

ASX ANNOUNCEMENT

16 August 2019

Transcript of Finance News Network Interview with Sequoia CEO and Executive Director

Sequoia Financial Group Limited (**ASX:SEQ** or **Sequoia**) provides the following transcript of a video interview with Mr Garry Crole, the Company's Interim CEO and Executive Director on Finance News Network.

The interview can be accessed at:

<http://www.finnewsnetwork.com.au/MediaCenter/MediaCenterMobile.aspx?Site=FNN1602>

Transcript

Jessica Amir: *Thanks for your company. My name is Jessica Amir for the Finance News Network. Joining me today from Sequoia Financial Group (ASX:SEQ) is CEO Garry Crole. Garry, thank you so much for coming onto the network, and it's great to see you here in Sydney.*

Garry Crole: *Thanks for having me, Jess.*

Jessica Amir: *For those who are unfamiliar with Sequoia Financial Group, just give us an introduction.*

Garry Crole: *Primarily what we're looking to do is provide Australians with financial services solutions. That might be having access to a stockbroker through our wealth management business, having access to a financial planner through our financial planning business, or having access to a robo advice type business through our Sequoia Asset Management business.*

The business has primarily four divisions. We offer business-to-business solutions with our Morrisons business and that is providing stockbrokers an IFSL license, the opportunity to clear their share trading.

We provide financial planners, and this is a large part of our business, the opportunity to be licensed with a firm that is not aligned to a bank. InterPrac, Libertas, Sequoia Wealth Management, Sequoia Asset Management are all about being not aligned to any of the products that we recommend.

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ABOUT SEQUOIA FINANCIAL GROUP LIMITED

ASX-listed Sequoia Financial Group Limited (ASX: SEQ) is an integrated financial services company providing products and services to self-directed retail and wholesale clients and those of third party professional service firms.

It provides:

- Investment and superannuation products
- Wealth management and advisory services
- Corporate advisory and capital markets expertise
- Retail, wholesale and institutional trading platforms
- Market data and financial news services

Sequoia operates various AFS Licenses and Its subsidiary Morrison Securities Pty Ltd is an ASX Market Participant.

Jessica Amir: For those who are meeting you for the first time, Garry, just tell us a little bit about your background.

Garry Crole: As you can see, Jessica, I'm not a young man. I've been in the industry for 35 years. I came from the life insurance side. I was with Colonial, who become part of the Commonwealth Banking Group (ASX:CBA). After that, I set up a business called Deakin Financial Planning, which was a very large dealer group that had 400 financial planners and life insurance agents, that was later sold to IOOF (ASX: IFL) in 2000. Then, in 2000, I commenced the InterPrac financial planning business.

Jessica Amir: Garry, on the topic of financial planning, you've recently announced the purchase of another financial planning group, Libertas Financial Planning. Just tell us about the deal and also, at a broader level, what it means for Sequoia (ASX: SEQ).

Garry Crole: Their business has \$6-\$7 million of revenue, 70 advisors and we'll add about \$600,000 EBIT to our bottom line and on annual basis and allows us to really increase our compliance education through the scale that that brings. It's really exciting for the InterPrac advisors, the Sequoia advisors and the Libertas advisors, and we'll keep three brands, but by having the scale, we can share the cost across the three different distribution arms.

What that does, it actually makes us one of the largest non-bank owned, non-insurance company owned and distribution groups in the country. I think we're third or fourth, something like that, in terms of numbers.

Jessica Amir: In the wake of the Royal Commission, the consumer is finding it somewhat hard to find an advisor. Also, from the Productivity Commission, we learnt that half of the adult Australian population still have unmet financial advising needs. How do you fit into this mould and what's your advice in this regard?

Garry Crole: That's a really tough one. The clients don't trust us, and we need to continually try and improve the quality of our advisors and the quality of the advice process, so they can gain that trust. That will take time, not just for Sequoia, but for the whole non-aligned industry. The advisers that come under groups like us, really do strive to have superior education. They do follow a very strong compliance process, and they do price their offering, so it actually provides value to the client.

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Jessica Amir: Changing pace now, back to Sequoia Financial Group, with these stock trading

where it is at the moment, what do you think it'll take to get momentum back and to get the share price back above 30 cents?

Garry Crole: *Our share price has dropped from 32 cents to 18 cents over the last 12 months. Part of that was reflected as a result of the half year result. Our half year result, whilst we grew revenue quite substantially, showed a move from profit to a significant loss. What we need to do is we need to show that that was a one-off event and that we are on the right track and continuing to grow revenue, which we are, and move back into profit. We have \$30 million of equity in this business and I think that the type of return that a business like ours should return is 10 to 15 per cent on equity long-term. And the board is looking at, every single business that the Sequoia Group's got to determine whether that particular business can give us a 15 per cent return on equity. If it can, we're going to support that business and grow that business. If it can't, they're the types of businesses that we might divest and use that cash to invest in the businesses that can. That's our long-term thinking.*

Jessica Amir: *Just lastly, before we let you go, Garry, is there anything that you wanted to leave with investors today?*

Garry Crole: *Particularly, investors that supported us over the last 12 months of difficult times, I'd like to thank them and say to them that we're working really hard to give the type of return that they would have expected when the share price was 30 cents, and we're not going to leave any stone unturned.*

Jessica Amir: *Garry Crole, it's been an absolute pleasure. Thank you so much for your time.*

Garry Crole: *Thanks for having me, Jessica.*

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