



29 October 2020

## IOOF Q1 2021 Business Update

**IOOF's Funds Under Management, Advice and Administration (FUMA)** is up \$529 million to \$202.8 billion for the quarter to 30 September 2020.

### Key highlights\*

- **Financial Advice:** \$110 million net inflows; this excludes \$450 million flow from IOOF Aligned Licensees to IOOF Alliances (prior comparative period (pcp): \$46 million net inflow).
- **Portfolio & Estate Administration:** \$226 million net inflows; (pcp: \$396 million net inflow).
- **Investment Management:** \$62 million net outflow; (pcp: \$166 million net outflow).
- **Pensions & Investments (P&I):** \$411 million net outflows; (pcp: broadly consistent with outflow profile under ANZ ownership).

\* excluding the impact of Early Release of Super (ERS).

IOOF Chief Executive Officer, Renato Mota, said, "The broad ranging impacts of COVID-19 have continued to affect flows, particularly Early Release of Super, however, our scale, economic diversity and business strength contributed to the maintenance of a steady FUMA position."

"It has been pleasing to see the business continue to make progress on key transformation deliverables as well as progress in the approvals of and preparation for the acquisition of MLC."

### Impact of Early Release of Super on net flows

Payments made under the ERS scheme during the quarter have impacted Q1 2021 net flows. IOOF (including P&I) has paid 77,890 requests totalling approximately \$619 million from IOOF and P&I platforms in relation to the ERS scheme:

- IOOF (excluding P&I) has paid 20,114 requests totalling \$158 million.
- The P&I business has paid 57,776 requests totalling \$461 million. There were redemptions from P&I investment management solutions of \$423 million to successfully fulfil the platform requests for ERS payments.

This is a reduction on the June 2020 quarter which saw 99,174 requests paid totalling \$743 million.

The P&I business continues to see greater impact from ERS due to its higher proportion of Employer Super and direct members in its platform business vs IOOF's predominantly advised client base.

## Business commentary

### Financial Advice

Mr Mota said, “We are at an inflection point of change for the Australian advice landscape. The value of quality financial advice has never been more apparent than it is today. Equally the need to create a professional business model has never been more apparent.

“Building a business model that is sustainable in its own right, without economic subsidisation and allowing for ongoing investment in technology and processes is critical in ensuring that financial advice is more affordable and available to more Australians.

“As part of Advice 2.0, there are three go-forward advice models available in support of advice; Enterprise advice via Shadforth and Bridges, Aligned Licencees where advisers are licensed by IOOF, and IOOF Alliances where the advisers are not licensed by IOOF but revenue is earned from the services we offer.”

Advice 2.0 has resulted in some changes in the ways that advisers choose to utilise IOOF’s advice offerings. During the quarter, 4 aligned practices with 23 advisers and \$450 million in funds under advice joined as IOOF Alliances. This resulted in an outflow to the FUMA numbers as only advisers licensed by IOOF are included in reported FuAdvice. However, the revenue differential is negligible.

Excluding movement between advice models, for the September quarter there were total net inflows of \$110 million in Financial Advice.

Mr Mota said, “I am pleased to see that advisers continue to engage with IOOF to find the model that fits best for them and their clients.”

### Portfolio & Estate Administration

Portfolio & Estate Administration experienced continued net inflows of \$226 million (excluding ERS).

Total net inflows for flagship platforms (IOOF Essential, eXpand, IOOF Pursuit, IOOF Employer Super and Shadforth Portfolio Services) were \$348 million.

Mr Mota said, “We continued to see significant growth in the number of accounts opened and total numbers of licensees utilising IOOF Essential, eXpand and Shadforth Portfolio Service. This validates the current priorities under the Evolve21 programme of work and demonstrates that we are expanding our reach in the open market.”

IOOF Essential, eXpand and SPS	Quarter to		Increase on pcp
	Sep-19	Sep-20	
Total number of Accounts	3,552	10,386	6,834
Total number of Licensees	7	41	34

### Investment Management

The investment management segment experienced outflows of \$62 million as a result of ERS withdrawals and the seasonal timing of distributions.

### P&I

Excluding ERS, P&I experienced outflows at a run rate broadly consistent with outflow profile under ANZ ownership.

As part of the integration of P&I, planning surrounding the delivery of improved client outcomes and experience is currently underway.

## Integration update & MLC preparation

During the quarter, significant activities have been undertaken to progress with P&I integration and prepare for the MLC acquisition completion.

Mr Mota commented, "I have appointed a Chief Transformation Officer, Chris Weldon who was most recently leading our transformation of service model for our front-line teams. Prior to this Chris worked in senior product roles at both IOOF and at MLC. This made him the stand-out candidate for the role.

"The Executive team and I are committed to delivering on the value realisation opportunities these transformational acquisitions present, in a prudent and timely manner. This has meant ensuring we have the people, capabilities and accountabilities to support the transformation of the business.

Updates on key milestones include:

- Establishment of a Joint Transaction Implementation Committee with representation from IOOF, NAB and MLC.
- Lender consents for the transaction have been completed.
- Commencement of ACCC informal public review, with proposed date to announce ACCC findings of 4 February 2021.
- Draft APRA s29HA application for approval to own or control an RSE licensee due for submission early November 2020.

Mr Mota said, "All of these activities are on track as we work towards welcoming the MLC business before 30 June 2021."

## Investor briefing date

IOOF announces it intends to host a virtual investor day on 1 December 2020. The topics to be covered will include Advice 2.0, Evolve and an update on the P&I integration and MLC acquisition.

- ENDS -

This announcement was approved for release by the IOOF Holdings Ltd Board.

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## Funds movement for the three-month period ended 30 September 2020

All amounts \$m	FUMA 30-Jun-20	Net flow	Early Release of Super	Transfer to IOOF Alliances	Pensions	Market/ Other	FUMA 30-Sept-20
Financial Advice	54,213	-175		-450	-106	465	54,296
Ex-ANZ Advice Licensees <sup>1</sup>	16,322	-65			-69	311	16,499
<b>Funds Under Advice and Distribution Total</b>	<b>70,535</b>	<b>110</b>		<b>-450</b>	<b>-175</b>	<b>776</b>	<b>70,795</b>
<b>Portfolio &amp; Estate Administration</b>	<b>41,989</b>	<b>226</b>	<b>-158</b>		<b>-191</b>	<b>454</b>	<b>42,319</b>
<b>Investment Management</b>	<b>22,386</b>	<b>-62</b>				<b>321</b>	<b>22,644</b>
P&I - Platform	43,268	-385	-461		-170	733	42,986
P&I - Investment Management	24,121	-26	-423			410	24,082
<b>P&amp;I Total</b>	<b>67,389</b>	<b>-411</b>	<b>-884</b>		<b>-170</b>	<b>1,143</b>	<b>67,068</b>
<b>Total FUMA</b>	<b>202,297</b>	<b>-137</b>	<b>-1,042</b>	<b>-450</b>	<b>-536</b>	<b>2,694</b>	<b>202,826</b>

### About IOOF Holdings Ltd

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** services via our extensive network of financial advisers;
- **Portfolio & Estate Administration** for advisers, their clients and hundreds of employers in Australia; and
- **Investment Management** products that are designed to suit any investor's needs.

Further information about IOOF can be found at [www.ioof.com.au](http://www.ioof.com.au)

<sup>1</sup> Ex-ANZ Advice Licensees FUMA and flows are one month in arrears