

IOOF Holdings Ltd
ABN 49 100 103 722
Level 6, 161 Collins Street
Melbourne VIC 3000

GPO Box 264
Melbourne VIC 3001
Phone 13 13 69
www.ioof.com.au



28 November 2018

2018 Annual General Meeting

Please find attached a copy of the presentation materials that will be addressed by the Chairman and the Managing Director at the Annual General Meeting of IOOF Holdings Ltd today.

The meeting will be webcast live from 9:30am AEDT and can be accessed at the following link, with a recording available on demand later today at the same address:

<https://webcast.openbriefing.com/4811/>

-ENDS-

Enquiries:

Paul Vine
Company Secretary
IOOF Holdings Ltd
P: +61 3 8614 4525
E: paul.vine@ioof.com.au

Rachel Scully
Head of Corporate Affairs
IOOF Holdings Ltd
P: +61 3 8614 4530
E: rachel.scully@ioof.com.au

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 and stockbrokers;
- **Platform Management and Administration** for advisers, their clients and hundreds of employers in Australia;
- **Investment Management** products that are designed to suit any investor's needs; and
- **Trustee Services** including compensation trusts and estate planning.

Further information about IOOF can be found at www.ioof.com.au

CHAIRMAN'S ADDRESS – 2018 ANNUAL GENERAL MEETING

Wednesday, 28 November 2018

Good morning again Ladies and Gentlemen.

The video we played before the start of the meeting is something we've used to introduce our new colleagues and advisers who moved to IOOF from ANZ recently. For over 170 years IOOF has been part of everyday Australian life.....looking after people, assisting them plan for better brighter futures and helping those who can't look after themselves.

While times have changed and we all live more complex, more challenging lives, the fundamental drivers of activity within this organisation remain as they have always been. Helping people remains our core purpose.

A little later, I want to speak to you about the substantial investments we've made to further entrench this client-first approach.

Given the recent, often misleading public commentary about the motivations within the financial services sector, it's important that you, our shareholders, understand the true nature of this company.

The last 12 months

The last 12 months has been a period of significant achievement, significant transformation and significant challenge.

Our business remains strong. We have a transformational acquisition in motion. With open architecture, we have options in the face of strategic changes occurring in the market. Despite obvious challenges, we are confident of IOOF being a strong business going forward.

This confidence is founded on some key achievements:

- Firstly: delivery of our unique advice-led strategy during a period of intense scrutiny for the financial advice industry generally.
- The strong organic growth in each of our businesses.
- Improvements across the business to ensure a primary focus on our clients.
- Simplifying our businesses.
- And finally: the acquisition of ANZ Wealth Management.

These remain consistent with our three-pillar strategy of organic growth, acquisitive growth and productivity & efficiency initiatives.

We have again achieved solid funds growth and exceptional cost control.

And the ANZ Wealth Management business will continue the group's success in building the group through astute acquisition. Our Managing Director, Chris Kelaher, will discuss this in more detail.

We are confident that this transaction will continue to cement IOOF as Australia's leading specialist advice-led wealth manager.

In short, despite the challenges of this year, we have not been distracted from pursuing strategies that will generate long-term value for our shareholders.

Meeting commitments delivers shareholder value

As you are aware, our formally reported underlying profit for the year was a record for IOOF at \$191.4m – up 13% on 2017's strong result.

This translated into a total dividend for the full year of 54cps, fully franked.

We committed to you, our shareholders, to hold the dividend at 27 cents per share after the announcement of the ANZ transaction for the second half of the year – to ensure existing shareholders were rewarded for their loyalty to IOOF. We met that commitment thanks to our strong financial performance.

Those results were achieved through the sheer hard work and commitment of our people, our Leadership Group and my fellow Board members. And it was achieved because of a single-minded focus on our clients.

The value of financial advice

You have heard us express many times our belief in the value of financial advice. This has a number of elements:

- Firstly, open architecture: this is a unique feature of our business and stands us apart from our peers.

At IOOF we have passionately been building an organisation that is focused on using all of our abilities and capabilities for the benefit of clients.

Open architecture means being an organisation that actively promotes and supports our competitors' products. This approach is built from the ethos of sourcing the best solution for clients, based around their needs – not around what capabilities IOOF may have internally.

The benefit to our organisation and therefore shareholders is that we are building relationships based on client needs, resulting in greater trust and loyalty to IOOF as a business partner. In addition, leveraging the breadth of our competitors' products means we expand our target market, as well as relevance as an enabler of advice outcomes across the market.

So, on the retail side, we currently support BT, Colonial and Macquarie platforms alongside our own flagship platform - IOOF Pursuit.

And we offer a choice of external insurers, TAL, AIA and Zurich.

The investment options on our platforms contain our own highly rated multi-manager funds, as well as hundreds of other investment options.

This means we genuinely demonstrate a commitment for advisers to access solutions to best serve their clients. Solutions that not only have tangible financial outcomes, but that contribute greater personal happiness, better lifestyles and stronger relationships.

Open architecture is the way forward and the strongest possible strategic positioning in the face of constant change.

- Secondly, only two years on from its inception, the IOOF Advice Academy leads the way in specialist coaching for financial advice businesses. With over 100 advisers and 35 businesses now at various stages of our Foundation program, the IOOF Advice Academy supports advice businesses and their clients achieve what's important to them.
- And finally, I want to talk about the quality of advisers. 12 of the top 50 advisers in Barron's second annual survey of Australian financial advisers were IOOF employed or licensed. This was the highest number achieved by any institution for the second year running - further proof that our advisers deliver high quality financial advice and superior outcomes for clients.

Focus on core capabilities

During the year, we undertook activities to further simplify and streamline our business. We announced the divestment of our Corporate Trust

business and acquired Ability One. Chris will talk to each of these in his address.

We also made significant progress on internal initiatives, including a number of product enhancements. And it's only common sense that reducing complexity and duplication is fundamentally in the best interests of our advisers and their clients.

Client First

Earlier, I mentioned our ClientFirst strategic plan. This program has delivered improvements in payment processes, automation, SuperStream and internal management systems and the vast bulk of transactions are now managed through it. Work continues apace on developing a complementary one IOOF platform approach for our clients.

Data and feedback we've received on these initiatives show a significant increase in efficiency and satisfaction. For example, there are a number of external validation metrics relevant to our strategic plan, including:

- We are rated by a Roy Morgan survey as the number three superannuation provider for service and the number one retail fund provider. These improvements in our Customer Satisfaction Score are a direct result of the changes we have made under our ClientFirst approach.
- We have improved ratings in the ATO's large fund diagnostic metric.
- We are ranked as a leading advice license provider for advisers, by Investment Trends.
- And Investment Trends also ranks our Pursuit platform in the top five platforms for service.

Importantly, our customer complaints are also trending at a three-year low.

All these independent sources validate the great work and effort our people are putting into this organisation for the benefit of investors, advisers and employers.

So, as Chairman, I am frustrated at the mis-match between the millions of positive experiences our people generate each and every year and perceptions created by the current Royal Commission into Banking and Finance Services.

And I want to spend some time discussing this with you. The Board would be remiss in its responsibilities towards you, our shareholders, if we didn't reflect on the Commission with a self-critical lens.

Royal Commission

As you'd know, along with other large Australian financial services providers, IOOF was involved in the Commission's deliberations earlier this year.

We will welcome changes to oversight and regulations which genuinely improve the interests and lives of our clients. While the Royal Commission has placed considerable scrutiny on the industry, we believe that ultimately a better financial services environment will be created for all.

At this juncture, it's important to recognise that IOOF was not the subject of adverse findings in relation to the financial advice round of the Commission's hearings. Nor have we had to raise any provision in respect of costs associated with the Royal Commission.

Like everyone else, we await the final report of the Royal Commission in February 2019 and the actioning of any recommendations. We are acutely aware of the effects of industry uncertainty on the value of your shareholding.

Community expectations are ever changing. This is not a phenomenon exclusive to financial services, but can be seen all throughout society – whether it be gender equality, the environment, health and welfare or the expectations on financial institutions.

One of the challenges for governance structures and Boards is not only to only keep up with these expectations but to predict change and proactively adapt.

It will be those organisations that anticipate and readily embrace change which will ultimately deliver the greatest returns to all their constituents – to clients, staff and shareholders.

Your Board have been considering these matters and ensuring we work with our regulatory partners and clients, together with our management team, to rigorously impose expectations on ourselves to be such an organisation.

Doing so will continue successful journey of reinvention IOOF has travelled over the 170 years.

In terms of the focus at the Royal Commission on our conflicts management approach and structure, it is worth highlighting the various initiatives we have in train:

- We recently engaged EY to review of our approach to Conflicts of Interest. The EY report noted the substantial investment that IOOF has made in the management of conflicts of interest and EY's recommendations from that review are being implemented to further strengthen our existing structures and processes.
- EY noted that the dual regulated role of IOOF Investment Management Limited was a key inherent conflict in our structure. We had already committed to change this structure. Again, EY made a number of other recommendations which we are implementing.

The changes we are making to our structures include:

- Appointing a new Chair to our three APRA regulated entity subsidiary Boards, who does not sit on the IOOF Holdings Board. This change has been in place since mid-September and we have recently appointed two new non-executive Directors, both of whom will not sit on the IOOF Holdings Board. Those Boards will be majority independent of the IOOF Holdings Board.
- On first completion of the ANZ acquisition, we moved all of our Advice subsidiaries under Australian Wealth Management, which is chaired by my co-director, Allan Griffiths.
- Ultimately, as I just noted, we will split the dual roles of IOOF Investment Management into separate RE and RSE companies. Work on this is progressing.

In short, while we have always sought to appropriately manage conflicts of interest, we recognize processes can be improved. And we are decisively actioning the changes required. In doing so, we will continue to prioritise the best interests of our superannuation members.

I want to conclude by speaking of another commitment we are making – to the broader community we serve.

Our communities

We continue to embed Environmental, Social and Governance practices within our culture. We consider ESG as a key responsibility to clients, shareholders and the communities we serve.

Our IOOF Foundation has continued its work in assisting some of our most disadvantaged communities and has now surpassed \$13.5m in total donations.

On behalf of the Board, I thank the Chair of the Foundation, Angie Dickschen, her colleagues on the Board, along with the Foundation staff for their valuable contribution.

Whilst I encourage you to read the further detail on our Environmental, Social and Governance efforts and the IOOF Foundation included in our Annual Report, today it is worth noting a couple of key initiatives:

- In September 2018, we announced our support for the Taskforce for Climate-Related Financial Disclosure recommendations. We are proud to join over 30 other large Australian organisations in expressing support for consistent, useful information on the material financial impacts of climate-related risks and opportunities.
- Our multi-manager investment management offering ensures ESG factors are considered by underlying investment managers in their investment decision-making processes in order to protect and manage investments for the long term.
- We recently completed a Responsible Investing Statement of Principles. Implementation of the principles will occur over the course of 2019.
- We also remain committed to the sector with our significant shareholding in Australian Ethical Investment Ltd, Australia's largest dedicated ESG investment manager.

Outlook

Ladies and gentlemen, our business remains strong. We have a transformational acquisition in motion, which Chris will talk about more.

With open architecture, we have options in the face of strategic change.

And are confident that outcomes arising from the Royal Commission will enhance our industry.

We believe IOOF's strategy, unique positioning in the market and the acquisition of the ANZ businesses will cement the company's position as Australia's leading specialist advice-led wealth manager.

To our shareholders, the Board and management of IOOF, thank you again for your support over this past year.

I will now hand over to our Managing Director, Chris Kelaheer.

George Venardos
Chairman
28 November 2018

MANAGING DIRECTOR'S ADDRESS - 2018 ANNUAL GENERAL MEETING
Wednesday, 28 November 2018

Thank you George and good morning ladies and gentlemen.

Year in review

2018 was another challenging year for listed diversified financials and wealth management companies. Nevertheless, I'm pleased to report that even with significant regulatory uncertainty, we have delivered yet another very solid financial performance.

As our Chairman has noted, 2018 saw us deliver the highest profit in the 170-year history of the company.

Underlying net profit after tax for the year was \$191.4m which is an increase of 13%.

Looking ahead, our focus remains on continuing to deliver the best outcomes for our clients and, from there, for our shareholders.

For our shareholders, our total dividend was 54 cents per share, fully franked. Returning profits - year in year out - back to our shareholders remains a feature of IOOF.

Yet again, I am extremely proud of how we have continued to deliver strong financial performance for our shareholders – in the midst of significant regulatory uncertainty from various external factors.

Despite the current pressure on our share price, our business is stronger than ever and with the first part of the ANZ transaction

complete, we are in a very good position to deliver improved financial performance in FY19 and beyond.

My thanks go to all IOOF staff, the Leadership Group and my fellow Board members for their stewardship.

Our people continue to deliver on our purpose to understand our clients, look after them and secure their financial futures for years to come.

Robust business model

As our Chairman has noted, we remain committed to our strategy of organic growth, identifying productivity & efficiency initiatives and growth via acquisition. The 2018 profit result is another testament to our unwavering commitment to this strategy.

Our business model demonstrates our commitment to choice – a key differentiator in a market where vertically integrated models are under scrutiny.

We are proud of our open architecture model which offers the best available solutions in platforms, products and services – be they in-house or external.

This truly sets us apart from our peers and underscores the role of specialist providers in wealth.

Our scale enables us to provide services to our clients at lower cost. With fees reducing across the industry, managing cost becomes increasingly important. The IOOF productivity story remains second to none in the industry.

Elsewhere, we have been proactive in introducing new products across the business and the cost of running these is far lower thanks to our continued investment in technology.

Over the years, we have moved clients proactively to lower cost platforms and we continue to rationalize older platforms to ensure we offer contemporary solutions for all of our clients.

For example – in 2016 we proactively completed the transfer of \$7 billion and 40,000 clients from TPS to Pursuit. This provided cost benefits to these clients of approximately \$10 million. This therefore meant a reduction in revenue to the IOOF Group of ~\$10 million per annum.

These customers are better served using this contemporary, competitive platform and this is a tangible demonstration of IOOFs commitment to clients' best interests.

In short, I am pleased to report that service delivery, overall efficiency and the cost to our clients continues to markedly improve.

Organic growth

On organic growth, total net funds inflow for the year was \$5.8 billion – up 28% on prior year. This is a significant increase on what was an extremely positive outcome in 2017.

One key element of our organic growth is continued attraction of advisers to IOOF licenses. Our adviser numbers continue to grow

and, with the addition over 660 advisers from former ANZ aligned groups, we are now the second largest Advice group in Australia.

Offering open architecture remains a key reason that advisers want to join an IOOF license.

This growth is against system and reveals our relative attractiveness versus our peers.

We are also pleased that our platforms have not shown a marked trend of outflows to industry funds. We continue to see net inflows into our proprietary platforms and third party solutions, which appears to be against trends seen at some of our peers.

Productivity and efficiency

We have continued to deliver productivity and efficiency initiatives across our businesses which results in superior service to our clients.

As our Chairman has noted, we ranked third in Roy Morgan's Client Satisfaction Survey in March 2018. This is a fantastic outcome and is directly related to improvements we are making in service delivery for our clients via ClientFirst.

We continued to refine our core advice-led business model in 2018.

Finally, during the period, we divested our Corporate Trust business for \$51.6 million in October. This means that we are continuing our focus on our key wealth management solution and consistently refining our core portfolio of assets.

Growth through acquisition

Moving on to M&A. In line with our strategy, acquisitions are a key part of IOOF's growth story. During the year, we completed our acquisition of National Australia Trustees Limited with synergy benefits of \$2 million realised.

We also welcomed Ability One to the IOOF Group - a market leading provider of specialist financial advice and life planning to catastrophically injured persons in WA & SA. This acquisition strengthens and uniquely positions AET's Compensation Trust business in the WA/SA market.

We are now the largest Compensation Trustee in Australia.

In October, we announced the economic completion of the acquisition of ANZ's Pensions & Investments businesses and Aligned Dealer Groups. We welcomed over 660 new advisers to the IOOF Group from 1 October this year.

IOOF now has second largest adviser network in Australia.

We look forward to working with these advisers to provide them and their clients an expanded range of quality products and services.

Finalisation of the acquisition is expected following the completion of an internal ANZ successor funds transfer in March 2019. With economic completion having already occurred, our accretion forecasts from the time of the acquisition announcement remain.

Post completion, IOOF will have over \$200 billion in funds under management, administration and advice and we will service over one million customers nationwide.

I am confident that this acquisition will deliver significant benefits for our shareholders.

Summary

So to summarise;

- We recognise that significant external and regulatory uncertainty has impacted all participants in the listed diversified financials space and our peers.
- Still, we have delivered another solid financial performance in FY18.
- The ANZ Wealth Management acquisition remains on track to deliver significant further benefits for shareholders.
- We are confident that our relatively unique business model with open architecture offers the greatest protection in the face of any potential regulatory change.

Thank you for your support during 2018.

Christopher Kelaher

Managing Director

28 November 2018