

## **ASX AND MEDIA RELEASE**

**29 March 2022**

### **STRATEGIC ACQUISITION – EXPANSION OF DIRECT DIVISION**

Sequoia Financial Group Limited (ASX: SEQ) is pleased to announce the successful acquisition of three inter-related businesses, Informed Investor Pty Ltd, Sharecafe Pty Ltd and Corporate Connect Research Pty Ltd. The acquisition is expected to be completed by the close of business on 1 April 2022.

This acquisition increases the scale of our Direct Division and specifically enhances aspects of our media, research, adviser support and technology platforms, through an increased delivery of premium information and finance news content to the expanding B2C and B2B Sequoia client base.

Apart from providing significant support to the existing Sequoia network of advisers, it also assists us in developing a digital and educational content platform for all fund managers, ASX listed companies and the broader financial services industry comprising circa 2,000 AFSL holders and 17,000 authorized representatives.

It allows us to offer an AFSL holder a white labelled approved product platform specific to their individual approved lists and bespoke requirements. The cost of providing advice has become a core issue for all licensees as demand increases, and this will only continue with the tailwind of \$3.5 trillion of intergenerational wealth expected to transfer over the next 25 years.

The acquisition will be EPS accretive for FY23 with the transaction valuation based on a 5 times FY23 forecast EBITDA. The total consideration will be approximately \$5.1m with an initial payment of \$3m made up of \$1.1m cash and 2,720,723 Sequoia shares at \$0.70 per share, plus a deferred payment of a further 3,128,831 shares to be issued after 28 February 2023 subject to achievement of performance hurdles.

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

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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.

#### **Registered Office:**

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The share component of the acquisitions is primarily granted to the core executives of these entities who have signed new employment agreements with Sequoia and have accepted a voluntary escrow period of 2 years, consistent with the Group's focus of having those driving the businesses as key shareholders. These companies are national businesses but will be based in the SEQ Sydney office where most of the underlying clients are based. A summary of each business is set out below.

[www.informedinvestor.com.au](http://www.informedinvestor.com.au)

Informed Investor provides digital tools and content to financial advisers. Informed Investor is a digital content platform used by financial advisers to provide digital profiles of financial products to their clients. The core objective is to digitise the financial advice process and to promote client understanding within a complaint and audited framework. The platform's technology measures all engagement data for all users across the platform and enables advisers to have an accurate PDS library.

The Informed Investor platform generates income by charging product issuers a subscription fee. These product issuers upload their own content and can use the platform to directly access to the underlying advisers and their clients. The long-term goal is to have subscription income from every financial product, platform, and insurance product in the market and include added value video content, and performance and information in a manner advisers can use to support their recommendations to end clients.

In the near future this content will include ASX listed company information, interviews, and independent analyst recommendations. Post-acquisition all Sequoia owned licensees will have access to a white labelled version of the platform.

The number of AFSL holders who have engaged and contracted to use a white labelled version of the Informed investor platform content on acquisition totalled approximately 2,000 advisers of the industries 17,000 representatives. The Sequoia owned AFSL will add a further 20% to that number and this is expected to encourage further product issuer content and subscriptions. Providing multiple services to advisers and AFSL holders talks to the companies' mission to provide such services to independently owned AFSL holders and their representatives. The use of Informed Investor's digital tools when recommending financial products and model portfolios to their clients is expected to assist advisers further reduce the cost of advice provision.

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[www.sharecafe.com.au](http://www.sharecafe.com.au)

ShareCafe is one of the oldest financial news sites in Australia and has been providing investors with the latest news, independent insights and tools required to make better informed investment decisions for over two decades.

SC is a direct investor platform for product issuers and listed companies, enabling listed companies and product issuers to access a sophisticated investor market in excess of 50k monthly audience. The digital profiles on Informed Investor are accessible to the ShareCafe audience and gives subscribing clients access to both financial advisers and direct investors.

The combination of Sequoia's Financial News Network and its associated online channels with ShareCafe will give subscribers access to one of the largest direct investor audiences in the market. Longer term the goal is to create an aggregated financial services platform similar to what has been established in real estate, car sales and the job market

Mr Tim McGowen who will join Sequoia as the head of our Direct Division. Tim has 30 years of investment experience and was the Founder of Australian hedge fund Fortitude Capital which won numerous industry awards, including the AIMA 2008 & 2009 Hedge Fund of the Year during the GFC.

[www.corporateconnect.com.au](http://www.corporateconnect.com.au)

The corporate connect business is headed by Paul Sanger an investment banking executive with over 30 years of experience including as the head of distribution and corporate access (Asia) for Citi where he managed and maintained a team of 350 staff across 10 countries in public markets. The research business writes commissioned research on behalf of ASX listed companies and uses the ShareCafe platform for its retail distribution.

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Paul will join the executive team of Sequoia working across the Direct and Wealth Divisions, as well as assisting us in managing the company's overall research functionality. In addition, Paul will become authorized to support the existing Sequoia Corporate team in a capital markets functionality. The corporate connect business currently exclusively contracts 7 research consultants who provide high quality company sponsored research on across most sectors of the ASX.

Summary.

The inclusion of these investment related platforms will provide significant synergies and revenue opportunities across the various SEQ businesses, particularly across corporate advice, execution, media distribution and financial advice.

The executives within the Informed Investor bring decades of experience in investment banking and funds management and will be a welcome addition to the executive team of Sequoia.

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