

ASX Release: 18 April 2019

Record March quarter with \$800 million net inflows

Quarterly update – March 2019

- Quarterly net inflows¹ of \$793 million (up 33.3% on pcp) and gross inflows of \$1.2 billion (up 40.9% on pcp) – both records for a March quarter.
- Funds under Administration (FUA) of \$11.5 billion at 31 March 2019 (up 55.7% on March 2018).
- HUB24 achieved 1st place overall for December quarterly industry net flows and maintained the fastest rate of growth in the industry in percentage terms relative to its size².
- HUB24 platform achieved 1st place for both Managed Account Solution and Decision Support Tools in the Investment Trends Competitive Analysis and Benchmarking Report³.
- 19 new licensee agreements for the HUB24 platform were signed during the quarter including agreements with 2 stockbroking firms, 2 large advice licensees and a rapidly growing advice practice aggregator.

Funds Under Administration (FUA) and net inflows

Continuing our strong FUA growth trajectory we delivered our best ever March quarter with gross inflows of \$1.2 billion and net inflows of \$793 million. Momentum was maintained despite industry-wide structural change and distraction where overall organic flows from financial advisers to platforms have been softer across the industry. HUB24 is benefitting from advisers transitioning clients from legacy platforms to HUB24 to utilise our market leading functionality. Our focus on transition assistance is facilitating momentum in this challenging climate.

This focus on assisted FUA transition activity, which involves the in-specie transfer of assets, results in lower initial cash balances on the platform and reduced asset trading. This combined with advisers moving clients' cash into the market as it rebounds, increasing average account balances and the impact of scale based pricing for a large transition completed in December 2018 is having an impact on revenue margins.

On a basis points of FUA measure we currently expect platform revenue margins for 2HFY19 to reduce by approximately 6% compared to 1HFY19. Revenue margins tend to fluctuate with the level of platform trading activity, client cash balances, the level of assisted transitions in the new business mix, as well as cyclical conditions⁴. We expect to maintain our focus on assisted FUA transitions to underpin ongoing growth.

In the latest available data from Strategic Insights, HUB24 achieved 1st place for quarterly net inflows and moved up to 2nd place on an annual basis.

¹ Net inflows represent gross inflows less outflows and do not include market movement.

² Based on Strategic Insights. Analysis of Wrap, Platform and Master Trust Managed Funds at December 2018. HUB24 is the fastest growing platform provider relative to its size in percentage terms, 2nd highest in terms of annual net inflows and highest in terms of quarterly net inflows.

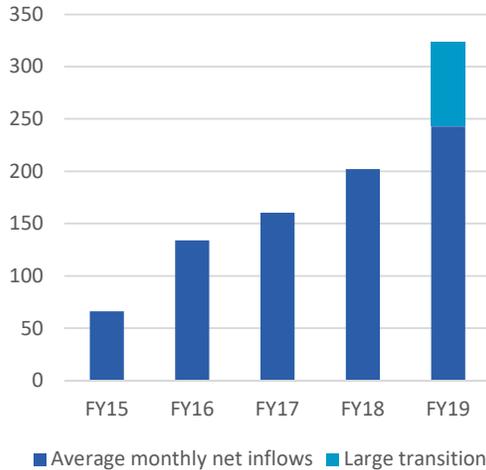
³ Investment Trends December 2018 Platform Competitive Analysis and Benchmarking Report.

⁴ Third quarter margins tend to trend lower than other quarters.

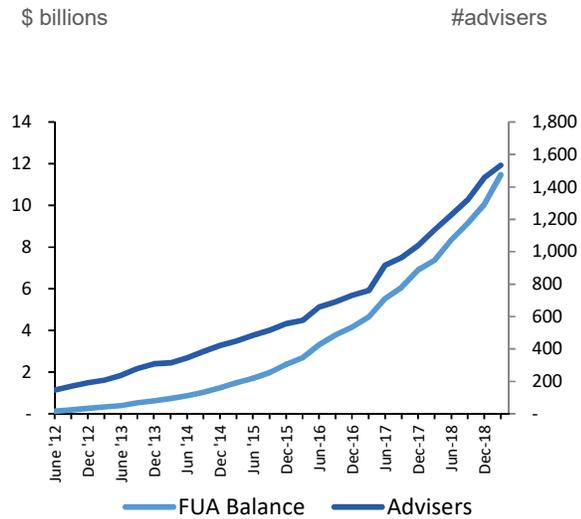
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Average monthly net inflows
\$ millions



FUA & advisers
\$ billions



During the quarter, 78 new advisers began using the platform and 19 new licensee agreements were signed.

Platform statistics	MAR '18	JUN '18	SEPT '18	DEC '18	MAR '19	Growth**
FUA	\$7,368m	\$8,341m	\$9,140m	\$10,046m	\$11,475m	55.7%
Flows*						
Net inflows (Qtr)	\$595m	\$739m	\$638m	\$1,480m***	\$793m	33.3%
Gross inflows (Qtr)	\$821m	\$1,019m	\$935m	\$1,760m***	\$1,156m	40.9%
Number of advisers	1,136	1,227	1,319	1,456	1,534	35.0%

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

* Inflows exclude market movements.

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

*** Includes large transition of ~\$725m.

Business update

HUB24 business development activity has successfully secured new relationships in the quarter and the strength of our pipeline presents further growth opportunities. During the quarter 19 new agreements were signed including new arrangements for two significant nation-wide licensees. We also signed an agreement with an advice practice aggregator comprising ~70 advisers across multiple practices. Customised managed portfolios for this group were launched during the quarter.

We have continued to successfully offer the HUB24 platform to the stockbroking market, with agreements signed to deliver two new broker branded solutions. HUB24 also launched a non-custody solution for a Melbourne based private wealth and advisory firm administering and reporting on individually held equities as well custodial assets through the HUB24 platform.

For the third year running HUB24 was awarded first place for Platform Managed Account functionality in the Investment Trends Competitive Analysis and Benchmarking Report, as well as also winning the award for Decision Support Tools recognising our portfolio valuation, tax planning, retirement calculator and managed account education capabilities.

The platform investment menu continues to expand with the addition of 17 new managed portfolios during the quarter including both diversified and Australian equity portfolios. Also, our commitment to providing advisers and their clients with a broad range of investment options has resulted in the addition of several ETFs listed in the United States.

We expect to launch the availability of Challenger annuities via the HUB24 platform in the next quarter providing advisers and clients with an integrated experience that includes these pension products. This innovation utilises our ConnectHUB technology which is currently in pilot with several licensees and integrates multiple external data sources, including cash management accounts and directly held equities, to provide clients with a consolidated view of their wealth.

Paragem has recruited a new practice during the quarter and plans to continue growing as advisers continue to increasingly shift away from institutional licensees. Sonya Choi La Rosa, our new Paragem General Manager of Operations, has joined the team. Sonya brings considerable experience in advice transformation and technology and will provide support for Paragem advisers, facilitating further practice growth.

Agility Applications successfully implemented the OpenMarkets application and infrastructure solutions during March. The business is also working on Machine Learning / Artificial Intelligence services and is currently piloting these with a stockbroking client.

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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 ConnectHUB 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.

For further information, please visit: www.HUB24.com.au

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