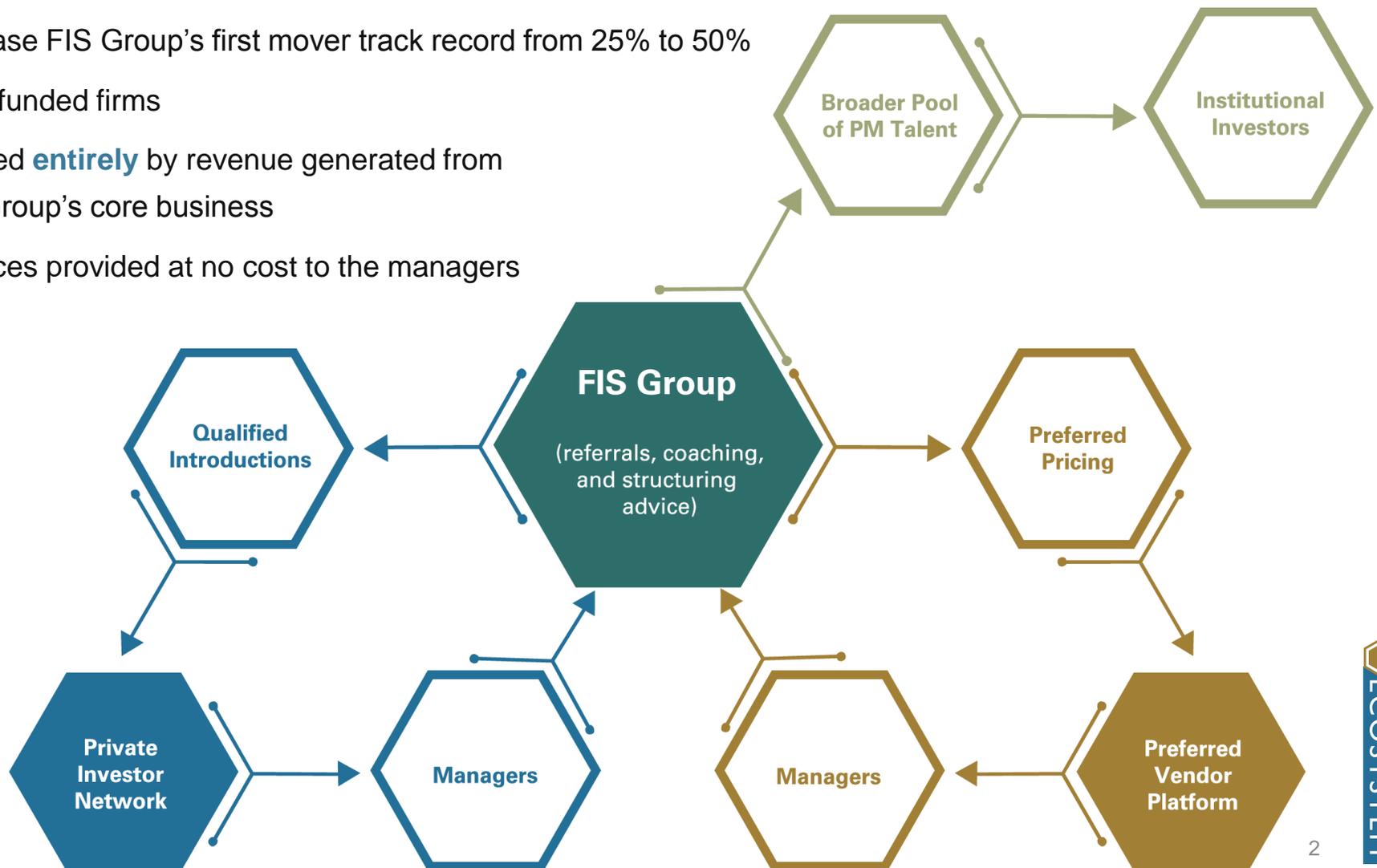
March 27, 2014

FIS GROUP

Your Success
....Our Passion

Facilitating opportunity

- Grow and diversify the pool of talented entrepreneurial managers to the benefit of the asset management industry
- Support **entrepreneurial efforts of talented investment managers**
- Increase FIS Group's first mover track record from 25% to 50% of all funded firms
- Funded **entirely** by revenue generated from FIS Group's core business
- Services provided at no cost to the managers



Ideal start-up profile for today's entrepreneurial manager

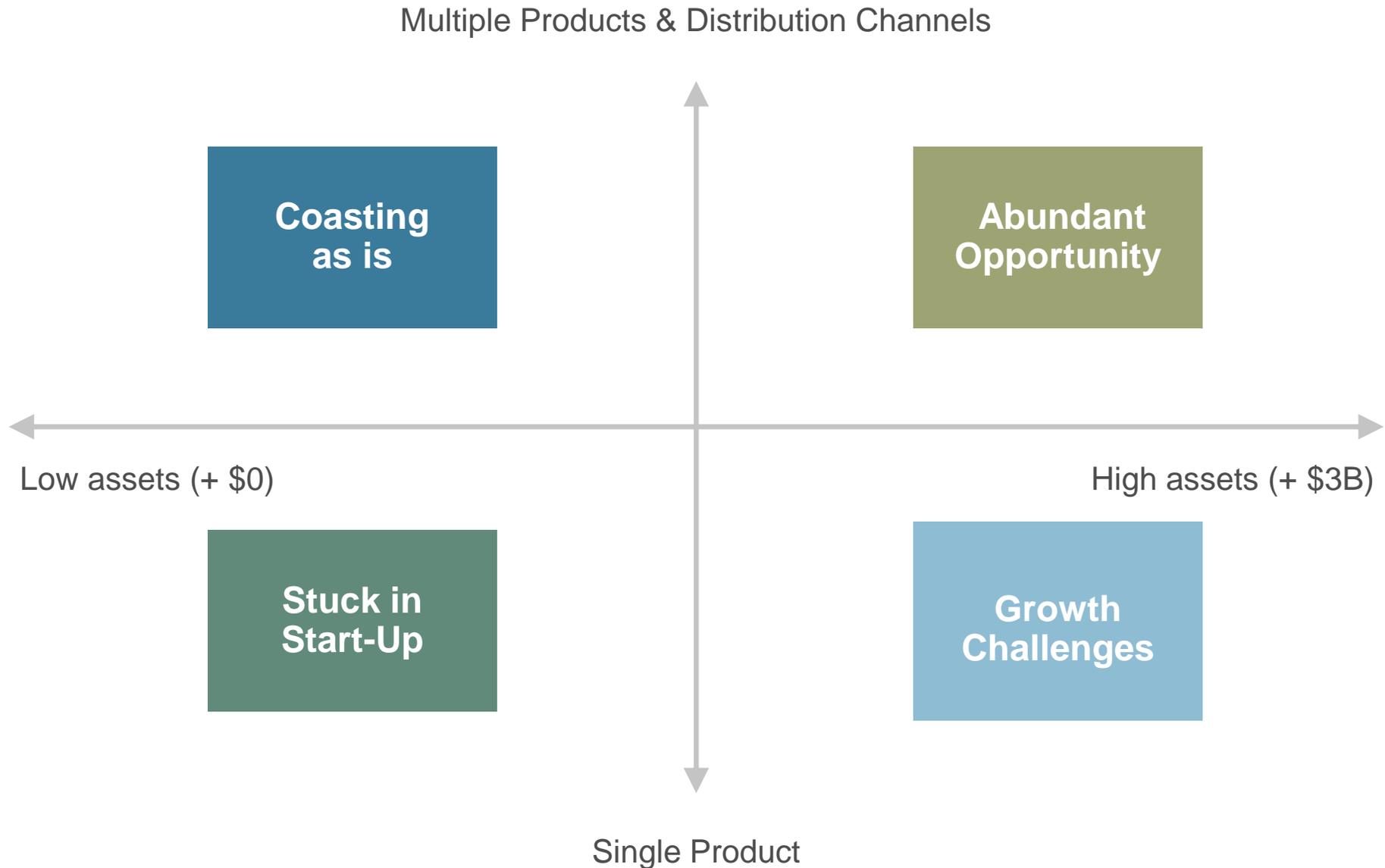
Entrepreneurial Manager Profile

- 15-20 years, coming out of industry
- \$1mm annual start-up capital for 3 years
- Minimum of \$50mm seeded fund
- 3-year track record
- Former employer / institutional backing
- Non-traditional asset class capability
- Multiple products and distribution channels
- Team of 3 other people

Extra keys

- Board of Advisors
- Consultant use

Industry dynamics



Program development

1

Phase 1: Manager Interviews

- Capital constraints
- Operating expense constraints

2

Phase 2: Benchmarking

- Income statements to understand broad categories and sub-categories
- Relevant metrics across AUM, strategy, length of operations
- Break-even analysis

3

Phase 3: Development of Resource Channels

- Investor network
- Preferred vendor platform

4

Phase 4: Implementation

- 8 private investors
- 17 vendor agreements offering preferred pricing (more in process)
- Formal rollout on March 17, 2014

Capital constraints

- Lack of “seed” capital to fund track-record is the biggest concern for angels and start-up managers
 - Capital for operating expenses reflects secondary issue; if you fund the track record, managers will figure out how to fund operations
- Little visibility on exit, liquidity, and valuation
- Investors not sure if they will own a piece of a business or a fund to invest in the businesses
- Investing in the asset management sector requires a deep understanding of business drivers and industry
- Asset management CEOs not always versed in deal structure options nor familiar with funding options

Expense constraints

	Manager A	Manager B	Manager C	Manager D
Fixed	\$151,909	\$251,314	\$213,680	\$765,130
Computer Hardware, Websites, & Servers	\$4,318	\$9,000	\$1,000	\$2,500
Consultant - Database			\$14,900	
Consultant - Outside		\$20,000	\$17,924	\$289,732
Insurance	\$6,757	\$92,612	\$14,451	\$43,240
Office	\$26,035	\$50,900	\$85,718	\$89,940
Other	\$4,444		\$6,061	\$42,200
Professional Fees	\$41,404	\$3,700	\$17,000	\$162,796
Systems - Other		\$14,426	\$34,834	
Systems - Research	\$68,951	\$60,676	\$21,792	\$134,722
Variable	\$3,548	\$243,003	\$376,690	\$567,098
Advertising & Promotion			\$1,690	\$ 7,000
Other		\$36,461		\$3,600
Personnel	\$1,830	\$192,278	\$300,000	\$512,498
Travel & Entertainment	\$1,718	\$14,264	\$75,000	\$44,000
Grand Total	\$155,457	\$494,317	\$590,370	\$1,332,228

Range in AUM (in millions)

● A	0 – 100
● B	100 – 500
● C	500 – 1,000
● D	1,000 – 1,0000

AUM Range



AUM needed to break-even

At various fee structures, **style buckets**, and annual expenses

Annual Expenses ('000)

Range in AUM (in millions)

●	A	0 – 100
●	B	100 – 500
●	C	500 – 1,000
●	D	1,000 – 1,0000

		\$200	\$450	\$700	\$950	\$1,200	\$1,450
Large Cap (68 - 48 bps)	0.52%	\$38,462	\$86,538	\$134,615	\$182,692	\$230,769	\$278,846
All Cap (80 - 60 bps)	0.65%	\$30,769	\$69,231	\$107,692	\$146,154	\$184,615	\$223,077
Mid Cap (80 - 62 bps)	0.66%	\$30,303	\$68,182	\$106,061	\$143,939	\$181,818	\$219,697
EAFE All Cap Equity	0.72%	\$27,778	\$62,500	\$97,222	\$131,944	\$166,667	\$201,389
Global All Cap Equity	0.75%	\$26,667	\$60,000	\$93,333	\$126,667	\$160,000	\$193,333
ACWI ex-US All Cap Equity	0.75%	\$26,667	\$60,000	\$93,333	\$126,667	\$160,000	\$193,333
Small/Mid Cap (95 - 75 bps)	0.79%	\$25,316	\$56,962	\$88,608	\$120,253	\$151,899	\$183,544
Small Cap (100 - 78 bps)	0.81%	\$24,691	\$55,556	\$86,420	\$117,284	\$148,148	\$179,012
EAFE Small Cap Equity	0.90%	\$22,222	\$50,000	\$77,778	\$105,556	\$133,333	\$161,111
Emerging Markets Equity	0.95%	\$21,053	\$47,368	\$73,684	\$100,000	\$126,316	\$152,632
Micro Cap (125 - 100 bps)	1.06%	\$18,868	\$42,453	\$66,038	\$89,623	\$113,208	\$136,792
Frontier Markets Equity	1.29%	\$15,504	\$34,884	\$54,264	\$73,643	\$93,023	\$112,403

What is the Ecosystem?

The Ecosystem is a platform whereby registered managers can gain access to two channels of resources:

Investor Network

High net worth and private investors interested in evaluating and potentially committing operating capital to entrepreneurial managers affiliated with FIS Group.

Preferred Vendor Platform

Vendors that provide portfolio management, IT support, trading, compliance, and marketing services at a discount negotiated by FIS Group.

Criteria for Ecosystem candidates

Criteria for Consideration

- **All existing FIS buy-list managers**
- **Managers currently in the due-diligence process**
 - Investment process/product must be viewed by sponsoring FIS Group product specialist as competitive and compelling
 - High caliber investment professionals
 - Competent entrepreneur(s) who simply lack infrastructure or capital

How are the channels different?

1

Channel 1: Investor Network

- Indirect access via introduction at discretion of FIS Group
- Outcome not guaranteed and subject to negotiation

2

Channel 2: Preferred Vendor Platform

- Direct access via Ecosystem website
- Outcome pre-determined via specific discounts

Investor network

How to Access

Coordinated through the FIS Ecosystem Administrator

1. FIS Product Specialist

- Identify a potential manager, and/or approached by the manager.
- Conducts initial assessment of fit

Available beginning
March 17, 2014

Initial Engagement Process

1. FIS Product Specialist

- Recommend manager to the FIS Ecosystem Administrator for consideration

2. FIS Ecosystem Administrator

- Review for fit (based on investor's preference)
- Contact the appropriate capital provider(s)

3. Capital Provider(s)

- Indicate preference and contacts the manager

Engagement Decision

1. Negotiation

- Taken offline

2. Decision

- Subject to Mutual Agreement

3. Reporting

- Manager and/or Capital Provider notifies FIS of the engagement

Preferred vendors

Trading



Portfolio Management



Marketing



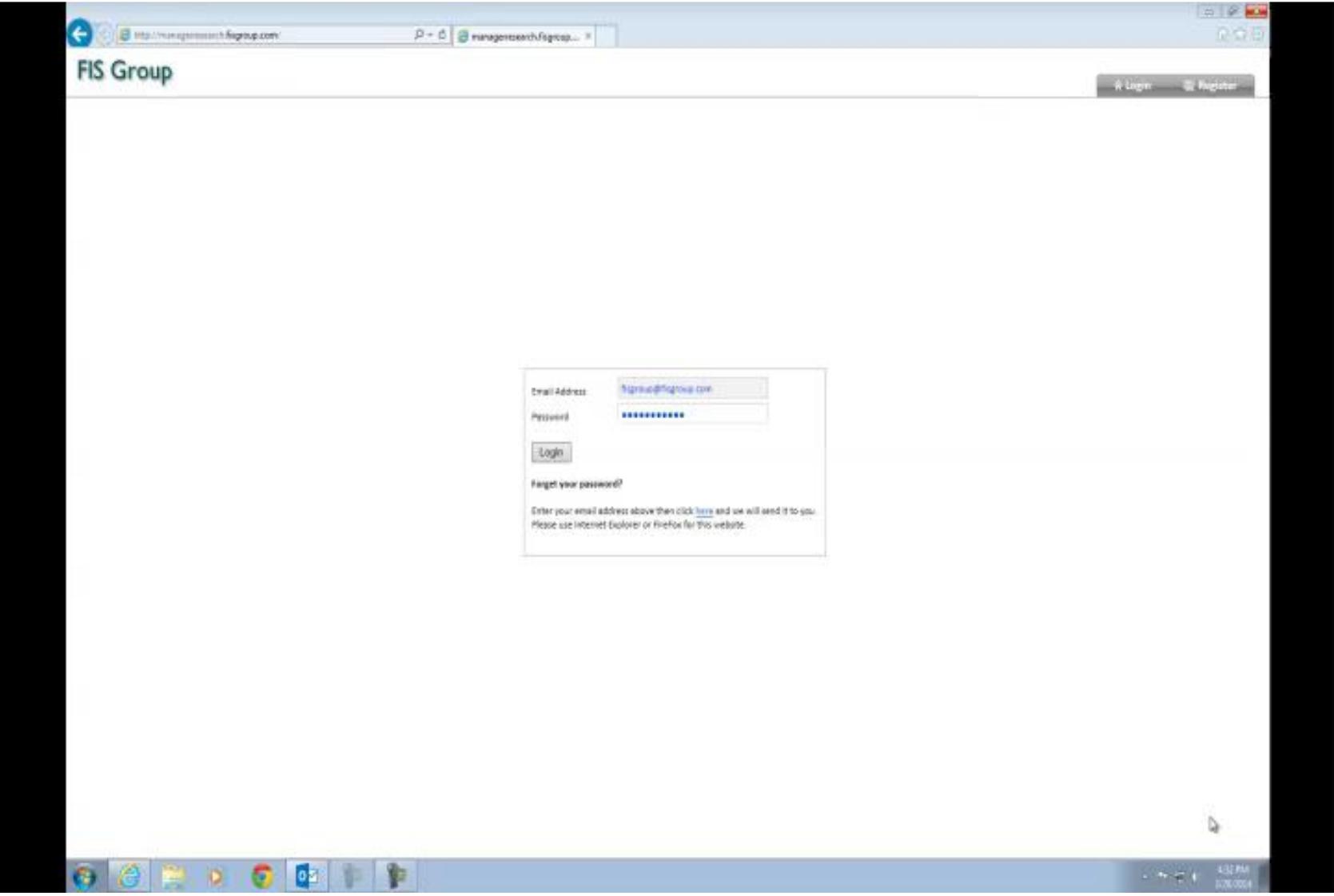
Compliance



IT Support



Preferred vendor platform demo



FIS Group Ecosystem contact

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Save the date

FIS Group's next quarterly webinar

Market Insights Roundtable

**Frontier Markets Investing &
2Q Market Outlook**

April 16, 2014

For more information, contact marketinggroup@fisgroup.com

FIS Group's continued commitment

To our clients

Construct portfolios that can benefit from the advantages of small, talented, high active share money managers

To our managers

Provide access to resources that may improve the opportunity for entrepreneurial success.

To the investment industry

Facilitate opportunity for new portfolio management talent to flourish for the potential benefit of all investors