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ASX ANNOUNCEMENT – CUP

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COUNTPLUS TO TRANSFER MANAGEMENT OF PRIVILEGE MODELS TO MORNINGSTAR INVESTMENT MANAGEMENT

Countplus FS Holdings Pty Ltd has today announced it will retire from operating Privilege, its separately managed account platform available on HUB24 (Privilege Managed Account). Morningstar Investment Management Australia Limited (Morningstar Investment Management) has agreed to take over the investment management of the Privilege Models available on Privilege Managed Account.

Countplus FS Holdings Pty Ltd is a wholly-owned subsidiary of CountPlus Limited and owns the licensee company Total Financial Solutions Australia Ltd (TFS). Morningstar Investment Management has agreed to pay \$1.0 Million to TFS in recognition of the value created by managing the Privilege Models and has signed a binding agreement with Countplus.

Privilege Managed Account is a separately managed account investment solution made up of seven model portfolios. Morningstar Investment Management has long-established links with the Privilege Models and currently acts as the investment consultant for the underlying model portfolios. HUB24 will continue to make the Privilege Managed Account available to existing clients. For any new clients that wish to invest in Morningstar-managed portfolios, they will be able to do so via a new HUB24 retail offer.

Strategic focus

The separation of investment product from advice and the focus on non-conflicted, fee-based financial advice services is key to the strategic focus for CountPlus.

The Countplus leadership team consider Morningstar Investment Management to be a logical successor for Privilege, given the historical links as the investment consultant for the underlying model portfolios. Morningstar intends to reduce the overall costs of the Privilege Managed Account to Privilege clients as a result of this transaction due to scale and synergy benefits that Morningstar can achieve.

Following this transaction, CountPlus intends to impair the goodwill carrying value of TFS to nil. The proceeds from this transaction are expected to offset most of the write down in the carrying value of TFS.

The change to Privilege is a tangible further step towards creating a best-in-class, professional advice licensee, operating without the overhang of product conflict.

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