

HNWI OPPORTUNITIES ABOUND FOR EAMs

BACKDROP AND OUR OBSERVATIONS

- Given the high growth rate of High-Net-Worth Individuals (HNWIs) in Asia, the number of EAMs were projected to increase by 25% in Singapore and 50% in Hong Kong in ten years.
 - Definition of External Asset Managers (EAMs): EAMs open bank and custodian accounts for their clients. Typically, EAMs would have a power of attorney from the client to manage the asset under the account.
- EAMs enjoy greater flexibility in choosing business partners and customizing solutions for their clients.
 - On average, EAM works with more than 6 custodian banks simultaneously.
- Providing hyper-personalized solutions is the key difference between EAMs and private banks.

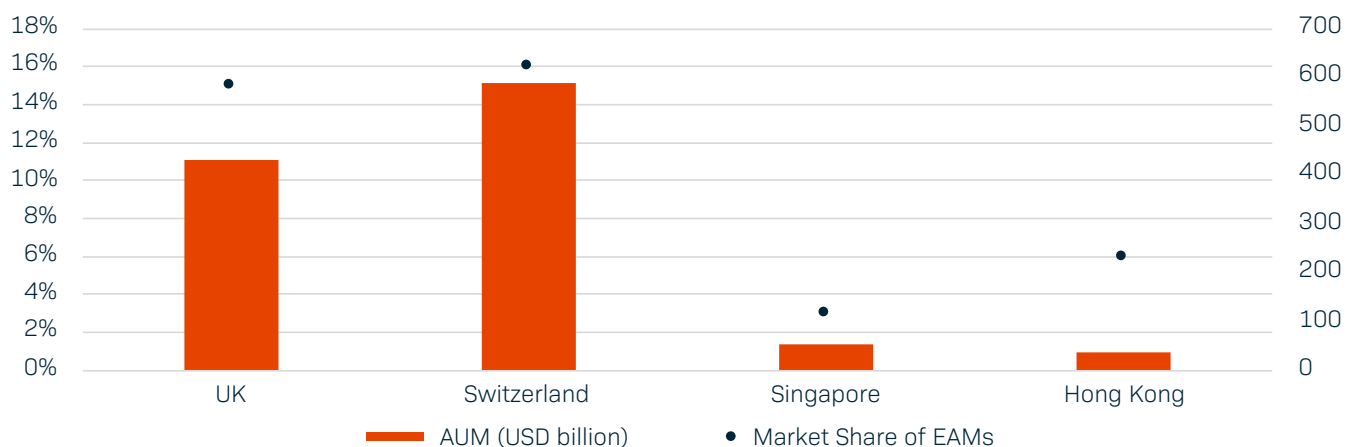
KEY TAKEAWAYS

- By partnering with EquitiesFirst, EAMs can enjoy the following advantages:
 - Increase in AUM
 - Diversification of services (by providing an alternative financing solution)
 - Wider range of investment opportunities (with non-purpose loan feature)

GROWING NUMBER OF EAMs IN ASIA

According to research from Asian Private Banker in 2018, the market share of Singapore's and Hong Kong's EAMs is around 3% and 6%, which are much lower than the UK's and Switzerland's at 15% and 16% respectively. At the same time, according to another study from Credit Suisse, the HNWIs in Asia are growing at a higher rate than Europe and North America. It is therefore expected that the number of EAMs will increase along with the trend of more HNWIs and higher market share of EAMs.

MARKET SHARE AND AUMs OF EAMs

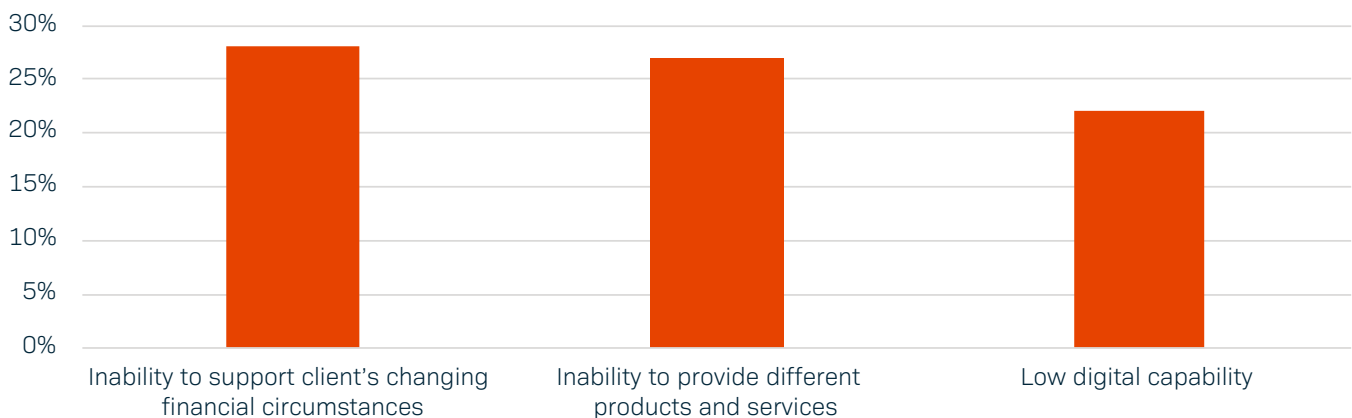


ADVANTAGES FOR EAMs - HIGHER FLEXIBILITY AND MORE PRODUCTS

To gain a bigger market share, EAMs need to focus on their strength of offering a wider range of products with better flexibilities compared to private banks. Private bankers usually need to select from the products issued by their banks. However, as EAMs are independent from other financial institutions, they can always compare all the products in the market and select the best option for their clients. This includes a wide range of alternative investments and ESG-related products. According to the same research from Asian Private Banker in 2018, EAMs on average work with more than 6 banks at any given time, which significantly expands the set of products available to them.

PricewaterhouseCoopers (PwC)'s report in 2022 shows 27% of HNWI are switching advisors as they seek access to different products and services. In addition, 66% of HNWI desire increased personalization in their wealth management relationship.

WHY INVESTORS SWITCHED ADVISORS



PARTNER WITH EQUITIESFIRST TO PROVIDE A BETTER FINANCING OPPORTUNITY

Partnering with EquitiesFirst can be the solution for EAMs to stand out from the crowd with the following benefits:

- 1. Increase in AUM:** According to Asian Private Banker's report, EAMs' clients have most of their asset and wealth concentrated in equities. When clients pledge their shares with EquitiesFirst, they can allocate the loan proceeds in the bank for other investments, which will increase the AUM.
- 2. Diversification of services:** By providing alternative financing solutions, clients have more financing options. EquitiesFirst's non-recourse feature is largely different from the typical margin loan provided by the banks, which will protect clients from the downside. Also, banks may not be able to provide financing against Hong Kong-listed small- to mid-cap stocks due to the risk exposure, while EquitiesFirst's collateral requirement is more borrower friendly. This can benefit the EAMs and provide them with a wider range of share financing products.
- 3. Wider range of investment opportunities:** With EquitiesFirst's non-purpose feature in the loan, EAMs can help clients further diversify their portfolio by investing in different types of products to achieve their investment goal. As EquitiesFirst provides a loan term of three years or above, clients will find it easier to match with investment products with a longer investment time frame compared to margin loan or other financing products.

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