



29 April 2021

IOOF Q3 2021 Business Update

IOOF's Funds Under Management, Advice and Administration (FUMA) is up \$1.5 billion to \$203.9 billion for the quarter to 31 March 2021 (Q3 2021).

Overview of Q3 2021 FUMA:

- **Market Movements:** \$5.4 billion uplift due to favourable market conditions.
- **Portfolio & Estate Administration:** \$267 million net inflows; (Prior comparative period (pcp): \$180 million net inflows).
- **Financial Advice:** \$1.4 billion net outflows (pcp: \$162 million net outflows) reflecting;
 - Outflows of \$2.1 billion from 53 advisers departing IOOF's self-employed advice businesses as envisaged under IOOF's Advice 2.0 programme. As flagged at our half year results, IOOF expects approximately 140 advisers will exit the business as part of its plans to improve the quality and sustainability of the self-employed advice model.
 - Inflows of \$0.7 billion from new self-employed advisers joining IOOF licensees and organic inflows.
 - Total net outflows excludes \$1.0 billion net outflows from 14 advisers transferring from IOOF Aligned Licenses to utilising IOOF Alliances services.
- **Investment Management:** \$507 million net outflows including \$469 million outflows due to AET cash product simplification. The revenue differential resulting from this investment simplification is negligible; (pcp: \$81 million net outflows).
- **Pensions & Investments (P&I):** \$782 million net outflows; (pcp: \$641 million net outflows¹).

IOOF Chief Executive Officer, Renato Mota, said, "We continue to deliver on the transformative agenda for the business. The strength, scale and economic diversity of our business model has supported this solid quarter and increase in FUMA.

"Our Portfolio & Estate Administration segment saw positive net flows again. We continued to deliver organic growth in our contemporary platform offerings and we have seen continued expansion in the independent financial adviser (IFA) market.

¹ Pcp outflows for the period between P&I completion on 31 January 2020 and quarter end (31 March 2020).

“In Financial Advice, we are transforming towards a sustainable long-term advice model. Our focus is on sustainability, accessibility and affordability, with technology as the enabler of this strategy.

“We flagged in February this year an expected reduction in adviser numbers and during the quarter, we rationalised arrangements with practices that were considered unsustainable. This, together with the one-off \$0.5 billion outflow due to the AET cash product simplification, has impacted flows during the quarter.”

Portfolio & Estate Administration

Portfolio & Estate Administration achieved net inflows of \$267 million.

IOOFs proprietary Managed Accounts solution, MPS, exceeded \$1 billion in FUA. The majority of these managed accounts are administered on Evolve and are a tangible demonstration of the choice we continue to offer for advisers and their clients on our proprietary technology.

Mr Mota said, “It has been pleasing to see inflows into our flagship advised and workplace products during the quarter. We saw the continuation of growth in the number of accounts opened and total numbers of licensees utilising our contemporary Evolve-based solutions - IOOF Essential, eXpand and SPS – the total number of accounts more than doubled in the past year to 14,606 and the number of supporting licensees more than quadrupled to 84.

“We remain on track to complete our Evolve21 program of work by the end of this calendar year and to this end, communications have now been sent to clients in respect of the first phase of transfers which we expect to take place by 30 June 2021.”

Further details on the key events and timelines for Evolve21 can be found at <https://www.ioof.com.au/evolve> which contains detailed information and timelines relating to our platform transformation objectives.”

IOOF Essential, eXpand and SPS	Mar-20	Mar-21	Increase on pcp
Total number of Accounts	7,027	14,606	7,579
Total number of Licensees	18	84	66

Financial Advice

Advice 2.0 is IOOF’s strategic response to an era-defining transformation of the financial advice industry and is designed to deliver a step-change in the quality and affordability of advice while removing conflicts associated with subsidisation from other parts of the business.

Mr Mota said, “As we flagged in our half year results announcement in February 2021, we saw a number of advisers leave IOOF’s self-employed channel. 53 advisers with \$2.1 billion in funds under advice transitioned from IOOF licensees due to various reasons including practices that we believe will not be economically sustainable under our future advice model.

“It was pleasing to see new advisers join our licensees, recognising the strength of our offer, as it was to see 14 advisers with \$1.0 billion in funds under advice transition to utilising IOOF Alliances services.”

The financial impact of the total advice outflows from the self-employed advice channel is not material.

Recently, IOOFs advice technology, Wealth Central, was awarded the Best New Advice Technology Application by Investment Trends - a specialist financial services market research organisation.

Commenting on the results, Investment Trends said: "Wealth Central remains the pre-eminent implementation of a goals-based advice process in Australia and possibly the globe."

Investment Management

The investment management segment had outflows of \$507 million, \$469 million of which were due to undertaking simplification of our operating model by transferring funds out of the AET Cash Deposit Fund. These funds were reinvested into external interest-bearing cash accounts delivering improved client outcomes. This is the final transfer of cash products to external sources delivering market leading rates for clients. The revenue differential resulting from this initiative is negligible. This cash restructure is now complete.

Excluding this one-off outflow, total outflows for investment management was modest at \$38 million.

The IOOF MultiSeries funds continue to attract strong support from advisers, with growing net flow for the March quarter of \$164 million. Improving net flows to MultiSeries is supported by competitive pricing, strong investment returns, and client engagement support delivered via Investment Central.

P&I

As part of the integration of P&I, IOOF are in advanced stages of strategic activities to address the competitiveness and outflows within some of the acquired P&I products. Further details will be provided at our full year results in August 2021.

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. Key highlights include:

- IOOF remains on track to deliver \$43 million of annualised synergies by 30 June 2021 from P&I integration.
- In February 2021, NULIS (MLC's RSE Licensee) confirmed the transaction is in its members' best interests and continues to provide oversight of risk to safely complete the transaction to protect member interests.
- During the quarter, IOOF undertook advanced planning on organisational design to be implemented upon completion of the MLC transaction.

Mr Mota commented, "We are on track for the completion of the MLC transaction by 30 June 2021, subject to APRA approval. MLC will deliver a step change in our scale and reach and will provide substantial benefits to our clients, members and ultimately our shareholders."

- 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 31 March 2021

All Amounts \$m	FUMA 31-Dec-2020	Net Flow	Transfer to IOOF Alliances	Pensions	Market/ Other	FUMA 31-Mar-2021
Financial Advice	47,924	(1,807)	(694)	(77)	1,264	46,610
Ex-ANZ Advice Licensees ¹	17,372	386	(346)	(58)	740	18,094
Funds Under Advice and Distribution Total	65,295	(1,420)	(1,040)	(135)	2,005	64,705
Portfolio Estate & Administration	44,832	267	-	(191)	1,110	46,017
Investment Management	21,848	(507)	-	-	795	22,136
P&I Platform	44,914	(611)	-	(160)	1,040	45,183
P&I Investment Management	25,501	(171)	-	-	480	25,810
P&I Total	70,415	(782)	-	(160)	1,520	70,993
Total FUMA	202,390	(2,442)	(1,040)	(485)	5,429	203,851

Funds movement for the nine-month period ended 31 March 2021

All Amounts \$m	FUMA 30-Jun-2020	Net Flow	Early Release Super	Transfer to IOOF Alliances	BT transfer	Pensions	Market/ Other	FUMA 31-Mar-2021
Financial Advice	54,213	(2,873)	-	(1,231)	(8,063)	(287)	4,852	46,610
Ex-ANZ Advice Licensees ¹	16,322	304	-	(622)	-	(187)	2,277	18,094
Funds Under Advice and Distribution Total	70,535	(2,569)	-	(1,853)	(8,063)	(474)	7,128	64,705
Portfolio Estate & Administration	41,989	534	(180)	-	-	(573)	4,247	46,017
Investment Management	22,386	(2,737)	-	-	-	-	2,488	22,136
P&I Platform	43,268	(1,538)	(519)	-	-	(492)	4,464	45,183
P&I Investment Management	24,121	(280)	(476)	-	-	-	2,445	25,810
P&I Total	67,389	(1,818)	(995)	-	-	(492)	6,909	70,993
Total FUMA	202,297	(6,590)	(1,174)	(1,853)	(8,063)	(1,538)	20,772	203,851

¹ Ex-ANZ Advice Licensees funds under advice are partially delayed in line with previous reporting cycles

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