

26 October 2023

## AGM: Chair's Address & Managing Director's Presentation

Attached is a copy of the addresses to be given by the Chair and the Managing Director, and the presentation for the EQT Holdings Limited (EQT) Annual General Meeting today.

More about the Equity Trustees Board is available in our [Investor Centre Online](#).

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The Managing Director has authorised that this document be given to the ASX.

### FURTHER INFORMATION

#### Media

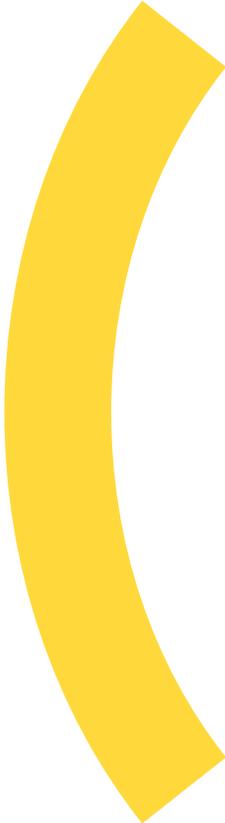
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#### Investors

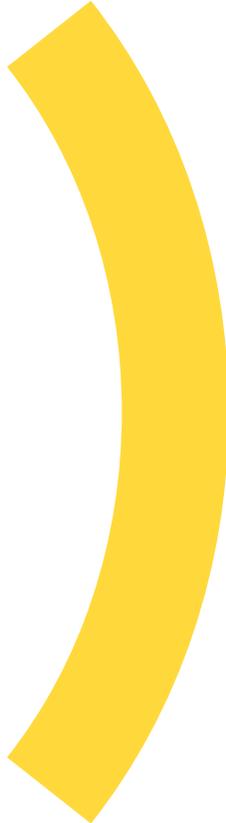
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Equity Trustees was established in 1888 to provide independent, impartial trustee and executor services to help Australian families protect their wealth. Now Australia's leading specialist trustee company, Equity Trustees offers a diverse range of services to private and corporate clients including asset management, estate planning, philanthropic, superannuation trustee services and responsible entity services. Equity Trustees is the brand name for EQT Holdings Limited (ABN 22 607 797 615) and its subsidiaries, with offices in Melbourne, Bendigo, Sydney, Brisbane, Perth, Dublin and London. EQT is listed on the Australian Securities Exchange (ASX: EQT).



# ANNUAL GENERAL MEETING



Carol Schwartz AO, Chair  
Mick O'Brien, Managing Director  
EQT Holdings Limited

**26 October 2023**



**CAROL  
SCHWARTZ AO  
CHAIR**



# AGENDA

**(A) CHAIR'S ADDRESS**

**(B) MANAGING DIRECTOR'S ADDRESS**

**(C) ITEMS OF BUSINESS**

**(1.) FINANCIAL REPORT, DIRECTORS' REPORT AND AUDITOR'S REPORT**

**(2.) ELECTION OF DIRECTOR**

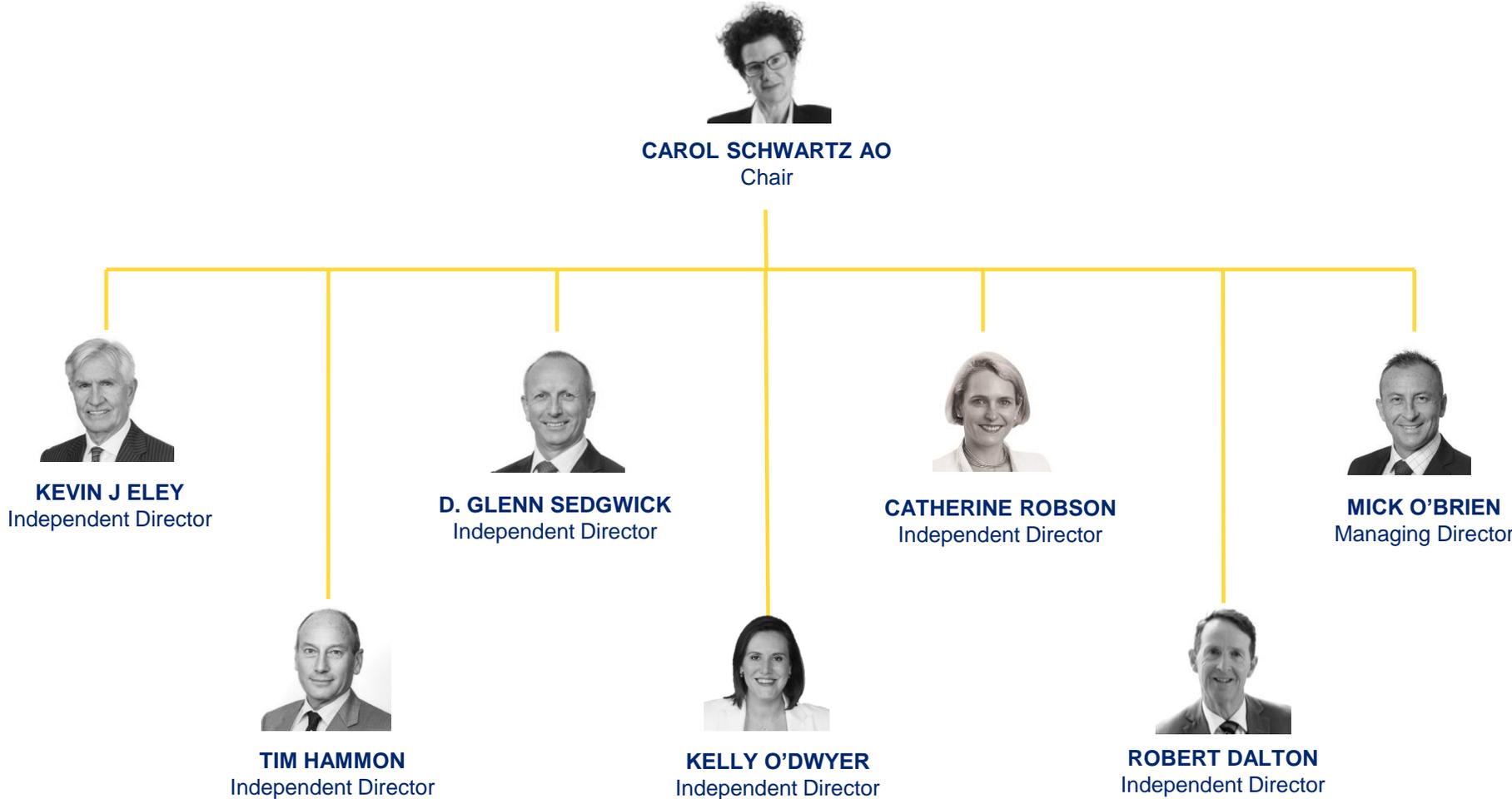
**(3.) RE-ELECTION OF DIRECTORS**

**(4.) ADOPTION OF REMUNERATION REPORT**

**(5.) INCREASE IN THE CAP ON NON-EXECUTIVE DIRECTOR REMUNERATION**

**(6.) APPROVAL OF GRANTING OF LONG-TERM INCENTIVE AWARD FOR  
MANAGING DIRECTOR**

# BOARD OF DIRECTORS





# OUR STRATEGY IS DELIVERING

- Focused strategy to be Australia's leading provider of trustee services
- Industry rationalisation has provided opportunities
- Strong organic growth as we continue to win new clients and mandates
- Investment in the business is providing the capacity to support that growth
- We are in a market leading position
- Expertise in an increasingly intense regulatory environment is giving us a competitive edge
- Fulfilling our purpose of trust – caring for people and enriching the broader community



**MICK O'BRIEN**  
**MANAGING DIRECTOR**

# LEADERSHIP TEAM



**MICK O' BRIEN**  
Managing Director



**PHILIP GENTRY**  
Chief Financial Officer  
& Chief Operating Officer



**GEORGIE TAYLOR**  
Executive General  
Manager, People



**IAN WESTLEY**  
Executive General  
Manager,  
TWS Private Clients



**ANDREW GODFREY**  
Executive General  
Manager,  
Corporate &  
Superannuation  
Trustee Services



**SAMANTHA EINHART**  
Company Secretary



**DARREN THOMPSON**  
Head of Asset Management



**OWEN BRAILSFORD**  
Chief Risk Officer



**ALICIA KOKOCINSKI**  
General Manager,  
Marketing &  
Communications



# STRONG FINANCIAL PERFORMANCE

**FUMAS\***

**\$160.1b**

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↑ Up 7.5% on FY22

**REVENUE**

**\$141.4m**

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↑ Up 26.8% on FY22

**NPAT**

**\$18.8m**

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Underlying NPAT \$29.1m  
↑ 19.4% on FY22

**DIVIDENDS**

**99**cents

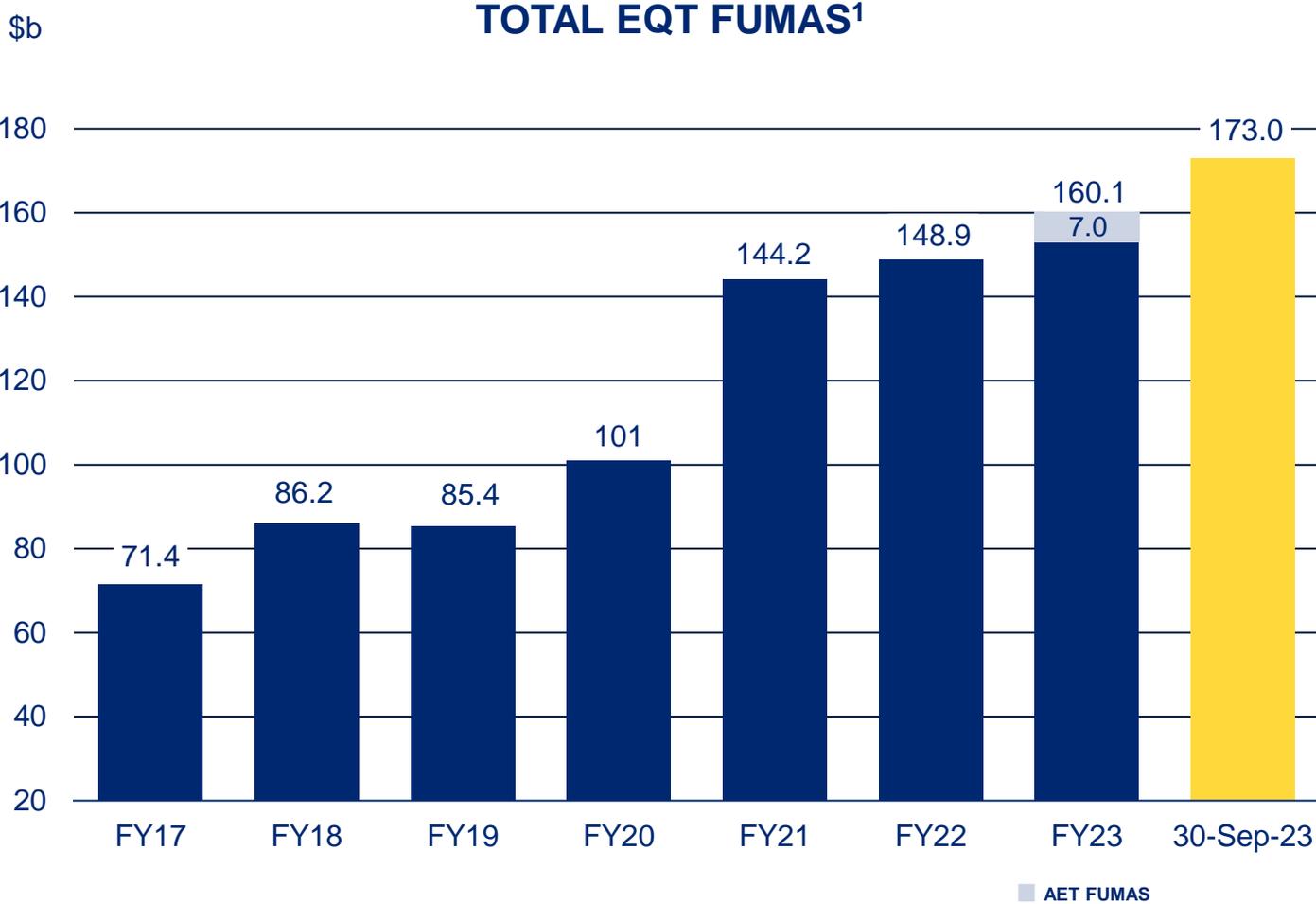
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Final dividend 50c,  
up 1 cent on 1H23.  
↑ Total FY23 dividends  
↑ up 2 cents on FY22

\* FUMAS: Funds under management, administration, advice and supervision



# CONTINUING TO GROW



- FUMAS up 7.5% on FY22 to \$160.1b
- Significant new business activity offset by a number of client/mandate losses in CTS
- AET contributes additional FUMAS of \$7.0b
- Q1 FY24 FUMAS increased by \$12.9b

<sup>1</sup> FUMAS: Funds under management, administration, advice and supervision

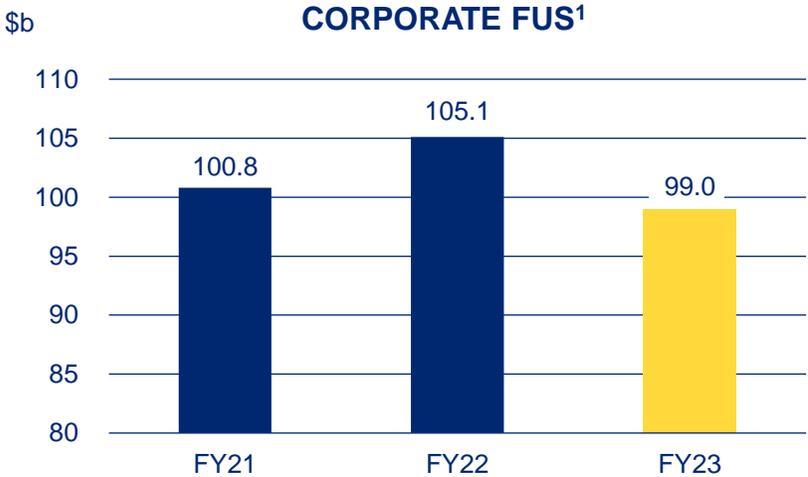


# TRANSFORMATION TO IMPROVE COMPETITIVE EDGE AND DRIVE GROWTH

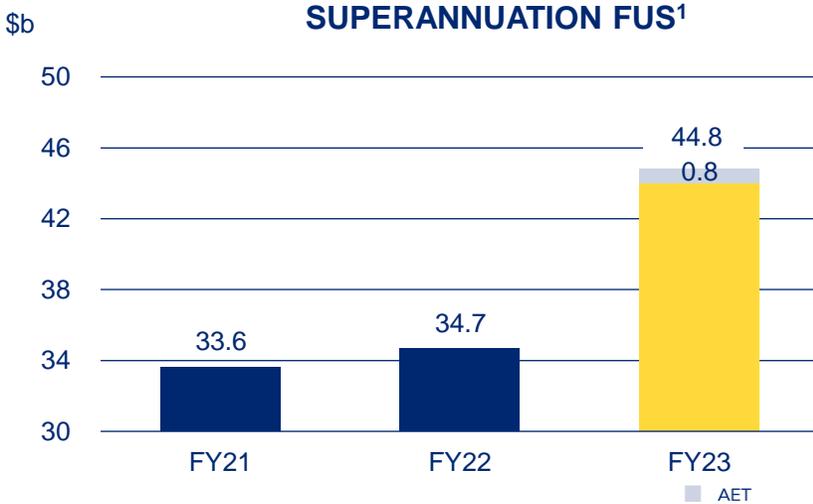
- Growth agenda
  - Expertise in an increasingly intense regulatory environment is giving us a competitive edge
  - Focused strategy to be Australia's leading provider of trustee services
- Building the capacity to support growth
  - AET acquisition;
    - Highly complementary and strengthens private client capability in key growth segments
    - Strong alignment of purpose, capability and culture
  - Major technology investment program to better serve clients, improve productivity and underpin growth
- Combining Super and Corporate Trustee businesses
  - Clear alignment of operating models
  - Opportunity to capitalise on the strengths of each business
  - Enhances our ability to deliver on our strategic objectives
- Good progress on exiting UK/Ireland investment announced
- Outsourcing of Small APRA Fund administration, will enable focus on trusteeship



# CORPORATE AND SUPERANNUATION TRUSTEE SERVICES COMING TOGETHER



- FUS down 5.8% on pcp
- Multiple new manager appointments offset by some client mandate losses
- Dual registry quoted funds – expansion
- Continued growth in corporate trust appointments

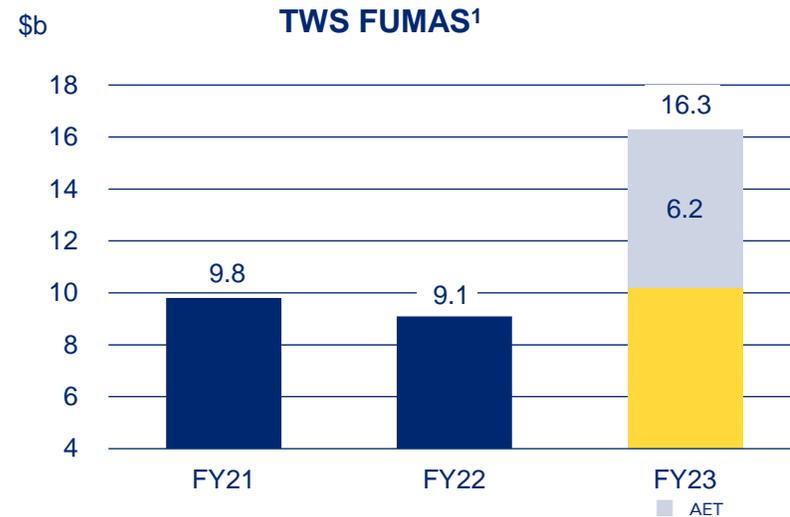


- FUS up 29.1% on pcp
- Benefiting from increased demand for independent trustee model
- AET Small APRA Funds contributing \$0.8b

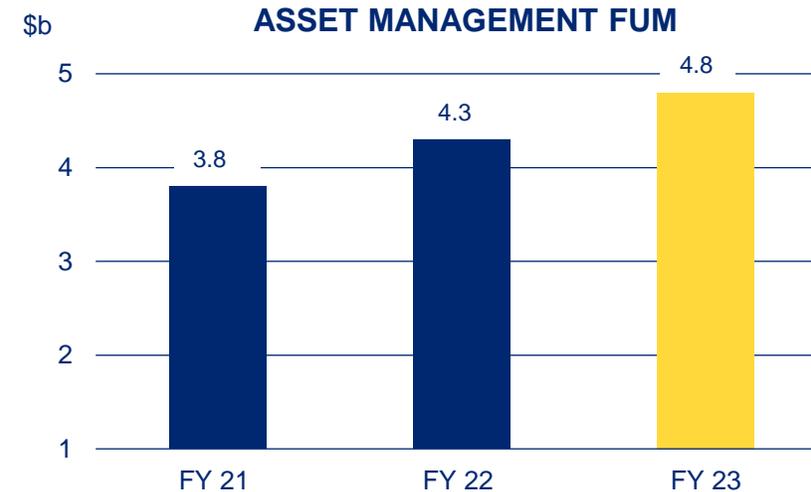
<sup>1</sup> FUS: Funds under supervision



# TRUSTEE WEALTH SERVICES & ASSET MANAGEMENT



- FUMAS up 79.1% on pcp driven largely by AET \$6.2b and good growth in new clients
- FUMAS growth excluding AET of 11%



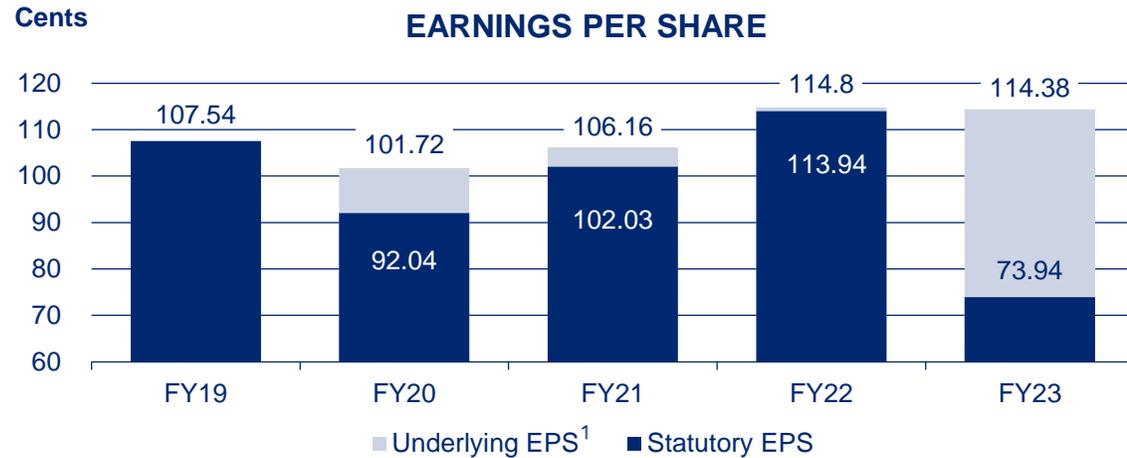
- FUM growth of 11.6%
- Strengthened capability in defensive assets and portfolio implementation
- Extended independent asset consultant ratings
- Acquired Spectrum Strategic Income Fund (FUM = \$42m)
- RIAA<sup>2</sup> certification of two strategies

<sup>1</sup> FUMAS: Funds under management, administration, advice and supervision

<sup>2</sup> RIAA: Responsible Investment Association of Australia

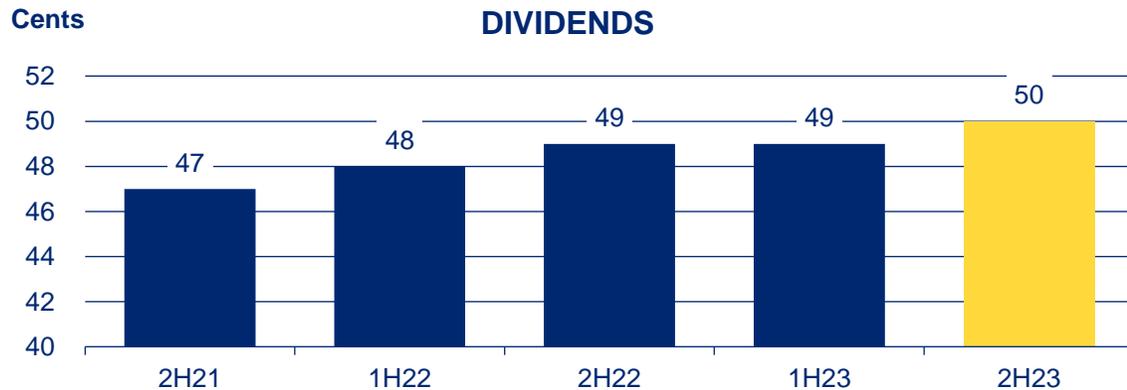


# DELIVERING FOR SHAREHOLDERS



**114.38**CENTS

- Underlying EPS flat on FY22
- Statutory EPS down on FY22 reflecting:
  - Acquisition/integration costs
  - Technology replacement costs
  - AET management rights amortisation
  - UK/Europe goodwill write-down



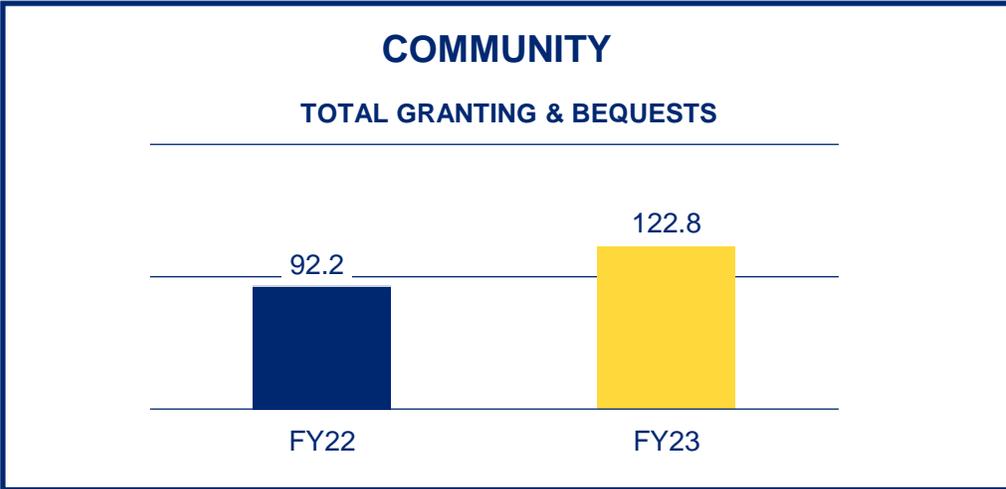
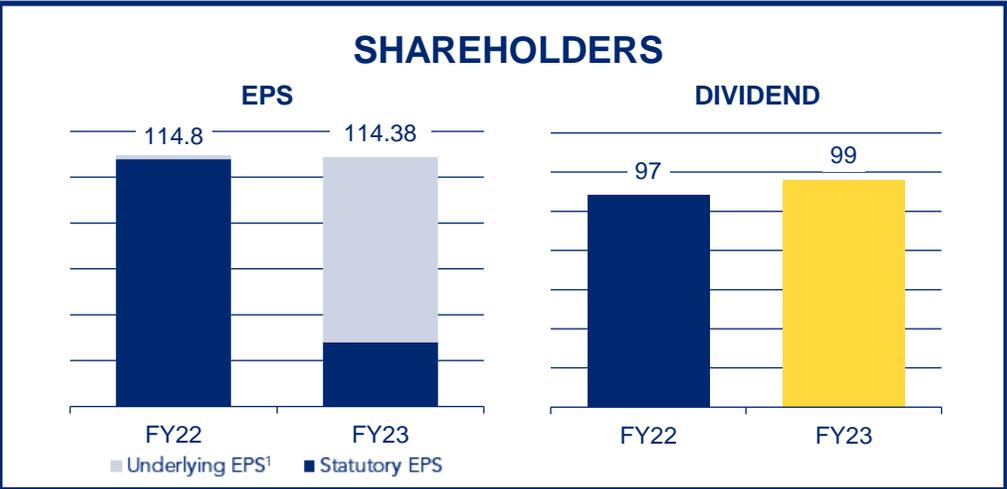
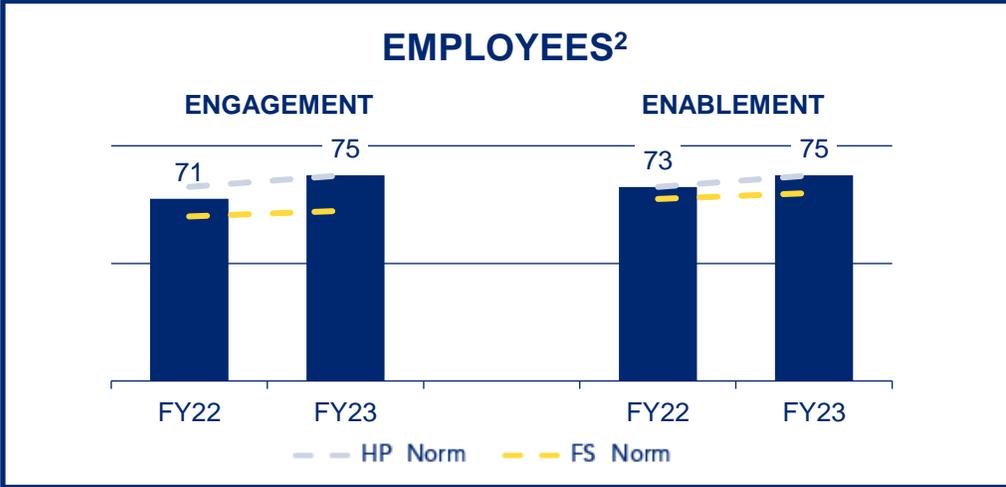
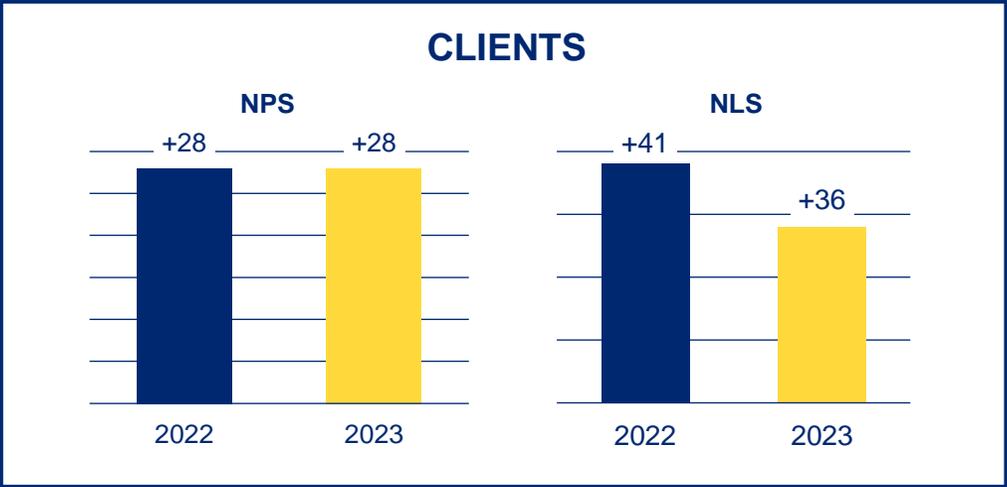
**50**CENTS

- Dividend up 1 cent on 1H23 and 2 cents for the year reflecting underlying performance

<sup>1</sup> Underlying earnings per share (Underlying EPS) excludes significant items. For FY23, adjustments have been made to reflect acquisition and integration costs associated with the acquisition of Australian Executor Trustees Limited (AET), including costs associated with the equity capital raise; major technology systems replacement costs, and the write-down of goodwill and management rights associated with the Group's CTS-EU cash generating unit.



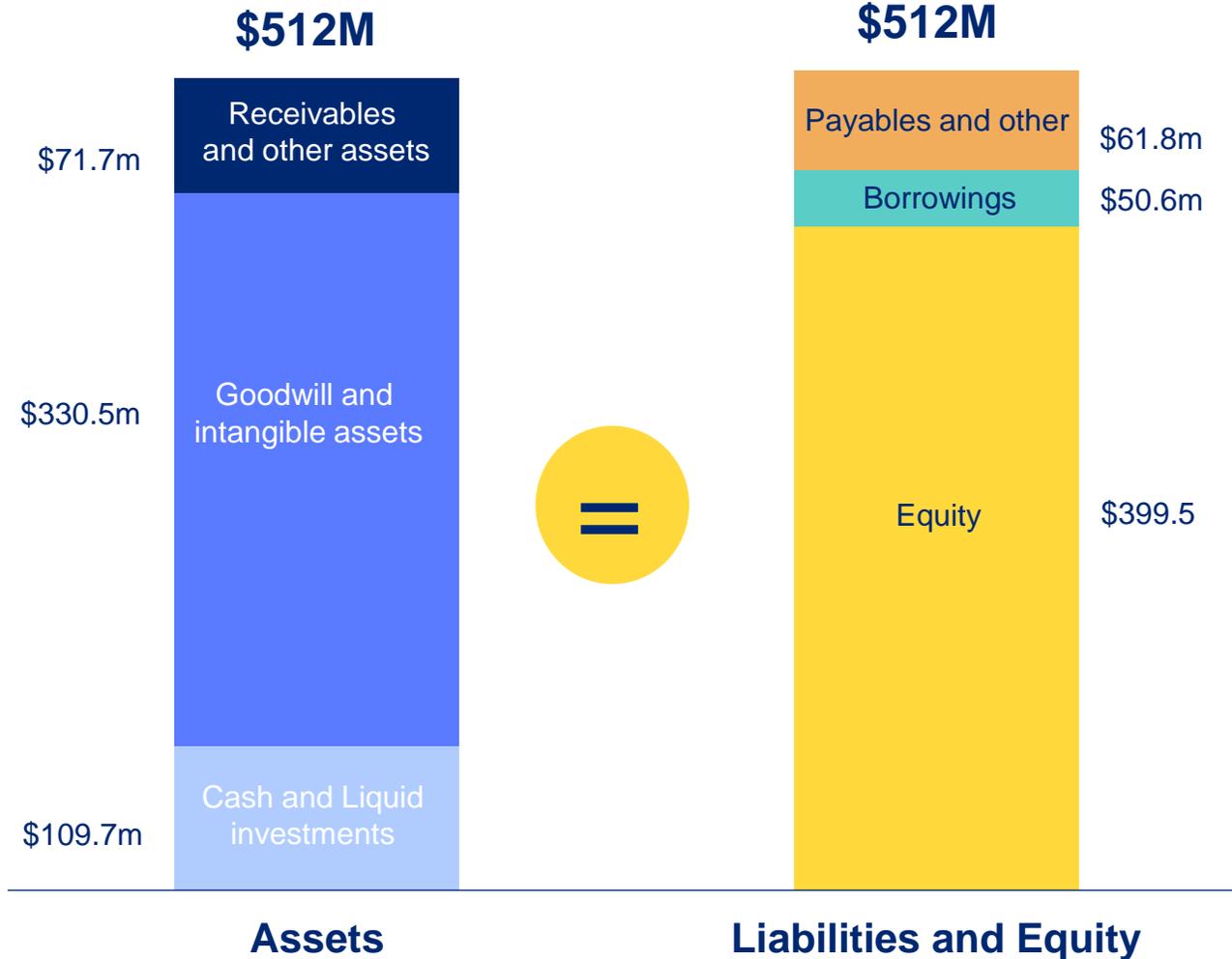
# DELIVERING FOR ALL STAKEHOLDERS



<sup>1</sup> Underlying earnings per share (Underlying EPS) excludes significant items. For FY23, adjustments have been made to reflect acquisition and integration costs associated with the acquisition of Australian Executor Trustees Limited (AET), including costs associated with the equity capital raise; major technology systems replacement costs, and the write-down of goodwill and management rights associated with the Group's CTS-EU cash generating unit.

<sup>2</sup> AET employees not included

# STRONG BALANCE SHEET WITH FLEXIBILITY



**GEARING-DEBT / EQUITY<sup>1</sup>**  
9.3%

**INTEREST COVER<sup>1</sup>** 37:1

**UNDRAWN BORROWINGS**  
\$43m

All numbers as at 30 June 2023

<sup>1</sup>Gearing/debt ratio and interest cover ratio exclude amounts associated with ORFR debt facilities



# A COMPANY FOUNDED ON TRUST

**PURPOSE: HELP PEOPLE TAKE CARE OF THE FUTURE**



Safeguard people's wealth now and for generations to come



Provide trustee services to help clients protect members' and investors' interests



Act as a trusted, independent partner to grow and manage clients' wealth



Empower clients to improve the lives of others and support the community

## OUR VALUES



### TRUSTED

We do what we say we will and put the best interests of our clients first.



### ACCOUNTABLE

We own our responsibilities and speak up about ways we can do better.



### EMPOWERING

We give ourselves, our workplace and our community the support, strength and confidence to grow.



# STRENGTHENED MARKET LEADERSHIP

## PRIVATE CLIENT BUSINESSES

### TRUSTEE & WEALTH SERVICES

- **Philanthropy** – Leading provider
- **Health & Personal Injury** – Leading provider
- **Estate Management** – Leading provider
- **Estate Planning** – Leading provider
- **Continuing Trusts** – Leading provider
- **Advice** – Specialist advice provider for trustee market

### ASSET MANAGEMENT

- High performing provider of funds management capability specifically designed for trusts

## CORPORATE & SUPERANNUATION TRUSTEE SERVICES

### CORPORATE

- **Responsible Entity Services** – long term clear leader
- **Custody & Real Assets** – building a strong new business
- **DCM & Securitisation** – building a strong new business

### SUPERANNUATION

- Leading provider of independent superannuation trustee services to superannuation organisations

### EXPANDED GEOGRAPHIC CAPABILITY

- Market leadership in Victoria, South Australia, West Australia and strong positions in New South Wales and Queensland

# BUSINESS UNIT INITIATIVES IN FY24



## CORPORATE AND SUPERANNUATION TRUSTEE SERVICES

### TRUSTEE & WEALTH SERVICES

- AET Integration
- Platform divestment
- Capitalise on market leading business development capability
- Publicly launch Australian leading philanthropy platform – iPhi
- Continue two-year technology investment focused on client service
- Continue to develop Responsible Investing capability
- Capitalising on highly rated top performing investment funds

### SUPERANNUATION

- Capitalise on demand for professional trustee services in superannuation
- Business Development focused primarily on retail segment
- Focus on operational excellence and business transformation
- Build capability by investing in people, process & technology for growth platform

### CORPORATE

- Digitise/streamline workflows to increase productivity to support strong growth
- Growing existing business
  - Focus on larger scale opportunities
  - Building ASX/CBOE listed capability to expand distribution
  - Structure innovative solutions for super funds
- Accelerate growth in new Australian markets
  - Debt offers and securitisations
  - Custody and MIT's for real assets
- Exiting UK and Ireland



# INVESTING IN TECHNOLOGY

**ONE-OFF OPEX ~\$2.0M - \$2.5M<sup>1</sup> FOR FY24 PROJECTS**

## CORPORATE TRUSTEE SERVICES

- Solutions to create scale and efficiency through process reengineering, data analytics & automation
- Centralises client and task management and reporting

## SUPERANNUATION TRUSTEE SERVICES

- Solutions to create scale and efficiency through process reengineering, data analytics & automation
- Ongoing investment in streamlining APRA requirements and trustee oversight

## TRUSTEE WEALTH SERVICES

- Operational efficiency using TrustQuay's NavOne platform across all client and product groups
- Ongoing rollout of digital client solutions (e.g. Active Philanthropy Portal) to enhance the client proposition
- Targeting meaningful annual revenue uplift

## FINANCE & PEOPLE

- Upgrading the finance and HR platforms to cloud Enterprise Resource Planning (ERP) platform - Workday
- Helping attract, engage, and retain key talent.
- Organisational uplift in overall financial and workforce management



Enrich the client and employee experience



Enhance value creation



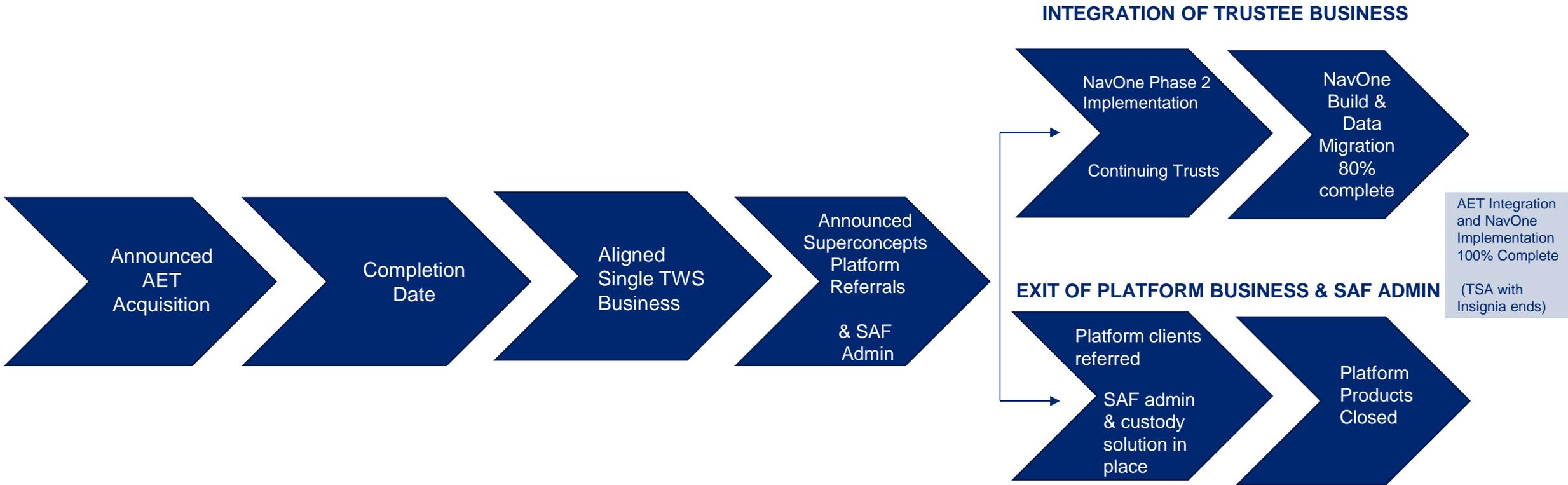
Efficient processes & operations

<sup>1</sup> Technology projects also have associated capex at a similar level

# AET INTEGRATION – DELIVERY ON TRACK



AUGUST 22      DECEMBER 22      FEBRUARY 23      AUGUST 23      MARCH 24      JUNE 24      OCTOBER 24





# AET INTEGRATION ON TRACK

## PEOPLE

- Retained AET's trustee client base, all referring partners and key AET people

## PRODUCT

- Single client facing organisational structure

## PREMISES

- Uplift to prices for trustee services & SAFs

## TECHNOLOGY

- Philanthropic Foundations merged

## ORGANISATION STRUCTURE

- Safe custody business exited

## GOVERNANCE

- Utilising single licenses for advice and estate planning

## PLATFORM & SAF ADMIN EXIT

- EQT governance processes embedded

- New premises in Perth and Brisbane

- Technology transition on track

- SuperConcepts selected as SAF administrator and preferred partner for Platform Clients



# AET OVERALL SYNERGIES TARGET INCREASED

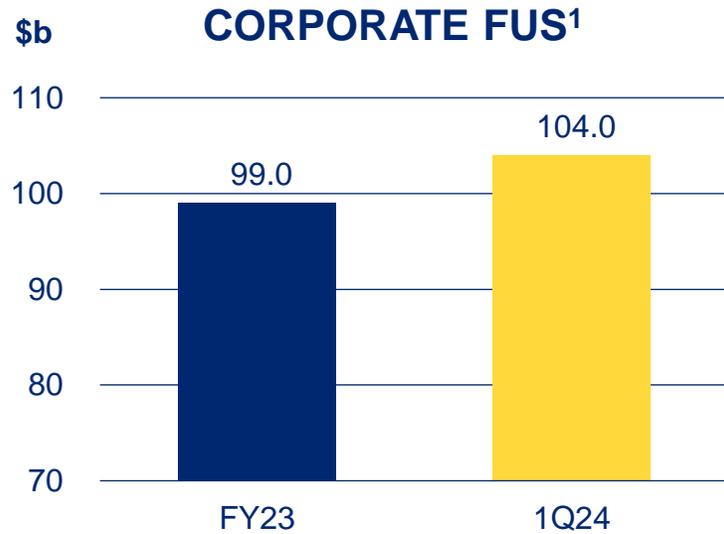
## IMPLEMENTATION COSTS ON TRACK

	TARGETED AMOUNT	TIMING	STATUS
<b>NET COST SYNERGIES</b>	\$3.1m p.a. (\$3.5m p.a.)	Run-rate in FY25	
<b>REVENUE SYNERGIES</b>	\$5.5m p.a. (\$3.3m)	\$0.4m in FY23	\$3.3m p.a. in FY24 increasing to \$5.5m in FY25
<b>IMPLEMENTATION COSTS</b>	\$22m (\$22m)	Spread across FY23, FY24 and 1H25	
<b>CAPITAL RELEASE</b>	\$10m (nil)	December 2024	

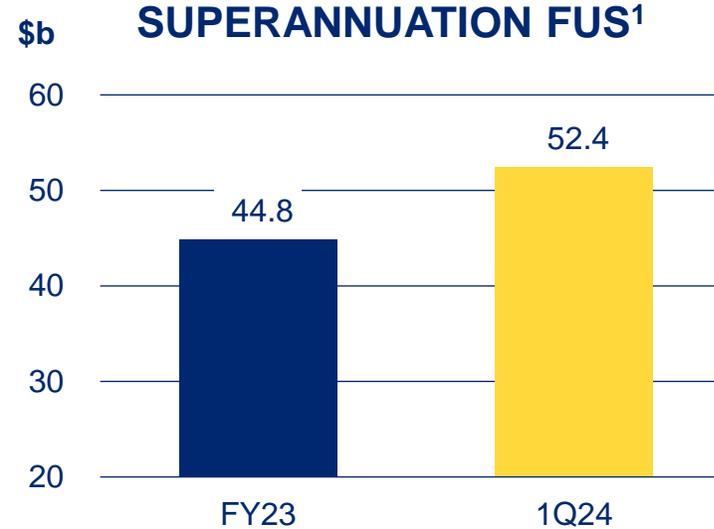
Note: Figures in brackets represent original targets



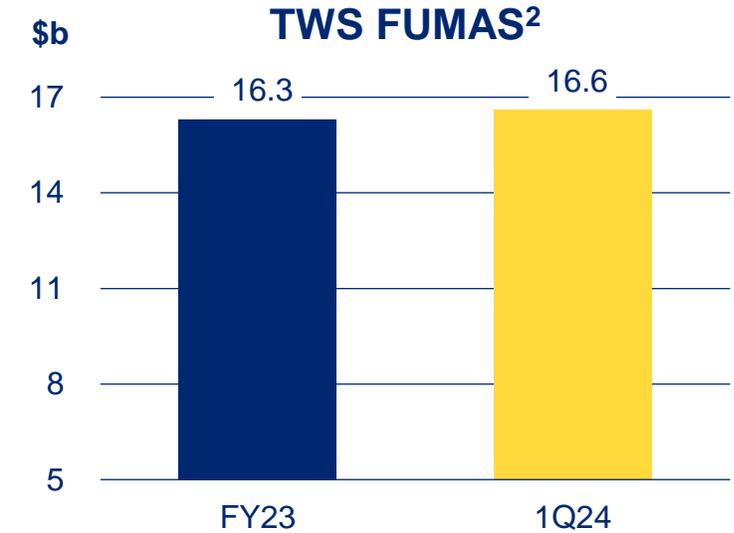
# EXCELLENT 1Q24 START



- FUS up 5.1%
- Excellent start with 20 schemes / appointments already established
- 49 new schemes being established (annual revenue \$2m +)
- Pipeline of 45 opportunities



- FUS up 17.0%
- Excellent start with new funds for Future Group and Centric growing quickly
- Near term pipeline over \$5b subject to regulatory and third-party approval



- FUMAS up 1.8%
- Good underlying organic growth momentum in Q1
- Asset management – consistently strong growth

<sup>1</sup> FUS: Funds under supervision – Includes UK and Ireland FUS.

<sup>2</sup> FUMAS: Funds under management, administration, advice and supervision

# OUTLOOK



## FY24

Assuming relatively stable markets - higher than usual revenue growth reflecting:

- Full year impact of AET acquisition
- Strong levels of new business activity
- Increasing achievement of revenue synergies

Higher than usual expense growth reflecting:

- Full year impact of AET acquisition
- Utilisation of majority of the \$22m AET integration estimate in FY24
- Lower vacancy rates and annualisation of prior people investment
- AET management right amortization of \$2.3m per annum
- Investment in technology and people to support growth and develop a more contemporary trustee proposition

## FY25 outlook encouraging

- Reduced losses from UK/Ire business
- AET Integration and major technology system replacement costs expected to be significantly lower
- Revenue and cost synergies expected to be largely realised



# CONCLUSION

- Strategy on track driven by organic and inorganic growth and business transformation
- Pipeline of new business is healthy
- Our investments in technology are progressing well
- AET Acquisition provides market leadership – integration on track and expect to exceed overall revenue synergies
- Making a simpler more profitable business:
  - Combined Corporate and Superannuation into a single business
  - Advanced on referring clients to SuperConcepts and outsourcing SAF administration
  - Advanced on sale and wind down process for Ireland and UK respectively
- Revenue and funds continue to rise, while net profit reflects investment for growth and one-off integration and technology costs



**THANK YOU**

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### **Disclaimer**

The Board has authorised that this document be given to the ASX.

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## AGM SPEECH (CHAIR)

### SLIDE 2 – CAROL SCHWARTZ AO

Shareholders, ladies and gentlemen, good morning and welcome.

My name is Carol Schwartz and I am the Chair of EQT Holdings Limited.

I would like to begin by acknowledging the Wurundjeri People as the traditional custodians of this land on which this office is located. We recognise their enduring connection to this land and pay our respects to Elders past and present.

On behalf of my fellow directors, the executives and employees of EQT Holdings Limited, it gives me great pleasure to welcome you to this 2023 Annual General Meeting.

A quorum is present and I declare the meeting open. I confirm that the Notice of Meeting was dispatched to all shareholders in accordance with the Company's constitution, and I will take that Notice as read.

### SLIDE 3 AGENDA

We will work through this agenda today. (PAUSE).

### SLIDE 4 – BOARD OF DIRECTORS

I would like to introduce you to my fellow Board colleagues;

- **Kevin Eley** joined the Board in 2011. Kevin is Chair of the Audit Committee and a member of the Risk Committee.
- **Glenn Sedgwick** joined the Board in 2016 and is a member of the Audit Committee and Responsible Entity Compliance Committee. He also chairs our Strategy Board meetings, which all directors now attend as a full Board meeting.
- **Tim Hammon** joined the Board in 2018 and is Chair of the Remuneration, Human Resources and Nominations Committee. He has also recently joined our Board Risk Committee.
- **Catherine Robson** joined the Board in 2020, after serving on our Superannuation subsidiary Board for six years. Catherine returns to chairing our Superannuation trustee Boards following the departure of two directors. She is also Chair of the Board Risk Committee, a member of the Remuneration, Human Resources and Nominations Committee, and a member of the Audit Committee.



- **Kelly O'Dwyer** joined the Board in 2021. Kelly is a member of the Board Risk Committee and Chair of the Responsible Entity Compliance Committee, and she recently joined our Remuneration, Human Resources and Nominations Committee.
- **Robert Dalton** is our newest Director – appointed last month – and I warmly welcome him to his first AGM with us. He brings over 35 years of extensive accounting and leadership experience across a range of organisations and industries including as CEO of the Australian Sports Commission, and holds numerous ASX listed Board positions. Mr Dalton was appointed a Director of K&S Corporation Limited in August 2021, one of Australia's largest freight companies and, joined the Hello World Limited Board in November 2021. Robert is a member of the Board Audit Committee.
- **Mick O'Brien** was appointed Managing Director in 2016, after joining Equity Trustees in 2014 as a non-Executive Director. Mick is a member of the Board Risk Committee.

Also representing the Company here today are our Chief Financial Officer & Chief Operating Officer, **Philip Gentry**, and **Samantha Einhart**, our Company Secretary. We also welcome **Lani Cockrem** from Deloitte, our Group External Auditors. We thank them for the quality of the independent audit services they provide to the Equity Trustees Group.

## **SLIDE 5 - OUR STRATEGY IS DELIVERING**

Equity Trustees has once again had a very successful and busy year. Highlights included the significant acquisition of Australian Executor Trustees Limited and the continuation of our major technology investment program to drive innovation and efficiency in our business.

At the same time Underlying Net Profit after Tax of \$29.1 million was up 19.4% on the prior year and underlying earnings per share were steady at 114.38 cents.

These excellent results were delivered in a challenging business environment characterised by inflationary pressures, volatile financial markets and tight labour markets.

Our consistent performance reflects our strong culture and the high quality of our services in all our markets. But it is something more than that and that's what I'd like to speak about today.

Some years ago, we set our strategy to be the leading provider of specialist trustee services in Australia.

At that time the financial services market was characterised by big players who thought they could be all things to all people and there has been an unwinding of that, which has been ongoing. This has provided opportunities to acquire businesses and strengthen our market leadership.



What sets us apart, as the business continues to grow, and as we continue to win new clients and mandates, has been our ability to handle this growth. We invested early in the right people, and we've spent a great deal of time building the expertise and systems to manage the opportunities as they have arisen.

We have built teams with unique capabilities, skills and experience to provide the specialised services required by our clients, and our technology investments are ensuring we have the most productive, efficient systems and platforms to support the business.

Our performance is a testament to what we've built, and it validates our strategy of focusing on specialist trustee services.

Our clients and communities benefit because we're focused on caring for their future.

And our shareholders benefit through the consistent, steady returns.

We also recognise that we depend on a talented, committed workforce; it is the engine room of growth in the business, and we are thankful for their dedication and commitment.

During the year we continued to provide wide-ranging support to communities in need, through our philanthropic giving program.

Equity Trustees is proud of its capacity to steward the funds of our generous donors, and our ongoing investment in technology and people will ensure we can continue to provide this support for years to come.

The ESG imperative is placing greater expectations on organisations and leaders to reframe their role in society, as well as the ways social and environmental challenges are addressed alongside existing commercial considerations.

Through our role in supporting people and communities, Equity Trustees already has a high sense of social obligation. However there is always more that can be done and in recognition of this, we are developing a new ESG framework and road map that will step up our reporting and commitment to more comprehensively address this important imperative.

We operate in an environment that has increasingly complex regulatory and statutory requirements, with unprecedented levels of scrutiny.

Our expertise in this area, and the importance we place on maintaining strong relationships with our regulators, ensures we uphold our reputation as a model regulated entity.



With a good balance of skills, experience, tenure and diversity, the Board continues to provide a secure foundation for the business.

I thank my fellow directors for their support and contribution, and on behalf of the Board, I thank all our clients, people, shareholders and other partners for your tremendous ongoing commitment and support.

Thank you for your time and attention.

I will now hand over to our Managing Director, Mick O'Brien.

## **MICK O'BRIEN, MANAGING DIRECTOR**

### **SLIDE 6 - MICK O'BRIEN, MANAGING DIRECTOR**

Thank you, Carol.

Good morning everyone.

Can I also pass on my warmest greetings to everyone and welcome to Equity Trustees' headquarters.

I'm looking forward to talking to you about our FY23 results and in particular how we are travelling following the acquisition of Australian Executors Trustees in December 2022.

### **SLIDE 7 - LEADERSHIP TEAM**

Let me start by introducing the leadership team. I think it is important shareholders see the executive leadership team that have been delivering the results for the company.

We have most of the team here today:

1. Philip Gentry, our Chief Financial Officer and Chief Operating Officer. I think Phillip is well known to all and particularly our institutional shareholders and has been with us for just on eight years.
2. Georgie Taylor, our Executive General Manager of People, who joined us just over a year ago – a perfect time given all the People work involved with the AET integration.
3. Ian Westley, Executive General Manager Trustee and Wealth Services. Ian has been with Equity Trustees for 15 years and brings enormous experience to our private client trustee business.
4. Andrew Godfrey, Executive General Manager for Corporate and Superannuation Trustee Services, our newly created combined division, covering all our corporate lines of business.



Andrew joined the group in March and has extensive experience in overseeing large scale financial service operations.

5. Samantha Einhart, our Company Secretary. Sam joined us two years ago and has been an excellent addition to the team.
  6. Darren Thompson, heading up our increasingly important Asset Management team for the last 5 years.
  7. Owen Brailsford, our Chief Risk Officer, has been with us for 5 years overseeing an Enterprise Risk Function, which is so important to a business like Equity Trustees
- And last but not least,
8. Alicia Kokocinski, our General Manager of Marketing and Communications, who has been with us for 8 years.

Three of this team have been in place for all of my tenure as Managing Director, demonstrating the stability of the team but in the last two years we have added Georgie, Samantha and Andrew, significantly increasing to our strength, and we now have a great balance of fresh ideas and experience across the team.

## **SLIDE 8 – STRONG FINANCIAL PERFORMANCE**

I'm pleased to report that 2023 was another strong year for Equity Trustees. Our Funds Under Management, Administration and Supervision (FUMAS) grew by an impressive 7.5% on the prior year. I'll walk through the growth profile of each of the Business lines later in the presentation.

This measure is the main driver of our revenue, and you can see it's translated to a very healthy growth in revenue of just under 27% to \$141.4m. AET certainly contributed to this revenue growth, but it's important to note the underlying revenue growth at 9.2% was particularly strong.

Net Profit After Tax was \$18.8m and was \$29.1m on an underlying basis and this represents a 19.4% increase on FY22.

And the Board chose to increase the final dividend by 1c on the first half to 50c, bringing the full year dividend up to 99c; up 2c on FY22.

## **SLIDE 9 – CONTINUING TO GROW**

I've highlighted this slide to show the progressive growth in funds over recent years. It shows a very consistent pattern in growth, despite little growth in equity markets over that whole period. You can see



AET has added \$7.0bn to our total funds – this addition will end up being about \$5 ½ billion after we exit the AET Platform business. In the last quarter just completed to 30 September 23, funds have increased by just under \$13bn, to now be \$173bn. This increase has mainly been driven by funds flow rather than market movement and the funds flow has been almost half/half from Superannuation and the Fund Services business within Corporate Trustee Services. Just as we mentioned in August some large funds movements out, in the last half of FY23, we have seen a significant turnaround in this last quarter with material positive flows.

## **SLIDE 10 – TRANSFORMATION TO IMPROVE COMPETITIVE EDGE AND DRIVE**

### **GROWTH**

The company is in a very good position.

We are in the middle of a 3-year investment in technology designed to improve our services to clients, our strategy has been consistent and is crystal clear and as a reminder the acquisition of AET gives us a leadership position in more states and more sectors of the private client market.

We have combined all our corporate lines of business into one division to allow us to align operating models and to be more efficient.

We have just announced the sale of the business in Ireland and commenced a managed wind down of the regulated activities in the UK business – making us a simpler business and importantly will make us a materially more profitable business.

We are well advanced on exiting the AET Platform business, announced when we acquired AET.

## **SLIDE 11 – CORPORATE AND SUPERANNUATION TRUSTEE SERVICES COMING**

### **TOGETHER**

You can see here our two lines of Corporate and Superannuation businesses.

The Corporate Trustee Service FUS was down 5.8%, principally due to mandate losses by our fund manager clients. This represented some \$9bn of the net \$6bn decline, from four particular clients.

Excluding this, the business has continued to grow well in FY23 and the pipeline is very strong, which I'll comment on later. Demand for dual registry listed schemes continues to be high and our Corporate Trust business again experienced 20% plus growth in the year.

On the Superannuation side we had an excellent year with FUS growing 29% to \$44.8bn – aided by \$800m in Small APRA Funds from AET. The portfolio is now in a net positive funds flow position with about ¾ of the portfolio in positive net funds flow and ¼ in net funds outflow. We are really pleased with our position in this market and the opportunities we are seeing.



## **SLIDE 12 – TRUSTEE WEALTH SERVICES AND ASSET MANAGEMENT**

Our Trustee Wealth Services business grew funds by 79% with the acquisition of AET.

If we exclude AET, growth was still an impressive 11%. 11% is a considerably higher growth rate than normally experienced in TWS. Pleasingly, The TWS growth is coming from all lines of business and each of the states.

Asset Management FUM, which is separately shown also grew by \$1/2bn, mainly as a result of transitions of AET portfolios and organic growth.

In Asset Management we have also added a new strategy this year with the Spectrum Strategic Income Fund now giving us Australian credit capability, to add to the Responsible Investing capability we added in the previous year.

## **SLIDE 13 – DELIVERING FOR SHAREHOLDERS**

I'll move on to the shareholder results.

You can see the progression of the earnings per share and dividends. Underlying EPS was equal to last year at 114c. The group result hides the material increase in earnings for TWS and Superannuation, which was offset by CTS declining. The statutory EPS at 74c was obviously down due to the one-off costs of the AET acquisition and integration, new management rights amortisation for AET, a write down for the UK/Ireland Business and the major technology build. We have had the benefit of the new capital and associated earnings for only 7 months of the year.

The full year dividend increased to 99c, the sixth increase in the last seven years, after maintaining the dividend in the Covid impacted year.

## **SLIDE 14 – DELIVERING FOR ALL STAKEHOLDERS**

At Equity Trustees we strive to deliver for all of our stakeholders, clients, employees, our shareholders and the Australian community. It's critical to a healthy company and such an important part of the culture of Equity Trustees. All of the measures we look at in these areas are moving in the right direction.

Client satisfaction measures such as NPS – propensity to recommend EQT and Net Loyalty Score – propensity to buy another service, were consistent and remain at very high levels.

People are key to this business and employee engagement and enablement both improved during the year. I'm really pleased by the commitment of our employees. Engagement is at 75, which is equal to high performing companies, and Enablement is up from 73 to 75, which is also equal to the high performing norm. Next year we will be looking forward to including the former AET employees in these results.

For shareholders, earnings have been consistent, and we have grown the dividends again.



Finally, for the community, we granted over \$122m to fabulous charitable and for-purpose causes. This is such an important part of Equity Trustees, to provide stewardship over such crucial funding to the community. Our total granting over the last 5 years has exceeded \$1/2 billion.

This is a well-rounded set of results and something to be very proud of.

## **SLIDE 15 – STRONG BALANCE SHEET WITH FLEXIBILITY**

This slide shows our balance sheet position.

The debt to equity ratio of the balance sheet, excluding the cash backed ORFR loans we utilise for some Superannuation funds is 9.3% which is very low. We aim to sit clearly as investment grade, albeit without a formal credit rating.

The majority of the high cash and liquid investments of \$109m supports required regulatory capital. We retain substantial head rooms in our covenants, and we currently have surplus borrowing capacity of about \$40m and this remains the case after the capital and debt raising we completed for AET. So, we continue to have all the flexibility we require.

## **SLIDE 16 – A COMPANY FOUNDED ON TRUST**

That's the results; now let me touch on the strategy, which I'll add hasn't changed. Our company is founded on trust as our name suggests. Our purpose is to help people take care of the future.

How do we do that?

Well, we safeguard their wealth, now and for generations to come, we act as a trusted partner, we protect members, investors and beneficiaries and we try to empower our clients and support the community.

Our whole approach is underpinned by our commitment to three simple but powerful values; to be trusted, accountable to those we serve, and empowering wherever we can.

## **SLIDE 17 – STRENGTHENED MARKET LEADERSHIP**

I mentioned earlier about the importance of the AET acquisition.

This acquisition cements our position as the leading provider of trustee services in Australia.

We were already the leading provider of RE and trustee services to fund managers and the leading provider of trustee services in the Superannuation industry.

For TWS we were the leading provider of philanthropic trust services and the leader here in the Melbourne market.



With AET we add leadership in Estate Planning, Estate Management, the Health and Personal Injury sector, the most number of indigenous community trust clients and clear leadership in Perth and Adelaide.

Being the leader isn't about size, although it's a fairly useful indicator of success.

For us leadership means having the best capability to service the needs of our clients and with our increased scale it has certainly strengthened our ability to service our clients, by having deeper more experienced team and being able to invest more easily in technology.

## **SLIDE 18 – BUSINESS UNIT INITIATIVES IN FY24**

Let me turn to the headline strategies for each business unit.

For TWS our former strategic initiative to achieve leadership in more sectors and states has now been achieved.

Our focus is now squarely on completing the AET integration and achieving the synergies – that includes completing the exit of the Platform business and the build of the Nav One platform for our whole TWS business. This means a big focus on upgrading our service model to clients.

We are also expanding our Asset Management capability – with the credit strategy and developing our Responsible Investing capability.

In Superannuation we want to focus on larger scale opportunities, primarily in the retail segment and to focus on operational excellence, delivering member outcomes and meeting all our regulatory obligations.

For Corporate Trustee Services the key initiatives will be centred on streamlining processes, digitising the business and continuing to capitalise on our market leading position. And finally, to continue the impressive growth of our new businesses; custody and real assets and debt and securitisation services.

## **SLIDE 19 – INVESTING IN TECHNOLOGY**

As part of our drive to maintain the highest level of client services, we are in the middle of a 3-year investment in multiple technology approvals. This will continue in FY24 with a spend in the order of \$2m to \$2.5m.

For Corporate and Superannuation Trustee Services, the solutions are targeted at creating efficiencies as those businesses scale.

For TWS we are well advanced in transitioning to the Nav One platform from Trust Quay, with Hub 24 as the custodian. We are confident of completing this build and transition in the 2024 calendar year.



And finally we are deploying WorkDay as the enterprise platform for Finance and our People function, and are well advanced with that build – starting with Finance this year and People next calendar year.

## **SLIDE 20 – AET INTEGRATION – DELIVERY ON TRACK**

It is important I give shareholders an update on the integration of AET. This chart shows the key milestones for integration. Progress has been according to plan and essentially there are two main streams of work remaining:

1. Integration of the trustee business by completing the Nav One build and transition from Insignia systems. The next milestone is in February, where the most complex business line of Continuing or Testamentary Trusts transition, and the whole build will be complete by Q3 of the 2024 calendar year.
2. Exiting the Platform business and outsourcing administration of the Small APRA Funds. The process for the Platform business of client referral to SuperConcepts has already commenced and the whole process is targeted for completion in the first quarter of the 2024 calendar year.

## **SLIDE 21 – AET INTEGRATION ON TRACK**

Some key achievements so far have included;

- Re-pricing the AET trustee products and services to align with EQT pricing
- Re-pricing the SAF portfolio to ensure its profitability
- Creating single client facing businesses in each state and sub-business line
- Co-locating employees in all states into single premises
- Implementation of EQT governance and risk controls into the AET operating model
- Fully developed IT plans to move all AET technology onto EQT platforms
- All IT infrastructure has been moved to EQT
- Closure of the loss making Safe Custody business in Adelaide
- Some licences have already been consolidated, i.e. Advice and Estate Planning and we are well advanced on our plans for the major trustee and custody license consolidation for 2024.

Importantly, we have effectively retained the entire trustee client base and all the referring partners support, and retained all the key AET people we wanted to secure.



## **SLIDE 22 – AET OVERALL SYNERGIES TARGET INCREASED**

The analysis on this slide confirms again the financial analysis we showed in August.

We are well on the way to achieving the expense, revenue, and capital synergies, noting our expense synergy target is slightly lower at \$3.1m, the revenue synergy is materially higher at \$5.5m and the \$10m capital release synergy was not originally anticipated.

That means aggregate synergies of \$8.6m to the profit before tax line, and a one off \$10m capital release, and we are confident we can achieve those results within the envelope of the \$22m implementation cost.

## **SLIDE 23 – EXCELLENT IQ24 START**

I am pleased to report that our momentum has continued in this first quarter.

The Corporate Trustee Services business has continued to grow with 20 new schemes already seeded in the quarter and another almost 50 schemes, with some \$2.0m+ of revenue, currently in the establishment process. So, this business is in healthy shape in terms of our market position and ability to win new business.

Superannuation has continued its very strong growth path with FUS increasing from \$44.8m at 30 June to be over \$50m by the end of September. The growth has come from taking on trusteeship of the Future Super Fund – a leading \$1.8bn ESG orientated fund and a \$3bn transition going into the Centric Fund. The near term pipeline to the end of the year looks very strong as well, and we are currently advanced on preparatory work for a couple of new funds totalling over \$5bn, subject to regulatory and third party approval.

TWS has continued its momentum with the combined EQT/AET really hitting its straps in terms of market presence.

## **SLIDE 24 – OUTLOOK**

The outlook for FY24, assuming relatively stable markets if for higher than usual revenue growth reflecting:

- Full year impact of the AET acquisition
- Strong levels of new business activity
- Increasing achievement of revenue synergies



Expense growth will be higher than usual reflecting:

- Full year impact of the AET acquisition
- Utilisation of majority of the \$22m AET integration estimate in FY24
  - Lower vacancy rates and annualisation of prior people investment
  - AET management right amortization of \$2.3m per annum and
  - Investment in technology and people to support the growth and to develop a more contemporary trustee proposition

The outlook for FY25 is encouraging due to;

- Reduced losses from the UK and Irish business
- The AET Integration and major technology system replacement costs are expected to be significantly lower
- And finally the revenue and cost synergies are expected to be largely realised

## **SLIDE 25 – CONCLUSION**

So, in summary our strategy to focus on trusteeship is holding us in great stead.

We've continued to grow strongly in the quarter and the pipeline is healthy

Our investments in technology are progressing well.

We are well advanced in simplifying the business by combining our corporate lines of business, exiting the AET Platform business and outsourcing SAF administration, as well as exiting the UK and Irish businesses.

We are attracting and retaining the people we need.

The AET integration is well on track and the acquisition provides us with very strong market positioning

**The first quarter has started strongly, and we expect revenue and funds to continue to rise, while net profit reflects investment for growth and one-off integration and technology costs.**

## **CLOSING STATEMENT**

In closing.....

I'm delighted to lead this business. I want to thank the executive team for their support and all the hard work of our employees who make this company what it is and shout out to our employees who came across from AET for all the efforts in transitioning into EQT. I want to also thank the Board for all their support through the course of the year, and particularly for Carol's support as Chair.



I continue to feel extremely privileged to lead this company and be able to look after our incredible clients and in particular all those vulnerable clients who rely so heavily on Equity Trustees.

And to our shareholders, thank you for your support and the confidence you show in this company.