

## **ASX Announcement**

10 November 2023

### **ASX ANNOUNCEMENT – ANNUAL GENERAL MEETING PRESENTATIONS**

In accordance with the ASX Listing Rules, the Chairman's and Chief Executive Officer's addresses and presentation to the Annual General Meeting ("AGM"), are appended.

**This announcement has been approved for release by the Board of Directors.**

#### **For further information please contact:**

Kim Clark, Company Secretary

Centrepont Alliance Limited

Ph: +61 7 3010 9393

E: [kim.clark@boardroomlimited.com.au](mailto:kim.clark@boardroomlimited.com.au)

#### **About Centrepont Alliance**

Centrepont Alliance (ASX: CAF) is a leading provider of advice and business services to financial advice firms throughout Australia. It offers a complete suite of governance, business management, client growth and advice services that enable advisers to spend more time providing advice to their clients.

Centrepont Alliance is proactively leading the evolution of financial advice business models in Australia. It has introduced a clear fee-based pricing model that will support the provision of more transparent and better financial advice for Australia, increasingly through the use of digital and data technology enabled solutions.

#### **CENTREPOINT ALLIANCE LIMITED**

Level 8, 309 George Street, Sydney NSW 2000

T: 1300 557 598

ABN: 72 052 507 507

W: [www.centrepontalliance.com.au](http://www.centrepontalliance.com.au)

## **Chairman's Address**

As Chair and on behalf of the Board of Directors, it is my pleasure to welcome you to the 2023 Annual General Meeting for Centrepoint Alliance.

Since our last AGM, Centrepoint Alliance has continued to develop substantially, and your company now commands an enviable position in a rapidly evolving industry as a leading provider of licencing, financial advice, business services and technology solutions for Australian financial advisers and their clients.

Over the past 12 months, Centrepoint Alliance continued to demonstrate its capacity to support financial advisers and enable practice owners to focus on their core business in the face of rising cost and compliance pressures. Centrepoint Alliance has always placed advisers at the centre of what we do. This is reflected in our continuing improvement in service levels and has led to the expansion of the network of self-licenced practices and continued growth, in a difficult environment, in the number of licenced advisers in our dealer group networks.

This net growth marks out Centrepoint Alliance as an increasingly favourable destination of choice for advisers and reflects positively on Centrepoint Alliance's ability to meet the changing needs of the financial services industry. The Company has worked hard to retain high-quality advisers and attract new culturally aligned professionals, both organically and via acquisition.

Centrepoint Alliance achieved EBITDA of \$7.6m million, representing year-on-year growth of 5.6%.

On 23 August 2023, the Board declared a fully franked final dividend of 2 cents per share. That takes dividends paid in relation to FY23 to 3 cents per share, fully franked. This included a Special Dividend of 0.5 cents at the half year. This exhibits our robust capability to invest to expand Centrepoint Alliance's service offering whilst also returning excess capital and delivering consistent value for shareholders.

At the beginning of the current financial year Centrepoint Alliance undertook a strategy 'refresh' to ensure that our strategy is relevant to the environment in which we operate. We reaffirmed that the adviser is at the centre of what we do and that we will strive to improve both the quality and breadth of services that we provide.

In addition, we will increase our focus on advocacy for financial advice and financial advisers. In an environment marked by increasing regulatory scrutiny and political focus on our industry, it is evident that the pendulum has swung too far towards overregulation. Both regulators and policymakers recognise the need for simplification in financial advice processes to make quality financial guidance accessible to all Australians, regardless of their means.

We are encouraged by the Government's commitment to implementing 14 out of 22 recommendations from the Quality of Advice Review (the Levy Report), with plans to address the remaining 8 soon. The core objective of our advocacy will be to achieve the simplification of the processes around financial advice as well as reducing some of the financial burden placed on financial advisers through unnecessary costs and regulatory processes.

Achieving economies of scale is fundamental to Centrepoint Alliance just as it is for financial advice practices. By building scale there will be more time and financial resources for Centrepoint to deploy for the benefit of financial advisers. For financial advice practices economies of scale allows investments in systems and processes to make them more efficient so they can spend more time in

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front of clients. This will also lead to more efficiencies so that they can both improve and maximise the financial situation of their existing and new clients.

Australia has one of the world's most complex financial environments for individuals to navigate and almost all Australians need support to do so. All of this means the future will revolve around building economies of scale and capability, particularly in technology, in our core licensee business, developing revenue adjacencies that enhance our offer and improve margins, whilst differentiating ourselves through high-quality services that empower advisers to be their best.

While Centrepoint will focus on building scale organically through both adviser recruitment and increased services, it will selectively look to acquisitions to augment growth. We will have a sharp focus on ensuring that any acquisitions either increase the scale of the business and/or broaden the level and quality of services that we can deliver to Centrepoint's adviser community.

We finished FY23 with a strong balance sheet, with a closing cash balance of \$15.6 million that will support the continued execution of the company's growth strategy. In the year ahead we will continue to improve our business and the services we provide to our clients and provide them with a scale that generates growth in revenue and increasing profitability for years to come.

Throughout the last financial year, Centrepoint Alliance's management, employees, practice principals and licenced advisers have seized opportunities in what has been a challenging operating environment for financial services. I would like to thank the team for their ongoing dedication.

At this juncture, I would like to acknowledge the significant contribution of the recently retired Chair Alan Fisher as well as Director Sandy Beard both of whom retired from the Board at the end of September 2023. On behalf of my fellow directors, I would like to thank Alan and Sandy for their dedication and support. Finally, I would also like to thank my fellow Board members and shareholders for their commitment and continuing support.

I will now hand over to our CEO, John Shuttleworth to provide an operational review of the year just ended and more importantly to articulate in more detail our strategy for FY24 and beyond.

### **Chief Executive Officer's Address**

I'd like to take this opportunity to update shareholders on four important areas of business performance.

Firstly, how we are positioned and our operating strengths.

Secondly, provide clarity on how we plan to leverage these strengths and grow the business with our 'adviser-centred' strategy.

Thirdly, provide an overview and strategic rationale of the binding offer to acquire Financial Advice Matters that we announced yesterday, and

Finally, provide some guidance on our business outlook.

2023 has been a year where we have strengthened our position as a leading provider of licensee services in the market.

The Company is benefiting from a scalable and efficient operating model post completion of integration with standard systems, business processes and uniform pricing.

Based on a ranking of advisers we are a clear number three in the market with 511 advisers operating under our licences, however if you include our self-licenced firms there are over 1,300 advisers within our network.

Our adviser recruitment and retention is one of the best in the industry, which is testament to the quality of our people and services. Our focus on service quality, delivered through an in-house team of specialists, with all interactions tracked via Salesforce.com, underpins this result.

I now want to turn to our strategy and outline a blueprint of how we plan to drive profitable growth.

A key strength of the business is our incredible network of financial advisers. These firms and the advisers within, are at the centre of our strategy.

We have 552 advice firms made up of licenced and self-licenced businesses. Within these firms we have over 1,300 advisers.

These advisers contribute significant revenue across the value chain in the broader financial services industry. We estimate that through the 150,000 estimated advised clients there is over \$65 billion in funds under advice, and \$1 billion in in force insurance premiums.

Our primary focus is on driving organic growth. Recruiting new firms to Centrepont Alliance and increasing the penetration of existing services.

We have also spent significant effort over the year looking at strategic acquisition opportunities to accelerate growth. Having completed and successfully integrated the ClearView advice acquisition, we know what is required to deliver an integrated business with sustainable earnings, and see many acquisitions destroy value due to the loss of advisers creating dis-synergies. When we review opportunities, we look for quality firms, cultural fit, realisable synergies, similar fee structures, and low claims risk.

At the core of our business are the services we provide that our advisers value. These include compliance, technical advice, technology services, product and investment research, training and

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education, practice management consulting and importantly the strategic partnerships we have with asset managers, platform providers, insurance companies and other service providers.

We are also developing new capabilities. By leveraging the capability we have with our broking aggregation business, we have developed Lending as a Service enabling advisers to build compliant lending businesses. As at 30 June we had 30 firms participating. At the end of October this had grown to 37 with a strong pipeline of prospective firms.

Managed accounts remain a key priority. Whilst we have \$295m in the Ventura Managed Account Portfolios we are finalising distribution agreements with our partner platforms for distribution of a new range of separately managed account portfolios.

Early next year, we will announce the details of a new partnership to provide a leading portfolio administration solution that will help advisers lower the cost of administration for clients.

Our self-licenced business is strong with 196 firms out of an estimated 1,850 self-licenced firms, resulting in a market share of around 11%. In an industry where services are highly fragmented, our future plans include the development of key adviser infrastructure, or 'everything you need to run an advice business in the cloud' which we refer to as the 'adviser cloud' initiative.

We are also focused on developing and partnering with fintech providers to provide new digital tools to streamline the advice process and improve engagement with end clients.

Consistent with our strategic framework, yesterday we announced that we have entered into a binding agreement to acquire 100% of the Brisbane-based financial advice firm Financial Advice Matters (**FAM**).

FAM is one of the largest corporatised financial planning groups in Queensland with 8 offices, servicing 1,450 household clients. FAM is well known to Centrepoint having operated as a Corporate Authorised Representative under Alliance Wealth since 2015.

FAM provides financial planning services to 1,450 household clients with funds under advice in excess of \$1 billion.

The acquisition will boost our salaried advice network to 19 advisers and provide a platform with scale allowing for further expansion.

There is a strong strategic and cultural fit between FAM and Centrepoint Alliance.

The key transaction details are:

- FAM revenue approximately \$6.1m in FY23
- Full year EBIT contribution to Centrepoint in the range of \$1.1m to \$1.5m in first twelve months of operations
- Total potential consideration of \$10m cash funded from Centrepoint's existing cash reserves and newly established \$10m debt facility with National Australia Bank
- 80% of consideration paid upfront and remaining 20% subject to deferred incentives and performance hurdles over a 12-month period based on a minimum EBIT contribution of \$1.5m
- Completion expected by 1 December 2023 (subject to fulfilment of closing conditions)

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Finally, some comments on the outlook for FY24.

We remain very positive despite the volatility and uncertainty in investment markets with the wars in the Ukraine, the Middle East and the large dispersion of analyst views of key economic indicators.

During times of uncertainty the demand for advice is high, as customers need an investment professional to help them navigate markets and avoid making irrational financial decisions.

We have seen the attrition of advisers across the industry bottom out, and some growth with new professional year candidates.

Practical regulatory change is progressing with the government adopting 14 of the 22 recommendations of the Quality of Advice review.

The acquisition of Financial Advice Matters will accelerate our plans to build scale in the profitable employed advice channel, as well as provide further benefits with the growth of our managed account offering and Lending as a Service.

We have several 'in flight' strategic initiatives, that are gaining traction and will be making future announcements at the H12024 earnings update regarding a new portfolio administration service and progress with the Adviser Cloud initiative.

Our market guidance of \$7.5m to \$8m EBITDA pre the FAM acquisition remains on track.

Thank you for your time.

**-END-**



# ANNUAL GENERAL MEETING

ASX: CAF

10 November 2023



# Disclaimer

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This presentation is for general information purposes only and should be read in conjunction with the Full Year Financial Report for the twelve months ended 30 June 2023 and the Appendix 4E lodged with the Australian Securities Exchange by Centrepont Alliance Limited (ASX:CAF) on 23 August 2023. This presentation does not provide recommendations or opinions in relation to specific investments or securities.

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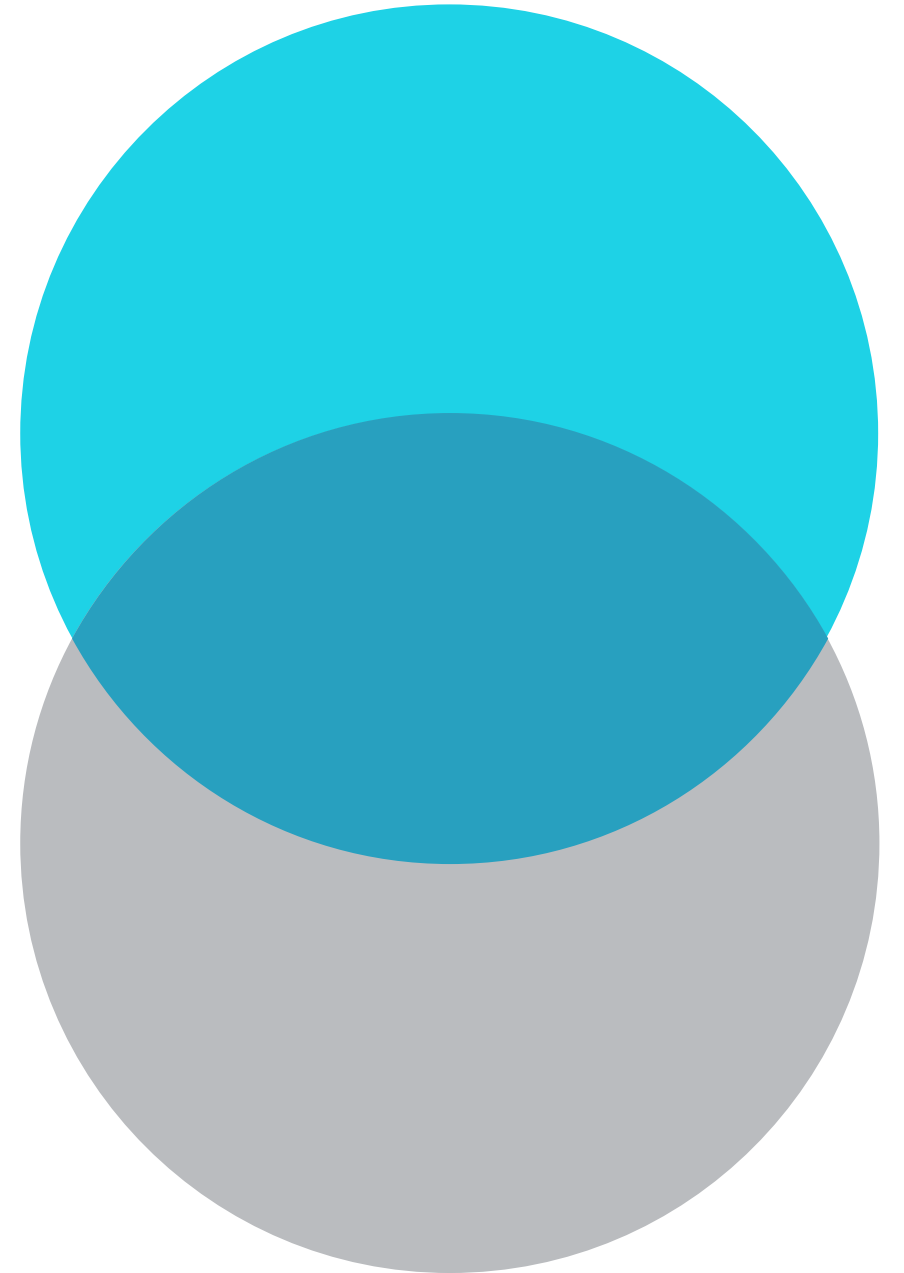
All numbers are as at 30 June 2023 unless otherwise stated. Numbers may not add up due to rounding.

The release of this announcement has been authorised by the Board of Directors.



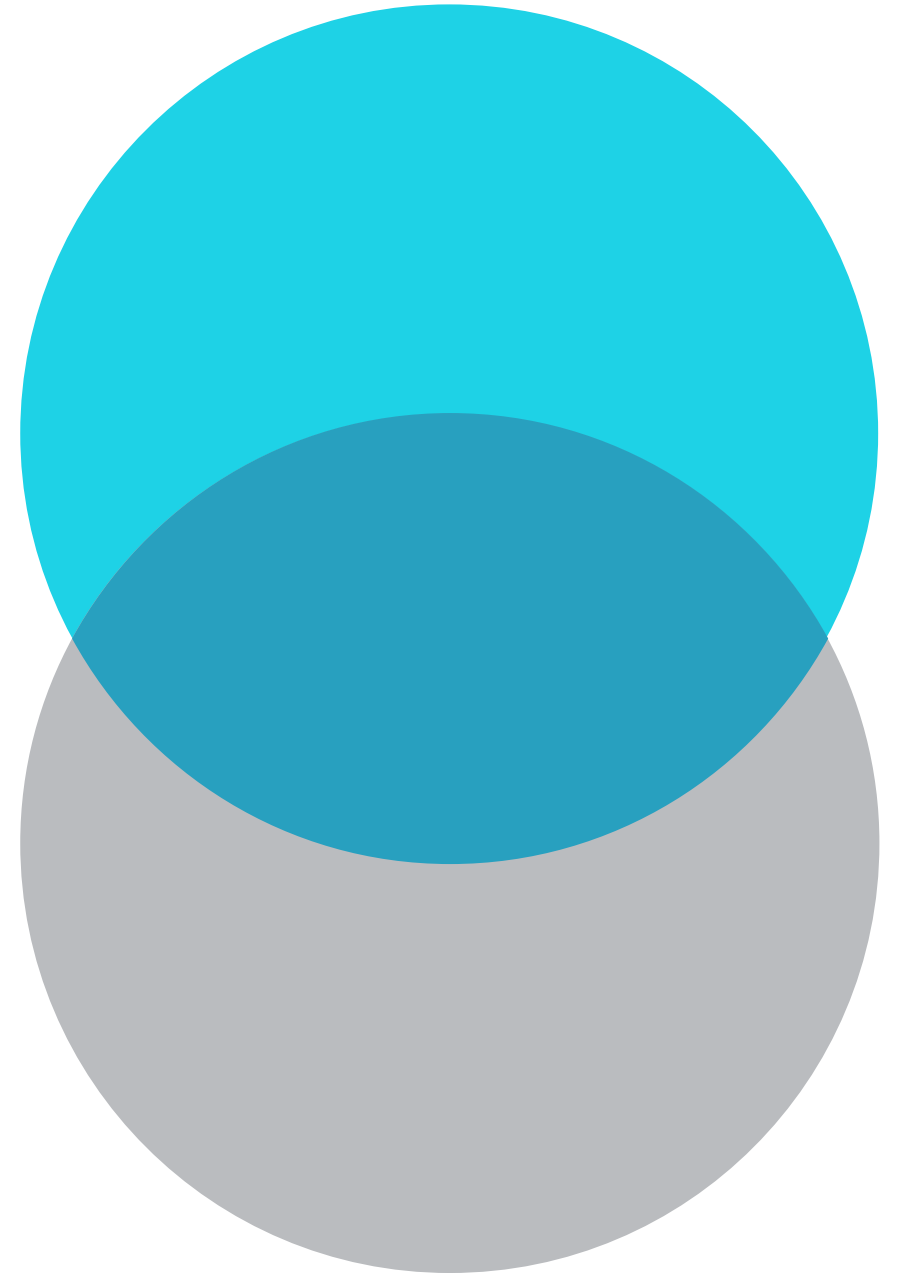
# CHAIRMAN'S REMARKS

Simon Swanson



# CEO ADDRESS

John Shuttleworth



# Agenda

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- 1 Operating strengths and positioning
- 2 'Adviser-centred' growth strategy
- 3 Acquisition of Financial Advice Matters
- 4 FY24 outlook

## Operating strengths – 2023

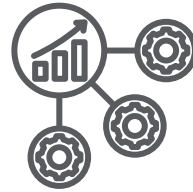
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1.



Strengthened our position as a leading provider of Licensee Services

2.



Benefiting from a scalable and efficient operating model with standard systems, business processes and uniform pricing

3.



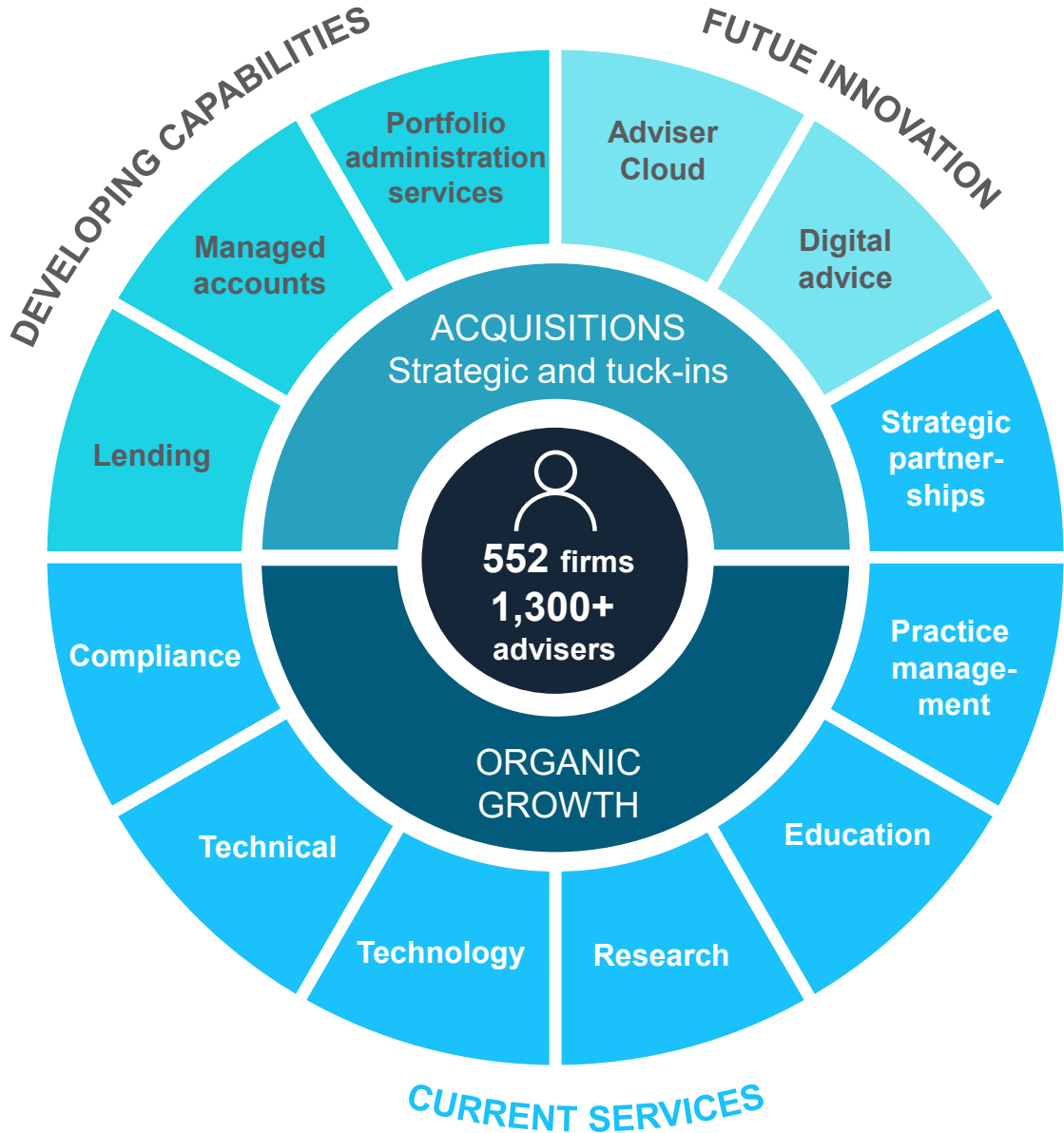
Clear number three in the market, based on adviser rankings

4.



Adviser recruitment and retention is one of the best in the industry

# Advisers are at the centre of Centrepont Alliance's strategy



## BUSINESS SNAPSHOT

Funds under advice **\$65 billion<sup>1</sup>**

Insurance in force premiums **\$1 billion<sup>2</sup>**

### Licenced Advisers

Firms **356**

Advisers **511**

### Self-Licenced Advisers

Firms **196**

Advisers **797**

Advised clients **~150,000+<sup>3</sup>**

Managed accounts **\$295 million**

### Mortgage broking

Brokers **80**

Loan book **\$3.4 billion**

### Lending as a Service

- Participating firms **30**

Source: 1. CAF Estimate 1308 advisers x average FUA \$50m = \$65b

2. CAF Estimate based on total commission paid

3. CAF estimate 1308 advisers x 120 clients = 156,960

\* All numbers as at 30 June 2023 unless stated

## Acquisition of Financial Advice Matters (FAM)

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- Entered into a binding agreement to acquire 100% of Brisbane-based financial planning business FAM
- FAM is one of the largest corporatised financial planning groups in Queensland
- Established in current form in 2015
- FAM provides financial planning services to 1,450 household clients
- Funds under advice in excess of \$1 billion
- 8 offices throughout Queensland
- FAM has been a Corporate Authorised Representative of Alliance Wealth since 2015
- The acquisition will boost Centrepont's salaried advice network to 19 advisers
- Strong strategic and cultural fit
- Consistent with our strategy to accelerate earnings growth



## Key transaction details

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- FAM \$6.1 million in FY23
- Full year EBIT contribution to Centrepont in the range of \$1.1 million to \$1.5 million in first twelve months of operations
- Total potential consideration of \$10 million cash funded from Centrepont's existing cash reserves and newly established \$10 million debt facility with National Australia Bank
- 80% of consideration paid upfront and remaining 20% subject to deferred incentives and performance hurdles over a 12-month period based on a minimum EBIT contribution of \$1.5 million
- Completion expected by 1 December 2023 (subject to fulfilment of closing conditions)



## We are very positive about FY24 despite global uncertainty

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- ✓ Uncertainty in investment markets (both upside and downside risk) with war in Ukraine, Middle East and large dispersion of economic indicators
- ✓ Demand for advice is high as customers need an investment professional to help navigate the uncertainty and maintain appropriate diversification of the risk profile
- ✓ Industry attrition of advisers has bottomed out post FASEA and showing signs of growth
- ✓ Regulatory change has shifted to practical changes to reduce compliance burden with Government adopting 14 of 22 recommendations in the Quality of Advice Review
- ✓ FAM acquisition will accelerate growth and build scale in employed financial planning
- ✓ Strategic initiatives on track and continue to progress, lending, managed accounts and future announcements with portfolio administration and 'adviser cloud' at first half earnings update
- ✓ Market guidance of \$7.5 million to \$8 million EBITDA pre FAM acquisition remains on track





**END**

