

Strong start continues – April YTD PAT +135%

Bell Financial Group Ltd (ASX:BFG) is a diversified provider of financial products and software solutions within, and increasingly outside, its traditional full-service stockbroking business. An April YTD trading update provided at the group's presentation to the Bell Potter ELC conference points to revenue growth of 23% and Profit After Tax (PAT) growth of 135%, an acceleration on Q1 CY24 Profit Before Tax (PBT) growth rates provided at the AGM, with all divisions profitable. This compares to a RaaS H1 CY24 PAT growth estimate of 90%, placing the group on track to achieve our H1 estimates. A recovery in ECM activity is key to this rebound, with Bell Potter Securities generating ~\$500m in ECM deals to April (assuming a 4% average fee), and strong activity continuing into May. Brokerage revenue growth of 13% April YTD also supports growth across third-party platforms, third-party clearing and retail. We forecast the PBT growth rate to slow in H2 FY24 (to +40%), cycling a weak Q3 but strong Q4. Our Sum-of-The-Parts (SoTP) valuation remains \$2.25/share with movement in peer consensus estimates and share prices neutral to valuation over the last 2 months. We make no changes to our earnings estimates and highlight BFG continues to trade at a discount to smaller platform players such as PPS and IRE (-53%) and RaaS selected financial peers (-24%) using FY24 LSEG consensus.

Business model

BFG is a diversified financial services business incorporating a traditional stockbroking business (retail, institutional and corporate), and a range of financial product offerings including margin lending, portfolio administration, trade execution, clearing and settlement, and cash management. The business is supported by ~100 IT professionals who have developed internal systems for account management (Fusion) and cloud-based trading platforms for Bell Direct. This platform forms the foundation for external offerings to financial planners (Desktop Broker), white labelling and third-party clearing. The company says more intermediaries will be targeted for these products, and more products and services added to complete the offering and monetise the investment already made.

Growth accelerates into April 2024

Q1 CY24 unaudited revenue growth was 17% and PBT growth 60%. April YTD revenue growth was 23% and PAT growth 135%, implying an acceleration of growth in the month of April on the back of a continued recovery in ECM (RaaS estimates ~\$500m in raising assuming an average fee of 4%) and brokerage revenue (+13% April YTD). May ECM activity for Bell Potter continued to be strong with at least \$325m in deals completed and cycling weak Q2 CY23 activity, and places BFG on track to meet RaaS H1 CY24 PAT growth estimates of 90% (to \$21m). Funds under advice (FUA) was flat at \$80.3b, constrained by equity market performance (-2.9% April YTD), which is key for PAS revenues (and behind RaaS estimates) while the margin loan book grew 6% to \$580m despite this flat market.

Valuation of \$2.25/share or \$717m market cap

Given the different earnings streams and drivers of the BFG business we use a Sum-of-The-Parts (SoTP) methodology to value BFG. Using FY24f LSEG consensus peer multiples and company guidance when consensus is not available, we maintain a valuation of \$2.25/share. Key to this valuation is through-the-cycle PBTA assumptions for Retail and Institutional, a separate DCF valuation for Portfolio/Super Administration Service (PAS) earnings and smaller 'platform' peer multiples for the Technology & Platform division.

Historical earnings and RaaS' estimates (in A\$ unless otherwise stated)

Year end	Revenue	PBTA adj.	NPATA adj.	EPS adj.	P/E (x)	EV/PBTA (x)	Yield (%)
12/22a	241.3	43.5	32.2	0.101	12.9	7.0	5.4
12/23a	248.4	39.7	28.7	0.090	14.4	7.6	5.4
12/24f	274.3	59.4	41.6	0.130	10.0	4.2	6.2
12/25f	282.5	66.6	46.6	0.146	8.9	3.4	6.9

Source: Company data for actuals, RaaS estimates FY24f and FY25f

Financial Services

30 May 2024

Share Details

ASX code	BFG
Share price (29-May)	\$1.30
Market capitalisation	\$414.3M
Shares on issue	318.7M
Cash at 31-Dec-23	\$114.3M
Free float	~40%

Share Performance (12 Months)



Upside Case

- Expand avenues to market for commercially available solutions and products
- New products through existing channels
- ECM and ASX activity improvements

Downside Case

- Prolonged ECM downturn
- Regulatory breaches
- Severe ASX correction

Catalysts

- New platform distribution partnerships
- New customers for Clearing and Technology
- Evidence of improved ECM activity

Board of Directors

Brian Wilson AO	Independent Chair
Graham Cubbin	Independent Director
Alastair Provan	Non-Executive Director
Christine Feldmanis	Non-Executive Director
Andrew Bell	Executive Director

Company Contact

Cindy-Jane Lee (Co. Secretary)
cjlee@bellfg.com.au

RaaS Contacts

John Burgess	+61 410 439 723 john.burgess@raasgroup.com
Finola Burke	+61 414 354 712 finola.burke@raasgroup.com

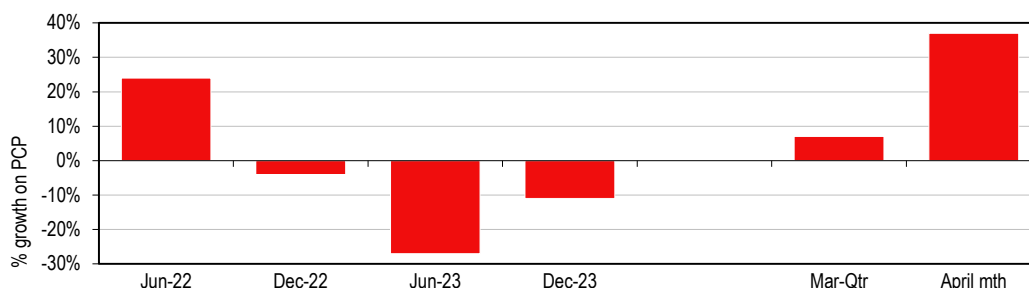
Update on key BFG earnings drivers

ASX equity volumes

Equity trading conditions measured by ASX trading volumes increased 7% over the March 2024 quarter according to the ASX and accelerated to +37% in the month of April on the pcp (previous corresponding period).

BFG commentary for April CY23 YTD states brokerage revenue increased 13%, which is in-line with market growth April YTD using ASX data.

Exhibit 1: Growth on pcp in the number of ASX secondary-market equity trades



Source: ASX

Equity volumes are key for **Third-Party Platforms** (such as Bell Direct (online), Bell Direct Advantage (HNW), Desktop Broker (Financial Planners) and white-label online broking (Macquarie and HSBC)), **Third-Party Clearing** (Bell Potter Securities, Macquarie and other smaller parties) and vanilla **Retail** brokerage.

ECM activity

ECM activity comprises both Initial Public Offerings (IPOs) and secondary market placements.

The March quarter is seasonally weak historically due to Australian summer holidays. Secondary activity over the March 2024 quarter was 4% higher than the March 2023 quarter according to the ASX.

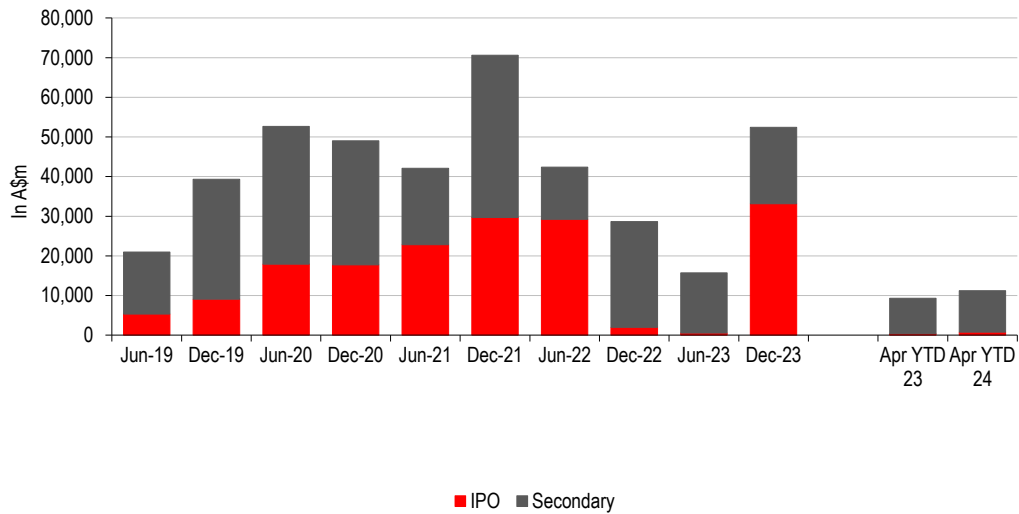
Deal Logic¹ estimated Bell Potter undertook US\$195m (~\$300m) in ECM activity over the March 2024 quarter from 24 deals. Using ASX data this would imply a market share of 4.3%, which in RaaS estimates has been consistent for the last 18 months. Announced deals included a \$250m placement for Deep Yellow (ASX:DYL), a \$90m placement for Propel Funeral Partners (ASX: PFP) and a \$15m placement for Conrad Asia (AX:X:CRD).

April CY24 YTD ECM and Syndication revenues for BFG were \$20.8m, up 90% on the \$11.1m YTD April CY23. Assuming an average 4% fee this implies ECM activity of ~\$500m.

For H1 FY24 RaaS estimates \$900m in total ECM activity, implying \$400m is required over May and June. We estimate at least \$325m in placements in the month of May including \$100m for Droneshield (ASX:DRO), \$50m for Iperionx (ASX:IPX) and \$175m for Alpha HPA (ASX:A4N).

¹ AFR article 4 April 2024

Exhibit 2: Initial and secondary ECM activity on the ASX



Source: ASX

ECM activity is key for both the Institutional and Retail divisions, with resulting fees allocated across both divisions depending on the end client mix to each deal. ECM fees are significantly higher than transaction fees.

ASX performance

The level or performance of the Australian equity market has a direct impact on the **Portfolio/Super Administration Service (PAS)**, which derives revenue from the administration of funds and/or portfolios under advice and is important for confidence in retail and institutional activity.

PAS was flat around record levels of \$5.1b in April 2024, as was FUA at \$80.3b, constrained by the 2.9% decline in equity markets (as measured by the ASX200 index) in April CY24 YTD.

This places the PAS business behind RaaS estimates for H1 FY24, while retail & Institutional are at least on-track to achieve divisional estimates.

April YTD vs. Raas H1 CY24 estimates

The table below compares April YTD actuals for CY23 and CY24, and the implied May/June CY23 actuals against the implied May/June CY24 estimates of RaaS.

Retail & Institutional and Technology & Platforms look on track while Products & Services will require a strong May/June to achieve RaaS estimates.

Exhibit 3: Profit After Tax year to date vs May/June CY24 vs CY23 (A\$m unless stated)

Timeframe	YTD Apr 2023(a)	YTD Apr 2024(a)	% CHG	May/June 2023 (a)	May/June 2024 RaaS(f)
Profit After tax					
Retail & Institutional	-1.7	3.8	nm	2.2	4.3
Products and Services	3.9	4.2	0.08	2.0	3.6
Technology & Platforms	2.3	2.6	0.13	2.3	2.5
Group Total	4.5	10.6	1.34	6.6	10.4
Split as % H1					
	0.41	0.50		0.59	0.50

Source: Company data for actuals, RaaS estimates for H1 CY24

Listed Peer Update

Exhibit 4 summarises the key financial metrics of selected peers for FY24f which we use to select the appropriate multiples for our Sum-of-The-Parts (SoTP) valuation of BFG given the varying revenue and earnings streams.

For companies without consensus earnings (SEQ and CAF) we use their latest FY24 guidance, while FY24 guidance is unavailable for EZL and EP1.

Exhibit 4: Peer group FY24f financial comparison (in A\$m unless otherwise stated)										
Company Name	Ticker	Share price (cps)	Mkt. cap.	Net debt (cash) @ Dec-23	Adj. pre AASB16 PBTA	Revenue	Adj. EPS (cps)	Adj. PBTA (x)	PER (x)	Yield (%)
Platforms						Average		24.4	38.4	2.4
						Small		14.9	23.7	3.7
Netwealth	NWL	19.90	4,852	-109.4	123.9	257	0.34	39.1	58.0	1.4
Hub24	HUB	40.96	3,338	-42.8	115.7	330	0.85	28.8	48.2	1.0
Iress	IRE	7.89	1,473	375.2	80.3	623	0.29	18.3	27.3	3.0
Praemium	PPS	0.42	211	-46.2	18.4	82	0.02	11.4	20.0	4.3
Stockbroking						Average		na	na	na
Euroz Hartleys	EZL	0.82	135	-84.3	na	na	na	na	na	na
E&P Financial Group	EP1	0.51	121	-38.8	na	na	na	na	na	na
Other financial						Average		9.8	13.5	6.3
MA Financial #	MAF	4.58	817	64.0	68.6	304	0.28	11.9	18.2	3.7
Sequoia Financial *	SEQ	0.54	71	-23.2	8.4	130	0.03	8.5	11.7	6.1
Centrepont Alliance *	CAF	0.30	59	-15.6	7.8	36	0.03	7.6	9.4	8.3
Bell Financial #	BFG	1.30	414	-114.3	59.4	274	0.13	7.0	10.0	6.2

Sources: Company guidance *, LSEG and RaaS estimates (BFG); Prices as of 29 May 2024 # December year-end

Looking at BFG relative to the peer group using FY24f consensus data from LSEG we would highlight the following:

- Trading at a 53% PBTA discount to our selected 'smaller' platform players, being IRE and PPS;
- Trading at a 25% PBTA discount to our selected 'other financial' peer group; and
- Has a solid net cash position, which is a feature of most stockbroking peers.

Valuation

Sum of The Parts

Given the mix of growth businesses such as Technology and Platforms, the recurring nature of businesses within Products and Services, and the cyclical nature of Retail and Institutional we believe a Sum-of-The-Parts valuation is the most appropriate valuation methodology for BFG.

For Technology and Platforms, we use the average FY24f PBTA LSEG consensus forecast multiple of the two smaller platform operators Iress (ASX:IRE) and Praemium (ASX:PPS) which have similar revenue drivers, operating leverage and market capitalisation, in our view.

For the Margin Lending business within Products and Services, we apply a 20% premium to the average regional bank FY24f PBT multiple (6.6x) using LSEG consensus data to reflect what we see as the superior credit history, net interest margin and ROE of this product.

For the PAS and Super business within Products and Services, we have conducted a standalone DCF valuation for this product given the recurring nature of this income, low capex, low working capital and growth visibility relative to other divisions. As a result, we apply a divisional beta of 0.8x against a group beta of 1.1x. Our numbers assume just 20% (or \$7b) of Bell Potter's \$40.7b in FUA adopt the PAS fee option by FY31 against \$5.1b currently.

For the combined Retail/Institutional businesses, we have applied the 'other financials' peer multiple of 9.3x to through-the-cycle earnings based on financial years FY21-FY23 inclusive, which incorporates both strong and weak trading environments.

While some divisions provide the environment for other divisions to thrive (Retail for example provides the FUA advice for PAS and leads for Margin Lending), we think the SoTP exercise is useful in identifying the varying nature of revenue and earnings streams by product.

Our valuation remains \$2.25/share, with earnings and share price movements over the last two months at net neutral to valuation. Key to this valuation is through-the-cycle PBTA assumptions for Retail and Institutional, a separate DCF valuation for the PAS division and 'platform' peer multiples for the Technology & Platform division.

Exhibit 5: BFG Sum-of-The-Parts valuation – FY24 A\$m unless otherwise stated				
Division	CY24 adj. PBTA	PBTA multiple (x)	Valuation	Comments
Technology and Platforms	12.4	14.9	185	Avg. of IRE and PPS, includes amort.
Products and Services	19.3	12.1	234	
Margin Lending	8.9	7.9	70	20% premium to regional bank average
PAS and Super	10.4	15.7	164	Standalone DCF
Retail *	5.0	9.3	47	Through-the-cycle PBTA
Institutional *	15.0	9.3	140	(FY21-FY23 inclusive)
Group total	71.1		606	
Add net cash (Jun-23)			114	
VALUATION			720	
Shares on issue			319	
EQUITY VALUE			\$2.25	
Source: RaaS estimates; *Average of FY21-FY23 inclusive				

Investment Case Revisited

BFG has built a diversified earnings stream across multiple product streams, many at or approaching scale and therefore operating leverage. Despite this, we believe the group is arguably still seen and being valued as a traditional full-service stockbroker. Consider the following:

- 83% of group FY23 PAT came from divisions outside of traditional full-service broking, being Technology and Platforms, and Products and Services. This compared to 40% for listed stockbroking peer E&P Group and 0% for Euroz Harleys, highlighting the continued shift in the business composition over recent years.
- The Retail division has experienced a \$5.4m PAT decline over the 12 months to December 2023 on the back of weak ASX trading volumes and lower ECM activity. Such a decline has aided the mix of non-stockbroking business but provides significant earnings leverage to improved equity market conditions, with some encouraging recent signs, in our view.
- Having the internal on-line trading platform (Bell Direct) and having developed an execution and settlement offering for financial planners (Desktop Broker), there is an opportunity to add additional products and services to these solutions and integrate with more platforms, offering a more compelling service and new revenue streams. International trading was soft launched in February while existing products such as margin lending and portfolio administration have platform attraction, in our opinion.
- BFG appears to have significant cash at bank for regulatory requirements, significant client cash holdings on its balance sheet and a large and robust margin lending book that derives significant and consistent net interest income. BFG as a result should be a net beneficiary of higher interest rates with we estimate a further 75bps benefit for H1 FY24 relative to H1 FY23.
- Market downturns and industry consolidation may provide further opportunities for Third-Party Clearing, and Technology and Platforms as players look to cut costs and improve efficiencies.
- BFG is trading on an FY24f EV/PBTA discount to each of our defined financial segments on our estimates, being small platforms (52% discount) and other financial (16% discount). We note BFG offers top quartile dividend yields relative to our selected peer group.

Exhibit 6: BFG Financial Summary

Bell Financial Group (ASX:BFG)						Share price (29 May 2024)						A\$		1.300	
Profit and Loss (A\$m)						Interim (A\$m)		H122A	H222A	H123A	H223A	H124F	H224F		
Y/E 31 Dec	FY21A	FY22A	FY23A	FY24F	FY25F	Revenue	111.8	129.5	118.7	129.7	136.0	138.3			
Operating Revenue	269.1	206.4	196.5	215.0	225.7	EBITDA	21.8	29.7	23.1	24.6	35.6	32.1			
Finance/Other Income	23.7	34.9	51.9	59.3	56.9	EBIT	16.1	24.7	17.9	18.9	30.3	25.9			
Total Revenue	292.8	241.3	248.4	274.3	282.5	NPATA (normalised)	14.7	20.2	15.5	16.2	23.9	20.9			
EBITDA	75.4	51.4	47.7	67.6	75.4	Adjustments	(2.8)	(1.0)	(1.7)	0.3	0.0	0.0			
Depn	(0.6)	(1.0)	(0.8)	(0.8)	(1.1)	NPAT (reported)	11.9	19.2	13.8	16.4	23.9	20.9			
RoU	(8.3)	(6.9)	(7.2)	(7.4)	(7.7)										
Amortisation	(2.7)	(2.7)	(3.0)	(3.2)	(3.2)	EPS (adjusted)	0.046	0.063	0.049	0.051	0.075	0.065			
PBT	63.8	40.8	36.8	56.2	63.4	Dividend (cps)	0.025	0.045	0.030	0.040	0.040	0.040			
Tax	(19.0)	(11.3)	(11.0)	(17.8)	(20.0)	Imputation	30.0	30.0	30.0	30.0	30.0	30.0			
(Tax Rate)	30%	28%	30%	32%	32%	Operating cash flow	na	na	na	na	na	na			
NPATA normalised	47.5	32.2	28.7	41.6	46.6	Free Cash flow	na	na	na	na	na	na			
Adjustments	(1.1)	(3.8)	(1.4)	0.0	0.0	Divisionals	H122A	H222A	H123A	H223A	H124F	H224F			
NPAT (reported)	43.7	25.7	24.3	38.4	43.4	Revenue	111.8	129.5	118.7	129.7	136.0	138.3			
Cash flow (A\$m)						Technology & Platforms		12.3	11.6	11.0	11.6	12.3	12.8		
Y/E 31 Dec	FY21A	FY22A	FY23A	FY24F	FY25F	Products & Services		11.3	10.9	11.3	11.8	13.2	13.5		
Adj EBTDA (after rent)	65.0	47.0	42.5	60.2	67.7	Retail		57.9	55.6	50.7	49.4	49.9	52.4		
Tax	(21.6)	(12.1)	(10.6)	(17.8)	-20.0	Institutional		16.9	29.9	21.2	29.5	31.2	29.6		
Working Capital	40.8	-7.6	-87.1	35.6	6.6	Interest/Other		13.4	21.5	24.5	27.4	29.3	30.0		
Other	(10.0)	(24.7)	9.4	0.0	0.0										
Operating cash flow	74.2	2.6	(45.9)	78.0	54.3	Profit After Tax		9.2	16.5	11.1	13.3	21.0	18.6		
Mtce capex	(1.0)	(0.4)	(0.8)	(0.9)	-0.9	Technology & Platforms		2.3	3.9	4.6	3.6	5.1	4.1		
Acquisition of Investments	-9.5	-10.8	-4.4	0.0	0.0	Products & Services		5.4	5.7	5.9	6.1	7.8	8.3		
Proceeds from Investments	9.6	5.2	1.4	0.0	0.0	Retail		0.8	1.6	1.6	1.3	0.7	1.8		
Free cashflow	73.3	(3.5)	(49.7)	77.1	53.4	Institutional		0.7	5.3	2.1	4.9	7.3	4.5		
Equity	(1.7)	(1.4)	0.0	0.0	0.0										
Borrowings	95.6	(0.0)	0.0	0.0	0.0	PAT %		8.3%	12.7%	9.3%	10.2%	15.4%	13.5%		
CHG in Client Cash Balance	43.6	-19.7	-68.9	0.0	0.0										
CHG in Margin Loans	-63.5	37.8	-49.2	0.0	0.0	Margins, Leverage, Returns		FY21A	FY22A	FY23A	FY24F	FY25F			
CHG in borrowings	52.0	-48.0	130.0	11.7	35.2	EBITDA margin %		25.8%	21.3%	19.2%	24.7%	26.7%			
Net Dividends paid	(35.3)	(28.9)	(24.1)	(25.5)	-25.5	EBIT margin %		21.8%	16.9%	14.8%	20.5%	22.4%			
Change in cash	164.1	(63.6)	(61.9)	63.3	63.1	NPAT margin (pre significant items)		16.2%	13.3%	11.5%	15.2%	16.5%			
Balance sheet (A\$m)						Net Debt (Cash)		-	136.49	-	110.31	-	162.90	-	188.82
Y/E 31 Dec	FY21A	FY22A	FY23A	FY24F	FY25F	Net debt/EBITDA (x)		(x)	-1.8	-2.1	-2.4	-2.4	-2.5		
Cash	136.5	110.3	114.3	162.9	188.8	ND/ND+Equity (%)		(%)	(57.5%)	(47.3%)	(49.0%)	(66.2%)	(71.6%)		
Client cash	216.2	151.0	118.9	114.5	127.7	EBITDA interest cover (x)		(x)	-0.6	-0.5	-0.4	-0.4	-0.4		
Trade receivables	100.9	151.0	118.9	114.5	127.7	ROA			9.5%	3.1%	3.1%	4.8%	5.0%		
Other receivables	180.7	102.8	57.7	55.5	61.9	ROE			18.3%	10.9%	10.3%	15.4%	16.3%		
Financial Assets	13.3	15.6	15.6	15.6	15.6										
Loan advances	534.0	495.8	546.1	578.2	613.4	NTA (per share)			0.29	0.28	0.28	0.32	0.38		
RoU assets	12.2	45.5	40.0	32.6	24.9	Working capital			184.6	133.2	85.2	59.1	70.0		
Goodwill	130.4	130.4	130.4	130.4	130.4	WC/Sales (%)			68.6%	64.5%	43.3%	27.5%	31.0%		
Intangibles	14.8	15.5	15.5	15.3	14.1	Revenue growth				(23.3%)	(4.8%)	9.4%	5.0%		
Other assets	7.9	36.1	(8.7)	(3.4)	(7.5)	EBIT growth pa				(36.1%)	(9.9%)	52.9%	12.8%		
Total Assets	1,347.0	1,254.0	1,148.8	1,216.1	1,297.2	Pricing			FY21A	FY22A	FY23A	FY24F	FY25F		
Trade payables	132.5	168.9	152.7	169.9	185.4	No of shares (y/e)		(m)	320	319	319	319	319		
Other payables	324.8	253.1	104.9	116.8	127.4	Weighted Av Dil Shares		(m)	320	319	319	319	319		
Bell Financial Trust	481.1	461.4	392.5	392.5	392.5										
Cash Advance Facility	92.0	44.0	174.0	185.7	220.9	EPS Reported		A\$ cps	0.136	0.080	0.076	0.120	0.136		
Lease Liability	16.3	52.0	48.5	48.5	48.5	EPS Normalised/Diluted		A\$ cps	0.148	0.101	0.090	0.130	0.146		
Employee Benefits	58.9	37.2	38.4	39.5	39.6	EPS growth (norm/dil)			-3%	-32%	-11%	45%	12%		
Other	2.4	1.9	2.3	14.9	16.6	DPS		cps	0.11	0.07	0.07	0.08	0.09		
Total Liabilities	1,108.0	1,018.6	913.4	967.7	1,031.0	DPS Growth			5%	-36%	0%	14%	13%		
						Dividend yield			8.5%	5.4%	5.4%	6.2%	6.9%		
Net Assets	239.0	235.4	235.4	248.3	266.2	Dividend imputation			30	30	30	30	30		
						PE (x)			8.8	12.9	14.4	10.0	8.9		
						PE market			15.0	15.0	15.0	15.0	15.0		
Share capital	204.2	204.2	204.2	204.2	204.2	Premium/(discount)			(41.6%)	(14.0%)	(3.7%)	(33.6%)	(40.7%)		
Other Equity	(28.9)	(28.9)	(28.9)	(28.9)	(28.9)	EV/EBITDA (x)			5.5	8.1	8.7	6.1	3.0		
Reserves	(0.6)	(1.0)	(1.2)	(1.2)	(1.2)	FCF/Share		A cps	0.218	(0.021)	(0.165)	0.232	0.161		
Retained Earnings	64.2	61.0	61.3	74.2	92.1	Price/FCF share			6.0	(60.6)	(7.9)	5.6	8.1		
Total Shareholder funds	239.0	235.4	235.4	248.3	266.2	Free Cash flow Yield			16.9%	(1.7%)	(12.7%)	17.9%	12.4%		

Source: Company data for actuals, RaaS estimates

FINANCIAL SERVICES GUIDE

RaaS Research Group Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number
1248415, of

BR SECURITIES AUSTRALIA PTY LTD; ABN 92 168 734 530; AFSL 456663

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About Us

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This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as who we are, our services, how we transact with you, how we are paid, and complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 1, 160 Edward Street, Brisbane, QLD, 4000

www.brsecuritiesaustralia.com.au

RaaS: c/- Rhodes Docherty & Co Pty Ltd, Suite 1, Level 1, 828 Pacific Highway, Gordon, NSW, 2072.

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities.

How are we paid?

RaaS earns fees for producing research reports about companies we like, and/or producing a financial model as well. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report. Sometimes we write reports using our own initiative.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service, you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

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Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

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