

Equity Trustees Limited

2014 AGM



Chairman and Managing Director

Address to Shareholders

Slide 1: 2014 Annual General Meeting

1. Shareholders, ladies and gentlemen, good morning. My name is Tony Killen, I have the honour of being your Chairman.
2. On behalf of my fellow directors, the executives and employees of Equity Trustees it gives me great pleasure to welcome you to the 2014 annual general meeting of the company. We have a quorum present and I declare the meeting open.
3. On the basis that the notice of meeting has previously been circulated I propose that it be taken as read.
4. We have received an apology from Mr Ross Illingworth. Are there any apologies from the floor?

Slide 2: Board of Directors

5. I would like to introduce my colleagues on the Board. There has been one change in the membership of the Board since the last AGM, and I will discuss the composition of the Board in a later agenda item.
6. Mr Robin Burns has been our Managing Director since March 2010, and is a member of the Board Investment Committee.
7. Mr David Groves, a Director since November 2000, is our Deputy Chairman and is also Chairman of our Audit & Compliance Committee.
8. Ms Alice Williams joined the Board in September 2007 and is Chair of the Remuneration, Human Resources and Nominations Committee. Alice is also a member of the Board Investment Committee.
9. The Honourable Jeffrey Kennett AC joined the Board in September 2008 and is a member of the Remuneration, Human Resources and Nominations Committee.

10. Ms Anne O'Donnell joined the Board in September 2010. Anne is a member of the Audit & Compliance Committee.
11. Mr Kevin Eley joined the Board in November 2011. Kevin is Chair of the Board Investment Committee and a member of the Audit & Compliance Committee.
12. Mr Mick O'Brien joined the Board in August this year and we welcome him to his first AGM. Mick is a member of the Audit & Compliance Committee. He joins us with a strong track record in the financial services industry, experience as a CEO and specific expertise in the funds management sector. He is an actuary by training but has held broader management roles and responsibilities over 30 years in this industry.
13. Also representing the company here today is our Company Secretary Mr Phil Maddox. Mr Terry Ryan, the Chief Financial Officer, is also in attendance as are a number of other company executives.
14. I also take the opportunity to welcome in the audience today Mr Craig Henderson from Allens, our legal advisers and Messrs Neil Brown and Mark Stretton from Deloitte, our auditors. Both firms have long standing relationships with the company and I thank them for their ongoing support and assistance.

Slide 3: Agenda

15. This is the agenda for our meeting today. I will provide a summary of the company's activities and results for the financial year to 30 June 2014 and some commentary on the outlook for the current financial year. The Managing Director will then discuss our operations, performance and strategic directions in more detail. Following that will be the formal business of the meeting – there are six items – and there will then be an opportunity for questions. Finally, after the close of the meeting we will, as usual, serve light refreshments and you will have an opportunity to meet informally with the Directors and management of the company.

Slide 4: Overview – FY 2014

16. The 2014 year was a very significant and active one for your company. There are three major matters that lead me to say that: the ultimately unsuccessful bid for The Trust Company; the successful bid for ANZ Trustees; and continuing strong growth in the company's underlying performance. In addition, on a day-to-day basis there was significant activity arising from recent regulatory changes, as well as the continuation and effective completion of our back office and IT consolidation and efficiency project.
17. Clearly, the ANZ Trustees acquisition is a transformative event for the group. It addresses one of the major strategic challenges that the Board had identified as facing the company – that of having adequate operating scale. It has cemented Equity Trustees as Australia's largest listed company with a dedicated trustee or fiduciary focus and brought other corollary benefits. We feel that the ANZ Trustees business is close as possible to the ideal acquisition or merger opportunity as we are likely to see. The two companies are similar in activities, culture, values and operational focus. A further positive is that it has resulted in the establishment of a long term relationship with the ANZ bank, which both parties see as important and complementary.
18. The Managing Director will cover some of the important aspects of the acquisition in more detail later. At this stage in the meeting I wish to record our formal welcome to the clients and staff from ANZ Trustees who have become part of Equity Trustees as a result of the transaction. I extend the same welcome to any new shareholders who are here today following participation in the equity raising undertaken to finance the acquisition.

Slide 5: Acquisition Well Supported by the Market

19. As you can see from this chart, Equity Trustees' share price has performed relatively well this calendar year and since the raising, compared to the broader market movement. Although the market is at a similar level since the date of the capital raising, the Equity Trustees share price is still 15% above the \$17 issue price. The Theoretical Ex-Rights Price of \$19.83, which is also shown on this chart, is probably a more pertinent base for comparison for shareholders who chose not to participate in the capital raising. The current share price, at yesterday's closing figure of \$19.56, is 1%, below this figure, which is consistent with the effectively nil movement of the ASX 200 Index since the offer closed. I believe that the market firmly endorsed the acquisition and the prospects that it can deliver for shareholders.

Slide 6: Change in Composition of the Register

20. The mix of the share register has changed significantly as a result of the capital raising. Institutions, including some of the country's leading fund managers, now hold approximately 58% of the register and the single large stake held by a strategic investor has been re-distributed.
21. The resultant increase in liquidity in the stock, combined with the increased market capitalisation of the company saw Equity Trustees admitted to the ASX 300 Index in September. We are already seeing increased coverage of the stock from analysts and higher investor interest generally. We have our sights firmly set on the ASX 200 as the next major milestone in this regard.

Slide 7: Profitability

22. Net Profit After Tax (NPAT) grew by 12% for the year, to \$9.7 million, inclusive of the net costs, and some income items arising from the two acquisition bids. If we exclude the additional capital raised in April, the increase in NPAT equated to a Return on Shareholders' Funds of 14.6%, slightly up on the prior period and, again, from an ungeared balance sheet. The Operating Margin was 27%, the same as in 2013. For the year to 30 June Equity Trustees' Total Shareholder Return was 46.4% – substantially above the All Ordinaries Accumulation Index for the same period of 17.4%.

Slide 8: Shareholder Dividends

23. As a result of the good lift in operating performance, strong balance sheet and our confidence in the company's prospects, the Board declared a final dividend of 48 cents per share (cps), taking the total for the year to 94 cps, compared to 92 cps for the prior year. Following the capital raising, the final dividend was paid to a significantly larger shareholder base than in 2013. At the current share price the 2014 total dividend represents a grossed-up yield of approximately 6.9%.

Slide 9: Equity Trustees' Role in Philanthropy

24. In the Shareholder Review we drew specific attention to the materially expanded role that the acquisition of ANZ Trustees has created for us in philanthropic services. Each company has a long and proud history of involvement with the many generous and community spirited individuals and families who have pursued their philanthropic goals with our assistance. Equity Trustees now has responsibility for 450 charitable trusts with combined assets of \$1.8 billion, distributing close to \$80 million to worthy causes each year.
25. Some of these trusts are very well known, and we have named a number of these in the Review. All 450, however, are important. The small as well as the large, the private as well as the public: all trusts receive the same professional attention, expertise and support that our Philanthropy team can provide.
26. The leader of this team, Tabitha Lovett, is present today, and would be very happy to discuss how we can assist any individual pursue charitable endeavours with any size of grant, bequest or donation.

Slide 10: The Board

27. I mentioned earlier that Mick O'Brien joined the board in August this year. This means that we have now appointed new directors in each of the years 2007, 2008, 2010, 2011 and 2014, as part of a planned orderly board renewal process. This process was placed on hold during the two acquisition projects but was reinstated post the ANZ Trustees transaction. Over the next 12 to 18 months the current Board expects to see through the successful integration of ANZ Trustees and the delivery of early shareholder gains. The period beyond that will see the retirement of some of the longer serving directors; hence the continuing need for active succession planning to ensure the company retains the right mix of skills, experience and expertise going forward. This need is the major driver behind the proposal to increase the cap on aggregate director fees, to be considered later in the meeting.
28. Last year I reported that the Board had had a busy year, in terms of the number of Board or Board Committee meetings having been held. This year was also a very busy one, with a total of 60 meetings of either the full Board or Committees of the Board. With an overall attendance record close to 100%, your Directors are a hard-working group. They are very engaged, very motivated and very diligent in pursuing shareholders' interests.

Slide 11: ASX 200 Index 1 July to Current Date

29. As you can see, the overall ASX Index has declined since June and is now close to where it was at the beginning of the 2014 financial year. This index is a rough proxy for general conditions or confidence in the Australian economy. As the mining investment boom has passed its peak, commodity prices have fallen from highs and the Australian dollar declined against other currencies. Local economic performance has reflected these factors, and interest rates therefore have been kept at historic lows, at least compared to the last few decades. The US economy is showing growth, but with continuing headwinds in other developed economies, it is hard to be highly optimistic about buoyant conditions on a global basis.

Slide 12: Looking Ahead

- 30. Locally, our industry sector is also facing some challenges. The financial planning and life insurance sectors have each been the subject of considerable negative media or regulatory attention in recent months, and this undoubtedly also affects investor confidence and ultimately, behaviour. Nevertheless, the mandated flow of money into the superannuation sector continues, and this money has to be invested, administered and managed, during both the retirement savings phase as well as the post retirement income phase.
- 31. The long term prospects for the wealth management industry remain positive. As well as the increase in assets to be managed, which directly feeds into our Corporate Trust Services business, the need for individual advice and assistance is likely to grow as the population ages and the seemingly regular changes in the superannuation, tax, retirement product and aged care regimes add complexity, cost and confusion. We are well placed to respond to these market developments.
- 32. For the group, first quarter trading is generally up to our expectations.

Slide 13: ANZ Trustees – Acquisition Goals

- 33. A key focus for this current year will be on the ANZ Trustees integration, in addition to continuing 'business as usual' development in both our revenue units. The integration is of course in its early stages, but progress towards the high level goals outlined in the Retail Entitlement Offer Booklet, summarised on this slide, is satisfactory. We will be in a position to give shareholders a more definitive view when we report our first half results in February of next year.
- 34. I usually close this initial part of the meeting by thanking our staff on behalf of the Board and shareholders, and recording our sincere appreciation for the hard work and effort put in over the past year. It is entirely appropriate that I do so again. Over the last two full years the company has recorded an overall 31% increase in operating earnings, restructured, introduced long term development strategies and been through two major acquisition projects. I would like to formally thank the staff for the outstanding effort and work of the past year.
- 35. I now invite the Managing Director to address the meeting. Thank you.

Slide 14: Mr. Robin Burns, Managing Director Equity Trustees

2014 AGM Managing Director Presentation

Mr Robin Burns takes the lectern.

Slide 15: Agenda

36. Thank you Chairman.

Slide 16: Overview FY2014 – Building for Long Term Success

- 37. The Shareholder Review, the Annual Report, and the complementary information package provide a good understanding of the main aspects of the operating performance and results for 2014, so I will not cover the year's activities and outcomes in detail. But before moving on to comment on current business activities and directions I'll make a few points about the 2014 year.
- 38. Both revenue business units generated strong organic income growth – 15% in the corporate business and 13% in the private business. Funds under Management and Administration also grew strongly – up by 31% in the private business (although a significant part of the increase came very late in the year) and by 21% in the corporate unit.
- 39. In the corporate business we saw good growth in the responsible entity side, where we added a net increase of 27 funds, to 185. However, in the funds distribution side we generated only a net increase of approximately \$100 million in Funds under Management, compared to \$1 billion in 2013.
- 40. As I've noted previously, we see a significant long term opportunity to increase business activity in the wealth transition and related services sectors. Accordingly a significant focus, and investment, has been given in the last 18 months to re-building the will bank, which is the underlying engine of growth for our traditional fiduciary services. As a result of developing business-to-business distribution channels, we saw a substantial increase in new client numbers in this area. Whilst the initial revenue and earnings impact is modest, given the way these services work, it is critical for our long term success that we undertake this development and I am pleased that this momentum is continuing.

41. The operating margin declined slightly, from 27.7% to 27.1%, reflecting the increased costs of doing business in a heavily regulated environment and our investment in growth projects and initiatives.
42. The large project to pursue increased business efficiency through rationalisation of IT and systems infrastructure and consolidation of administration teams, that I have spoken of in previous meetings, effectively reached completion at the end of the 2014 financial year and achieved its major goals. The timing was somewhat fortuitous as we completed this just before the ANZ Trustees integration work got under way. Having undertaken this project over the last two years was not only beneficial in terms of our business efficiency and ability to take on additional scale, but gave us an operating model in which the integration task can be taken on with more confidence and less complexity.
43. I will quickly note a few other significant actions in the 2014 year:
- The successful application for a MySuper licence and product in our employer superannuation master trust business;
 - The setting up of a new specialised function, the Superannuation Trustee Office, to manage all our superannuation activities in the two licensed entities we operate;
 - We won a number of new roles as a dedicated independent superannuation trustee; and
 - We completed the move to a new, much more professional and appropriate location for our aged care advisory business, and have co-located there a number of other advisory roles, with a major objective being to improve cross-sell. This is now starting to occur.

Slide 17: Equity Trustees Organisation Structure

44. There have again been some changes in the executive line-up since the previous AGM. The executive team is shown on screen.

45. Three of these names are new. Amanda Noble joined in May this year to head up the Enterprise Risk unit. Sonya Clancy joined just a few weeks ago as Executive General Manager, Human Resources. Both Amanda and Sonya have extensive prior experience in financial services and will play an important role in our activities in future. Lisa Barp joined the company last year but is also appearing on this chart for the first time. Dr Paul Kasian is the other name that you will not have seen before. Although Paul joined us about 18 months ago to manage the Australian Equities area in our internal asset management team, he has been promoted to head up the asset management team overall.

Slide 18: Business Update

46. The Chairman has already commented on the first quarter performance overall.
47. At the end of the quarter the total of Funds under Management / Administration in the corporate business was \$36.6 billion. In accordance with our normal activities we have opened a number of new funds and closed some others, and the number of funds we are responsible for at 30 September was 184. This business activity pursues an organic growth strategy and retains positive momentum. We have also expanded the range of services we provide in this area of activity, to try to provide a genuine alternative to the very limited number of players who compete in this segment, and although it is still at an early stage in this development plan we are pleased to have won some new relationships.
48. Our strategic initiative to develop new business in the private division has been noted before and at the AGM last year I spoke about some early signs of progress. Our private client niche has historically been on serving clients at the upper end of the wealth scale, providing advice and services that help wealth transition and retention. Our challenge has been to access these clients, in the absence of our own strong retail distribution channels.
49. We are now making solid progress in a distribution strategy and as a result we were able to generate a higher level of growth for the will bank in 2014 than for many years previously, and this is continuing in the current period.

50. This strategic focus remains in place and we are in discussion with, or have actually received referrals from other external partners in recent months. We believe that there is the opportunity to expand this distribution initiative to our aged care advisory business as well. The effort in the first few months of this current financial year in our Trustee & Wealth Services business has been heavily skewed towards the welcome and integration of the staff and clients from ANZ Trustees.
51. This integration will be our main priority for the current year. We stated during the acquisition and capital raising stages that we expected the integration to take 12 to 18 months, and we provided an estimate of potential cost synergies and the investment required to achieve those synergies. We are still of course at a relatively early stage but the project is, in its major streams, progressing satisfactorily and on track. Naturally we would like to complete it as early as possible and ideally the 2016 financial year would be the first 'clean' set of numbers for the combined business. However, there will be further opportunities to update on progress during the balance of this year and we will do so at those times.
52. In addition to the integration project we have two other major priorities for FY2015. Firstly, and as always, we want to continue to generate improvements in operating performance through organic business growth and the continuance of the strategic development initiatives. Secondly, we are engaged in a potentially complex project to examine and design the best group structure for the future taking into account a number of regulatory capital obligations, the desire to consolidate regulatory licences, the best and most flexible options for any future material capital needs, and the most efficient operating model from risk management and commercial perspectives. As well as these, there are always a range of other projects or business enhancement activities under way and the 2015 year will be no exception. For example, we are working on a major website upgrade and on our brand identity.

53. A change in direction from when I spoke to you at this time last year is that we have wound back, for the present, the initiative to develop Equity Trustees as an institutional funds management business in its own right in the Australian equities asset class. The transition in of a substantial amount of Funds under Management via ANZ Trustees has meant that, at least for the immediate future, we will be concentrating on retaining and managing these 'internal' funds rather than trying for success in the very competitive institutional equities space. These funds have been managed in either the traditional trustee structures or via a number of individual mandates following a philanthropic-type investment philosophy.

Slide 19: Summary

54. The company is financially strong, has no debt, has healthy cash flow and has performed well. It has been a challenging period recently for the wealth management and financial services sector, dealing with the run-on effects from the GFC and a tsunami of regulatory change (which is continuing), despite the assistance given by some positive market returns in some years.
55. In the AGM last year I described 2013 as a 'breakout' year in terms of operating performance. I am pleased we have built on that in the year just past, but of course the most significant event, and maybe the most significant one in our history, was the acquisition of ANZ Trustees. Achieving the full level of success that we know is available from this merger will absorb a substantial part of our attention and effort over the next two years. As I have stated in the Shareholder Review, this acquisition falls very firmly indeed into complete alignment with our long term strategic opportunities and priorities.
56. It brings a large and valuable will bank, a focus on the same core fiduciary services, a strong catalyst to our philanthropy business, long term Funds under Management, a good operating margin, a skilled and experienced team, and a relationship with one of the country's largest financial services organisations.

57. We are now positioning the company in the market as the largest independent listed company with a trustee focus. The current and likely future developments in the broad wealth services or wealth management sector will, I believe, only reinforce the value of that market position and the brand, and we should be able to look forward with confidence to a successful and rewarding future for all our stakeholders.

Mr Killen resumes the lectern.

Slide 20: Agenda

58. Thank you Robin.

Slide 21: Items of Business

59. There are six items of formal business to be referred to today's meeting. The first of these is to receive and consider the financial statements and the reports of the directors and auditor for the year ended 30 June 2014. The second is to adopt the remuneration report for year ended 30 June 2014. The third is to consider the election of directors. The fourth is to consider an increase in the maximum aggregate directors' remuneration. The fifth is to consider the grant of a long term incentive award to the Managing Director, and the sixth is to consider and ratify the issue of shares via a placement to institutional shareholders in April this year.

Slide 22: Items of Ordinary Business – Item 1

60. The first Item of business is to receive and consider the financial statements and the reports of the directors and auditor for the year ended 30 June 2014.
61. The financial statements have been formally approved by the Board, audited and lodged with the ASX and ASIC. Therefore, at today's meeting the financial statements are final and presented for your consideration. There is no vote required for this item of business.
62. I would also note that in accordance with the *Corporations Act*, questions to the auditor, Deloitte, in relation to the conduct of the audit, may be submitted to the company in advance of the AGM. I can confirm that no such questions have been received.

- 63. I therefore invite questions from shareholders, proxy holders and authorised representatives of shareholders.
- 64. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.
- 65. Any questions or comments?

<Pause>

- 66. Thank you.
- 67. The financial statement and the reports of the directors for the year ended 30 June 2014 have been received and considered.

Slide 23: Items of Ordinary Business – Item 2

- 68. The second Item of business is to adopt the remuneration report for the year ended 30 June 2014.
- 69. The remuneration report is contained in the directors' report and set out in detail on pages 8 to 16 of the Annual Report. This is an opportunity for shareholders to discuss the remuneration report and to vote upon it. This is a non-binding vote, the result of which your Directors would, if necessary, take into account in their approach to future remuneration reviews.
- 70. Before opening up the matter for discussion I would like to make a number of introductory remarks.

Slide 24: Remuneration

- 71. In addition to the strategically significant acquisition and capital raising successes, the company's operating performance improved substantially during 2014. As a result a number of incentive targets and objectives were achieved and triggered the payment to executives and staff of a proportion of the maximum available Short Term Incentive (STI) Awards. In addition, the Board recognised the very considerable effort and contribution made by the involved employees during the acquisition projects, in many cases over and above their normal daily responsibilities, and reflected this via a special bonus to selected executives and staff. In total approximately 40% of the maximum available STI were paid, compared to 59% in the previous year.
- 72. We have continued to issue Long Term Incentive Awards to executives each year because we believe in the value of longer term alignment of the interests of management and shareholders. The Awards constitute an opportunity to receive shares in the company provided pre-determined performance hurdles are met. The performance of the company for 2014 resulted in a total of 33,350 shares issued to participants in the plan.
- 73. The Employee Share Acquisition Plan (ESAP) has again been implemented and allocations have been made to qualifying staff in all but 1 of the 12 years the ESAP has been in existence. Staff who have participated in the ESAP for the whole of this time and reinvested via the dividend reinvestment plan now have as a result 1,180 shares to their name, currently valued at approximately \$21,000. Those staff who joined the company in July from ANZ Trustees were also included in the ESAP as a mark of goodwill and a welcome to Equity Trustees.
- 74. The Board believes that the executive and employee remuneration arrangements are appropriately balanced between long and short term outcomes, with variable incentives for performance meeting and exceeding pre-defined objectives, and an appropriate linkage to shareholder returns.

Slide 25: Tracking Remuneration vs Dividends

75. I have used this chart before to illustrate the relationship between remuneration paid to the top executives in the company, the fees paid to directors and dividends paid to shareholders, using 2004 as the base year. The chart compares the cumulative growth in remuneration year-by-year, with the cumulative growth in dividends paid. The values in the chart are multiples of the values applying in the base year. The cumulative dividends paid to shareholders stands at over 29 times the amount of the dividend paid in 2004, clearly well in excess of the growth in the remuneration for either the top executives or the Board.
76. I commend the remuneration report for adoption by shareholders and open up the matter for discussion.
77. I invite questions from shareholders, proxy holders and authorised representatives of shareholders.
78. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.
79. Are there any questions or comments?

<Pause>

80. Thank you.

Slide 26: Items of Ordinary Business – Item 2: Proxies Received

81. I would like to inform the meeting that the proxy position at the outset of the meeting is as shown on the screen.
82. In accordance with the Notice of Meeting, Key Management Personnel (KMP's), which includes Directors, and their respective related parties, are excluded from voting on the Remuneration Items except, in limited circumstances, where they hold proxies. These restrictions have been taken into account in the proxy position shown on the screen.

83. In relation to Open votes, the Directors of Equity Trustees hold exercisable proxies totalling 85,331 shares which we intend to vote in favour of the resolution.

<Pause>

84. I would now like to put this resolution to a vote. Please note this is a non-binding vote, however, we note the potential impact of the 'two strikes' policy.

85. This will be determined by a show of hands. Therefore, if you wish to vote, when asked to do so, please raise your hand showing your blue card. Note that visitors with a white card or joint holders with a yellow card are ineligible to vote.

86. For all those in favour, please raise your hand.

<Count>

87. For those against, please raise your hand.

<Count>

88. I declare that the resolution is passed.

89. Thank you.

Slide 27: Items of Ordinary Business – Item 3 Election of Directors

90. In accordance with Rule 49 of the company's constitution, two Directors are retiring and, being eligible, are offering themselves for re-election. In addition, Mr O'Brien is offering himself for election for the first time, having been appointed to the Board in August of this year.

91. David Groves and Jeff Kennett have been endorsed by the Board for re-election. The Board believes that both David and Jeff continue to make valuable contributions and each brings specific and personal skills, experience and wisdom to our discussions. Both are very active participants in their Committee roles.

92. The Board has also endorsed the election of Mick O'Brien at this AGM. We invited Mick to join the Equity Trustees Board a few months ago as part of our process of Board renewal and planning for the future. He has stepped into the role quickly and effectively. His extensive experience in our industry, as well as strategic judgement, is evident in his contributions to our meetings.

Slide 28: Item of Ordinary Business – Item 3(a) Re-Election of Mr D Groves

93. Item 3(a) is the re-election of Mr David Groves.
94. I must say a few more words on behalf of Mr Groves' re-election. David is our longest serving Director, and his tenure might be considered by some to be testing the bounds of reasonableness. I want to assure shareholders that David's enthusiasm and energy is undimmed from the time I first met him when I joined the Board in 2002. He is a robust contributor to all of our deliberations where his extensive commercial experience comes to the fore. We are fortunate to have David as a director and I have no hesitation in supporting his re-election.
95. I invite questions from shareholders, proxy holders and authorised representatives of shareholders.
96. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.
97. Are there any questions or comments?

<Pause>

98. Thank you

Slide 29: Proxies Received – Re-Election of Mr D Groves

99. I would like to inform the meeting that the proxy position at the outset of the meeting is as shown on the screen.
100. In relation to the Open votes, the directors of Equity Trustees hold proxies totalling 316,416 shares, which we intend to vote in favour of the re-election of Mr Groves.

<Pause>

101. I would now like to put this resolution to a vote.

102. This will be determined by a show of hands. Therefore, if you wish to vote, when asked to do so, please raise your hand showing your blue card. Note that visitors with a white card or joint holders with a yellow card are ineligible to vote.

103. For all those in favour, please raise your hand.

<Count>

104. For those against, please raise your hand.

<Count>

105. I declare that the resolution is passed.

106. Thank you.

Slide 30: Item of Ordinary Business – Item 3(b) Re-Election of Mr J Kennett

107. Item 3(b) is the re-election of Mr Jeffrey Kennett. Jeffery is offering himself for re-election for his third term as a Director.

108. I invite questions from shareholders, proxy holders and authorised representatives of shareholders.

109. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.

110. Are there any questions or comments?

<Pause>

111. Thank you

Slide 31: Proxies Received – Re-Election of Mr J Kennett

112. I would like to inform the meeting that the proxy position at the outset of the meeting is as shown on the screen.

113. In relation to the Open votes, the directors of Equity Trustees hold proxies totalling 316,416 shares, which we intend to vote in favour of the re-election of Mr Kennett.

<Pause>

114. I would now like to put this resolution to a vote.

115. This will be determined by a show of hands. Therefore, if you wish to vote, when asked to do so, please raise your hand showing your blue card. Note that visitors with a white card or joint holders with a yellow card are ineligible to vote.

116. For all those in favour, please raise your hand.

<Count>

117. For those against, please raise your hand.

<Count>

118. I declare that the resolution is passed.

119. Thank you.

Slide 32: Items of Ordinary Business – Item 3(c) Election of Mr M O'Brien

120. Item 3(c) is the election of Mr O'Brien.

121. Before we proceed to the formalities of this item I will invite Mr O'Brien to stand and say a few words about his background, career and the role he can play at the Equity Trustees' Board.

122. [Mick stands and speaks]

123. I now invite questions from shareholders, proxy holders and authorised representatives of shareholders.

124. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.

125. Are there any questions or comments?

<Pause>

126. Thank you

Slide 33: Proxies Received – Election of Mr M O’Brien

127. I would like to inform the meeting that the proxy position at the outset of the meeting is as shown on the screen.

128. In relation to the Open votes, the directors of Equity Trustees hold proxies totalling 316,416 shares, which we intend to vote in favour of the election of Mr O’Brien.

<Pause>

129. I would now like to put this resolution to a vote.

130. This will be determined by a show of hands. Therefore, if you wish to vote, when asked to do so, please raise your hand showing your blue card. Note that visitors with a white card or joint holders with a yellow card are ineligible to vote.

131. For all those in favour, please raise your hand.

<Count>

132. For those against, please raise your hand.

<Count>

133. I declare that the resolution is passed.

Slide 34: Items of Special Business – Item 4

134. Item 4 is the resolution to increase the maximum aggregate remuneration of Non-Executive Directors from \$900,000 per annum to \$1,250,000 per annum, to take effect from 1 January next year. This is under Rule 50 of the company's Constitution. The Notice of Meeting provides the general context for this Item. The two underlying factors are, firstly, the need to give some flexibility to increase the size of the Board as part of the process of Board renewal and secondly, that Directors' base fees have not increased for some time, in fact since 2011. During this time the responsibilities of the directors have increased, through organic business growth, the significant acquisition of ANZ Trustees, and through the ever expanding regulatory obligations on financial services businesses.
135. We benchmark Directors' remuneration against the relevant external measures, and aim to ensure that Equity Trustees rewards fairly and responsibly, taking into account the size, complexity and performance of the business.
136. I now invite questions from shareholders, proxy holders and authorised representatives of shareholders.
137. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.
138. Are there any questions or comments?

<Pause>

139. Thank you

Slide 35: Proxies Received – Item 4

140. I would like to inform the meeting that the proxy position at the outset of the meeting is as shown on the screen.
141. In relation to the Open votes, the directors of Equity Trustees hold proxies totalling 107,143 shares, which we intend to vote in favour of the resolution.

<Pause>

142. I would now like to put this resolution to a vote.

143. This will be determined by a show of hands. Therefore, if you wish to vote, when asked to do so, please raise your hand showing your blue card. Note that visitors with a white card or joint holders with a yellow card are ineligible to vote.

144. For all those in favour, please raise your hand.

<Count>

145. For those against, please raise your hand.

<Count>

146. I declare that the resolution is passed.

Slide 36: Items of Special Business – Item 5

147. Item 5 the approval of the Long Term Incentive Award for the Managing Director, Series 2014/15, with a commencement date of 1 July 2014.

148. This is a continuation of the annual series of recommendations to grant an award under the Long Term Incentive scheme to the Managing Director. The directors regard a Long Term Incentive plan as a key component of the Managing Director's remuneration, and although this is a regular annual occurrence I can advise that the Remuneration, Human Resources & Nominations Committee actively reviews the Managing Director's remuneration arrangements each year and only brings this proposal to the Board and the shareholders as a result of this review process. This directly links his rewards to the outcomes for shareholders, taking into account as it does growth in both Earnings per Share (EPS) and Total Shareholder Return.

Slide 37: Managing Director's LTI 2014/15 Series

- 149. The quantum of the award is the same, viz a possible 60% of TEC. The performance measures – 50% relative TSR and 50% EPS – and the qualifying criteria, are also the same as last year. This means that the maximum number of shares that could ultimately be vested to the Managing Director under this series would be 19,194.
- 150. As usual the fine detail of the arrangement is fully outlined in the Notice of Meeting so I won't go into it here.
- 151. I invite questions from shareholders, proxy holders and authorised representatives of shareholders.
- 152. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.
- 153. Are there any questions or comments?

<Pause>

- 154. Thank you

Slide 38: Proxies Received – Long Term Incentive Award to Managing Director

- 155. I would like to inform the meeting that the proxy position at the outset of the meeting is as shown on the screen.
- 156. In accordance with the Notice of Meeting Mr Burns and his respective related parties are excluded from this vote except, in limited circumstances, where they hold proxies and Key Management Personnel are subject to restrictions where they hold proxies. These restrictions have been taken into account in the proxy positions shown on the screen.
- 157. In relation to the Open votes, the directors of Equity Trustees hold exercisable proxies totalling 172,521 shares, which we intend to vote in favour of the Long Term Incentive Award for the Managing Director.

<Pause>

158. I would now like to put this resolution to a vote.

159. This will be determined by a show of hands. Therefore, if you wish to vote, when asked to do so, please raise your hand showing your blue card. Note that visitors with a white card or joint holders with a yellow card are ineligible to vote.

160. For all those in favour, please raise your hand.

<Count>

161. For those against, please raise your hand.

<Count>

162. I declare that the resolution is passed.

163. Thank you.

Slide 39: Items of Special Business – Item 6

164. Item 6 is the approval and ratification of the April placement to institutional and professional investors of shares as part of the capital raising to fund the acquisition of ANZ Trustees. This was carried out via the company's 15% placement capacity under ASX Listing Rule 7.1. The effect of this resolution, if passed, will be that the April placement will be ignored in determining the 15% allowance should we seek to raise further capital under this Listing Rule in the next 12 months. There is no present intention to do so, but the passing of this resolution optimises our position should we subsequently decide that we will.

165. I invite questions from shareholders, proxy holders and authorised representatives of shareholders.

166. If you would like to comment or ask a question would you kindly show your meeting admittance card, (blue or yellow), identify yourself, including who you represent, and be clear and concise.

167. Are there any questions or comments?

<Pause>

168. Thank you

Slide 40: Proxies Received – Item 6

169. I would like to inform the meeting that the proxy position at the outset of the meeting is as shown on the screen.

170. In relation to the Open votes, the directors of Equity Trustees hold exercisable proxies totalling 280,622 shares, which we intend to vote in Favour of the resolution.

<Pause>

171. I would now like to put this resolution to a vote.

172. This will be determined by a show of hands. Therefore, if you wish to vote, when asked to do so, please raise your hand showing your blue card. Note that visitors with a white card or joint holders with a yellow card are ineligible to vote.

173. For all those in favour, please raise your hand.

<Count>

174. For those against, please raise your hand.

<Count>

175. I declare that the resolution is passed.

Slide 41: Agenda

176. I would now like to ask if there are any questions from shareholders present today that have not been addressed thus far.

<Pause>

177. Thank you

Slide 42: Thank you

178. That concludes the formal agenda items at today's AGM.
179. There is one final item I'd like to mention, and that is to encourage our shareholders who take an active interest in the company to also become clients. To that end I'd like to invite any individual shareholders here today to take advantage of a 25% discount on estate planning and will writing services. I'm sure you will find that our estate planning advisers will provide a very professional service and help you through the maze of potential complications and things to consider when planning how to look after the next generation with your accumulated assets or wealth.
180. If you'd like to simply make yourself known to the staff at the desk as you leave the meeting, or at any time after the formal Close, we will take your contact details and arrange a meeting at a time that suits you.
181. As mentioned at the beginning of the meeting I would now like to invite you to join us for some light refreshments. Thank you for your attendance and support at today's meeting. I declare the meeting closed at < > pm.



2014 Annual General Meeting

31 October 2014

Board of Directors



Mr JA (Tony) Killen OAM
Non-Executive Director, Chairman



Mr Robin Burns
Managing Director



Mr David Groves
*Non-Executive Director,
Deputy Chairman*



Ms Alice Williams
Non-Executive Director



The Hon Jeffrey Kennett AC
Non-Executive Director



Ms Anne O'Donnell
Non-Executive Director



Mr Kevin Eley
Non-Executive Director



Mr Michael J O'Brien
Non-Executive Director

Agenda



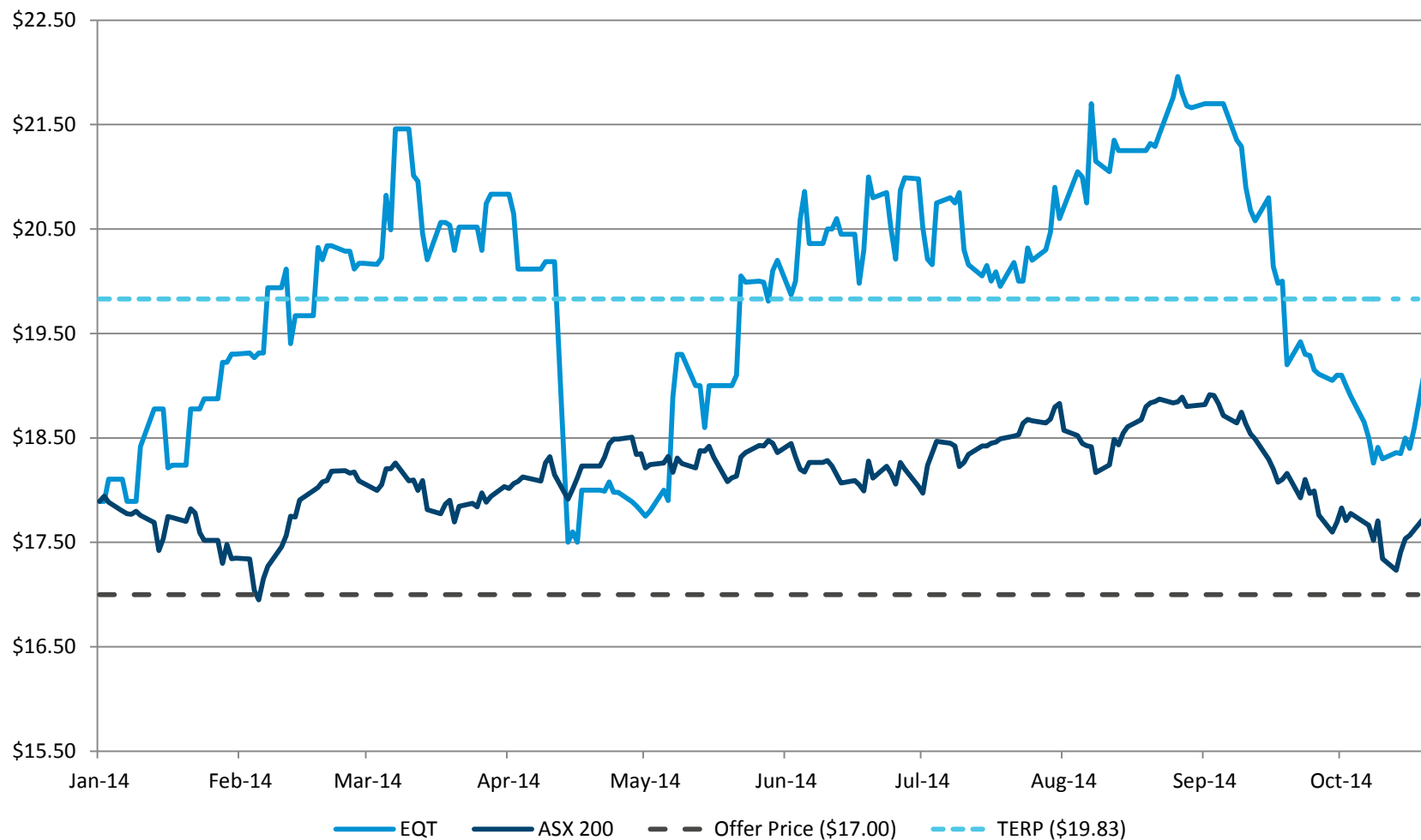
- | | | |
|----|-------------------------|----------------|
| ➡ | Overview and Highlights | Mr Tony Killen |
| 2. | Operational Performance | Mr Robin Burns |
| 3. | Items of Business | Mr Tony Killen |
| 4. | Questions | |

Overview – FY2014



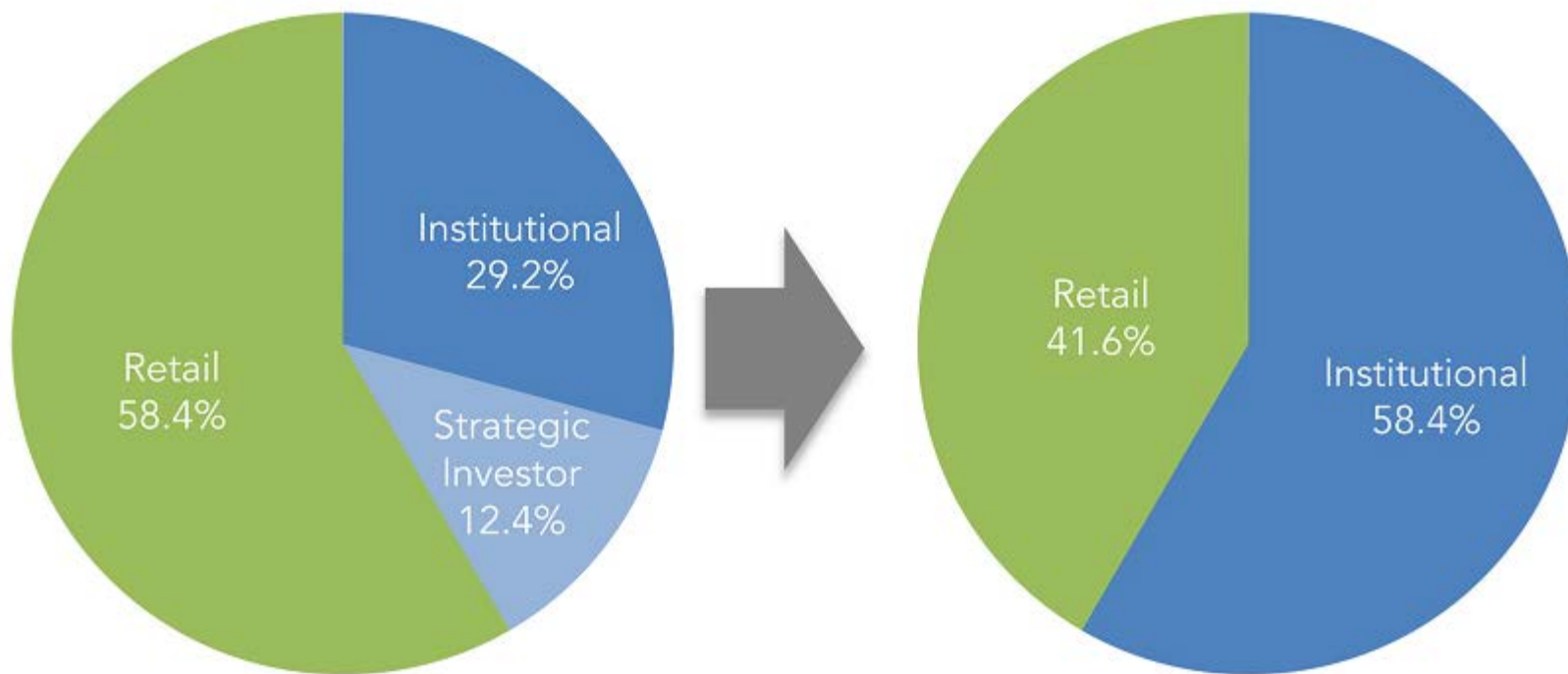
- Net Profit After Tax (NPAT) up 12% (inclusive of acquisition expenses)
- Organic revenue growth in both business units – total revenue up 14%
- Operating margin maintained in excess of 27%. Ungearred RoE 14.6%
- Successful bid for ANZ Trustees (ANZT) – a transformative acquisition. (Unsuccessful in earlier bid for Trust Company.)
- Raised \$160m of new capital – strong demand evident
- Debt-free balance sheet
- Included in ASX 300 Index (September 2014)
- Dividend increased

Acquisition Well Supported by the Market



*TERP – Theoretical Ex-Rights Price

Change in Composition of the Register



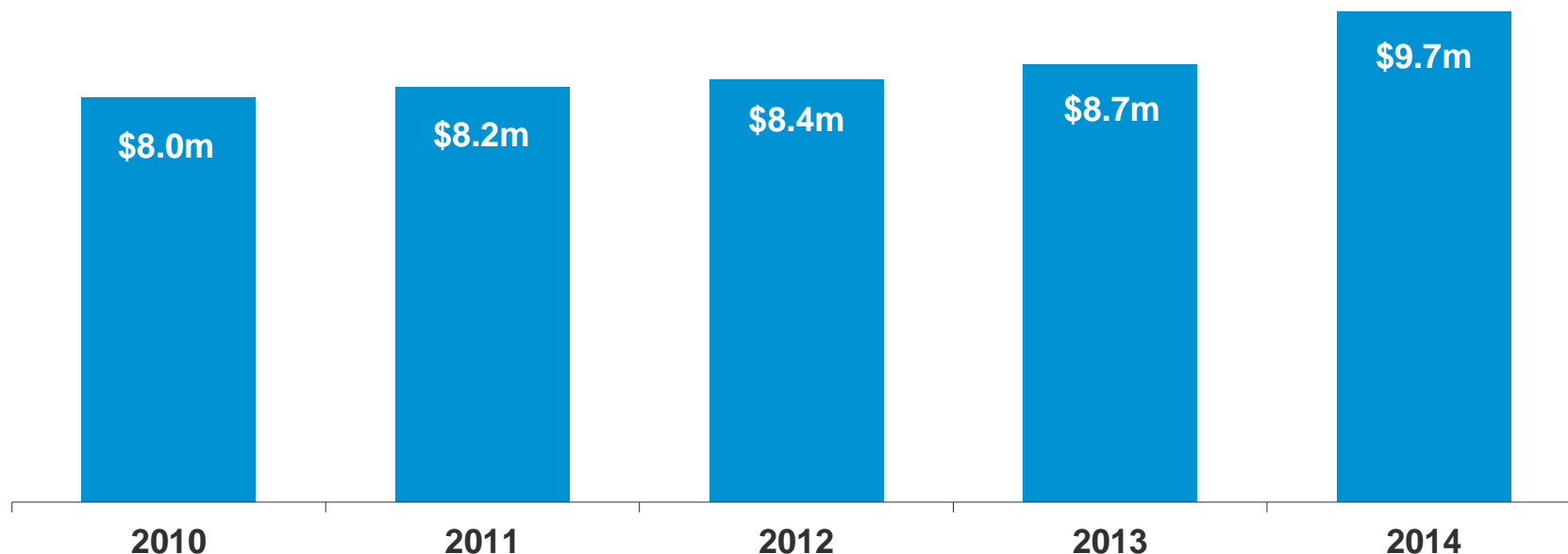
Equity Trustees register
pre-equity raising

Equity Trustees register
post-equity raising

Profitability



NPAT up at \$9.7m, net of takeover costs of \$2.6m
(includes profit on sale of investments)



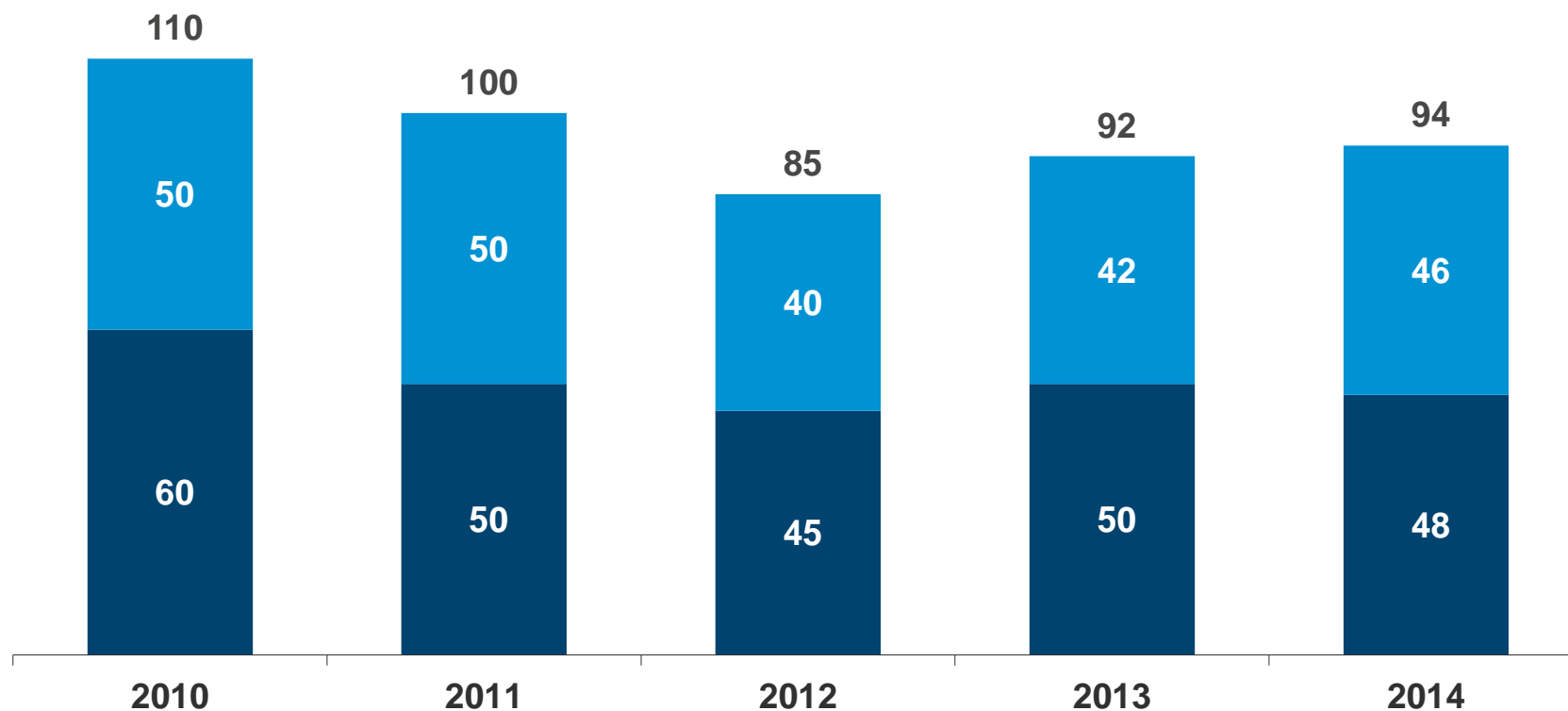
Dividends



Full year, fully franked dividend

■ Interim (cps)

■ Final (cps)



Equity Trustees' Role in Philanthropy



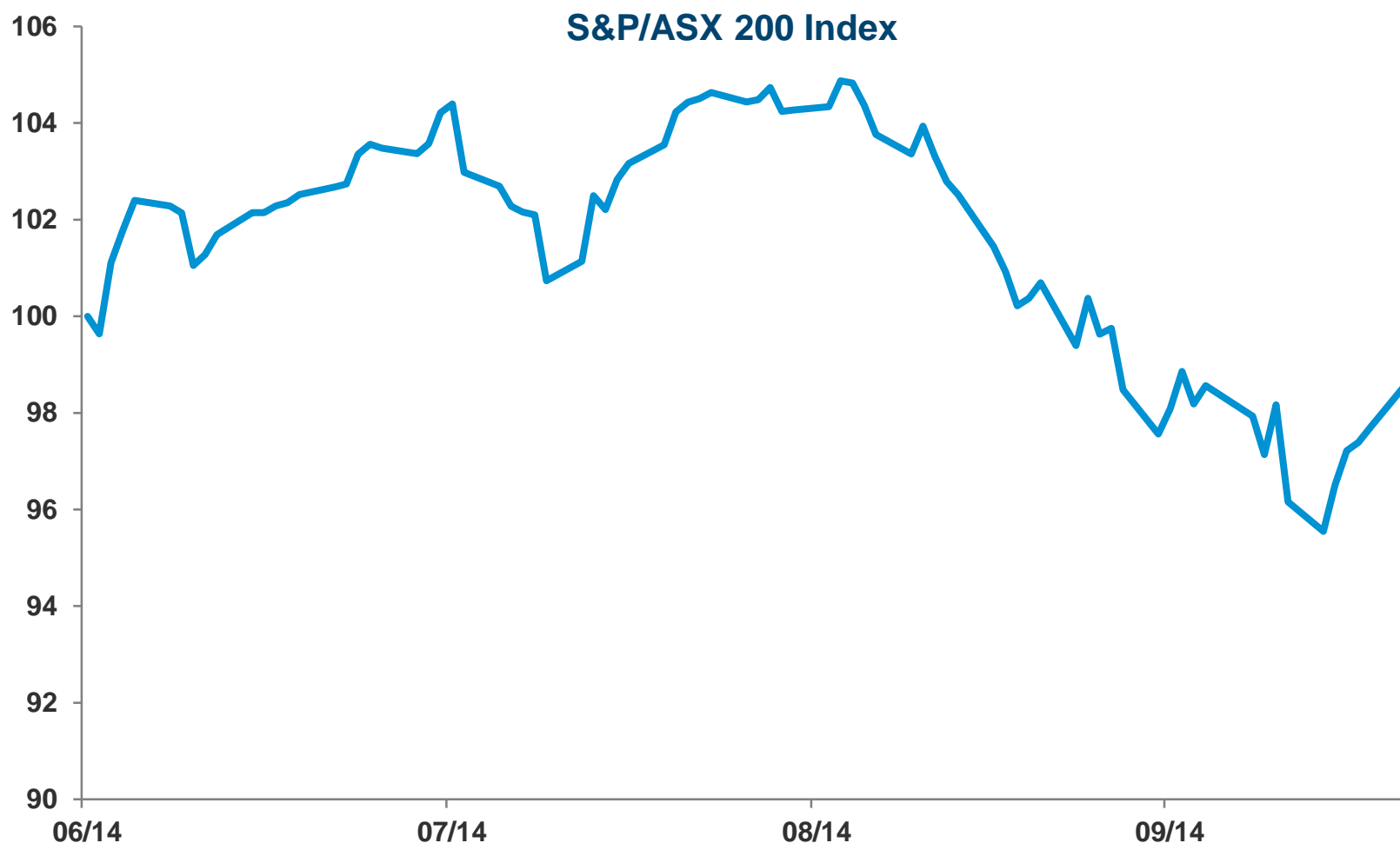
- Both Equity Trustees and ANZT have a long history in supporting the philanthropic sector
- Approximately \$1.8b in philanthropic assets managed or guided by the merged businesses, distributing around \$80m per annum
- Equity Trustees now supports over 450 charitable trusts
- Some of the well known charitable trusts we manage, and their areas of focus, include:
 - The Felton Bequests (NGV, Women and children in need)
 - William Buckland Foundation (Supporting the aged and sick)
 - J O & J R Wicking Trust (Alzheimer's Disease, Aged care)
 - The Ansett Trust (Assisting children to take their place in life)
 - Viertel Charitable Foundation (Medical research, Supporting the aged and sick)
 - H D T Williamson Foundation (Women and children, Arts, Environment, Health)

The Board



- Mr Mick O'Brien, FIAA, CFA, appointed in August as a Non-Executive Director (NED), part of planned orderly renewal process
- New NED's appointed in each of 2007, 2008, 2010, 2011 and 2014
- Intention to appoint another NED in the coming year, ahead of likely retirements
- Another very active year – 29 Board meetings, 31 Committee meetings. Directors achieved 99% attendance record at Board meetings
- Increased routine demands and participation in two acquisition processes
- New Board Investment Committee (BIC) established and started meeting in FY2014. Kevin Eley Chairs, other members are Robin Burns and Alice Williams
- Board completed a formal performance review after the year end, conducted by an external consultant. Conclusions were positive

ASX 200 Index 1 July to Current Date



Looking Ahead



- Global economic conditions and confidence still far from strong – US showing some positive signs but Europe weak and local conditions subdued
- Recent reverses in ASX reflect risk expectations, poor growth and market sensitivity
- Although there is overall net growth in FUM, the industry faces challenges in rebuilding consumer and investor confidence
- Need for advice and assistance continues to grow – increased wealth, complexity, older population
- Equity Trustees remains fundamentally strong and now has greater operational scale – solid cash flow, clean balance sheet, profitable, good return on equity and yield
- First quarter on track, but difficult to compare to prior period due to the acquisition
- Confident of achieving major goals and objectives from the acquisition
- Formally record the Board's thanks to staff for hard work and effort in a very significant year for the company

ANZ Trustees – Acquisition Goals



Transaction rationale:

- Benefits from increased scale, combining operations, distribution networks

The acquisition supports Equity Trustees' strategic objectives in Trustee & Wealth Services through:

- Realising cost savings from combining operations
- Extracting additional value from increasing revenue
- Transition of employees and customer relationships
- Establishing a long term relationship with ANZ

Equity Trustees' strategy is to be the largest independent ASX listed company with a dedicated trustee services focus.



Mr Robin Burns

*Managing Director
Equity Trustees Limited*

Agenda



1. Overview and Highlights Mr Tony Killen
- ➔ 2. Operational Performance Mr Robin Burns
3. Items of Business Mr Tony Killen
4. Questions

FY2014 – Building for Long Term Success



- Organic revenue growth 15% in corporate business unit (CTS), 13% in private unit (TWS)
- Operating margin 27.1%, slight decline from 27.7%
- Total Funds Under Management / Administration (FUM/A) grew to \$39.5b, up from \$32.3b
- Net inflows in funds distribution operation affected by cyclical market factors, reduced to \$100m in 2014 from \$1b in 2013
- Net 27 increase in responsible entity roles to 185, and 11 new managers to 76 in total. Instrumental in launch of ASX mFund Settlement Service
- Project Foundation (business efficiency) – completed
- Major operational restructuring completed
- Significant business development initiatives under way and showing traction (e.g. in estate planning)
- Acquisition of ANZT a very close fit for our strategic development plans

Equity Trustees Organisation Structure



Robin Burns
Managing Director &
Chief Executive Officer

Dr Paul Kasian
Head of Asset Management
Head of Equities

Terry Ryan
Chief Financial Officer
Corporate Services

Amanda Noble
Chief Risk Officer
Enterprise Risk

Harvey Kalman
Executive General Manager
Corporate Trustee Services

Lisa Barp
Executive General Manager
Marketing & Communications

Ryan Bessemer
Chief Operations Officer
Operations & Technology

Geoff Rimmer
Executive General Manager
Trustee & Wealth Services

Sonya Clancy
Executive General Manager
Human Resources

Philip Maddox
Company Secretary

Business Update



- Net inflows to Equity Trustees' co-branded funds at 121% of 2013 level for Q1
- Two new manager relationships in Q1. Number of funds remain at 184
- CTS FUM/A \$36.56b at end Q1
- TWS FUM/A \$7.33b at end Q1 (includes \$2.67b from ANZT)
- Priorities for 2015:
 - Integration of ANZT business – 12 to 18 months, on track
 - Organic business growth
 - Review group corporate structure
 - Improve overall staff engagement score
 - Continue to develop and enhance risk management framework

Summary



- Company is financially strong, performing well
- Acquisition of ANZT builds scale and capability in strategic growth channels. Brings:
 - Large will bank
 - Focus on core fiduciary services
 - Long term FUM
 - Skilled team, complementary values
 - Continuing relationship with ANZ bank
- Product and system complexity, increasing wealth, aging demographic, increased focus on advisory independence – all align with Equity Trustees' model and brand, and support growth directions in TWS
- Equity Trustees now largest independent listed company with a trustee focus
- CTS business to benefit from growth of FUM – world's third largest market for funds management, and expansion of our services range
- Will actively consider further acquisition opportunities

Agenda



1. Overview and Highlights Mr Tony Killen
2. Operational Performance Mr Robin Burns
- ➔ Items of Business Mr Tony Killen
4. Questions

Items of Business



Item 1

To receive and consider the financial statements and the reports of the Directors and Auditor for the year ended 30 June 2014.

Item 2

To adopt the remuneration report for year ended 30 June 2014.

Item 3

To consider the election of Directors.

Item 4

To consider an increase in the maximum aggregate remuneration for Non-Executive Directors

Item 5

To consider a grant of a long term incentive award to the Managing Director.

Item 6

To approve and ratify a placement of ordinary shares.

Items of Ordinary Business – Item 1



Item 1

To receive and consider the financial statements and the reports of the Directors and Auditor for the year ended 30 June 2014.

Items of Ordinary Business – Item 2



Item 2

To adopt the remuneration report for year ended 30 June 2014.

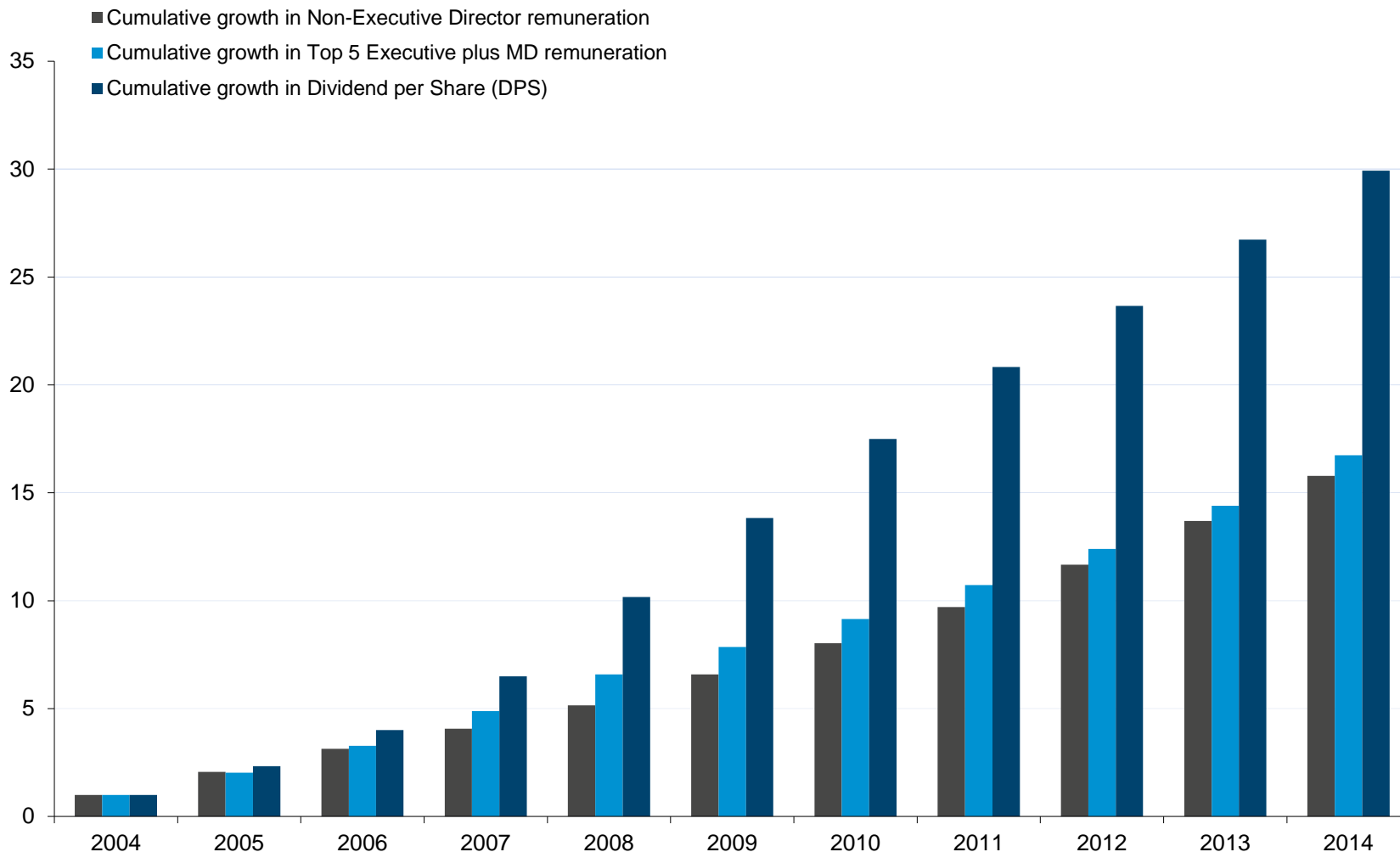
Remuneration



- Short Term Incentives – 40% of maximum pool paid in 2014 (59% in 2013).
- Long Term Incentive allocations each year:
 - Series 7 Partially Earned (EPS 53.53% / *TSR 100%) (ends 30/6/14)
 - Series 8 Under Assessment (ends 30/6/15)
 - Series 9 Under Assessment (ends 30/6/16)
 - Series 10 Commences 1/7/2014 (ends 30/6/17)
- Equity Share Acquisition Plan (\$1,000 for eligible staff) awarded again in 2014.
- Share Acquisition Plan. \$5,000 p.a. may be salary sacrificed to buy Equity Trustees shares.

*TSR measure relates to Managing Director Long Term Incentive only.

Tracking Remuneration vs Dividends



Item 2 – Proxies Received



To adopt the remuneration report for year ended 30 June 2014

In respect of Item 2 of ordinary business, the following proxies have been received:

For	Against
7,484,306	307,551 (3.77%)

Open (held by Equity Trustees Directors) = **85,331**

Items of Ordinary Business – Item 3



Item 3

To consider the election of Directors

Items of Ordinary Business – Item 3



Item 3(a):

To consider the re-election of Mr David Groves

Item 3(a) – Proxies Received



To consider the re-election of Mr David Groves

In respect of Item 3(a) of ordinary business, the following proxies have been received:

	For	Against
Mr David Groves	8,227,880	49,208

Open (held by Equity Trustees Directors) = **316,416**

Items of Ordinary Business – Item 3



Item 3(b):

To consider the re-election of Mr Jeff Kennett

Item 3(b) – Proxies Received



To consider the re-election of Mr Jeff Kennett

In respect of Item 3(b) of ordinary business, the following proxies have been received:

	For	Against
Mr Jeff Kennett	8,199,151	66,134

Open (held by Equity Trustees Directors) = **316,416**

Items of Ordinary Business – Item 3



Item 3(c):

To consider the election of Mr Mick O'Brien

Item 3(c) – Proxies Received



To consider the election of Mr Mick O'Brien

In respect of Item 3(c) of ordinary business, the following proxies have been received:

	For	Against
Mr Mick O'Brien	8,188,115	88,973

Open (held by Equity Trustees Directors) = **316,416**

Items of Special Business – Item 4



Item 4:

To consider an increase in the maximum aggregate remuneration of Non-Executive Directors

Item 4 – Proxies Received



To consider an increase in the maximum aggregate remuneration of Non-Executive Directors

In respect of Item 4 of ordinary business, the following proxies have been received:

For	Against
7,503,095	395,340

Open (held by Equity Trustees Directors) = **107,143**

Items of Special Business – Item 5



Item 5:

To consider the grant of a long term incentive award to Managing Director

Managing Director's LTI, 2014/2015 Series



- Quantum: 60% of TEC (\$580k) = \$348k. Maximum potential issue is 19,194 shares.
- Measures: 50% TSR / 50% EPS
- Vesting Scales over three years:

TSR

• Less than 50th percentile	Nil
• 50th percentile	50%
• 75th percentile and above	100%

EPS

• Less than 5% (15% over three years)	Nil
• 5% p.a. (15% over three years)	25%
• 15% p.a. and above (45% over three years)	100%

- Comparator group for TSR measure is ASX Diversified Financial Services Index to more closely align to Equity Trustees business activities and peer companies.

Item 5 – Proxies Received



To consider the grant of a long term incentive award to Managing Director.

In respect of Item 5 of special business, the following proxies have been received:

For	Against
7,860,739	379,673

Open (held by Equity Trustees Directors) = **172,521**

Items of Special Business – Item 6



Item 6:

To consider and ratify a placement of shares

Item 6 – Proxies Received



To consider and ratify a placement of shares

In respect of Item 6 of special business, the following proxies have been received:

For	Against
1,195,217	183,415

Open (held by Equity Trustees Directors) = **280,622**

Agenda



1. Overview and Highlights Mr Tony Killen
2. Operational Performance Mr Robin Burns
3. Items of Business Mr Tony Killen

➡ Questions



Thank you