

ASX Release: 19 July 2018

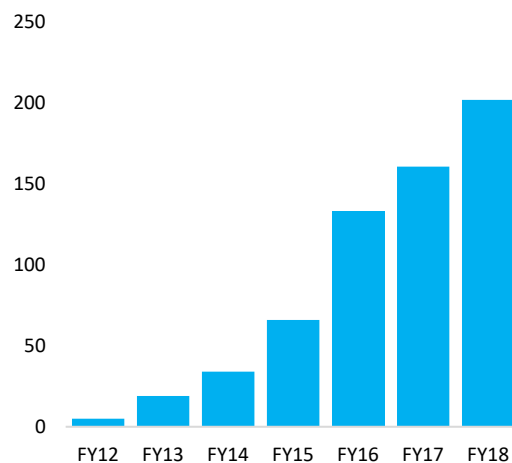
## HUB24 records annual net inflows of \$2.4b

### Quarterly update

- Record net inflows for FY18 of \$2.4b, an increase of 24.1% on pcp
- June Quarter net inflows<sup>1</sup> of \$739m, the 2<sup>nd</sup> highest quarter on record, with gross inflows of \$1.0b
- Funds under Administration (FUA) of \$8.3b at 30 June 2018 (up 51.2% on June 2017)
- 22 new licensees signed distribution agreements during the quarter representing significant growth opportunities, including Fitzpatricks Private Wealth with initial flows already received
- HUB24 ranked 1st in terms of adviser primary platform advocacy and 3<sup>rd</sup> for overall adviser platform satisfaction in the Investment Trends May 2018 Planner Technology Report
- HUB24 ranked 2<sup>nd</sup> in terms of adviser investment platform satisfaction in the Adviser Ratings 2018 Australian Financial Advice Landscape report
- Development has commenced to facilitate the FUA transition of Fitzpatricks MDA which is on track to occur late calendar 2018
- A new HUB24 core offering will be launched during the next month to secure clients with lower average balances seeking simpler, lower cost solutions

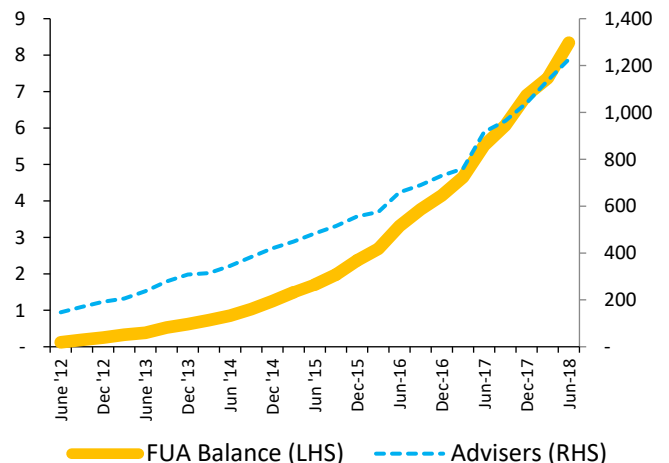
### Continuing growth in FUA and net inflows

**Average monthly net inflows**  
\$ millions



**FUA & advisers**  
\$ Billions

#advisers



Net inflows for Q4 are the 2<sup>nd</sup> highest on record being only behind Q4 FY17 (which benefited from regulatory superannuation changes). Average monthly net inflows for FY18 are \$202m compared to \$161m for FY17.

HUB24's retail products received 69% of net inflows with white label versions of the platform receiving the remaining 31%. Net inflows were diversified across both new and existing advisers and were equally split between IDPS and Super accounts.

<sup>1</sup> Net inflows represent gross inflows less outflows and do not include market movement

According to the latest available market share data, HUB24 achieved 4<sup>th</sup> place with 12.3% of annual net inflows across the industry at 31 March 2018. This market share of net inflows rose to 23.7% for the March quarter and the company’s overall platform market share of FUA has grown from 0.8% as at 31 December 2017 to 0.9% at 31 March 2018<sup>2</sup>. These market share increases illustrate the ongoing shift in wealth management towards market leading and innovative platform solutions and away from large institutional platforms.

During the quarter, 91 new advisers were introduced to the platform across all licensees while 22 distribution agreements were signed with new licensees including Fitzpatrick’s Private Wealth.

Our continued investment in client led platform development and our distribution team has proven to be timely given industry events. Outcomes from the Banking and Financial Services Royal Commission are likely to accelerate the existing shift away from large institutional platforms to newer market leading platforms as advisers seek to meet the best interests of their clients. As a result, HUB24 is already working with a number of institutionally aligned advisers to provide an alternative platform solution.

In addition, three out of the four major banks in Australia have announced plans to exit wealth management in various forms, and both BT and Macquarie Bank have announced the cessation of grandfathered commissions for their internal adviser channels. We anticipate these changes will accelerate the transition of FUA away from traditional vertically integrated platforms for which HUB24 is ideally positioned. Market conditions are favourable for HUB24’s ongoing growth and we will continue to invest in distribution, operational and technology capabilities to take advantage of this structural change and the unique opportunity that it presents.

Platform statistics	JUN '17	SEPT '17	DEC '17	MAR '18	JUN '18	Growth**
<b>FUA</b>	\$5,515m	\$6,074m	\$6,899m	\$7,363m	\$8,341m	51.2%
<b>FLOWS</b>						
<b>Net Fund Inflows (Qtr)</b>	\$841m	\$535m	\$554m	\$595m	\$739m	(12.1%)*
<b>Gross inflows (Qtr)</b>	\$1,090m	\$733m	\$771m	\$820m	\$1,019m	(6.5%)*
<b>Number of Advisers</b>	917	964	1040	1136	1227	33.8%

\*Q4 FY17 flows benefited from one-off regulatory superannuation changes.

Statistics are for each quarter, have been rounded and are not audited. Inflows do not include market movement.

\*\* Growth is the percentage increase on prior year corresponding quarter.

### **Business update**

Subsequent to the June announcement of an agreement with Fitzpatrick’s Private Wealth, HUB24 is on track to deliver a tailored version of the platform for this group’s advisers and clients by the end of July. The transition of more than \$700m of FUA currently held in their MDA service is on track for delivery by the end of 2018. Separately to this transition, a number of Fitzpatrick Private Wealth advisers have already commenced using HUB24’s branded products whilst the tailored platform is in development.

<sup>2</sup> Source: Strategic Insights (Plan For Life). Analysis of Wrap, Platform and Master Trust Managed Funds at March 2018. HUB24 is the fastest growing wrap platform relative to its size in percentage terms, 4th fastest in terms of dollar based net inflows.

ConnectHUB, the joint development initiative between HUB24 and Agility Applications, continues in pilot phase with a further release planned for Q2 FY19. The ConnectHUB development has been instrumental in winning significant new clients, including Fitzpatrick's Private Wealth due to our investment in historical performance reporting and automated client onboarding capabilities.

Within the next month we will launch the HUB24 core offering within our IDPS and Super products, which will provide an entry point for clients with lower than average account balances, or those seeking a simpler solution. This new offer will provide access to a limited investment menu, typically a range of diversified managed portfolios from 3<sup>rd</sup> party providers, often at a lower administration fee than the more comprehensive platform. There has been significant interest in this type of offer which is expected to increase the attractiveness of HUB24 as the primary platform of choice for advisers. Our enhanced products will now have broader appeal across a greater proportion of a typical adviser's client base and the core offer will be quickly rolled out to several existing licensees.

Advisers who choose HUB24 as their primary platform are strong advocates. In the Investment Trends May 2018 Planner Technology report more of our primary platform users than any other platform selected HUB24 as the best platform in the market. HUB24 also ranked in the top 3 for 13 of the categories surveyed and took out the number one spot for business development manager service, tax optimisation tools and the range of investments available. These results are testimony to HUB24's ability to balance its investment across platform development, customer experience and sales and support functions whilst continuing to be the fastest growing investment and superannuation wrap platform in the market relative to its size.

### Leadership changes at Paragem

Nathan Jacobsen, the recently appointed Managing Director of Paragem will commence with the company in September. Mr. Jacobsen was previously General Manager at Perpetual Private, where he was responsible for developing new market segments in Perpetual's high net worth advice and trustee business.

HUB24 is looking forward to the ongoing growth of Paragem and is pleased to have Ian Knox remain involved in the business as Chairman of Paragem to assist with this growth.

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### **About HUB24**

The Australian Stock Exchange-listed HUB24 (ASX: HUB) connects advisers and their clients through innovative solutions that create opportunities. The business is focussed on the delivery of the HUB24 platform and the growth of its wholly owned subsidiaries Paragem, a financial advice licensee, and Agility Applications which provides data, reporting and software services to Australian stockbroking and wealth management market. HUB24's award-winning investment and superannuation platform offers broad product choice and an innovative experience for advisers and investors. Its flexible technology allows advisers and licensees to customise their platform solution to fit their individual business so they can move faster and smarter. It serves a growing number of respected and high profile financial services companies.

For further information, please visit: [www.HUB24.com.au](http://www.HUB24.com.au)