MARKET RELEASE

SYDNEY, 10 November 2017

CLEARVIEW WEALTH LIMITED 2017 ANNUAL GENERAL MEETING ADDRESSES TO SHAREHOLDERS

ClearView Wealth Limited (ASX: CVW, **ClearView**) will address shareholders today at its Annual General Meeting (**Meeting**) to be held at 10.00am at its offices located at Level 15, 20 Bond Street, Sydney, New South Wales.

In accordance with Listing Rule 3.13.3, attached is a copy of the Chairman's address and Managing Director's address that will be delivered at the Meeting.

ENDS

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About ClearView

ClearView is an ASX-listed diversified financial services company which partners with financial advisers to help Australians protect and build their wealth, achieve their goals and secure a comfortable financial future. The group's three business segments: Life Insurance, Wealth Management and Financial Advice are focused on delivering quality products and services.

Additional information is available at www.clearview.com.au

ClearView

ClearView Wealth Limited
Annual General Meeting 2017

Addresses to Shareholders
10 November 2017

Chairman's Address - AGM 10 November 2017

Mr Bruce Edwards, Chairman - ClearView Wealth Limited

On behalf of the Board, I would like to welcome you to our Annual General Meeting (**AGM**).

This is my second AGM as Chairman of ClearView Wealth Limited (**ClearView**) and my fifth year as a Director.

For the last five years, I have had the pleasure of working closely with the ClearView Board, Managing Director Simon Swanson and the company's senior management team.

I am pleased to say that in 2017 ClearView's management team successfully executed the company's strategic plan with both commitment and enthusiasm.

The group's core purpose continues to be building and protecting the financial futures of customers and their families by partnering with financial advisers.

In a moment, I will hand over to Simon to provide an overview of where ClearView is going but first I will briefly recap ClearView's FY17 result.

In the 2017 financial year, the company delivered another strong profit result and it remains on track to achieve its long-term strategic goals of targeting 5 per cent of the life insurance profit pool and building material wealth management and financial advice businesses.

The Board also declared a fully franked final dividend of 2.75 cents per share, up 10 per cent on FY16.

ClearView has also been fostering closer relations with Sony Life Insurance Co., Ltd (**Sony Life**).

The welcome emergence of Sony Life as the company's new strategic partner in FY17, following Crescent Capital's decision to sell its shares in the company, has seen both ClearView and Sony Life benefit from a Cooperation Agreement to share knowledge and experiences, and work together to drive efficiencies and growth.

In December 2016, Mr Satoshi Wakuya, General Manager, Head of Business Development Division for Sony Life joined the ClearView Board alongside Ms Susan Young.

As stated in the Notice of Meeting, six directors: myself, David Brown, Gary Burg, Andrew Sneddon, Satoshi Wakuya and Susan Young retire and stand for re-election today.

Later this morning we will go through the AGM proceedings for the re-election of directors and other items on the agenda but I would now like to hand over to Simon Swanson, Managing Director of ClearView.

Managing Director's Address – AGM 10 November 2017

Mr Simon Swanson, Managing Director – ClearView Wealth Limited

This morning I would like to take a few minutes to update you on what we have achieved and where ClearView is going. I do not want to revisit the FY17 results – as Bruce has provided you with a brief recap – but I want to provide you with greater strategic context on what ClearView is doing.

Life Insurance

The core of ClearView's success over the past four financial years has been its strong growth in life insurance new business flows and in-force premiums. We set out to create a customer and adviser focused business with a reputation for excellent customer service, professional advisers and innovative products and services. We believed that we would achieve growing market share and profitability if we delivered on this. We are proud of the success and growth in market share that we are starting to see in life insurance notwithstanding that there is plenty of work to do.

As we have previously outlined, success takes a while to come through in our life insurance financial results. The first thing that a new life insurer needs to do is build products and a distribution network. This was our core focus in 2012 and 2013. Even though there were no visible financial benefits at the time, we were laying the foundations for future success.

The next step was to increase new business flows and market share. Over the period from 2013 to 2017, our share of new premiums written in the Independent Financial Adviser (**IFA**) channel increased from a standing start to around 8%. This has now started to flow through to inforce premiums. The key point is that if we consistently capture an increasing share of new premiums, this will flow through to growth in inforce premiums over time. However, there is a significant lag in this circa 5+ years. The point that we continually emphasise is that we are operating in a $1B to $1.5B profit pool market – and so our long term objective is to capture 5% of the total life insurance profit pool which is difficult to achieve until we have around 5% of industry premium inforce.

This is how the inforce book flows through into underlying Net Profit After Tax (**NPAT**). In effect, there is a lag in the flow through from building a distribution network to building new sales and then inforce profitability.

We want to emphasise that not everything is "one way traffic". We are still small in the market and have volatility (both positive and negative) in our business. Given the small size of our book which is "subscale", we still have some cost over runs (albeit these have reduced over time), and can also have significant claims volatility (our book is too small not to have this) and there are periods like now, where there are structural reasons for short term increases in lapses, which I will address later. We have also made missteps with our approach to direct life insurance – but have taken action in relation to this.

That said, the most significant driver of shareholder value over the past four financial years has been the success of our adviser-focused life insurance strategy. This strategy has significant embedded growth in it, which enables us to continue growing our new business flows and inforce premiums at multiple times the rate of the market.

Wealth Management

While life insurance has been the key value driver, we continue to invest significantly in Wealth Management distribution and product development. Our position in wealth management is around two to three years behind our life insurance strategy – but we continue to believe in our convergence strategy and this will be a significant driver of shareholder value creation over the medium term.

ClearView is now at a point where we have a competitive product suite and improving distribution network. Last financial year we increased our share of net flows in the retail superannuation segment of the market from 1.8% through to 2.7%. As in life insurance, increasing share in net flows will lead over time to similar growth in market share in Funds Under Management (**FUM**) which is the driver of NPAT.

One of the key differences between wealth management and life insurance is the accounting around costs. With wealth management the costs of building the front end of the business are all expensed up front – so all the investment that ClearView has been making in its distribution footprint has been acting as a drag on reported earnings. However, the profit pool of wealth management is similar to life insurance (circa $1.5B p.a.) and as our share of FUM starts to approach our share of net flows (which mathematically it has to over time), our share of the profit pool in the industry should increase significantly.

In wealth management the net flows of our new product suites are starting to outweigh the NPAT drag of pension outflows of the very profitable old book. In addition, we have built a strong track record of investment performance which is key to distributing our wealth products through IFA – just as we have with our life insurance product suite.

Operational Success

Our sales and financial results have been built on significant operational investments over the past four financial years.

Notable points

- In life insurance, ClearView recently received the Investment Trends Overall Adviser Satisfaction Award. The 2017 Investment Trends Planner Risk Report found ClearView received the highest adviser satisfaction rating in 9 out of 13 categories including underwriting, IT systems, product features and communications.
- In advice, our aligned dealer group Matrix Planning Solutions was named the 2017 Licensee of the Year by Core Data.
- In wealth management, the performance of our model portfolios have been consistently top quartile, and we were delighted to receive a 4 apples commendation from Chant West for our WealthSolutions and WealthFoundations superannuation product suite.

This is significant as our strong investment performance and focus on supporting financial advisers has given us a platform to launch our wealth management products into the third party market. This same approach has successfully driven our growth in life insurance market share as outlined earlier.

Regulatory Changes

The regulatory environment in financial services remains in flux as the Government is increasingly focused on ensuring consumer best interests are at the forefront and a fair playing field is in place for all participants.

The key changes that are currently occurring in ClearView's operating environment are:

- **Changes in commissions for financial advisers.** From 1 January 2018, the commission structure will move towards more "level commissions" over the next 2-3 years. In addition, there will be a number of "anti-lapse measures", namely the introduction of strict clawback conditions. Overall, these are not expected to materially change the economics of either the life insurer or the adviser in the long run, but are focused on significantly reducing the expected lapses in the industry. An unfortunate side effect of these changes, combined with low wage growth and product repricing, is that the industry is currently experiencing elevated lapse rates (and related lapse experience losses). The impact of regulatory changes are likely to affect the broader industry for at least the first half of this financial year. However, our expectation is that it should improve post 1 January 2018 when these changes are bedded down and the new clawback provisions are implemented.
- **Bans on kickbacks and volume incentives.** From 1 January 2018, shelf space fees and rebates will be banned with respect to life insurance. ClearView has chosen to not participate in this activity and not pay material rebates or shelf space fees, and these changes should increase the transparency in the industry and act as a net positive for life insurers like ClearView who focus on client service and product quality to win share rather than rebates or shelf space fees. It is disappointing that a "sunset" clause doesn't apply to rebates.
- **The potential shift towards open Approved Product Lists (APLs).** One of the key ways that some larger institutions are locking in clients is limiting the choice of insurance products that their aligned advisers can recommend to customers (even to only one life insurer which creates significant conflicts of interest). There are moves to require licensees to provide their advisers and clients with access to multiple life insurance products – and if this occurs, it will be good for companies like ClearView who are currently locked out from a number of significant APLs because we've refused to pay shelf space fees and rebates.

Overall, the regulatory changes are creating significant costs and work for ClearView, but in our view they will make the industry more open and transparent. They will inherently benefit companies that focus on customer service and winning market share through the quality of product and services, rather than ownership of distribution.

The above comments should not be read as saying that everything is smooth sailing for ClearView. We have recently experienced a run of adverse claims volatility. We have seen this previously and know that this is likely to smooth out over multiple periods. Similarly, although we are seen externally as a strong business – we need to remain focused on our customers, advisers and our staff.

Our competitive position is further strengthened by our strategic partnership and close collaboration with Sony Life. This collaboration is seeing both parties benefit from open sharing and cooperation on a range of matters including distribution, marketing and technology.

As our relationship with Sony Life progresses, it's increasingly clear that we both share much in common including a client-first focus and a strong commitment to quality advice.

Sony Life's Life Planner advice model lies at the heart of the group's success. In Japan, Life Planners have played a major role in changing the image of the life insurance industry and helping people understand the value of advice.

Looking ahead, we remain committed to our core strategy of partnering with financial advisers and strategic partners to help Australians protect and grow their wealth. We are focused on delivering quality products and exceptional service to our clients and expanding our distribution footprint by getting on more third party APLs and increasing our penetration on existing APLs.

Finally I would like to thank our clients, advisers and staff for all their support over the past 12 months. It has been an eventful 12 months which the management team is justifiably proud of.

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