

# 3Q 2017 Investor Presentation

Noah Holdings Limited (NYSE: NOAH)

*November 2017*

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## Who We Are

### Industry Overview

### Overview of Noah

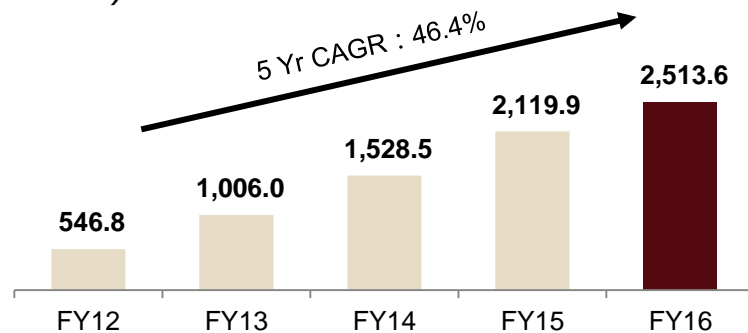
### Financial Performance

### Appendices

# WE HAVE BEEN GROWING AT A RAPID RATE

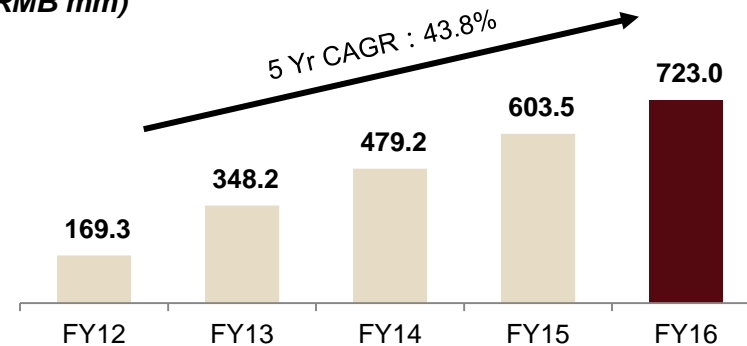
## Net Revenues

(RMB mm)



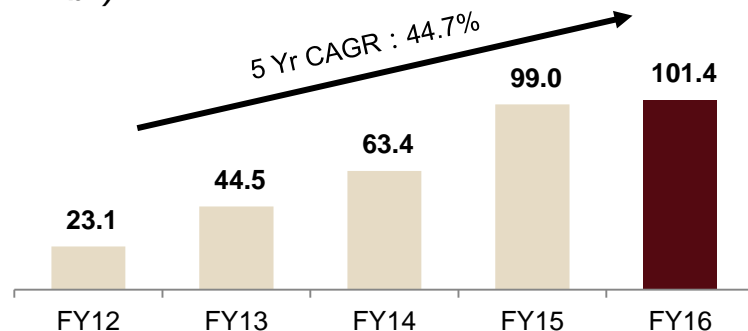
## Non-GAAP Net Income<sup>(1)</sup>

(RMB mm)



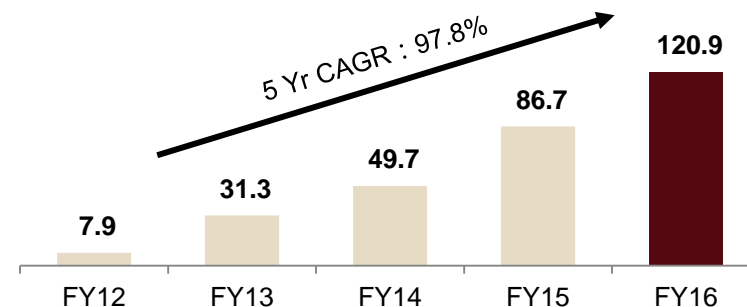
## Transaction Value

(RMB bn)



## Gopher AUM

(RMB bn)



Source: Company Filings

(1) Representing non-GAAP net income attributable to Noah Shareholders, based on non-GAAP financial measures that exclude the effects of all forms of share-based compensation

# WE ARE MORE THAN A WEALTH MANAGER

## Comprehensive Financial Platform



### Wealth Management

- 9M17 Transaction Value of USD13.4 bn
- Transaction Value 5-Year CAGR 44.7%
- 175,979 Registered Clients



### Asset Management

- 9M17 Gopher<sup>(1)</sup> AUM at USD21.5 bn
- AUM 5-Year CAGR 97.8%
- 57% AUM in PE Investment



### Global Platform

- Noah Hong Kong
- Noah US
- Ark Trust (HK & Jersey)
- 9M17 Overseas AUM at USD3.0 bn



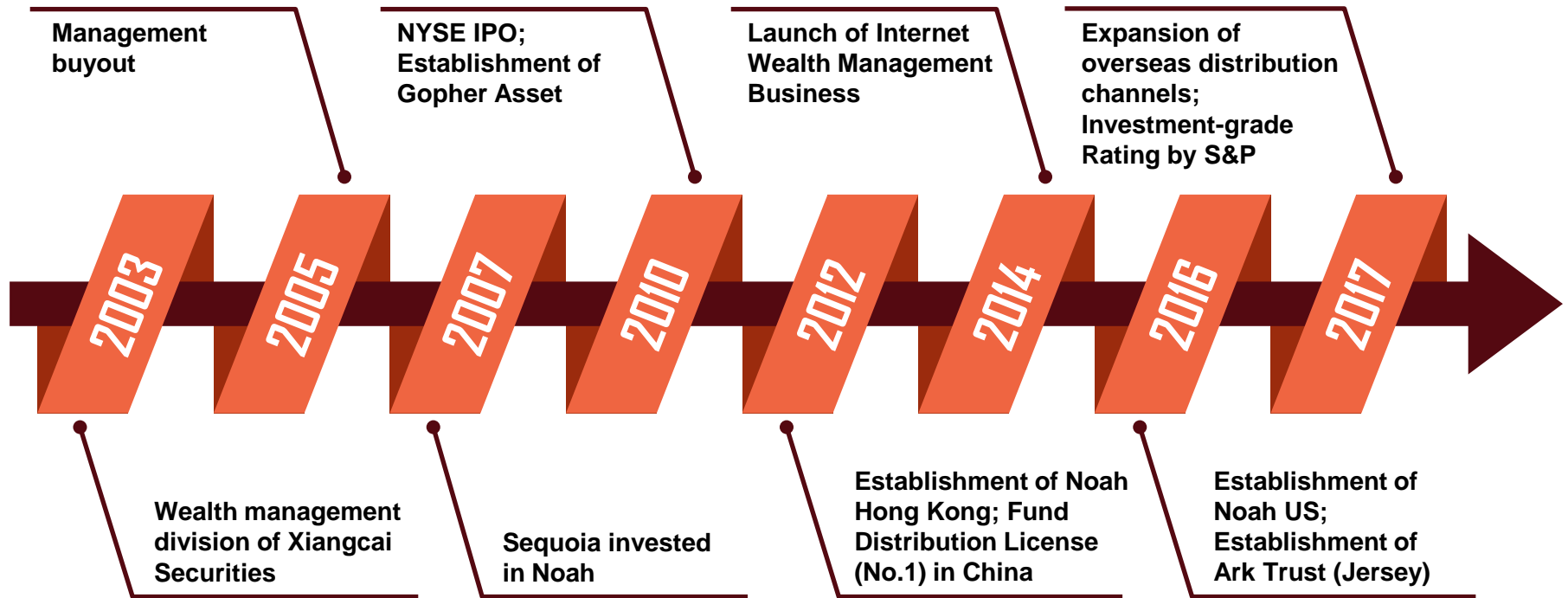
### Internet Financial Services

- Online Mutual Fund Platform
- Small Short-term Loans
- Transaction Data Processing
- Online IFA Services

## Open Architecture Product & Service Platform

(1) Gopher is Noah's wholly-owned subsidiary and the brand for asset management business

# OUR HISTORY AND KEY MILESTONES



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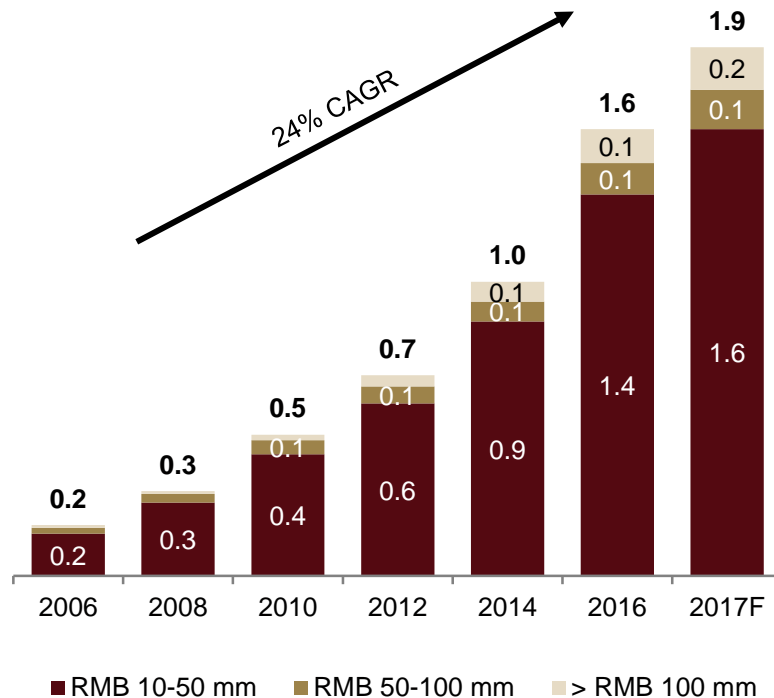
Financial Performance

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# STRONG WEALTH CREATION IN CHINA

## Number of HNWI<sup>(1)</sup> in China

HNWI (mm)

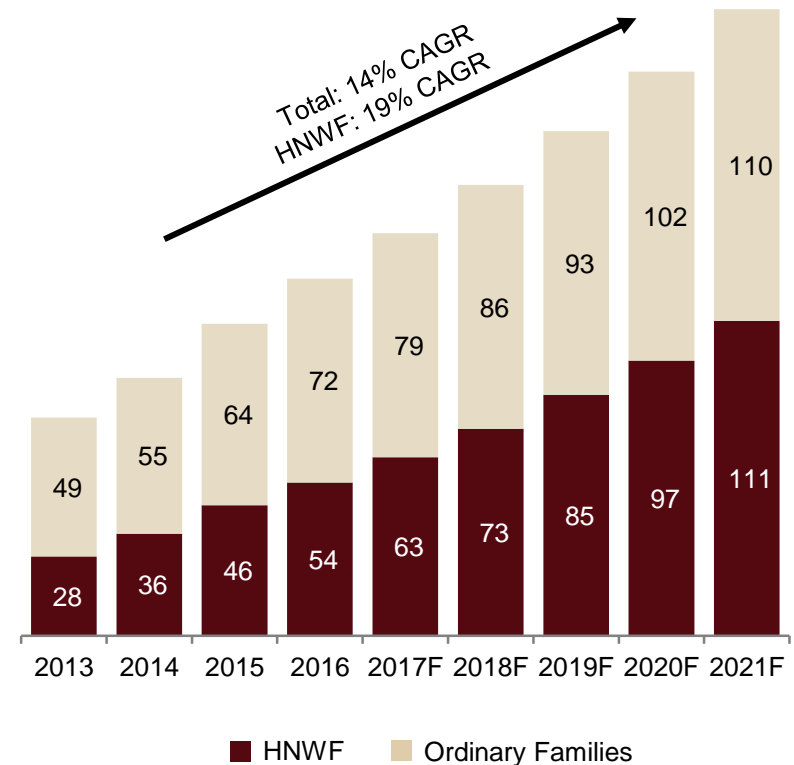


Source: Bain & Company & CMB report, 2017

(1) HNWI stands for High Net Worth Individuals, whose investable assets exceed RMB 10 million

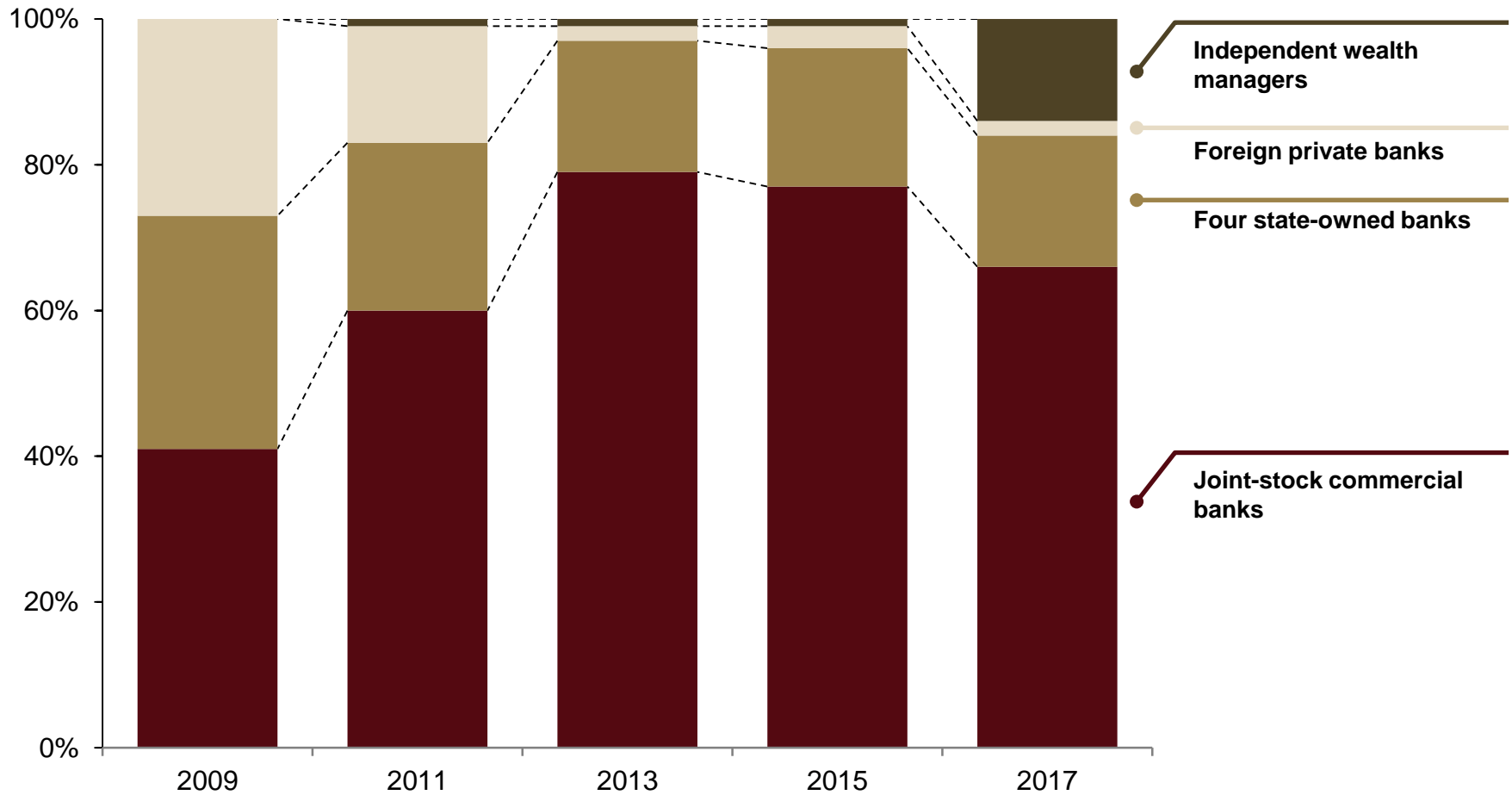
## Total Household Assets in China from 2013 to 2021F

(RMB tn)



Source: Industrial Bank & BCG report, 2017

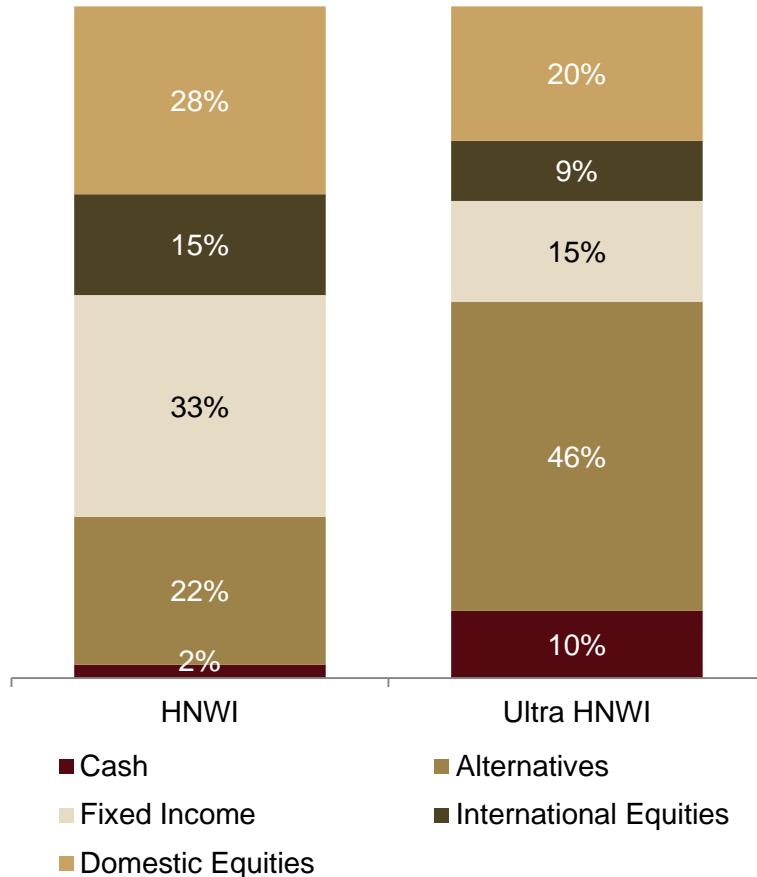
# INDEPENDENT WEALTH MANAGEMENT COMPANIES GAINING MORE MARKET SHARE



Source: Bain & Company & CMB report, 2017

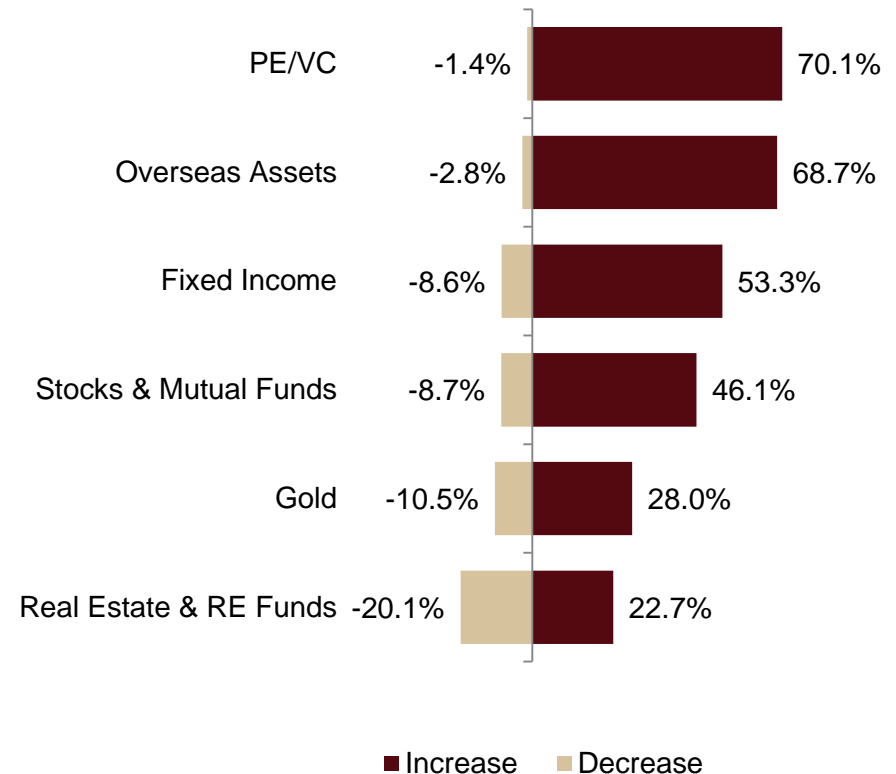
# HNWIs HAVE STRONG PREFERENCE FOR ALTERNATIVE INVESTMENTS

## Global HNW & Ultra HNW Asset Allocation



Data Source: The Ultra High Net Worth Investor White Paper by KKR (May 2017)

## Chinese HNWIs' Plans for Asset Allocation



Data Source: 2016 Noah Wealth Management White Book

# INCREASING UNIFIED SUPERVISION IN CHINESE FINANCIAL INDUSTRY

## Highlights in *Guidelines on Regulating the Asset Management Business of Financial Institutions (Draft for Comment)* led by PBOC

1

Financial institutions **shall not guarantee either principal or yield** when carrying out asset management business; In the event of difficulties in redemption, financial institutions shall not, in any form, advance their own capital for redemption

2

**Strengthen investor suitability**; Financial institutions shall sell to investors only those products that are appropriate to their risk identification ability and risk tolerance level

3

**Strengthen investor education**, continuously improve investors' financial literacy and risk awareness, and communicate the concept of "sellers fulfilling duty, buyers accepting responsibility"

4

Funds in each asset management product shall be set up and managed separately, with separate accounting treatments. Rolling issuance, collective operation, and **funding pools shall not be carried out** or participated in

5

All asset management products shall be **net-asset-value-based**, the generation of NAV should conform to the principle of fair valuation and timely reflect the returns and risks of the underlying assets

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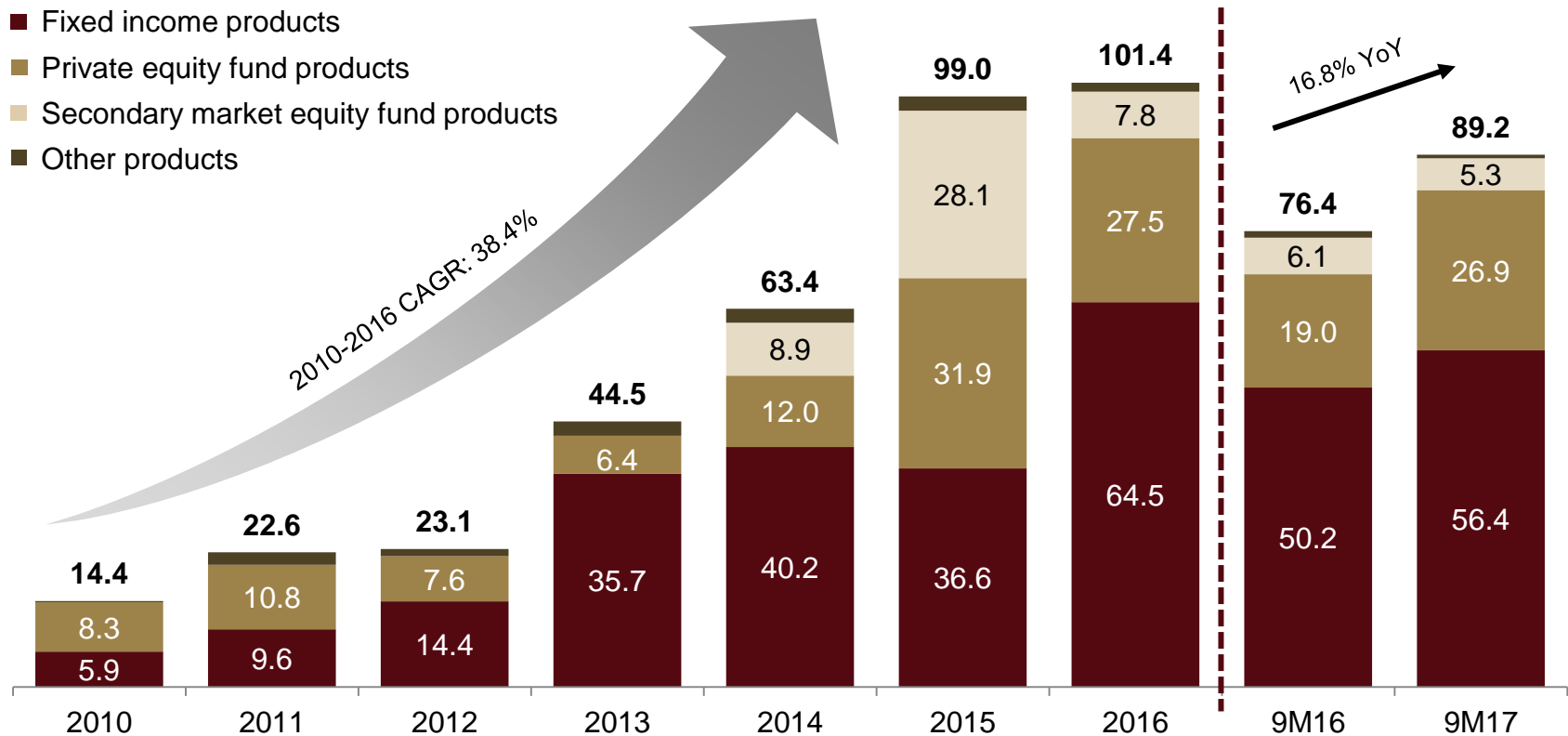
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# OVERVIEW OF WEALTH MANAGEMENT BUSINESS

## Transaction Value of Financial Products

(RMB bn)

- Fixed income products
- Private equity fund products
- Secondary market equity fund products
- Other products

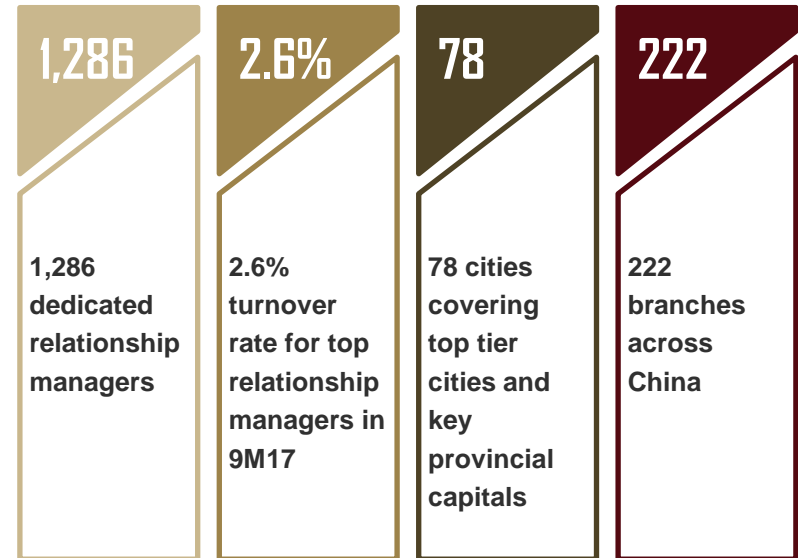
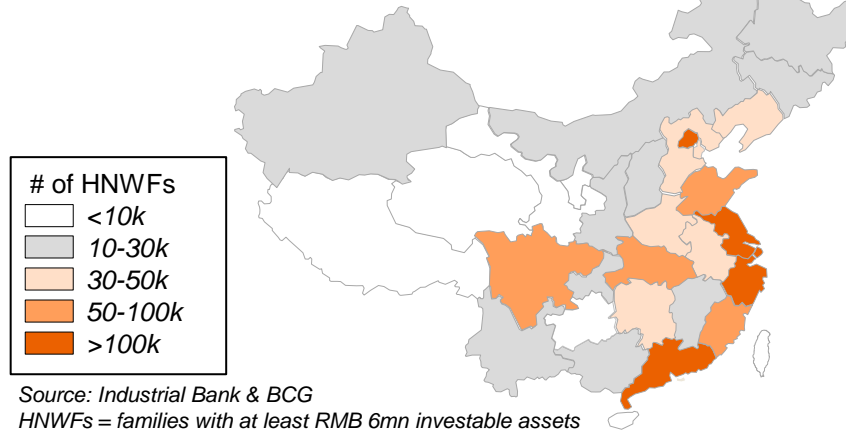


\* Secondary market equity products were included in "other products" before 2013

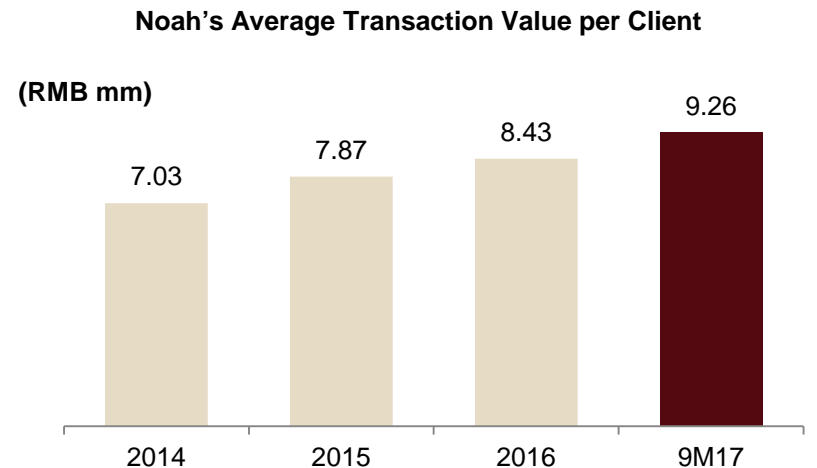
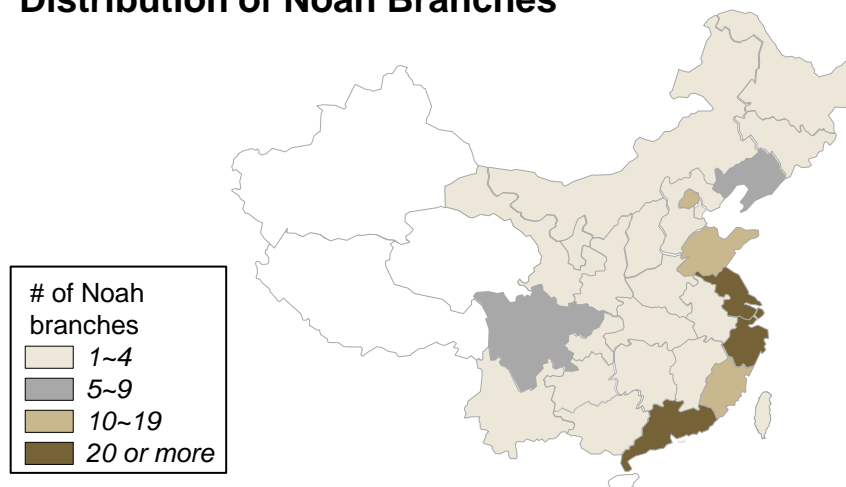
\*\* Mutual fund products were not included in "other products" since 2016

# NATIONWIDE NETWORK COVERAGE & STABLE SALES TEAM

## Distribution of Chinese High-Net-Worth Families



## Distribution of Noah Branches



# WEALTH MANAGEMENT FROM PRODUCT DRIVEN TO COMPREHENSIVE SERVICES DRIVEN

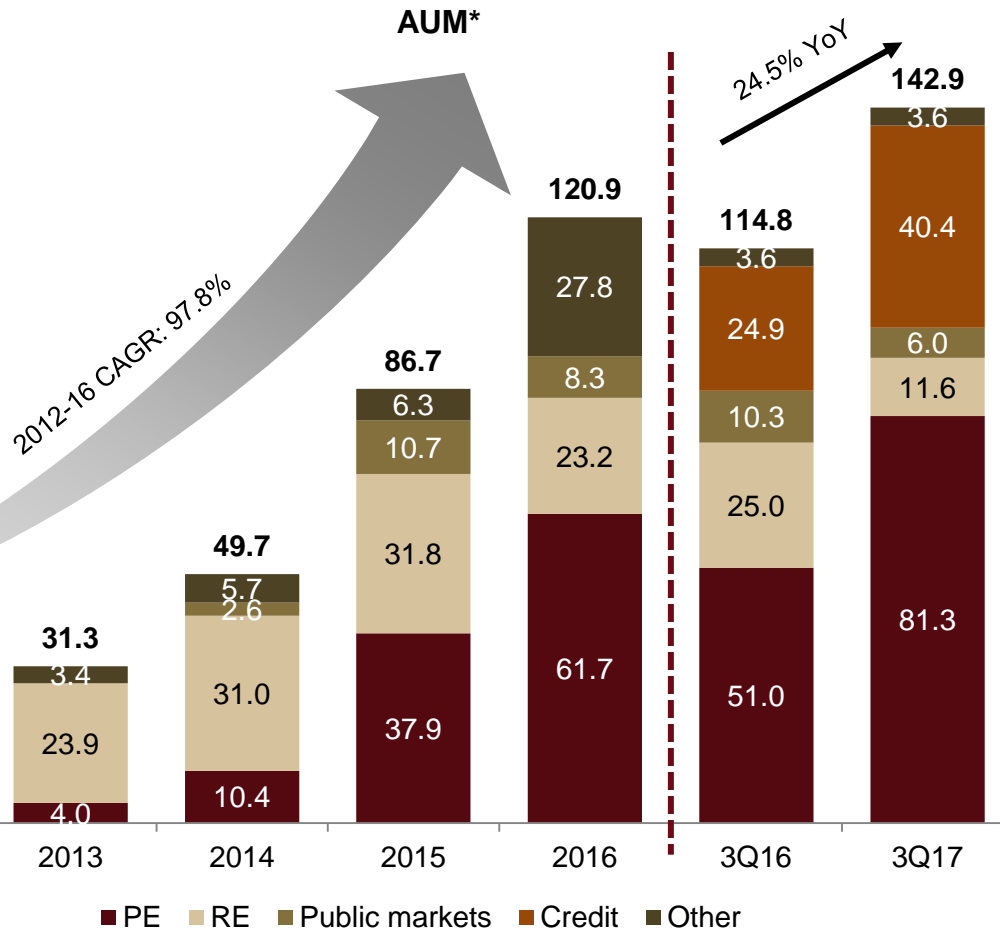


# OVERVIEW OF ASSET MANAGEMENT BUSINESS

## 歌斐資產 GOPHER

ASSET MANAGEMENT

(RMB bn)



### Segment strategy

- More diversified credit products
- More portfolios, less single asset-backed products
- Fund of hedge funds
- MOM
- More commercial, less residential
- More value-added, less project development
- PE/VC FOF
- PE/VC secondary funds
- Co-investments
- Direct investments

\* Assets under management figures shown is on historical cost basis, not NAV, except for public market products

\*\* Credit investments were included in "other" investments before 2Q17, and AUM balance is restated for comparison purpose

# WE PARTNER WITH LEADING GPs



達晨創投

**LEGEND  
CAPITAL**  
君聯資本



**KKR**

**THE CARLYLE GROUP**



## TOP 20 RMB VC Funds

2. Sequoia China (紅杉中國)\*
4. Qiming Venture (啟明創投)\*
6. IDG Capital\*
7. GGV Capital (紀源資本)\*
8. Northern Light VC (北極光創投)\*
9. Shenzhen Capital (深創投)\*
10. Legend Capital (君聯資本)\*
11. Banyan Capital (高榕資本)\*
12. GSR Ventures (金沙江創投)\*
13. SAIF Partners (賽富投資基金)\*
15. Fortune Capital (達晨創投)\*

Source: China FOF Association

## TOP 20 RMB PE Funds

2. CDH Investments (鼎暉投資)\*
3. Hillhouse Capital (高瓴資本)\*
6. IDG Capital\*
8. Legend Capital (君聯資本)\*
11. Carlyle Group\*
13. JD Capital (九鼎投資)\*
15. Warburg Pincus\*
18. CITIC Capital (中信資本)\*

Source: China FOF Association

## TOP 10 USD PE Funds

1. Blackstone Group\*
2. Goldman Sachs
3. Carlyle Group\*
4. KKR\*
5. TPG\*
6. Oaktree Capital\*
7. Apollo Global Mgmt\*
8. Bain Capital\*
9. Lone Star Funds
10. Warburg Pincus\*

Source: Preqin

## TOP 10 RMB Hedge Funds

1. Dapu Fund (大朴資產)\*
2. Springs Capital (淡水泉投資)\*
3. Chongyang Inv't (重陽投資)\*
4. Daoyi Fund (道宜資產)
5. DF Asset (鼎鋒資產)\*
6. F&D Assets (富恩德資產)
7. Heju Fund (和聚投資)\*
8. Huizheng Inv't (惠正投資)
9. Elitimes Capital (菁英時代)
10. Greenwoods Asset (景林資產)\*

Source: ChinaFund



**華興資本**  
CHINA RENAISSANCE

**IDG資本**  
IDG Capital Partners



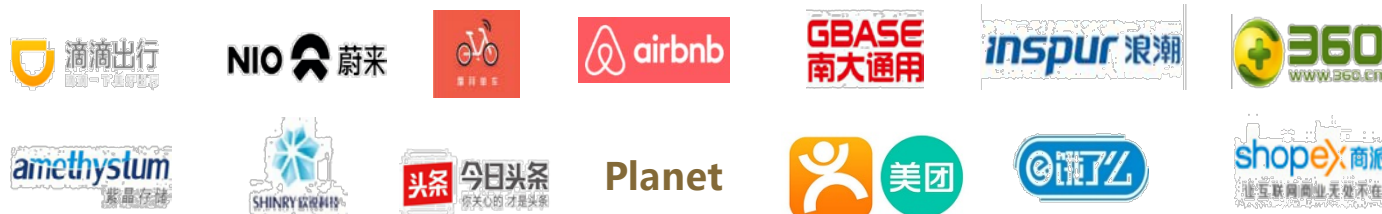
**弘尚資產**



\* Asterisk and bolding indicate the partners Noah and (or) Gopher have cooperated with

# OUR PE/VC PRODUCTS FOCUS ON NEW ECONOMY SECTORS

## TMT :



## Fintech :



## Culture & Consumption :



## Healthcare :

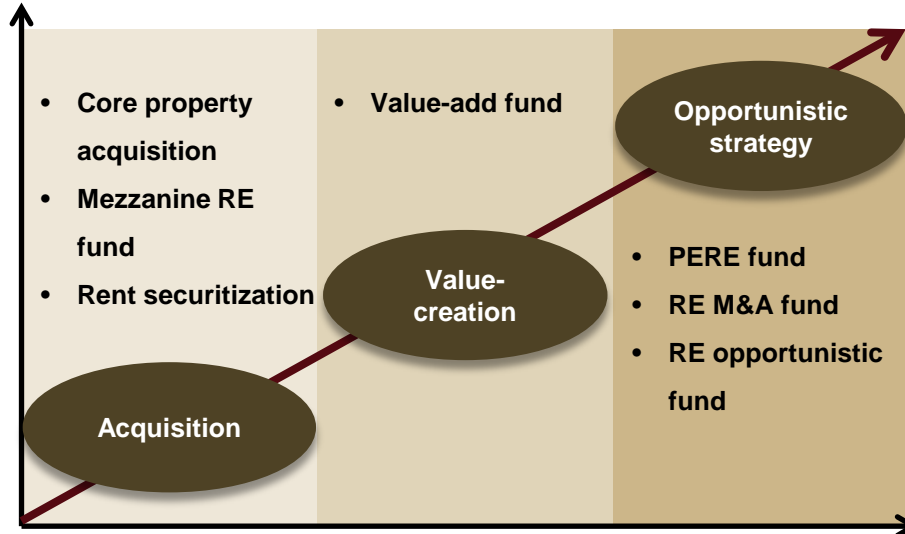


## Light-asset Real Estate :



# NEW REAL ESTATE INVESTMENT STRATEGIES

## Acquisition & Management of Existing Properties



### Gopher RE Investment Track Record

- Accumulated assets invested: RMB**85 bn** (125 funds)
- Amongst 97 exited funds (projects):
  - ✓ Credit-based RE funds: principals & interests **100%** paid on time
  - ✓ Equity-based RE funds: **12-15%** average IRR, **0** loss incurred

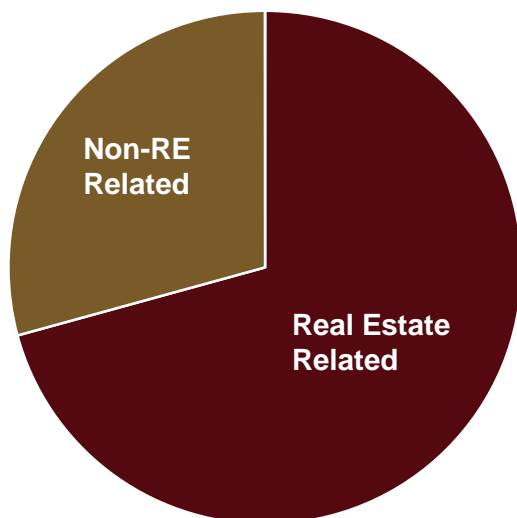
## Case Study: Gopher Center

- Office building acquired and operated by Gopher
- 32 stories, 75,000 sqm
- Acquired in December 2014, construction completed in June 2016
- Currently 90%+ office rental occupied, with several Fortune 500 companies
- Retail areas opened in October 2017
- Expected IRR >20%



# DIVERSIFICATION OF FIXED INCOME PRODUCTS

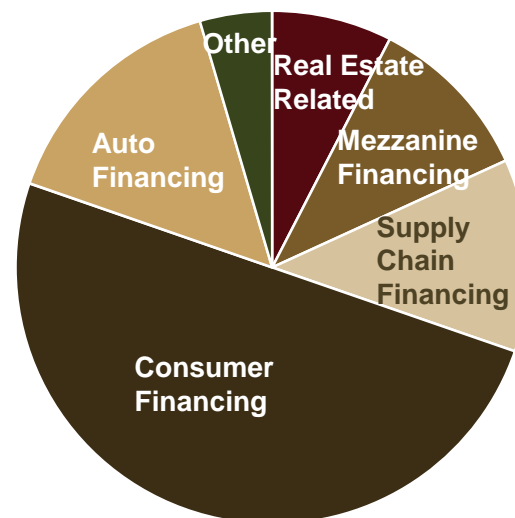
**FY2015 Fixed Income  
Product Mix**



**FY2016 Fixed Income  
Product Mix**



**9M2017 Fixed Income  
Product Mix**



**Consumer  
Financing**



**Auto  
Financing**



**Supply Chain  
Financing**

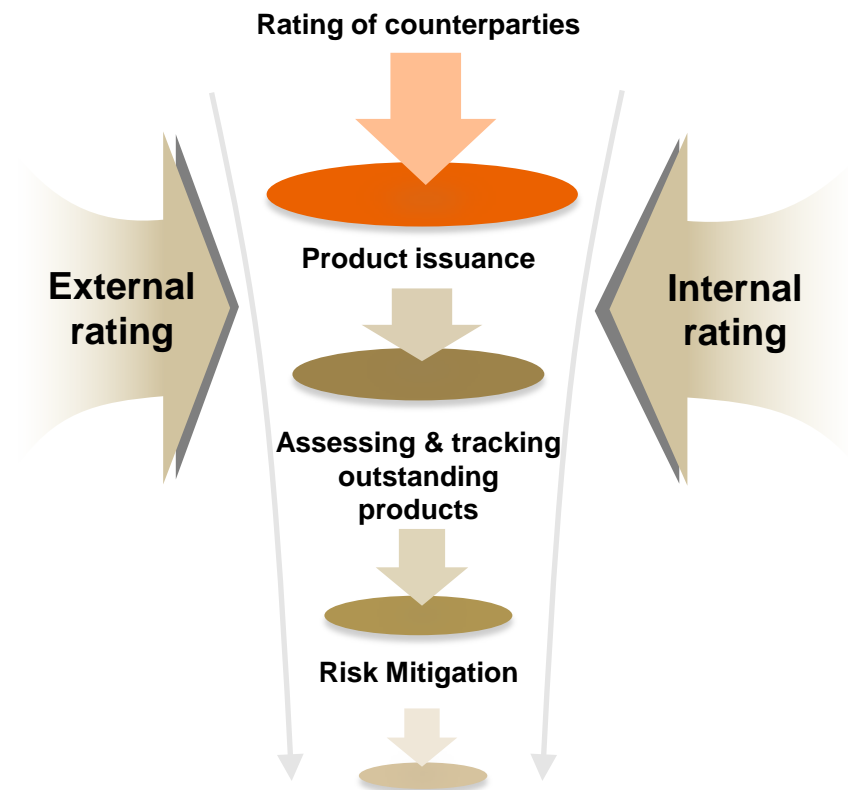


**Mezzanine  
Financing**

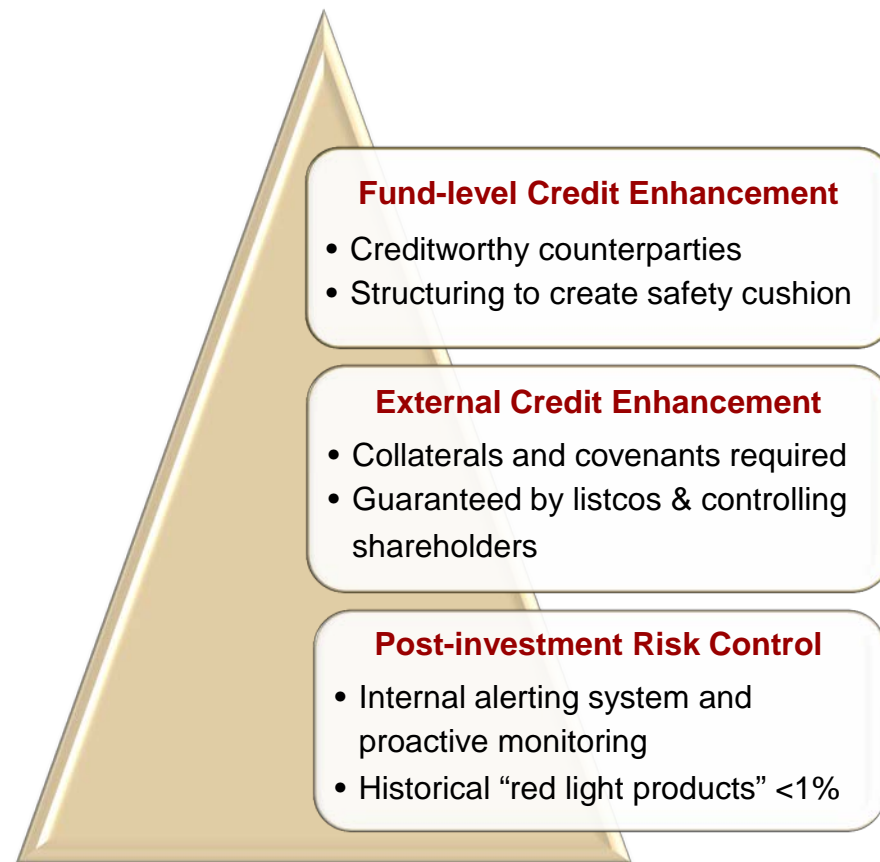


# STRINGENT RISK MANAGEMENT PROCESS

## Risk Assessment Process at Noah



## Structuring and Execution Methods



**Comprehensive risk management system**

# SECONDARY MARKET PRODUCT HIGHLIGHTS

## Hedge Funds selected by Noah (May 2015 – May 2017)

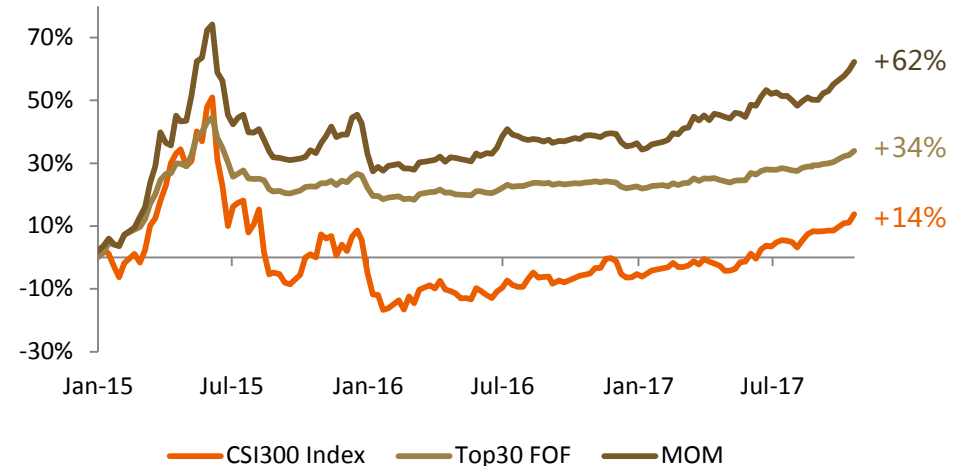
- **94%** outperformed benchmark (CSI Free Float Index -34.7%)
- **81%** outperformed Chinese hedge funds median (-18.8%)
- **41%** outperformed Chinese hedge funds top quartile (-0.7%)
- Top 5 products average yield: **+34.7%**

## Mutual Funds Distributed by Caifupai (June 2016 – June 2017)

- **100%** outperformed respective benchmarks & median of peers
- **80%** outperformed top quartile of peers
- Top 5 products average yield: **+19.7%**

\* Source: [www.simuwang.com](http://www.simuwang.com), WIND, Noah CBS

## Gopher Long/Short FOF & MOM NAV vs CSI 300



\* All the performance results are dated between Jan. 1 2015 and Oct.27 2017

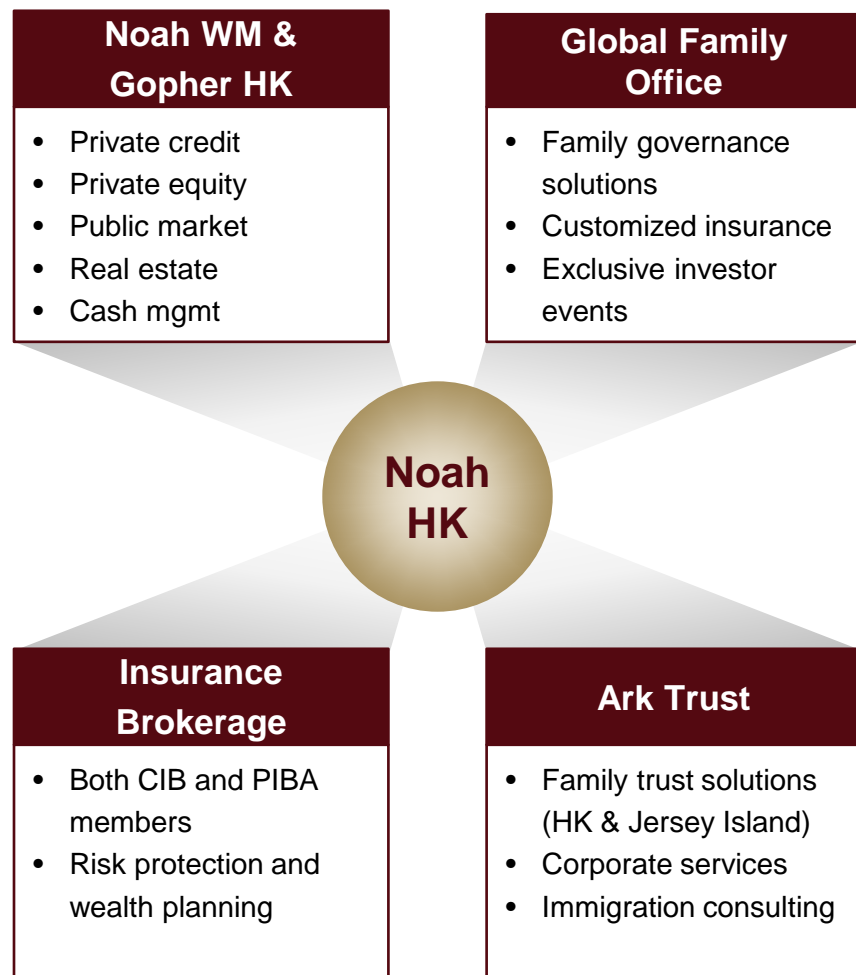


## Gopher Offshore Select Hedge Fund of Funds

- Past **12** months compound annual return: **15.6%** (November 2016 – October 2017)
- Past **36** months compound annual return: **15.0%** (November 2014 – October 2017)
- **No. 4 Top Performing Hedge Funds – Emerging Markets Fund of Fund** (ranked by Barclay Hedge)

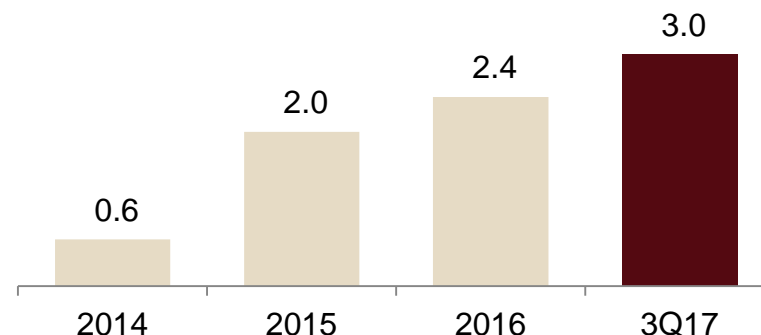
# NOAH / GOPHER GLOBALIZATION 3.0

## About Noah Hong Kong

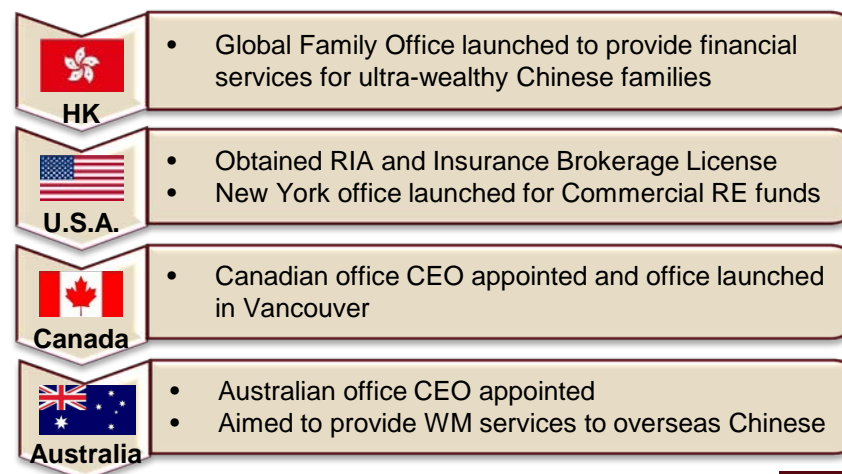


## Overseas AUM

(USD bn)



## Noah's Global Platforms Recent Updates



# OVERVIEW OF INTERNET FINANCIAL SERVICE (IFS) BUSINESS



## Caifupai (Online Mutual Fund Platform)

Offers mutual fund products and related services targeting mass affluent individuals in China



## Small short-term loans

Provides small short-term loan services as the loan originator to create synergies with other services



## Transaction data processing and related services

Facilitates transaction data processing by transferring customer data to licensed third-party payment companies

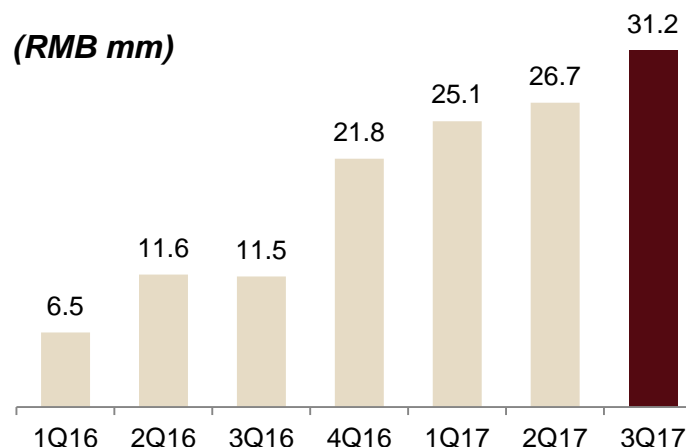


## Online IFA services

Provides registered independent financial advisors with online tools to attract and maintain client relationships

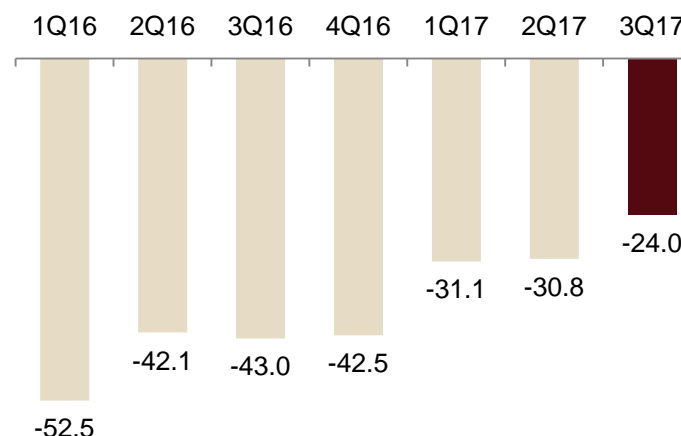
## IFS Revenues

(RMB mm)



## IFS Income from Operations

(RMB mm)



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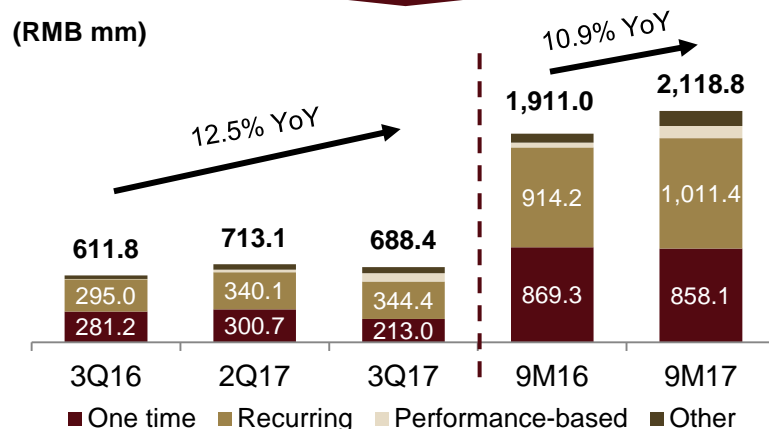
Overview of Noah

**Financial Performance**

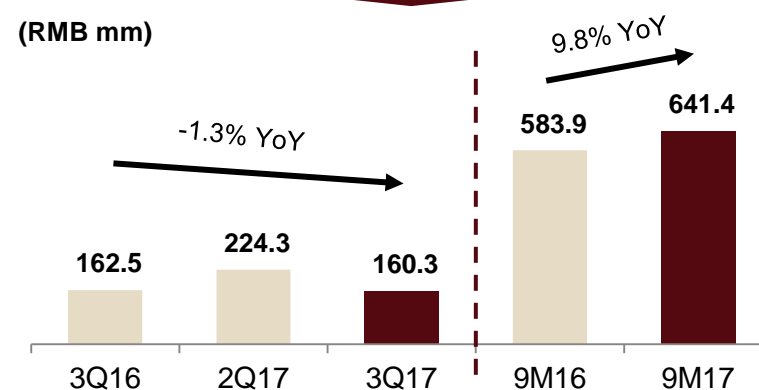
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# SOLID 3Q17 PERFORMANCE

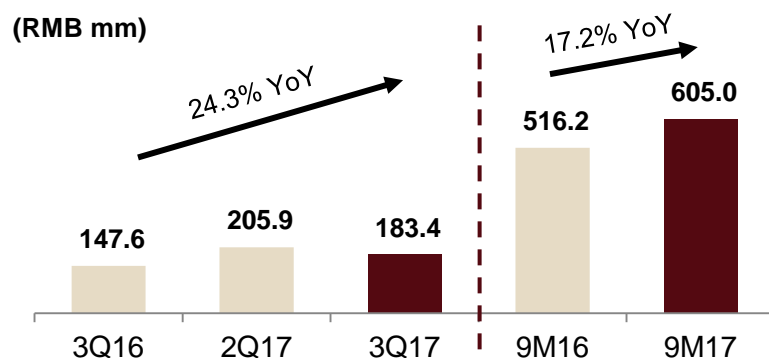
## Revenues



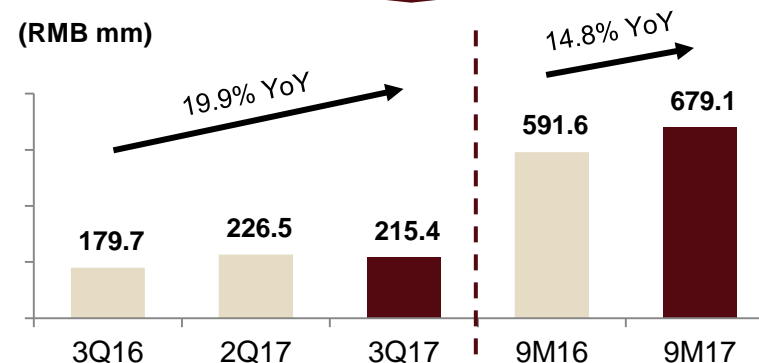
## Income from Operations<sup>(1)</sup>



## Net Income



## Non-GAAP Net Income

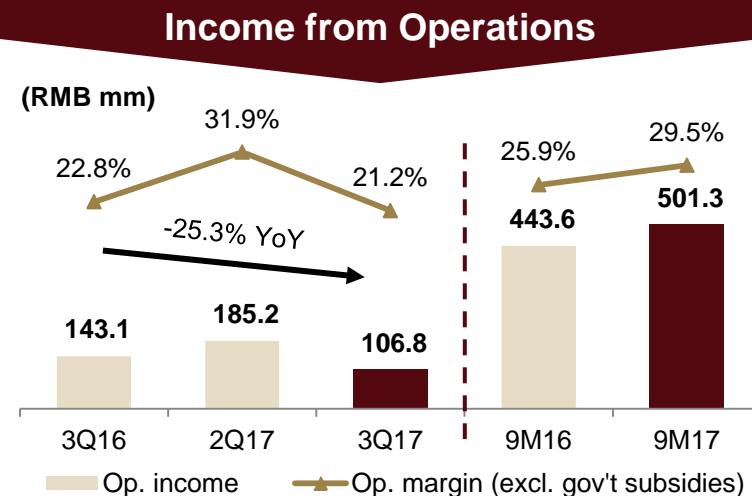
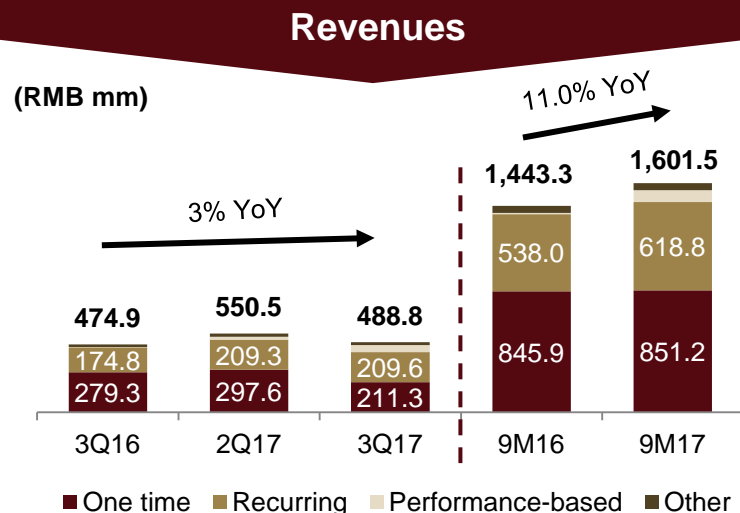


Source: Company Filings

(1) Company received RMB 43.2mm, RMB 9.8mm, RMB 5.2mm in government subsidies in 3Q16, 2Q17 and 3Q17 respectively

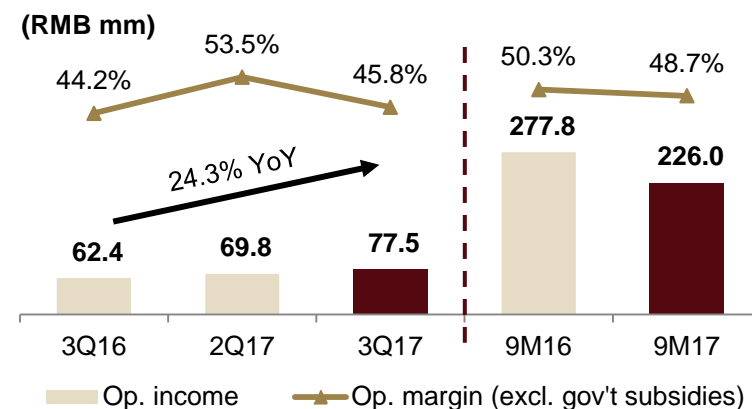
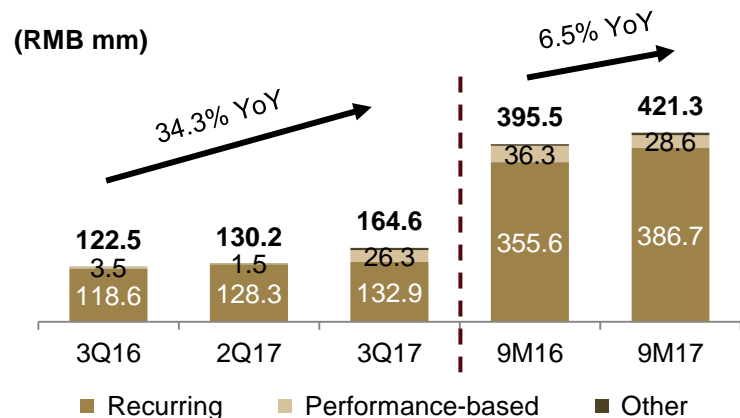
# 3Q17 FINANCIAL BREAKDOWN BY SEGMENT

## Wealth Management



(1) Wealth management business received RMB 35.0mm, RMB 9.7mm and RMB 3.1mm government subsidies in 3Q16, 2Q17 and 3Q17 respectively

## Asset Management



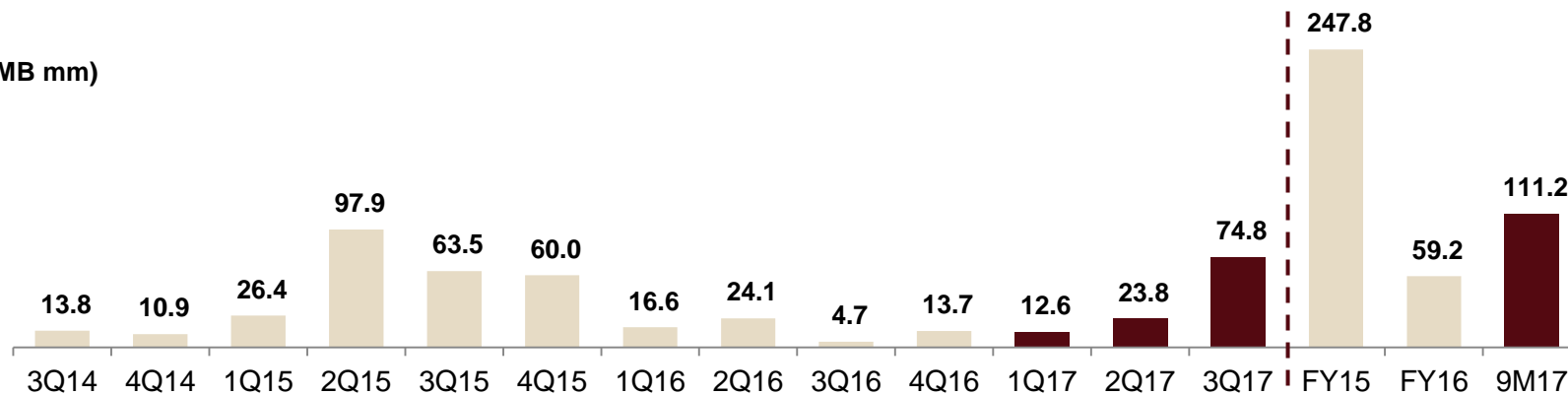
(1) For asset management, one-time commissions are included in other revenues

(2) Asset management business received RMB 8.2mm, RMB 0.1mm and RMB 2.1mm government subsidies in 3Q16, 2Q17 and 3Q17 respectively

# SUSTAINABLE PERFORMANCE-RELATED INCOME

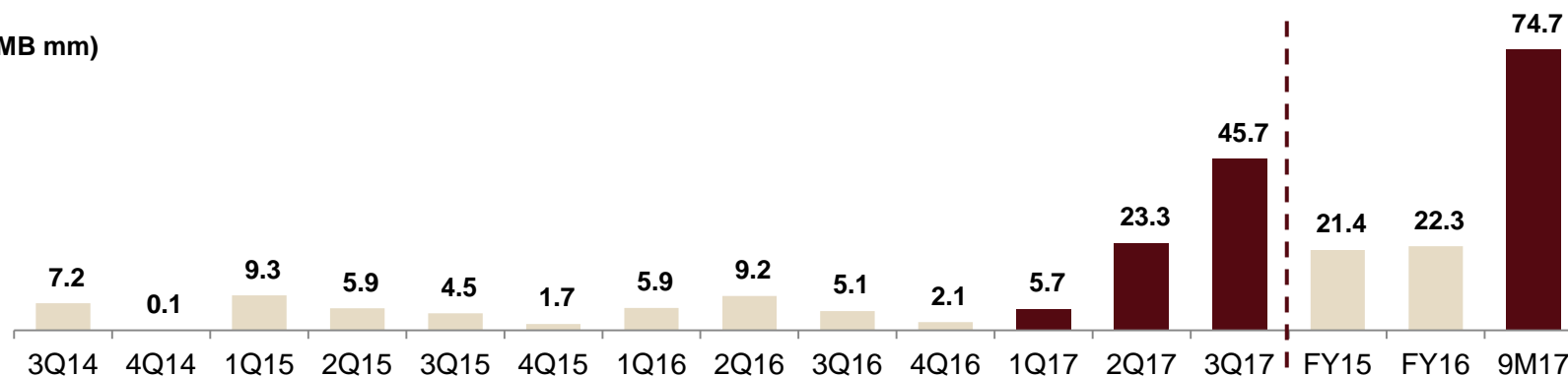
## Revenues from Performance-based Income

(RMB mm)



## Income from Equity in Affiliates

(RMB mm)

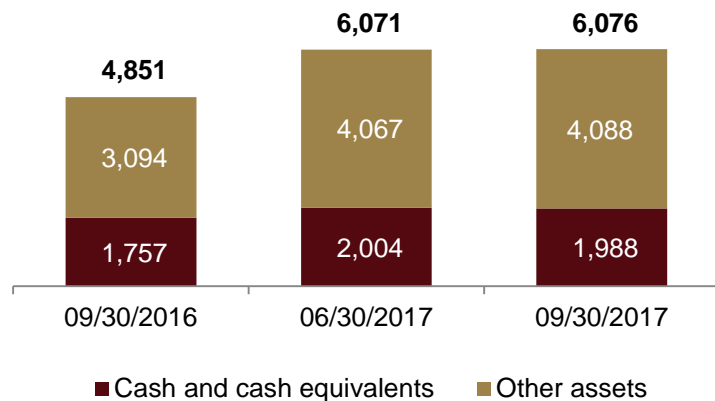


Source: Company Filings

# A CASH-GENERATIVE ASSET-LIGHT BUSINESS

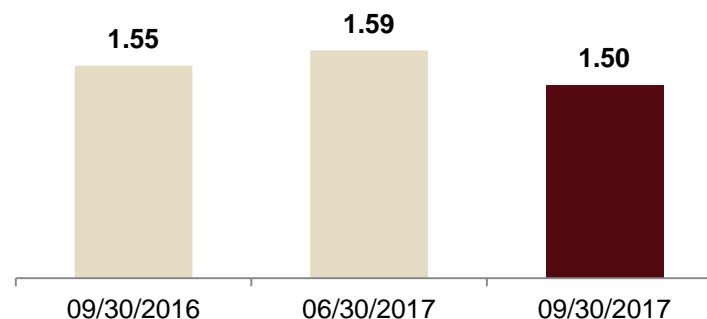
## Total Assets vs Total Cash

(RMB mm)



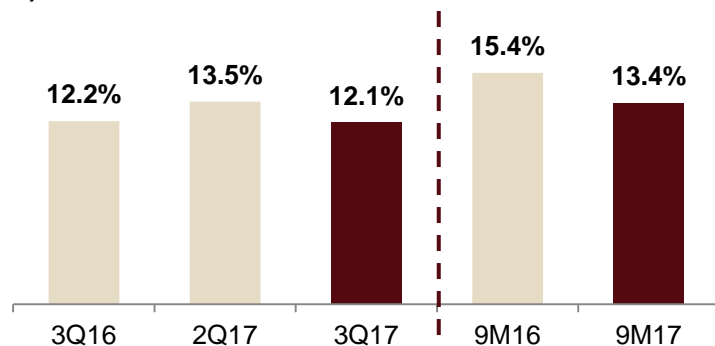
## Total Assets / Total Equity

(Ratio)



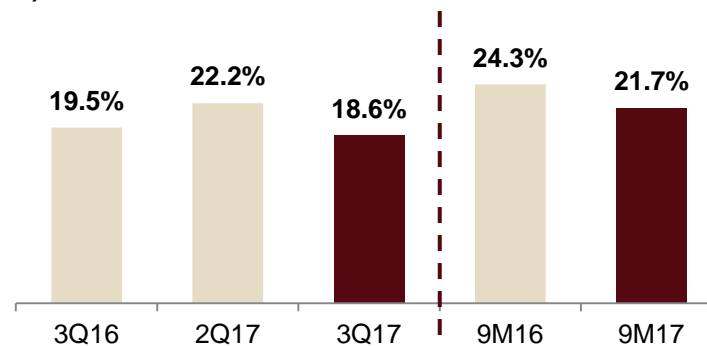
## Return on Asset (Annualized)

(Ratio)



## Return on Equity (Annualized)

(Ratio)



Source: Company data

# NOAH'S LONG TERM GROWTH DRIVERS



**FY2017 Guidance:**

**RMB 825mn to RMB 860mn**

Non-GAAP net income  
attributable to Noah shareholders  
Implied 14.1%-18.9% YoY growth

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# Appendix 1: Major Shareholders

## Major Share Ownership As of September 30, 2017



Shareholder	Ownership %	Title
Jingbo Wang*	24.5%	Chairman, CEO, Co-Founder
Sequoia China	10.6%	
Frances Chia-Yue Chang	7.5%	Chief Marketing Officer
Zhe Yin**	5.9%	Co-Founder, CEO of Gopher AM
Boquan He	5.8%	
Ward Ferry Management	5.3%	
Greenwoods Asset Management	4.6%	
Yiheng Capital	2.9%	
J.P. Morgan Asset Management	2.6%	
Tiger Pacific Capital	2.5%	
Davis Selected Advisors	2.5%	
Fidelity Worldwide	2.4%	
Wellington Management	2.3%	
Coronation Fund Management	2.2%	
<b>Total</b>	<b>81.8%</b>	

\* Under the Dual-Class Share Structure, Class B shareholder Ms. Jinbo Wang has 51% of total voting rights

\*\* Under the Dual-Class Share Structure, Class B shareholder Mr. Zhe Yin has 12% of total voting rights

Source: Company data, Ipreo

## Appendix 2: Noah's Licenses and Certifications

 <b>Mainland China</b>	 <b>Hong Kong</b>
<ul style="list-style-type: none"> <li>• Fund Distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Dealing in Securities (#1)</li> </ul>
<ul style="list-style-type: none"> <li>• Qualified Private Fund Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Advising in Securities (#4)</li> </ul>
<ul style="list-style-type: none"> <li>• Micro Lending</li> </ul>	<ul style="list-style-type: none"> <li>• Asset Management (#9)</li> </ul>
<ul style="list-style-type: none"> <li>• Financial Leasing</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance Brokerage</li> </ul>
<ul style="list-style-type: none"> <li>• Factoring Business (Supply Chain Financing)</li> </ul>	<ul style="list-style-type: none"> <li>• Family Trust</li> </ul>
 <b>U.S.A</b>	 <b>Jersey Island</b>
<ul style="list-style-type: none"> <li>• Registered Investment Advisor (RIA)</li> </ul>	<ul style="list-style-type: none"> <li>• Money Lender</li> </ul>
<ul style="list-style-type: none"> <li>• Insurance Brokerage</li> </ul>	<ul style="list-style-type: none"> <li>• Family Trust</li> </ul>

## Appendix 3-1: Management Profiles



**Jingbo Wang**

Co-founder,  
Chairman, Group CEO

- Over 20 years of experience in asset management and wealth management services
- Head of the private banking department at Xiangcai Securities
- Deputy head of ABN AMRO Xiangcai Fund Management Co., Ltd
- Head of the asset management department at Xiangcai Securities



**Zhe Yin**

Co-founder, and  
CEO of Gopher AM

- Over 15 years of experience in asset management and wealth management services
- Deputy general manager of the wealth management department at Xiangcai Securities
- Wealth and product manager at Bank of Communications of China
- Executive MBA degree from China Europe International Business School



**Kenny Lam**

Group President

- Global Partner, McKinsey & Company
- Co-leader, McKinsey Asia Financial Services Practice and Head of McKinsey Asia Private Banking and Wealth Management Practice
- Over 17 years of experience in strategic and operational transformations for global and regional leading financial institutions
- M.A. (Honors) in Law from Oxford University and B.S. in Finance Magna Cum Laude from the Wharton School of the University of Pennsylvania

## Appendix 3-2: Management Profiles



**Shang Chuang**

Chief Financial Officer

- CEO and Executive Director, Noah Hong Kong
- Vice President, IBD & Asia Private Equity, Bank of America Merrill Lynch
- Over 13 years of experience in financial services
- B.S. in Finance Magna Cum Laude from the Stern School of Business, New York University



**Frances Chang**

Chief Marketing Officer

- CEO for China, ABN AMRO Asset Management Asia
- CEO for Greater China and South East Asia, Robeco
- 25+ years of experience in asset management
- MA in Library Science from UCLA



**Harry Tsai**

Chief Operating Officer

- COO for North Asia, ABN AMRO
- COO and Executive Vice President, Yuanta Securities of Taiwan
- 25+ years of experience in securities, asset management and lending
- M.S. in Chemical Engineering from University of Southern California
- MBA in Finance from University of Illinois, Urbana-Champaign



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