

# Acquisition of Conning

---

November 12, 2014



國泰金控

Cathay  
Financial Holdings

# Disclaimer

---

- ❑ This document is provided by Cathay Financial Holding Co., Ltd. (the "Company"). Except for the numbers and information included in the Company's financial statements, the information contained in this document has not been audited or reviewed by any accountant or independent expert. The Company makes no express or implied representations or warranties as to the fairness, accuracy, completeness, or correctness of such information or opinions. This document is provided as of the date herein and will not be updated to reflect any changes hereafter. The Company, its affiliates and their representatives do not accept any responsibility or liability for any damage caused by their negligence or any other reasons, nor do they accept responsibility or liability for any loss or damages arising from the use of this document or the information contained herein or anything related to this document.
- ❑ This document may contain forward-looking statements, including but not limited to all statements that address activities, events or developments that the Company expects or anticipates to take place in the future based on the projections of the Company toward the future, and various factors and uncertainty beyond the Company's control. Therefore, the actual results may differ materially from those contained in the forward-looking statements.
- ❑ This document is not and cannot be construed as an offer to purchase or sell securities or other financial products or solicitation of an offer.
- ❑ This document may not be directly or indirectly reproduced, redistributed or forwarded to any other person and may not be published in whole or in part for any purpose.

# Transaction Overview

## Transaction

- Conning Holdings Corporation (“Conning”) is a leading asset manager for insurance and pension clients with \$92 billion in AuM
- Cathay Life Insurance Company (“Cathay Life”) will acquire 100% of Conning

## Purchase Price

- Acquisition price of US\$240 million in cash
  - P/AuM of 0.26% based on AuM as of September 30, 2014
- Cathay Financial Holdings will sell its approximately 10% stake in Conning to Cathay Life
  - Pre-tax gain of approximately US\$5 million

## Regulatory Approval

- Transaction subject to regulatory approval in Taiwan, US, UK and HK; expected closing in second half of 2015

## Strategic Rationale

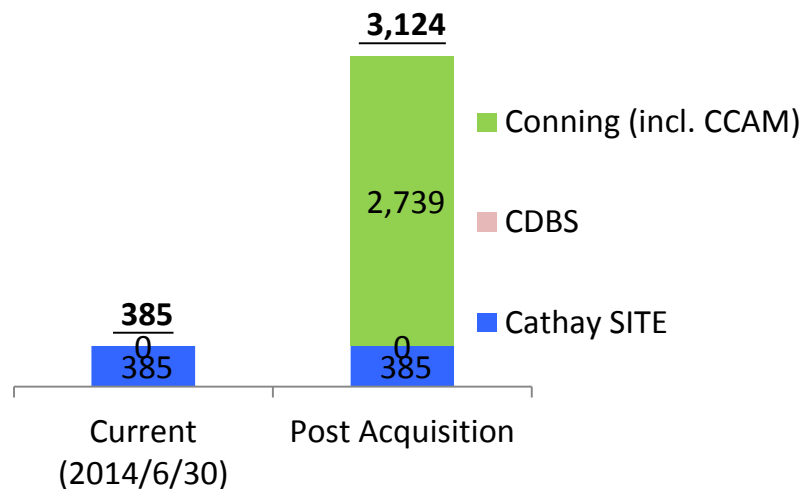
- Transaction will significantly expand Cathay’s global presence in asset management
- Significant step forward in realizing “Banking + Insurance + Asset Management” strategy

# “Banking + Insurance + Asset Management”

- Acquisition of a world-class asset management business led by an experienced management team
- Significantly increases Cathay’s AuM; provides more balanced business profile and solid foundation for growth
- Asset management is a capital-light business that can generate steady fee income

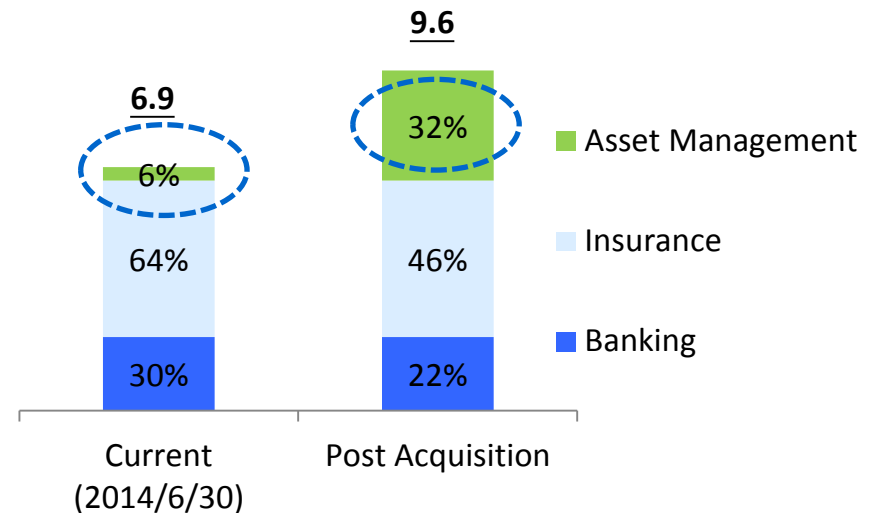
Cathay Asset Management AuM

NT\$ Billion



Cathay Group AuM\*

NT\$ Trillion



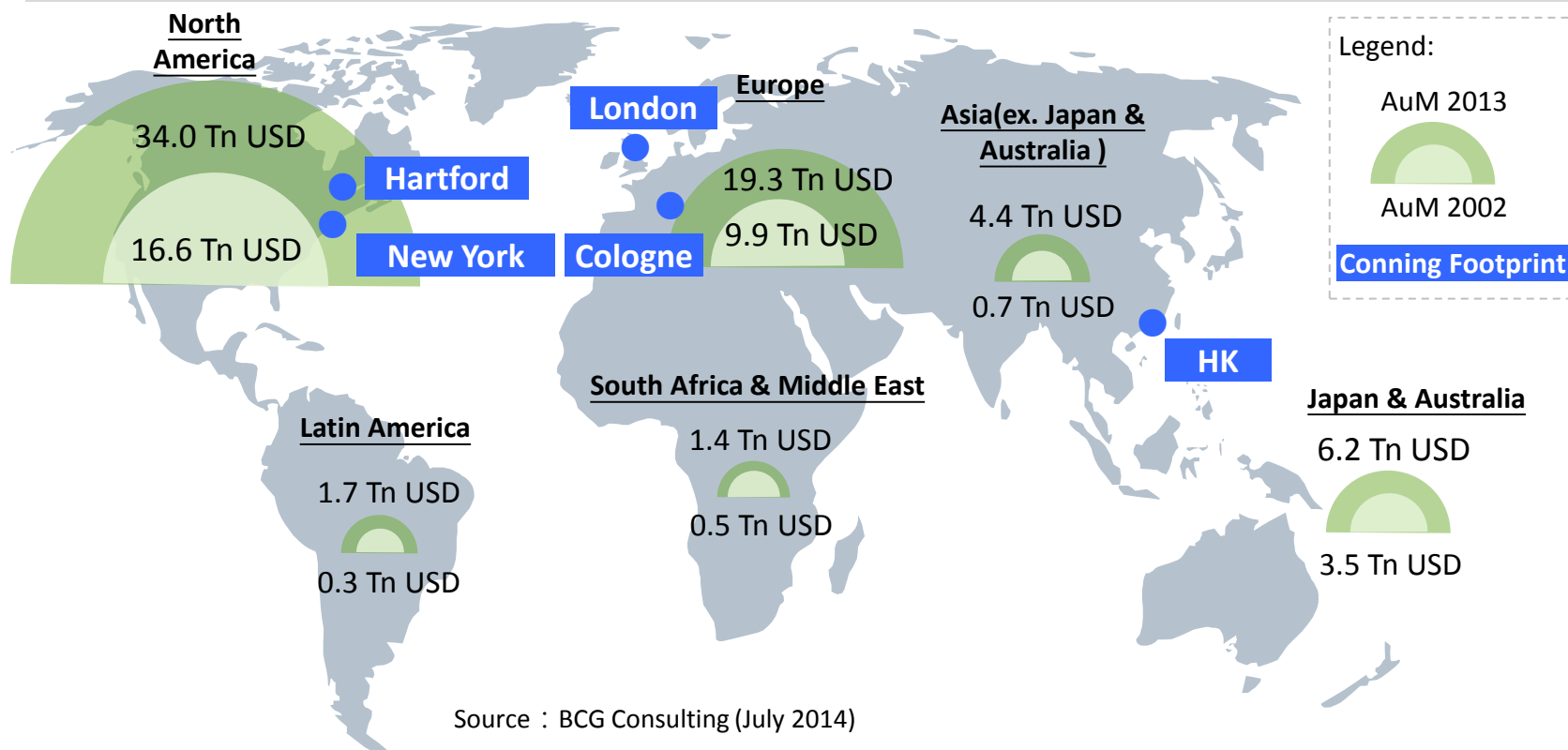
Note: “Banking” and “Insurance”= asset values;  
“Asset management”= assets under management



# Global Asset Management Opportunity

- North America and Europe are the largest asset management markets
- Asia (ex. Japan and Australia) has strongest growth momentum
- Conning has presence in major financial markets

Global Asset Management Market (2002 vs. 2013)



# Expanded Asset Management Capabilities

- Acquisition expands Cathay's asset management capabilities across asset classes and geographies
- Significant opportunities for continued expansion of investment capabilities

Cathay's Asset Management Capabilities

Region	Asset	Cathay SITE	CDBS	CCAM	Conning
Asia	Equity	√		√	
	Fixed income	√	√		
North America	Equity				√
	Fixed income				√
	Customized Solutions				√
Europe	Fixed income				√
	Customized Solutions				√

# About Conning

## Background

- Leading asset manager for insurance and pension clients with \$92 billion in AuM
- Founded in 1912; insurance specialists for more than 50 years; investing insurance assets for nearly three decades

## Footprint

- Global footprint with around 290 employees in Hartford, New York, London and Cologne
- Established Cathay Conning Asset Management (CCAM) with Cathay Financial Holdings, in Hong Kong in 2012
- AuM currently primarily from US clients, but growing in Europe and Asia

## Core Businesses

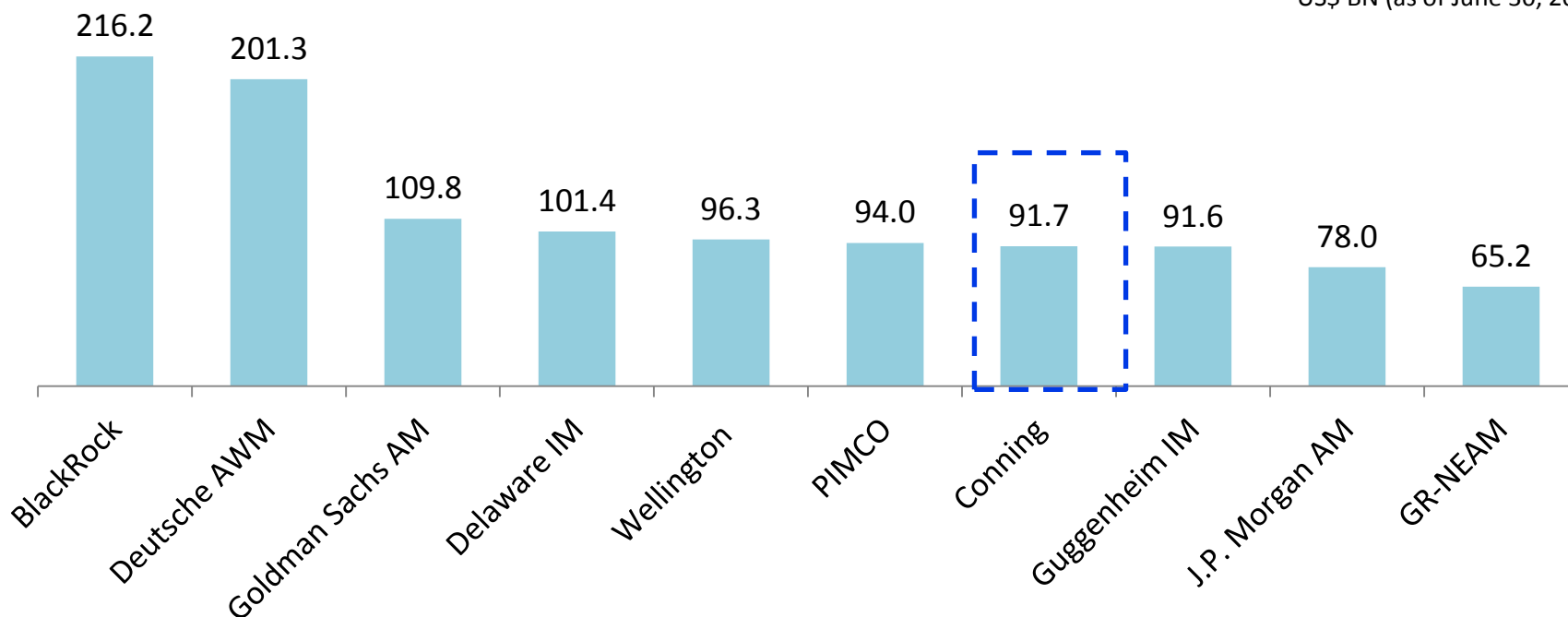
- Client service platform combining asset management, risk and capital management solutions (RCMS), and insurance industry research
- Specializing in fixed income, equity and alternative investment strategies for insurers and pension accounts

# Top Tier Insurance Asset Manager

- Conning ranked as 7<sup>th</sup> largest in global insurance asset management industry
- 95% of clients are insurance companies; pensions and endowment funds are target clients as well.

## Rankings

US\$ BN (as of June 30, 2014)



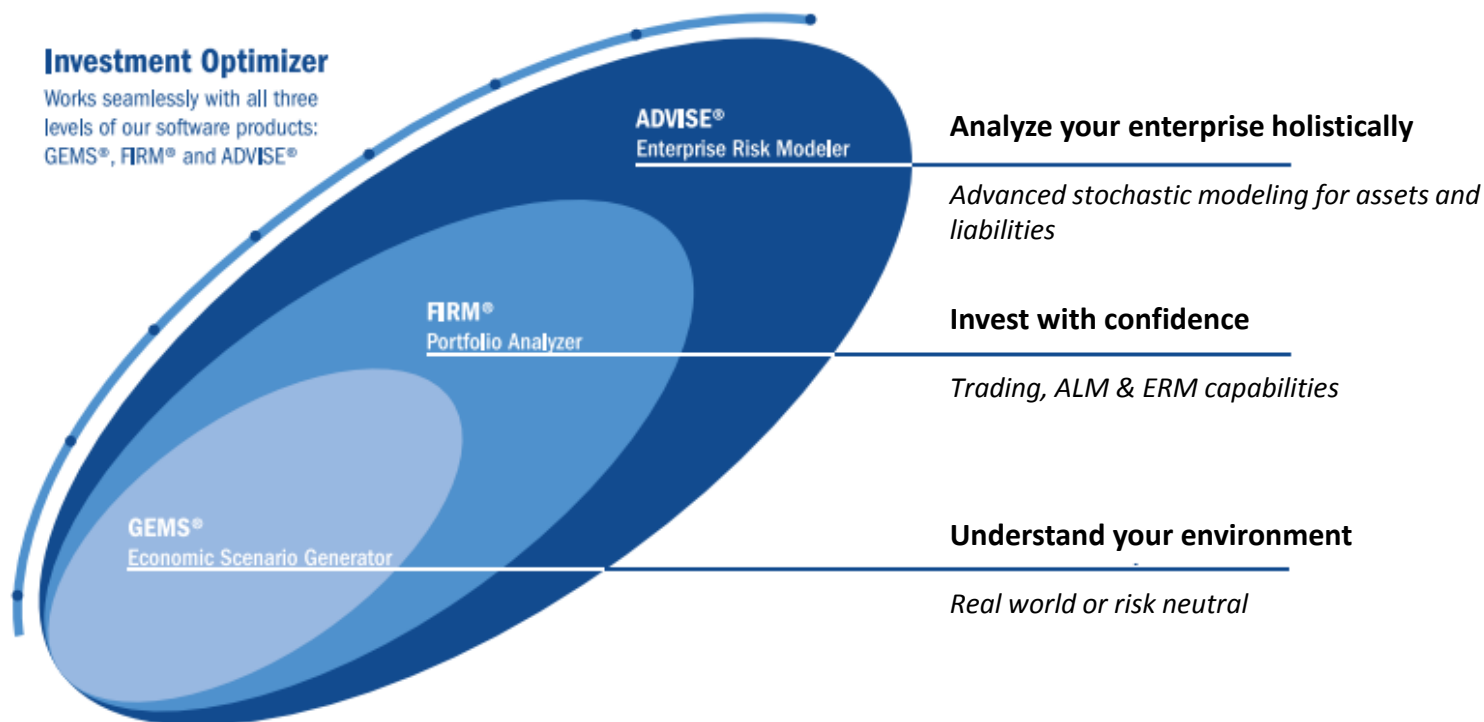
Note : Conning AuM includes acquisition of Brookfield's core fixed income insurance asset management business

Source : The Insurance Investment Outsourcing Report (2014 Edition)



# Strength in ALM and Risk Management

- Enterprise risk management analytics and investment advisory services to support capital management and asset allocation decisions
- Sophisticated software platform provides enterprise-level analysis and optimization of assets and liabilities



# Highly Experienced Management Team



## Woody E. Bradford, CFA

## President and Chief Executive Officer

**Woody E. Bradford, CFA**, is President and Chief Executive Officer at Conning. Prior to joining Conning in 2010, Mr. Bradford was an Operating Partner with Advent International, a global private equity firm. Previously, he spent 12 years at Putnam Investments where he had multiple roles, including Head of Corporate Development and Chief Operating Officer of Global Distribution. Mr. Bradford is a graduate of Worcester Polytechnic Institute and of the Harvard Business School, where he graduated as a Baker Scholar. Mr. Bradford is currently Chairman of the Board of Directors of the Greater Boston Food Bank and previously served as a member of the Supervisory Board of Quoniam Asset Management GmbH. Mr. Bradford has over 20 years of industry experience.

### Management Team

#### Russell Büsst, SIEDip – CIO, Europe (3 YOS / 29 YOE)

- Previously CEO of Amundi's UK subsidiary
- Holds a degree in Engineering and a Securities Industry diploma

#### Glenn Heiser, CPA – CAO (20 YOS / 31 YOE)

- Previously employed by Travelers
- Joined Conning in 1994
- BS and MBA from the University of Connecticut

#### Mark Konyn – CEO, CCAM (2 YOS / 27 YOE)

- Previously CEO of RCM Asia-Pacific / Allianz Global Investors and Head of Institutional Business Development at Fidelity Investments based in Hong Kong
- First Class (Hons.) degree in Business Administration
- Ph.D. in Risk Analysis

#### Jung Lee – CFO (3 YOS / 17 YOE)

- Previously employed by SFRi, Swiss Re, and Securitas Capital
- Degree in Economics from the University of Pennsylvania

#### Stephen Sonlin, CFA – RCMS (13 YOS / 32 YOE)

- Previously employed by Swiss Re Investors
- Joined Conning in 2001
- BA – Temple University

#### Robert Pearce – CCO (9 YOS / 20 YOE)

- Previously Vice President, Investment Advisory Compliance, at The Advest Group
- BA and MBA from Pepperdine University

#### James Romano, CFA – CRO (17 YOS / 23 YOE)

- Previously employed by John Hancock, Travelers and United Technologies
- Graduate of Central Connecticut State University and Rensselaer Polytechnic Institute (MS – Finance)

#### Richard Segal, FSA, MAAA – CIO (13 YOS / 37 YOE)

- Previously CEO of Charter Oak Capital
- Current President of Goodwin Capital
- Graduate of Fordham University
- MA (Statistics) – Columbia University

#### Vi Smalley, Esq. – General Counsel (8 YOS / 20 YOE)

- Previously employed by Citigroup Insurance Investments
- BA – Smith College
- University of Connecticut School of Law

YOS – Years of Service  
YOE – Years of Experience

