



COMPANY UPDATE

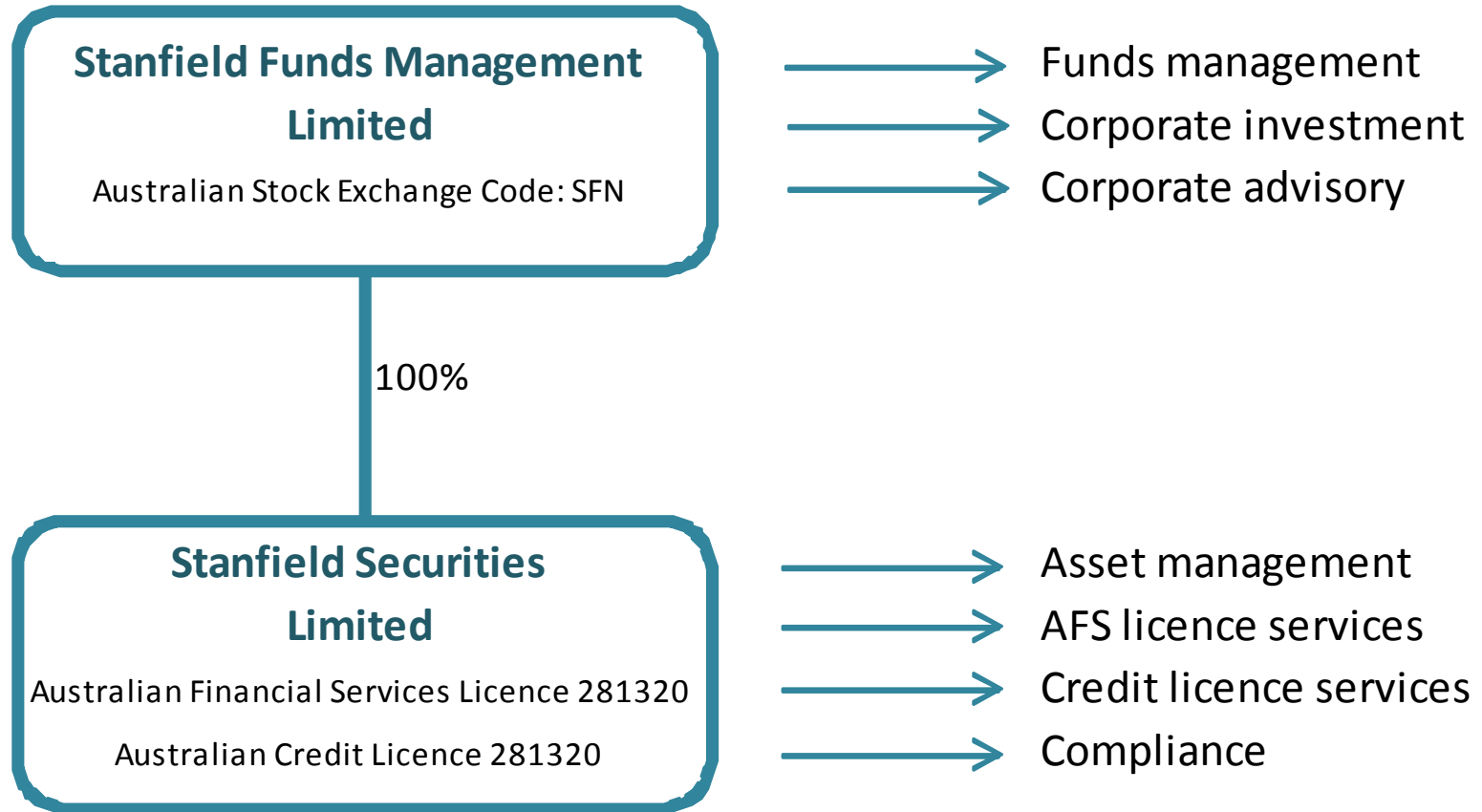
Stanfield Funds Management Limited

May 2012

Introduction

- Stanfield Funds Management Ltd (“**Stanfield**”) is a listed management company specialising in:
 - funds management
 - corporate advisory services
 - diversified investment and
 - asset management.
- The company was established in 1972 and was listed into the old Celtex shell on the Australian Stock Exchange in 2009 [ASX:SFN].
- Since assuming a listed presence, Stanfield has successfully dealt with legacy creditor issues from the Celtex era and set out to develop and diversify operations.
- This document sets out to provide an update on the following:-
 - Corporate structure
 - Corporate identity
 - Business strategy
 - Revenue generation
 - Board composition

Corporate Structure



Current Business Activities

Stanfield current business activities comprise:

- Funds/asset management
- Independent AFS Licensee and Responsible Entity services
- Corporate investment
- Corporate advisory

Aggregate AUM of the Group across as at 31 March 2012 was in excess of \$110M. This incorporates investment and alliance with the following corporate brands/entities:



Funds / Asset Management

- Stanfield's core historic competency is as a funds/asset manager.
- Stanfield has significant experience in establishing, managing and operating both retail and wholesale funds, specialising in fixed interest, direct property and mortgage funds.
- By investing in Stanfield's fund managements products, investors have been able to participate in consistent and secure returns available from a diversified asset pool, comprising direct and mortgaged investments in:
 1. cash and other liquid assets;
 2. public & social infrastructure;
 3. government-tenanted properties; and
 4. commercial and other real property assets.
- Stanfield is in a strong position to develop new products as markets and sentiment improve and is actively exploring and considering acquisitive opportunities in respect to listed and unlisted funds management businesses.

AFS Licensee & Responsible Entity Services

- In addition to its own fund management activities, Stanfield is able to generate additional revenue from its expertise and capability as a Responsible Entity and holder of Australian Financial Services Licence 281320 (“**AFSL**”) , via its wholly owned subsidiary Stanfield Securities Limited.
- The AFSL provides significant scope for Stanfield to deal in a wide range of financial products including:
 - managed investment schemes;
 - securities;
 - derivatives;
 - general insurance products;
 - government debentures, stocks, or bonds; and
 - deposit and payment products.
- During 2010 and 2011, Stanfield was increasingly active in developing alliances and providing such services to a number of independent investment managers, including Eastwood Securities, Domain Hill Property Group, Lynter Group and Future Estate.

Corporate Investment

- Stanfield is seeking acquisitive growth and will pursue investment opportunities that have emerged as a result of the GFC.
- Stanfield will specifically target strategic, value add investment opportunities in the listed and unlisted Australian small cap sector, with a focus on:
 - financial services
 - funds management and
 - property businesses.
- We believe that opportunities in the small cap sector present the following characteristics:
 - large scale write backs in post GFC market value often below NTA;
 - lack of access to capital and/or inability to raise or deal with existing pre-GFC debt; and
 - entrenched management with inability to execute clear and decisive strategies.
- Our competitive advantage is our ability to bring capital, expertise, and the flexibility to follow opportunities which are undervalued and can be turned around. We can source value through mergers and acquisitions, consolidation and aggregation, company restructuring, and bringing in the right people to execute a clear strategy for a growing business.

Corporate Advisory

- The well-credentialed executive management team of Stanfield is able to generate additional revenue from taking management or advisory roles. This is particularly relevant for those entities in which Stanfield (or Mariner) has an investment.
- Advisory income is possible where Stanfield might commit management resources to assist a turn-around or value add proposition in the form of executive management or at board level.
- This form of income is also generated from 3rd party roles, for example, where Stanfield is providing AFS License or Responsible Entity services, it may also be able to providing additional services in a consultancy or management capacity.

New Revenue Generation

- **Capital raising underwrite**

As the Stanfield management team increasingly participate in assisting capital raising activities internally or for other entities in which either entity has made an investment or is providing management/consultancy services, naturally there is potential for Stanfield to stand by its capital raising credentials and generate further revenue.

- **Credit licence**

In December 2010, Stanfield via its wholly owned subsidiary, APT Investments Limited, was successfully issued an Australian Credit Licence (“**ACL**”) by ASIC. Under the National Credit Code contained within the National Consumer Credit Protection Act, anyone engaged in credit activities from 1 July 2011 will need a credit licence or an authorisation from a licensee.

The ACL provides a barrier to entry to credit provision, and the opportunity for Stanfield to operate both as a licenced credit provider and/or generate additional revenue from arm’s length credit service providers utilising authorisations under Stanfield’s ACL.

- **Financial services**

The Australian financial services sector is increasingly dominated by the Big Four banks and post GFC this has never more been the case. In the longer term, Stanfield is interested in exploring the potential of providing a legitimate alternative to the banks for investors, as an asset lender and as a fund manager.

Board Composition

- To expand both the strategic and operational capability of Stanfield in line with its more diversified and expanded product and service offering, Matthew Fletcher was appointed to the Board In April 2012.
- Matthew was appointed General Manager of Stanfield in August 2010 and is also Managing Director of Stanfield's wholly-owned, AFS-licenced subsidiary, Stanfield Securities Limited. He brings extensive experience in commercial/corporate finance and funds management. His previous roles have included Managing Director of boutique fund manager, Astrum Funds Management Ltd and senior management positions with Lloyds Banking Group, National Australia Bank (London) and St.George Bank.
- The currently board comprises:
 - Mr Darren Olney-Fraser (Chairman & CEO)
 - Mr Adrian Olney (Executive Director & Company Secretary)
 - Mr Matthew Fletcher (Executive Director & General Manager)
- Further appointments to the board are expected as the business continues expansion.

Capital Structure

Shares on Issue

3,566,402

Current Market Cap

\$3.0M at 84 cents per share (closing 30 April 2012)

Convertible Notes on Issue

313,542 additional shares to be issued

Being: 200,000 @ \$1.00 (expiring 12/9/12)

13,542 @ \$10.00 (expiring 30/6/13)

100,000 @ \$2.00 (expiring 3/2/15)

Corporate Directory

Stanfield Funds Management Limited

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Directors

Darren Olney-Fraser (Chairman)
Adrian Olney (Executive Director)
Matthew Fletcher (Executive Director)

Company Secretary

Adrian Olney

Share Registry

The Registrar
Computershare Investor Services
GPO Box 2975
Melbourne VIC 3001

Auditor

Grant Thornton Australia
The Rialto, Level 30
525 Collins Street
MELBOURNE VIC 3000

Lawyers

Minter Ellison Lawyers
Rialto Towers
525 Collins Street
MELBOURNE VIC 3000