

ASX Release: 22<sup>nd</sup> April 2020

## HUB24 March Quarter Update

### March Quarter FY20 Highlights

- Quarter Net Inflows<sup>1</sup> of \$1.4 billion (up 72% on pcp ), with Gross Inflows of \$1.8 billion.
- Funds Under Administration (FUA) of \$15.1 billion at 31 March 2020 (up 32% on pcp).
- Best Platform Managed Accounts Functionality 4th year running<sup>3</sup>
- Equal 1<sup>st</sup> place for Wealth Insights Platform Service Ranking Overall Satisfaction with the highest percentage of top ratings across all categories<sup>5</sup>.
- Launch & rollout of ClearView Wealth Limited whitelabel IDPS and Super offers
- The business continues to operate effectively under our Business Continuity Plan in response to the COVID-19 pandemic. Advisers and clients are able to transact as usual without interruption.

### Net Inflows and Growth in FUA

HUB24 continued to experience strong net inflows in the March quarter of \$1.4 billion. FY20 average monthly Net Inflows of \$429 million (FY19 average monthly Net Inflows were \$324 million and were \$264 million excluding the large transition in December 2018)<sup>1</sup>. FUA for the quarter decreased by \$2.1bn to \$15.1bn, down 13.1% since 31 December 2019 as a result of negative market movement. FUA on the HUB24 platform is not fully correlated to movements in equity markets which had dropped by 24.3% (ASX300) over the March Quarter. In the period since March 31 the ASX300 has risen 3%<sup>4</sup>.

Net inflows for the March quarter have been driven by strong support from large national licensee and broker channels, as well as new business from boutiques and self-licensed advisers. The transition pipeline remains strong, with transitions from incumbent platforms and brokers continuing during the quarter.

As per our ASX market update on 3<sup>rd</sup> April 2020, whilst net inflows have continued since the end of the quarter and our new business pipeline remains strong, many advisers are focussed on supporting existing clients and adapting business models for the current environment, as such we expect net inflows to soften in the June quarter. As the COVID-19 pandemic continues to impact the market it is difficult to anticipate outcomes as all stakeholders respond to the challenging conditions.

FUA movements affect our revenue and the market movement impact experienced to date is expected to negatively impact administration fees and therefore earnings for FY20. Revenue will also be negatively impacted by the reduction in the official cash rate by the RBA announced on 17 March 2020. However, increasing transactional revenue, changes in portfolio asset composition, and the effect of tiered administration fees each act to soften this revenue and earnings impact.

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

<sup>2</sup> Strategic Insights Master Funds Platforms and Wraps March 2020

<sup>3</sup> Investment Trends Competitive Analysis and Benchmarking Report December 2019

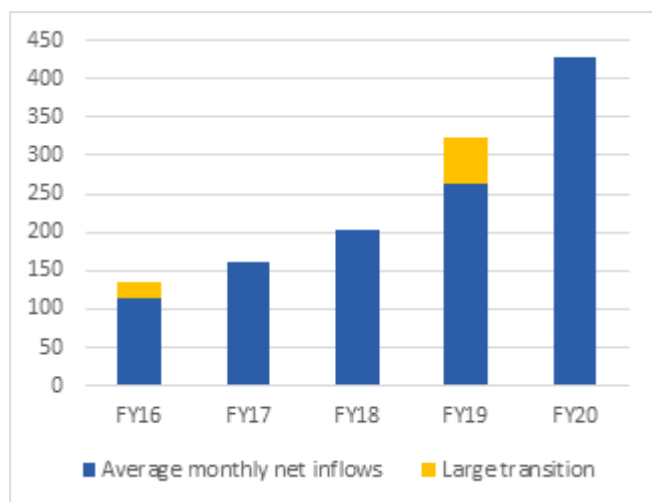
<sup>4</sup> As at 21<sup>st</sup> April 2020

<sup>5</sup> Wealth Insights Annual Service Level Report 2020

According to the latest available Strategic Insights data for the Australian platform market HUB24 has continued to maintain 2<sup>nd</sup> place ranking for both quarterly and annual net inflows. Market share has increased from 1.3% to 1.75% from last quarter?

### Average Monthly Net Inflows

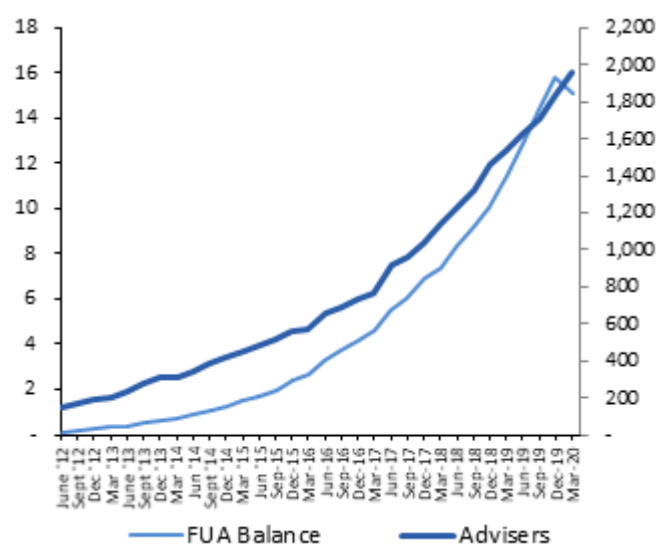
\$ millions



### FUA & Advisers

\$ Billions

#advisers



During the quarter, 115 new advisers began using the HUB24 platform and 27 new licensee agreements were signed.

Platform Statistics	MAR'19	JUN'19	SEP'19	DEC'19	MAR'20	Growth on pcp
<b>FUA</b>	\$11,475m	\$12,870m	\$14,383m	\$15,837m	\$15,104m	31.6%
<b>Flows*</b>						
<b>Net Inflows</b>	\$793m	\$979m	\$1,238m	\$1,259m	\$1,363m	71.7%
<b>Gross Inflows</b>	\$1,156m	\$1,475m	\$1,673m	\$1,668m	\$1,826m	57.9%
<b>Advisers</b>						
<b>Number of Advisers</b>	1,534	1,625	1,705	1,841	1,956	27.5%

Statistics are for each quarter, have been rounded and are not audited.

\* Inflows exclude market movements.

## Business Update

HUB24's continued focus on customer service, product choice and delivering innovative solutions for our customers has resulted in us being awarded equal first out of 15 platforms in the Wealth Insights Platform Service Satisfaction survey. Additionally, we were ranked first in terms of IT/Web Functionality<sup>5</sup>. Once again HUB24 has been recognised as the industry leader in the managed portfolio space, taking out the Investment Trends Best Platform Managed Accounts solution for the fourth year running, as well as the awards for Product Offering and Integration<sup>3</sup>.

In the March quarter there were 26 new managed portfolios added to our menu which were a combination of equities and diversified asset classes along with the new Milliman SmartShield Portfolio range which can provide protection to investors during periods of market volatility and are currently exclusive to HUB24. Additionally, 7 new international ETF's were added bringing to total now available to 87.

Strategic initiatives are progressing well, this quarter with the launch of ClearView Wealth Limited's new whitelabel IDPS and Super products. The HUB24 team are now working with the product and practice development teams at ClearView to roll out the new solutions and provide training and support for advisers within their network. Progress is continuing on planning the FUA transition from ClearView WealthSolutions wrap platform. Additionally, the latest version of HUBconnect has been rolled out to pilot users and features an upgraded user interface and navigation, enhanced reporting capabilities and additional data feeds.

Paragem signed two new practices during the quarter bringing the total new practices added during the year to 13.

As per our recent market update on business operations with regards to the COVID-19 pandemic, HUB24's Business Continuity Plan has been activated and teams are working remotely to support and service our clients. Advisers are adapting to challenging conditions and predominantly focussed on supporting current clients, whilst some advisers are also actively writing new business.

Our team remain focussed on supporting advisers and are actively helping them to leverage the capability of the platform to help their clients, for example utilising the platform's tax efficiency tools to manage CGT and transaction cost implications when rebalancing portfolios. Additionally, to help advisers' onboard clients more efficiently on the platform, clients can now complete and sign application forms digitally.

The government has announced new legislation to help Australians manage the impact of the pandemic, HUB24 is communicating regularly with advisers to keep them up to date with announcements and is aligning processes accordingly to effectively manage any changes that need to be made to client accounts, for example the ability for advisers to adjust their clients' pension drawdown amounts.

Andrew Alcock, Managing Director commented "Financial advice is more important than ever. HUB24 is in a strong position and we have mobilised rapidly to continue to deliver for our customers without interruption. The smart features and flexibility of our platform solution is enabling advisers and their clients to adapt quickly to the current conditions."



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**About HUB24**

The Australian Securities Exchange-listed HUB24 Ltd ABN 87 124 891 685 (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 Pty Ltd, a financial advice licensee, and Agility Applications Pty Ltd and HUBconnect Pty Ltd which provide data, reporting and software services to Australian stockbroking and wealth management market. HUB24's award-winning investment and superannuation platform provides 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.

This release is not financial product advice. Past performance is not indicative of future performance and any forward- looking statements in this release are not representations or guarantees as to future performance.

This announcement was authorised for release to the market by the HUB24 Limited Disclosure Committee/Board.

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