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All numbers are as at 31 December 2012 unless otherwise stated. Numbers may not add due to rounding.
Agenda

• Group Overview
• Key Revenue Drivers
• Results
• Operating Update
• Looking Ahead
GROUP OVERVIEW
Group Overview

A unique, quality financial advice & wealth management firm

- Quality, professional, HNW and complementary financial advice business models – fee for service
- Integrated wealth management implementation services across the client value chain (see “1H13 Revenue by service” below)
- Significant scale, footprint and industry presence
- Experienced management team, with strong transaction execution and integration credentials
- Aligned interests of management, advisers and staff with shareholders

Key metrics

1H13 Revenue by state

1H13 Revenue by service

1. For the six months ended 31 December 2012 (1H13)  2. As at 14 May 2013.  3. As at 31 March 2013.

For personal use only
Contemporary Business Model

Integrated advice & implementation services across the entire client value chain

Advice businesses

Professional Advice Model
- Private clients & business owners
- 42 accountants & 13 financial advisers
- Private client focus
- 109 employed advisers & accountants
- 16 offices nationally

Affiliate, Licensed Services
- Small account balance & Corporate Solutions
- 7 Relationship Mgrs & 4 advisers
- 16 practices & 34 advisers nationally

B2B Adviser Services
- Adviser Services, Platforms & Funds

Solutions & Support

‘Best Advice’: IP & Best Practice

Implementation Solutions & Corporatised Support Services
- Portfolio Construction & Management
- Platform Services
- Insurance Services
- Stockbroking
- Corporate Services

1. The acquisition of Lachlan Partners (LP) was effective 1 March 2013. LP has 2 offices.
KEY REVENUE DRIVERS
Earnings Drivers

Quality, diversified earnings streams with market leverage

### Revenue Drivers

Over 90% of the Group’s financial advice fees are recurring and predominantly generated via asset based fees, which are influenced by market movements, behaving in aggregate like a diversified portfolio.

- **FUA**
  - Primarily generates ongoing, asset based advice fees
  - Client portfolio balances move according to the aggregate of individual asset allocation, aggregate net flows (inflows from existing and new clients, less outflows from pension payments, client redemptions and fees and expenses) and asset price movements

- **FUAdmin**
  - Earn a portfolio administration fee and/or margin (asset based fee) for in-house services rendered and buying power through the Group’s scale
  - Balances move similar to FUA

- **FUM**
  - Earn portfolio construction margin and/or RE margin (asset based fees) on funds which Mosaic is RE
  - Balances move according to fund performance and net flows – leveraged to volatility in fund asset class

- **Other**
  - Insurance (general & risk) broking fees, stockbroking fees (back office outsourced to UBS), mortgage broking fees, accounting & tax fees, AFS Licence fees

### Expense Drivers

- **People business**: >70% of operating expenses are personnel expenses
- **Scale game**: Snowball merger synergies achieved by end FY13 run rate of $10.5m, annualised & gross of integration costs
- **Advice business model differentiation in cost to income ratio** (Professional Advice Model to B2B Adviser Services)

### Profit and Dividends

- **Fundamental business structure** is based on fixed and variable costs, and variable revenues, providing cost leverage
- **Amortisation** a noticeable item due to the Group’s ongoing acquisition strategy
- **Underlying NPAT** (excludes amortisation and one-off, non-operational items) reported as meaningful measure of ongoing cash generating ability of the Group
- **Dividend payout ratio** equal to 50% – 70% of Underlying NPAT, sustaining regulatory capital requirements and funding capacity for tuck in acquisition strategy
Market Conditions

Equity market performance – most asset based revenue depends on month end averages

Example of our clients’ asset allocation at 31 Dec:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Equities</td>
<td>39%</td>
</tr>
<tr>
<td>International Equities</td>
<td>19%</td>
</tr>
<tr>
<td>Cash &amp; Fixed Interest</td>
<td>32%</td>
</tr>
<tr>
<td>Property &amp; Other Securities</td>
<td>9%</td>
</tr>
</tbody>
</table>

Note: FY13 2H monthly data YTD to 30 April 2013. Using actual asset allocation data for total BT FUAdmin as at 31 December 2012.

ASX All Ordinaries Index

FY2012
FY2013

1H13 ASX monthly average ▲4% on 1H12 monthly average

Note: FY13 2H monthly data YTD to 30 April 2013. Using actual asset allocation data for total BT FUAdmin as at 31 December 2012.

The majority of the Group’s asset based fees (c. 80% of revenue) are calculated using monthly portfolio balances, hence the improving conditions, if sustained, will assist 2H13 revenue growth.

3. Asset based fees movement impact on revenues (with market changes) depends on the clients’ asset allocation and the relevant fee scales which are often sliding scales.
1H13 RESULTS – SNAPSHOT
1H13 Results – Key Highlights

Solid result highlighting synergies achieved & business resilience

- Achieved underlying earnings growth
- Improving operating conditions off a tough base – business remains resilient
- Successfully integrated the Snowball/Shadforth businesses – synergies fully achieved and continue to assist operational performance
- Announced strategic acquisition, Lachlan Partners (LP), to be Underlying EPS accretive to the Group in FY14
- Investing in growth and business upgrade initiatives during the half year and also realising benefits from recent tuck-in acquisitions
- Comparative period Reported NPAT and EPS includes impact of the Rights to Future Income (RTFI) legislation, not present in 1H13
- Interim fully franked dividend of 1.20c per share paid in April 2013, up 20% on pcp, representing a payout ratio of 56% of Underlying NPAT

<table>
<thead>
<tr>
<th>Results</th>
<th>1H13</th>
<th>△1H12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Revenue&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$63.5m</td>
<td>↑ 10%</td>
</tr>
<tr>
<td>Operating EBITDA</td>
<td>$22.8m</td>
<td>↑ 14%</td>
</tr>
<tr>
<td>Underlying NPAT</td>
<td>$15.5m</td>
<td>↑ 14%</td>
</tr>
<tr>
<td>Reported NPAT&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$10.6m</td>
<td>↓ 22%</td>
</tr>
<tr>
<td>Reported NPAT excl. RTFI&lt;sup&gt;2&lt;/sup&gt;</td>
<td>$10.6m</td>
<td>↑ 6%</td>
</tr>
<tr>
<td>Underlying EPS</td>
<td>2.13c</td>
<td>↑ 14%</td>
</tr>
<tr>
<td>Reported EPS&lt;sup&gt;3&lt;/sup&gt;</td>
<td>1.46c</td>
<td>↓ 22%</td>
</tr>
<tr>
<td>Reported EPS excl. RTFI&lt;sup&gt;3&lt;/sup&gt;</td>
<td>1.46c</td>
<td>↑ 6%</td>
</tr>
<tr>
<td>DPS (fully franked)</td>
<td>1.20c</td>
<td>↑ 20%</td>
</tr>
<tr>
<td>FUA</td>
<td>$11.6b</td>
<td>↑ 8%</td>
</tr>
<tr>
<td>FUAdmin</td>
<td>$10.0b</td>
<td>↑ 9%</td>
</tr>
<tr>
<td>FUM</td>
<td>$4.7b</td>
<td>↑ 16%</td>
</tr>
</tbody>
</table>

Note: Merger of SFGA and Shadforth effective 26 June 2011. 1. Net Operating Revenue includes share of associates profit and Net Operating Revenue and Expenses and differs from Statutory Reporting – see Appendix 4D. 2. The Government reversed the RTFI legislation in 2H12, which has resulted in a reversal of the RTFI benefits previously booked by the Company. Reported NPAT excl. RTFI and Reported EPS excl. RTFI illustrate the results excluding the impact of RTFI in 1H12, to allow comparability with 1H13.
OPERATING UPDATE
Shadforth has again had success in the recent 2013 AFR Smart Investor Masterclass Survey

A financial review worth reading:
“Shadforth Financial Group Clients go forth with confidence.”

In the 2013 AFR Smart Investor Masterclass Survey, Shadforth Private Client Advisers took out 52% of the top 50 award places. Three of those were in the top 10. Shadforth Financial Group was the only financial adviser firm with a high market representation in three awards. Please pick up your copy of the Smart Investors to read about our award winning advisers.

- Average FUA per adviser\(^1\): $84m
- Average age of advisers: 44 years
- ~70% of Shadforth advisers are Certified Financial Planners – highest industry qualification available

\(^1\) Each bar represents an individual adviser

Shadforth clients are the real winners.
Many Australians have worked hard to build their financial wealth and are not sure if they are on track to achieve their financial goals and objectives. Shadforth clients have the peace of mind supported by a Shadforth Private Client Adviser to help build their financial wealth. If you have complex financial arrangements, seeking advice from a trusted and qualified adviser is even more important to provide certainty.

Note:
- Shadforth launched a new client website in April 2013.
- As at 31 December 2012. This data (and the chart data) excludes those advisers who are primarily dedicated to attracting new clients and those with less than $5m in FUA which they service.
Culture of “Best Advice”

Our key point of differentiation is advice, culture, expertise & client service in the marketplace – a culture of continuous improvement, quality and excellence.
Mosaic has a core role in the delivery of best-of-breed portfolio solutions

- Mosaic is essentially an in-house asset consultant supported by leading external expertise and research. Mosaic delivers recommendations to the internal Investment Committees and manages the:
  - Group investment philosophy
  - Group strategic asset allocation ranges, and
  - Construction of the group portfolios, including best-of-breed manager selection
- It has three main functions:
  1. Designs and implements fully executable core portfolio options (Diversified Funds), based on main client risk profiles
  2. Constructs and manages a spectrum of portfolios which may be implemented using sophisticated portfolio tools on behalf of advisers, such as the enhanced Managed Portfolio Service and Dynamic Portfolio Update Service – via the FinHQ platform
  3. Assists in the management of bespoke portfolios for clients of the Group’s advisers
- In addition, Mosaic:
  - creates “building block” managed fund solutions to support the group portfolios, giving clients access to ‘core options’ which are low cost, highly diversified, and research based, and separately, specialist alpha-seeking funds
  - performs the Responsible Entity fund accounting and administration functions for these funds, outsourcing some functions to institutional/scaled providers, reducing risk

### Mosaic Strategic Trusts: 31-March-13 FUM

- Australian Equity: $1.7bn
- Fixed Interest: $1.0bn
- International Equity: $0.9bn
- Global Property: $0.4bn
- Cash Plus: $0.1bn

### Mosaic Specialist & Diversified Funds: 31-March-13 FUM

- Specialist Funds: $293m
- Diversified Funds: $75m
FinHQ platform evolving to produce client reporting & enhanced access services

- FinHQ is our administration business utilising our underlying, outsourced platforms to provide clients with:
  - Custody
  - Registry
  - Tax, cash flow and other record keeping
  - Portfolio reporting
  - Transaction services
- FinHQ is also an online portal for clients to access their platform, portfolio and other services, built within the Cloud technology and security. It was launched to select Shadforth clients in September 2012
- To date, FinHQ has added consolidated reporting, direct broking transaction capability and integrated Risk Insurance lead generation
- FinHQ is primarily leveraging existing scaled supplier’s technology, with relatively modest development spend being incurred
- FinHQ clients and their advisers are supported by a dedicated telephone based client engagement and broking operations team

**Clients**

- Consolidated Reporting Tool, & Online Broking
- Select Shadforth Clients can access:
  - Market information
  - Research
  - Portfolio reporting
  - Contact their Adviser
  - Risk Insurance calculator
  - Transactional services:
    - Direct, online broking services

**Advisers**

- Client Relationship Management Tool
- Advisers can:
  - Access their client information and interact with clients

FinHQ is responding to client demands for “anywhere, anytime, anyhow” access to their portfolios, superannuation and insurance
Growing Web Presence

FinHQ – example of client reporting view, share trading view and insurance calculator
Regulatory Reforms Update

Currently implementing changes – highly prescriptive

Act in the client’s best interests

We do this now; impact of some one-off implementation costs, then small increased compliance administration spend

Renewal or Opt-in & Fee Disclosure Statements

Strong client relationships and grandfathering provide protection against perceived threat

Conflicted remuneration structures

Grandfathering in hand – digesting ASIC’s guidance on FY14 & beyond to determine future adjustments. Ready to apply to be trustee / IDPS operator of platform if necessary

Corporate Superannuation, Group Insurance & Insurance inside super

Business model adjustments likely when exact changes are known, especially detail of MySuper

Scaled Advice

Final policy in place, perplexing in part. Wait and see what the industry’s practical approach is

Expect cost of preparation & implementation of c. $1m plus internal resources, with most incurred in 2H13
Share Register Update

- Current market capitalisation equal to $503m, assuming a share price of 68.5c\(^1\)
- External holders (non-insiders) now estimated to hold 61% of the register, up from 51% at the 2012 Annual General Meeting in November 2012
- Large number of SFGA shareholders are employees and the dealing in these shares is governed by the Company’s Securities Trading Policy (available on the SFG Australia website) – trading window following the full year announcement to open from late August 2013\(^3\)
- Trading volumes have improved since release in August 2012 of the final escrow parcel

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1. As at 14 May 2013. 2. Estimate based on management’s review of approx. 90% of the issued share capital as at 14 May 2013. 3. Consistent with the Company’s Securities Trading Policy, and remains at the discretion of the Company.
LOOKING AHEAD
Looking Ahead

Investing in growth and maintaining strategic M&A focus

Convergence

- SFGA believes that the services demanded from accountants and financial advisers as trusted advisers to HNW client families and private companies are converging, but fundamentally remain distinct skill sets – this is the core strategic rationale underlying SFGA’s interest in acquiring further quality capabilities in accounting, tax and SMSF

Merger & Acquisitions

- Track record – management team has delivered transforming and tuck-in transactions – continued pursuit of strategically attractive transactions
- Cash capacity – strong operating cash flows and further funding capacity for additional tuck-in acquisitions
- WHK Group – withdrawn indicative offer
- Merits of accounting and financial advice convergence strategy clear to SFGA – executing on this strategy with Lachlan Partners and other recent acquisitions
- “Wait and see” approach

Financial Nuances

- Markets up compared to FY12 – see slide 9
- Lachlan Partners and other acquisitions on board for FY13
- Some transition and timing costs with Lachlan and team to integrate Jeena model into Lachlan

FOFA

- Implementing government reforms – executing on first round of reforms due 1 July 2013. Planning continues on longer term structural reforms
## Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>pcp</td>
<td>Previous corresponding period</td>
</tr>
<tr>
<td>FUA</td>
<td>Funds under Advice: funds balances upon which the Group derives a share of the advice fee</td>
</tr>
<tr>
<td>FUAdmin</td>
<td>Funds under Administration (FUAdmin): funds balances upon which the Group derives a share of the administration margin</td>
</tr>
<tr>
<td>FUM</td>
<td>Funds under Management: funds balances upon which the Group derives a share of the management margin</td>
</tr>
<tr>
<td>FUMA</td>
<td>The collective term for Funds under Advice, Administration and Management</td>
</tr>
<tr>
<td>MPS</td>
<td>Managed Portfolio Service – an MDA type client service</td>
</tr>
<tr>
<td>DPU</td>
<td>Dynamic Portfolio Update Service – similar to MPS, but a client must agree to recommended portfolio changes</td>
</tr>
<tr>
<td>Net Operating Revenue</td>
<td>Net Operating Revenue comprises Operating Revenue less cost of goods sold type expense items to derive Net Operating Revenue to the Group. Refer to the Appendix 4D as at 31 December 2012 lodged with the ASX for the reconciliation of Net Operating Revenue and Statutory Revenue</td>
</tr>
<tr>
<td>Net Operating Expenses</td>
<td>As above, excludes cost of goods sold type expense items</td>
</tr>
<tr>
<td>Operating EBITDA</td>
<td>Earnings before interest, tax, depreciation and amortisation, before one-off and non-operating items</td>
</tr>
<tr>
<td>NPAT</td>
<td>Net Profit After Tax</td>
</tr>
<tr>
<td>Underlying NPAT or UNPAT</td>
<td>Underlying Net Profit After Tax. Underlying NPAT excludes amortisation and one-off, non-operational items. SFGA considers this to be a meaningful indicator of the underlying performance and cash generating capability of the Group</td>
</tr>
<tr>
<td>RTFI</td>
<td>Rights to Future Income legislation</td>
</tr>
</tbody>
</table>
88% of the Group’s Net Operating Revenue is generated directly or indirectly by the Professional Advice model, which incorporates Shadforth & Outlook

### Segment Net Operating Revenue

<table>
<thead>
<tr>
<th>$m</th>
<th>Professional Advice model</th>
<th>Affiliate Adviser model</th>
<th>B2B Adviser Services model</th>
<th>1H13 Total</th>
<th>% of Net Operating Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Advice Fees <em>(relates to FUA)</em></td>
<td>29.7</td>
<td>1.1</td>
<td>-</td>
<td>30.8</td>
<td>48%</td>
</tr>
<tr>
<td>Accounting Fees</td>
<td>1.2</td>
<td>-</td>
<td>-</td>
<td>1.2</td>
<td>2%</td>
</tr>
<tr>
<td>Insurance, Mortgage Broking Fees</td>
<td>7.9</td>
<td>0.3</td>
<td>-</td>
<td>8.2</td>
<td>13%</td>
</tr>
<tr>
<td>Portfolio Administration Fees <em>(FUAdmin)</em></td>
<td>13.2</td>
<td>2.4</td>
<td>2.8</td>
<td>18.3</td>
<td>29%</td>
</tr>
<tr>
<td>Portfolio Management Fees <em>(FUM)</em></td>
<td>2.1</td>
<td>0.6</td>
<td>0.2</td>
<td>2.9</td>
<td>5%</td>
</tr>
<tr>
<td>Stockbroking Fees</td>
<td>1.2</td>
<td>-</td>
<td>-</td>
<td>1.2</td>
<td>2%</td>
</tr>
<tr>
<td>Associates, License &amp; Other Fees</td>
<td>0.4</td>
<td>0.2</td>
<td>0.3</td>
<td>0.9</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Net Operating Revenue</strong></td>
<td><strong>55.7</strong></td>
<td><strong>4.5</strong></td>
<td><strong>3.3</strong></td>
<td><strong>63.5</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td><strong>% of Net Operating Revenue</strong></td>
<td><strong>88%</strong></td>
<td><strong>7%</strong></td>
<td><strong>5%</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note: Accounting Fees in 1H12 were $0.1m and were included in the "other" category.
## Historical Financial Performance

### Net Operating Revenue

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>Δ1H12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Advice Fees</td>
<td>30.8</td>
<td>29.8</td>
<td>3%</td>
</tr>
<tr>
<td>Accounting Fees</td>
<td>1.2</td>
<td>0.1</td>
<td>841%</td>
</tr>
<tr>
<td>Insurance &amp; Mortgage Broking Fees</td>
<td>8.2</td>
<td>7.5</td>
<td>9%</td>
</tr>
<tr>
<td>Portfolio Administration Fees</td>
<td>18.3</td>
<td>15.9</td>
<td>15%</td>
</tr>
<tr>
<td>Portfolio Management Fees</td>
<td>2.9</td>
<td>2.7</td>
<td>8%</td>
</tr>
<tr>
<td>Stockbroking Fees</td>
<td>1.2</td>
<td>1.1</td>
<td>4%</td>
</tr>
<tr>
<td>Associates, License and Other fees</td>
<td>0.9</td>
<td>0.7</td>
<td>34%</td>
</tr>
<tr>
<td><strong>Total Net Operating Revenue (incl. Associates)</strong></td>
<td><strong>63.5</strong></td>
<td><strong>57.8</strong></td>
<td><strong>10%</strong></td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>1H13</th>
<th>1H12</th>
<th>Δ1H12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses</td>
<td>(29.6)</td>
<td>(27.5)</td>
<td>8%</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>(2.9)</td>
<td>(3.1)</td>
<td>(8%)</td>
</tr>
<tr>
<td>Advertising &amp; marketing expenses</td>
<td>(0.5)</td>
<td>(0.3)</td>
<td>45%</td>
</tr>
<tr>
<td>Professional fees</td>
<td>(1.7)</td>
<td>(2.1)</td>
<td>(20%)</td>
</tr>
<tr>
<td>Travel &amp; entertainment expenses</td>
<td>(0.6)</td>
<td>(0.7)</td>
<td>(18%)</td>
</tr>
<tr>
<td>IT &amp; communications expenses</td>
<td>(2.9)</td>
<td>(1.4)</td>
<td>103%</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(2.6)</td>
<td>(2.7)</td>
<td>(4%)</td>
</tr>
<tr>
<td><strong>Total Net Operating Expenses</strong></td>
<td><strong>(40.7)</strong></td>
<td><strong>(37.9)</strong></td>
<td><strong>8%</strong></td>
</tr>
</tbody>
</table>

### Operating EBITDA

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating EBITDA</strong></td>
<td><strong>22.8</strong></td>
</tr>
</tbody>
</table>

*Numbers may not add due to rounding.*