

Thursday, 20 October 2022

## AGM: Chair's Address and 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's (EQT) Annual General Meeting today.

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

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### FURTHER INFORMATION

#### Media

**Alicia Kokocinski**

General Manager – Marketing & Communications  
03 8623 5396 / 0403 172 024  
[akokocinski@eqt.com.au](mailto:akokocinski@eqt.com.au)

#### Investors

Mick O'Brien  
Managing Director  
+61 3 8623 5202  
[mobrien@eqt.com.au](mailto:mobrien@eqt.com.au)

Philip Gentry  
Chief Financial Officer and Chief Operating Officer  
+61 3 8623 5372  
[pgentry@eqt.com.au](mailto:pgentry@eqt.com.au)

Equity Trustees was established in 1888 for the purpose of providing independent and impartial Trustee and Executor services to help families throughout Australia protect their wealth. As Australia's leading specialist trustee company, we offer a diverse range of services to individuals, families and corporate clients including asset management, estate planning, philanthropic services and Responsible Entity (RE) services for external Fund Managers. Equity Trustees is the brand name of EQT Holdings Limited (ABN 22 607 797 615) and its subsidiary companies, publicly listed company on the Australian Securities Exchange (ASX: EQT) with offices in Melbourne, Bendigo, Sydney, Brisbane, Perth and London.



# **ANNUAL GENERAL MEETING**



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

**20 October 2022**



# AGENDA

- ( A ) CHAIR'S ADDRESS**
- ( B ) MANAGING DIRECTOR'S ADDRESS**
- ( C ) ITEMS OF BUSINESS**
  - ( 1 ) FINANCIAL REPORT, DIRECTORS' REPORT AND AUDITOR'S REPORT**
  - ( 2 ) RE-ELECTION OF DIRECTORS**
  - ( 3 ) ADOPTION OF REMUNERATION REPORT**
  - ( 4 ) APPROVAL OF LONG-TERM INCENTIVE AWARD FOR MANAGING DIRECTOR**



**CAROL  
SCHWARTZ AO  
CHAIR**

# BOARD OF DIRECTORS



**CAROL SCHWARTZ AO**  
Chair



**ANNE M O'DONNELL**  
Independent Director



**KEVIN J ELEY**  
Independent Director



**D. GLENN SEDGWICK**  
Independent Director



**MICK O'BRIEN**  
Managing Director



**TIM HAMMON**  
Independent Director



**CATHERINE ROBSON**  
Independent Director



**KELLY O'DWYER**  
Independent Director



**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,  
Human Resources



**RUSSELL BEASLEY**  
Executive General  
Manager,  
Corporate Trustee  
Services



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



**MARK BLAIR**  
Executive General  
Manager,  
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 EARNINGS INCREASE ON CONTINUED FUMAS GROWTH

FUMAS\*

**\$148.9b**

↑ Up 3.3% on FY21

REVENUE

**\$111.5m**

↑ Up 10.4% on FY21

NPAT

**\$24.2m**

↑ Up 12.5% on FY21  
↑ (Up 9.0% on FY21 Underlying NPAT)

DIVIDENDS

**97** cents

↑ Up 6 cents per share on FY21  
↑ (Final dividend of 49cents)

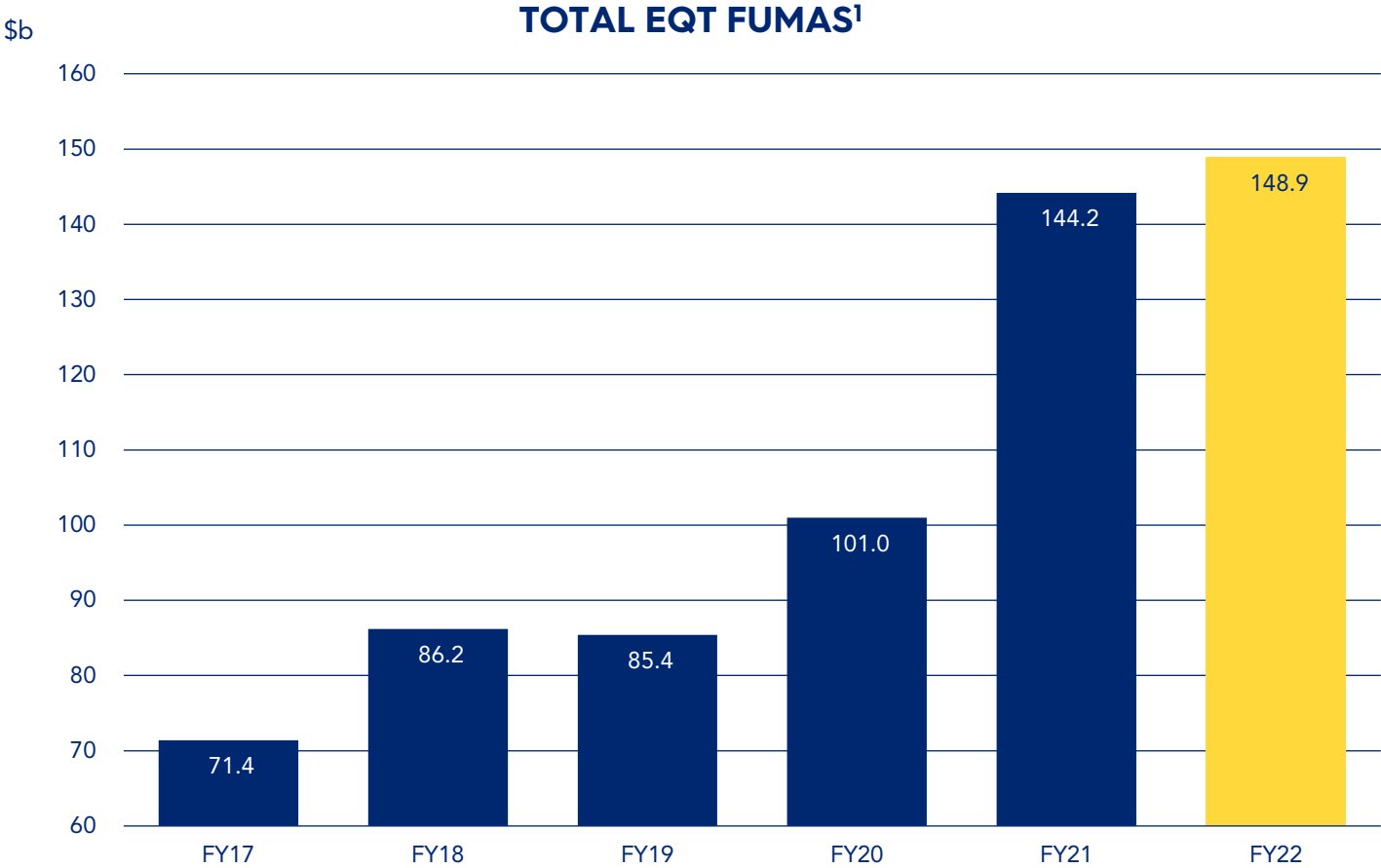
- Strong growth in revenue and earnings as a result of robust organic growth and positive markets for most of the year
- Increased dividend for year at 97 cents
- Balance sheet remains strong with low gearing and healthy liquidity

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





# FUMAS UP 3.3% ON FY21 TO \$148.9b



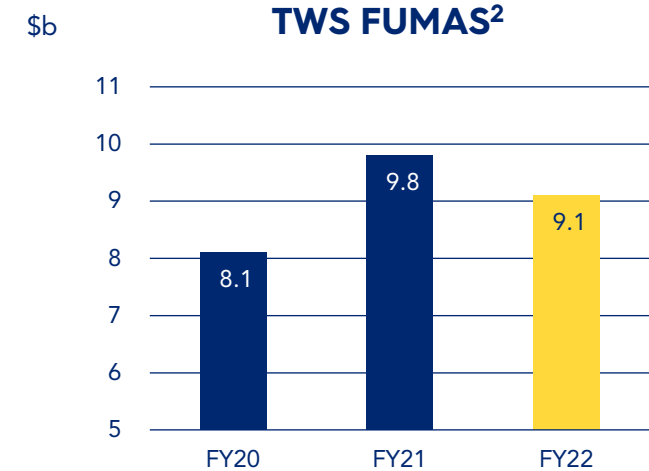
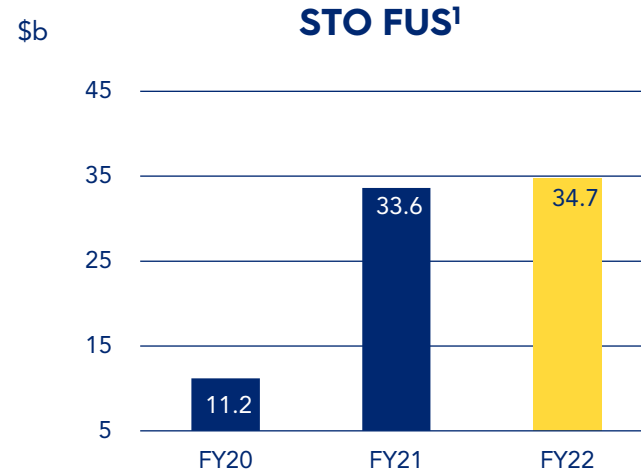
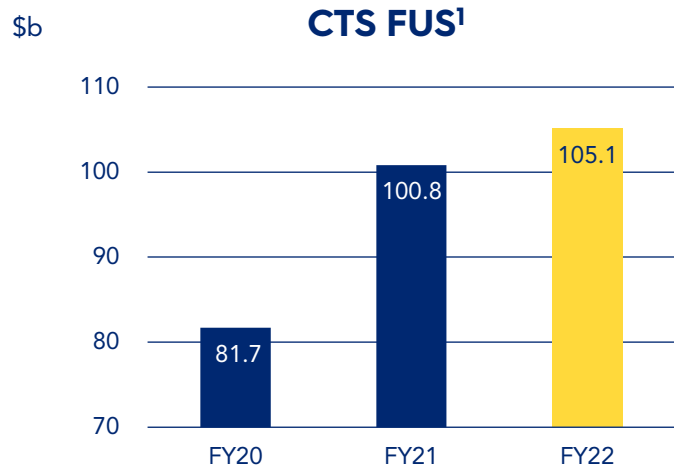
3.3% increase in FUMAS principally driven by:

- Significant new business activity in Corporate Trustee Services
- Growth in Superannuation Trustee funds under supervision
- Offset by deterioration in equity markets in the final quarter

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



# FUMAS GROWTH CONTINUES



- FUS up 4.3%
- Multiple new fund manager client appointments
- Expansion in service offering to dual registry quoted funds
- Continued growth in corporate trust appointments across variety of roles

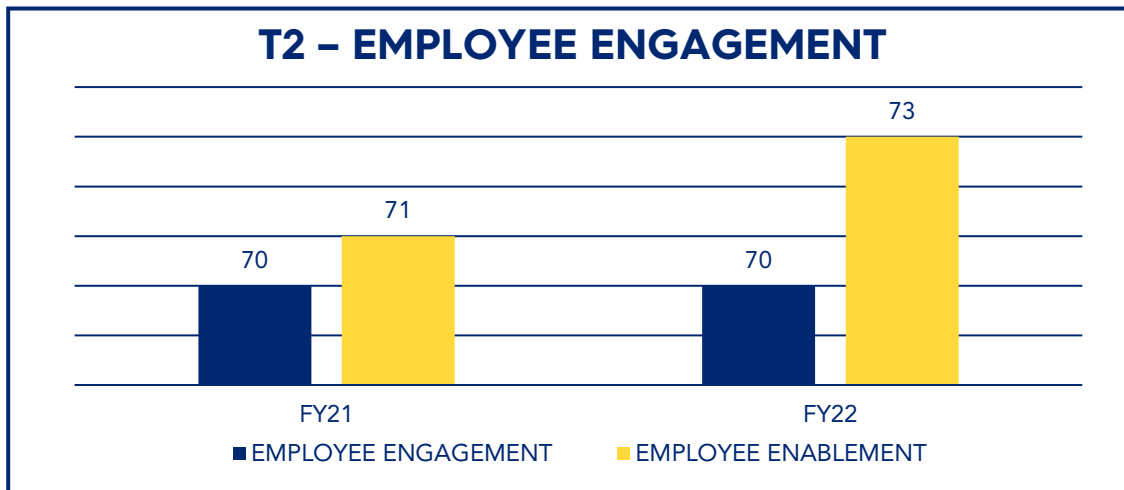
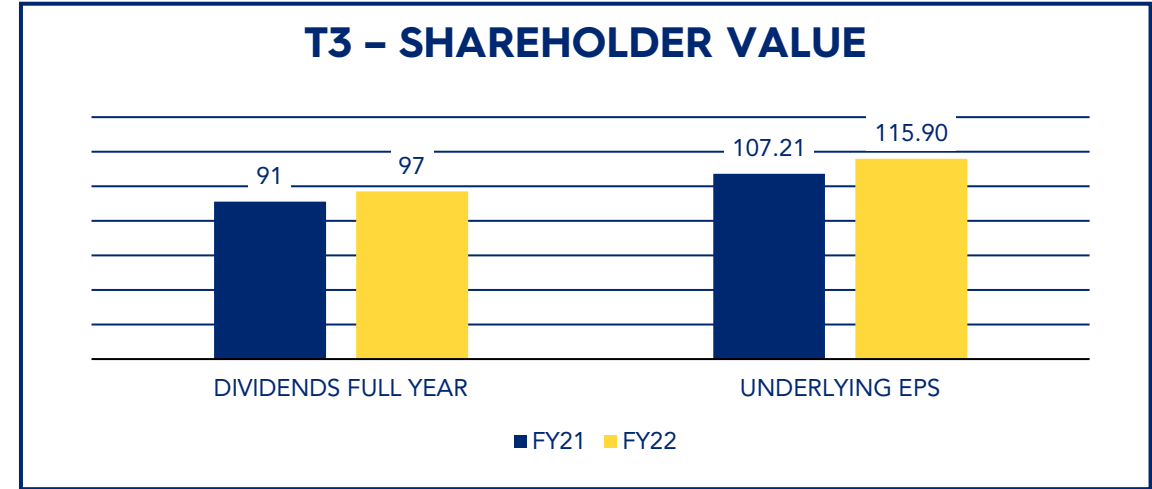
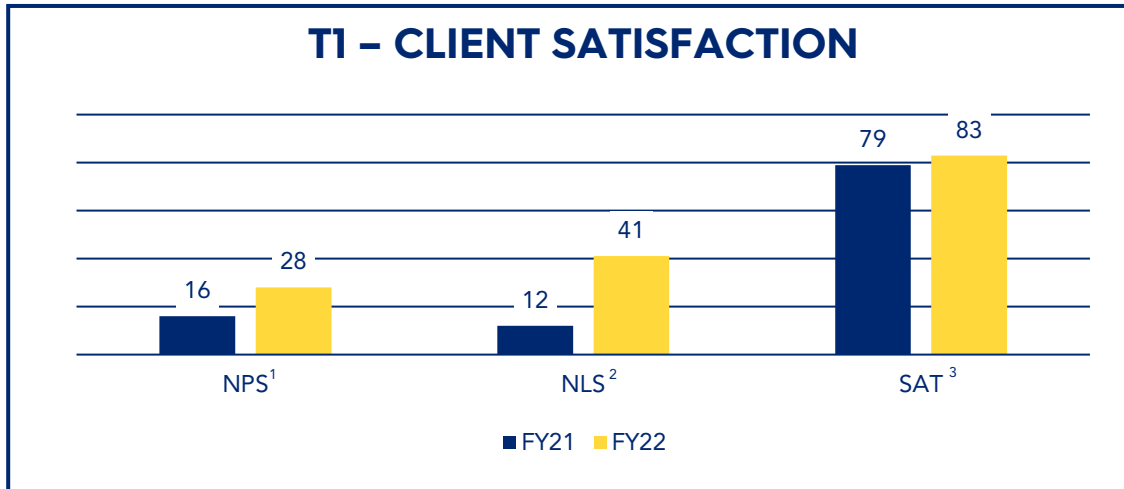
- FUS up 3.3%
- Continued securing new clients
- Significant growth in HUB24 FUS
- Benefitting from increased demand for independent trustee model

- FUMAS down 7.1%, vs ASX200 down 10.2%
- Specialist funds management business has outperformed market benchmarks strongly
- Underlying organic growth offset by weaker markets in Q4
- Completion of a single large estate

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

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

# DELIVERING FOR ALL STAKEHOLDERS



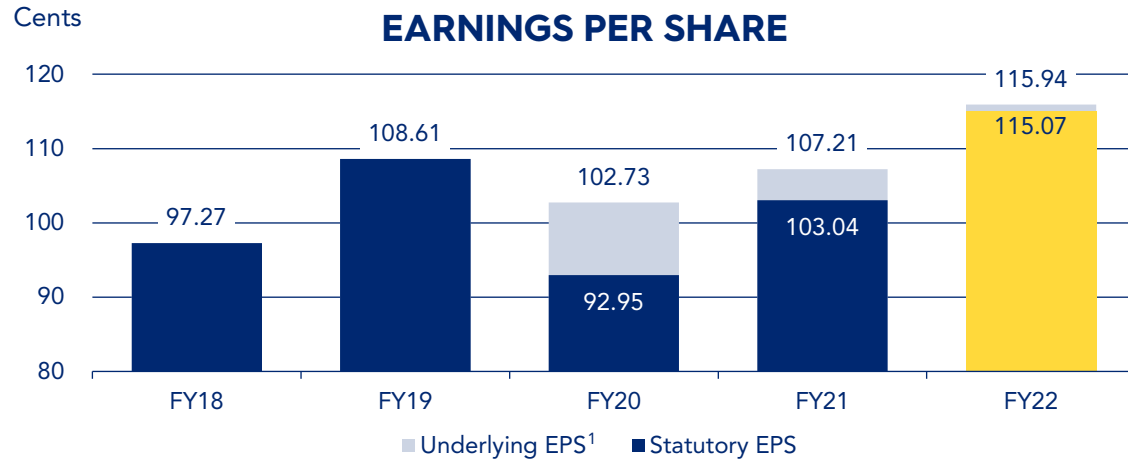
<sup>1</sup> Net Promoter score – net measure of client willingness to recommend EQT

<sup>2</sup> Net Loyalty score – net measure of clients prepared to purchase another EQT product or service

<sup>3</sup> Satisfaction rating of last interaction

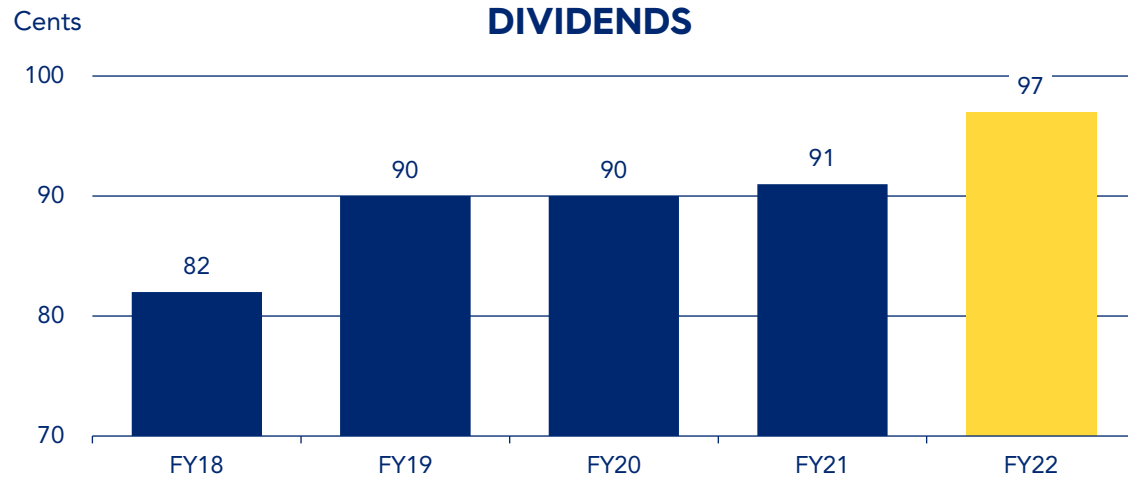
\* COVID-19 lockdowns have curtailed the ability of staff to volunteer

# DELIVERING FOR SHAREHOLDERS



**115.94**CENTS

- Strong EPS growth:
  - Statutory EPS up 11.7%
  - Underlying EPS up 8.1%



**97**CENTS

- Healthy increase in dividends
- Returned to growth post COVID pandemic
- Highest annual dividend in last 10 years

<sup>1</sup> Underlying EPS – excludes tax provision writeback and one off M&A expenses incurred in 1H FY21  
 \*Onset of COVID-19 Pandemic

# OTHER ACHIEVEMENTS



## PEOPLE

- Continuing to build capability while managing turnover and pressure on remuneration in some areas of the business
- Appointed new leaders including
  - Company Secretary
  - CTS – GM Business Development
  - Head of Responsible Investing
  - EGM Human Resources
- Managed return to work hybrid model well

## TECHNOLOGY

- Deployed new risk and compliance platform – CAMMS
- Deployed new third-party service provider oversight platform – Zeidler
- Continued Salesforce evolution
- Continued investment in cyber resilience
- Preparation for TWS and Finance system upgrades
- Developed sophisticated Member Outcomes platform

## ASSET MANAGEMENT

- Built top quartile investment record:
  - Aust. Equity alpha 5.0% over 1 yr & 3.1% over 3 yrs
- Major consolidation of 24 to 13 managed funds and improved operating model
- Launch of New EQT Eight Bays Global Equity Fund
- Appointed Responsible Investing Manager
- Transitioned leadership of Fixed Income Team
- Won new \$150m mandate



# STRONG BALANCE SHEET

\$M		FY22	1H22	FY21
<b>Assets</b>				
Cash and liquid investments		87.3	79.8	73.9
ORFR cash	┌	31.0	30.5	23.3
Trade receivables and accrued income		30.9	33.9	34.6
Goodwill and intangible assets		205.2	205.6	206.4
Other assets		16.7	17.3	15.7
<b>Total assets</b>		<b>371.2</b>	<b>367.1</b>	<b>353.9</b>
<b>Liabilities</b>				
Trade payables and other liabilities		16.6	14.2	14.8
Borrowings - Corporate Facility		10.0	10.0	10.0
Borrowings - ORFR Facilities	└	31.0	30.5	23.3
Other non-current liabilities		32.2	33.6	31.6
<b>Total liabilities</b>		<b>89.8</b>	<b>88.3</b>	<b>79.7</b>
<b>Net assets</b>		<b>281.3</b>	<b>278.8</b>	<b>274.2</b>
<b>Total equity</b>		<b>281.3</b>	<b>278.8</b>	<b>274.2</b>

- Debt/equity 3.6% (excluding cash backed ORFR facilities)
- Majority of cash and liquid assets supports regulatory capital requirements
- ORFR cash and debt facilities relate to specific superannuation funds in the STS business and offset one another
- Substantial headroom in covenants
- Surplus borrowing capacity
- Flexibility to take advantage of growth opportunities



# SUMMARY OF RESULTS

## STRONG PERFORMANCE WITH CONTINUED GROWTH MOMENTUM

 FUMAS increasing to \$148.9b supported by strong organic growth

 Continuing investment creating a foundation for more sustainable future growth

 Strong EPS growth on both underlying and statutory bases

 Continuing to deepen our community impact

 Increased dividend

 Delivering for all stakeholders



# A COMPANY FOUNDED ON TRUST

## PURPOSE: HELP PEOPLE TAKE CARE OF THE FUTURE



Safeguard people’s wealth now and for generations to come



Providing trustee services and fiduciary support to help to protect the interests of investors, members and beneficiaries



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.



# BUSINESS UNIT STRATEGIES



## TRUSTEE & WEALTH SERVICES (TWS)



Achieve leadership in multiple states and more lines of business



Enhance client experience



Build on presence in for-purpose market



Investing in platform and digital solutions to improve the client experience and operational efficiency.

## SUPERANNUATION TRUSTEE SERVICES (STS)



Achieve further scale by securing trusteeship for large funds and helping sponsors focus on their core business



Capitalise on industry ownership changes and APRA industry changes to take on new appointments



Further increase the focus on member outcomes

## CORPORATE TRUSTEE SERVICES (CTS)



Build on Australian leadership position in trustee services



Accelerate growth in Corporate Trust business

- Debt & Securitisation
- Custody & Real Assets



Achieve greater scale to reach profitability in UK/Ireland



# ACQUISITION OF AET

- Transformative acquisition for EQT
- Scale provides ability to invest in products and services
  - To better serve clients
  - Improve our employees' experience
- Highly complementary
- Expected to be earning's accretive for shareholders
- Delivers outcomes for all our stakeholders

**AUSTRALIA'S  
LEADING TRUSTEE  
COMPANY**



# SUCCESSFUL EQUITY RAISING COMPLETED ALONG WITH ESTABLISHMENT OF NEW DEBT FACILITY TO FUND AET ACQUISITION

SOURCES*		USES*	
Institutional Placement (including 18 new shareholders)	\$40m	Purchase Price	\$135m
Institutional Entitlement (~100% take-up)	\$50m	Transaction Costs	\$8m
Retail Entitlement (~65% take-up)	\$35m	Integration Costs	\$22m
New acquisition debt facility	\$40m		
	<b>\$165m</b>		<b>\$165m</b>

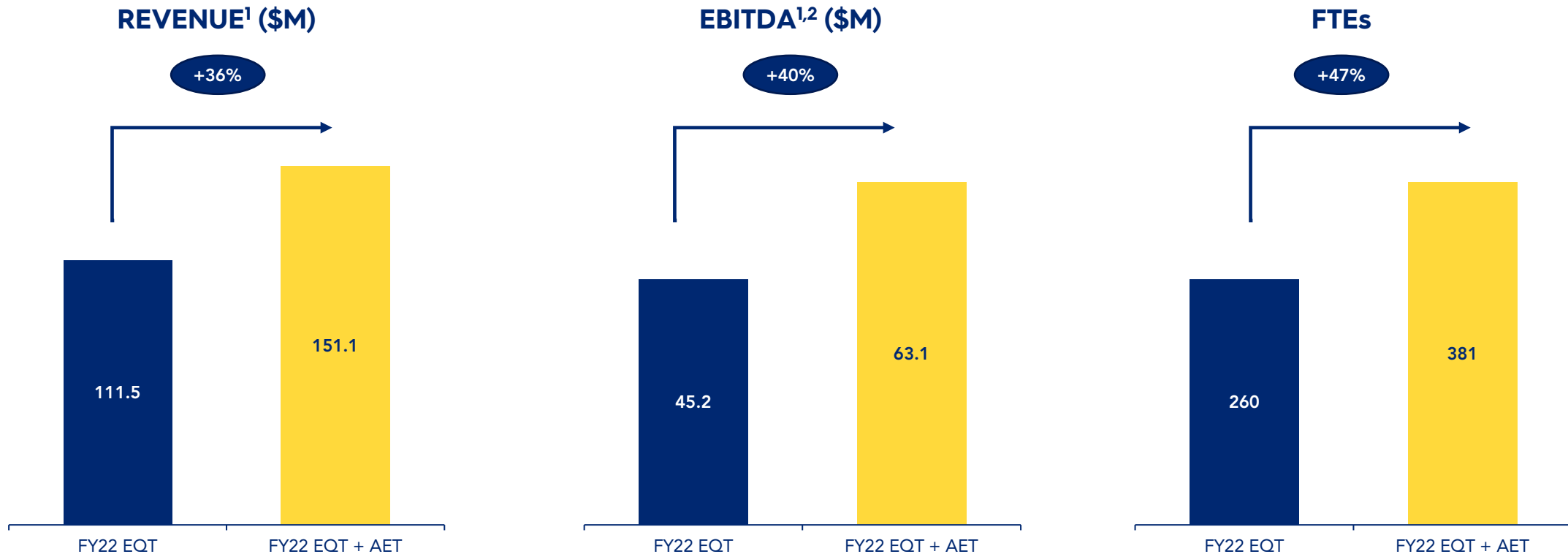
\* Numbers rounded and approximate

- Capital raising substantially oversubscribed
- Very well supported by shareholders



# ADDING TRANSFORMATIVE SCALE FOR EQT

Pro-forma FY22 including net synergy potential



<sup>1</sup> Excludes revenue contribution from SMSF and PMS businesses. Includes Additional Investment Revenues. Refer to Glossary in Appendix F for definitions

<sup>2</sup> Reflects EQT management's view of AET FY22 EBITDA, including costs required to run the business on a standalone basis. Excludes EBITDA contribution from SMSF and PMS businesses, on a post-AASB16 basis. Includes Additional Investment Revenues. Refer to Glossary in Appendix F for definitions

# AET SNAPSHOT



	AET	EQT
<b>Established</b>	1880	EQT 1888 / ANZT 1879
<b>Headquarters</b>	Adelaide	Melbourne
<b>Market Leading Positions</b>	Health & Personal Injury Adelaide & Perth	Philanthropy Melbourne
<b>Investment Capability &amp; Funds</b>	No	Yes
<b>Services</b>	Private Client Trustee Services Platform Services	All Trustee Services Asset Management
<b>Recently Acquired Businesses</b>	Plan B - 2012 National Australia Trustees - 2017 Ability One - 2018	ANZ Trustees 2014 Sandhurst Estates & Trustees - 2017 One Vue Responsible Entity – 2017 Zurich Superannuation Australia - 2019



# AET HAS TWO MAIN DIVISIONS



## TRUSTEE SERVICES

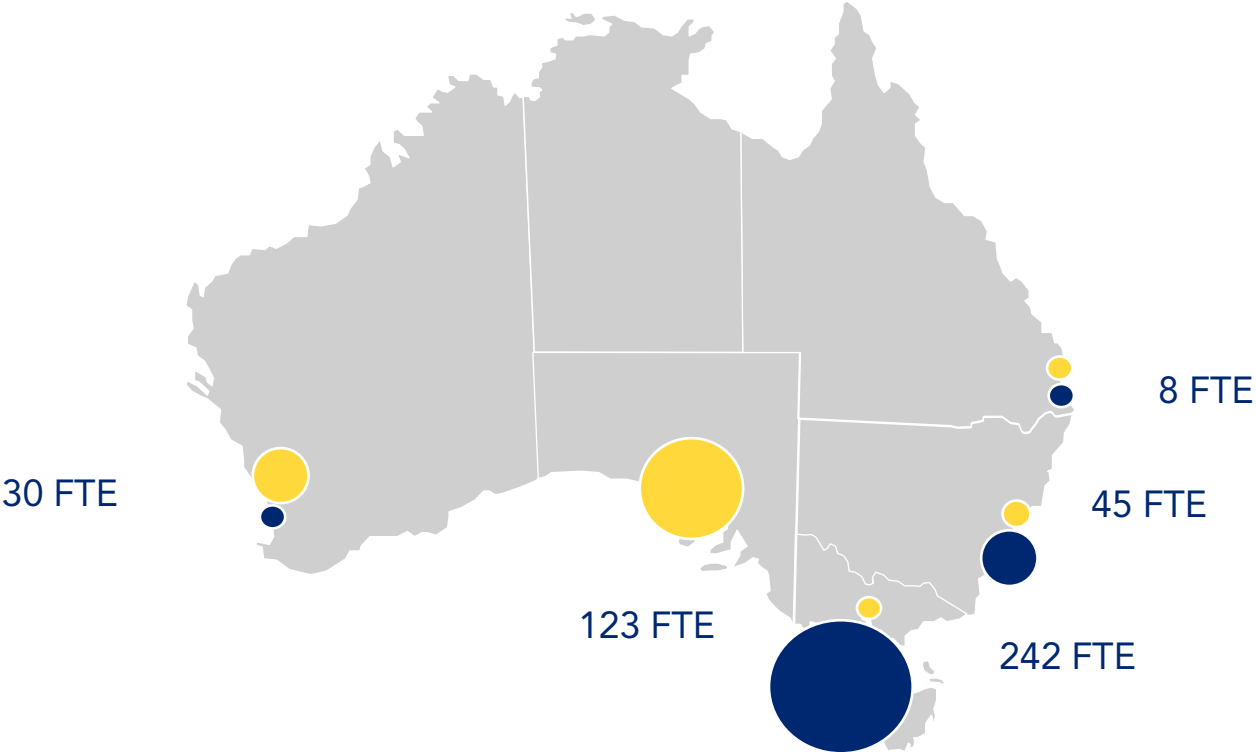
Services	FUMAS (\$bn)
Health & Personal Injury	2.8
Testamentary Trusts	0.6
Philanthropy	0.4
Community Trusts	0.4
Advice	0.3
Estate Management	0.1
Estate Planning	1.5 (Revenue \$m)
<b>Total</b>	<b>4.6</b>

## PLATFORM SERVICES

Products and services	FUMAS (\$bn)
Small APRA Funds (Superannuation)	1.1
Self Managed Super Funds	0.4
Portfolio Management Service	1.2
<b>Total</b>	<b>2.6</b>

 EQT intends to exit these lines of business<sup>4</sup>

# COMPLEMENTARY BY GEOGRAPHY



AET: ~175 FTE  
EQT TWS: 273 FTE  
TOTAL EQT 448 FTE

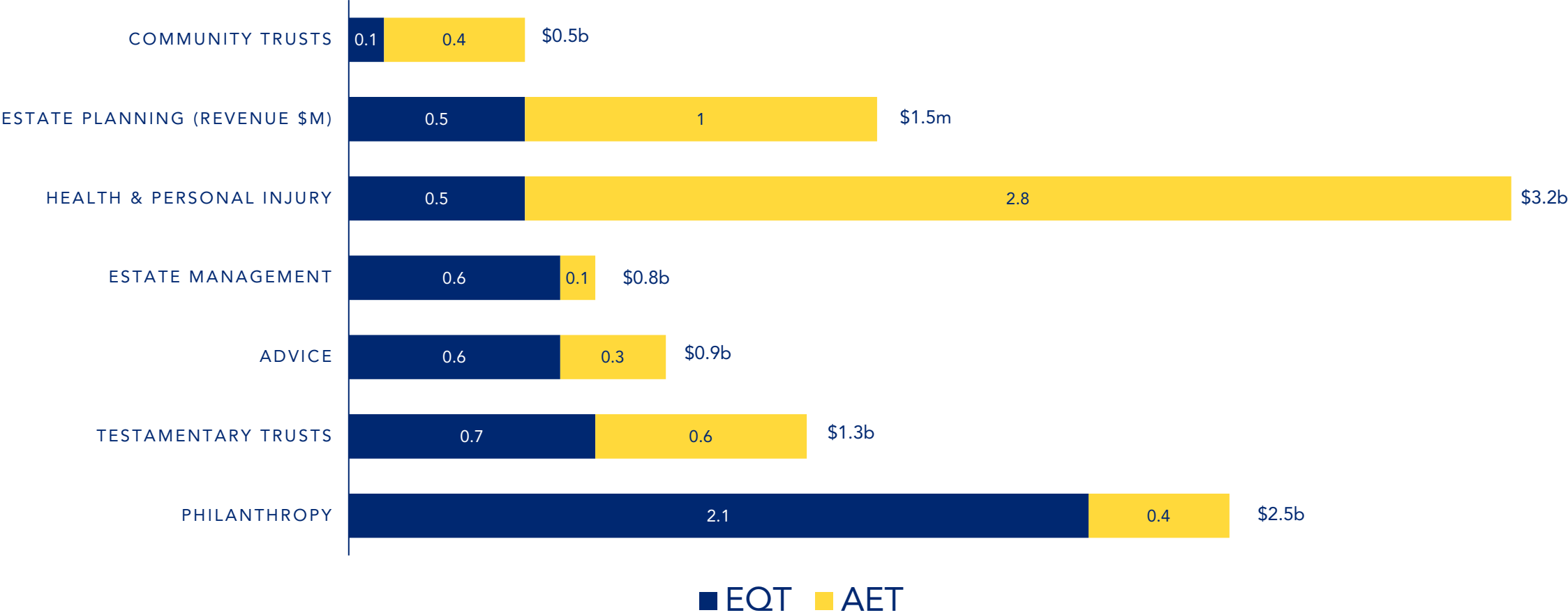
**Legend:**

- AET
- EQT TWS

# COMPLEMENTARY BY LINES OF BUSINESS FOR TWS



## FUMAS

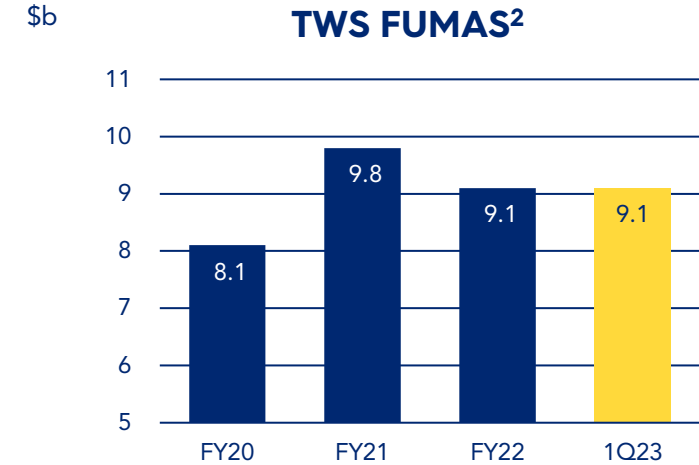
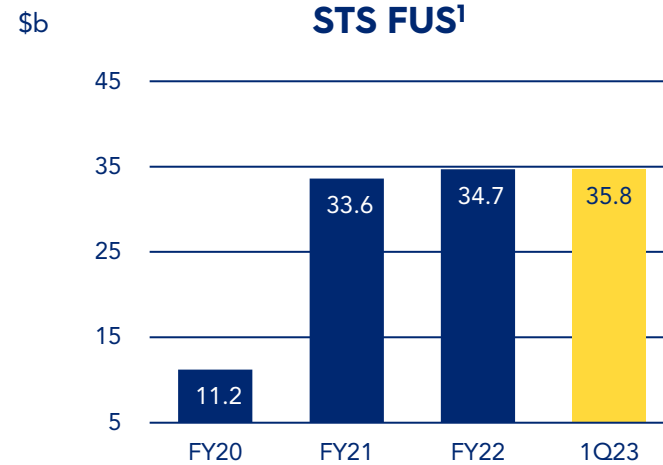
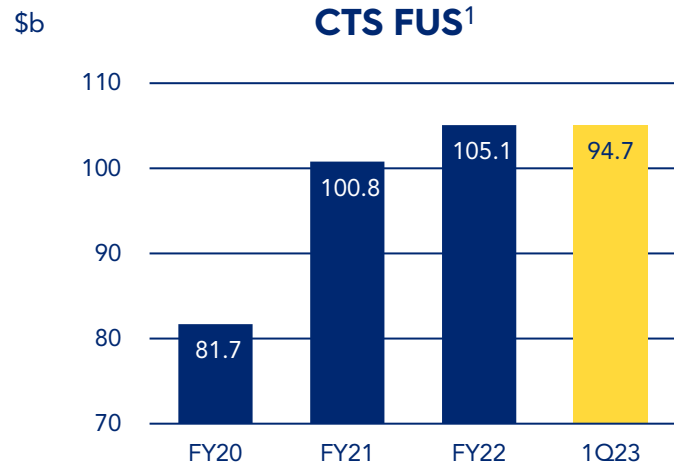






# 1Q23 FUMAS UPDATE

## Weaker markets offset by continued organic growth



- FUS down 9.9%
- High levels of new fund manager and corporate trust appointments continue, although offset by some fund reductions and closures
- Lower AUD exchange rate mitigating weaker markets

- FUS up 3.2%
- Encouraging pipeline of new clients
- Significant growth in platform FUS
- Benefitting from increased demand for independent trustee model

- FUMAS flat vs ASX200 down
- Good underlying organic growth momentum in 1Q
- Specialist funds management business has outperformed market benchmarks strongly

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

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



# EQT'S REVENUES ARE LEVERAGED TO EQUITY MARKETS AS FEES LARGELY ASSET-BASED

	FY22 REVENUE	LEVERAGE
TWS	\$51.0m	60%-70% to average daily ASX200
STS	\$20.7m	20%-30% to average daily ASX200
CTS	\$38.9m	40%-50% to average daily World MSCI and ASX200

	AS AT 30/06/22	AVERAGE DAILY FY22	AVERAGE DAILY 2H22	AVERAGE DAILY 1Q23	AV DAILY 1Q23 vs AV DAILY FY22 %	AV DAILY 1Q23 vs AV DAILY 2H22 %
ASX200	6,568.06	7,287.50	7,179.58	6,829.72	(6.3)	(4.9)
WORLD MSCI	3,683.72	4,148.50	4,026.59	3,864.10	(6.9)	(4.0)

- Significant reduction in equity markets with consequent impact on revenue



# 1Q23 UPDATE

## GOOD MOMENTUM AND KEY INITIATIVES ON TRACK

- Total Group FUMAS decreased by 6.4% in 1Q - good organic growth partially offsets weaker equity markets
- \$125m capital raising and additional \$40m acquisition debt facility maintains strong balance sheet and flexibility for future opportunities
- AET integration planning and expected costs/revenues proceeding as expected
- Additional investment in IT projects of ~\$2.5 - \$3.0m on track
- Staff turnover remains high, however vacancies are being filled with quality people in good time
- Expenses expected to be elevated in FY23 and in FY24 due to investment in people to support growth, catch-up in replacing vacant roles, investment in technology and AET integration costs



# SUMMARY AND OUTLOOK

## STRATEGY REINFORCED AND MOMENTUM CONTINUES

- Strategy reinforced by strong client and revenue growth
- Trend to outsource fiduciary services continues to transform industry and benefit Equity Trustees
- Growth in debt/securitisation and other corporate trust products provide further opportunities
- Expect to continue investing in people to support growth and respond to the market
- Investing in several material new IT developments, to deliver efficiencies and enhanced client proposition
- Equity markets at start of FY23 lower than FY22 average – with consequent potential revenue implications
- Solid balance sheet provides stability in volatile times and flexibility to fund growth
- Positive momentum for FY23 and beyond



**THANK YOU**

**EQT Holdings Limited**  
ABN 22 607 797 615  
Level 1, 575 Bourke Street  
Melbourne VIC 3000  
1300 133 472  
[www.eqt.com.au](http://www.eqt.com.au)



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## CHAIR'S SPEECH – AGM 2022

Shareholders, ladies and gentlemen, good morning and welcome.

My name is Carol Schwartz and I am the Chair of EQT Holdings Limited. As we begin, I take this opportunity to acknowledge the Wurundjeri People as the traditional custodians of this land on which this office is located. We recognise their continuing connection to this land and pay our respects to Kulin Nation 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 2022 Annual General Meeting.

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

## INTRODUCE EACH DIRECTOR

I would like to introduce you to my Board colleagues;

- **Kevin Eley** joined the Board in November 2011. Kevin is Chair of the Audit Committee and a member of the Risk Committee.
- **Glenn Sedgwick** joined the Board in August 2016 and is a member of the Audit Committee and Responsible Entity Compliance Committee. He also chairs our Strategy Committee, which all directors now attend as a full Board meeting.
- **Tim Hammon** joined the Board in December 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 February 2020, following serving on our Superannuation Subsidiary Board for the previous six years. Catherine returns to Chairing our Superannuation trustee Boards following the departure of two directors while we recruit for those vacancies. She is also Chair of the Board Risk Committee and member of the Remuneration, Human Resources and Nominations Committee, and member of the Audit Committee.
- **Kelly O'Dwyer** joined the Board in March of 2021. Kelly is a member of the Board Risk Committee and Chair of the Responsible Entity Compliance Committee and recently joined our Remuneration, Human Resources and Nominations Committee.
- **Mick O'Brien** was appointed Managing Director in July 2016, after joining Equity Trustees in July 2014 as a non-Executive Director. Mick is a member of the Board Risk Committee.
- Finally, I particularly want to acknowledge **Anne O'Donnell**, who retires at this AGM. Anne has been our longest serving Director on our current Board, having joined in September 2010. Anne has served as a highly experienced member of the Board Risk Committee, the Board Remuneration, Human Resources and Nominations Committee and as Chair of the Responsible Entity Compliance Committee.

On behalf of the Board, I wish to thank Anne for her significant contribution to our Board over the last 12 years. Her experience and genuine interest in this unique company has meant she has been



able to offer valuable insights and perspectives around the Board table. On behalf of the Board, I wish her well and all the best for the future.

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

I also want to acknowledge that it's Mark's final AGM with us, in accordance with the Corporations Act, he rotates off as a signing partner as it is his fifth set of financial statements. We would like to extend our thanks and gratitude to Mark and wish him all the best.

## AGENDA

Today's agenda will include... I will make some introductory comments, Mick will then update you on the results and provide more detail about our strategy and how it is progressing.

We will then proceed to the formal part of the meeting with several items of business as listed.

Before I hand over to Mick for an update of our results and the latest developments in the growth of Equity Trustees, our strategy and our outlook, I would like to share with you some of my own comments on the year we have had, and our future.

In the FY22 financial year, we achieved strong growth in revenue, net profit and funds under management, administration and supervision (or FUMAS).

This meant the financial returns for shareholders increased materially on the previous financial year. In tough times and against a backdrop of volatile equity markets, Equity Trustees has again performed with excellence and proved its resilience.

Earnings were up more than double digits, enabling the Board to declare an increased final dividend of 49 cents per share.

This is an outstanding performance, achieved in an environment that continues to be impacted by the ongoing effects of Covid-19 and substantial market volatility. Equity Trustees has now delivered higher dividends in five of the last six years, after maintaining the dividend in the 2020 Covid-impacted year.

At the same time, our client satisfaction ratings have improved, indicating that clients are recognising our efforts to look after their needs, and we maintained philanthropic funding through granting and bequests to more than 3000 for-purpose organisations at more than \$92 million for the year.

The result is a credit to our people and validates our strategy of focusing on specialist trustee services.

This focus leads me neatly to our announcement on 22 August of the acquisition of Australian Executor Trustees Limited (or AET). This is a transformative acquisition that enhances our capability particularly in private client trustee services while growing shareholder value.

It will mean a clear leadership position in First Nations Community Trusts (or Native Title Trusts) and in Health and Personal Injury (or Compensatory Trusts). Geographically this means a presence in Adelaide and expanded presence in Perth, and increased presence in Brisbane, Sydney and Melbourne.

The market received this news very well – with the institutional and retail equity raisings meeting their targets well on schedule. I take this opportunity to thank our advisors in this process – Greenhill, HSF and our joint lead managers – Barrenjoey and Ord Minnett





The transition process itself is well underway with great commitment from everyone involved. While the acquisition was an excellent match with our existing services and creates enormous opportunities for our heritage brand, the genuine collaborative spirit of our employees and their incoming colleagues bodes well for the future of the business.

Our people are continuing to adjust to the 'new normal' and return to our offices in central business districts as we successfully embed a hybrid office/work-from-home model which adapts to the needs of our employees without compromising service and efficiency. Our people should be proud of their efforts and contribution.

None of our successes for the year – nor the successes we hope for into the future - can be achieved without the dedication of our employees. These results are due in no small part to their flexibility and continued commitment to serving clients and the company as a whole.

On behalf of the Board, I thank all of our clients for their trust in us, our people for their dedication and commitment, and our shareholders and other partners for their ongoing support. Equity Trustees is strongly positioned for the future and I look forward to capitalising on the opportunities ahead.

I'll now hand over to Mick O'Brien and let him take you through the results in more detail.

Thank you.

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

### **SLIDE 5 - 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 really looking forward to talking to you about our FY22 results and the exciting news regarding the acquisition of Australia Executors Trustees.

### **SLIDE 6 - 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 over six years.



2. Georgie Taylor, our Executive General Manager of Human Resources, who joined us last month and has hit the ground running and been an invaluable contributor over her first six weeks with the group, particularly with the AET transaction.
3. Russell Beasley, Executive General Manager, Corporate Trustee Services.
4. Ian Westley, Executive General Manager Trustee and Wealth Services. Ian will primarily be responsible for bringing the AET business in to Equity Trustees.
5. Mark Blair, Executive General Manager of Superannuation Trustee Services.
6. Samantha Einhart, our Company Secretary. Sam joined early this financial year and has been an excellent addition to the team in this very important function.
7. Darren Thompson, heading up our leading Asset Management team,
8. Owen Brailsford, our Chief Risk Officer, and
9. Alicia Kokocinski, General Manager of Marketing and Communications

Half of this team have been in place for all of my tenure as Managing Director, demonstrating the stability of the team and our new additions this year in Georgie and Samantha have added greatly to our strength.

## **SLIDE 7 - STRONG EARNINGS INCREASE ON CONTINUED FUMAS GROWTH**

Now let me give you a high-level overview of the FY22 financial results. Our Funds Under Management, Administration and Supervision (FUMAS) grew by an impressive 3.3% on the prior year – that’s against a backdrop of the Australian equity market being down about 10% point to point and the global equity market being down 5%.

FUMAS is the main driver of our revenue and you can see it’s translated to a very healthy growth in revenue of 10.4% to \$111.5m. Pleasingly, more than half of this growth was organic revenue growth.

Net Profit After Tax was up 12.5% to \$24.2m, or 9% up on an underlying basis. This increase has been achieved from the revenue growth, but also tight control of expenses, which were up only 7% on an underlying basis – an impressive gap between revenue and expense growth.

And the Board chose to increase the final dividend by 1c to 49c, bringing the full year dividend up to 97c, a 6c increase on FY21.



## **SLIDE 8 - FUMAS UP 3.3% ON FY21 TO \$148.9B**

This slide shows the progression in growth in funds. It shows a very consistent pattern in growth, despite little growth in equity markets over that whole period. The only year where funds didn't grow and were stable was FY19, when the group's largest client internalised its Responsible Entity role, yet the full \$10b was replaced in that single year.

I should call out that the growth in Corporate Trustees Services was particularly strong and also reminding shareholders that the end point at June was impacted by lower equity markets.

## **SLIDE 9 - FUMAS GROWTH CONTINUES**

If I now turn to each of the Business Units.

Corporate Trustee Services had an excellent year growing funds by over 4%. We took on 15 new managers and established about 60 new schemes during the year. We saw a continued trend to launch dual registry quoted schemes; those that are listed and unlisted. We now have a portfolio of 11 active ETFs, Listed Investment Trusts and a single REIT. We have a number of innovative schemes being set up currently, which is very exciting. And rounding out CTS, we are very satisfied with how our Corporate Trust business is growing. It's a small business, started 4 years ago, but revenue is now \$3.8m and grew 30% in the year and we now have 77 appointments.

If I can turn to Superannuation, funds grew by 3.3% from a mix of new clients and existing clients growing. It's important to note that this portfolio is now well balanced between quickly growing leading platforms and other funds that are experiencing new outflows, but on balance the portfolio is growing. I can also say that the business is also coping with the enormous regulatory change.

If I move on to Trustee Wealth Services, you can see funds slightly down reflecting lower equity markets and completion of a single large estate during the year. The business is, however, writing good volumes of new business and is in excellent shape to be taking on the AET acquisition.

## **SLIDE 10 - DELIVERING FOR ALL STAKEHOLDERS**

You'll always hear me talking about delivering for our stakeholders – our clients, our 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, Net Loyalty Score – propensity to buy another service and satisfaction, improved markedly and are very positive.

Employee engagement and enablement both improved, despite the challenges of moving back to the office – I’m really pleased by the commitment of our employees. Engagement is at 71, 3 points above the industry, and Enablement is up from 70 to 73 – equal to the high performing norm.

For shareholders, we have grown the dividends and earnings per share materially. Finally, for the community, we granted over \$90m to fabulous charitable causes and continue growing the two community trusts we built in conjunction with the BCA in response to the bushfires – one for community rebuilding and one for the families of fallen volunteers. Funds gathered have now reached \$14m.

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

## **SLIDE 11 - DELIVERING FOR SHAREHOLDERS**

I’ll move on to the shareholder results.

You can see the progression of the earnings per share and dividends. EPS was up 11.7% on a statutory basis and 8.1% on an underlying basis.

The dividend increased to 97c, the fifth increase in the last six years.

## **SLIDE 12 - OTHER ACHIEVEMENTS**

Let me now touch on People, Technology and Asset Management – three key drivers of this business.

On the People front, we have not been immune to the great resignation effect, post Covid, but I’m pleased to say we’ve been able to fill vacancies quickly and we are increasingly being viewed as an employer of choice.

There is some pressure building on remuneration, but to date is largely confined to technology roles.

I’ve been delighted by the calibre of all our appointments but particularly these senior appointments in the business.



The Company Secretary role is critical in a governance business like ours. The GM of Business Development in CTS has strengthened considerably our capability in the custody and real asset side of the business. The appointment of a Head of Responsible Investing is really important as we focus on this more in the future, and finally I mentioned the appointment of our new EGM of Human Resources.

I'm very happy how we've managed our workforce safety and returned them to the workplace.

Technology – we've deployed a number of new platforms during the year. A new risk and compliance platform (CAMMS), a 3<sup>rd</sup> party oversight platform (Ziedler) – a new platform to manage superannuation member outcomes and we continued evolving Salesforce and building our cyber resilience.

The business is now focusing on the build of our new platform for TWS, the Workday build for Finance, continued reengineering of CTS's processes and the soon to be deployed new platform for active philanthropists.

Turning to Asset Management, I'm very excited to share our investment results. In Australian equities in our main asset class, the team have delivered outstanding performance over the four years since the leaders joined us. You can see the 3 year alpha number at 3.1% p.a., places us in the top quartile of all managers over 3 years. We transitioned leadership in our Fixed Income team, following a retirement, consolidated the range of managed funds materially and launched a new global equity Fund in partnership with Eight Bays. Pleasingly, we have also been winning some quality new business.

## **SLIDE 13 – STRONG BALANCE SHEET**

This slide shows our balance sheet. You see \$31m corresponding as an asset and liability in respect of ORFR loans required for superannuation funds – these loans are cash backed and neutral to our balance sheet.

The real debt to equity ratio of the balance sheet is 3.6% which is very low. We aim to sit clearly as investment grade, albeit without a formal credit rating.

The majority of the high cash level on the balance sheet supports required regulatory capital.

We currently have surplus borrowing capacity of ~\$30m and this remains the case after the capital and debt raising we have completed for AET. So we continue to have flexibility.



## **SLIDE 14 – SUMMARY OF RESULTS**

So, in summary, funds have grown to \$149bn. EPS has grown strongly in the year. The earnings translate to high cash generation and have been available for distribution and the dividend increased materially for the full year.

We continue to invest in the business to build a solid foundation and enable us to capitalise on the opportunities we see. We've kept positively impacting on the community and are delivering to all our stakeholders.

## **SLIDE 15 – 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 16 – BUSINESS UNIT STRATEGIES**

Let me turn to the headline strategies for each part of the business, and these strategies have not changed.

In TWS you can see the number one strategic initiative was to achieve leadership in multiple states and more lines of business. I'll show you shortly how AET achieves this key objective for us.

We are building a new client platform for this business to improve the client experience and likewise we've taken a specialist philanthropic platform out of the US, customised for this market and are about to roll it out to our active philanthropy clients. We are planning for this to give us a great foundation to grow this business, and have more clients capitalise on the skills and experience of our market leading Philanthropic team.



In Superannuation we are planning to achieve further scale by securing more new funds as the regulatory load becomes difficult for those that aren't specialists. We will continue to capitalise on the significant changes that are happening in this part of the industry as banks exit wealth and the advice market fragments. We will of course continue to put significant effort into improving member outcomes and take a technology enabled approach to this analysis to ensure efficiency.

And turning to CTS, our strategy is to continue to build our leadership position in providing Responsible Entity services as we reengineer our processes and continue adding quality people to the team.

We plan to keep growing the small but quickly growing Corporate Trust business by adding more experienced people as we built out the complete range of services in this area. And finally we will continue working on the pipeline of opportunities in our UK and Ireland businesses.

## **SLIDE 17 – ACQUISITION OF AET**

The strategy is a perfect lead into talking about the acquisition of AET. This truly is a transformational acquisition for EQT and takes us a step closer to being Australia's leading trustee company.

It will provide significant scale that will allow us to invest in products and services to better serve clients and improve the experience of our employees. Its extremely complimentary to EQT, which I'll show and it will be earnings accretive for shareholders and will allow us to deliver to all our shareholders.

## **SLIDE 18 – SUCCESSFUL EQUITY RAISING**

The recent equity raising was very successful. This slide shows the sources and uses of the capital:

- The equity raise of \$125m was– multiples oversubscribed.
- An additional acquisition debt facility of \$40m is in place.
- The equity raising bought on 18 new institutional shareholders.
- The \$24 issue price was 4.7% discount to TERP, one of the lowest in the market this year, reflecting the support for the acquisition and the company.

You can see how the funds will be utilised on the RHS.



## **SLIDE 19 – ADDING TRANSFORMATIONAL SCALE FOR EQT**

The acquisition provides great scale, our pro forma revenue increases by 36%, pro forma EBITDA increases by 40% and the number of employees increases by 47% - so be any measure the acquisition is providing very meaningful scale.

## **SLIDE 20 – AET SNAPSHOT**

This table provides a snapshot of AET relative to EQT. The company is 142 years old and dates back similarly to EQT and ANZ Trustees which we acquired in 2014 and it has a similar culture to EQT, as you would expect.

It is headquartered in Adelaide. It is the leader in the Health & Personal Injury Sector and you can see EQT is the leader in Philanthropy. It dominates the Adelaide market and has a big presence in Perth, whereas EQT's heartland is here in Melbourne.

AET does not come across with its own investment capability and we intend to leverage EQT's investment capability for the benefit of their clients.

AET purely focuses on trustee services for private clients and indigenous communities as opposed to EQT's strategy to provide the full range of trustee services in all markets, such as funds management, superannuation and corporate markets. Like EQT, AET has also been successful acquiring a number of trustee businesses in recent years, most recently National Australian's trustee business in 2017.

## **SLIDE 21 – AET HAS TWO MAIN DIVISIONS**

The AET business is two parts – firstly traditional trustee services on the LHS, which is a match to our TWS business, where they have \$4.6bn in funds and on the RHS, Platform Services. We intend to retain the small APRA Funds – a superannuation part of this business and outsource its administration, but we will exit the Self-Managed Super Funds and Portfolio Management Service because neither are trustee/fiduciary businesses.

## **SLIDE 22 – COMPLEMENTARY BY GEOGRAPHY**

This business is extremely complimentary to EQT by geography. You can see the yellow dots indicating where the AET employees are located and the blue dots where EQT employees are. AET gives us a





leadership position in Adelaide, a very strong position in Perth, to go alongside our leadership position in Melbourne and it adds to our presence in Sydney and Brisbane.

### **SLIDE 23 – COMPLEMENTARY BY LINE OF BUSINESS**

It is likewise extremely complimentary by line of business. AET is the leader in Health and Personal Injury taking our funds from \$0.5bn to over \$3bn. It likewise takes our community trust business from \$100m to \$0.5bn. It adds to all our other lines of business and overall provides a great balance to TWS's portfolio resulting in the two largest lines of business being Health and Personal Injury at \$3.2bn and Philanthropy at \$2.5bn.

### **SLIDE 24 – FIRST QUARTER FUMAS UPDATE**

I now want to give you a quick update on how our funds under supervision have been tracking over the first quarter. Funds under supervision have decreased in CTS, but pleasingly been maintained in Superannuation and TWS, despite the equity market falls.

In CTS a couple of clients experienced redemptions of \$1bn and a single institutional client at \$3.3bn decided to take a wholesale directed trustee role in house; although I'll add that this redemption was priced at very low fee levels because the manager was also the single unitholder.

Global equity markets have impacted this result negatively as well. We are however very satisfied with the new business activity in CTS.

Superannuation FUS is up 3.2%. driven mainly by growth in funds of our platform clients. The pipeline in Superannuation is very encouraging at the moment.

Finally in TWS, FUMAS is flat at \$9.1m, despite markets being down. The organic growth in TWS is showing good momentum.

This business is enjoying a good start to the year and our Asset Management team have continued to perform strongly.



## **SLIDE 25 – EQT’S REVENUES ARE LEVERAGED TO EQUITY MARKETS**

This slide shows the sensitivity of our results to equity market movement and whilst its not possible to be precise, these numbers provide some good guidance. The important points on this slide are that TWS revenue is leveraged 60 to 70% to the daily ASX200, STS is leveraged 20 to 30% to the daily ASX200 and CTS is leveraged 40 to 50% to the World MSCI. You can see on this slide the market levels over the quarter versus the levels over the second half of FY22. You can see the Australian equity market down 4.9% in the first quarter versus the second half of FY22 and global equity market down 4.0%.

## **SLIDE 26 – FIRST QUARTER UPDATE**

So total group FUMAS as at 30 September is down by 6.4%. The company has invested the proceeds of the successful raising of \$125m equity. The AET completion process and the integration is progressing to plan. The additional investments in IT developments over FY23 of \$2.5m to \$3.0m are on track. Staff turnover is tracking better, and we are filling the new roles with quality people. The expenses are expected to be elevated in FY23 as we invest to support growth, catch up in replacing vacant roles, invest in technology and of course bring AET into the business.

## **SLIDE 27 – SUMMARY AND OUTLOOK**

So, in summary our strategy to be Australia’s leading trustee is clear.

The acquisition of AET takes us a step closer to this goal. The underlying business performed very strongly in FY22 and is well positioned to perform in FY23.

The underpinnings of the business are based on growth in superannuation and investment markets, the trend to outsource fiduciary services and aging of our population and increasing wealth transition.

Expenses will be elevated as we are integrating AET, investing in our people and in some material IT developments to improve client experience, make us more efficient and provide a foundation for continued growth.

Further to my earlier comments on the impacts of market levels, the lower equity markets have impacted our revenue in the first quarter in line with expectations. If equity markets stay at these sorts of levels for the balance of the first half year there will be a consequential impact on revenue albeit offset to some extent by healthy organic growth.



We take some real comfort from the solid balance sheet and low gearing and our first quarter has shown some strong momentum.

## **CLOSING STATEMENT – NO SLIDE**

So, 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. 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 clients in good times and tough times.

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