



Burnham

Burnham & Co:

Diversified Financial Platform

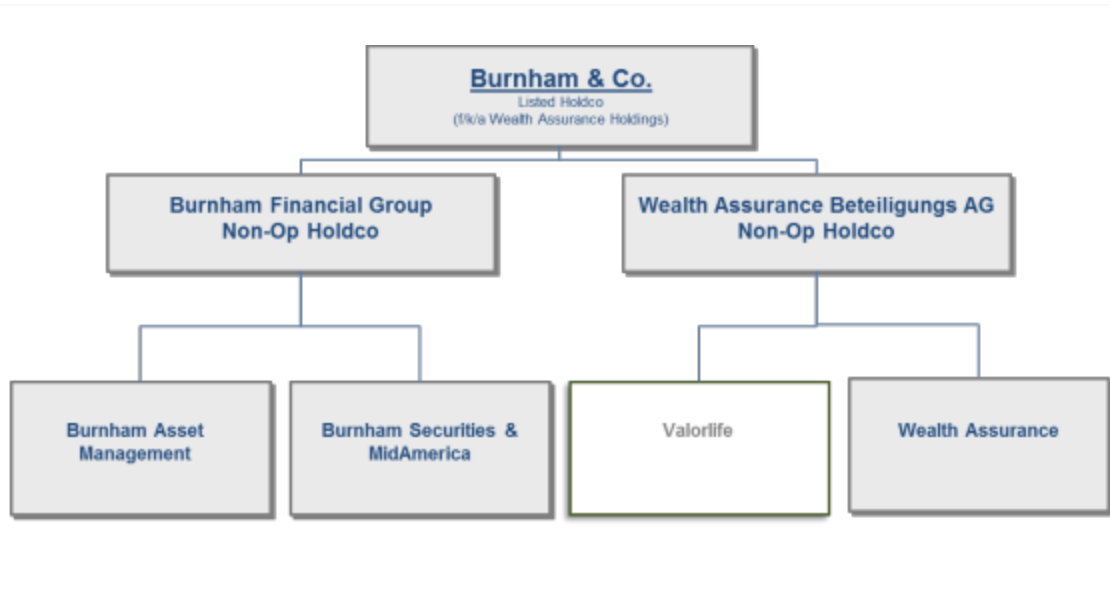
Reemergence of Storied Wall Street Brand

Presented to:



嘉實國際資產管理
Harvest Global Investments

Listed Holdco Structure



Governance

- Burnham & Co. (Holdco) five person board, inclusive of two Harvest designees
 - Executive Chairman Devon Archer
 - Steering Committee consisting of Holdco designees and the head of each Pillar
 - Steering Committee recommends strategic initiatives of each Pillar; board authorizes
- Subs with independent day-to-day management structure
- Independent P&L responsibility



Burnham & Co. (Holding Company)

Securities

Burnham Securities

1. Institutional/Retail

- Capital Markets
- Trade execution
- Distribution

MidAmerica Financial

1. Retail

- Distribution
- Mutual Fund Wholesale

Asset Management

Burnham Asset Management

1. RIA Assets

2. Fund Product Origination

- Alternatives (FOFs; real estate; oil and gas)
- Liquid Alternatives
- 40 Act – Mutual Funds and ETF
- Research/Advisory

Insurance

Valorlife

1. Fee-based wrapper business

2. Advisory Services/Products (up sell/cross sell)

- **Insurance model**

- 100% unit linked product with no life risk retained
- Unit linked business requires no additional capital to put on \$20+ billion of additional assets

- **Securities model**

- Principally advisory, so is capital light
- Overnight underwriting capital needs can be provided by JP Morgan
- Trading capital is minimal because execution only business

- **Asset Management**

- RIA roll up model leverages brand and clearing access together with high pay out in order to avoid capital outlay and risk
- Asset Management product origination operations benefited by scale
- Asset Management distribution is wholesaling through MidAm and institutional team recently hired, and through COR Clearing (see next slide – Distribution)

A Burnham priority is to consolidate distribution capacity for in-house funds and investment banking syndication

- RIA and Dealer roll-up in North America
- Wealth/Tax Advisor aggregation in European Union

May 2014 →	<p><u>Acquired 130 Retail Reps Through Acquisition Of 100% Of MidAmerica Financial</u></p> <ul style="list-style-type: none"> • Mid Am wholesaled \$1.2 billion in mutual funds in 2013 with 26 person team • Opportunity to acquire Fintegra – 226 brokers, \$18MM revenue, profitable – favorable terms
Dec & May →	<p><u>Acquired Control Of Wealth Assurance and Valorlife – 5,500 Clients With \$7bn Assets</u></p> <ul style="list-style-type: none"> • Historical combined annual production of \$1.2 billion • Recruited #1 producing internal sales team at Lombard Assurance - \$800MM annual production, \$3bn book
June 2014 →	<p><u>Acquired stake in Compass Financial Services - \$227 million AUM RIA – nominal cost</u></p>
July 2014 →	<p><u>Acquired Revere Research – Alternatives Team</u></p>
2014 →	<p><u>COR Clearing Agreement to List Funds on Platform with 6,200 Retail Brokers with 500,000 Retail Accounts</u></p> <ul style="list-style-type: none"> • Syndication opportunity for IB deals originated by Burnham corporate finance

Other Distribution Consideration

- Recruit teams leveraging Burnham name recognition and JP Morgan access
- Holdco transaction transforms consolidated financials, further improving perception for recruiting
- In America, RCAP roll-up disenfranchising many independent reps – many now looking for alternative home
- Burnham corporate finance team needs to demonstrate to retail brokers it has access to quality ideas and exclusive product



Updated Burnham Team is Highly Experienced and Building

Burnham Securities

- Hunter Biden – RSP Investments
- Daniel McCale – RSP Investments
- Keith Harris – HSBC; Morgan Grenfell; Drexel Burnham

Burnham Asset Management

- Ken Webster – John Henry & Co
- Stephan Zellmer – UBP
- Andrew Godfrey – Lazard
- Devon Archer – Rosemont; Citibank

Insurance

- Aloyse Steichen - Lombard Assurance
- Rory Knight - Sir John Templeton Foundation

Institutional Relationships and Business Development

- RSP Investments; Hunter Biden owned Broker Dealer
- Plan is to undertake valuation of RSP Investments with view of acquiring 100%
- Leading institutional clients with favorable order flow
- Diversification of revenue
- Refine RSP Investments business plan and conduct capabilities rationalization

Scale From Day One

- **Burnham & Co. would have considerable renewed momentum with:**
 - \$8.3 billion firm-wide total assets
 - \$6.7 billion audited assets on balance sheet (PwC)
 - \$1.0 billion in GAAP revenue in 2015 (pending Valor acquisition)
 - \$325 million consolidated Shareholder Equity (pending Valor acquisition)

Qualitative Benefits from Day One

- **Burnham & Co. would also:**
 - Equity alignment with a leading Chinese financial services business
 - Access to considerable investment banking and advisory pipeline from BHR
 - Access to Harvest Global product suite – like HXIX - for clients and distribution channels
 - More day to day engagement by our Chairman and Biden

Cash Flow Positive

- Profitable on day one on consolidated basis
- Diversified revenue sources – recurring fee and transactional fee
- Cash flow from wrapper business is highly predictable
- Fully funded business plan
- No need to go to the capital markets again

Proceeds

- \$30 million in new equity proposed (\$18MM Harvest and \$12MM sourced by Burnham)
- \$17 million used for Valorlife acquisition – cash for cash – no net cash to the seller
- \$13 million available for growth capital in America
- Valorlife has additional >\$40 million of net un-invested cash available

Highly Opportunistic

- Consolidated book value over \$300 million
- Blackstone acquired Lombard for 0.4x
- Equity Subscription price \$17.6 million pre-money valuation
- 100% of cash proceeds retained by Burnham – no selling shareholders

Equity Terms

- 2,250,000 shares with 2,250,000 warrants
- \$8.00 per share, plus \$8.00 warrant
- 3 year term, net exercise (cashless)
- Board representation to Harvest



CAPITALIZATION AND OWNERSHIP

	Face Value	Interest / Warrant Coverage	Purch./Rate/ Strike Price/Sh.	Equity Ownership (common shares)			
				At Close	%	As Converted / Fully Diluted	%
Convertible Debt	4,050,000	10%	\$6.60	-	-	613,636	5%
Convertible Debt	\$ 4,050,000			-	-	613,636	5%
Original Common Equity	9,550,000		\$6.00	1,591,667	23.3%	1,591,667	12%
New Common Equity (Harvest)	18,000,000		\$8.00	2,250,000	32.9%	2,250,000	18%
New Common Equity (Wakpamni)	12,000,000		\$8.00	1,500,000	21.9%	1,500,000	12%
New Common (CORFA/Burnham)	12,000,000		\$8.00	1,500,000	21.9%	1,500,000	12%
Common Equity	\$ 51,550,000			6,841,667	100.0%	6,841,667	53%
Original Common Equity Warrants		100%	\$6.00	-	-	1,591,667	12%
Common Equity Warrants (Harvest)		100%	\$8.00	-	-	2,250,000	18%
Common Equity Warrants (Wakpamni)		100%	\$8.00	-	-	1,500,000	12%
Warrants				-	-	5,341,667	42%
Total	\$ 55,600,000			6,841,667	100.0%	12,796,970	100%

* Sponsor due 20% warrants at \$6.00

August Target Closing

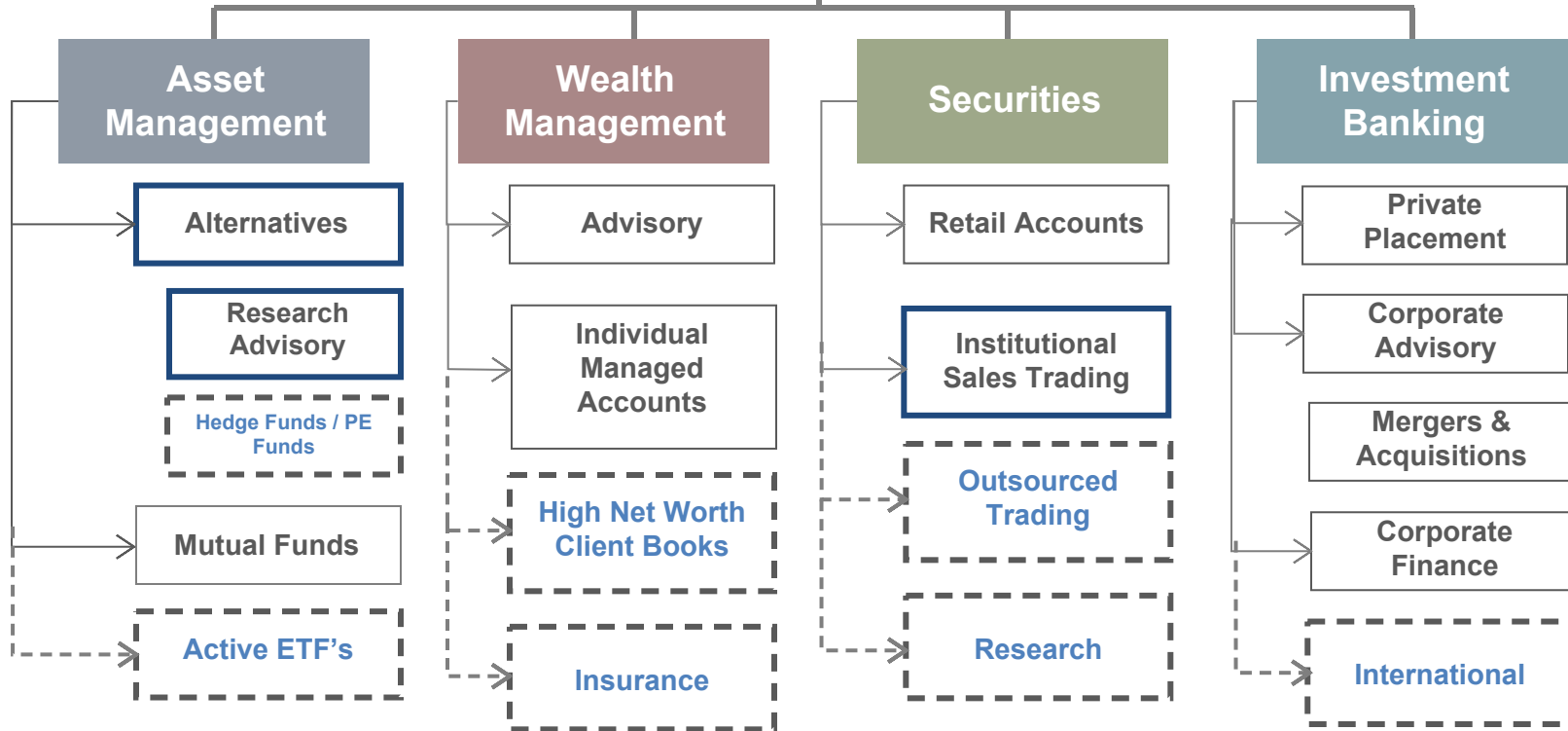
- Wealth Assurance Holdings (WAH) enters into Equity Subscription with Harvest and Wakpamni for \$30 million
- Concurrently WAH acquires COR Fund Advisors and subsumes Burnham position
 - All stock acquisition at \$12 million valuation
- WAH files name change amendment to Burnham & Co.
- Upon regulatory approval (August), Burnham & Co. closes Equity Subscription and Valorlife acquisition
- New board members seated





Growth: Burnham New Business Developments



Burnham Services



 New Business Developments for 2014
 New Business Developments for 2015

Acquire a NYSE based broker dealer: (Cuttone and Company):

- High quality account list - distribution for banking
- Broker relationships for outsourced trading desk
- Immediate revenue and cost synergies
- Use the NYSE coverage from CNBC and Bloomberg to promote the Burnham Brand. Have representatives at the point of sale for IPO's and secondary's
- Allow for acquisition of other brokers without a change to the 1017

FondInvest:

- Secondary private equity business with \$5 Billion under management
- 20 year track record with exceptional returns (20%+ annualized)
- Launch a new round and grow client base

Mid American:

- Over 130 brokers and 12 wholesalers providing distribution of
- Raised over \$1Billion for mutual funds YTD 2014
- Active private placements and IPO distribution



Burnham Website Old & New



Current Website



Website – In Progress





Financials



Asset Management and Investment Banking: 3-year Forecast

<i>(\$ in thousands)</i>	Year 1	Year 2	Year 3
REVENUE			
Capital Markets	12,000	15,000	20,000
Retail Securities	12,000	14,000	16,000
Institutional Trading	2,500	3,500	5,000
Total IB Revenue	26,500	32,500	41,000
Advisory Fees	4,000	4,500	5,000
Alternative AM Fees	500	750	1,000
RIA AM Fees	250	500	1,000
Total AM Revenue	4,750	5,750	7,000
EXPENSES			
Commissions and Execution	19,000	20,000	25,000
Compensation and Benefits	6,000	6,500	7,000
General and Administrative	4,770	5,000	5,500
Professional Fees	1,000	1,200	1,500
Other	500	1,000	1,200
Total Expenses	31,270	33,700	40,200
EBITDA	(20)	4,550	7,800



Combined Insurance Entity: 3-year Forecast

<i>(\$ in thousands)</i>	Year 1	Year 2	Year 3
REVENUE			
Earned Premium	950,723	1,926,732	2,539,741
Fees and Commissions	33,691	39,003	46,607
Return on Excess Cash	1,125	1,224	1,501
Changes in Actuarial Reserves - VAL	229,171	37,046	20,834
Total Revenue	1,214,710	2,004,006	2,608,683
EXPENSES			
Policy Reserve Expense	1,107,228	1,932,269	2,530,814
Payments for Claims - VAL	62,522	19,864	17,609
Net Current Loss from Investments	8,814	8,871	8,791
Variable Expenses	14,386	15,157	16,354
Fixed Expenses	10,764	12,192	14,218
Total Expenses	1,203,713	1,988,353	2,587,786
EBITDA	\$10,997	\$15,653	\$20,897
Eliminate Cost Redundancies	500	2,000	2,000
Increased Fees for Valorlife	2,691	5,623	6,019
Synergistic EBITDA	\$14,188	\$23,276	\$28,916
Acquisitive IB and AM EBITDA	(20)	4,550	7,800
Synergistic and Acquisitive EBITDA	\$14,168	\$27,826	\$36,716