

ASX Release

6th April 2020

HUB24 market update

Sydney – HUB24 Limited (ASX:HUB) would like to update the market on our business with regards to the COVID-19 pandemic. HUB24's priority has been, and remains, ensuring the health and safety of the team and supporting our customers whilst continuing to operate our business and meet the needs of licensees, advisers and their clients.

Even though equity markets have been adversely impacted by the pandemic, HUB24 remains in a solid financial position. HUB24 continues to operate profitably with cash reserves significantly above regulatory capital requirements and generating strong operating cashflows. The Group has no debt and as part of our capital management strategy has access to an undrawn \$5m working capital facility.

The interim dividend of 3.5 cents per share will be paid on 17 April 2020.

In response to COVID-19, HUB24 activated our Business Continuity Plan (BCP) and seamlessly mobilised our teams across Australia to work remotely, leveraging our robust infrastructure and technology capabilities. This has ensured continued connectivity and delivery of services for customers throughout this period. Importantly, HUB24's customer service and administration functions are delivered onshore and continue to operate to our usual service standards. Our BCP team is meeting daily and monitoring key business metrics to remain responsive and ensure any impacts that may arise are well-managed.

Given market volatility there has been significantly increased asset trading volumes on the HUB24 platform. These increased transactions are being processed as normal with customers and advisers able to rebalance portfolios, purchase investments, open accounts or withdraw funds without interruption.

From our observations across the market, advisers using HUB24 are adapting well to current conditions and working remotely, additionally there are signs of increasing demand for advice from those facing challenging circumstances. Advisers are focused on a range of activities including assisting current clients, reviewing customer advice plans, undertaking portfolio adjustments and writing new business. Customers with advisers have access to expertise and support to help manage financial impacts arising from the pandemic.

HUB24's distribution and customer service teams are actively working with licensees and advisers to provide support where possible, leveraging technology and utilising digital solutions to engage, service and communicate. Currently, the team are also helping advisers and investment managers utilise key platform functionality that assists with capital preservation, income management and re-investing.



Inflows since the outbreak of the pandemic and our new business pipeline have remained strong and assisted FUA transitions are continuing, however we expect net inflows to soften in the June FY20 quarter. For the quarter ending 31 March 2020 platform net inflows were \$1.4bn with FUA of \$15.1bn (down 5% since 31 December 2019). Negative market movement for the quarter resulted in a FUA reduction of \$2.1bn or 13.1% from the beginning of the quarter.

FUA on the HUB24 platform is not fully correlated to movements in equity markets which have dropped by 24.3% (ASX300) over the same period. This is generally due to the mix of client assets on the platform and the different investment strategies of individual portfolio managers.

FUA movements affect our revenue and the reduction in FUA 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.

Strategic initiatives such as the development of a bionic advice solution with Aberdeen Standard Investments and the continued rollout of HUBconnect remain key business priorities, that will provide new opportunities and ensure the company is well-positioned for the future. Additionally, the business is progressing the ClearView Wealth Limited opportunity as previously announced.

In summary, despite challenging conditions for the market and advisers, HUB24 has mobilised effectively, activated our BCP and is continuing to operate well. Additionally, the team continues to focus on delivering on strategic objectives and pursuing growth opportunities.

HUB24's usual quarterly update will be provided later this month.

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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 the 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. For further information please visit

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