

Chairman's Address

HUB24 Annual General Meeting

On behalf of the Directors I am pleased to welcome shareholders to the Annual General Meeting of HUB24.

I am pleased to report that in the financial year to 30 June 2017, HUB24 achieved positive annual Net Profit After Tax (NPAT), Earnings Before Interest and Tax (EBITDA) and operating cash flows for the first time as well as attaining record gross and net inflows in Funds Under Administration (FUA). Our NPAT was \$18.9million after recognising the remaining unused prior period tax losses and R&D offsets as a deferred tax asset. More importantly our underlying NPAT for the business was \$3.9million.

We have continued our strong growth trajectory into the new financial year and achieved many significant milestones since the last Annual General Meeting demonstrated by;

- Reaching \$5.5 billion in FUA which is an increase of \$2.2 billion during FY17 and now at \$6.6 billion;
- Compound growth in FUA of 95% and revenue growth of 105% over the past 4 years.
- Winner of six major industry awards including first place for adviser satisfaction¹.
- Furthering our growth strategy via the acquisition of Agility Applications.
- Positive cash flow and profitability.
- Continued innovation in product development.

HUB24 operates in the fastest growing segment of the personal investments market where wrap platforms, including managed portfolios are expected to increase fourfold

¹ Equal first from Investment Trends 2017 Planner Technology Report for platform satisfaction.

over the next 15 years². The anticipated growth in managed portfolios is now materialising as adviser adoption transforms their business performance and customer value proposition. Your company is at the forefront of this market and we have launched 83 new managed portfolios from 24 portfolio managers during the year and has been recognised as having the best platform managed portfolio functionality³ in the market.

We continue to have a strong focus on innovation, product development and outstanding service delivery which has been widely recognised. We are now ranked first for overall platform satisfaction having achieved the top position in 16 of the possible 24 categories as researched by Investment Trends.

Across Australia an increasing number of advisers are choosing to become self-licensed or join more flexible dealer groups as they move away from institutionally owned licensing models. Our subsidiary Paragem has recruited an additional five of these advice practices during 2HFY17 and our group is well positioned to capitalise on this trend with advice businesses seeking greater choice, transparency and engagement with new technology platforms.

Structural change is also occurring across traditional stockbroking and advisory firms where there is an increasing transition towards holistic wealth management and the provision of new and valuable services to their loyal client base. HUB24's strategy to target the convergence of the traditional stockbroking and financial planning sectors has been supported by the acquisition of Agility Applications on 3 January 2017.

Agility provides a financial services data hub between advice licensees, product providers and technology partners, which collectively represents over \$250 billion of client assets and drives many of the applications and reporting tools available within the Agility adviser desktop used by over 2,600 users.

Growth

² Rice Warner's Personal Investments Market Projections 2015.

³ Investment Trends 2016 Platform Competitive Analysis and Benchmarking Report – Awarded Best Platform Managed Accounts Functionality.

We are profitably growing our business and market share in an environment where the dominant incumbent participants are rethinking their wealth management business models and their industry participation. Our success is illustrated by our achievement of 9.4% of industry annual net inflows in 4Q FY17 which is a run rate of some 13 times our underlying market share of 0.72%⁴.

HUB24 continues to be the fastest growing platform in the market relative to its size and has achieved a compound annual growth rate (“CAGR”) in FUA over the past 4 years of 95%, and supported by;

- Monthly average retail net inflows continuing to rise with an average in FY16 of \$133 million, \$160 million in FY17 and \$185 million for the first four months of 2018.
- The number of advisers using the platform increasing by 39% to 917 and now approaching 1,000.
- Active licensees totalling 108, including 15 white label relationships with 3 new white labels joining the platform during FY17. To date in FY18 there has been an additional 22 licensees sign up to use the platform.
- Already in FY18 launching a new white label for Euroz as result of our combined offer with Agility and another broker client has commenced using HUB24’s retail platform in FY18.
- Our business development pipeline continuing to grow as we have emerged as a mainstream alternative to the traditional market participants.

Operations

HUB24 won three of six categories in the Investment Trends 2016 Platform Competitive Analysis and Benchmarking report⁵ and won the award for the best managed accounts functionality. HUB24 is now ranked second place in terms of overall functionality and is now positioned ahead of all traditional institutional platforms in the market.

⁴ Strategic Insights. Analysis of Wrap, Platform and Master Trust Managed Funds at June 2017.

⁵ Results from Investment Trends December 2016 Platform Competitive Analysis and Benchmarking Report based on extensive analyst reviews of 19 platforms across 526 functional points.

We also received a Gold rating from Super Ratings and were a finalist in their Rising Star awards category.

Over the past year, HUB24 launched a number of new product developments which included an industry leading account opening interface (HUB24 Account Open API) facilitating third party applications, such as financial planning software, SMSF software, robo advice channels and licensee adviser desktops. We also enhanced our international equities offering to allow advisers and their clients to invest directly in individual international shares across 15 exchanges and take advantage of global investment opportunities in addition to the 12 leading international managed portfolios now available on the platform.

Our Managing director Mr. Andrew Alcock will present further financial and operational details in his presentation after the formal business of the meeting.

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. Our goal is to ensure that we protect the rights and interests of shareholders and ensure the company is properly managed through the implementation of sound strategies and action plans. 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 report is set out in the annual report and outlines the group remuneration policies, Board performance and the senior executive remuneration policies and compensation.

Outlook

As our industry continues to shift we believe HUB24 has a great opportunity to lead change, connect customers with innovative solutions and create increasing value for our shareholders.

Our position as the market leader for managed accounts on investment platforms provides a strong opportunity for further growth and we are targeting to more than double FUA on the platform in the next three years to over \$12 billion.

We are well positioned to take advantage of market opportunities and the structural changes occurring in wealth management.

There is significant structural change occurring across wealth management in Australia with technology leaders advancing rapidly on the traditional incumbent operators. HUB24 is addressing change in the platform space by delivering leading functionality which creates value for investors and advisers. Our company is now a mainstream operator and our products are recognised as superior to the traditional participants in this market with whom we are now competing head to head and actively taking market share.

We are investing in new functionality and products to extend our already compelling leading position and are focused on providing solutions for the future, leveraging the massive shift in favour of choice, value, globalization and technological disruption. HUB24 is uniquely placed to do this given our deep experience in innovation, our market leading team and our proprietary technology.

This investment is expected to further change how advisers and their clients manage their portfolios and deliver increasing levels of funds onto the HUB24 platform.

On behalf of the Directors, we wish to thank our entire team for their commitment, contribution and customer focus during another exciting year for HUB24. We also wish to thank our customers for their ongoing support.

Bruce E. Higgins
Chairman
20 November 2017