



30 April 2020

## IOOF Q3 2020 FUMA and COVID-19 business update

### Increased scale and diversification - FUMA grows to \$195.6 billion

Funds under Management, Advice and Administration (FUMA) grew to \$195.6 billion as at 31 March 2020, an increase of 34.2% or \$49.8 billion compared to 31 December 2019.

Mr Renato Mota, CEO of IOOF, said, "IOOF's increased scale and diversification has stood it in good stead during the unprecedented disruption and impacts of COVID-19. The acquisition of the P&I business added \$77.1 billion to our FUMA bringing total FUMA to \$195.6 billion. Total net outflows during this period were \$704 million. Excluding the recently acquired P&I business, net outflows were \$63 million, or 0.04% of opening FUMA.

"Our proprietary platforms saw net inflows of \$180 million, and in financial advice we saw no significant outflows, except for the impact of one advice practice leaving the Group."

Market values of assets were impacted by the consequences of the COVID-19 pandemic, resulting in a \$26.0 billion or 11.7% reduction in total asset values<sup>1</sup>. This is substantially lower than generally observed reductions in equity markets both domestically and globally. By way of example, the ASX All Ords index fell 24.9% over the quarter.

Net flows for the quarter to 31 March 2020 were as follows:

- **Financial Advice:** \$162 million net outflow (prior comparative period (pcp): \$283 million net inflow).
- **Portfolio & Estate Administration:** \$180 million net inflow (pcp: \$183 million net inflow).
- **Investment Management:** \$81 million net outflow (pcp: \$129 million net outflow).
- **P&I:** \$641 million net outflow (pcp: outflow profile broadly consistent with observed outflows under ANZ ownership).

#### Financial Advice

Financial Advice net outflows of \$162 million were impacted by one advice practice from an ex-ANZ Aligned Dealer Group off-boarded during the quarter with \$202 million in funds under advice. Excluding this one-off movement, net flows were marginally positive.

IOOF CEO Renato Mota commented "During this period of significant uncertainty and economic dislocations it is reassuring to see the work our advisers are dedicating to supporting their clients. These COVID-19 related challenges are on top of the existing industry transformation, and it's been pleasing to see advisers recognise the support being provided by IOOF in these unprecedented times."

#### Portfolio & Estate Administration

Portfolio and Estate Administration flows were in line with pcp with net inflows of \$180 million for the quarter.

Mr Mota said, "We have continued to see significant inflows into our proprietary platforms. The competitive and contemporary IOOF Essential, eXpand and Shadforth Portfolio Service platforms are proving popular with advisers resulting in further inflow momentum during the quarter. Several

<sup>1</sup> IOOF asset values as per opening FUMA, 1 January 2020; P&I asset values as at date of acquisition, 31 January 2020.

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enhancements were released during the period, including a managed account solution. This demonstrates our ability to continue to innovate products and services that assist advisers in ensuring their clients' best interests are met.

“Despite disruption caused by the ongoing COVID-19 pandemic, we continue to make progress on our platform transformation (Project Evolve). It remains on track for completion at the end of 2021. This demonstrates our ability to remain agile in a rapidly changing environment.”

### **Investment Management**

The IOOF MultiSeries, MultiMix fixed interest and Cash Management Trusts saw quarterly net inflows, offset by outflows in other investment products.

### **P&I**

The successful addition of the P&I business brought \$77.1 billion of additional funds under administration and management during the quarter.

Mr Mota said, “Scale, economic diversity and business resilience are important contributors to the success of our business transformation. The outflow profile has been a historical constant and while it is early days under IOOF ownership, we continue to see opportunities to simplify the combined businesses to drive efficiencies; improving outcomes for members, clients and shareholders.”

### **Financial strength - Impact of P&I acquisition on debt position**

IOOF has total debt facilities of \$675 million, of which \$355 million was drawn as at 31 December 2019.

Subsequent to half-year end, the acquisition of the P&I business completed on 31 January 2020, at a reduced sale price of \$825 million, subject to a net asset adjustment. The acquisition was funded through:

- \$800 million debt note redeemed on 31 January 2020
- A further \$95 million of cash drawn from IOOF's bank facilities (as set out in Note 6.6 of the FY20 Interim financial report)

The further cash payment made on 31 January 2020 was reflective of the higher net asset position of the P&I business at completion, with a final net asset adjustment process currently underway. As a result, drawn debt as at 31 December 2019, adjusted for the additional drawdown of cash for the P&I acquisition was \$460 million.

Post completion, IOOF retains access to significant undrawn facilities and is well positioned to continue funding key strategic initiatives. Given current market volatility, stress testing of various scenarios are considered on an ongoing basis to ensure the business is well placed to respond at all times.

## **Supporting our advisers and clients - COVID-19 business update**

Mr Mota commented, “Since the onset of the COVID-19 restrictions in Australia, share market and economic impacts, we have seen a surge in demand for financial advice and information.

“Clients are naturally concerned, and somewhat overwhelmed with the swift changes that have taken place. Guided by financial advisers, they seem to be taking a pragmatic and long-term view of their investments.”

“IOOF prides itself on placing the needs of clients and members at the heart of the organisation. It is this ethos which has driven the pace and breadth of response over the past month and credit must go to our people and how they have dedicated themselves in supporting advisers as well as members directly, in an unprecedented time of need.”



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## Financial Advice

For financial advisers, IOOF has ensured continuity of service via; connection, communication, capability and instilling confidence.

- **Connection** - enabling our advice businesses to operate remotely, continue to deliver services and meet the ongoing needs of their clients.
- **Communication** – communicating often and with purpose, ensuring we get information into the hands of those who need it in a timely manner. There have been over 40 communication touch points from Advice Marketing, TechConnect, Advice Research covering relevant topics for both advisers and clients.
- **Capability** – enabling digital and review facilities through online portals.
- **Confidence** – delivering our core services via virtual delivery with 100% of the supporting workforce working remotely. Core services include Continuing Education, Induction Programs, Supervision and Monitoring, Practice Management and Xplan support. 48 webinars have been delivered to network covering a range of these relevant topics.

## Superannuation

IOOF welcomes the Federal Government's initiatives to support those in our community most impacted by the current environment. This includes the ability to withdraw up to \$20,000 from superannuation. IOOF is well placed to support this initiative with minimal business impact given high levels of investment liquidity as well as the diversified demographic nature of our members and clients.

As at 27 April 2020, IOOF (including P&I) has received over 28,500 requests totalling approximately \$200 million in early access to superannuation.

- IOOF (excluding P&I) has received over 6,100 requests totalling \$49 million of funds for early access. As a result of automation developed since the announcement of the superannuation early release scheme, 82% of completed payments were successfully paid within 1 business day. Over 99% of payments have been processed within 3 business days.
- The P&I business has received 22,500 requests totalling \$152 million. Approximately 50% of all requests received by P&I have been completed.

Mr Mota commented, "The speed with which we have been able to assist our clients to access their superannuation funds has been exceptional. I am proud that we have been able to accelerate payment of funds to clients who really need them during these incredibly difficult times."

At its peak, IOOF's service team has experienced a 250 per cent increase in call volume, yet call wait times peaked at 10 minutes, quickly returning to levels below 5 minutes.

Mr Mota noted, "Our ClientFirst philosophy has underpinned our operational transformation over the past 4 years and is proving its worth; not only in the current challenging environment, but also as a competitive advantage as we deliver service excellence through a simpler, more cost-effective business model.

"Our operating model is designed to scale and absorb variation in a way that traditional operating models cannot. Our people are supported by a market leading proprietary workflow system, enabling us to understand the performance of our model remotely, in real time."



## **Strong investment performance and high levels of liquidity**

The IOOF MultiMix Diversified Trusts and IOOF's MySuper offering, IOOF Balanced Investor Trust, have performed strongly over the quarter with first quartile performance out to three years per SuperRatings<sup>1</sup>.

The IOOF and P&I suite of funds are predominantly invested in liquid assets. The high level of liquidity in both portfolios allow for the swift re-balancing of funds.

Mr Mota said, "The high level of liquidity in both the IOOF and P&I suite of funds has meant that we can quickly meet member redemption obligations from the early release of super while retaining asset allocation integrity.

"It is really pleasing to see each of our teams working together to ensure we are looking after our clients during these times."

- ENDS -

This announcement was approved for release by the IOOF Holdings Ltd Board.

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<sup>1</sup> SuperRatings Fund Crediting Rate Survey March 2020 (a net of tax and fees survey)



## Funds movement for the three month period ended 31 March 2020

All amounts \$m	FUMA 31-Dec-19	Acquired FUMA <sup>1</sup>	Net flow	Pensions	Market/ Other	FUMA 31-Mar-20
Financial Advice	58,616	-	64	(133)	(6,776)	51,772
Ex-ANZ Aligned Dealer Groups <sup>2</sup>	18,004	-	(226)	(88)	34	17,724
<b>Funds Under Advice and Distribution Total</b>	<b>76,620</b>	<b>-</b>	<b>(162)</b>	<b>(221)</b>	<b>(6,742)</b>	<b>69,495</b>
<b>Portfolio &amp; Estate Administration</b>	<b>45,505</b>	<b>-</b>	<b>180</b>	<b>(229)</b>	<b>(5,405)</b>	<b>40,051</b>
<b>Investment Management</b>	<b>23,607</b>	<b>-</b>	<b>(81)</b>	<b>-</b>	<b>(2,429)</b>	<b>21,097</b>
P&I - Platform	-	49,112 <sup>3</sup>	(421)	(139)	(6,943)	41,608
P&I - Investment Management	-	28,028 <sup>4</sup>	(220)	(18)	(4,488)	23,303
<b>P&amp;I Total</b>	<b>-</b>	<b>77,140</b>	<b>(641)</b>	<b>(157)</b>	<b>(11,431)</b>	<b>64,911</b>
<b>Total FUMA</b>	<b>145,732</b>	<b>77,140</b>	<b>(704)</b>	<b>(607)</b>	<b>(26,007)</b>	<b>195,554</b>

## Funds movement for the nine month period ended 31 March 2020

All amounts \$m	FUMA 30-Jun-19	Acquired FUMA <sup>1</sup>	Net flow	Pensions	Market/ Other	FUMA 31-Mar-20
Financial Advice	55,735	-	232	(432)	(3,764)	51,772
Ex ANZ Aligned Dealer Groups <sup>2</sup>	16,130	-	591	(270)	1,272	17,724
<b>Funds Under Advice and Distribution Total</b>	<b>71,865</b>	<b>-</b>	<b>823</b>	<b>(702)</b>	<b>(2,492)</b>	<b>69,495</b>
<b>Portfolio &amp; Estate Administration</b>	<b>43,747</b>	<b>-</b>	<b>936</b>	<b>(688)</b>	<b>(3,943)</b>	<b>40,051</b>
<b>Investment Management</b>	<b>22,886</b>	<b>-</b>	<b>(393)</b>	<b>-</b>	<b>(1,397)</b>	<b>21,097</b>
P&I - Platform	-	49,112 <sup>3</sup>	(421)	(139)	(6,943)	41,608
P&I - Investment Management	-	28,028 <sup>4</sup>	(220)	(18)	(4,488)	23,303
<b>P&amp;I Total</b>	<b>-</b>	<b>77,140</b>	<b>(641)</b>	<b>(157)</b>	<b>(11,431)</b>	<b>64,911</b>
<b>Total FUMA</b>	<b>138,498</b>	<b>77,140</b>	<b>725</b>	<b>(1,547)</b>	<b>(19,262)</b>	<b>195,554</b>

<sup>1</sup> P&I FUMA as at 31 January 2020

<sup>2</sup> ANZ ADG FUMA and flows are one month in arrears

<sup>3</sup> At 31 December 2019 per ANZ, \$48.2 billion

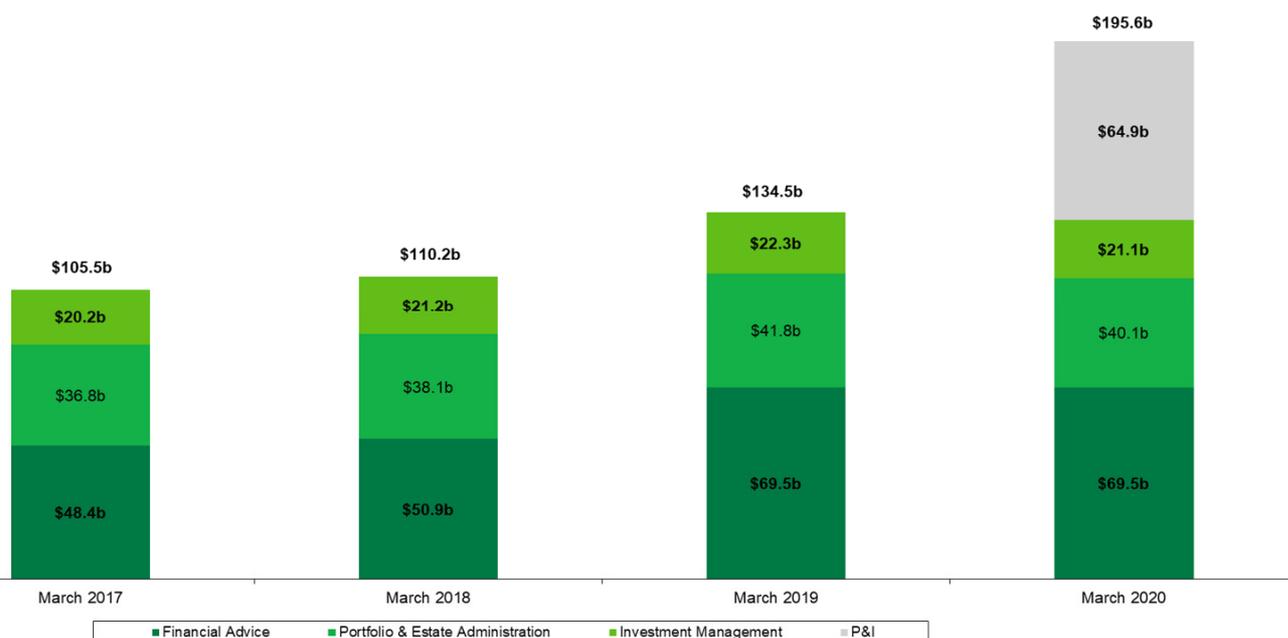
<sup>4</sup> At 31 December 2019 per ANZ, \$26.8 billion. IOOF has included FUM related to ANZ Private Bank Trusts which was noted as excluded by ANZ in previous public disclosures



## Divested during the nine month period ended 31 March 2020

	FUMA 30-Jun-19	Acquired FUMA	Net flow	Pensions	Market/Other	Divested FUMA	FUMA 31-Mar-20
Ord Minnett	11,017	-	310	-	140	-11,467	0

## Funds by Segment



### 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](http://www.ioof.com.au)



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