

SHAREHOLDER REVIEW 2018

For the year ended 30 June 2018



Centrepoint Alliance Limited
and its Controlled Entities
ABN 72 052 507 507

CENTREPOINT
ALLIANCE

Partnering for growth

Centrepont Alliance Limited
and its Controlled Entities
ABN 72 052 507 507

Contents.

| | |
|---------------------------------|----|
| FY18 in summary | 02 |
| Chairman's update | 04 |
| Q&A with the CEO | 06 |
| The history of Centrepont | 10 |
| Centrepont's market position | 12 |
| Centrepont's business portfolio | 14 |
| Centrepont's advice networks | 16 |
| Centrepont's financial position | 18 |
| Strategic outlook | 22 |
| Our advisers and their needs | 24 |
| Future offer | 26 |
| Corporate governance | 28 |
| Corporate directory | 29 |

FY18 IN SUMMARY

**4%**

increase in EBITDA*
from pcg to
\$5.5m

**18%**

increase in cashflow
from pcg to
\$6.4m

**(\$6.4m)**

in one off
adjustments

**80%**

overall employee
satisfaction

**50/50**

gender balance in
management team

**37**

quality advice firms
recruited

*excluding one-off adjustments

**(\$6.3m)**

statutory loss
after tax

 **11%**

increase in FUMA
from pcg to
\$4.1b

 **NPS**

increase from pcg
and above industry
average

**Technology**

Solutions hub
launched

**Finalist**

in CoreData
Licensee of the
Year awards

**Neos
Life**

launched June 2018

CHAIRMAN'S UPDATE



Alan Fisher
Chairman

“The focus on quality client outcomes has differentiated Centrepoint from traditional, and typically institutional, competitors and is increasingly attracting like-minded advisers and brokers.”

Welcome to Centrepoint's first annual review, which brings together our financial performance reports along with the broader strategy about how we provide value to our stakeholders and the Centrepoint community.

Centrepoint Alliance Limited ('Centrepoint' or the 'Company') core operations has delivered steady growth during the financial year ended 30 June 2018 ('FY18') whilst entering a period of transition due to a new strategic direction driven by market and regulatory forces. It is well positioned to benefit from the disruption occurring in the financial services industry.

The year has been one of change for Centrepoint, with the commencement of the new CEO, Angus Benbow, in April 2018. During this period of leadership changeover, and with the challenges that an industry wide Royal Commission brings, Centrepoint has continued to sustain organic growth, meet customers' needs and assist financial advisers and brokers to operate efficient and profitable businesses.

We are pleased to announce a 4% increase in EBITDA for FY18 of \$5.5m (excluding one-off adjustments). The one-off adjustments included in the result related to legacy claims, restructuring the business and regulatory costs largely associated with the impacts of the Royal Commission.

The one-off items and a reassessment of the deferred tax assets has resulted in a net loss after tax of \$6.3m (FY17: \$0.1m).

Given the current market uncertainty, the Board felt it was the responsible decision to not pay a final dividend as we normally would in line with our dividend policy of paying 50-80% of net profit after tax.

During the year, organisational capability has improved within the business and this is further evidenced

by strong employee engagement and adviser satisfaction scores. The focus on quality client outcomes has differentiated Centrepoint from traditional, and typically institutional, competitors and is increasingly attracting like-minded advisers and brokers.

Centrepoint will be well placed to take advantage of the industry disruption in the wealth management market and is using technology to simplify the adviser and client experience. This should enable Centrepoint to attract quality advice businesses and enhance shareholder value.

We remain focused on assessing acquisition opportunities that fit strategically and can generate shareholder value and we look forward to continuing to drive improvements across all areas of our business and improve the experience for our advisers and their clients.

Thank you to our employees, advisers, clients and business partners, and you, our shareholders, for your continued support as we strive to transition to a new service model powered through data and insight.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'A Fisher', with a stylized, flowing script.

Alan Fisher
Chairman

Q&A WITH THE CEO



Angus Benbow
Chief Executive Officer

“Over the next 12 months, Centrepoint will put the focus back on the core advice business and transition to an advice and business services organisation where the needs of our advisers are at the heart of everything we do.”

Angus Benbow joined Centrepoint in April 2018. We ask him what his key priorities have been since he joined the company and what the future holds for the organisation.

Angus, since joining in April, what has your key focus been?

My key focus has been in three areas.

First, has been to meet the people who make up the Centrepoint community and ask them for their thoughts on the future of the group and what their view is as to the opportunities ahead. I have engaged with as many advisers as possible along with spending time with staff, our shareholders, and partners in the industry.

Second, has been to lift the hood on the Centrepoint business and question everything from a fresh perspective, this has involved some challenging conversations.

Third, a macro examination and look ahead to what the future of Centrepoint might look like in three to five years. Given the challenges presently facing the industry this has required some extensive time and consideration.

Can you tell us a bit more about what this has involved?

We combined the second two points above into a comprehensive program of work called the Strategic Refresh. Through this work we engaged all Centrepoint staff in a renewal of our business. This was an exciting piece of work to be part of and the Executive Team and Board have been actively engaged reviewing and challenging the work of the broader team.

Key outcomes already have seen a new Centrepoint strategy that re-sets our focus on the core of our business, as a provider of advice and business services to self-employed advisers. As a result of the strategy, a new organisation structure has been put in place to better align our teams to the core business and a portfolio review has been conducted to ensure focus is maintained in the right areas of future market opportunity for the group.

What is Centrepoint's strategy for this financial year?

Over the next 12 months, Centrepoint will put the focus back on the core advice business and will transition to an advice and business services organisation where the needs of our advisers are at the heart of everything we do.

Centrepoint's strategy will service advisers' needs as both financial advisers and small business owners. Our focus will be to solve these two categories of problems for financial advice businesses, while transitioning to a new service model powered through data and insight.

How will the new strategy impact your business model?

The industry is going through fundamental changes, which is seeing significant disruption to existing business models and the role of the large incumbents. Centrepoint's new business model is principle led, but at its core we aspire to be a business led through transparency and data. Our principles are:

- Solving advisers' problems through expertise, insight and scale benefits
- Standalone adviser community, not controlled by a product manufacturer
- Harnessing data to generate insights and create network effect
- Underpinned by a service culture of trust, transparency and quality advice

What are the priorities for this financial year?

We have three clear priorities to focus on.

1. Optimise – Centrepoint has a strong core business, with solid cash flows and a strong community of advisers. We will optimise and improve on what we do. This involves improving our service to existing advisers and strengthening the core enablers of the business.
2. Recreate – As we leverage the strength in the core business we will build a new service offer orientated around advice and business services, underpinned and powered through data.
3. Grow – Centrepoint continues to be an attractive proposition for like-minded advisers, and we have seen strong growth in adviser numbers, and we will continue to pursue growth opportunities as we re-position the business.

Is there anything else you wanted to share with our shareholders?

It is an exciting time to be at the helm of an organisation like Centrepont, with our unique market positioning and the strength of our community behind us.

That's not to say that the road ahead won't have its challenges. We know it will. But I believe this organisation has an important role to play in shaping the future of financial advice and I'm looking forward to going on this journey together.

To all our employees, advisers, clients, partners and shareholders - thank you for your ongoing support and hard work.

A handwritten signature in black ink, appearing to read 'Angus Benbow', with a horizontal line drawn through the middle of the signature.**Angus Benbow**

Chief Executive Officer



THE HISTORY OF CENTREPOINT

Our Story

Our story starts over 25 years ago when Alliance Finance Corporation Limited was founded in Western Australia in 1991. The company specialised in insurance premium funding and equipment finance. It grew rapidly, quickly establishing a national footprint. In June 2002, it was listed on the Australian Securities Exchange Limited (ASX).

In 2005, Alliance Finance Corporation Limited merged with Centrepoint Finance Pty Ltd to form Centrepoint Alliance Limited. The merged group specialised in finance broking, asset finance and insurance premium funding.

In December 2010 the company acquired 100% of Professional Investment Holdings Limited through a scheme of arrangement.

1991**FOUNDED**

Alliance Finance Corporation Limited founded in Western Australia.

Specialises in insurance premium funding.

2002**(ASX)**

Listed on the Australian Securities Exchange (ASX).

National footprint established.

2005**MERGE**

Merge with Centrepoint Finance Pty Ltd to form Centrepoint Alliance Limited.

Specialises in finance broking, asset financing and insurance premium funding.

2008**SALE**

Sale of commercial finance arm.

Professional Investment Holdings was one of the largest financial advice networks in Australia and encompassed licensee services, research, funds management operations, administration platform services, lending and financing services.

On 30 December 2016, the insurance premium funding business was sold to BOQ Finance (Aust) Limited allowing Centrepoint to focus on wealth management and continue to be one of Australia's leading financial services businesses.

In April 2018, Angus Benbow joined the organisation as Chief Executive Officer. Soon after, Angus launched a strategy to make Centrepoint an advice and business services organisation, focused on solving the needs of financial advice businesses both as a financial adviser and a small business owner.

2010**ACQUIRE**

Acquires 100% of Professional Investment Holdings through a scheme of arrangement.

Professional Investment Holdings encompassed licensee services, research, funds management operations, administration platform services, lending and financing services.

2016**DIVEST**

The insurance premium funding business is sold to BOQ Finance (Aust) Limited.

Focus on wealth management.

2018**ANGUS BENBOW**

Joins as Chief Executive Officer.

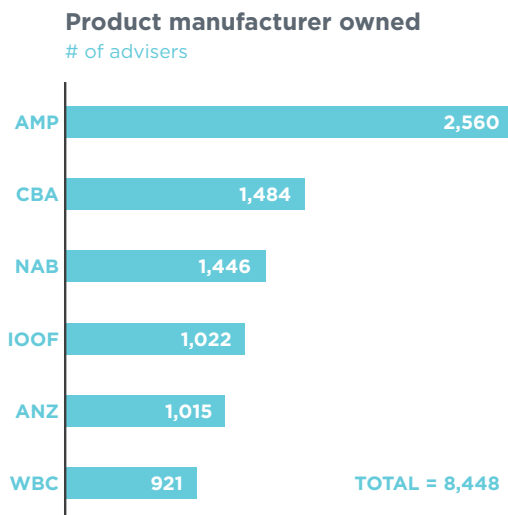
Advice and business services organisation that specialises in solving the needs of financial advice businesses both as a financial adviser and a small business owner.

CENTREPOINT'S MARKET POSITION

Centrepont is well positioned in an industry that remains very attractive for long-term growth.

As regulatory, technology and consumer driven change occurs, Centrepont is well positioned to realise opportunities that emerge from the disruption occurring across the financial services industry. This is driven by:

- * An underlying need for advice with 3 million Australians intending to use an adviser within two years.
- * A shift in adviser business models with a surge in self-licensing and a move away from the 'big six'.
- * Generational transition of advisers with up to a third of advisers potentially exiting the industry within five years.



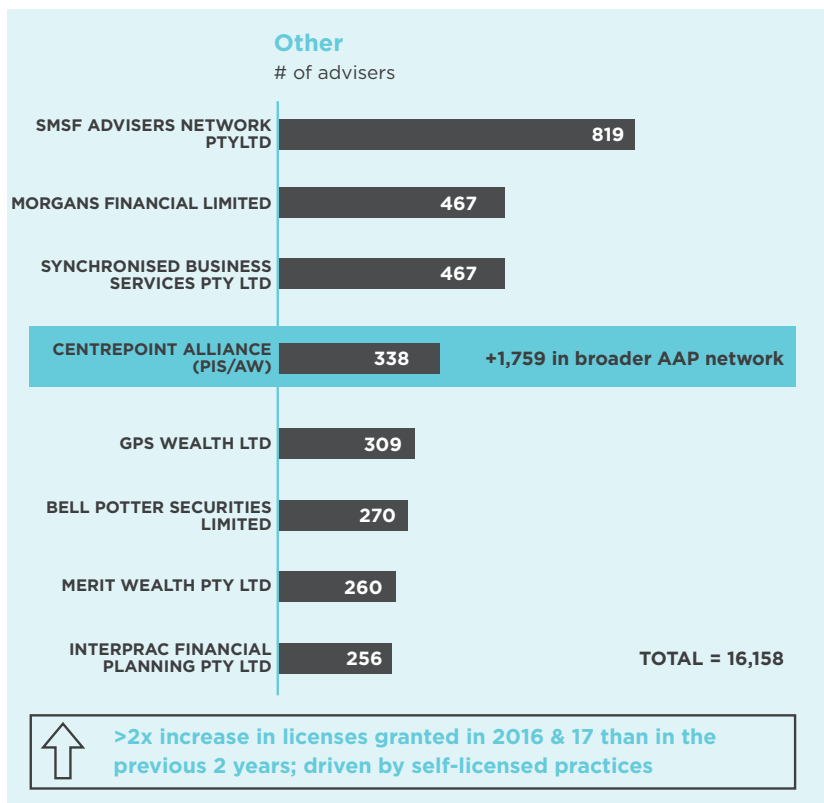
10% decline in advisers at the 'big six' in the 12 months to July 2018

Note: Big six refers to the four major banks and AMP and IOOF

Sources: Estimation of demand for financial advice - Investment Trends 2017 Financial Advice Report; Adviser movements - analysis of ASIC financial adviser register, data as of 1 July 2017 and 1 July 2018; Increase in licensees - analysis of ASIC licensee register, data as of 16 August 2018; Adviser exits - ABC News interview of industry expert; 26 June 2018

Our stand-alone community of advisers, free from the control of product manufacturers, is a strength unique to our organisation.

Combined with our scale and existing footprint in the self-licensed market, Centrepoint is well positioned to take advantage of the disruption occurring.



CENTREPOINT'S BUSINESS PORTFOLIO



Licensee Solutions

Our Licensee Solutions division supports self-licensed advisers to maintain their freedom through tailored services, power in community and strength in numbers.

Through Associated Advisory Practices Pty Ltd (AAP), we currently have a relationship or provide services to more than 1,750 advisers working in self-licensed firms.



Financial Advice

Backed by our licences, we provide the support, services and knowledge to help advisers meet the needs of their clients and grow their business.

Under our licenses, Professional Investment Services Pty Ltd (PIS) and Alliance Wealth Pty Ltd (AW), Centrepoint is home to more than 300 authorised advisers.



Investment Solutions

World class investment managers and platforms that help advisers protect and manage their clients' investments.

As an early adopter of managed accounts, our investment solutions provide advisers with efficient investment products and services.



Lending Solutions

An aggregator of mortgage and asset finance solutions, Lending Solutions primarily services the needs of advice businesses and offers lending services to financial planning clients.

Under our credit license, Centrepoint Alliance Lending Pty Ltd (CALP), we have 162 authorised credit representatives.



Licensee and Financial Advice businesses

provide advisers with the choice to operate outside of the large institutions



Finalist

in CoreData
Licensee of the
Year awards

The market is attractive with over **\$2.6 trillion** in superannuation assets¹ expected to continue to grow over the next **20 years**



37 Quality advice firms recruited in FY18

Licensee and Advice Services segment gross profit in FY18 was **\$23.3m** and EBITDA was **\$3.3m**²

Funds Management and Administration segment gross profit **\$8.5m** and EBITDA was **\$4.1m**²



4.1b
of funds under management and administration

¹ APRA Quarterly Superannuation Performance - March 2018

² Excluding one-off adjustments

CENTREPOINT'S ADVICE NETWORKS

| 127 (WA) | |
|------------------|----|
| Self Licensed | 85 |
| Corp-Licensed | 36 |
| Salaried | 0 |
| Mortgage brokers | 6 |

| 183 (SA) | |
|------------------|-----|
| Self Licensed | 135 |
| Corp-Licensed | 35 |
| Salaried | 0 |
| Mortgage brokers | 13 |

| 24 (TAS) | |
|------------------|----|
| Self Licensed | 7 |
| Corp-Licensed | 17 |
| Salaried | 0 |
| Mortgage brokers | 0 |



776 (QLD)

| | |
|------------------|-----|
| Self Licensed | 576 |
| Corp-Licensed | 129 |
| Salaried | 2 |
| Mortgage brokers | 69 |

538 (NSW)

| | |
|------------------|-----|
| Self Licensed | 420 |
| Corp-Licensed | 67 |
| Salaried | 3 |
| Mortgage brokers | 48 |

12 (ACT)

| | |
|------------------|---|
| Self Licensed | 6 |
| Corp-Licensed | 0 |
| Salaried | 0 |
| Mortgage brokers | 6 |

604 (VIC)

| | |
|------------------|-----|
| Self Licensed | 530 |
| Corp-Licensed | 54 |
| Salaried | 0 |
| Mortgage brokers | 20 |

CENTREPOINT'S FINANCIAL POSITION

FY18 financial results

Centrepoint saw a 4% increase in EBITDA to \$5.5 million from continuing operations (excluding one-off adjustments) for FY18.

This was underpinned by an 18% increase in operating cash flow to \$6.4 million, which is pleasing given the challenging and uncertain industry backdrop. A net loss after tax of \$6.3 million was also reported due to several one-off items including legacy claims, restructure costs, the impacts from the Royal Commission and a change to the deferred tax asset.

| \$m | Total | | |
|---|--------|--------|--------|
| | FY16 | FY17 | FY18 |
| Revenue | 116.5 | 129.4 | 123.2 |
| Adviser fees and commissions | (84.5) | (97.1) | (90.9) |
| Gross Profit | 32.0 | 32.3 | 32.3 |
| Management Expenses | (27.5) | (27.0) | (26.8) |
| EBITDA core continuing operations | 4.5 | 5.3 | 5.5 |
| Cost to income ratio | 86% | 84% | 83% |
| Legacy claims | - | (4.0) | (5.4) |
| Other one-offs | - | - | (1.0) |
| Depreciation, amortisation, impairment | (2.1) | (1.1) | (1.7) |
| Profit/(loss) before tax continuing operations | 2.4 | 0.2 | (2.6) |
| Tax | 0.4 | (0.3) | (3.7) |
| Profit after tax from discontinued operations (premium funding) | 1.5 | 6.6 | - |
| Net profit/(loss) after tax | 4.3 | 6.5 | (6.3) |

One-off adjustments

An impairment and change to the Deferred Tax Asset to reflect the outlook and implementation of the new strategic direction.

Legacy Claims relate to advice given prior to 1 July 2010. Costs associated with replacing the CEO, the restructure of the business, and one-off costs associated with reviewing and updating the strategy were also incurred. The Group was also impacted by costs associated with responding to and actioning issues arising from the Royal Commission.

| | |
|-----------------------------------|---------------|
| EBTIDA excluding One-Off's | \$5.5m |
|-----------------------------------|---------------|

| One-Off's | |
|----------------------------------|------------------|
| Legacy Claims | (\$5.4m) |
| Restructure Costs | (\$0.3m) |
| Royal Commission | (\$0.7m) |
| RFE impairment | (\$0.9m) |
| Reduction in Deferred Tax Asset | (\$4.5m) |
| Total One-off adjustments | (\$11.8m) |

| | |
|-----------------------|-----------------|
| Loss after Tax | (\$6.3m) |
|-----------------------|-----------------|

Group balance sheet

Centrepoint Alliance has a clean and simple balance sheet.

Other Assets includes \$4.6 million in deferred tax assets, down from \$9.1 million in FY17, reflecting the \$4.5 million reduction in tax losses. Unrecognised tax losses increased by \$4.5 million, and a review of historical tax items reduced Revenue losses to \$24 million. The decrease in tangible assets and cash reflects the dividends paid.

| \$m | 30/06/17 | 30/06/18 |
|---------------------------------------|----------|----------|
| Cash & Term Deposits | 31.2 | 9.5 |
| Intangible Assets & Goodwill | 2.2 | 1.7 |
| Other Assets | 26.5 | 27.5 |
| Total Assets | 60.0 | 38.6 |
| Other Liabilities | 18.4 | 19.1 |
| Total Liabilities | 18.4 | 19.1 |
| Net Assets | 41.6 | 19.6 |
| Net Tangible Assets | 30.4 | 13.3 |
| Net Tangible Assets (cents per share) | 19.4 | 8.5 |

Off Balance Sheet

| | | |
|----------------|------|------|
| Revenue losses | 29.6 | 24.0 |
| Capital losses | 36.0 | 36.0 |



STRATEGIC OUTLOOK

Moving to a new identity

Centrepoint's strategy is to grow its strong community of advisers whilst transitioning to a new service model powered through data, technology and insight.

The financial advice industry is facing an increasingly complex and rapidly changing environment - it is imperative that we adapt to the challenges and opportunities this presents. Our new strategy looks beyond the short-term to focus on building a new service model that takes advantages of the opportunities we see playing out as a result of the disruption ahead.

The 12 Months ahead

Centrepoint will focus on transitioning to an advice and business services organisation where the needs of our advisers are at the heart of everything we do.

In an industry often defined by its opaqueness, we will shift the playing field to an environment of trust and transparency, and look to set the standard in what it means to be a trusted adviser.

The strategy work is well underway, with several components already completed.

To date, we have examined all aspects of our business, including a comprehensive review of our business portfolio. It has also resulted in a new organisational structure to better align to the market opportunities.

Optimise

Realign organisation to core advice business

Improve service to existing adviser community

Strengthen core enablers for industry disruption ahead

Recreate

Create the future of advice and business services

Targeted packages for attractive advice segments

Harness data to build insights for the adviser community

Grow

Licensed and self-licensed advice firms

Transition current firms to new advice packages and bundles

Explore growth opportunities

OUR ADVISERS AND THEIR NEEDS



Catherine

Mid-thirties

15 years of experience

Bought business from previous owner

~250 clients

6 staff including 2 planners and 4 support staff

AQF 7 (Bachelor's degree)



Business owner needs

- Needs HR support to manage processes, policies and changing regulation
- Technology solutions to simplify operational processes so she can spend more time with clients



Financial advice needs

- Looking for acquisition opportunities to accelerate growth
- Quality advice education and training for new staff members



Murray

Early-fifties

20 years as a financial adviser
Built several financial planning businesses
~260 clients
5 staff including 2 planners and 3 support staff
AQF 7 (Bachelor's degree)



Business owner needs

- Needs technology solutions tailored for self-licensees to simplify operational processes and reduce friction



Financial advice needs

- Understand how industry changes might impact if and how succession might occur
- Assessing impact of mandatory education requirements by FASEA

FUTURE OFFER

Solving problems for our advisers

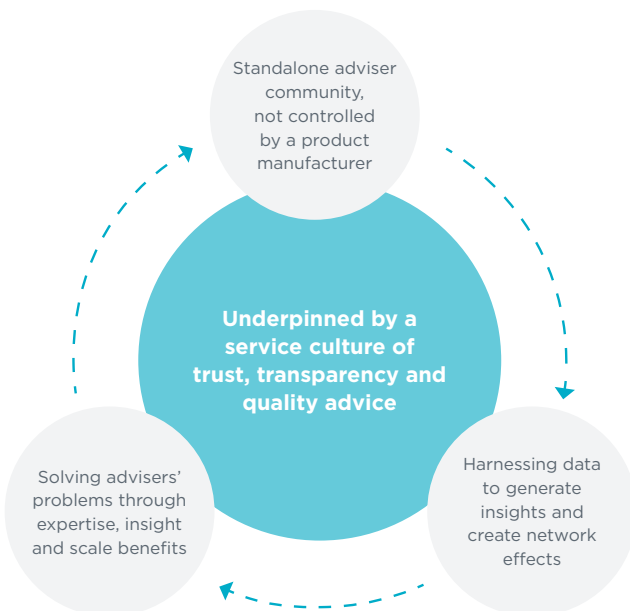
Centrepont solves two categories of problems for financial advice businesses.

- Operating as a financial adviser
- Running a small to medium sized business

Through our expertise, insight and scale, Centrepont can service clients' needs as both financial advisers and business owners.

As a service provider to financial advisers, Centrepont already holds significant expertise in supporting licensed and self-licensed advisers. Moving forward, our focus is on the core advice business and we will look to strengthen our proposition through improved servicing capability and breadth of services offered.

As business owners, Centrepont is well equipped to provide our advisers' businesses with corporate services such as HR and Legal support. By leveraging our scale and existing infrastructure, we can provide additional support to help advisers run their businesses and generate new clients, freeing up valuable time to spend on income generating activities.



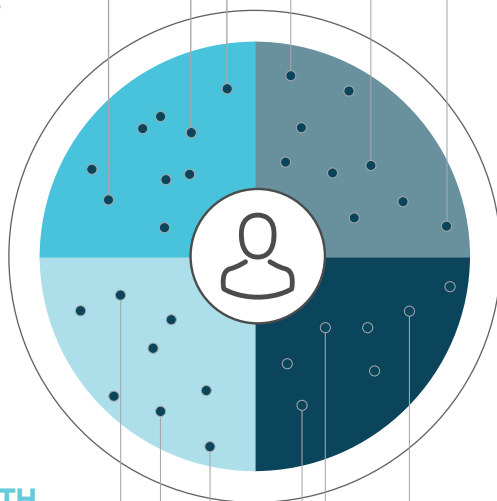
Centrepoin't's future offer will have four key elements

BUSINESS MANAGEMENT SERVICES

BUSINESS COACHING
ACQUISITION AND SUCCESSION
PARTNERED SERVICES
DASHBOARD REPORTING
HR SUPPORT
LEGAL SUPPORT
PEER GROUP FACILITATION
CASHFLOW TOOLS

LICENSEE SERVICES

NEW AFSL SETUP
GOVERNANCE AND COMPLIANCE
RESPONSIBLE MANAGER TRAINING
LICENSEE REVIEWS
FILE AUDITS ADVICE
POLICY & PROCEDURE
AFSL AUDITS



CLIENT GROWTH SERVICES

CLIENT MARKETING
CLIENT FACING ADVICE
TOOLS WEBSITE
DESIGN AND DEVELOPMENT
CLIENT EDUCATION
LEAD GENERATION
CLIENT SEGMENTATION AND PRICING

ADVICE SERVICES

ADVISER EDUCATION
CLIENT COMMUNICATION
TECHNICAL SUPPORT
RESEARCH SERVICES
INVESTMENT SOLUTIONS
TRAINING/WEBINARS ADVICE
TECHNOLOGY ADVICE HELPDESK

CORPORATE GOVERNANCE

Overview

The Company's Board of directors (Board) are responsible for establishing the corporate governance framework of the Company and its subsidiaries (Group). The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Key aspects of the Company's corporate governance, to the extent the Company has followed the ASX "Corporate Governance Principles and Recommendations" 3rd Edition (Recommendations), are detailed in the Company's corporate governance statement and corporate policies.

The Group considers it complies with the Recommendations which are underpinned by the following eight key principles:

- Principle 1: Lay solid foundations for management and oversight
- Principle 2: Structure the Board to add value
- Principle 3: Act ethically and responsibly
- Principle 4: Safeguard integrity in corporate reporting
- Principle 5: Make timely and balanced disclosure
- Principle 6: Respect the rights of shareholders
- Principle 7: Recognise and manage risk
- Principle 8: Remunerate fairly and responsibly

Corporate Governance Statement and Practices

Further details on the Company's compliance with the Recommendations is outlined in the FY18 Corporate Governance Statement and Appendix 4G together with the Group's corporate governance policies and charters, which are available on our website: www.centrepoinalliance.com.au/investor-centre/corporate-governance/.

Information on directors, meetings and attendance are available in the Directors' Report in the FY18 Annual Report and on the website at www.centrepoinalliance.com.au/investor-centre/financial-reports/.

CORPORATE DIRECTORY

Annual General Meeting

10:30am (AEDT)
Tuesday, 30 October 2018

Deloitte Touche Tohmatsu
Level 10, 550 Bourke Street
Melbourne, Victoria
Australia

Securities Exchange Listing

Centrepont Alliance Limited's shares are listed on the Australian Securities Exchange (ASX) and are traded under the ASX code CAF

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St George's Terrace
Perth Western Australia 6000
Australia

GPO Box 2975
Melbourne Victoria 3001
Australia

Telephone:
(within Australia) 1300 763 925
(outside Australia) +61 3 9415 4870

Facsimile: +61 3 9473 2500

Email: web.queries@computershare.com.au

Website: www.computershare.com.au

Auditor

Deloitte Touche Tohmatsu
Riverside Centre
Level 25, 123 Eagle Street
Brisbane Queensland 4000
Australia

Registered Address

Centrepont Alliance Limited
Registered Address and Head Office:
Level 9, 10 Bridge Street
Sydney New South Wales 2000
Australia

Telephone:
(within Australia) 1300 557 598
(outside Australia) +61 2 8987 3000

Facsimile: +61 2 8987 3075

Website: www.centrepontalliance.com.au



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and its Controlled Entities
ABN 72 052 507 507

1300 557 598
centrepointalliance.com.au