

ASX Release: 27 November 2014

Chairman's Address HUB24 Annual General Meeting

Dear Shareholders,

Your company, HUB24 is making significant progress toward becoming the leading independent investment and superannuation platform within the Australian market.

The last financial year was a significant period for the Company with rapid growth and consolidation of the business to focus on the HUB24 platform as well as continued investment in HUB24 platform improvements, which have resulted in very strong growth momentum. This momentum has continued into the new financial year with Funds Under Administration (FUA) growth in the past quarter of 21%.

The operations and technology of our systems are proving to be highly scalable and this is demonstrated by an increase in our revenues of 161%, while our direct operating expenses increased by only 33%. Our maiden gross profit was achieved in March 2014 and the last two quarters we recorded a positive gross profit.

We continue to invest in the capability and technology of our core business, the HUB24 investment and superannuation platform, to remain at the forefront of the market and to ensure that our business continues to prove highly scalable with the increasing momentum of growth in funds administered using the platform.

In September we completed the acquisition of Paragem Pty Ltd a leading boutique dealer group, who license 20 financial advisory practices across Australia that advise on more than \$2.5 billion of client funds. HUB24 and Paragem are highly complementary with minimal overlap and share a common goal to create strong financial advice practices and a platform group not aligned to product manufacturers.

Both HUB24 and Paragem will retain their existing brands and will continue to operate independently. Paragem will retain its open architecture approach to approved products and platforms. HUB24 will support the growth and business of Paragem licensed advisers and their clients while continuing to focus on our core business providing white labels and our own retail products to financial planning groups, accountants and stockbrokers. The Paragem business is performing to our expectations year to date.

CORPORATE

During the year important changes in the executive team were made with the appointment of our CEO Andrew Alcock in July 2013 and Jason Entwistle, previously Acting CEO, was appointed Director, Strategic Developments. Andrew was promoted to Managing Director in August 2014.

Shareholders approved the change of company name to HUB24 Limited to align our name with our business and last November we relocated the office to the ASX building in Bridge St Sydney and in the process improved our security within our building while reducing our tenancy expenses.

Shareholders have continued to be supportive of the company with the capital raising completed in December 2013 raising \$10.6 million. As at 30 June 2014 we had \$13.8 million in cash and cash equivalents, our net tangible assets were \$19.5 million representing 28 cents per share.

FINANCIAL PERFORMANCE

Revenue increased to \$3.2 million for the financial year, an increase of 161% over the prior corresponding period (PCP) driven by an increase in Funds Under Administration. Revenue during the year averaged 52 basis points of FUA up from 48 basis point over the prior year driven by increasing transaction activity across direct assets, managed funds and insurance.

Direct platform costs increased by 33.3% based on increased transaction volumes from platform trading and insurance. Our Managing Director in his presentation to the AGM will provide further detail on financial results and the scale benefits based on our growing FUA and revenues.

GROWTH

The company has succeeded in further commercialising the HUB24 platform with FUA as at 30 June 2014 reaching \$854 million, representing an increase of 122% since 30 June 2013 and servicing over 345 financial advisers. Monthly average net inflows by financial years are FY12, \$5.4m FY13, \$19.0m FY14, \$32.8m and in the last quarter we averaged \$57m, an impressive growth trend.

During the financial year HUB24 increased the number of client accounts administered per adviser by 58.1% and number of advisers using the platform has increased by 46.2%. The most telling statistic is that FUA per adviser increased by 71% in FY14. These metrics indicate increasing engagement by both current and new advisers.

OPERATIONS

HUB24 offers an open architecture model whereby it is able to offer a diverse range of investment products. HUB24 currently offers the most extensive range of managed portfolios within a full service wrap in the Australian market today.

During the financial year HUB24 reviewed platform administration fees to improve competitive market positioning, attract higher client balances and increase transaction fees, all of which lead to improved margins with increasing scale. These improvements have already begun to emerge in the past quarter.

HUB24 has also undertaken substantial effort to incorporate the introduction of significant new regulatory requirements during the financial year including Stronger Super, RG148 for Investor Directed Portfolio Services (IDPS), Future of Financial Advice (FOFA) and the implementation of short form Product Disclosure Statements (PDS). We have also confirmed regulatory NTA requirements for the company at 0.5% of IDPS assets from 1 July 2014, capped at \$5m. The implementation of these requirements, while delivering significant FUA growth, is testament to the quality and dedication of the HUB24 team.

Platform developments during the financial year have focussed upon specific client requests and projects to ensure operational scalability by improving administration staff to FUA ratios. We have also completed the development of new capabilities of the HUB24 platform and these include; external broker trading functionality, non-custody reporting service, new tax reporting capability and new online self service capabilities for advisers and investors.

Today we are announcing that we are well underway in the development and releases of; international equities and foreign currency options within Managed Portfolios, new mobile device friendly user interface compatible with all mobile device types and sizes and additional insurers & term deposit providers.

Significant investment was made in FY12 for HUB24's superannuation and insurance development products for which the company received a Research and Development incentive from the ATO of \$1.1m. Superannuation client accounts are now more than half of all client accounts on the platform and greater than \$500m in FUA.

CORPORATE GOVERNANCE

The Board of HUB24 is committed to achieving and demonstrating standards of corporate governance that are best practice and compliant with the Australian Stock Exchange (ASX) regulations of good corporate governance. We achieve this through the management team of our company and by supervising an integrated framework of controls over the company's resources to ensure our commitment to high standards of ethical behaviour. Our remuneration practices are designed around best practice in our market sector and taking account of the company's specific business objectives.

OUTLOOK

Our strategy is to position HUB24 as the independent platform of choice for financial advisers, stockbrokers and accountants while building a profitable scalable business.

Our business sector offers exciting growth prospects with the personal investments market estimated at \$2,275bn plus superannuation assets of \$1,616bn both of which are expected to grow at over 7% p.a. over the next 15 years. Wrap platforms are expected to be one of the fastest growing segments with market share growing from 2.0% to 7.5% over the next 14 years. Progressive rises in employer superannuation contributions (SG) to 12% offer further opportunity for increasing net flows to platforms such as HUB24.

We see an outstanding opportunity for HUB24 where high quality, independent platform solutions are rare and increasingly sought after. A competitive advantage in not being aligned with product manufacturers is that we are not constrained in the products we offer, thereby providing a wider selection of investment options to advisers and their clients.

When we consider that the FUA on the HUB24 platform was only \$384 million in June 2013 and today stands in excess of \$1.15 billion, it validates our expectations to deliver quality HUB24 platform services and continue our rapid growth plans through the coming years.



On behalf of the Directors, I wish to complement our management team and all employees for their commitment and customer service focus during the year. I also thank our customers and shareholders for their continuing support for HUB24.

Bruce Higgins
Chairman
27th November 2014