

ASX AND MEDIA RELEASE

Friday 10 May 2024

EGM 4 June – Response to Letter from Tony Jones and Michael Glennon

Sequoia Financial Group Limited (ASX: SEQ) advises that Messrs Tony Jones and Michael Glennon (“Requisitionists”) sent the shareholders of SEQ a letter during the week beginning 6 May 2024 relating to the resolutions at the EGM on 4 June 2024. The Requisitionists have made a number of assertions, several of which are inaccurate, and it is vital that shareholders are properly informed. The Board has released a response to this letter, see attached as Annexure A.

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This announcement was authorised for release by the Board of Directors.

For further information please contact:

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ABOUT SEQUOIA FINANCIAL GROUP LTD

ASX-listed Sequoia Financial Group Ltd (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.

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Dear Shareholder

I write to you in response to a letter recently sent to you as a Sequoia Financial Group Ltd (ASX:SEQ) shareholder, from Messrs Tony Jones and Michael Glennon ('Requisitionists') relating to the resolutions at the upcoming EGM.

The Requisitionists have made a number of assertions, several of which are inaccurate, and it is vital that shareholders are properly informed.

In addition to the information below please refer to our Investor Update provided on 22 April 2024. This highlights the strong 5-year shareholder returns delivered under the current Board's tenure, outlines our achievable growth plans, shareholder focused capital management framework and the strong performance of the business for the first 9 months of FY24.

I urge you to vote with me AGAINST all 4 resolutions at the upcoming EGM.

Inaccurate Assertions made by Messrs Tony Jones and Michael Glennon

The share portfolio assertions

The Requisitionists assert that 'excluding the CAF (Centrepont Alliance) investment, the company has lost close to \$1.4 million dollars in trading activities'.

Below is a table summarising the actual return including realised and unrealised gains and losses up until May 1, 2024 since 2018.

	FY18	FY19	FY20	FY21	FY22	FY23	FY24 YTD 1 May 2024
Gains/ (Loss) on portfolio investment	479,866	(441,451)	(106,405)	820,739	(614,805)	(693,358)	366,438

The CAF investment was supported by all Directors, including the Managing Director who negotiated the transaction. There is no merit in separating it out and even if it were separated out the assertion made by the Requisitionists is vague and inaccurate.

The share portfolio pre-dates SEQ's ownership of Interprac.

Since FY23, the portfolio has been in an orderly wind-down mode.

There are appropriate controls around trading of the portfolio and any acquisitions require Board approval.



The adviser number assertions

The Requisitionists have asserted that SEQ has suffered reducing adviser numbers and have included an inaccurate and misleading graph in Annexure A of their letter.

On 1 January 2023 SEQ had a total of 355 advisers, 316 of whom were on the financial advice register (personal advice advisers) and 39 of whom were not (general advice advisers).

SEQ has reported adviser numbers on a consistent basis. It is mischievous at the very least to compare our reported numbers from December 2022 (355 advisers) with those reported by an industry publication. The difference between the lesser industry publication number and SEQ’s adviser number was the 39 advisers who are not licensed to provide personal advice but may provide general and wholesale advice.

At 1 May 2024, total advisers were 376 and SEQ has 24 advisers currently undertaking a professional year who are expected to add to the numbers.

The Requisitionists’ commentary in Annexure B based around reducing adviser numbers is similarly misleading.

The acquisition assertions

The Requisitionists have asserted that ‘there has been circa \$11 million spent on acquisitions in a short period of time, mainly on small books from retiring advisers. Mr Crole has detailed in press releases (rather than through the ASX) that Sequoia has ruled out acquiring further licensees.’

Since August 2019, SEQ has spent almost \$26m on acquisitions (comprising cash and scrip). The following table sets out a breakdown of the acquisition types:

	Total consideration	% of total consideration
Acquisitions of retiring planners’ books	3,055,833	12%
Acquisition of new businesses outside of Licensee Services or Professional Services	6,637,573	26%
Acquisition of new businesses in the Licensee Services and Professional Services divisions	16,237,228	62%

The Requisitionists’ assertions about SEQ’s acquisition history are inaccurate and misleading.

Apart from one very poor acquisition of the Share Café business, the acquisitions have been successful. Every acquisition has been approved by the Board unanimously.



The vast majority of acquisitions have been made in expanding the core areas of Licensee Services and the Professional Services.

Being a buyer of last resort of books of retiring planners is an important part of the SEQ offering to its licensees, but it is not a significant portion of SEQ's acquisitions. In the last two years, SEQ has only made one very small acquisition of a retiring planner's book.

The reference attributed to Mr Crole above is being misinterpreted and misquoted. The correct quote from Money Management is:

"It's unlikely we'd buy another licensee; it just opens opportunities for competitors. Some of the licensees that have been acquired over the period, the advisers there didn't want to be acquired and started looking for new homes, and we have been a beneficiary of that. Groups like AMP, Viridian have seen a lot of advisers leave them because of that so we are not going to play that game."

Quite clearly Mr Crole is talking about the risks in making full acquisitions of other AFSL holders under circumstances where the licensees are not in favour of the transaction. To imply that it 'rules out' all acquisitions in the licensee space is inaccurate.

The Requisitionists' Plans

The Requisitionists are offering very little in terms of a plan, apart from proposing to terminate our current CEO without any replacement identified, which would be chaotic for the business, and some very vague and general statements about potentially looking at various business units for divestment.

Further, it should be noted that your current Board had already put in place the steps outlined in our investor update of 22 April 2024 prior to the Requisitionists calling an EGM. The steps had not yet been announced to the market as such matters typically would not be, but for the current campaign brought by the Requisitionists.

The Requisitionists' shareholdings

According to a substantial shareholder notice lodged by Mr Michael Glennon on 11 April 2024, Mr Anthony Christopher Jones, Cojones Pty Ltd, Vonetta Pty Ltd, Attenov Pty Ltd and Glennon Capital Pty Ltd are associates as they are acting in concert. The notice indicates that these shareholders hold 10.65%, having acquired some 3.24m shares from 26 February 2024 – 21 March 2024 (being almost the whole Glennon Capital Pty Ltd shareholding).

In addition, Mr Brent Jones lodged a substantial shareholder notice on 24 July 2018 stating Unrandom and Vonetta were associates and in that notice Mr Brent Jones disclosed he held a total of 11,974,738 shares (approximately 9.1%).

Despite the Requisitionists:

- proposing Mr Brent Jones as Director
- obtaining Mr Brent Jones' consent to act



- purporting to have an understanding as to how he will vote as a director; and
- in the case of Mr Tony Jones, being the father of Mr Brent Jones

they do not consider Mr Brent Jones to be an associate and assert that they do not act in concert with Mr Brent Jones in relation to the resolutions and other matters.

The Requisitionists are seeking much more than simply changes in independent directors. They are proposing changes to the Managing Director/CEO role and are proposing that a family member, Mr Brent Jones, becomes the only executive director of your Company. They are proposing significant changes to the business be implemented by the new board and executive team.

The Board's view is that if shareholders are to agree to a change in control scenario where control is ceded to one particular group of shareholders, a control premium should be paid. No control premium is being offered under the Requisitionists' proposal.

I firmly believe it is in the best interests of your Company that the resolutions are defeated. This process has already led to an unnecessary waste of shareholder funds, and our staff have expressed concerns around job security, with advisers further expressing concerns about working with the proposed Board.

Thank you for your continuing support of SEQ.

Charles Sweeney
Chairman, Sequoia Financial Group Ltd