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6 June 2017

IOOF HOLDINGS LIMITED
Investor Briefing Presentation

Attached is the presentation to be given today by IOOF senior executives at an Investor Briefing in Sydney. The briefing is scheduled to commence at 9:30am AEST.

The briefing will be webcast live from 9:30am and may be accessed at http://webcast.openbriefing.com/3708/. A recording of the webcast will be available later today at the same address.

-ENDS-

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About IOOF Holdings Limited

IOOF has been helping Australians secure their financial future since 1846. During that time, we have grown substantially to become one of the largest groups in the financial services industry.

IOOF provides advisers and their clients with the following services:

- **Financial Advice and Distribution** services via our extensive network of financial advisers and stockbrokers;
- **Platform Management and Administration** for advisers, their clients and hundreds of employers in Australia;
- **Investment Management** products that are designed to suit any investor's needs; and
- **Trustee Services** including estate planning and corporate trust services.

Further information about IOOF can be found at www.ioof.com.au

IOOF Investor Briefing 2017

6 June 2017

Agenda

	Speaker	Time
Welcome & overview	**Christopher Kelaher** Managing Director	9:30 – 9:40
IOOF Advice Academy	**Dean Lombardo** Head of IOOF Advice Academy	9:40 – 10:20
IOOF Aligned Advisers Panel Discussion	**Lyle Greig** **Bridges** - Bridges Financial Services Hurtsville **Tony Cimino** **Consultum** - Lifetime Private Wealth **Michael Hutton** **Lonsdale** - HLB Mann Judd Wealth Management (NSW) Moderator: **Renato Mota**	10:20 – 10:50
IOOF's Advice-led Wealth Strategy	**Renato Mota** Group General Manager, Wealth Management	10:50 – 11:30
Closing remarks	**Christopher Kelaher** Managing Director	11:30 – 11:45

IOOF Investor Briefing 2017

Christopher Kelaher | Managing Director

IOOF's strategy is about realising our purpose

Purpose	understand **me** | look after **me** | secure **my future**
Strategy	**Delivering advice-led wealth management**

Business pillars	**Our clients**	**Our business**	**Our people**
Strategic initiatives	ClientFirst	Business Simplification	Purpose
	Advice Academy		Engagement
	Open Architecture	Governance	Culture

Financial objectives

Continual investment in organic growth + Growth through acquisitions + Productivity & efficiency = Consistent returns to shareholders

Positive fundamentals and demographic trends are opportunities for growth

Industry fundamentals

12%

9%

Compulsory **SG contribution** legislated to increase to 10% from July 2021 and to 12% from July 2025[1]

Strong **bi-partisan political support** and **increasing economic imperative** for financial independence

Lowering of non-concessional contributions cap from 1 July 2017 **to $100k** with **3 year "bring forward" period**

Positive reforms pending on retirement incomes **and modern awards**

Demographic trends

Significant intergenerational **wealth transfers** occurring

Ageing population

High per capita **wealth**

IOOF **well positioned**

- IOOF Advice Academy
- Non-bank aligned
- Scale & choice with open architecture
- Differentiated model with complementary value propositions
- ClientFirst culture
- Balance sheet strength and demonstrated execution capability to capitalise on opportunities

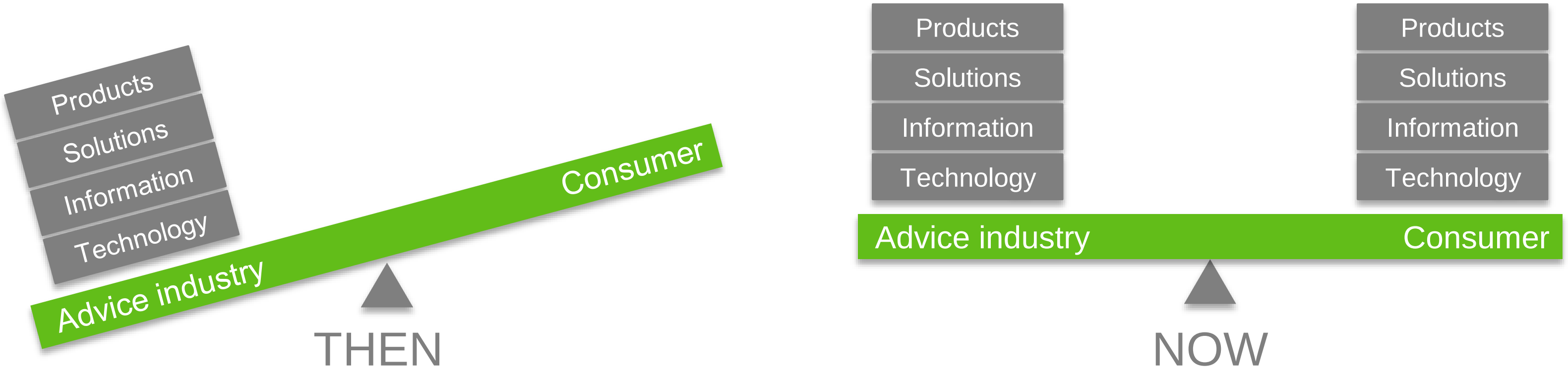
Increased complexity and constant change drives need for financial advice

1. Legislated to increase to 10% from July 2021 and to 12% from July 2025.

IOOF Advice Academy

Dean Lombardo | Head of IOOF Advice Academy

Background - Challenges



The current challenges

- Consumer expectations and access to information
- Legislation and external environment
- Succession Planning
- Staff recruitment and retention
- Technology – Robo advice and other low cost competition

What we'll cover

1. The industry/client disconnect
2. Introducing the IOOF Advice Academy
3. Delivering value with purpose
4. Benefits to key stakeholders

Industry vs clients' measure of success

V

&

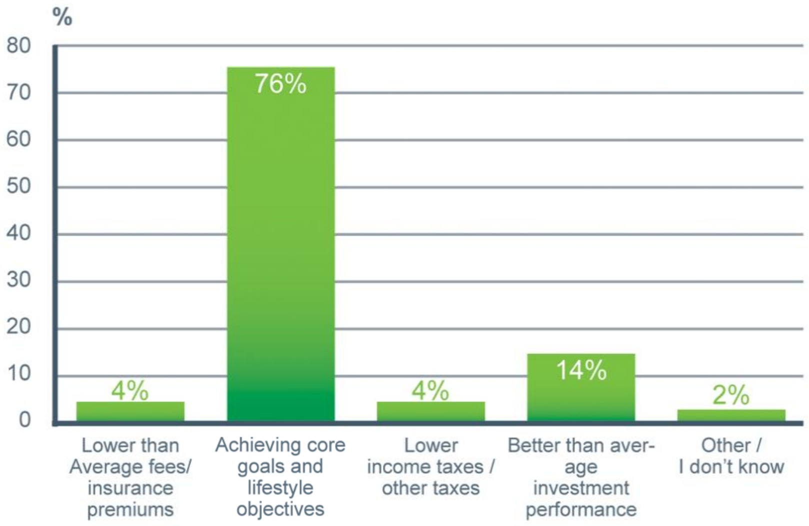
Sales
(FUM, Premium, Revenue)

Compliance

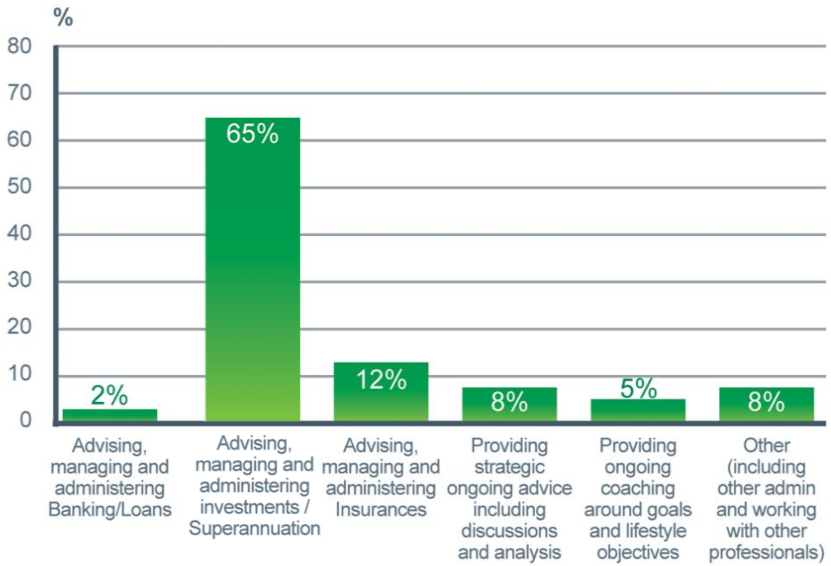
Clients: Achievement of goals and objectives

How the industry disconnects

What defines a successful financial planning relationship?



Client perception of ongoing fees



60% Unsure if they are "on track" to achieving their goals

Source: 2014 IOOF White Paper – The expectation of advice

Why coaching clients to be ‘on track’ is critical

2x **MORE LIKELY**

To feel like they are receiving value for money

6x **LESS LIKELY**

To seek alternative advice

3x **MORE LIKELY**

To refer

Source: 2014 IOOF White Paper – The expectation of advice

The IOOF Advice Academy

Objectives and outcomes based advice framework

Developing Industry talent

Practice support and team member training

our

Advice Academy

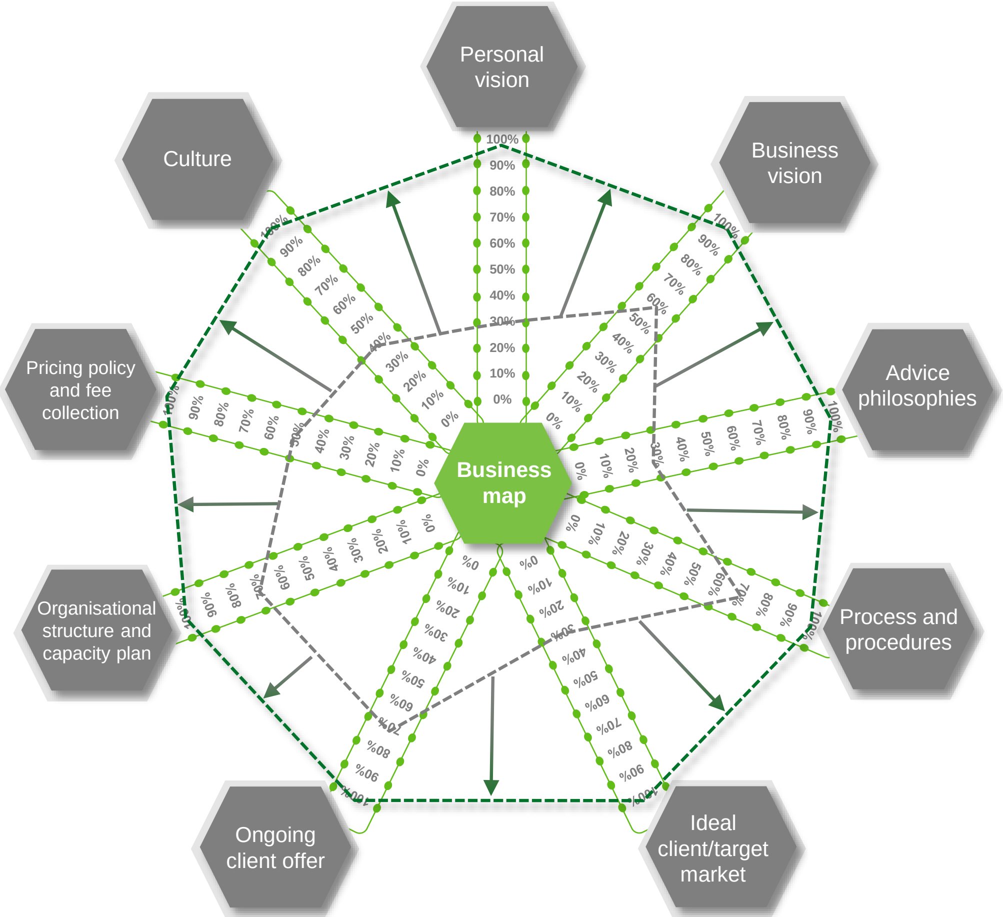
Enabling advice businesses and their clients to achieve their ultimate measure of success

Integrated advice philosophies

Coaching focussed on client progression

Tools, templates and education

Creating a business map and pathway



Our Foundation Program

Module 1: Creating the foundations for success

Module 2: Progress based financial planning (‘Benchmarking’)

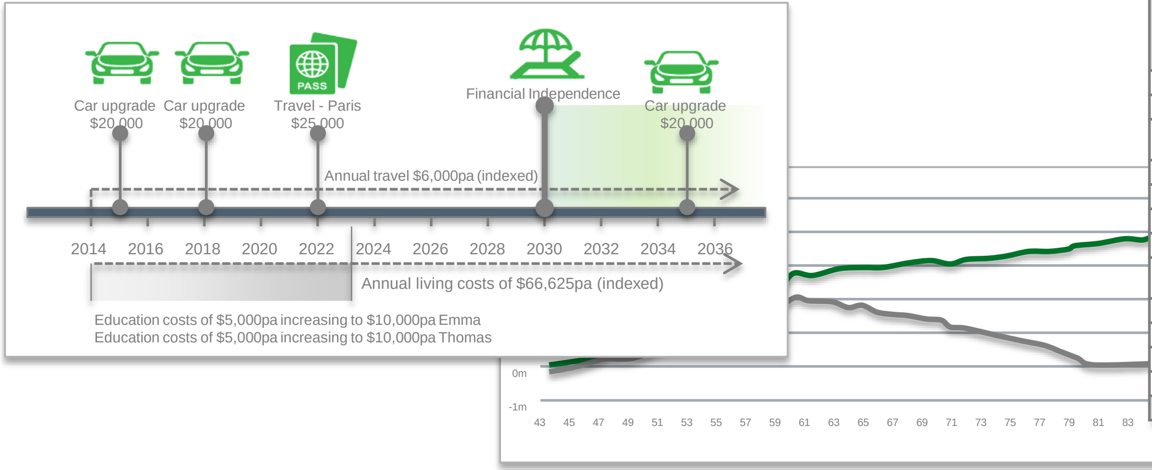
Module 3: Converting prospects and engaging clients

Module 4: Enhancing the client experience and mid year report

Module 5: Harnessing the power of your business model

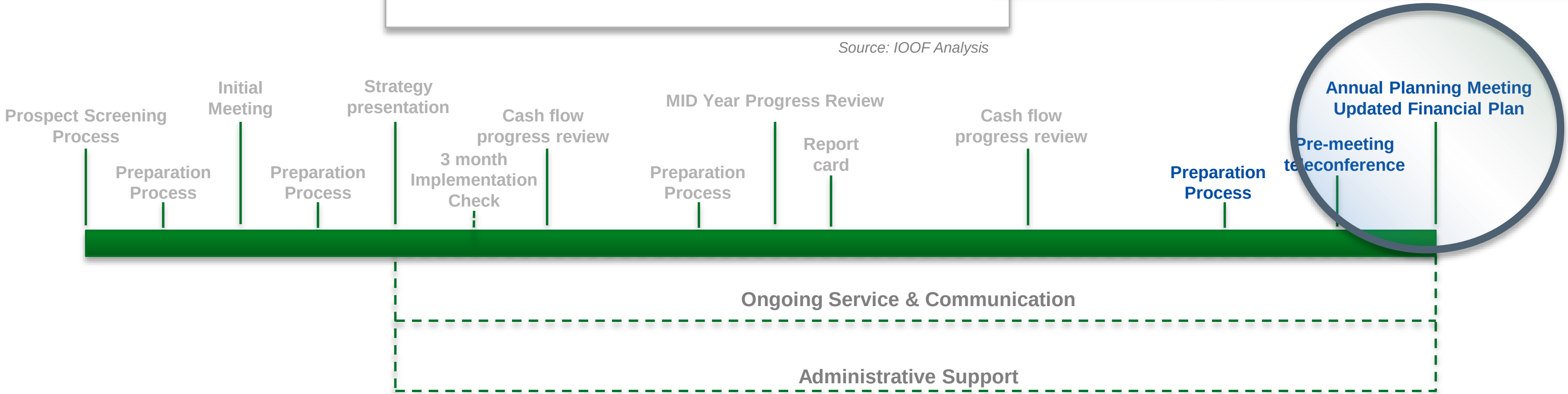
Module 6: Innovation, enhancements and your EVP

Designing a client focused advice offer



KPI	Benchmark	Actual	Forecast	Rating for period	Rating from previous year
Salary Income	$150,000	$160,000	$154,00	On Track	On Track
Pension Income	$50,000	$50,000	$35,000	On Track	On Track
Superannuation contributions - concessional	$50,000	$25,000	$25,000	Caution	On Track
Non retirement savings	$5,000	$0	$7,000	Caution	On Track
Living costs	$60,000	$75,000	$72,000	Caution	On Watch
Capital cost	$30,000	$48,000	$22,000	Caution	On Watch
Tax Paid	$32,000	$44,000	$36,000	Caution	On Track
Drawdown from non superannuation assets	$20,000	$25,000	$0	Caution	Caution
Net loan balance	$250,000	$262,000	$195,000	On Watch	On Track
Loan repayments	$84,000	$74,000	$82,000	Caution	On Track
Loan facility	$400,000	$400,000	$400,000	On Track	On Track
Optimal loan structure	Yes	Yes	Yes	On Track	Caution
Overall rating				Caution	On Track

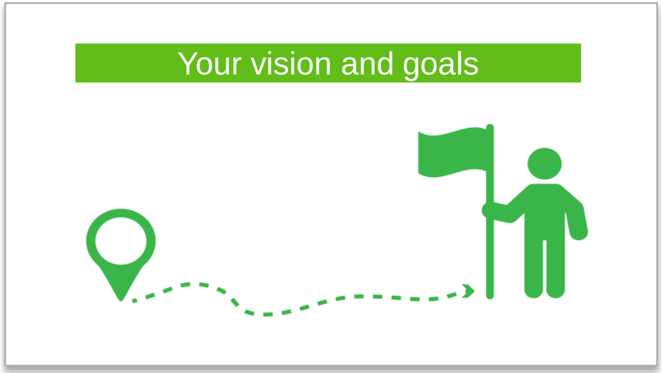
Source: IOOF Analysis

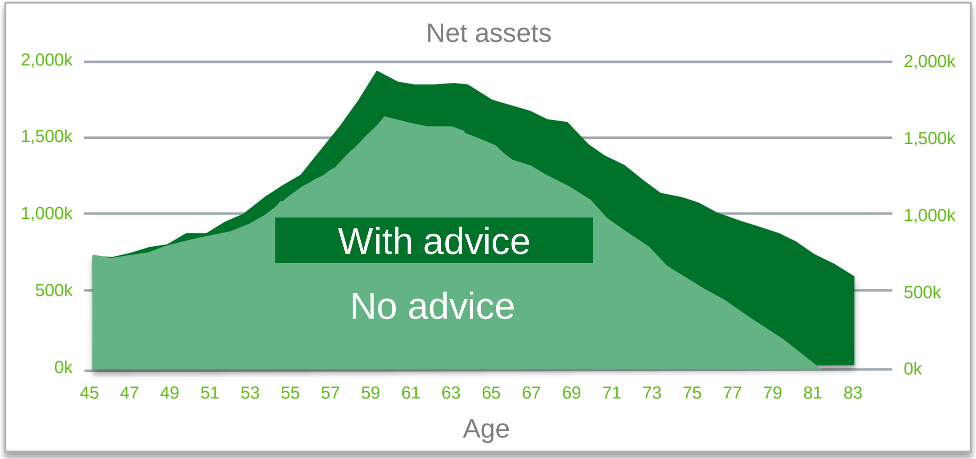


Designing a client focused advice offer

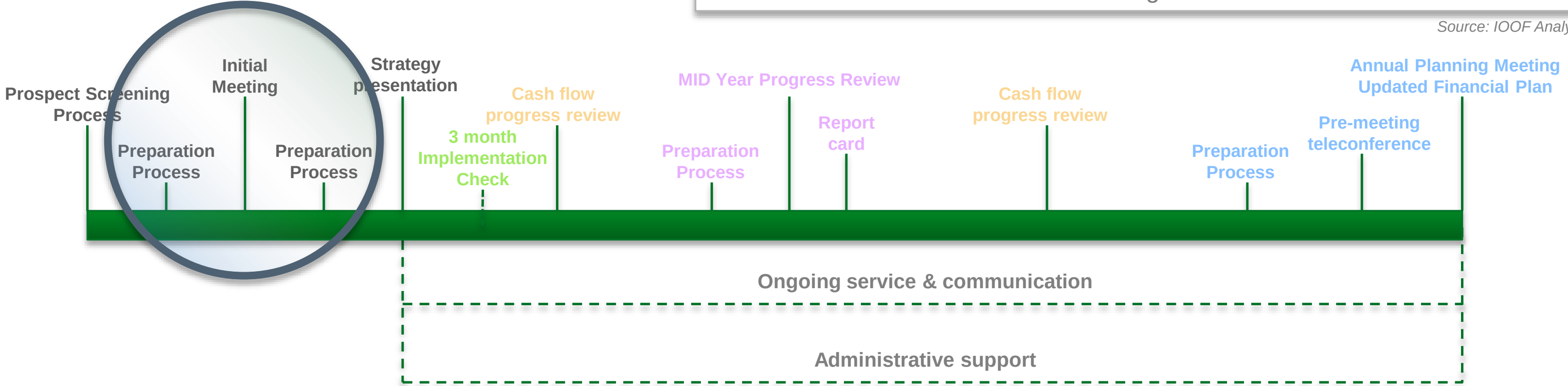
	Progress Rating		
Key area	**On track**	**On watch**	**Caution**
Income planning	■		
Superannuation contributions	■		
Living costs	■		
Capital costs			■
Debt planning		■	
Estate planning		■	
Insurance planning	■		
Investment planning	■		

Designing a client focused advice offer





Source: IOOF Analysis



The benefits of our approach - clients

	Pre Academy % of clients **'on track'**	Post Academy % of clients **'on track'**
Overall Cash Flow Strategy	46%	**89%**
Overall Investment Strategy	89%	**96%**
Overall Contingency Strategy	52%	**91%**
Overall Plan	**49%**	**90%**

The benefits of our approach - business

	Pre Academy	Post Academy
Avg ongoing revenue per client	$6,300	**$8,900**
EBIT margin	35%	**52%**
Referral Ratio	1:9	**1:6**
Client satisfaction score	8.7	**9.8**
Weeks holiday per director	**4**	**7**

The IOOF Advice Academy

View the Adviser testimonial video

http://www.ioof.com.au/ioof_news/investor-briefing-jun2017

What others had to say

"It has helped us provide an **improved service** to our **clients"**

"Bringing **value based advice** to life"

"My business is now **three times larger** and both my clients and I are **happier**"

"It has **transformed** our entire business"

"Staff are **part of this** and living it too"

"It has enabled us to **engage deeper** and at a more valued level with our **clients"**

Questions?

Adviser panel

Renato Mota | Group General Manager, Wealth Management

Self-employed advice models

	Bridges	Consultum Financial Advisers	Lonsdale
	An advice community with strong referral networks under a trusted brand	**A goals based culture driving growth, efficiency and maximising client outcomes**	**Our experience lies in growing successful integrated advice businesses**
Authorised Representatives[1]	178	174	192
Practices[2]	71	92	84
FuAdvice[3]	$11bn	$6.5bn	$5bn
Panel Speakers	**Lyle Greig** Bridges Financial Services Hurstville	**Tony Cimino** Lifetime Private Wealth	**Michael Hutton** HLB Mann Judd Wealth Management (NSW)

1. Source: ASIC Financial Adviser Dataset extract as at 01/06/2017. Excludes Paraplanners & General Advice Authorised Representatives
2. Practice data is current as of 29/05/2017
3. FuAdvice is current as of 31/03/2017

Delivering advice-led wealth management

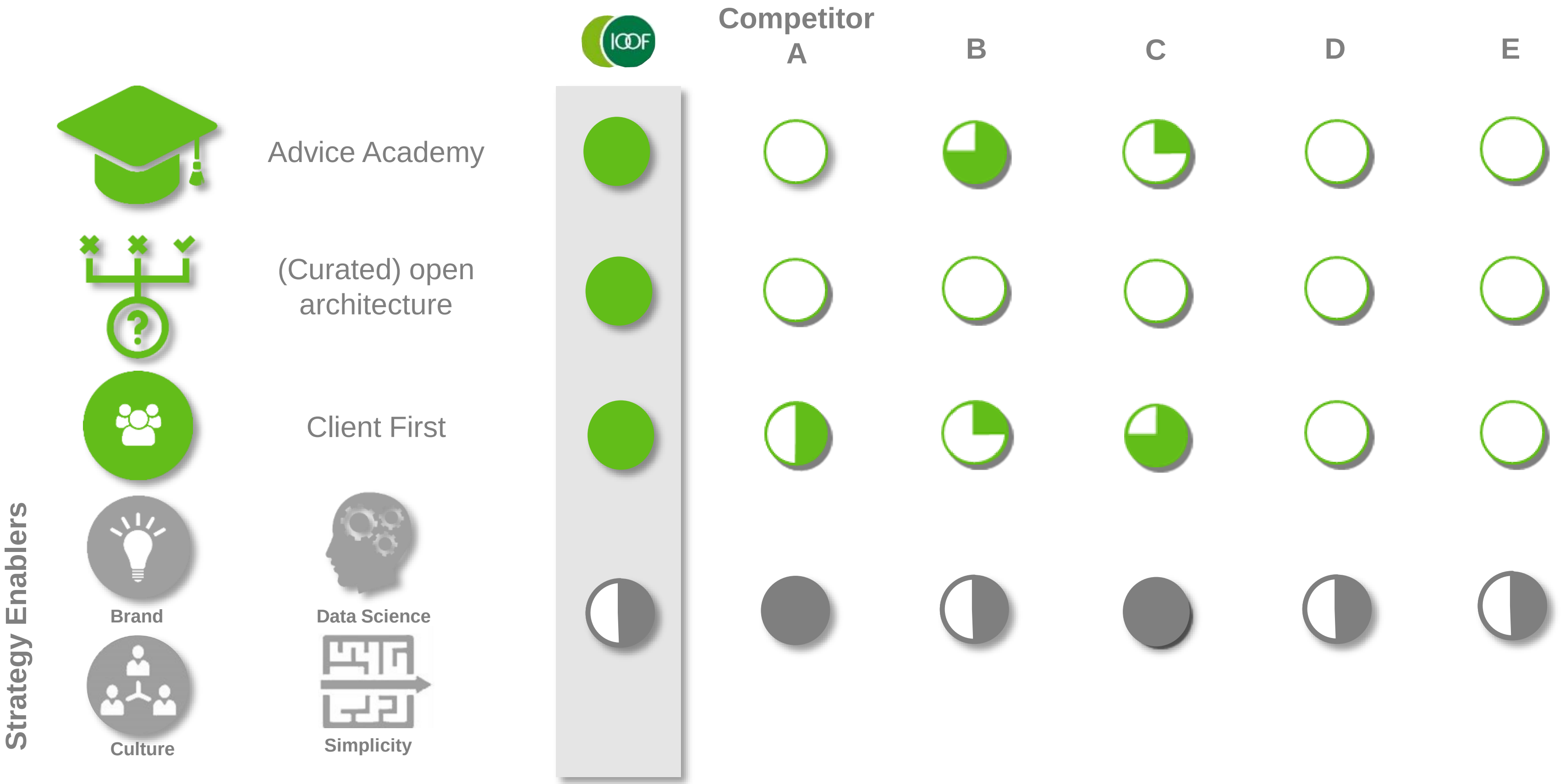
Renato Mota | Group General Manager, Wealth Management

Delivering advice-led wealth management

Advice **efficiency** and **effectiveness**	• Removing inefficiencies from value-chain (waste) • Align client needs to adviser effort • Emphasis on cashflow and goals based process, with an outsourced investment implementation model

Focused investment in enablement	• Supporting advice, through scalable systems and processes • Complement open architecture philosophy with best in class capabilities • Excel at service – ClientFirst

Differentiated competitive positioning



Source: IOOF Analysis

Delivering value through platform simplification

Understand client needs	Creation of best of breed	Continued product evolution

2013	2014	2015+	
Lifetrack IPS Spectrum	Creation of MySuper Launch of IOOF Employer Super	Launch new member site New trading functionality	IOOF **Employer Super**

2015	2016-17	2017+	
The Portfolio Service (TPS) Kingston Super Trust (KST)	Update Pursuit trading Merge TPS & KST	Online withdrawals Over 400% increase in online trading	IOOF **Pursuit**

Complemented with **industry best practice** – Platform Connect

BT Panorama

Colonial First State

MACQUARIE

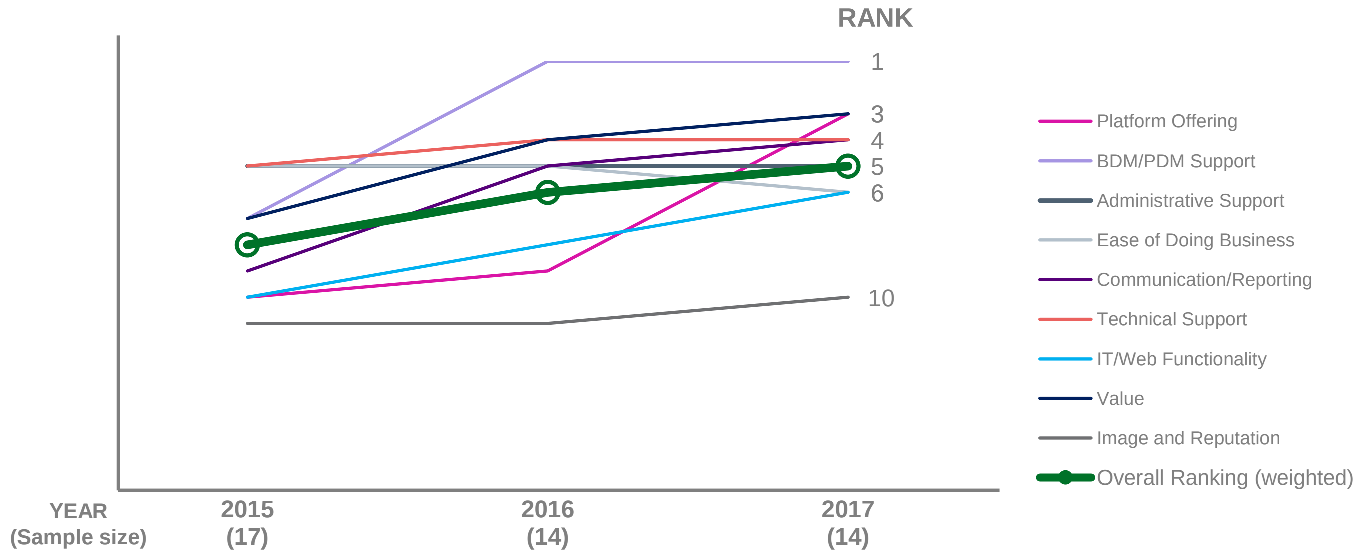
Pursuit – 'focus on service excellence'

IT/WEB* functionality
6

VALUE*
3

Administrative **SUPPORT***
5

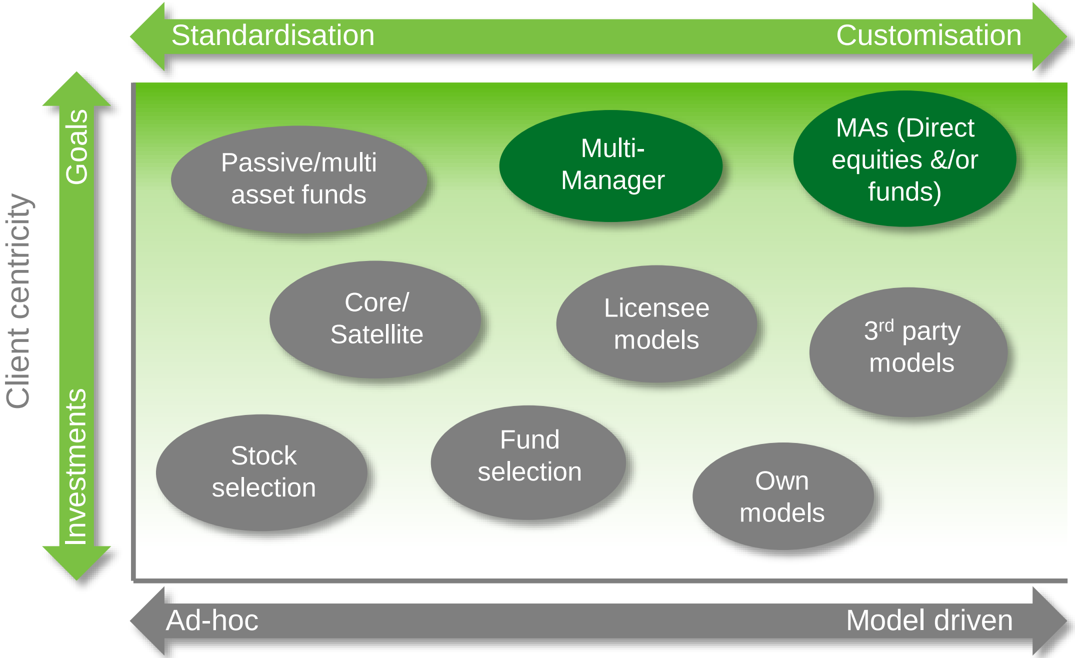
Pursuit's strategy centres on **'service excellence'**



* *Wealth Insights based on revealed analysis*

Source: Wealth Insights analysis

Portfolio construction in a goals-based world



Source: IOOF Analysis

- Personalised engagement
- Controllable variables
- Engagement / accountability

- Performance risk
- Admin intensive
- Easily commoditised

Optimising **advice experience**

- Outsource portfolio construction – improved practice efficiency
- Coherent advice proposition
- Consistency throughout client engagement approach

Next generation of multi-manager

Launch of **MultiSeries** range

Active manager excess return above index

Stock specific return

True alpha

Uncorrelated returns
Willing to pay

+

Factor returns

Value | Growth | Size | Quality | Yield | Momentum | Industry | Volatility

+ many more

Commoditised
Not willing to pay

IOOF **MultiSeries 30**	IOOF **MultiSeries 50**	IOOF **MultiSeries 70**	IOOF **MultiSeries 90**
Cost*: 0.40% pa	Cost*: 0.45% pa	Cost*: 0.50% pa	Cost*: 0.55% pa
30% / 70%	50% / 50%	70% / 30%	90% / 10%
Growth / Defensive	Growth / Defensive	Growth / Defensive	Growth / Defensive

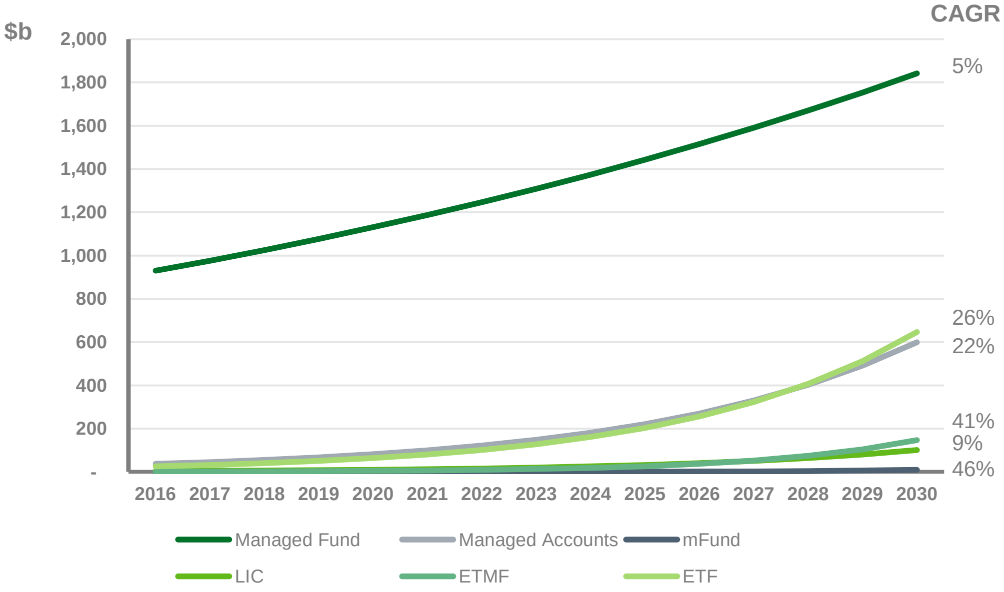
Optimising portfolio construction, **cost effectively**

- Passive + Factor + Active
- Low fees need not translate to passive
- 47 bps p.a.- Lonsec 61-80% Growth Low Cost Multi-Sector Median ICR
- Costs become more important in a low return environment

*These estimated fees are subject to change from time to time.

Evolution of Managed Accounts (MA's)

An **emerging** sector



Source: Shoreline Consulting Analysis, IOOF Analysis

Optimising the **advice experience**

- IOOF committed to participating in this evolution
- Fragmented implementation model undermine scalability
- Multiple operating models a likely end state
- Consistency throughout client engagement approach

Intergenerational wealth transfer

Gen X and Y's share of financial assets

36%

2010

70%

2030

Source: KPMG Banking on the future 2015 report

66%

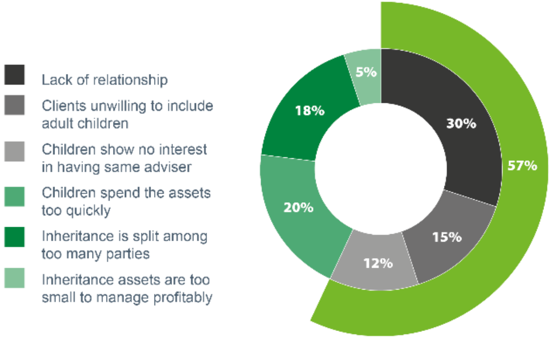
of children fire their parents' financial adviser after they receive an inheritance

Source: Investmentnews Data 2015

Wealth transfer is an **engagement** challenge

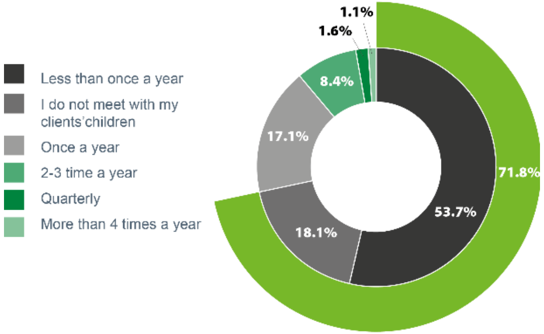
- Specialist expertise in AET
- Cashflow and goals based conversations provide relevant engagement channels for younger generations
- Role of technology and scalability
- Personalisation and immediacy

Over 50% of asset loss is avoided through **engagement**



Source: Investmentnews Data 2015, IOOF analysis

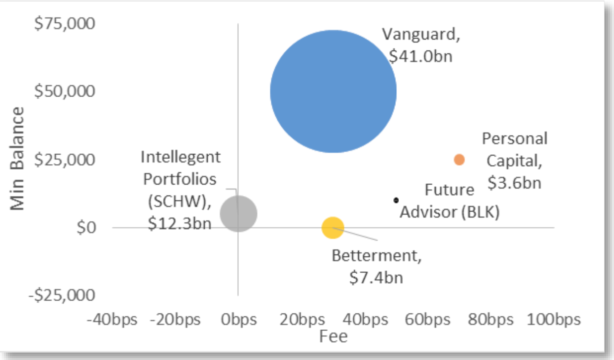
Opportunity to **engage with over 70%** of future prospects



Source: Investmentnews Data 2015, IOOF analysis

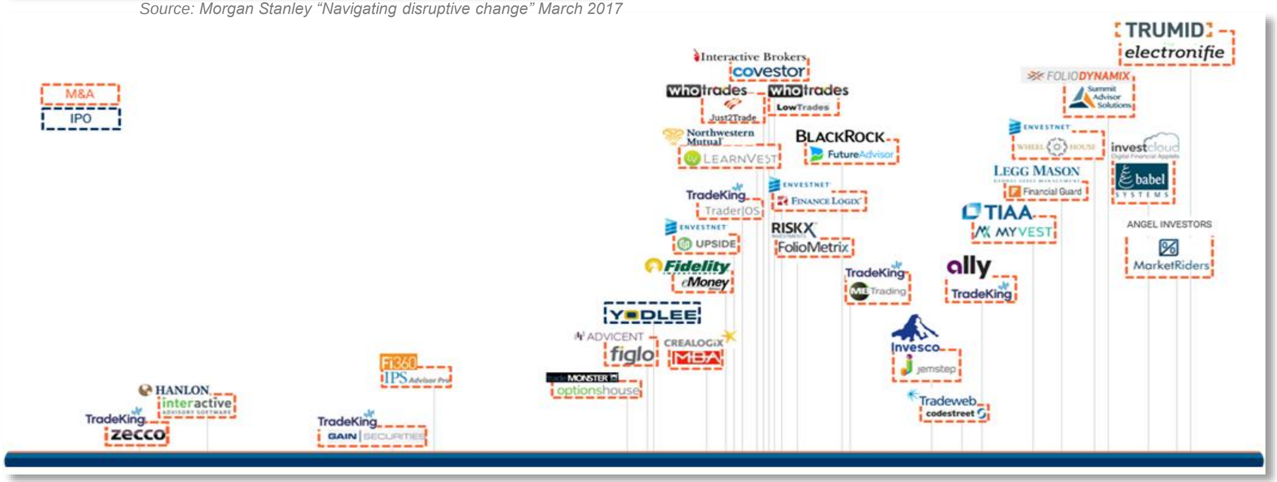
Robo industry is conducive to M&A

US **Robo-advice market** by fees and entry point



Source: Morgan Stanley "Navigating disruptive change" March 2017

- A key driver in reinventing client intimacy
- Has transformed the economics of capital market access
- Reducing the cost of data insights
- The beneficiaries of this (at the moment) are the incumbents
- Removing friction and improving relevance to individual client cohorts



Source: CB Insights

Delivering advice-led wealth management

Understand our clients' and advisers' needs → Advice Academy → Curated open architecture → ClientFirst → Building better advice businesses

Differentiated, **advice-led** proposition… with **scale** and **reinvestment**

Differentiated, advice-led proposition	With scale and reinvestment
Differentiated market positioning	Investing in advice processes
Facilitating high quality advice	Enabling through simplicity
Attracting more advisers	Ease of use

understand **me** I look after **me** I secure **my future**

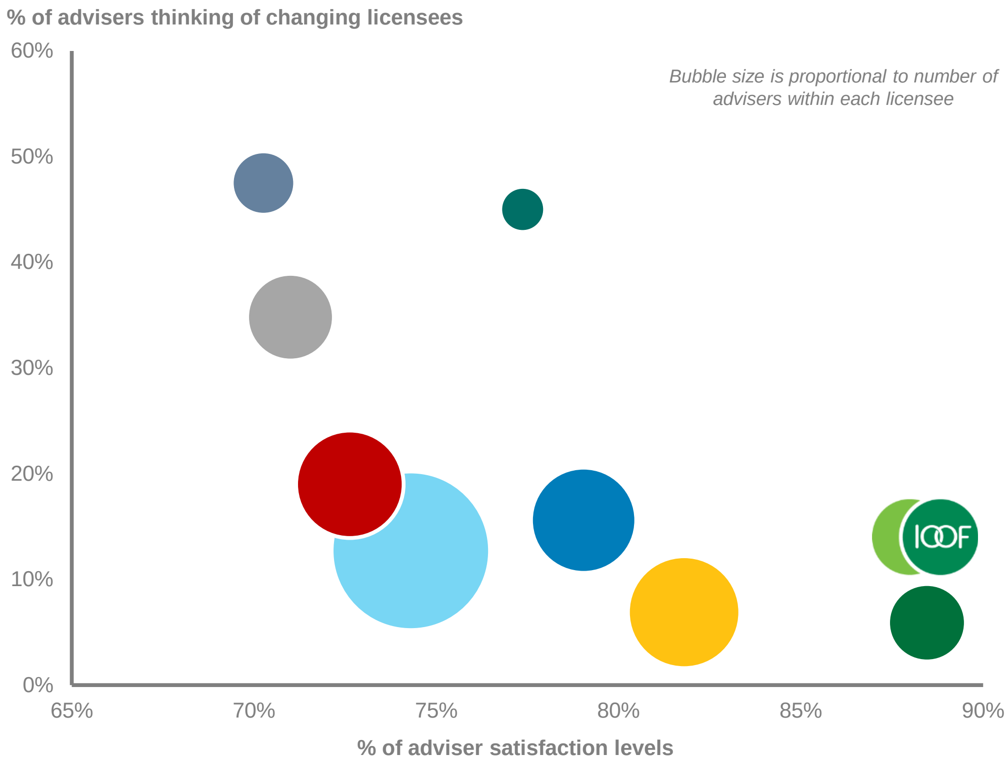

Questions?

IOOF Investor Briefing 2017

Christopher Kelaher | Managing Director

Organic growth momentum bolstered by adviser retention and attraction

IOOF **leads the industry** in adviser satisfaction



- Strong satisfaction - offering **advice-led** wealth management solutions
- Adviser numbers growing with **over 50 advisers** committed to joining since 31 December 2016
- FuA growth trend to **accelerate** in 2H17
- Organic growth momentum building with **$2.4bn of net inflows** in 9 months to 31 March
- Platform merger and business simplification initiatives completed, supporting **stronger organic growth**
- Uncertainty in the industry creates **opportunity**

Source: Survey by Adviser Ratings Research 2016, IOOF analysis


Thank you!