Appendix 4E

for year ended 30 June 2021

Appendix 4E

ClearView Wealth Limited ABN 83 106 248 248

Name of Entity	ClearView Wealth Limited
ACN:	106 248 248
Period ended (reporting period)	30 June 2021
Period ended (previous corresponding period)	30 June 2020

Results for announcement to the market

(Amount and percentage change up or down from the previous corresponding period)

	30 June 2021 $'000	30 June 2020 $'000	% Change
Operating revenue before net fair value gains on financial assets	376,856	410,339	(8%)
Net operating revenue from ordinary activities[1]	581,339	286,491	103%
Net operating profit from ordinary activities	6,679	13,081	(49%)
Net profit for the reporting period attributable to members	6,679	13,081	(49%)

Dividends

	Amount per security	Franked amount per security
Final dividend declared (cents)	1.0	1.0
Interim dividend (cents)	nil	nil

ClearView's ability to pay a franked dividend depends upon factors including its profitability, the availability of franking credits and its funding requirements which in turn may be affected by trading and general economic conditions, business growth, and regulation.

The Directors have declared a fully franked $6.7 million cash dividend for the year ended 30 June 2021 (2020: Nil). Considering the uncertainty of the impacts due to COVID-19 and the recent outbreaks from the Delta strain (and related lockdowns), material investment in the new life insurance administration technology platform, no certainty in the timing of the release of the APRA Pillar 2 capital charge, and standard completion risks associated with the increase in the net capital position of the Group from the Centrepoint Alliance transaction, a FY21 dividend of 1 cent per share has been declared (FY20: $nil). This represents just under 30% of Operating Earnings After Tax and reflects an element of conservatism compared to the revised dividend policy.

ClearView has in place a Board approved 10/12 limit on market buy-back program which has been extended for a further 12-month period until December 2021. Existing buy-back arrangements continue to apply and Blue Ocean Equities Pty Limited is the appointed broker for the program. Since January 2014, the total number of shares bought back and cancelled under the scheme is 1,208,824. No shares have been bought back and cancelled in the year ended 30 June 2021.

1 Net operating revenues from ordinary activities include amounts attributable to shareholders, policyholders and external unitholders. The amount is the aggregate of net premium revenue of $177.2 million (2020: $174.2 million), fee and other revenue of $126.7 million (2020: $130.2 million), investment income of $73.0 million (2020: $105.9 million) and net fair value losses on financial assets of $204.5 million (2020: gains of $123.8 million).

Overview of result

The ClearView Group achieved the following results for the year ended 30 June 2021.

After Tax Profit by Segment, $M	FY21 $M	FY20 $M	% Change[3]
Life Insurance[7]	23.5	8.8	166%
Wealth Management	0.6	3.3	(80)%
Financial Advice	0.9	2.1	(58)%
Listed/Group Costs	(1.2)	(1.1)	(4)%
Operating Earnings After Tax[1]	**23.9**	**13.1**	**83%**
Underlying investment income	1.6	2.3	(30)%
Interest on corporate debt	(2.8)	(0.6)	Large
Group Underlying NPAT[2]	**22.7**	**14.8**	**54%**
Policy liability discount rate effect[5]	(11.4)	2.2	Large
Wealth Management project[4]	(3.1)	(1.4)	127%
Impairments[6]	(1.5)	(2.6)	(42)%
Other costs[8]	(0.1)	0.2	Large
Reported Profit After Tax	**6.7**	**13.2**	**(49%)**
Embedded value[9]	640.4	643.4	-
Net asset value	459.4	452.7	1%
Reported diluted EPS (cps)	1.06	2.08	(49%)
Underlying diluted EPS (cps)	3.62	2.34	55%

1 Operating Earnings (after tax) represents the Underlying NPAT[2] of the business segments before underlying investment income and interest costs associated with corporate debt and Tier 2 Capital. Costs associated with the incurred claims treaty are reflected as part of reinsurance costs.

2 Underlying NPAT consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases.

3 % change FY20 to FY21.

4 Costs associated with transition to HUB24 platform. Further costs to be incurred in FY22 as project is finalised.

5 The policy liability discount rate effect is the result of changes in the long-term discount rates used to determine insurance policy liabilities and the incurred income protection disabled lives claims reserves. The life insurance policy liability (based on AIFRS) and income protection incurred disabled lives reserves are discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities and the disabled lives claims reserves, and consequently, earnings. ClearView reports this volatility separately.

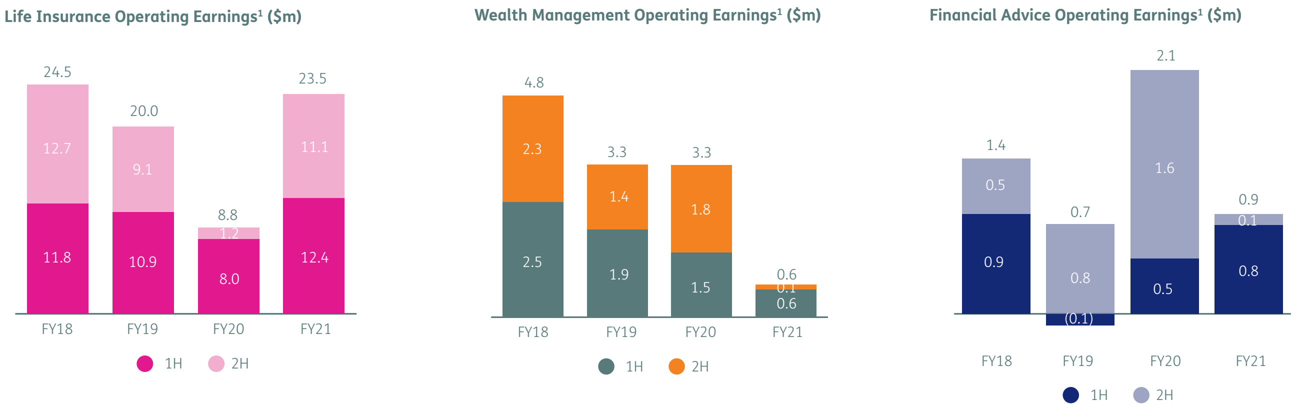
6 Impairments to receivable from ClearView Retirement Plan (CRP). The recoverability of the receivable from CRP will continue to be assessed at each reporting period.

7 Includes 2HFY20 impact of $5.9 million from material changes made to claims assumptions at 30 June 2020. Includes 2HFY21 impact of $2.9 million from changes made to income protection claims assumptions at 30 June 2021 as part of the APRA IDII review and adoption of new tables. From 1 January 2021, APRA has required companies to base their income protection claims assumptions on the most recent industry table. Currently, this table is the FSC-KPMG ADI 2014-2018 table released last year, based on the 2014 to 2018 experience.

8 Net impact of new arrangements entered into with financial advisers in FY20.

9 Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans.

Chart 1: Segment Performance Operating Earnings FY18-FY21



Operating Earnings After Tax[1] reflects the underlying performance of the business segments and is the Board's key measure of Group profitability and basis for dividend payment decisions. Operating Earnings After Tax[1] increased 83% to $23.9 million (FY20: $13.1 million). Life Insurance contributes 98% to business segment Operating Earnings After Tax[1].

Underlying NPAT[2], which includes the underlying investment income and interest cost on corporate debt[3], increased 54% to $22.7 million (FY20: $14.8 million) and fully diluted Underlying EPS increased 55% to 3.62 cps (FY20: 2.34 cps). Interest earnings on capital has been negatively impacted in the year by ultra-low interest rates and changes to the capital structure. Interest costs associated with the issue of the Tier 2 subordinated notes arose from November 2020.

Costs associated with settlement of claims liabilities under incurred claims treaties are reported as part of reinsurance costs and is reflected in the Operating Earnings After Tax[1] of the life insurance business. ClearView pays an annual cost on the liabilities related to the settlement of the incurred liabilities (FY21: $1.7 million after tax).

FY21 is a strong result in a challenging environment, with the increase in profitability predominantly driven by a strong underlying claims performance ($4.2 million positive impact)[4] and improved lapse performance ($3.7 million positive impact)[4] in the life insurance segment.

The claims experience profit is reflective of improved claims management outcomes and limited COVID-19 claims impacts (in particular income protection related claims).

The lapse experience profit in FY21 was driven by lower than expected shock lapses on lump sum products, partially offset by losses on income protection products given the related price increases that were passed through the in-force portfolios.

Customer retention strategies remain in place with further investment in capability in 2H FY21. There have also been limited COVID-19 lapse impacts to date, observed through experience of the non-advice portfolios.

The positive FY21 life insurance result should also be viewed in the context of overall industry performance, amidst extremely difficult market conditions. For the year ending 31 March 2021, the life insurance industry risk products lost $0.2 billion (March 2020: -$1.6 billion), largely attributable to a $0.3 billion loss on individual income protection products (March 2020: -$1.4 billion)[5].

1 Operating Earnings (after tax) represents the Underlying NPAT[2] of the business segments before underlying investment income and interest costs associated with corporate debt and Tier2 Capital. Costs associated with the incurred claims treaty are reflected as part of reinsurance costs.

2 Underlying NPAT consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases.

3 Includes interest costs associated with Tier 2 subordinated notes.

4 Relative to the material changes that were made to claims assumptions in FY20, including an allowance to reflect an expected increase in COVID-19 related claims.

5 APRA Quarterly Life Insurance Performance Statistics March 2021.

Overview of segment results

Life Insurance Business Unit Operating Earnings After Tax[1], increased by 166% to $23.5 million (FY20: $8.8 million). Reported NPAT, increased by 20% to $11.2 million (FY20: $9.4 million). The life insurance segment contributes 98% to Group Operating Earnings After Tax.

The material improvement in profitability in FY21 is driven by the strong underlying claims and lapse performance that is measured relative to the material changes to the assumptions (as at 30 June 2020) including an allowance for potential COVID-19 impacts.

Key items of the performance of the life insurance segment for the year ended 30 June 2021 are noted as follows:

- An underlying claims performance for the year compared to assumptions (▲$4.2 million). This is reflective of improved claims management outcomes and lower than assumed COVID-19 claims impacts (in particular income protection related claims).
- The implementation of the most recent industry income protection claims tables (as part of the IDII review) resulted in a 'one-off' change to the claims assumptions at 30 June 2021 (▼$2.9 million) to align with the new tables.
- Improved lapse performance compared to expected (overall), with variances in performance between products (▲$3.7 million). The lapse profit was driven by lower than expected shock lapses on lump sum products, but partially offset by income protection lapses and the related price increases that were implemented.
- Impacts of the reduced interest earnings on capital (negatively impacted in the year by ultra-low interest rates and changes to the capital structure), additional commission payments in FY21 due to the large reduction in outstanding premiums between periods and volume and pricing variances to expected (▼$1.5 million).
- Non-deferred expense experience loss (▼$6.7 million) driven by the investment in claims management and the retention focus (across the business) adopted in FY21. These expense losses are expected to progressively unwind over the medium term. Further details are provided later in this section.

ClearView has a set of clear targets for the transformation of its life insurance business, with outcomes to be determined by the successful implementation of the new technology platform, launch of ClearChoice (new product) and the further repricing of the LifeSolutions in-force portfolios (over a period of time).

Wealth Management Operating Earnings After Tax[1], decreased by 80% to $0.6 million (FY20: $3.3 million). Reported NPAT, decreased to a loss of -$2.5 million (FY20: $2.2 million profit).

There was an overall increase in FUM of 22% to $3.4 billion. This includes $314 million in the recently launched WealthSolutions 2 product on the HUB 24 platform that is effectively a white labelled product with limited administration fee margins. The use of the ClearView model portfolios and platform funds on the HUB24 platform is therefore the key driver for the profitability of the segment (there was $71 million in ClearView models at 30 June 2021). On a like for like basis, excluding the WealthSolutions 2 product, FUM has increased 10% to $3.1 billion.

Overall fee income reduced 4% to $31.0 million and reflects the changes in business mix and margins earned. Gross fee margin[3] reduced to 0.99% (FY20: 1.16%) and net fee margin[4] reduced to 0.55% (FY20: 0.63%).

ClearView has a set of clear targets for the simplification and front end digitisation of the wealth business. The implication of this strategy aligns to the FY22 objectives and further details are provided in the FY21 Annual Report.

1 Operating Earnings (after tax) represents the Underlying NPAT[2] of the business segments before underlying investment income and interest costs associated with corporate debt and Tier2 Capital. Costs associated with the incurred claims treaty are reflected as part of reinsurance costs.

2 Underlying NPAT consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases.

3 Gross fee margin is calculated excluding administration fees on WealthSolutions 2 product. Includes FUM on WealthSolutions2 product in ClearView model portfolios.

4 Net fee margin is calculated as gross fee margin less asset management, custody and platform expenses payable. Includes internal advice fee on Master Trust (traditional) product.

Financial Advice Operating Earnings After Tax[1], decreased by 58% to $0.9 million (FY20: $2.1 million). Reported NPAT decreased 47% to $1.1 million (FY20: $2.0 million).

The ClearView and Matrix dealer groups, together have 175 financial advisers operating under their licences. LaVista has 34 adviser practices (106 advisers) using its services at Balance Sheet date, with a strong pipeline of financial advisers seeking to utilise these services in future.

CFA and Matrix are currently mid-sized dealer groups with leading edge technology, a strong management team and compliance processes but suffers from a lack of scale that results in sub-optimal profitability (with no financial support from ClearView entities). There is a significant opportunity for the business to scale its 'infrastructure' to provide support to a very large number of AFSLs and financial advisers and thereby achieve scale. Advisers will be attracted to a high-quality dealer group where the support services are robust, efficient and competitively priced.

Subsequent to year end, the Board initiated a strategic review in the financial advice segment to seek out and pursue inorganic opportunities and thereby accelerate the path to scale in the market. As separately outlined, ClearView has entered into an agreement with Centrepoint Alliance Limited (Centrepoint Alliance) for the sale of its financial advice businesses and as part of the proceeds acquired a strategic stake in Centrepoint Alliance.

This also allows ClearView to participate in industry consolidation and at the same time separate the product manufacturer and advice arms of ClearView.

The deal with Centrepoint Alliance provides the combined entity with immediate scale, a strong and effective management team, best of breed technology and processes and the capability to take a market leading position in the financial advice industry to build a strategically successful and profitable financial advice business.

Much of the value of the merger is in the strategic value and extraction of significant synergies and creation of a platform and capability to further consolidate the market.

The proceeds of the transaction of $15.2 million include the cash component ($3.2 million) as well as the market value of the shareholding in the merged entity (48 million Centrepoint Alliance shares at 25 cents per share)[3].

The ClearView financial advice businesses are expected to declare a circa $7m pre completion dividend to the Company prior to transition to Centrepoint Alliance.

ClearView's net surplus capital position is expected to increase, by the amount that the net proceeds of the transaction (and the pre-completion dividend) exceeds the carrying value of the investment in the Financial Advice business.

ClearView's shareholding in Centrepoint Alliance is expected to be earnings accretive to ClearView.

Any costs incurred in relation to the transaction will be reported as a cost considered unusual to the ordinary activities and not form part of Underlying NPAT in FY22.

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2 Underlying NPAT consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases.

3 Subject to net asset adjustment as defined under the terms of the agreement.

COVID-19 and ClearView responses

The world continues to navigate the unprecedented circumstances including significant economic, social and health challenges caused by the COVID-19 pandemic. Australia has more recently experienced outbreaks in various parts of the country driven by the Delta variant. The Delta variant is a mutant strain of the SARS-CoV-2 virus with early estimates and experience suggesting the new Delta strain is significantly more transmissible than previous variants of the virus.

Up until the recent outbreaks, the jobs data had continued to improve. The RBA Statement on Monetary Policy published in May 2021 affirmed stronger recovery in the economy than anticipated with the unemployment rate at 5.6% (compared to the 8.5% forecast in last year's RBA statement at 30 June 2020).

However, the further waves of infections and ease of transmission of the Delta variant since mid June 2021, has led to quick and extended lockdowns and the reinstatement of certain government support measures to protect the economy and jobs. The recent outbreaks have impacted significant aspects of everyday lives including travel, work (such as construction), entertainment (such as sporting events, eating out at restaurants), education and school closures and the flow on effects to the economy. Furthermore, the states and territories responses include closing their borders which itself has economic consequences including dampening domestic travel.

The pathway to a more normal way of life rests in an effective vaccine roll out and uptake where early evidence suggests effectiveness against the Delta variant, in particular against hospitalisation and intensive care (if fully vaccinated). Australia has been slower than other countries to immunise its population, with supply shortages being blamed for the delays. Vaccine hesitancy in some pockets of the community has also risen even as the pace of the rollout has picked up in recent weeks.

Steps have been taken to speed up the rollout, such as mass immunisation hubs. In short, obtaining the anticipated increased supplies of the Pfizer and Moderna vaccine and the take up of AstraZeneca will be a key determinant in the success and timing of exits from the lockdowns and Australia's response to the Delta variant. Significant uncertainty therefore remains at least until such time as a significant part of the population has been vaccinated in Australia.

To date, COVID-19 related mortality has (for the most part) tended to be in the older and relatively uninsured segment of the population. However, the mutation and ease of transmission of the Delta strain of the virus, the flow on economic impacts of further outbreaks, unpredictable lock downs (and a protracted lock down in New South Wales), border closures and continuation of the government support measures creates uncertainty and risk that could potentially drive a spike in morbidity (income protection) claims and lapses (premium affordability) in the months ahead (until such time as the vaccine is successfully rolled out).

As an example, for income protection claims, this could manifest itself due to claims termination rates deteriorating (the duration a claimant stays on claim for), linked to higher than expected unemployment/ underemployment and lower financial incentive to return to work. Alternatively, for lapses of policies this could manifest itself due to premium affordability as a result of job losses.

ClearView has also acted swiftly to address the challenges faced by COVID-19, with its response focused on certain key priorities, including:

- Protecting its people and customers;
- Modelling its capital exposure, stress testing and liquidity;
- Conserving capital and cash flow;
- Stabilising the operations to the 'new normal'; and
- Playing offence, not just defence.

The above mentioned scenarios considered business impacts (capital, cash flow and profitability) from COVID-19, including direct COVID-19 claim impacts (based on assumed infection and mortality rates), indirect claims impacts (economic downturn induced), asset value impacts, reduced sales and elevated lapses.

CLAL's regulatory capital position remains resilient to each of these scenarios. Furthermore, an additional amount of Tier 2 capital was raised to further allow for some of these sensitivities to the capital base in a downside scenario. It was also noted that profitability can be sensitive within each scenario, to claims and lapse assumptions and relative to the allowances made in policy liabilities versus the actual experience that emerges.

The business has proven resilient to the health and economic impacts of COVID-19 to date and is on track to meet its medium to long term performance improvement objectives.

The ClearView Crisis Management Team and the Board continue to monitor the situation and are well prepared to take further corrective or remedial actions as required.

Costs considered unusual to the ordinary activities

Items that have been identified by the Board as not representative of underlying business performance are not included in Underlying NPAT. The determination of these items was made after consideration of their nature and materiality and is applied consistently from period-to-period.

Items not included in Underlying NPAT primarily result from costs relating to major restructuring initiatives, impacts on policy liability and disabled lives incurred claims reserves from changes in discount rates, impairments of assets, amortisation of acquired intangibles and other transactions outside the ordinary course of business.

The following items impacted the reported NPAT and comprised the items outlined in the table above:

Reconciling items ($M)	FY21	FY20
Policy liability discount rate effect	(11.4)	2.2
Wealth Management project	(3.1)	(1.4)
Impairment costs	(1.5)	(2.6)
Other costs	(0.1)	0.2
Total	**(16.1)**	**(1.6)**

Policy liability and disabled lives reserves discount rate effect

The policy liability discount rate effect is the result of changes in the long-term discount rates used to determine insurance policy liabilities and the incurred income protection disabled lives claims reserves. The life insurance policy liability (based on AIFRS) and income protection incurred disabled lives reserves are discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities and the disabled lives claims reserves, and consequently, earnings.

ClearView reports this volatility separately.

For the life insurance policy liability, this represents a timing difference in the release of profit and has no impact on underlying earnings. However, this movement in policy liability creates a cash flow tax effect. The net impact of the changes in long-term discount rates on policy liability in the year ended 30 June 2021, caused a decrease in after-tax profit of -$10.3 million (FY20: +$2.4 million).

For the incurred income protection disabled lives claims reserves, this represents a change in the claims costs given the discounting of the incurred claims reserves at market discount rates.

In December 2020, ClearView updated its investment strategy and appointed PIMCO with a specialist investment mandate to manage, in close consultation with ClearView, the shareholder funds that match the insurance liabilities, claims and capital reserves and surplus capital in the life company.

At 30 June 2021, $304.5 million is invested in the PIMCO funds, noting that the amounts that were invested across the ClearView WealthSolutions Macquarie True Index Fund and the Vanguard Inflation Linked Fund were sold down and invested into the PIMCO funds. An overall investment loss of -$0.7 million after tax was made in the year ended 30 June 2021 (FY20: -0.2 million).

The asset liability management solution has been appropriately calibrated and aligned with the business risk appetite. The extent that the investments impacted earnings to offset the above-mentioned liability (claims cost) impact from changes in discount rates has also been reported below the line. An overall loss of -$0.4 million after tax was made in the year ended 30 June 2021.

The investment mandate with PIMCO allows for the consolidation of shareholder funds into a single mandate and replaces the previous strategy of investing short duration shareholder funds in bank term deposits and longer duration assets in index bond funds.

Impairments

Impairment of receivable from ClearView Retirement Plan (CRP)

In FY21, the ClearView LifeSolutions Risk Only Division has been transferred from CLN as trustee of the ClearView Retirement Plan (CRP) to HTFS Nominees Pty Limited as trustee of the HUB24 Super Fund. All the members under the Risk Only Division are now members of the ClearView Insurance Plan within the ClearView Super Plan, a division under HUB24 Super Fund. CLAL continues to issue life insurance policies and provide insurance services to the transferred members as well as new members in the ClearView Super Plan.

As at 30 June 2021, the Group held a receivable amount from CRP of $9.0 million (30 June 2020: $15.5 million), including an impairment provision of $1.5 million. It is expected that the receivable amount will be recoverable in the foreseeable future as CRP continues to generate future taxable income. The recoverability of the receivable from CRP will continue to be assessed at each reporting period.

Costs unusual to ordinary activities

Costs that are considered unusual to ClearView's ordinary activities are not reflected as part of Underlying NPAT.

ClearView selected HUB24 Limited (HUB24) as its strategic wrap platform provider following a comprehensive market review. As previously announced, the overall project represents a significant investment for ClearView with development, transition and implementation costs of the wrap platform to HUB24 expected to be a net cost of circa $6 million. In FY21, a further $4.4 million of these costs were incurred, with the total cost of $6.3 million incurred on the project.

Earnings per share

	Reporting period	Previous corresponding period
Basic earnings per share (cents per share)	1.06	2.08
Fully diluted earnings per share (cents per share)	1.06	2.08
Basic underlying earnings per share (cents per share)	3.62	2.34
Fully diluted underlying earnings per share (cents per share)	3.62	2.34

Underlying NPAT consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases.

See Operating and Financial Review in accompanying Annual Report for details on the Statement of Financial Performance for the year ended 30 June 2021.

Net assets per share

	Reporting period	Previous corresponding period
Net assets per share (cents per share)*	72.3	71.5

*Adjusted for shares issued and corresponding loans granted $24.7 million (2020: $28.0 million) under the Executive Share Plan (ESP).

See Operating and Financial Review in accompanying Annual Report for details on the Statements of Financial Position, Capital Position and Embedded Value as at the 30 June 2021.

Details of associates and joint venture entities

None.

Compliance statement

The information provided in this report has been prepared in accordance with AASB standards, other AASB authoritative pronouncements or other standards acceptable to ASX.

The ClearView Wealth Limited Annual Report for the period ended 30 June 2021 has been subject to audit by our external auditors. A copy of the independent audit report to the members of ClearView Wealth Limited is included in the accompanying Annual Report.

Judilyn Beaumont
Company Secretary

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