



BANKING | ASSET FINANCING | WEALTH MANAGEMENT

# Somers is a financial services investment company with strong assets and minimal leverage.

## OVERVIEW OF SOMERS LIMITED

- Somers Limited is a Bermuda Stock Exchange listed financial services investment holding company with interests primarily in Australia, Bermuda, and the UK
- Established in 2012 with Shareholders' Funds of approximately US\$400 million and minimal debt
- Somers is managed by ICM Limited, a Bermuda based global fund manager and corporate finance adviser which manages approximately \$20 billion in funds, directly and indirectly, in a range of mandates
- Somers is a long term investor

## LONG TERM TOTAL SHAREHOLDER RETURN

- Somers' objective is to deliver superior shareholder total returns through either capital appreciation and/or income
- Aim to maximize value by holding a reasonably concentrated portfolio of investments
- Look to achieve synergistic benefits in terms of revenue and costs but do not look to merge investments
- Investments are in both listed and unlisted companies in a range of financial related sectors and markets
- Increased focus on fund and asset management businesses due to annuity style income and lower capital requirements

### SHAREHOLDERS' FUNDS

**US\$400**  
MILLION

### ASSETS UNDER MANAGEMENT

**US\$20**  
BILLION

### CONCENTRATED PORTFOLIO INTERESTS IN

- AUSTRALIA
- BERMUDA
- UNITED KINGDOM



# SOMERS LIMITED

## SELECTED INVESTMENTS

### Homeloans

**61.8%**

#### Non-bank Lender

Australian and New Zealand mortgage securitization business  
Loan portfolio in excess of A\$11.1 billion

- ASX listed residential mortgage lender and multi-channel distribution business specializing in prime and specialist lending in Australia and New Zealand
- Business formed by a merger of Homeloans Limited and RESIMAC Limited in October 2016
- Funding provided by a combination of warehouse facilities, term securitizations, wholesale funding partners and a corporate debt facility
- Market capitalization of A\$208 million, AuM of A\$11.1 billion
- Strong financial results for the six months ended December 31, 2017:
  - Normalized profit after tax of A\$12.9 million;
  - Net interest income of A\$51 million (yoy increase of 27%)



**100.0%**

#### Banking

Licensed bank in Bermuda with total assets of \$485 million  
Focus on commercial banking and private banking / wealth management

- Bermuda Commercial Bank was established in 1969 and is one of Bermuda's four licensed banks
- Focused on commercial banking and private banking/wealth management
- Banking solutions include private banking and wealth management, business banking, corporate administration, global custody and brokerage, estate planning and trust administration
- Total assets of US\$485 million
- Tier 1 ratio of 23.3%
- 100% owned by Somers since 2012



**62.5%**

#### Wealth Management

UK Private wealth management business  
Assets under management of over US\$5.5 billion

- UK private wealth management business (formerly JO Hambro Investment Management)
- Acquired by Somers and management/employees from Credit Suisse in 2013
- Located in London with over 100 employees
- AuM of £5.5 billion – strong recent investment management performance



**65.7%**

#### Banking

A London Stock Exchange listed asset financing company  
Focus on retail savings products, consumer and business finance

- AIM listed bank based in the UK
- 66% owned by the Somers group (55% by BCB and 11% directly by Somers)
- Market capitalization of £83 million and Tier 1 ratio of 21.6%
- Portfolio of finance receivables of £179 million split over 13,000 customers and across two divisions:
  - Consumer Finance – vehicle financing
  - Business Finance – SME lending
- Strong credit underwriting with low loan losses
- Strategy is focused on increasing portfolio to £350 million by 2020 and £750 million by 2022
- Retail deposits over £100 million

## MACRO TRENDS AFFECTING FINANCIAL SERVICES

|   |                                    |   |
|---|------------------------------------|---|
|    | <b>DIGITISATION AND AUTOMATION</b> | <ul style="list-style-type: none"> <li>Increasing disruption by AI and automation</li> <li>Commoditization of finance</li> <li>E-commerce and mobile push in an environment of demonetization and smart phone penetration</li> </ul>  |
|    | <b>FINTECH</b>                     | <ul style="list-style-type: none"> <li>Focus on growth in new platforms for social, mobile, hyperlocal and predictive personalization</li> <li>Multiple value chains continually being aggregated across the sector</li> <li>Evolution of payments, blockchain/distributed ledger and cryptocurrency to change the long term landscape</li> <li>Consumers demand cheaper, efficient service</li> </ul>                                    |
|    | <b>CYBERSECURITY</b>               | <ul style="list-style-type: none"> <li>Cyber attacks require investment in protection from wide scale privacy and data breaches</li> <li>Reputational risk is key in an era of increased transparency demand, and decreased trust with companies</li> <li>Increase in cyber-crime penalties</li> <li>Concerns over voice, facial and biometric protocols</li> </ul>   |
|   | <b>MONETARY POLICY</b>             | <ul style="list-style-type: none"> <li>Era of low interest rates, low inflation, record stock markets and asset valuations, and increased global government debt</li> <li>Trend to chase higher yielding assets thereby causing asset prices to increase and heightening risks</li> <li>Risk to global economy and market volatility, as central banks continue to remove quantitative easing and initiate interest rate rises</li> </ul> |
|  | <b>REGULATORY AND COMPLIANCE</b>   | <ul style="list-style-type: none"> <li>Post the 2008 crisis, increased global focus on regulation is shaping technology driven customer interaction</li> <li>Financial institutions are stronger post crisis, due to increased capital requirements</li> <li>Stronger regulation of established institutions is encouraging smaller, newer companies to compete and grow</li> </ul>   |

## PORTFOLIO

|   | Company                                | Country   | Fair Value (\$)    | % of Total Investments |
|---|--|-----------|--------------------|------------------------|
| 1 | Homeloans Limited                      | Australia | 138,153,926        | 35.0%                  |
| 2 | Bermuda Commercial Bank Limited        | Bermuda   | 101,845,203        | 25.8%                  |
| 3 | Waverton Investment Management Limited | UK        | 91,217,791         | 23.1%                  |
| 4 | West Hamilton Holdings Limited         | Bermuda   | 27,364,267         | 6.9%                   |
| 5 | PCF Group plc                          | UK        | 10,366,166         | 2.6%                   |
| 6 | Stockdale Securities Limited           | UK        | 8,569,030          | 2.2%                   |
| 7 | MJH Group Holdings Limited             | Jersey    | 5,233,452          | 1.3%                   |
|   | Significant investments                |           | 382,749,836        | 97.0%                  |
|   | Other investments                      |           | 12,017,721         | 3.0%                   |
|   | <b>Total Investments</b>               |           | <b>394,767,557</b> | <b>100.0%</b>          |

Fair value figures are based on fair values as at March 31, 2018.

# We seek out and make compelling investments



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