

# Investor & Analyst Briefing

15th June 2022

**HUB**<sup>24</sup>





# Welcome

**Bruce Higgins**  
Chairman





# Corporate strategy & business update

**Andrew Alcock**

Managing Director / CEO





Empowering better financial futures,  
together

# HUB24 Group Overview

**HUB<sup>24</sup>** **XPLORE**  
WEALTH

**HUB**CONNECT




**CLASS**

## PLATFORM

Custodial administration

## PARS

Non-custodial administration

-  Platform FUA  
**\$51.0bn**
-  **3,432** Advisers  
using the platform
-  Managed Portfolio  
& MDA FUA  
**\$22.4bn**

-  PARS FUA  
**\$17.3bn**
-  PARS accounts  
**8,020**

Total FUA \$68.3bn


-  **92**  
Financial Services Clients
-  **96**  
Data Integrations^^

### HUBconnect Broker

Customer management & operational support for stockbrokers

### HUBconnect Licensee

Database insights to support advice licensees with business management & compliance obligations

-  **7,700+**  
Unique Customers^
-  **220+**  
Data Integrations^^

### Class Super

SMSF administration

### Class Trust

Trust administration

### Class Portfolio

Investment Reporting & Administration

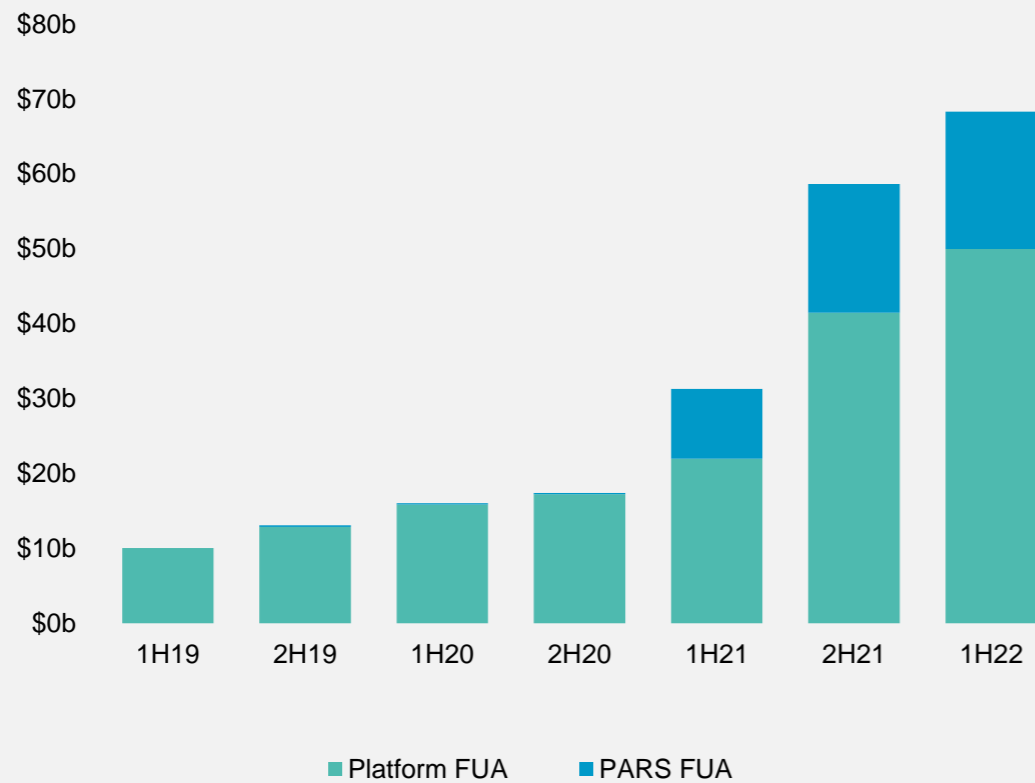
### NowInfinity

Corporate compliance & documentation

**1HFY22 Group UEBITDA \$29.7m up 80% on pcp**

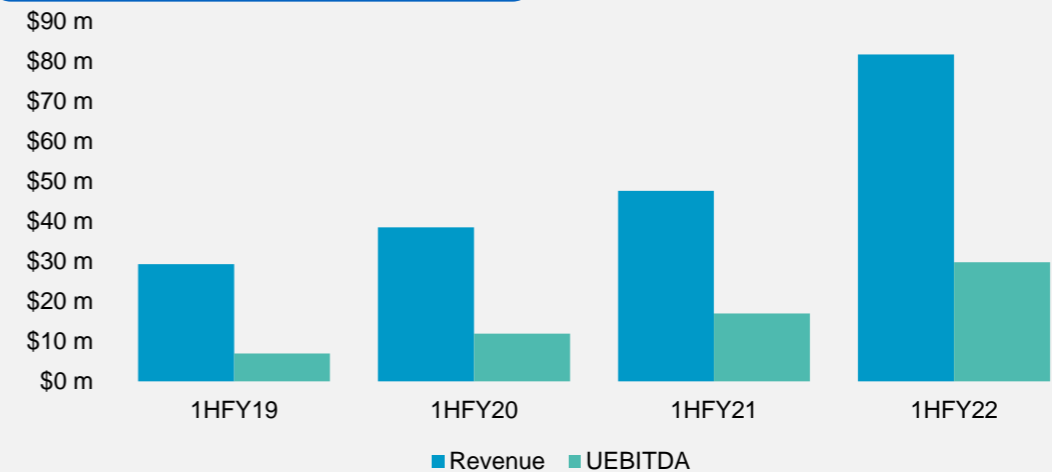
# Consistently delivering on our growth strategy

## Funds under administration



## Group Revenue CAGR +41%<sup>1</sup>

## Group UEBITDA CAGR +63%<sup>1</sup>

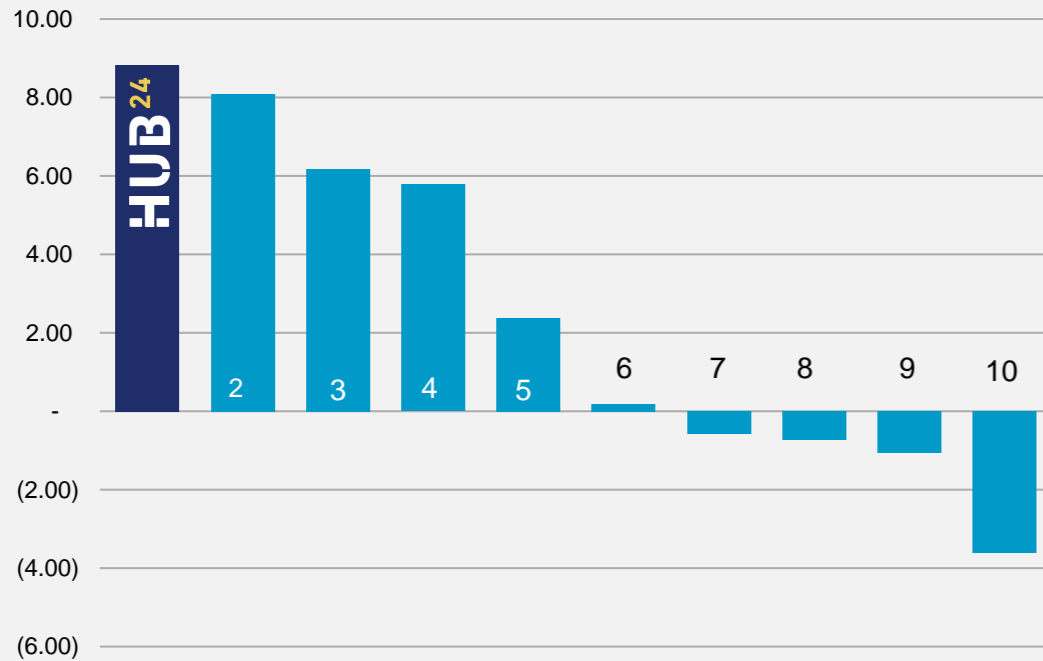


## Platform

	FY17	FY18	FY19	FY20	FY21	1HFY22	
Platform Revenue	\$26.3m	\$39.7m	\$54.1m	\$74.3m	\$101.1m	\$77.3m <sup>2</sup>	
% change pcp		71%	51%	36%	37%	36%	75%
UEBITDA	\$5.1m	\$11.9m	\$18.0m	\$28.7m	\$37.9m	\$30.0m <sup>2</sup>	
% change pcp		135%	52%	59%	32%	72%	

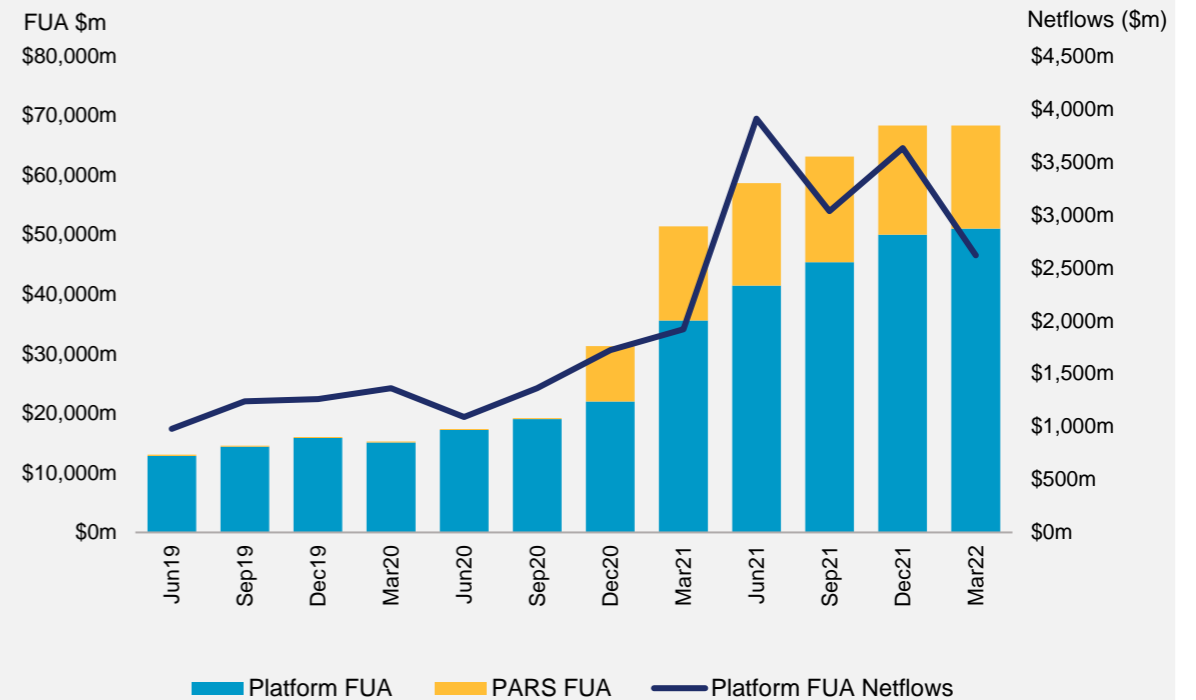
# HUB24 – Australia’s fastest growing platform provider<sup>1</sup>

Netflow share to underlying market share ratio<sup>1</sup>



- HUB24 market share has grown from 2.5% to 4.9%<sup>3</sup>
- 7<sup>th</sup> largest platform provider from 9<sup>th</sup> place by market share<sup>3</sup>

Growth in Platform FUA, PARs FUA & net flows per quarter<sup>2</sup>



- Ranked 2<sup>nd</sup> for annual net inflows<sup>3</sup>
- Platform FUA 5-year CAGR 65%<sup>3</sup>

# Leading change & capturing opportunities

## TRENDS

Insto-owned platforms dominate inflows

FOFA reforms introduced

Use of Managed Portfolios accelerates

Royal Commission established

Insto's begin wealth exit

SPPs begin dominating net inflows

Growth in unaligned licensee segment

Increasing advice tech solutions driving need for data connectivity

Client demand for single view of wealth

Increasing demand for HNW solutions

Convergence of advisory, stockbroking and accounting (multi-disciplinary firms)

2010 - 2015

2016 - 2019

2020 – Present

## HUB24 JOURNEY

- Launch of HUB24 Invest & Super with innovative Managed Portfolio functionality

- Continued enhancement with innovative solutions that deliver customer value

- Acquired Agility Applications

- Continued recognition as leading platform provider of Managed Portfolios

- Innovation lab established

- Market-leadership extended for overall platform & maintains managed portfolio leadership

- Continuing to build strong relationships with unaligned licensee segment

- HUBconnect launched on the back of licensee Think Tank

- Acquired XPL & Ord Minnett PARS and made strategic investment in Diverger

- Launch of private labels

- Acquired Class Ltd

- Building data-as-a-service & developing the platform of the future

- Designing products & solutions to support convergence of wealth professionals

### HUB24 FY15

- \$1.7bn FUA
- 484 advisers
- 0.22% market share
- EBITDA -\$4.4m

### HUB24 FY19

- \$12.9bn FUA
- 1625 advisers
- 1.3% market share
- UEBITDA \$14.8m

### HUB24 Q3 FY22

- \$68.3bn FUA
- 3432 advisers
- 4.9% market share
- UEBITDA \$29.7m (1HFY22)



# Our strategic pillars



Lead the wealth industry as the best provider of integrated platform, technology & data solutions



## Deliver customer value & growth

Continue to develop our core platform proposition to meet evolving customer needs, extend our market-leadership and grow market share

Enhancing our current proposition & extending our competitive advantage



## Continue to build the platform of the future

Deliver an integrated customer experience that supports financial professionals to implement investment, tax and strategic advice

Positioning for growing segments & customer need

**01**

Single view of wealth

**02**

Seamless integration between Custody & non-Custody solutions

**03**

Product solutions that improve retirement outcomes for all client segments

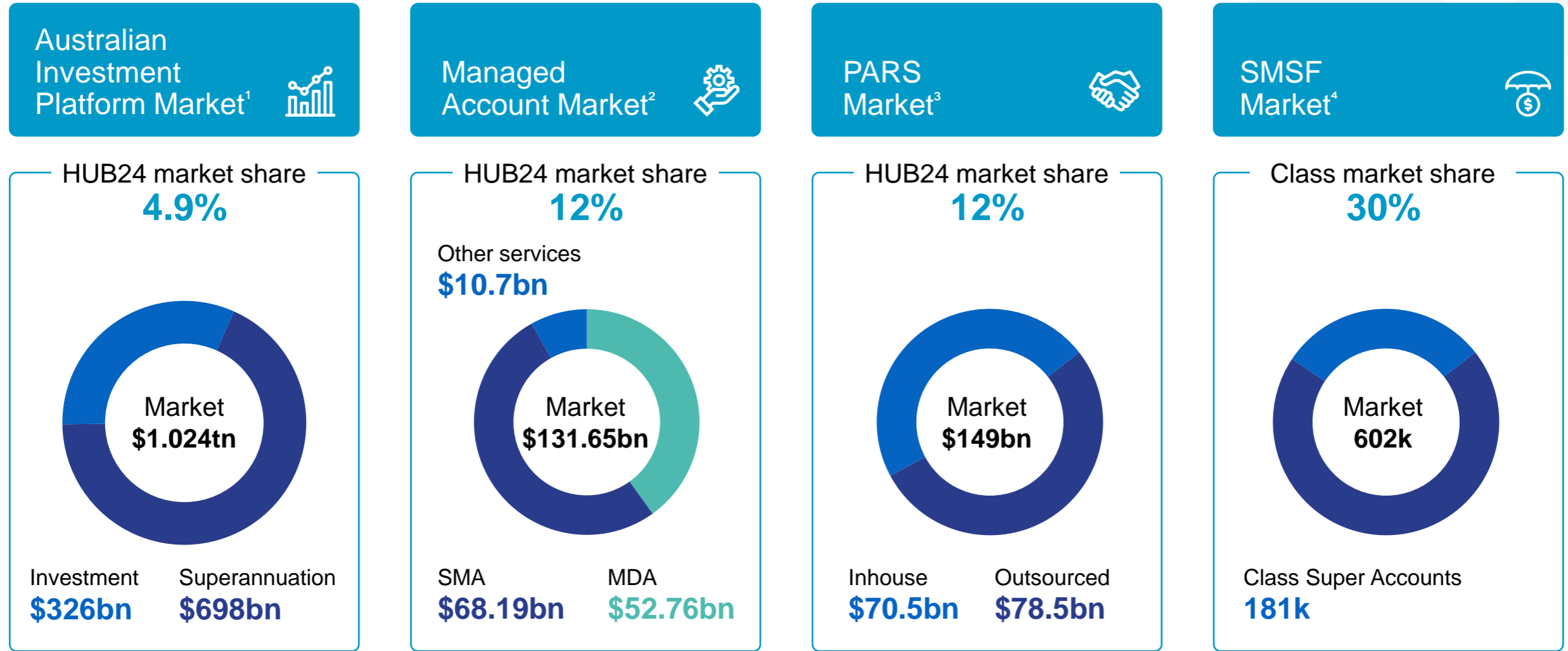


## Collaborate to shape the future of the wealth industry

Leverage our technology & data expertise, collaborate with industry participants & build solutions that enable the evolution of our industry and the delivery of cost-effective financial advice

Collaborating with the industry for the future of advice

# HUB24 well-positioned in attractive growth markets



# Our people

## Creating the right environment for our people to thrive

We have over

# 700



employees<sup>1</sup>

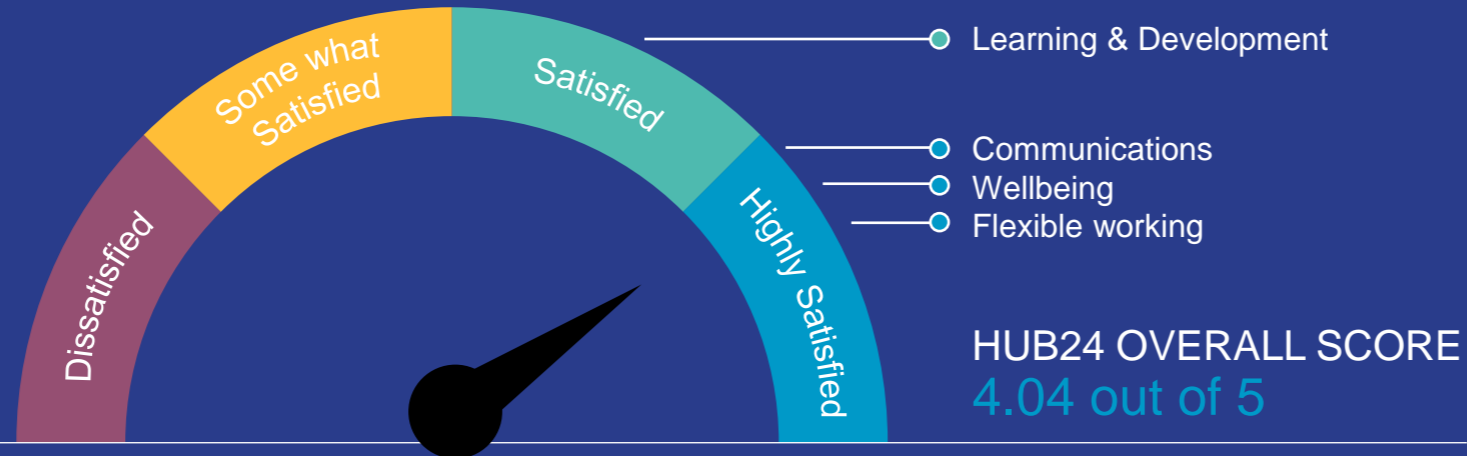
Class  
200

HUB24  
500

Attracting, retaining and developing talented people:

- Creating a strong client focused culture
- Investing in leadership development & providing career opportunities
- Prioritising employee wellbeing
- Continuing to support a diverse and inclusive workplace
- Supporting flexible working

### HUB24 Employee Engagement<sup>1</sup>



## Our Values



**Integrity**  
Do the right thing



**Collaboration**  
Act as one team, one company



**Client Focus**  
Be easy to deal with



**Excellence**  
Go above and beyond



**Passion**  
Invest energy to make a difference



**Innovation**  
Think big and outside the square

# Industry leading executive team with depth of experience



**Andrew Alcock**

Managing  
Director



**Kitrina Shanahan**

Chief Financial  
Officer



**Jason Entwistle**

Director Strategic  
Development/Interim  
MD/CEO Class



**Deborah Latimer**

Chief Risk  
Officer



**Craig Lawrenson**

Chief Operating  
Officer



**Wendy McIntyre**

General  
Counsel



**Paul Biggs**

Group Chief  
Information Officer



**Darren Stevens**

Chief Product  
Officer



**Chesne Stafford**

Chief Growth  
Officer (from July)



## Recruitment Underway

- Class CEO
- Chief People Officer



# Customer experience

**Craig Lawrenson**

Chief Operating Officer



# Customer Service

Competitive advantage driving long term growth



... and satisfied customers



## Adviser Ratings<sup>1</sup>

- Best Platform Overall
- Best Investment Options
- Best Adviser Experience



## Wealth Insights<sup>2</sup>

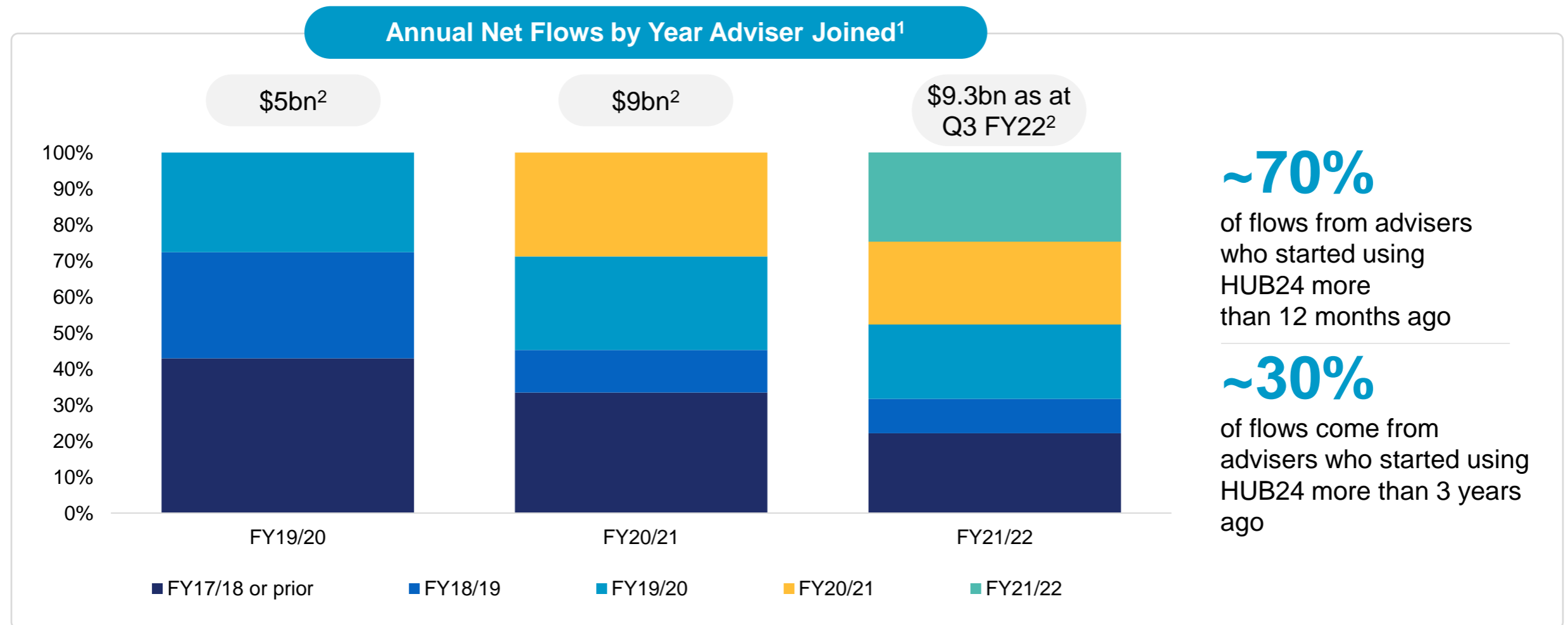
- Equal 2<sup>nd</sup> Platform
- Overall Satisfaction

→ HUB24 has the **highest adviser consideration** when choosing a new platform<sup>3</sup>

→ Advisers who use HUB24 are **the least likely to look for a replacement platform** in the next 12 months<sup>3</sup>

# A solid platform for future growth

## New advisers remain productive over many years

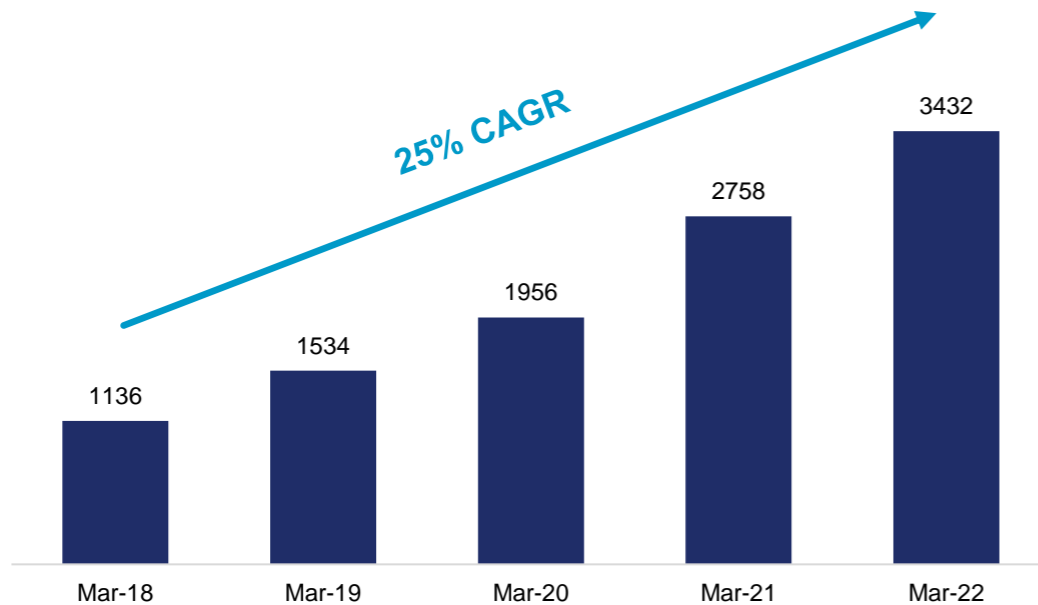


# A solid platform for future growth

## Consistent growth in our client base



3,432 active advisers supporting HUB24



## Latent opportunity



HUB24 has relationships with/access to **75%** of the total adviser market



- HUB24 active advisers
- Opportunity – Advisers covered by licensee agreements with HUB24



# Managed Portfolios

## Engaging and educating advisers

Building clear differentiation in our Managed Portfolios proposition

### General benefits:

- Client directed customisation
- Transparency
- Portability
- Speed of implementation
- Individual tax outcomes

### Unique benefits of HUB24 'Platform Alpha':

- Tax optimisation (whole of account)
- Trade execution – in house
- Portfolio Implementation
  - ManagerHUB
  - Progressive Portfolio Implementation

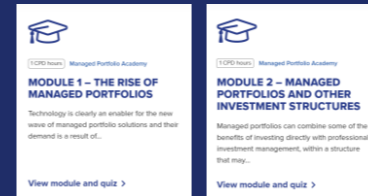
Helping to grow the Managed Portfolio market



Platform Alpha – Whitepapers



Managed Portfolio Academy



Managed Portfolio Education Guides

Extending our managed portfolio leadership position



**No. 1**

Platform Managed Accounts functionality - 6<sup>th</sup> year running<sup>1</sup>



**No. 1**

Awareness of Managed Account platforms across current and potential managed account advisers<sup>1</sup>



**Greatest overall share of adviser relationships** in Managed Accounts<sup>1</sup>



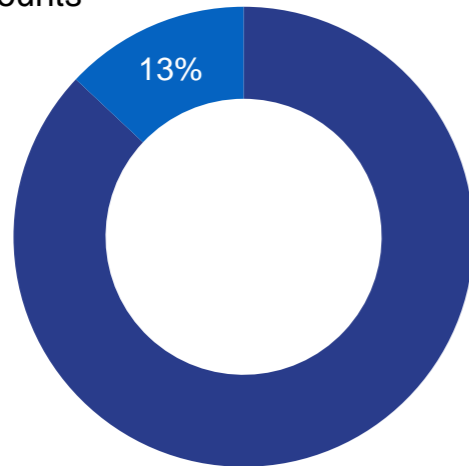
**HUB24**

**the Platform of choice** for access to Managed Accounts<sup>1</sup>

# Managed Portfolio leadership

## Managed Accounts growth opportunity

**\$131.65bn**  
FUM in Managed Accounts<sup>1</sup>



Australian Investment Platform Market  
**\$1.024trn<sup>2</sup>**

## Adviser adoption of Managed Accounts increasing and so is the proportion of assets being allocated to Managed Portfolios



**53%**  
of advisers adopting managed accounts (up from 44% in 2021)<sup>3</sup>



Advisers are recommending Managed Portfolios to  
**60%**  
of their active clients (up from 44% in 2021)<sup>3</sup>



On average, advisers are directing  
**39%**  
of new client flows into Managed Portfolios<sup>3</sup>

## HUB24 experience



**44%**  
of Platform FUA is in Managed Portfolios



**65%**  
of advisers using HUB24 use Managed Portfolios



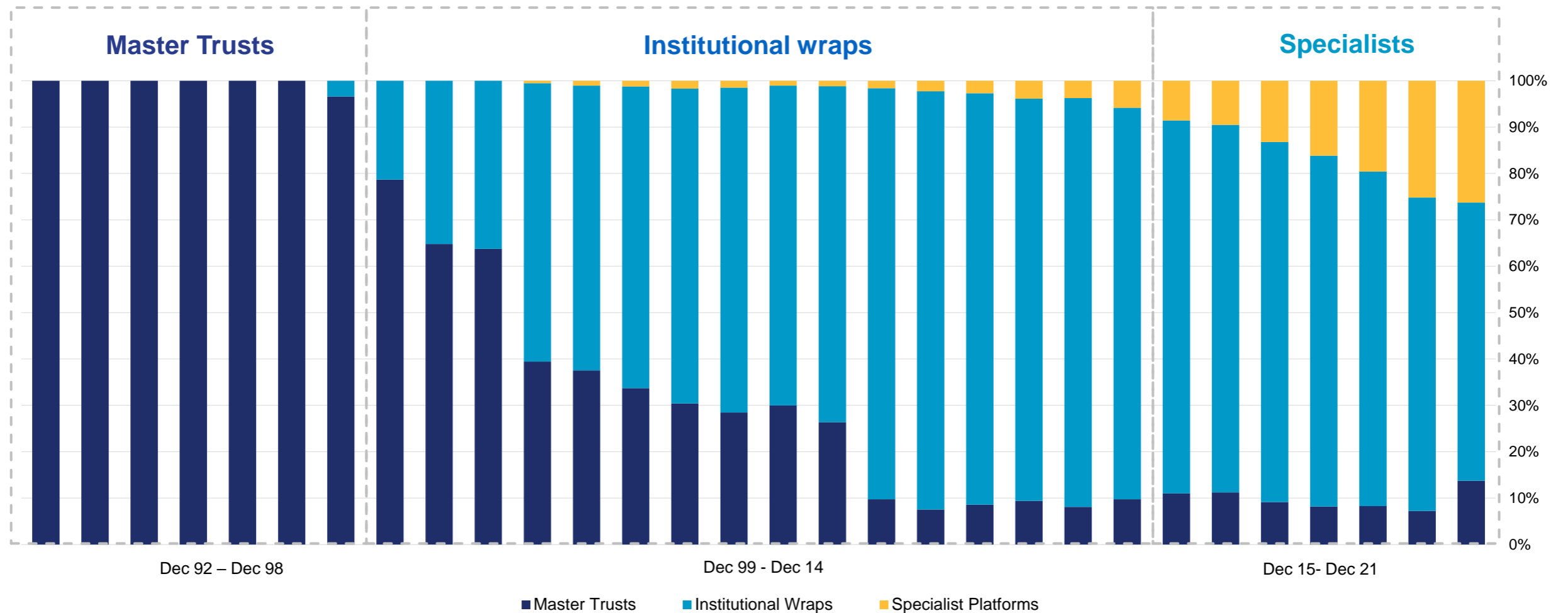
# HUB24 strategy & Class business

**Jason Entwistle**

HUB24 Director of Strategic  
Development & Interim MD/CEO  
of Class

# Rise of Specialist Platforms

## Gross flows by Platform Segment



# Why do platforms exist?

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## One way of doing business

Incorporating custody & non custody

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## Single view of wealth

for advisers and their clients

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## Efficient access

to investment manager IP

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How successfully have we delivered into this purpose?

# The future of platforms

## Platforms Today



### Managing custodial assets

- ASX Listed Securities
- Term Deposits
- Cash & FX
- Managed Portfolios
- Global & Domestic Bonds
- International Domiciled Managed Funds
- Australian Domiciled Managed Funds
- International Listed Securities

## Platforms Tomorrow



# How do we solve the original problem?



Single view of wealth for advisers and their clients



One way of doing business incorporating custody & non custody



Efficient access to investment manager IP



Flexibility for advisers & Visibility for licensees



Reporting & insights for businesses



Integration with other financial services and software providers

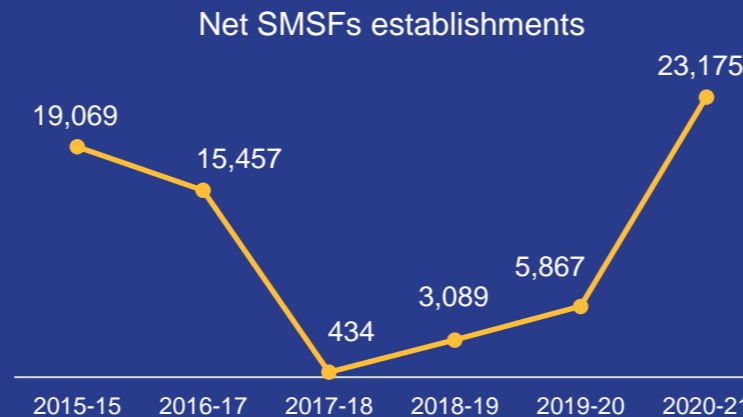
>300 data integrations<sup>^^</sup>

# Class business

## Acquisition completed in February 2022

- Class is a pioneer in cloud-based wealth accounting & recognised as one of Australia's most innovative technology companies.
- Class delivers trust accounting, portfolio management, legal documentation and corporate compliance solutions to over 3,500 financial professionals across Australia.

## No. of SMSF accounts<sup>1</sup>



**74%**  
of advisers now  
advising on  
SMSFs  
(Up from  
68% in 2018)<sup>1</sup>



Annual SMSF  
establishment rate  
**4.7%<sup>1</sup>**  
(up from 3.7% in 2020)



**NowInfinity**  
Most used legal document  
provider for SMSF related  
legal compliance<sup>1</sup>

## Strategic priorities



Grow the SMSF  
market and market  
share



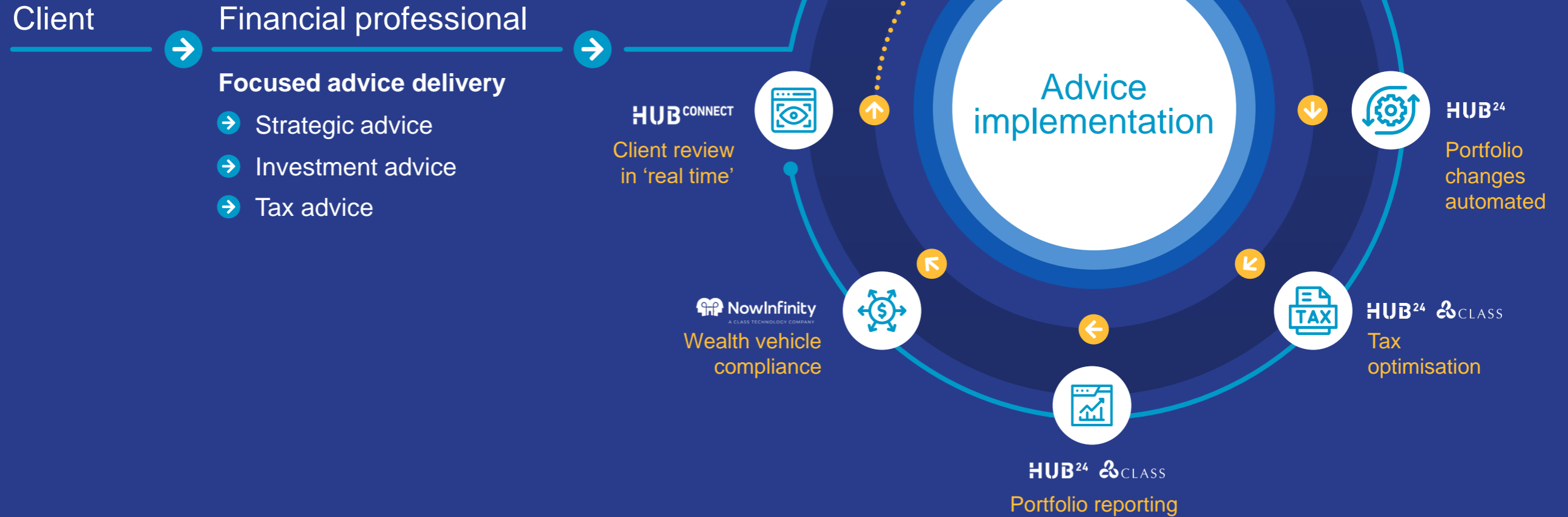
Collaborate with  
HUB24 on the platform  
of the future



Consolidate  
leadership position

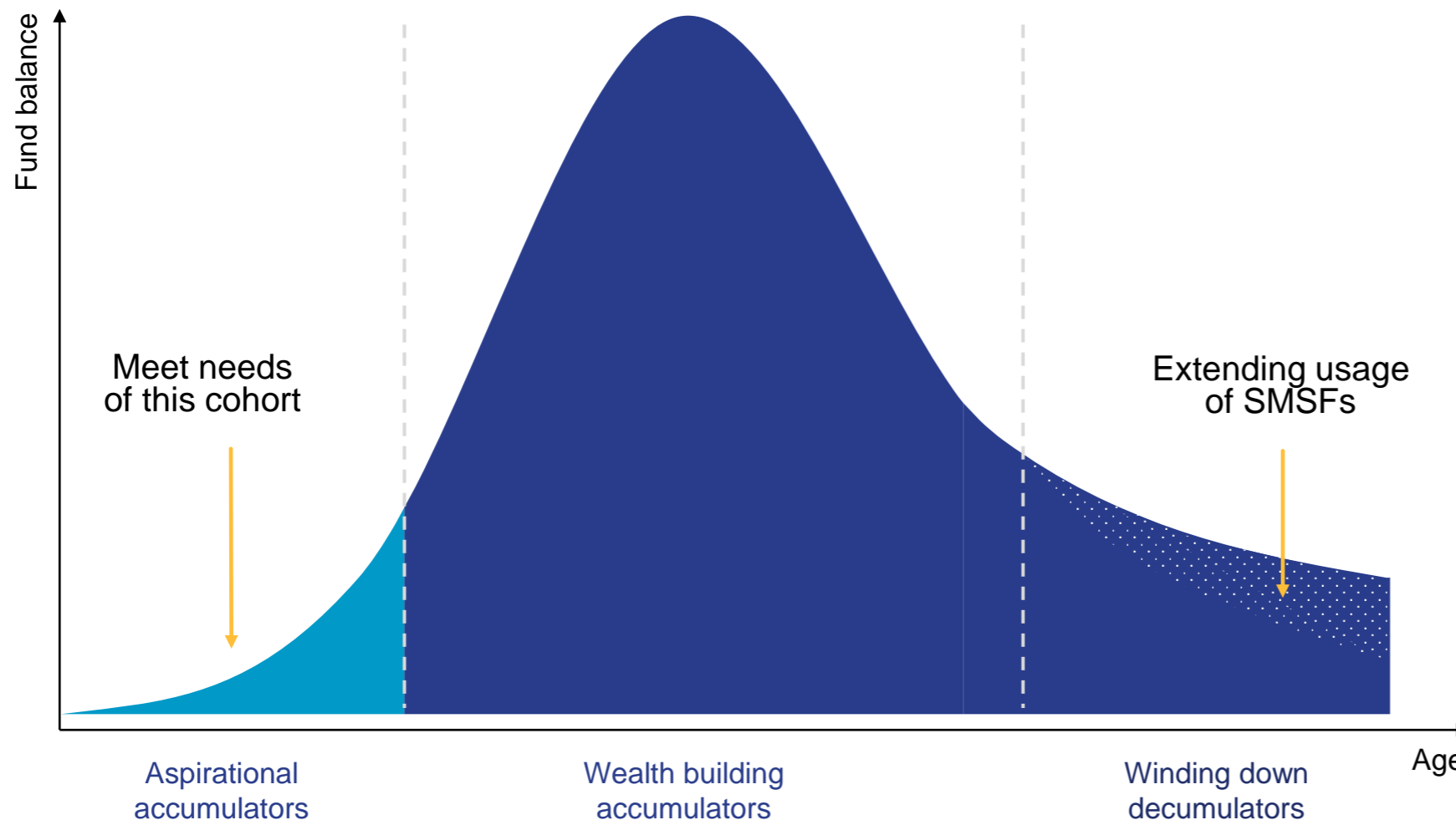


# The Wealth Advice Implementation Process



# Introducing a new SMSF service

Grow the SMSF market and build out the customer base of the future



- Fully integrated end-to-end service bringing together SMSF establishment, administration and investment administration
- Leverages combined capabilities of HUB24, Class and NowInfinity
- Designed for aspirational accumulators who are on a journey to SMSFs but held back by their account balance
- Meets efficiency, diversification, cost and compliance needs of cohort
- Provides advisers with new solution for super clients & expands their market opportunities
- Incubator service designed to facilitate transition of investors to full service SMSFs
- Pilot commences Q1 FY23



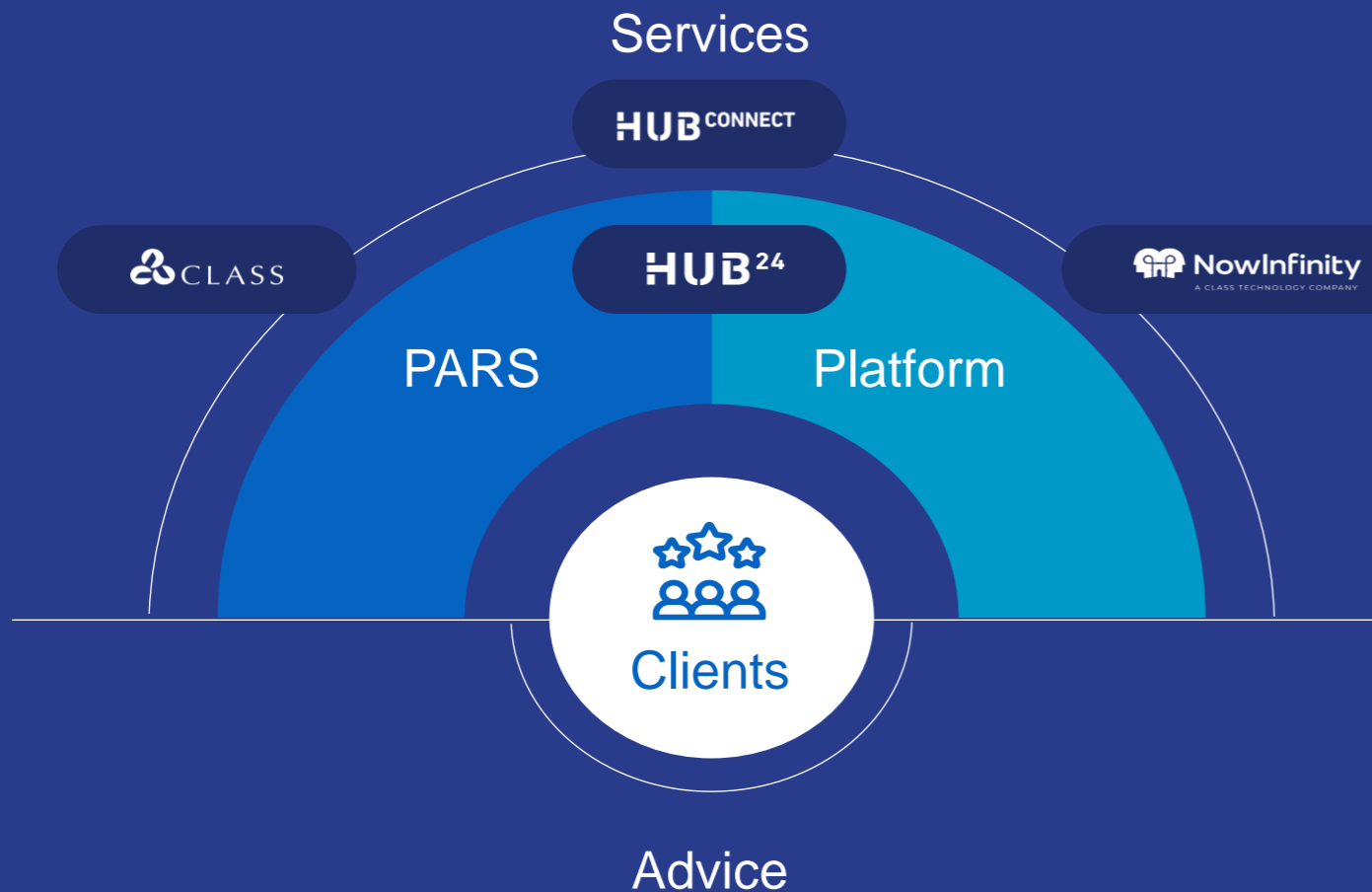
# HUB24 platforms & products

**Darren Stevens**

Chief Product Officer



# Building our platform of the future capability



**Single view of wealth**  
for advisers and their clients



**One way of doing business**  
Incorporating custody &  
non custody



**Flexibility** for advisers &  
**Visibility** for licensees



**Reporting & insights**  
for businesses

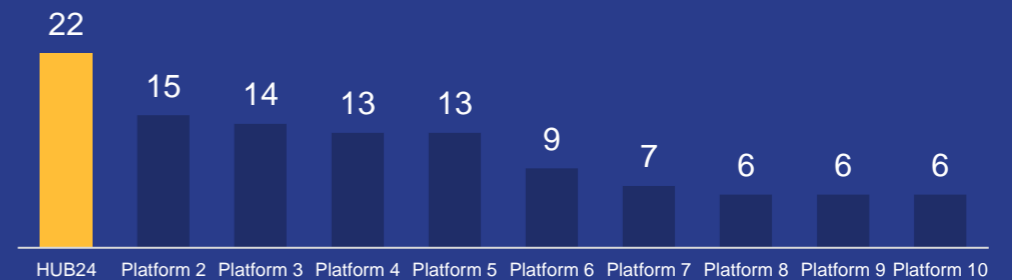
# HUB24 Platform: award winning & market leading

HUB24 is an award-winning investment and superannuation platform with a leading Managed Accounts offering

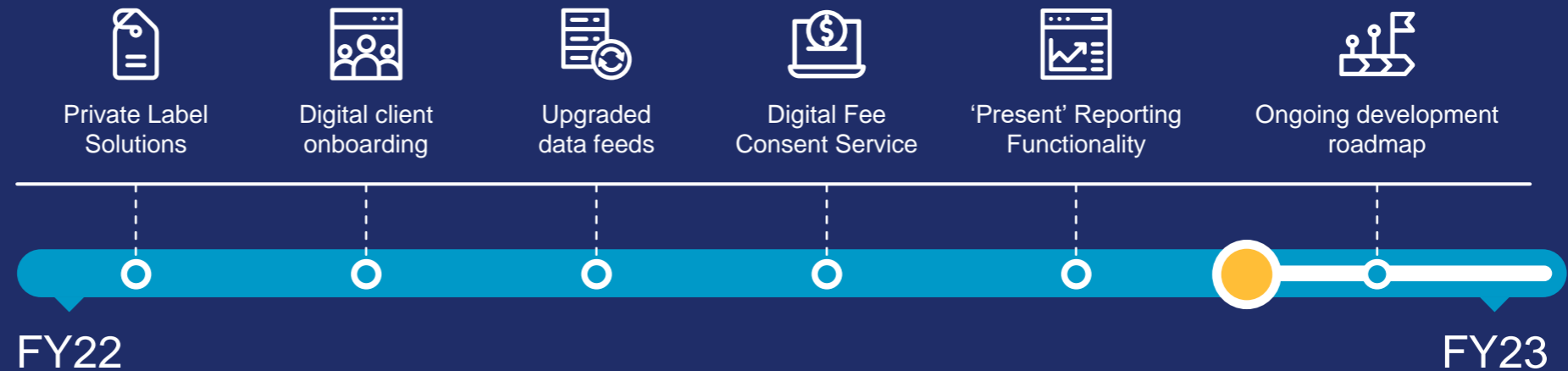
Investment Trends  
Platform excellence awards<sup>1</sup>

- Best in Product offering
- Best Platform Managed Account Functionality

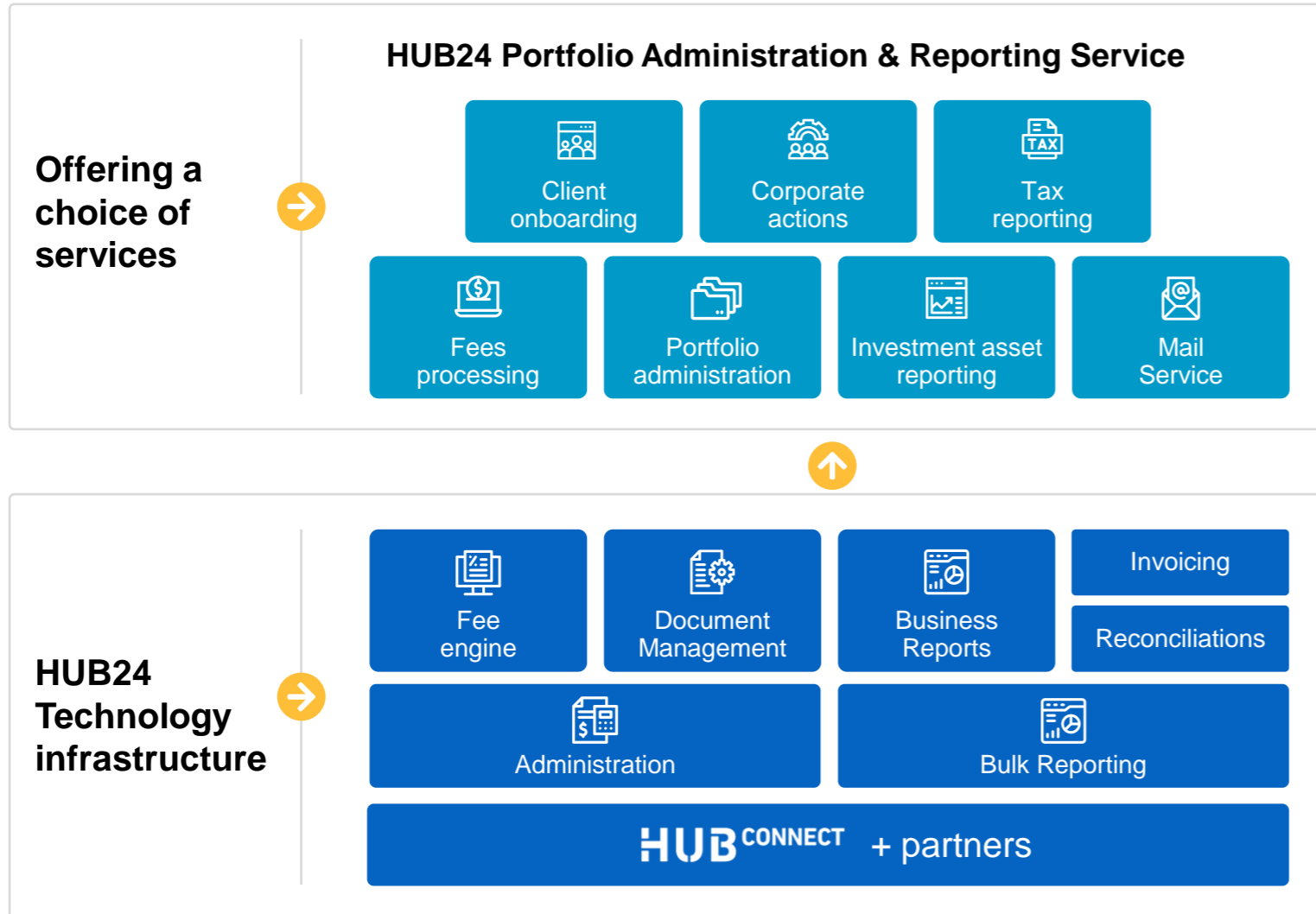
HUB24 has the highest number of best practice functionality sub-categories among platform providers<sup>1</sup>



Recent developments:



# Non-custody service (PARS)



HUB24 has a \$17bn share (8,020 accounts) of the estimated \$149bn PARS market<sup>1</sup>



Foundations of HUB24 non custody service in place and servicing existing clients



Continue to enhance the service and scale to grow market share

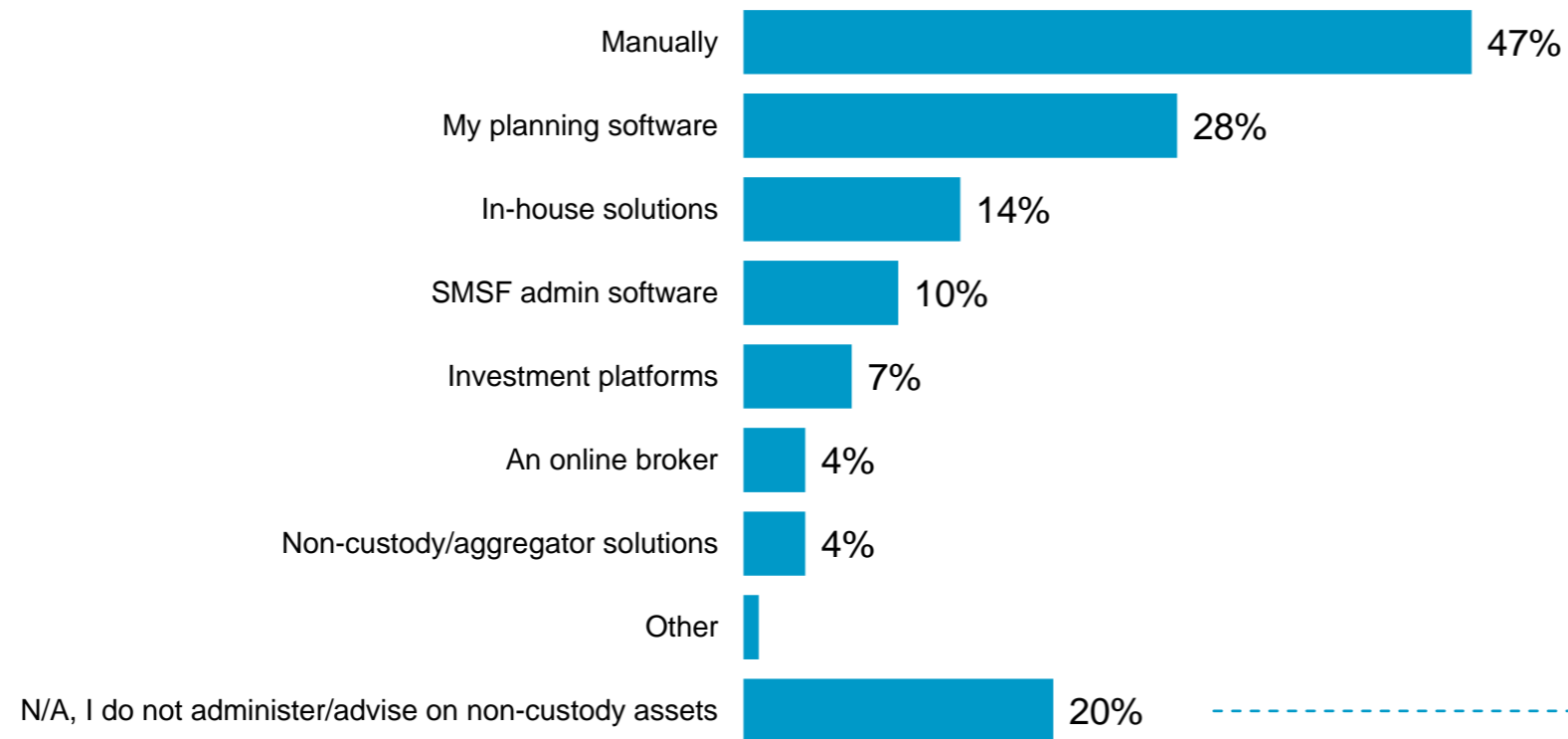


A key building block for the platform of the future

# Non-custody opportunity

80% of advisers dealing with non-custody, with half administering manually

Current system used to administer and report on non-custodial assets<sup>1</sup>



Half of advisers doing it manually



80% of advisers dealing with non custody assets

# Building our platform of the future capability

**HUB<sup>24</sup>**

**PLATFORM**   **PARS**

Custodial administration   Non-custodial administration



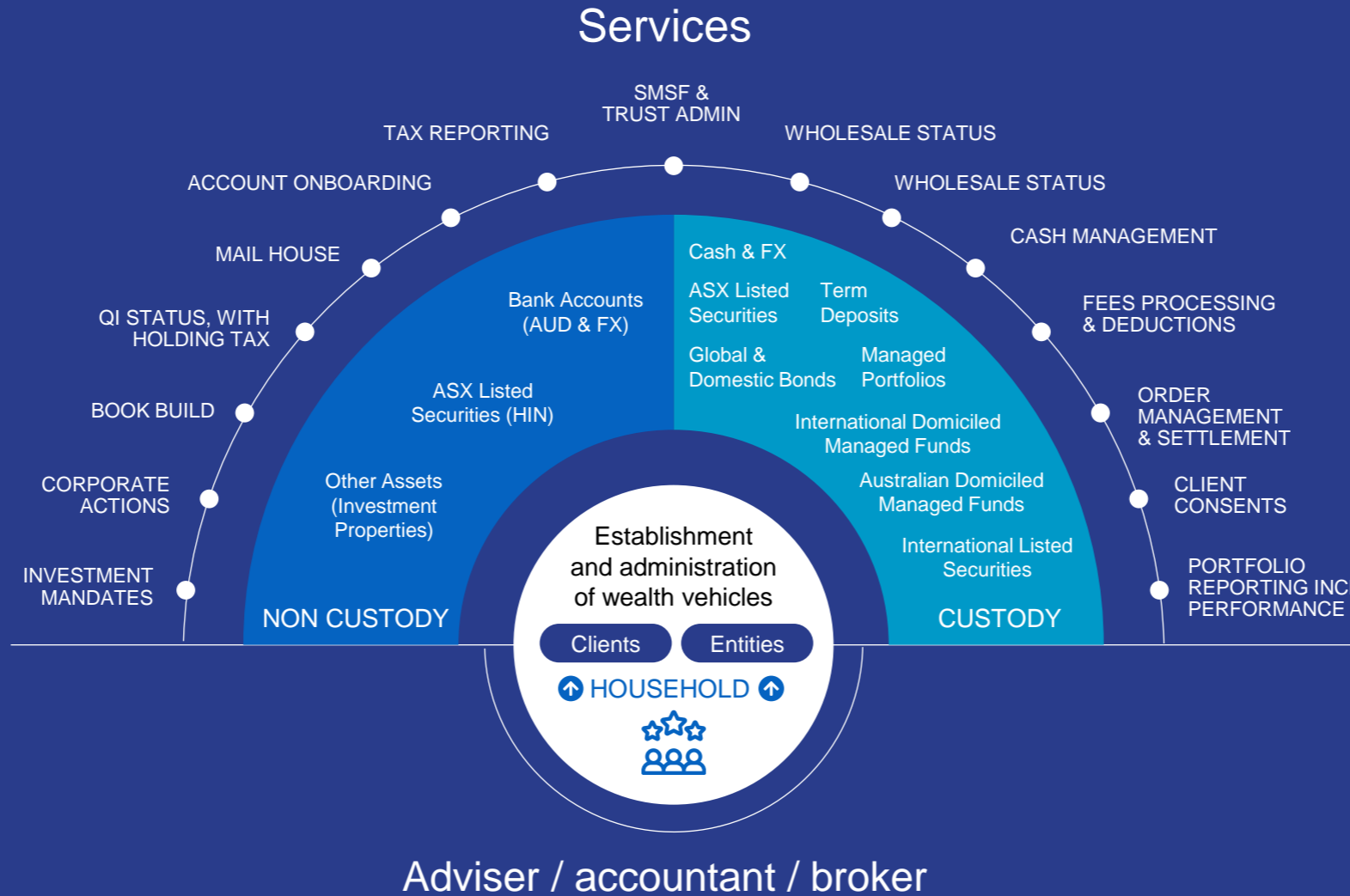
**CLASS**   **NowInfinity**  
A CLASS TECHNOLOGY COMPANY

- SMSF & Trust Admin Software
- Document Establishment & Corporate Compliance



**HUB CONNECT**

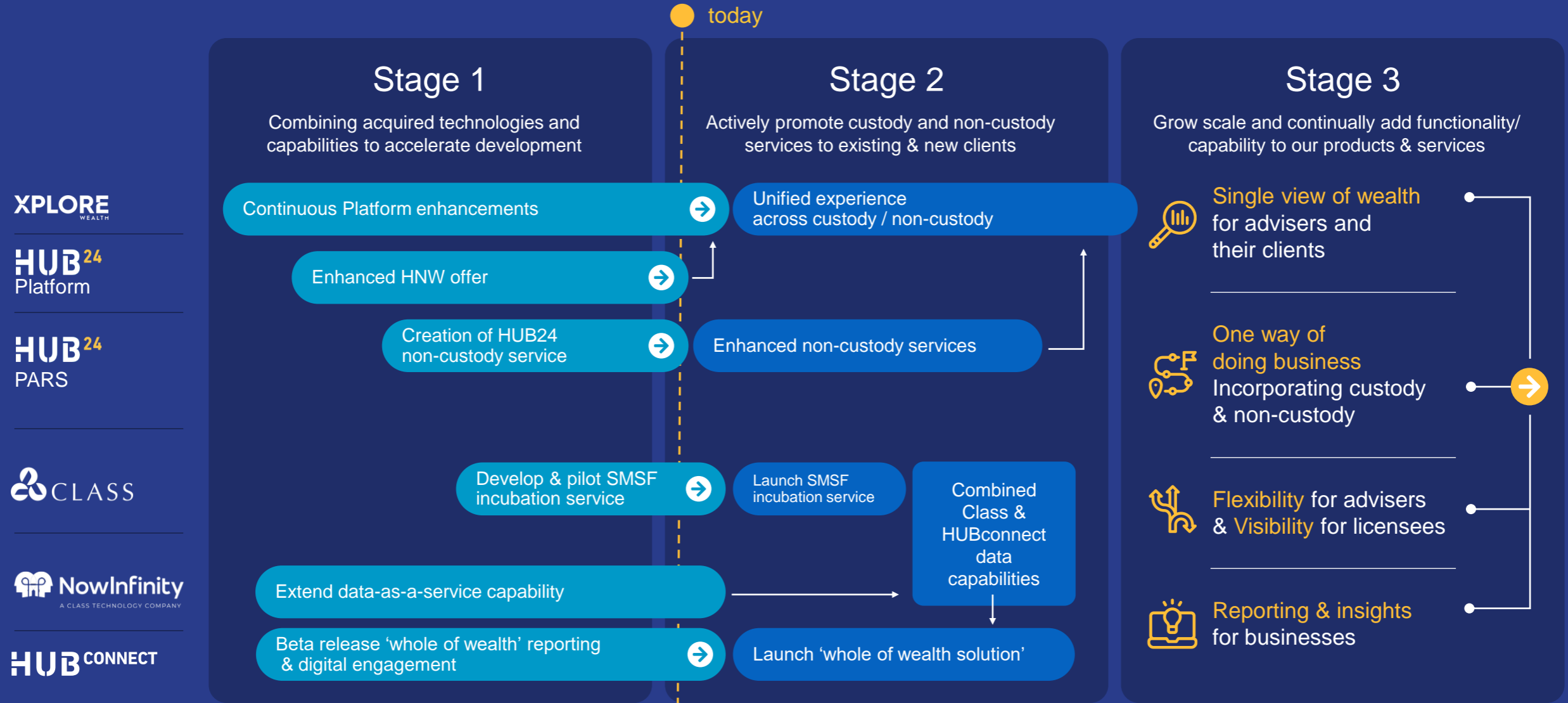
- Whole of Wealth reporting
- Digital engagement
- Data aggregation and enrichment



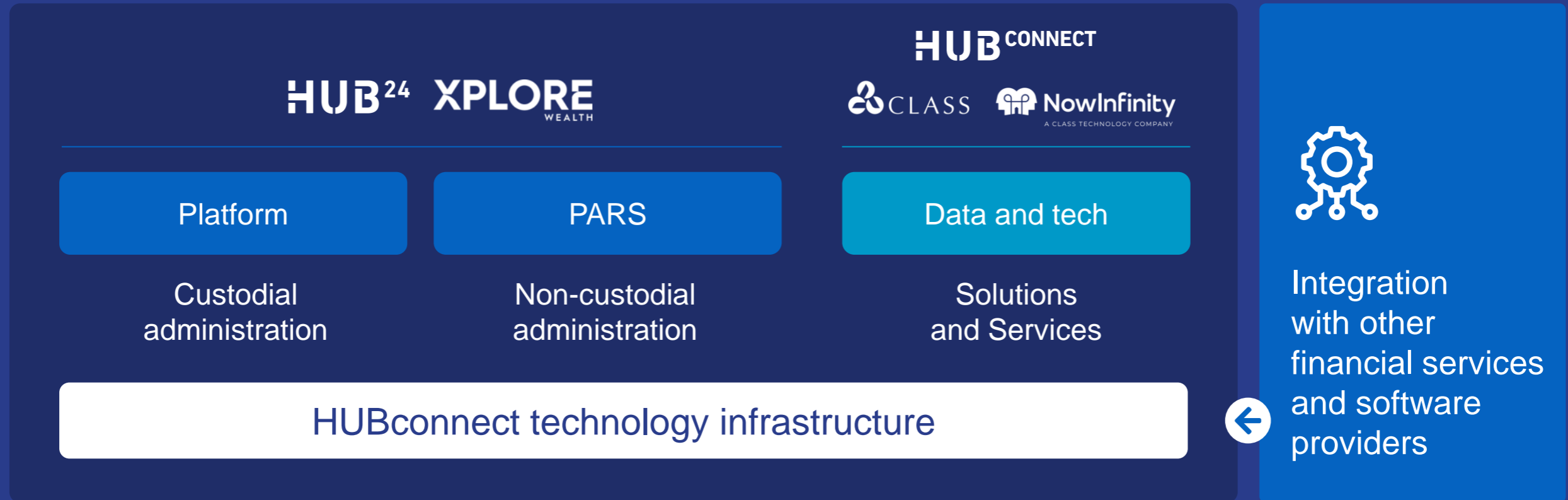
- Single view of wealth** for advisers and their clients
- One way of doing business** Incorporating custody & non-custody
- Flexibility** for advisers & **Visibility** for licensees
- Reporting & insights** for businesses



# Pathway towards platform of the future

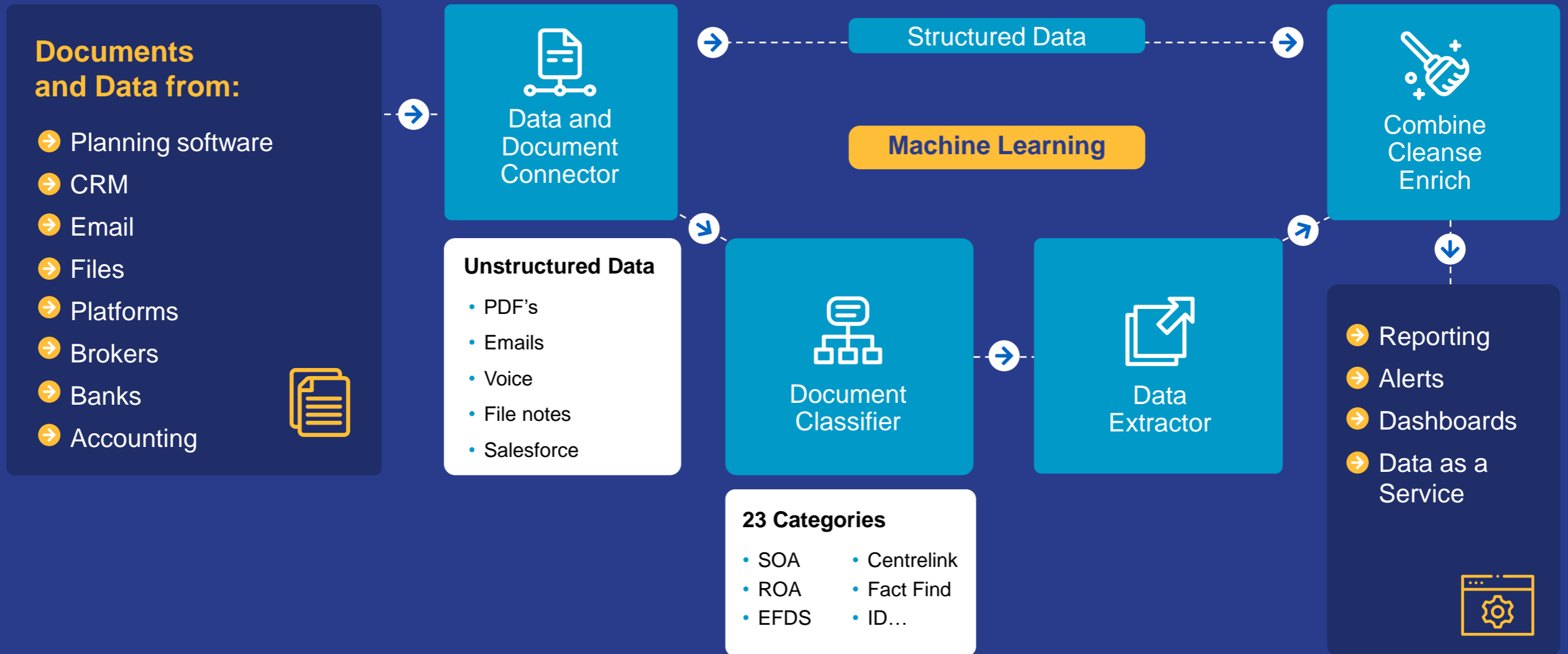


# Underpinned by HUBconnect data infrastructure



We are seamlessly integrating our technologies and capabilities to provide a whole of wealth solution to financial professionals and their clients

# Data first – building the foundations



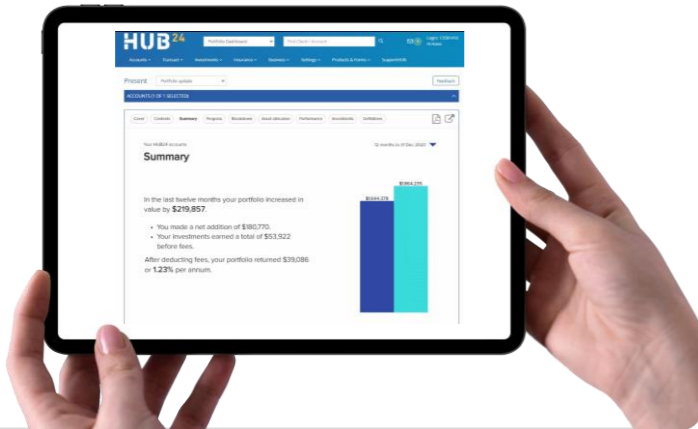
# HUBconnect powering a range of services & solutions

## Collaborating to deliver innovative solutions that solve common challenges in advice delivery

### “Real-time” whole of wealth client reporting

Leading with “Present” reporting technology to develop tools for advisers that increase end-client engagement & retention

- ➔ Interactive client reporting/visuals
- ➔ Used live in client meetings or export to PDF



### Licensee compliance & practice management

Leveraging machine learning and AI to provide comprehensive data, dashboards & insights for licensees

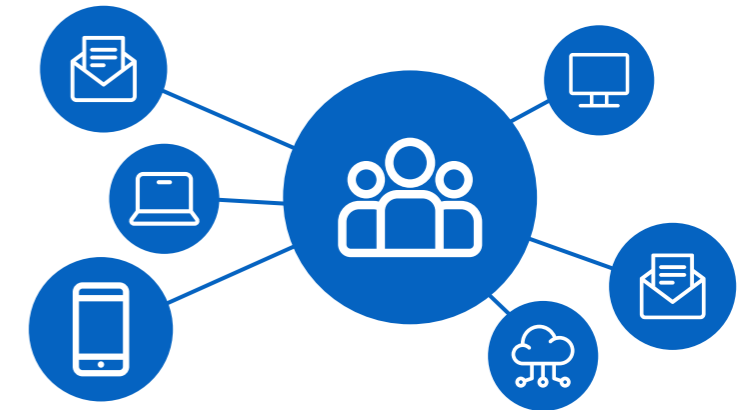
- ➔ Enabling proactive compliance and reducing the cost of advice



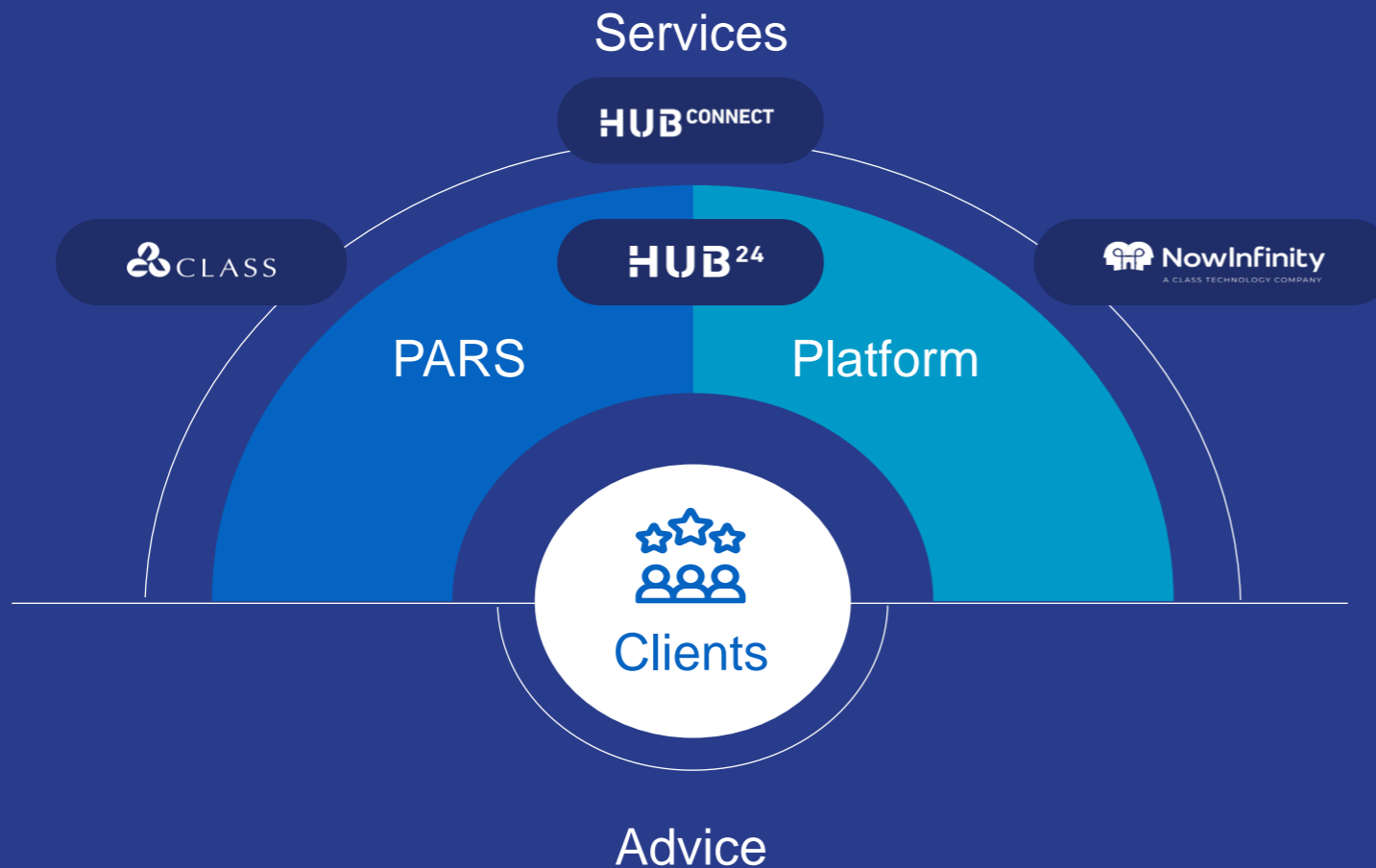
### Data-as-a-Service

Leveraging our broad range of data integration points and data cleansing capabilities to provide access to holistic wealth data

- ➔ Putting advisers in control of their technology infrastructure
- ➔ Becoming the provider of quality, enriched data for Fintechs



# Platform of the future - delivering to customer needs



**Single view of wealth**  
for advisers and their clients



**One way of doing business**  
Incorporating custody &  
non custody



**Flexibility** for advisers &  
**Visibility** for licensees



**Reporting & insights**  
for businesses



# Financial Reporting Outlook

**Kitrina Shanahan**  
Chief Financial Officer

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# Strong financial management

## Capital management

Strong operating cashflows

Excess cash held significantly above regulatory requirements

Leveraging acquisitions to grow returns and scale

## Environmental, Social & Governance

Continuing to build a sustainable future for customers, shareholders, employees and the broader community

1<sup>st</sup> edition ESG report to be included in the 30 June 2022 reporting suite

## Reporting segments

Technology Solutions will include Class and the following metrics in the Analyst and Investor Pack.



# Financial drivers



**Earnings drivers\*** (as at 31 March 2022)

Advisers	3,432
Platform net flows	\$9.3bn
Platform revenue margin <sup>2</sup>	32bps
PARS No. of accounts	8,020
Class No. of accounts <sup>3</sup>	196,298
Document orders (rolling 12 months) <sup>4</sup>	164,212
Companies on Corporate Messenger <sup>5</sup>	567,518

**Strong momentum is expected to see all earnings drivers continue to improve**



## Q4 net flows update

Q4 FY22 net flows expected to be in-line with Q4 FY21 excluding large transitions



## Interest rate impacts

- HUB24 disclosed cash fee up to 1.75%
- Due to flexible pricing arrangements, the average cash fee on the HUB24 platform (excluding Xplore) is slightly below this cap following the June 2022 RBA rate increase
- HUB24's deposit agreement with ANZ expires 1 Dec 22. Negotiations ongoing with several providers for a new agreement



## M&A in-line with targets

- Xplore integration progressing and on track for \$10m synergies (incorporating both expense and revenue synergies) by FY24 and 13% EPS growth FY22
- Class 8% EPS growth FY23





# Closing remarks

**Andrew Alcock**

Managing Director / CEO



# Well-positioned to deliver sustainable long term growth

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Market leadership  
in our core  
propositions



Strong leadership  
team with the right  
structure & culture  
to achieve growth



Continued investment  
to develop platform of  
the future & enable  
industry growth



Leveraging core  
products &  
capabilities into new  
market segments



Customer-centric  
innovative product &  
service solutions that  
deliver value



Continuing strong  
growth in financial  
results



Innovative technology  
enabled solutions  
that enhance client  
experiences



Coherent strategy  
driving competitive  
advantage



# Questions?



# Disclaimer

## SUMMARY INFORMATION

The material herein is a presentation of general background information about HUB24 Limited's ('HUB') activities current as at date of presentation. This information given in summary form does not purport to be complete and should be read in conjunction with previous ASX filings, Half Year Report and the audited Annual Report as applicable. Any arithmetic inconsistencies are due to rounding.

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This presentation is not a prospectus or a product disclosure statement under the Corporations Act 2001 (Cth) and has not been lodged with ASIC. The information provided in this presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

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An investment in HUB shares is subject to investment and other known and unknown risks, some of which are beyond the control of HUB. HUB does not guarantee any particular rate of return or the performance of HUB nor does it guarantee the repayment of capital from HUB or any particular tax treatment.

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This presentation contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of HUB24, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You should not place reliance on forward-looking statements and neither HUB nor any of its directors, employees, consultants, contractors, advisers or agents assume any obligation to update such information.

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