



22 June 2015

IOOF statement on Fairfax articles

Following publication of a number of articles in the Fairfax media, it is appropriate for IOOF to note its strong compliance record and that it takes seriously any suggestion that its high standards are not being met in its different businesses.

IOOF has a good record of client satisfaction and will continue to act at all times in the client's best interests as a leading financial services provider. To the best of our knowledge and based on reasonable enquiries, none of the issues raised in the article will cause any loss to any IOOF client, past or present.

Most of the claims appear to have been promoted by a former employee who is in a legal dispute with the company and are historic in nature.

All the issues raised, historic or recent, have been dealt with appropriately at the time; this includes, where relevant, thorough internal and board review, notifying industry regulators, ongoing review of compliance measures and controls, employee education and independent investigations. These initiatives have, where necessary, led to enhancement of processes and procedures and sought to improve the client experience.

A number of misleading statements have been made that must be addressed.

IOOF's Risk Register and systems and services

One article gave the impression that IOOF does not consider its systems, products and services to be market competitive. This statement was extracted from an internal risk document maintained for the purposes of effectively managing risk within our business and reporting to the Board's Risk and Compliance Committee. Our risk registers are also provided to APRA on a regular basis. The risk register lists potential risks to the business if they are not addressed or mitigated – not that they are current issues or problems. The key controls and action plan in relation to each risk are clear from the document. This comment was fundamentally misleading.

Unit Pricing

The reference to a Platinum unit pricing error relates to an external manager, Platinum Asset Management and is not an IOOF pricing error. It is the case that in late 2012, we identified a Questor Cash Management Fund unit pricing error and it was reported to ASIC in January 2013. A remediation plan was only recently resolved following negotiations with a third party; the proposed compensation, independently verified, is closer to \$3 million, only part of which may be funded by the company and is therefore considered immaterial. It is the case that from time to time, IOOF identifies unit pricing errors sourced from externally managed or its own funds and on each occasion, the error is carefully reviewed and if material, reported to ASIC.

In accordance with sound governance principles, IOOF will continue to swiftly and thoroughly investigate any future matters brought to its attention.

Some of the claims raised relate to legal matters which cannot be canvassed in public at this time and therefore IOOF and are therefore not in a position to comment.