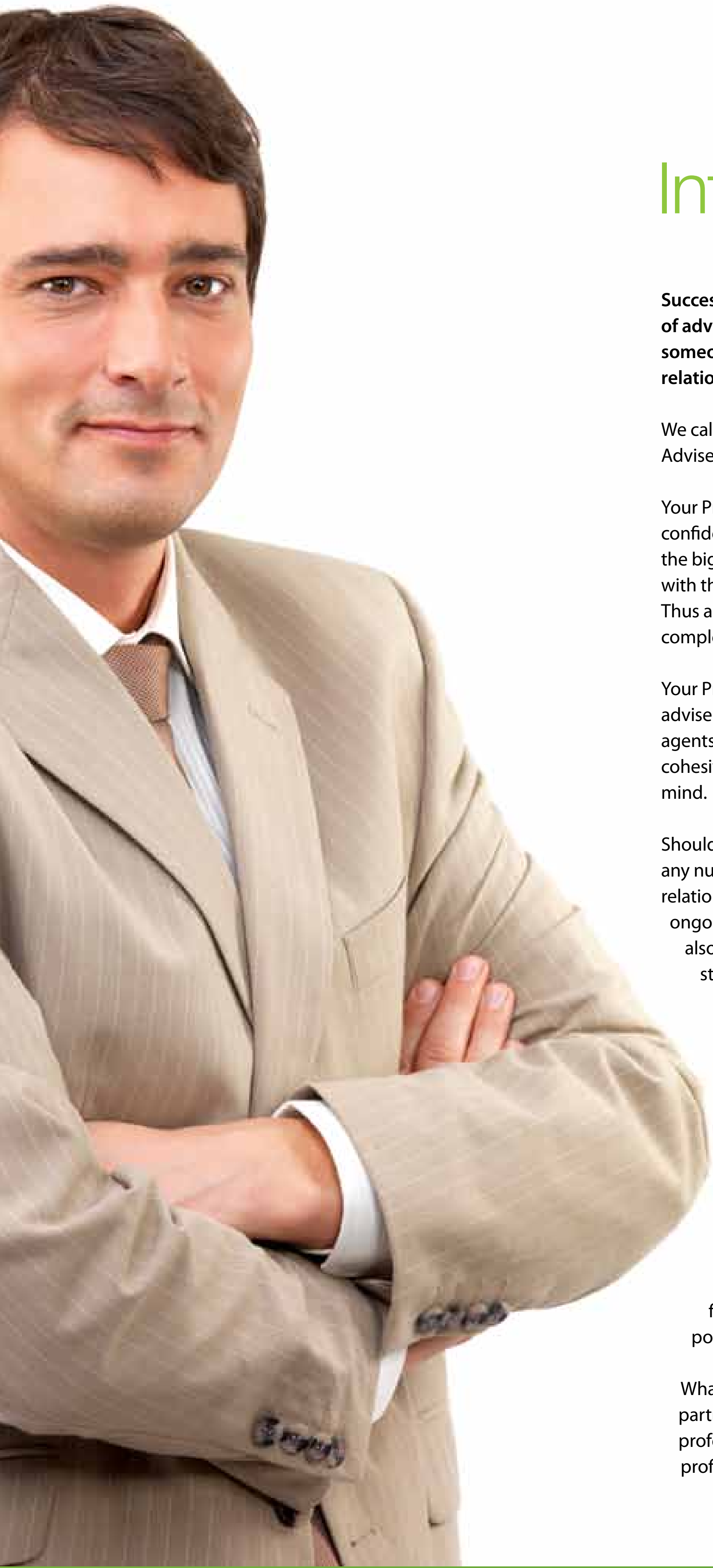
Shadforth Financial Group

The Principal Wealth Adviser

Contents



Introduction

Successful, busy, affluent individuals and families have a number of advisers, but there is often one key ingredient missing – someone who can bring all the pieces together in one advisory relationship.

We call this role, and the individual responsible, your Principal Wealth Adviser.

Your Principal Wealth Adviser takes a highly personal, holistic, confidential approach to managing your financial affairs, examining the big picture of your lifestyle goals and objectives, while working with the key industry professionals to help make your goals a reality. Thus alleviating you of the time and burden of managing these often complex structures and relationships yourself.

Your Principal Wealth Adviser works with your existing professional advisers; lawyers, accountants, bankers, mortgage brokers, insurance agents, stockbrokers, real estate advisers, etc. to bring together a cohesive, trusted team of industry experts with your best interests in mind.

Should the need arise, your Principal Wealth Adviser will call upon any number of trusted professionals with whom they have effective relationships. The value of the private financial adviser is not just the ongoing management and coordination of these relationships, but also in overseeing your private financial affairs, investments and strategies in a proactive and intensive manner.

The Principal Wealth Adviser approach to wealth management is becoming increasingly prevalent as an efficient and effective solution for successful individuals and their families.

We recognise that this highly personalised approach to managing clients' financial affairs may not be for everyone. However, for discerning clients with busy professional lives who demand the very highest standards in personal wealth management and advice, the decision to engage a private adviser to manage their financial affairs in a holistic manner is becoming increasingly popular.

What greater value is there than having a trusted professional partnering with you to ensure you the highest standards of professional financial advice while managing your financial affairs proficiently and effectively?

What does the Principal Wealth Adviser do?

The role of the Principal Wealth Adviser is to help clients manage their financial resources to achieve ongoing economic and personal wellbeing.

While this may sound like a fairly straightforward proposition, effectively managing each client's unique set of personal circumstances and financial affairs requires a highly personalised, tailored approach. In addition, we've found that many successful individuals require complex financial structures and investment solutions to ensure that accumulated wealth is protected and maintained, and future lifestyle goals are planned for and accommodated.

Only a firm that is adequately resourced and focused on providing clients with this intensive level of highly customised service can truly deliver upon this commitment.

Shadforth Financial Group is dedicated to providing our clients with this specialised level of service. We are uniquely qualified to bring exceptional value to our relationship. Here is an overview of the coordinated, integrated solution we provide:

1. GOAL ESTABLISHMENT & TRACKING

'Our goal is to help you achieve your goals.'

Our lives are subjective; we cannot specifically define things like feelings, values and risk tolerance to an exact degree. Part of the role of your Principal Wealth Adviser is to help you understand and frame your goals in an objective manner. Also to help you understand and make decisions around the notion that the best decision for you today may not be the best tomorrow.

We use a 'values based' approach to identify your personal goals and objectives, by asking you a series of questions to discover what is important about money to you. We agree on the key outcomes or objectives and time frames, and develop a 'personal business plan' or 'financial roadmap' with you.

We track and measure our progress, typically on a regular basis using our unique Wealth Management Index.

2. CASH FLOW MANAGEMENT

Comprehensive financial planning is underpinned by cash flow management. A plan not supported by cash flow is not a plan.

Working together, we will examine whether you are on track, and provide early warning signs well in advance.

A sound cash management program will maintain appropriate levels of liquid funds for predictable expenses and emergencies, while stewarding excess funds to be invested for the medium to longer term.

As part of our comprehensive review of your financial situation, we will prepare both a current balance sheet (assets & liabilities) and cash flow projections covering the next several years. In most cases, the result will be the creation of a strategy that helps you optimise your debt, maximise your cash flow, and increase your investment assets.

3. DEBT MANAGEMENT

We look after both sides of the balance sheet, and our value adding advice could include:

- Negotiating a better loan rate for you, providing substantial savings in its own right
- Consolidation of debt
- Frequency of repayments
- Changing from principal and interest (P&I) to interest only to save on cash flow, or
- Sophisticated debt recycling programs to decrease inefficient (non-deductible) debt and increase efficient (deductible) debt.

The strategic use of deductible debt, or leverage, such as margin loans and interest only mortgages, and the elimination of non-deductible debt (re. credit card balances) can free up additional capital and provide the opportunity to maximise net investment returns while minimising total costs.

4. RETIREMENT PLANNING – SUPERANNUATION

Retirement planning begins by determining the age at which you would like to retire and the lifestyle you wish to enjoy during retirement. It takes into consideration issues such as cash and debt management, optimising employee benefits, superannuation and investment planning.

We develop a comprehensive plan for your income, assets, and expenses, and a custom tailored asset allocation to achieve the investment returns needed to achieve your retirement spending goals within the risk you are willing to tolerate.

5. INVESTMENT PLANNING

'Wealth Management is the marriage of strategic, comprehensive and ongoing Financial & Investment Planning and personalised Portfolio Management.'

We do not separate the two because we believe that investment decisions can only be made well in the context of your own personal goals and objectives. And articulating your goals is just the beginning.

Investment planning is a dynamic process that begins with a clear understanding of your specific, objective-driven, time-bound, and measurable goals.

Since there are no guarantees on investment performance, a key element of our process includes designing a portfolio with a high probability of achieving your required returns. We use conservative estimates in our capital market expectations and model numerous scenarios in order to increase the likelihood of actual success in achieving the intended results. And we always incorporate

What does the Principal Wealth Adviser do? continued

an assessment of your risk tolerance and the impact your specific time horizons have on risk. Our investment planning process takes into account any unique investment preferences and constraints you may have.

Obviously, we need to consider a range of alternatives, not just in relation to ownership structure, (i.e. companies, trusts, superannuation, pension, etc.) but also in relation to styles of investing such as direct shares or managed funds.

Our planning also takes into consideration the overall structure of your portfolio, including the use of various asset classes, and periodic rebalancing parameters specific to your situation. Clearly the net return to you is critical. We look at this from an after tax perspective, as this is your net return.

'We help you to make smart decisions about money.'

6. TAX PLANNING

Effective tax planning can make a significant difference to how quickly and thoroughly you meet your financial objectives. So often, we spend our time focusing on how to make money, and give little thought about how to hang on to it.

Although we are not accountants and do not provide a tax agent service, we help you make informed financial decisions, and in doing so take into account your individual circumstances and financial position, which includes the tax implications of our advice. Our advice will directly relate to your issues in a range of areas that may include gearing (margin lending, capital protected loans, secured debt), infrastructure bonds, Employer Share and Options Plans, debt recycling (moving inefficient or non-deductible debt to efficient or deductible debt), and tax effective investments, i.e. agribusiness (including forestry, horticulture and viticulture).

We work with clients' accountants and other professionals (or can introduce the professional with the expertise required) to maximise opportunities and to legally minimise taxation.

7. ESTATE PLANNING

'Estate Planning is as much about preserving relationships as it is about the money.'

When people die there are always consequences. If you or someone in your family died, have you considered the potential impact? In addition to the tremendous emotional stress there can be significant financial consequences.

Estate planning is the process of making arrangements for ongoing care in the event of your incapacity as well as for your loved ones at the time of your death. An important part of this is the development of a strategy for managing and distributing your assets, reducing any confusion or emotional strain on your beneficiaries as well as minimising any taxes that may apply.

Your Principal Wealth Adviser understands that issues related to your tax planning, investment planning, gift planning, retirement planning, and estate planning are all interrelated. A comprehensive understanding helps to provide a single, all encompassing plan covering all of these areas.

The analysis will identify both estate planning issues and opportunities, including the use of wills, powers of attorney, trusts, property ownership, private foundations and charitable giving and the effective transfer of wealth.

8. CHARITABLE GIFT PLANNING

'A way to support your favourite charity by establishing a charitable gifting program.'

We help clients with ambitious and complex charitable giving objectives by creating customised giving solutions that maximise available tax benefits and provide the personal satisfaction that comes with giving.

A comprehensive financial planning process helps to identify and prioritise your competing financial objectives including the capacity for making charitable contributions. Then we help you to structure gifts using the most appropriate vehicle given your desired level of involvement in the gift-making process.

9. RISK MANAGEMENT / ASSET PROTECTION

Risk management or asset protection is the process of identifying, quantifying and determining the likelihood of various risks of loss, and then managing exposure to them using insurance or some other technique.

Our advice will identify a range of potential risks, major and minor. Solutions may range from moving a family home to a spouse's name, to carrying the risk going forward – obviously we need to quantify risks before you make a decision of what to act on (or outsource) and what to carry.

When necessary, we perform additional risk management reviews to identify potential insurance deficiencies and determine your need for additional coverage.

Our extensive review will include all of your real estate, personal property, business assets (both real and personal), artwork and other interests. Our goal is to understand your situation thoroughly so we can identify any potential issues and recommend appropriate solutions.

10. BANKING SERVICES

We work with relationship managers in the major banking institutions, and introduce you to the right person for your banking needs.

11. EMPLOYEE SHARE & OPTIONS PLANS

Our clients' employee compensation and benefits programs typically include a wide array of components, including employee share and option plans (ESOPs).

Companies are increasingly using share and option plans in remuneration packages, to align the interests of employees with shareholders, creating the need for specialist financial advisory and execution capabilities, including:

- Hedging against adverse share price movements
- Using the asset as collateral for an investment loan
- Portfolio diversification
- Navigating the numerous associated legal and taxation issues
- Generating extra income from the asset.

Many corporate executives have substantial wealth opportunities in their ESOPs. Our vast experience and exceptional depth of insight help us to maximise the potential of incentive shares plans.

We help clients to develop comprehensive strategies to optimise these opportunities, whether the key objective is to increase ownership of the optional stock, diversify the investment risk, or to capture the value for current consumption.

We manage the complex array of tax and investment considerations in any option exercise or stock sale decision.

In general, these benefit programs can be used to maximise your net investment gains and minimise your overall tax liabilities. But their potential pitfalls include over-concentration in your employer's stock and an over-reliance on one company for wealth accumulation.

12. CIRCUMSTANTIAL ADVICE

'Helping you to achieve what is important to you.'

Our goals are your goals. Given this, we are required to provide advice in a range of areas, often unrelated to mainstream financial planning.

Day to day advice can range from sitting on a formal company or family Board, or a more informal Advisory Board, to advising on whatever issues are facing our clients at that point in time, such as family related disputes in family owned SME's, advice on family law matters such as prenuptial or cohabitation agreements, purchasing franchises, to listing a company, litigation and intellectual property to name but a few.

We recognise our clients need the services of a range of professionals. These may include lawyers (for matters ranging from litigation to intellectual property, from family law to estate planning), accountants, real estate agents, etc.

It is quite common for us to coordinate issues that are important to you. This can involve us in such diverse matters as understanding your preferred suburb and location you would like to live in, the detail of which may include the number of bedrooms and bathrooms, which direction the back garden faces, whether it contains a wine cellar, etc. and briefing a suitable Buyer's Agent to find your dream home, so you can achieve what is important to you, and get on with what you do best.

A significant part of our value can be the depth of relationships we introduce to you.

Managing the process

Successful people often require complex financial structures and strategies. Responding to these needs involves an integrated approach with professional advice and input from a number of specialists.

Your Principal Wealth Adviser will manage the entire process for you and will engage and coordinate other services as they are required. We work in harmony with our clients and other professionals.

'Smart solutions require expert thinking.'

A comprehensive wealth management solution involves a number of disciplines to help you achieve the goals you have set for you and your family. This requires a holistic approach and effective planning and coordination are essential to produce a successful outcome.

Your Principal Wealth Adviser coordinates these disparate disciplines and will not necessarily be an expert in all of these fields. However, he or she will gather the necessary experts and coordinate their efforts on your behalf.

As the coordinator, your Principal Wealth Adviser is involved in all issues pertaining to your family's financial well-being, rather than merely one aspect of it.

This approach alleviates you of the time and burden associated with consulting multiple professionals such as lawyers and share traders yourself. Furthermore, you benefit from working with a single individual or firm who is intimately familiar with your personal aspirations and challenges, rather than multiple individuals who may not fully understand "the big picture."

This gives you access to the most comprehensive research and brightest minds in finance.

Your Principal Wealth Adviser is your partner over the long haul, keeping your family's interest foremost while your circumstances continue to evolve.

The role of your Principal Wealth Adviser is to provide strategy, coordination, implementation and management – all with one priority in mind – your goals and aspirations.

Our experienced advisers use well developed tools such as 'Financial Road Maps', 'Progress Road Maps', and unique methods to measure your progress such as the 'Wealth Management Index'.

Who needs a Principal Wealth Adviser?

Successful, busy, affluent individuals and families have a number of advisers, but there is a void in one advisory relationship – 'bringing it all together'.

In our experience, your Principal Wealth Adviser will become your family's most trusted adviser. Most busy, successful, affluent people require a private financial adviser.

Generally, this is an individual or a family with:

- A net worth greater than $3M, or
- An income greater than $300,000 pa, or
- An investment portfolio greater than $500,000, or
- Requiring retirement income stream of more than $15,000 per month.

Naturally, your Principal Wealth Adviser must be able to add significant value to your situation.

An example of a person who would gain value from this relationship would be a senior executive from a listed company with a market capitalisation greater than $500 million, with an income greater than $300,000, who would typically have complex deferred benefits compensation packages.

We see a significant opportunity to help these people make smart decisions with their money. The two main reasons that senior executives make poor decisions with their money are:

1. **Demands of their role**
   A senior role in a publicly listed company requires complete dedication. There are conference calls to start the day, meetings throughout the week, offsite planning on the weekend and client engagements in the evenings. What remains of the week is sensibly spent with loved ones, friends or "recharging the batteries".

2. **Spoils that come with success**
   An executive's salary package is significant. This allows them to mismanage aspects of their financial situation and still put their children through private school, repay their mortgage and meet their lifestyle requirements.

FINANCIALLY

Executives commonly find they have missed an opportunity and/or incurred avoidable expenditure. Opportunities pass by without action because a combination of apathy and the matters of the business take precedence. Money is consumed through indulgent lifestyles, unnecessary tax and financial penalties.

PERSONALLY

Extended absence from the family and lack of discipline with personal spending can be corrosive to the family unit. It commonly results in dependencies in children and marriage breakdown. These are painful experiences that are often anchored in family finances.

The performance of a corporation is largely in the hands of its executive team. Quality executives are in short supply and the retention of talent is a key concern for the Board and shareholders. It is therefore in the shareholders' best interests to sponsor the appointment of a party able to assist with these matters.

Executives don't know where to turn to on matters of private financial affairs. CEO's have a CFO to support them in all matters relating to financial risk, opportunities for the business. They need to appoint a 'Personal' or ' Family' financial specialist to perform the same role on matters of personal wealth.

Benefits of a Principal Wealth Adviser

'Helping you make smart decisions about money means you can spend more time doing what's important to you'.

With a Principal Wealth Adviser you will have a professional onside to help you work out exactly where you want to get to. For many, there are some milestones to be achieved without any real clarity around the journey, goals and outcomes of their life. For others, life has been too busy to sit down and think about them. And this is not static – things change including the economy, markets, legislation, and goals.

The result of our work is objective, customised advice – because everything we do for you is driven by your individual financial goals and objectives.

We will work with you to ensure you understand:

- Where you are now
- Where you want to be at a given time, and
- What we both need to do to get you there.

The strategy, coordination, implementation, and management around this is the role of your Principal Wealth Adviser.

Your Principal Wealth Adviser, as the project manager, will act as your adviser, coach, educator and mentor.

Our role is to help you manage your financial resources so you can achieve your financial objectives. The focus is on the successful delivery of your life goals and aspirations.

As previously mentioned, and perhaps most important of all, your Principal Wealth Adviser can help answer the question that often troubles successful people:

How much investment wealth is 'enough' to reach your goals?

Having that answer can bring enormous peace of mind, knowing that you are stewarding your family's financial resources prudently as you meet current obligations.

Bringing it all together

We are committed to a comprehensive wealth management approach with a focus on you and your life. This will initially consist of a series of some six to eight face-to-face meetings so we can understand your unique needs and customise our planning to build a financial road map to all that is important to you.

'What we do, how we do it, and how our smart solutions can help you.'

DISCOVERY MEETING(S)

A telephone conversation is typically the first step. One of our firm's advisers will discuss our process with you personally and arrange an initial meeting with you and your spouse or partner, if appropriate. At this first meeting we seek to understand your values, issues and concerns and importantly your overarching financial goals. We will construct your 'financial roadmap' with you.

Should we believe we can add significant value to your personal circumstances, the next step is to agree to move forward. Our team of experts discuss the work involved for you, the level of expertise you need, and importantly confirm the value we can add to your circumstances. We scope our fees, and communicate the outcome to you both personally and in writing.

WEALTH MANAGEMENT PLAN MEETING(S)

At our Wealth Management Plan Meeting(s) we present your personal recommendations and usually there is more than one scenario to consider. There is an opportunity to view 'live' the various 'what if' scenarios based on long term planning assumptions, and to determine some specific planning conclusions. We agree on the best outcomes for you.

The advice we give you is based on your objectives, your time horizon, the amount of risk with which you are comfortable, and any other factors relevant to your own personal situation.

At the end of this phase, which we call the Initial Planning Process, we provide you with a detailed written summary of the conclusions and decisions we agreed in the meeting. This is your Wealth Management Plan, or 'Personal Business Plan'.

Your 'plan' is just the beginning of a process that includes continual updates and adjustments whenever necessary. Just as your life is not static, neither is your plan for the future.

In many cases, our clients' circumstances are so complex, the wealth management planning phase is used to scope out and provide an overall 'Financial Roadmap' broken down into segments where the specific strategy and advice, and in particular the implementation is addressed over the next six to 12 months.

MUTUAL COMMITMENT MEETING

The next step is to formally agree to implement our strategic advice.

Many of our clients are so comfortable with our relationship, and advice, that they would like us to implement strategies immediately. However, as we are after a lifelong relationship, we ask that you take your plan away and consider, i.e. for a week or so. Our next meeting is the Mutual Commitment meeting.

There may be several stages in rolling out your plan, including meeting with other professionals where we need to seek expertise in taxation planning, or estate planning for example.

We help you implement your agreed strategies, and commit once more to working together on an ongoing basis.

45 DAY FOLLOW UP MEETING

Approximately six weeks after your last meeting we invite you to review our initial progess, discuss any queries you may have and suggest ways to help you stay organised, particularly with your paperwork which can be quite substantial at this point. We call this our 45 Day Follow Up Meeting.

We then formulate a plan of attack for your future. We prepare and discuss your personal 'Progress Roadmap', which prioritises the work we will do for you during the next 12 months.

REGULAR PROGRESS MEETINGS

The initial planning is just the beginning. Typically your goals, objectives, and overall situation will change over time. As well as your goals changing, so will legislation and the economic markets. Our advice needs to adapt to these changing circumstances. We will continue to add value to you, seeing change as an opportunity.

Our goal is to achieve your goals to maintain a long term and active effective partnership with you. Your plan only has value if it is assisting you to achieve your goals. We need to measure and monitor this, to ensure it is consistent with your goals and objectives over time.

We measure the effectiveness of our advice by using our unique Wealth Management Index. This way we are accountable to each other to make sure you achieve the milestones we have determined and agreed.

Investment management does not occur in a vacuum. It is a process that unfolds within the context of your changing goals and objectives and takes into consideration the impact of internal and external changes.

This ongoing advice, service and care will involve regular progress meetings typically at half yearly intervals, but more regularly, i.e. monthly or quarterly depending on circumstances and complexities. As circumstances in your life change, we update your 'Personal Business Plans' and 'Roadmaps'.

We acknowledge that over the course of time, your needs, dreams, and values will change. After the first year, we will continue to meet face-to-face typically between two and four times each year.

These regular progress meetings are structured in a manner that ensures we revisit each section of your comprehensive planning on a regular basis. As a result, when changes occur in your life, we are prepared to address them in a timely and truly comprehensive nature.

Your Principal Wealth Adviser maintains a client focus, as well as a disciplined strategy, by adhering to a documented process of determining your needs and goals, creating a plan to meet those goals and reporting regularly on its progress, revising as those goals or your financial situation changes.

Mutual commitments

OUR COMMITMENT TO YOU

- We are committed to independence.
- We are committed to acting as your fiduciary. We will treat your assets, personal information and values with the same care we would demand for ourselves.
- We are committed to protecting your privacy. Your personal information will be held in the strictest of confidence and will never be shared with third parties without your prior consent.
- We are committed to integrity. With that we are committed to our company values that will never be compromised.
- We are committed to being non-judgemental. We will respect your dreams and values as you declare them, and we will tailor our advice and strategies to the extent that you share them with us.
- We are committed to providing you with unparalleled service. Our staff will respond to your emails and phone calls, and provide you with requested information or follow through on the implementation of recommendations as soon as possible.
- We are committed to your complete trust in us, adding that we are committed to being your most trusted advisers.
- We are committed to supporting the professional development of all of our staff.
- We are committed to giving back to our profession, in the sharing of ideas and resources. Many of our staff members are active members in industry organisations.

YOUR COMMITMENT TO US

- We trust that you will be honest about your goals, personal information and financial history.
- We need you to be open to the challenge of exploring deeper meaning in your life.
- We ask you to challenge conventional wisdom and mass media, and avoid hot stock tips and "get rich quick" schemes.
- We hope that you will notify us if you did not completely understand or find comfort in any recommendation, strategy, or direction.
- It remains our intention to exhaust all means of obtaining your information before requesting it from you. However, in the event we request information directly from you we count on you to provide this information to us, or communicate with us in a timely manner.

About Shadforth Financial Group

HELPING SUCCESSFUL PEOPLE MAKE SMART DECISIONS ABOUT MONEY

The Shadforth Financial Group Limited (SFG) is one of Australia's leading privately-owned financial advisory firms.

Our aim is to help clients generate and maintain wealth over time. We have many clients from all walks of life who are supported by 300 employees in 14 Practices across Australia.

We are united in our commitment to act with the highest standards of ethics and integrity for the benefit of our clients, providing quality financial advice and best of breed solutions and services. This includes low cost and highly diversified core investment options.

Being privately owned, we are free of ownership or control by the large banks and insurance companies that dominate Australian wealth management. We provide transparent, fee-based advice.

Today, our experienced, highly qualified and dedicated Private Client Advisers offer clients uniquely personalised financial advice, and develop financial solutions and services that are tailored to each client's unique set of circumstances and objectives.

Shadforth Financial Group

ABN 27 127 508 472 | AFS Licence Number 318613

NEW SOUTH WALES

Level 17, 100 Pacific Highway
North Sydney NSW 2060
02 9919 8888

1/161-169 Baylis Street
Wagga Wagga NSW 2650
02 69317488

VICTORIA

Level 13, 636 St Kilda Road
Melbourne VIC 3004
03 9521 3833

Level 3, 379 Collins Street
Melbourne VIC 3000
03 8620 9900

156 MacLeod Street
Bairnsdale VIC 3875
03 5152 5044

5A Firebrace Street
Horsham VIC 3400
03 5382 1390

152 Lawrence Street
Wodonga VIC 3690
02 6056 8072

QUEENSLAND

Level 13, 300 Adelaide Street
Brisbane QLD 4000
07 3031 1610

WESTERN AUSTRALIA

3 Richardson St
West Perth WA 6005
08 9481 5222

25 / 199 Balcatta Road
Balcatta WA 6021
08 9240 5989

Level 1, 29 Station Street
Subiaco Square
Subiaco WA 6008
08 9382 1936

TASMANIA

Level 3, 111 Macquarie Street
Hobart TAS 7000
03 6211 1111

55 Cameron Street
Launceston TAS 7250
03 6323 2323

21 Fenton Way
Devonport TAS 7310
03 6498 7777

www.sfg.com.au