

22 October 2021

## **AGM: Chairman's Address and Managing Director's Presentation**

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

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

Philip Gentry  
Company Secretary

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### **FURTHER INFORMATION**

#### **Media**

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**Philip Gentry**  
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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



**22 OCTOBER 2021**



**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



# AGENDA

**(A) CHAIR'S ADDRESS**

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

**(C) ITEMS OF BUSINESS**

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

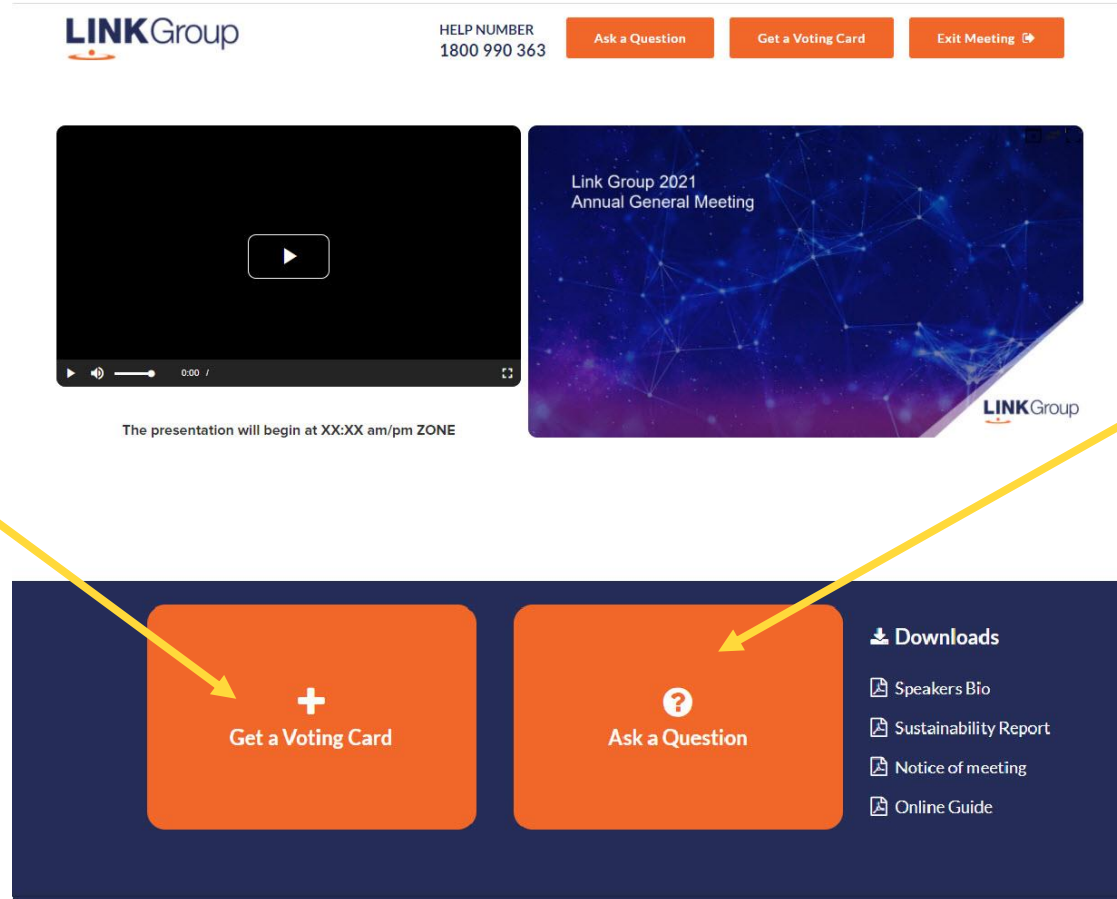
**(2) ELECTION AND RE-ELECTION OF DIRECTORS**

**(3) ADOPTION OF REMUNERATION REPORT**

**(4) APPROVAL OF LONG-TERM INCENTIVE AWARD FOR MANAGING DIRECTOR**

**(5) APPROVAL OF AMENDMENTS TO 2018, 2019 AND 2020 LONG TERM INCENTIVE PLAN**

# QUESTIONS AND VOTING



## TO VOTE:

Click on 'Get a Voting Card'

If you haven't already, enter your:

- SRN/HIN; and
- postcode (or country if outside Australia)

## TO ASK A QUESTION:

Click on 'Ask a Question'

If you haven't already, enter your:

- SRN/HIN; and
- postcode (or country if outside Australia)

For help/technical support contact: 1800 990 363



**CAROL  
SCHWARTZ AO  
CHAIR**



**MICK O'BRIEN**

**MANAGING  
DIRECTOR**



# LEADERSHIP TEAM



**MICK O' BRIEN**  
Managing Director



**PHILIP GENTRY**  
Chief Financial Officer,  
Chief Operating Officer &  
Company Secretary



**SHARNI REDENBACH**  
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 Office



**STEPHEN HARDY**  
Acting Company  
Secretary



**DARREN THOMPSON**  
Head of Asset  
Management



**OWEN BRAILSFORD**  
Chief Risk Officer



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

# FINANCIAL PERFORMANCE DRIVEN BY STRONG FUMAS GROWTH



**FUMAS\***  
**\$144.2b**

↑ Up 43% on FY20

**REVENUE**  
**\$101.0m**

↑ Up 5.9% on FY20

**UNDERLYING NPAT**  
**\$22.4m**

↑ Up 5.5% on FY20

**DIVIDENDS**  
**91 cents**

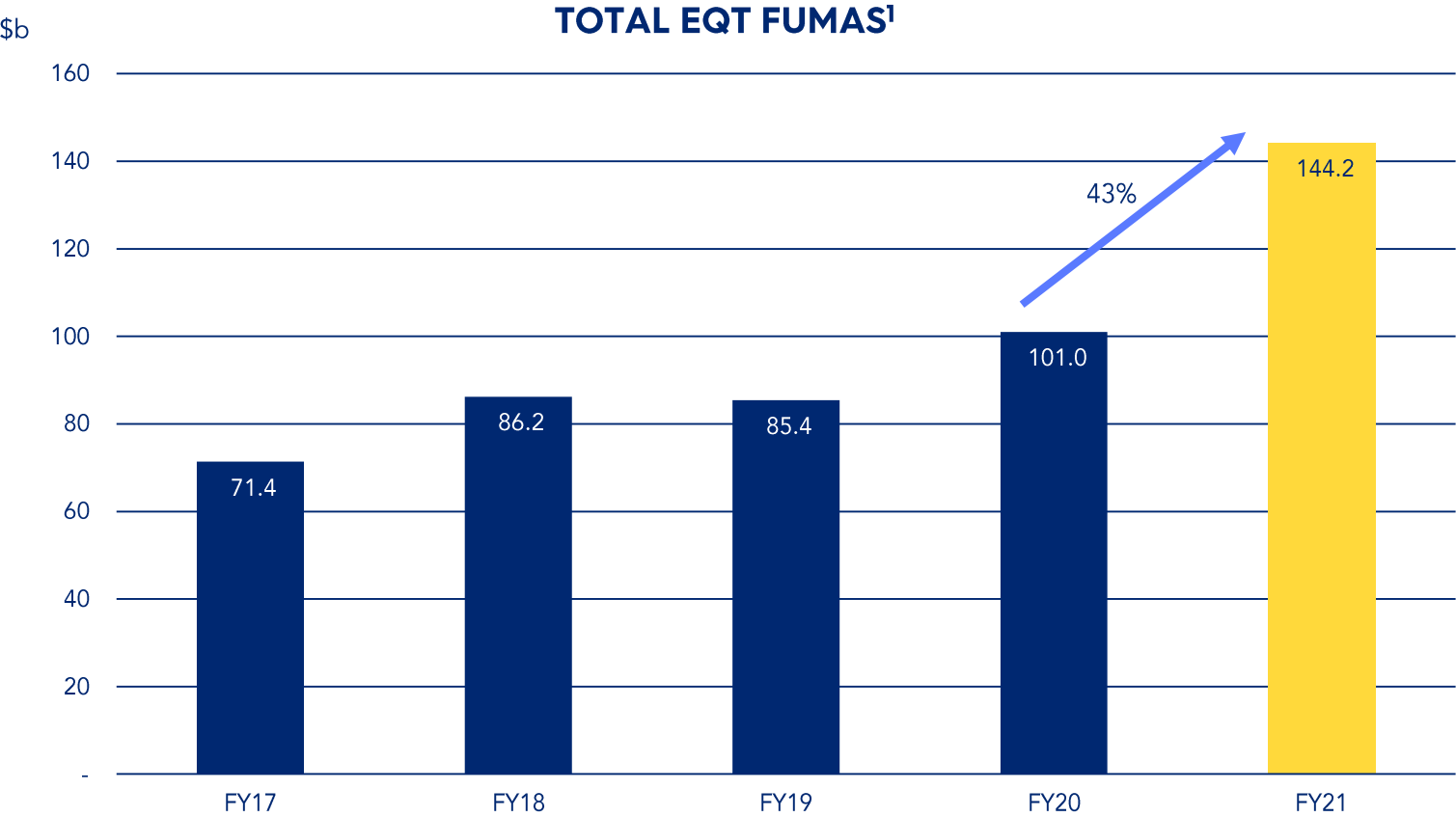
↑ Up 1 cent per share on FY20  
(Final dividend of 47 cents)

- Solid growth in earnings primarily as a result of strong organic growth
- Statutory NPAT of \$21.5m, up 12.1% on FY20
- Increased dividend for the year at 91 cents
- Balance sheet remains strong with low gearing and healthy liquidity
- New wins and pipeline of opportunities provide growth momentum

- Industry trend to outsource fiduciary roles continues to benefit EQT
- Investing in people capability and technology to support further growth
- Fulfilling our purpose of trust – caring for people and enriching the broader community

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

# FUMAS UP 43% TO \$144.2B



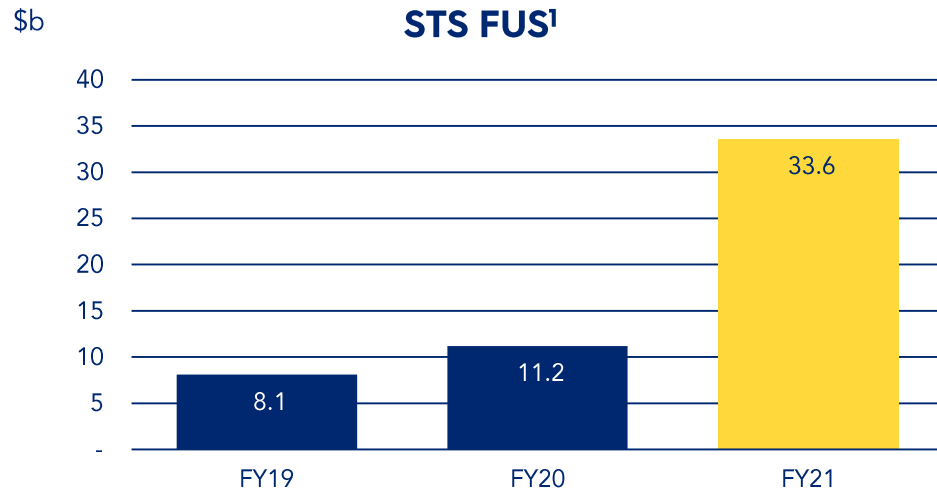
43% increase in FUMAS principally driven by:

- Large Superannuation Trustee appointments – especially AMP/Life Resolution and HUB24
- Significant new business activity in Corporate Trustee Services
- Positive recovery in equity markets

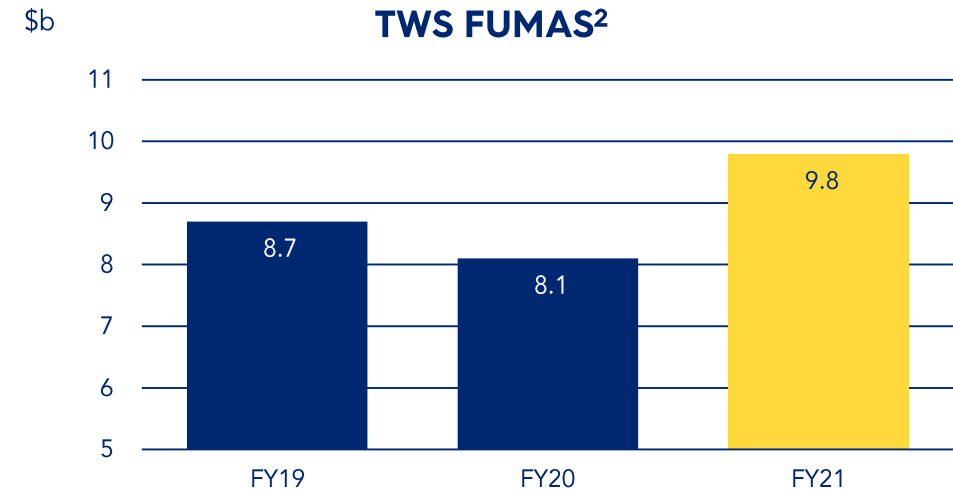
<sup>1</sup> FUMAS: Funds under management, administration, advice and supervision



# FUMAS GROWTH ACROSS ALL BUSINESSES



- FUMAS up 200%
- Onboarded AMP Life (owned by Resolution Life), HUB24, Centric and Aracon Superannuation funds
- Benefiting from increased demand for independent trustee model



- FUMAS up 21%
- Growth in new clients
- Our \$3.8b specialist funds management business has outperformed client and market benchmarks

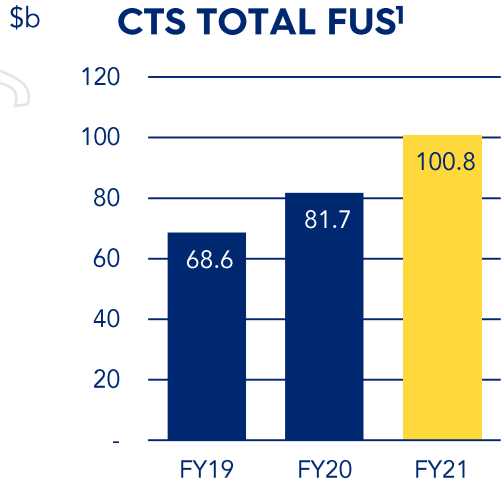
<sup>1</sup> FUS: Funds under supervision

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

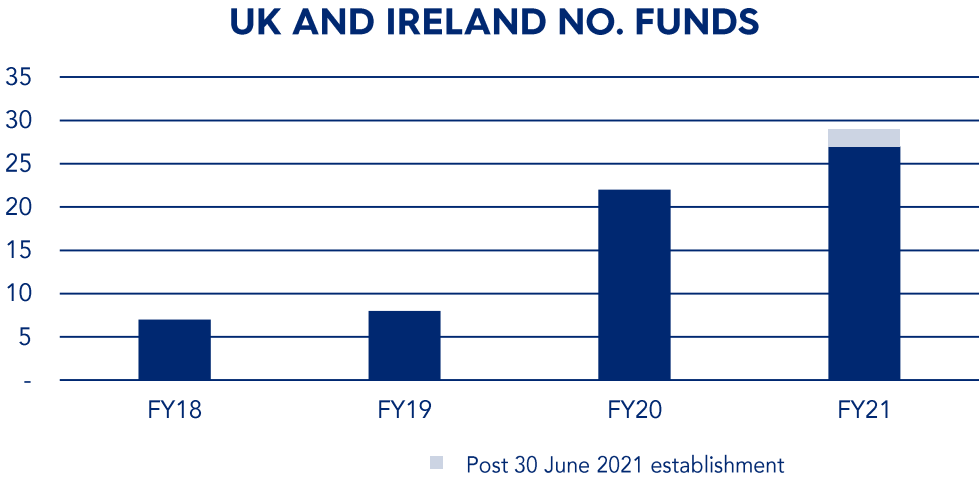
Note: We have expanded our reporting across 3 business lines with Superannuation Trustee Services (STS) now being reported separately from TWS



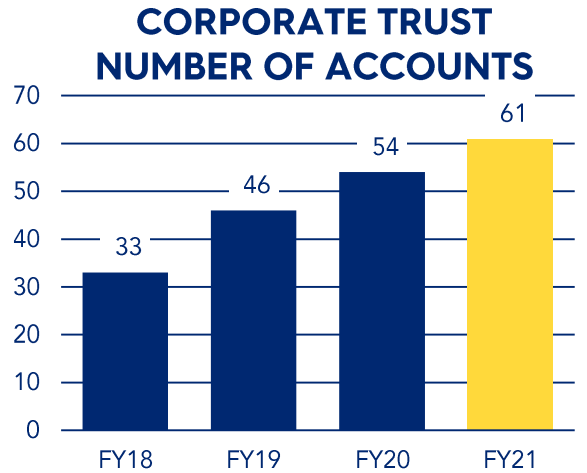
# GROWTH ACROSS ALL CTS BUSINESS LINES



- FUMAS<sup>2</sup> up 23%
- 8 new fund manager clients, supported by positive equity markets
- Expansion in service offering to dual registry quoted funds
- Continued growth in corporate trust appointments



- Generated FUMAS growth, notwithstanding a more challenging environment as a result of COVID-19 delaying establishments and distribution
- Irish market continues to experience strong growth
- UK market growth more subdued
- UK regulator (Financial Conduct Authority (FCA)) has increased scrutiny on independent Authorised Corporate Directors (ACDs)
- ~A\$16m in capital invested to date in UK and Ireland (debt, preference shares and equity)
- Pipeline of new clients and funds is strong, particularly in Ireland
- Breakeven expected to take longer



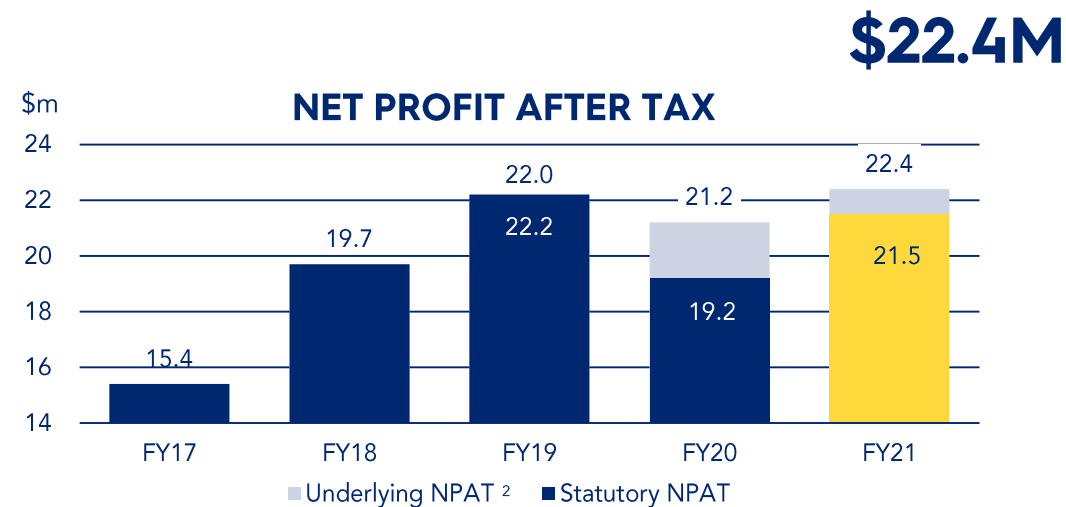
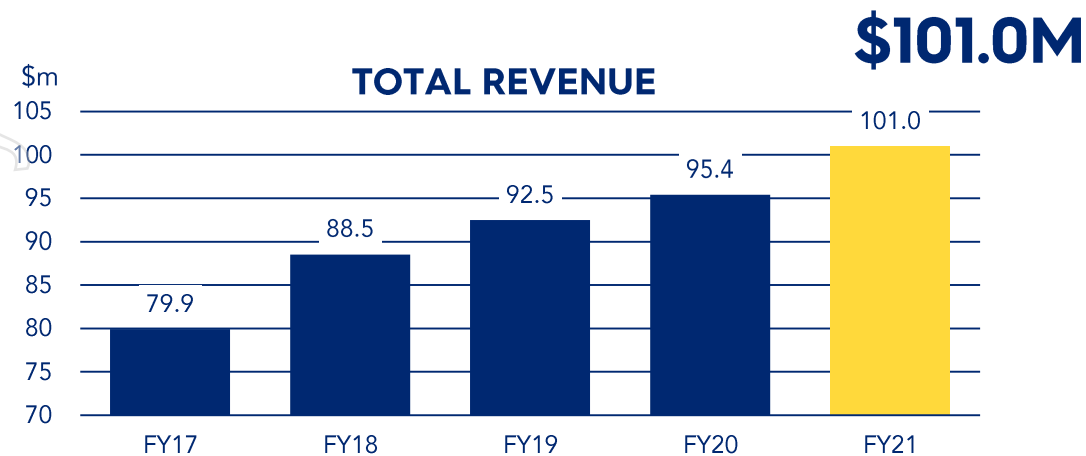
- Significant retail note transactions for Macquarie and Challenger
- Custody transactions for Home Co
- Building momentum in syndicated property transactions as Facility Agent and Security Trustee
- Increasing resourcing to support high levels of activity and positive growth outlook

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

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

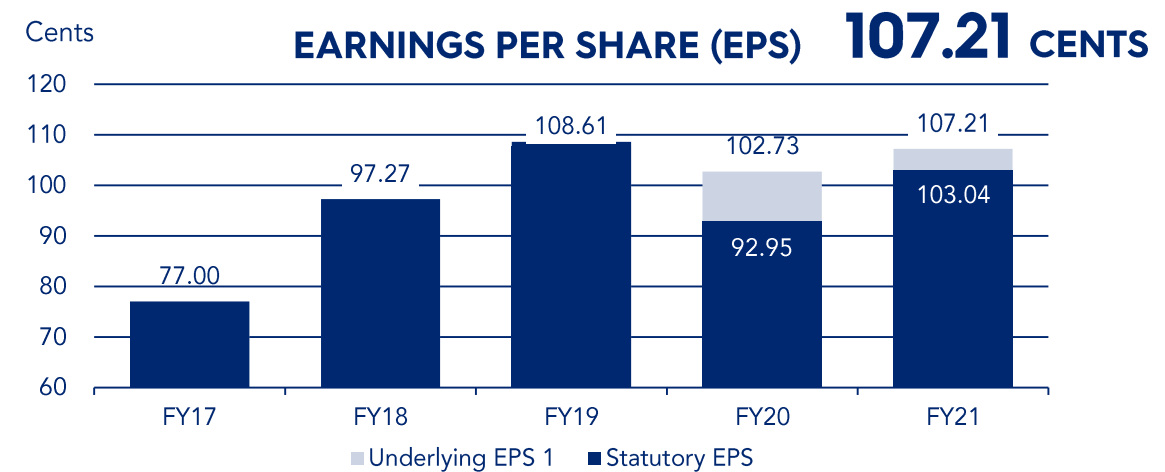
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# CONSISTENT PERFORMANCE



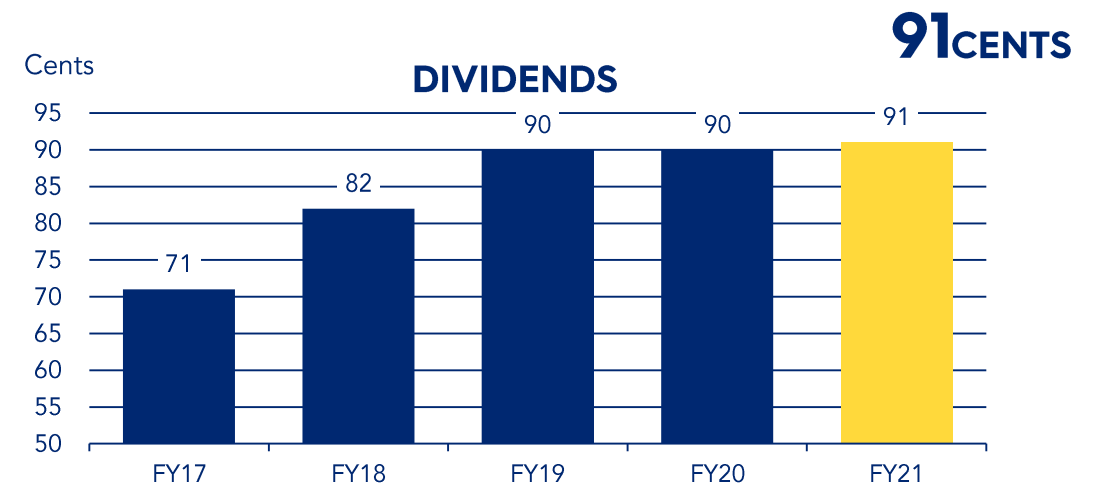
<sup>1</sup> Underlying EBITDA – excludes one off M&A expenses incurred in 1H FY21

<sup>2</sup> Underlying NPAT - Excludes tax provision writeback and one off M&A expenses incurred in 1H FY21  
- Excludes tax provision (\$2.1m) and tax adjustment (\$0.1m) in FY20



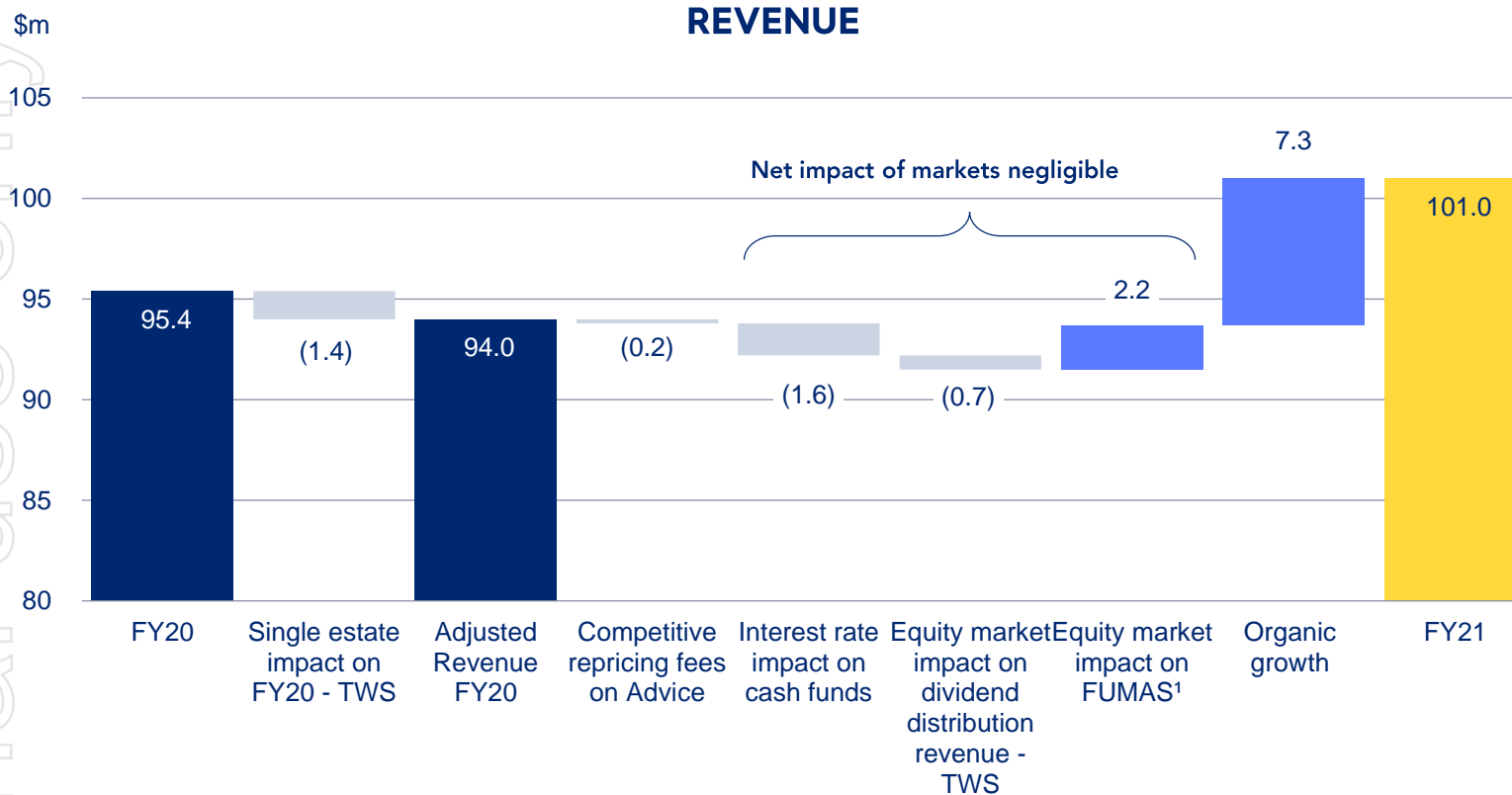
Good EPS growth:

- Underlying EPS up 4.4%
- Statutory EPS up 10.9%





# STRONG ORGANIC REVENUE GROWTH



- Revenue up 5.9% on a headline basis, and 7.3% on an adjusted basis
- Organic growth contributed to most of the uplift as a result of growth in new clients, particularly in STS and CTS
- Lower cash rates continue to constrain linked revenues
- Rebound in equity markets had a positive impact on FUMAS

¹ FUMAS: Funds under management, administration, advice and supervision

Note: Market impact on FUMAS links ~50% of TWS revenue to the average ASX 200, ~20% of STO revenue to the average ASX 200 and ~50% of CTS revenue to the average MSCI World and ASX200 index

-Exchange rates are not considered



# BALANCE SHEET STRENGTH

## PROVIDES SECURITY AND FLEXIBILITY

\$M	FY21	1H21	FY20
<b>Assets</b>			
Cash and liquid investments	<b>73.9</b>	73.9	80.7
ORFR cash	<b>23.3</b>	23.3	9.0
Trade receivables and accrued income	<b>34.6</b>	31.6	27.5
Goodwill and intangible assets	<b>206.4</b>	207.2	208.4
Other assets	<b>15.7</b>	16.0	17.1
<b>Total assets</b>	<b>353.9</b>	352.0	342.7
<b>Liabilities</b>			
Trade payables and other liabilities	<b>14.8</b>	10.4	13.8
Borrowings - Corporate Facility	<b>10.0</b>	16.0	20.0
Borrowings - ORFR Facilities	<b>23.3</b>	23.3	9.0
Other non-current liabilities	<b>31.6</b>	32.2	32.5
<b>Total liabilities</b>	<b>79.7</b>	81.9	75.3
<b>Net assets</b>	<b>274.2</b>	270.1	267.4

<b>Net cash</b>	<b>63.9</b>	57.9	60.7
<b>Debt (excl. ORFR facilities) / equity</b>	<b>3.6%</b>	14.6%	10.8%
<b>Debt (excl. ORFR facilities) / EBITDA</b>	<b>26.9%</b>	48.1%	54.5%

- Debt/equity (excluding cash-backed ORFR Loans) 3.6%
- 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



# DELIVERING FOR STAKEHOLDERS



## EMPLOYEE ENGAGEMENT

Engaged and enabled  
staff

### ENGAGEMENT

**70 (↑ 2 pts)**  
+2 above industry

### ENABLEMENT

**70 (↓ 2 pts)**  
equal to industry

## CLIENT SATISFACTION

Net Promoter score (NPS)<sup>1</sup>  
Net Loyalty score (NLS)<sup>2</sup>

**NPS**  
**12 (↓12)**

**NLS**  
**13 (↓ 16)**  
Results inline with FY19

## SHAREHOLDER VALUE

Earnings per share growth  
and FUMAS growth

**STATUTORY EPS**  
**103.04 cents (↑10.1 cents)**  
**UNDERLYING EPS<sup>3</sup>**  
**107.2 cents (↑4.5 cents)**

**DIVIDENDS**  
**91.0 cents (↑ 1 cent)**

## COMMUNITY IMPACT

Granting and pro bono/  
volunteering

**GRANTING**  
**\$96.2M (↑ \$5.2m)**

**VOLUNTEER DAYS\*\***  
**22 (↓ 55%)**

\* Note changes are FY21 relative to FY20

1 Net Promoter score – net measure of client willing to recommend EOT

2 Net Loyalty score – net measure of clients prepared to purchase another EOT product or service

3 Underlying EPS – excludes tax revision write back and one off M&A expenses, incurred predominantly in 1H21

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



# OTHER ACHIEVEMENTS

## PEOPLE

- HR initiatives enabled increased engagement despite lockdowns
- Successful Board changes and renewal
- Transitioned new leadership into CTS
- Sourced superannuation professionals to manage growth

## TECHNOLOGY

- Deployed new risk and compliance platform – CAMMS
- Deployed new third party service provider oversight platform – Ziedler
- Continued Salesforce evolution
- Continued investment in cyber resilience

## MARKETING

- Transitioned marketing events online
- Major improvement in search engine optimisation and digital marketing
- Increased communications program to connect with clients

## ASSET MANAGEMENT

- Building an outstanding investment record, adding material alpha to client portfolios
- Major consolidation of 24 to 13 funds and investment in improved operating model
- Launch of New EQT Eight Bays Global Equity Fund

# RESILIENT PERFORMANCE WITH GROWTH MOMENTUM



Robust FUMAS growth to \$144.2 billion, supported by organic growth and strong equity markets



Solid EPS growth on both an underlying and statutory bases



Consistent cash conversion



Increased dividend after maintaining the same amount in FY20



Sound capital position with flexibility to fund future growth



Underlying cost growth in-line with revenue growth as we invest and create a foundation for more sustainable future growth



Continuing to deepen our community impact



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



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.

# TRUST IS IN DEMAND



Increasing demand for an independent fiduciary model following the Royal Commission

Regulatory landscape continues to evolve

Conflicts of interest

Increasing regulatory oversight

## KEY INDUSTRY DRIVERS

Ownership changes in financial services

Focus on core capabilities

Growing trend for companies to focus on what they do best

Stability

Heightened expectations

Community expectations of corporate behavior and trust continue to grow

Changes in ownership of wealth management businesses has increased demand for Australian based provision of trustee (and associated) services

COVID-19's impact on financial markets highlighted the benefits of a trusted, stable fiduciary



# EQUITY TRUSTEES IS A LEADER IN THE PROVISION OF INDEPENDENT TRUSTEE SERVICES

Australia's largest specialist independent trustee providing services to individuals, families and corporate clients

TRUSTEE & WEALTH SERVICES (TWS)	SUPERANNUATION TRUSTEE SERVICES (STS)	CORPORATE TRUSTEE SERVICES (CTS)
<ul style="list-style-type: none"><li>Private client and philanthropic services including estate planning and management, charitable, compensation, community and personal trust services and wealth management and advice</li><li>\$9.8b FUMAS</li><li>\$46.7m revenue</li></ul>	<ul style="list-style-type: none"><li>Superannuation trustee services for corporate and retail superannuation funds</li><li>\$33.6b FUS</li><li>\$19.2m revenue</li></ul>	<ul style="list-style-type: none"><li>Fund governance and trustee services for managed investment schemes on behalf of local and international fund managers and sponsors, and specialised trustee services for corporates</li><li>Australia, UK, Ireland</li><li>\$100.8b FUS</li><li>\$33.4m revenue</li></ul>
<div><div></div><div>Leading professional trustee services provider in Australia</div></div> <div><div>\$2.1b</div><div>Philanthropy FUMAS</div></div> <div><div>\$96.2m</div><div>Annual philanthropy distributions and bequests</div></div>	<div><div>#1</div><div>Provider of independent outsourced superannuation trustee services in Australia</div></div> <div><div>200%</div><div>FUS growth in FY21</div></div>	<div><div>#1</div><div>Provider of Responsible Entity services in Australia</div></div> <div><div>#3</div><div>Corporate trust business in Australia</div></div> <div><div></div><div>Building presence in UK/Europe</div></div>

Note: We have expanded our reporting across 3 business lines with STS now being reported separately from TWS

# GROUP STRATEGY OVERVIEW



## OUR OBJECTIVES

Consistent growth in shareholder value and returns

Market leadership in our specialty areas

Reputation as a stable, enduring, trusted corporation

## GROUP STRATEGY



### BUSINESS GROWTH

- Capture opportunities from market demand for fiduciary independence
- Compete in additional lines of trusteeship to maximise our opportunity set
- Scale up areas of business that show greatest scope for growth
- Disciplined acquisitions in areas with greatest growth and/or synergy opportunities
- Maintain balance sheet discipline



### CLIENT SERVICE

- Deliver seamless, tailored client service across our B2B and B2C clients
- Leverage technology solutions to improve client offering and streamline operations
- Provide expert market leading advice to clients.



### CAPABILITY

- Resource our businesses with the best technical professionals in fiduciary services
- Build teams of committed, caring, skilled, resilient people
- Build technology and systems to drive operational efficiency and enhance client experience



### COMMUNITY

- Efficient and effective management of clients' philanthropic funds
- Responsible corporate citizen with strong ESG practices
- Contribute to improving social and economic outcomes for Aboriginal and Torres Strait Islander peoples and communities
- Volunteering and supporting for-purpose organisations

# 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



Increase participation in intergenerational wealth transfer market

## 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



Achieve greater scale and improved profitability in UK/Ireland



# BUSINESS UPDATE



## TRUSTEE & WEALTH SERVICES (TWS)

- Streamlining trustee and advice for Health and PI clients
- Eight Bays Global Equity Fund – Very good start with 1.6% Alpha in Q1

## SUPERANNUATION TRUSTEE SERVICES (STS)

- Industrialisation of digital platforms to manage scale
- Business development focused on existing and new clients to explore partnerships and growth opportunities

## CORPORATE TRUSTEE SERVICES (CTS)

- Fund establishments continue at high level
- UK and Ireland markets reopening, but managing increased requirements of FCA
- Increasing appetite for listed fund vehicles

## OTHER SUPPORT AREAS

- Successfully rolled out over 200 target market determinations for design and distribution obligation legislation
- Managing the safe return of our employees to the offices
- Continuing to build capability while managing turnover and pressure on remuneration in some areas of the business
- Good progress on the technology plan

# OUTLOOK



## STRATEGY REINFORCED AND MOMENTUM CONTINUES

- Strategy is clear and continues to provide momentum in FUMAS and revenue growth
- Trend to outsource fiduciary services continues to transform industry and benefit Equity Trustees
- Strong equity markets are now generating a positive impact
- FUMAS at 30 September was \$147b
- Continuing to build capability while managing turnover and pressure on remuneration in some areas of the business
- Solid balance sheet provides stability in volatile times and flexibility to fund growth
- Positive outlook for FY22 and beyond



**THANK YOU**

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#### **Disclaimer**

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

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Where forward looking statements have been used in this presentation the information provided is based upon current expectations of future events and is subject to risk, uncertainty and assumptions that could cause actual outcomes to differ from those forecast.

# AGM 2021 RUN SHEET

## SLIDE 1 – ANNUAL GENERAL MEETING

*When Carol starts speaking change Slide*

## SLIDE 2 – MS CAROL SCHWARTZ AO, CHAIR

Shareholders, ladies and gentlemen, good morning.

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

Equity Trustees is committed to honouring Aboriginal and Torres Strait Islander people as the First Australians and respects their long and enduring connection to this country. I take this opportunity to pay my respects to all traditional owners of the lands you are on, wherever you are, and in particular the Wurundjeri People as the traditional custodians of the land I am coming to you from. We recognise their continuing connection to this land and pay our respects to Kulin Nation Elders past, present and emerging. ]

*[Pronunciation help: Wurundjeri (Waa-run-jury); Kulin (Cool-in)]*

On behalf of my fellow Directors, the Executives and Employees of EQT Holdings Limited it gives me great pleasure to welcome you to this 2021 Annual General Meeting.

This meeting is again being held online due to the various restrictions around the country. While this online format may be familiar for some shareholders, I acknowledge that it may be less so for others, nevertheless, I am confident we can deal with all the required business in this format.

You have the same opportunity to participate today as you would at a physical meeting through the online platform. This includes being able to ask questions and vote using an electronic voting card.

I'll discuss these processes a little later. The option to ask questions via telephone was offered in the Notice of Meeting, however let it be noted no shareholders availed themselves of this option.

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.



### SLIDE 3 - BOARD OF DIRECTORS

I would like to introduce to you my Board colleagues.

Anne O'Donnell is our longest-serving Director, having joined the Board in September 2010. Anne is a member of the Board Risk Committee, the Board Remuneration, Human Resources and Nominations Committee and Chair of the Managed Investment Scheme Compliance Committee.

Kevin Eley joined the Board in November 2011. Kevin is Chair of the Audit Committee and a member of the Risk Committee and I thank him for the significant work undertaken, particularly on our Audit Committee.

Glenn Sedgwick joined the Board in August 2016 and is a member of the Audit Committee. He also chairs our Strategy Committee, a committee designed to ensure we think long term and with diversity of thought.

Tim Hammon joined the Board in December 2018 and is a member of the Strategy Committee and is Chair of the Remuneration, Human Resources and Nominations Committee.

Catherine Robson joined the Board in February 2020, following serving on our superannuation subsidiary Board for the previous six years. Catherine is Chair of the Board Risk Committee and is a member of the Remuneration, Human Resources and Nominations Committee and a member of the Strategy Committee.

Our newest appointee is the Hon. Kelly O'Dwyer. Kelly joined the Board in March this year. Kelly is a member of the Board Risk Committee and I look forward to shareholders resolving to confirm her appointment as a Director later in this meeting.

Finally, 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 and Board Strategy Committee.

Also representing the company here today is our Chief Financial Officer, Philip Gentry. Philip is currently the Company Secretary and we also have Stephen Hardy who is acting in that role supporting Philip, and our other Executive Leadership Team members.

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.



## **SLIDE 4 - AGENDA**

This is the agenda for today's meeting.

I will make some introductory comments.

Mick will then update you on the results, our strategy and outlook.

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

## **SLIDE 5 – USING THE ONLINE AGM PLATFORM**

Using the online platform, voting on the resolutions will be conducted by way of a poll using the electronic voting card you should receive after clicking the 'Get a Voting Card' button.

Shareholders can submit written questions during the meeting by clicking on the 'Ask a Question' button. I do encourage shareholders who have questions to submit them as soon as possible.

If you have any trouble using the platform, please check the online portal guide on the Equity Trustees website or contact the help lines shown on screen. With that, I'll now move to my address.

## **SLIDE 6 - ADDRESS**

In my first year as Chair, I am pleased to report that Equity Trustees has performed admirably in what has been a second year of significant challenges for Australia and the world".

Firstly, I would like to thank the Hon. Jeffrey Kennett AC for the handover and guidance he gave to me as he retired after his 12 years on the Board and 3 years as the Chair.

I would also like to thank all my fellow Directors for their support and making my transition to the Chair as smooth as possible.

The Board has carefully managed Director succession with the retirement last year of Jeff, Alice Williams and Jim Minto, and the appointment of the Hon. Kelly O'Dwyer, during the year.

Given the focus of this company on trusteeship, governance is effectively our business and I'm very pleased the Board has managed the succession of Directors very smoothly. Good governance is at the core of our business and continues to underpin its success.

I would like to thank the Chairs of each Committee for their diligence and skilled stewardship throughout the year.



Along with good governance, the health and wellbeing of our employees has remained a focus for the financial year. Our workforce worked predominantly remotely, and I'm pleased to say that our continuous monitoring shows that our employees remain in good health despite the challenges.

I would like to acknowledge our support teams for making the remote working environment as comfortable and productive as possible for our employees.

The regulatory environment continues to change at an unprecedented rate and all our businesses are highly regulated. Many financial services firms have experienced significant and distracting problems with regulators in recent years, but I'm pleased to report Equity Trustees is working constructively with the key regulators and we are pleased with the productivity and spirit of our relationships. The company has handled the introduction of Member Outcome Assessments, Annual Member Meetings and earlier this month, the Design and Distribution Obligations Regulation, to mention a few. At every turn, Equity Trustees leads the industry with our approach.

I'm proud of our professionalism and expertise and how it benefits our clients and beneficiaries.

Also, during the year, we improved the frequency of our communication to clients, including tailored updates in written and visual digital formats, and introduced more innovative ways of delivering our services.

COVID really negatively impacted our results at the later end of financial year 20 and investment markets started 2021 at very low levels before rebounding in the latter part of the year. And we were negatively impacted by the lower cash rate.

Despite the challenges of COVID we continued to grow and seize opportunities in our markets. The financial services industry continues to undergo significant change that is driving higher demand for Equity Trustees' independent, unconflicted model.

The financial results of the company were again very pleasing, despite the challenging environment.

The returns delivered to our shareholders increased materially on the previous financial year, with good earnings growth and a higher dividend despite the challenging environment.

Revenue for the year increased by 5.9%, Underlying Net Profit After Tax was \$22.4m and Earnings Per Share increased by 4.4% on an underlying basis.





The company has now delivered a higher dividend in five of the last six years and maintained the dividend in the COVID-impacted 2020 year – an achievement made by very few financial services companies.

Having a strong personal involvement in Australia's philanthropic sector, it's been pleasing to see the positive impact of our philanthropic business. I was really pleased to see how quickly we pivoted to support those areas of Australia's community hardest hit during COVID-19. We distributed just over \$96 million in grants to so many worthy causes. Equity Trustees provides critical funding support to some of the most important for-purpose organisations in the Australian community. In 2020 we reported that we had established two perpetual charitable trusts to support communities recovering from the disastrous bushfires. Working with the Business Council of Australia, we have now raised more than \$10 million for a range of natural disasters and I can now report we've deployed almost all of the \$7 million raised for the Community Rebuilding Trust, contributing a large amount of pro-bono support to do this effectively.

Our employees continued their volunteering and workplace giving programs throughout the year. Equity Trustees is a unique company that makes a positive impact on the community and we are proud of the contribution of our people.

Equity Trustees operates many thousands of trusts, schemes and funds on behalf of beneficiaries, investors, members and clients. In these uncertain times Equity Trustees has fulfilled its purpose: to look after their future. On behalf of the Board, I thank all shareholders, employees, clients and the wider community for your support.

I look forward to tackling the challenges ahead together and believe Equity Trustees is exceptionally well-positioned to continue prospering and serving its client and the community.

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



## **SLIDE 7 - MICK O'BRIEN, MANAGING DIRECTOR**

Thank you, Carol.

Good morning everyone.

Can I also pass on my warmest greetings to everyone who is online this morning.

## **SLIDE 8 - LEADERSHIP TEAM**

Normally I would start by physically introducing the leadership team which I can't do, but nevertheless, I think it is important shareholders see the executive leadership team that have been running the company.

We have:

1. Philip Gentry, our Chief Financial Officer and Chief Operating Officer and also on the record as our Company Secretary,
2. Sharni Redenbach, our Executive General Manager of Human Resources,
3. Russell Beasley, Executive General Manager, Corporate Trustee Services
4. Ian Westley, Executive General Manager Trustee and Wealth Services,
5. Mark Blair, Executive General Manager of the Superannuation Trustee Office,
6. Stephen Hardy, acting in the role of Company Secretary with Philip
7. Darren Thompson, leading our Asset Management team,
8. Owen Brailsford, our Chief Risk Officer, and
9. Alicia Kokocinski, General Manager of Marketing and Communications

Five of this team have been in place for all of my tenure as Managing Director, demonstrating the stability of the team.

We've recruited Darren and Owen from outside the company and elevated Russell and Stephen from within the company; both have been with Equity Trustees for many years.



A trustee business is built on its people and we need a diverse set of skills and a particular culture to grow and run a successful trustee business and your company certainly has that with this team.

## **SLIDE 9 - FINANCIAL PERFORMANCE DRIVEN BY STRONG FUMAS GROWTH**

Now let me jump right into giving you an overview of the FY21 financial results.

The most notable aspect of the result was the very strong growth in funds we oversee from \$101bn to \$144bn at the end of the financial year, a 43% increase on the prior year

Revenue exceeded \$100m for the first time – a 5.9% increase on the prior year.

The Board decided to increase the final dividend to 47 cents from the 44 cents interim dividend giving 91 cents, a 1 cent increase on FY20.

The growth has come primarily from our wins in Superannuation and in Corporate Trustee Services.

We naturally had to invest ahead of this growth to achieve the result.

The industry is now fully understanding the importance of the trustee role and great governance, which has provided a tailwind to the business.

We invested in the business and that means in People and Technology, but it's people that sets us apart. We need expertise, judgement and culture and I'm pleased to say we keep securing the right people.

Finally, this company seeks to fulfil our purpose of trust which means putting our clients first and contributing as much as we can to the community.

## **SLIDE 10 - FUMAS UP 43% TO \$144.2B**

FUMAS is a key driver of revenue. Our revenue is materially correlated to FUMAS and the correlation varies by the Business Unit – the correlation is about 50% to Australian Equities for Trustee Wealth Services, 50% to Global Equities for Corporate Trustee Services and only



about 20% for Superannuation. A growing base of funds to supervise is a very healthy sign of future growth.

You can see the FUMAS grew by 43%, mainly on the back of growth in Superannuation.

### **SLIDE 11 - FUMAS GROWTH ACROSS ALL BUSINESSES**

Let's look at each part of the business.

On the LHS, we have the Superannuation business and you can see that FUMAS has tripled in the year to \$33bn. This has been due to the onboarding of AMP Life, HUB24, Centric and the Aracon Superannuation Fund. This business has really benefited from the demand for independent trustees in Superannuation.

On the RHS, we have Trustee Wealth Services. You can see FUMAS grew 21%. Part of the growth has come from excellent investment performance and part from healthy growth in Philanthropy and also the Health and Personal Injury business.

### **SLIDE 12 - GROWTH ACROSS ALL CTS BUSINESS LINES**

Let me now turn to Corporate Trustee Services.

You can see on the LHS, the total FUMAS was up 23% to \$100.8bn. We secured eight new clients through the period and have been very busy in the last 12 months establishing new funds. We are currently establishing 43 new funds, including for 10 new clients and of course new funds are the precursor to funds flow.

Through the period, we listed our second active ETF and the first on the ChiX exchange – both schemes utilising the dual registry of listed and traditional unlisted transaction options. We are currently looking at listing another eight schemes which is a growing trend for fund managers to access a very efficient retail distribution channel.

In the centre block, we are showing the momentum in our new UK and Irish business. The number of funds has increased from 22 to 27 and total funds under supervision are now over A\$5bn.



I should note it has been more difficult in London and Dublin, given the lockdown in both locations and the UK regulator, the FCA, has increased its intensity over Authorised Corporate Directors. Pleasingly, the business has secured some world class investment managers. Revenues are growing and we are exploring ways to accelerate profitability. On the RHS, we are showing how our Corporate Trust business, where we provide trustee services to corporates for loan debt and securitisations, as well as custody for real assets, is progressing. This is a smaller growing business, but we've had a very good year, increasing the number of appointments from 54 to 61. We were delighted to pick-up high-quality clients such as Macquarie Bank, Challenger and HomeCo throughout the year.

### **SLIDE 13 - CONSISTENT PERFORMANCE**

The key measures of our financial performance are shown here:

- Revenue increased by 5.9% to \$101m
- Earnings Per Share on an underlying basis was 107.21 and a statutory basis, 103.04.  
An increase of 4.4% on an underlying basis and 10.9% on a statutory basis. Net Profit After Tax was \$22.4m, a 5.7% increase on an underlying basis.
- The dividend was increased to 91 cents, marking five of the last six years where it has increased after being steady in FY20. This is a record not matched by many, if any, financial services companies.

### **SLIDE 14 - STRONG ORGANIC REVENUE GROWTH**

- This slide gets into some detail of how the revenue emerged in the year. I won't go through all its detail, except to point out that the revenue result in FY21 was *not* as positively impacted by investment markets as one would expect because much of the year investment markets were below where they were in FY20.
- The higher investment markets added \$2.2m of revenue but this was *all* wiped out by the need to reduce fees on cash funds, due to the lower cash rate and lower trust



income fees flowing from lower market dividends. The underlying organic growth rate was a very healthy, 7.3%.

## **SLIDE 15 - BALANCE SHEET STRENGTH**

The balance sheet is in a strong position. Debt to Equity is 3.6%, excluding the cash backed ORFR loans for our superannuation funds.

I should note the ORFR loans are all cash-backed, with funds provided by our clients and they are effectively neutral to our balance sheet and cash flow.

We have substantial headroom against regulatory capital requirements and currently have surplus borrowing capacity and sufficient flexibility to fund growth opportunities.

## **SLIDE 16 - DELIVERING FOR STAKEHOLDERS**

Equity Trustees sets out to focus on all our stakeholders. We have used this framework for some years to ensure a balanced approach to our employees, our clients, our shareholders and the community.

I'll quickly describe how we are going with each group.

We were delighted and proud that we managed to increase engagement by two percentage points to now be +2 above the industry average. This is despite the bulk of our staff being in the Melbourne lockdown for most of the year. Enablement went back to 70, which is the equal of the industry and somewhat understandable, given the remote working.

Our client satisfaction results were lower this year, but are still a solid set of results, more like our FY19 results. Some of the result may be attributable to lower distributions but it's an area where we will continue to focus attention.

I've already mentioned the results for shareholders.

And finally, for the community, we saw our philanthropic granting increase by \$5.2m to \$96.2m and our volunteer and pro-bono days were 22. Given it was a lot harder to



volunteer in FY21, I know our employees are really looking forward to increasing this in this financial year.

## **SLIDE 17 - OTHER ACHIEVEMENTS**

I want to touch on some other key achievements.

On the People front, I mentioned the care checks were done for our employees and a range of other initiatives to keep them engaged. The Board has undergone a very smooth succession through the year, as Carol pointed out.

We transitioned the leadership of our Corporate Trustee Services business very smoothly to Russell Beasley, an incredibly experienced pair of hands to head this leading business.

On the Technology front, we deployed a new risk and compliance platform, CAMMS, a new third-party service provider platform, Ziedler, and continued evolving Salesforce and building cyber resilience.

Our Marketing efforts pivoted to online events, we continued fine-tuning our Search Engine Optimisation and significantly upgraded our communication programs.

Finally, I want to call out Asset Management. The team continues to build an outstanding track record. In Australian equities, the team delivered over 200bp of alpha in the year, bringing their record to over 2% p.a. since joining 2 ½ years ago.

We consolidated 24 funds down to 13, making us more efficient and we launched the Eight Bays Global Equity Fund in partnership with Eight Bays, completing our capability in each main asset class. I'm also pleased to say that in the fund's first three months, the team have delivered 163bp of alpha – which is a great start in a quarter.

## **SLIDE 18 - RESILIENT PERFORMANCE WITH GROWTH MOMENTUM**

To sum up the performance, it was a very solid result, given the challenging environment.

We started FY22 with a high level of funds at \$144bn.

EPS growth, on a statutory and underlying basis, was solid.



Our earnings continue to convert to cash consistently.

Shareholders have enjoyed an increase in dividend.

The balance sheet is in good shape and provides us flexibility.

We continue to deepen our impact on the community and have again delivered to all our shareholders.

### **SLIDE 19 - A COMPANY FOUNDED ON TRUST**

Now let me quickly summarise our strategy. As the name suggests, we are a company founded on trust.

We help people take care of the future through a myriad of trusts, schemes and funds.

We safeguard, protect and grow people's wealth. We partner with others in that process and empower others in supporting the community.

That is all underpinned by our values which provide the foundation for everything we do.

#### **Trusted, Accountable and Empowering**

### **SLIDE 20 - TRUST IS IN DEMAND**

In recent years, trusteeship has become a hot topic. Who would have thought? It has finally dawned on everyone, that trustees are at the apex of governance.

Unfortunately, not all in the industry could live up to such high ideals, but for Equity Trustees, it's always been the case that we've been passionate about trusteeship and sought to fulfil our duties with the utmost care and diligence and our single focus on trusteeship, has held us in great stead.

The reality is, that trust has never been in such high demand. Recent years have seen the regulatory landscape intensify, companies focussing on their core, heightened community expectations of behaviour, enormous COVID impact, changes of ownership and conflict challenges for many players and that has created an environment where our services are in higher demand.





## **SLIDE 21 - EQUITY TRUSTEES IS A LEADER IN THE PROVISION OF INDEPENDENT TRUSTEE SERVICES**

Equity Trustees is well positioned as the largest, specialist, independent trustee.

We have three clear business lines.

In Trustee Wealth Services, we oversee just on \$10bn, have a leading position in Philanthropy and an increasing footprint across all trustee sectors for individual families and communities. We are particularly proud of the work we do for the most vulnerable people in society.

In Superannuation, we've built a sizable business overseeing \$33bn in quick time. We are now the leading provider of superannuation trustee services in the market.

Finally, in Corporate Trustee Services, we are the #1 provider of Responsible Entity services in Australia; we have a developing Corporate Trust business and are growing our presence in UK and Europe.

## **SLIDE 22 - GROUP STRATEGY OVERVIEW**

This slide summarises our strategy.

The key points I'll bring out are that we are looking to provide consistent growth in shareholder value; we are looking to achieve market leadership in our specialist areas and really focus on being the best and finally, an extremely important point, is everything we do to maintain our reputation as a stable, enduring, trusted corporation.

There are four key planks to this strategy:

1. Achieve business growth by capturing all opportunities where there is demand for independent trusteeship. Complete our service range in all the addressable markets. Achieve scale in those areas with greatest growth prospects. Undertake disciplined acquisitions and maintain our healthy balance sheet.



2. Continue focus to on client service and care and leverage technology to improve the client experience.
3. Resource our business with capability. This is critical for Equity Trustees to have the best people in their respective disciplines and finally,
4. We take seriously, the privileged position we have as a trustee, to further the interests of the Australian community.

### **SLIDE 23 - BUSINESS UNIT STRATEGIES**

Specifically, for each business, this means for TWS, to expand leadership in other States, enhance the client experience as we embark on deploying new platforms for this part of the business and increasing our participation in the inter-generational wealth transition market.

For Superannuation, we'll seek to secure other like appointments to those achieved in FY21 and capitalise on changes of ownership, the changes in the advice market and APRA's regulatory agenda. All this, while we increase the focus on member outcomes.

Finally, in Corporate Trustee Services, to build on the leadership position in providing Responsible Entity services to fund sponsors and particularly, being at the forefront of all new vehicle structure developments. Accelerate our growth in Corporate Trusts and achieve greater scale in the UK and Europe, while managing our interactions with the two regulators, but particularly, the FCA.



## SLIDE 24 - BUSINESS UPDATE

I now want to give a quick update on the business's progress since we last updated shareholders in August. In Trustee & Wealth Services we are currently streamlining our delivery of trustee and advice services to our Health and Personal Injury clients by providing a more integrated service. We launched a new global equity fund, the EQT Eight Bays Global Equity Fund in June and I'm pleased that its got off to a great start with a net return of 3.5% and alpha in the quarter of 1.6%, producing great results for our clients.

In Superannuation we have focused on further development of our digital platforms for service provider oversight, incident management and data management to manage our newfound scale in this area. Currently business development is more focused on opportunities with smaller funds.

In Corporate Trustee Services fund establishments continue the recent momentum. Our business in the UK and Europe has accelerated somewhat in the last two months as the markets come out of lockdown. Our original premise for entering the UK and European markets remains in place and that is that both markets are experiencing strong growth rates but particularly Ireland, and the industry settings favour the model of independent governance – again more so in Ireland. In the UK the challenge is that the FCA, the UK regulator, is increasing the regulatory oversight requirements and we will need to manage the resulting extra work. It's also worth noting that the consolidation that has gone on in both markets has intensified competition and we will continue to keep that under review and consider all our options for the business. Finally, the demand for establishing listed vehicle continues apace and I'm glad to say we are at the forefront of those developments. In our support areas we successfully rolled out more than 200 Target Market Determinations as part of the new Design and Distribution Obligations, with our experience in the UK assisting us in that regulatory work. Managing the safe return of our employees



to the offices in various locations around Australia and the world. The employment market has tightened somewhat in recent months; however we are continuing to build capability while managing turnover. There has been some pressure on remuneration and we've been very conscious of ensuring we have competitive employment terms to attract and retain our key people.

Finally, we are making good progress on number of our important technology developments.

### **SLIDE 25 - OUTLOOK**

I'll now turn to the outlook for the business.

Our strategy remains clear, robust and appropriate, and we expect it to deliver good growth. The momentum of the last six months remains strong.

Industry dynamics favour our model and are providing tailwinds as the industry transforms.

We have a strong core team to complete and execute the strategy. We also have the financial resources, good governance and continue to invest in the technology to be successful.

The first three months of the financial year have been positive. Obviously, our results remain linked to equity market movements, but nevertheless, it has been a positive three months, with funds under supervision at 30 September being \$147b and averaging around this level over the quarter.

We believe the outlook is positive for FY22, based on our sound foundations, business momentum and a positive market environment.

### **STAY ON SLIDE 25 - CLOSING STATEMENT**

So, in closing..... I'm delighted to lead the Executive team and our staff, and I would like to thank them for all their hard work and support in a very challenging year. I want to thank



the Board for all their support through the course of the year, and particularly for Carol's seamless accession to the Chair.

More than ever this year, I have felt extremely privileged to be able to look after our clients and be able to contribute to the community in these tough times. And to our shareholders, thank you for your support and the confidence you show in this company.