



IOOF 2021 AGM Report

ASX Code	IFL
Meeting Time/Date	9.30am, 25 November 2021
Type of Meeting	Virtual: http://web.lumiagm.com/370-300-136
Monitor	Christine Haydon assisted by Alan Hardcastle
Pre AGM Meeting?	Yes, with chair Allan Griffiths

Rationalising platforms; eliminating inefficiencies; and embracing millennial investors

What the Company Does

IOOF Holdings Ltd is an ASX 200 listed financial wealth services company that provides clients with a range of products and services including financial advice, investment management, superannuation and estate and trustee services.

Developments in the Financial Year

In May 2021 the Company completed its acquisition of MLC Wealth creating a wealth management business worth more than \$450b in funds under management and administration. It should be noted that the previous financial year witnessed the acquisition of the ANZ Wealth's Pensions & Investment business. Through this aggressive building of scale strategy, IOOF's quest is to drive down its costs and hence become a more competitive player.

Summary of Historical ASA Issues with the Company

The company has changed a lot of the board, senior management and chief risk office since the negative attention during the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in 2018. Subsequent to this, to fund the acquisition of the MLC Wealth business, the company undertook a significant capital raising in August 2020, ASA's preferred method is a renounceable rights/entitlement offer (eg PAITREO) which treats all shareholders equally and this was discussed with the board. Notwithstanding these concerns, the ASA has supported all AGM resolutions since at least 2018.

Debate and Voting at the AGM

In what was a smooth 50 minute meeting, all resolutions were passed with almost 100% shareholder support. The Lumi technology worked effectively and, although no shareholders went live vocally, all questions submitted by text online were answered comprehensively by the chair.

The AGM resolutions requiring a vote included the re-election of chair Allan Griffiths; re-election of non-executive director (NED) Andrew Bloore; adoption of the remuneration report; the granting of performance rights to the CEO; increasing the total fee pool for NEDs; and the approval of a company name change to Insignia Financial Limited (IFL ASX code to remain).

This AGM was held against the backdrop of a just held AFR Super & Wealth Summit at which a number of speakers espoused the view that ham-fisted ASIC regulations have meant average Australians now need to fork out \$5,000 for a financial plan – too much of a stretch for the average Aussie.

Chair Allan Griffiths' presentation content focused on the changing face of Australia's investing community; the shift in financial power to Millennials (those born between 1980 and 1995); the critical need to meet their financial advice requirements; and the opportunity open for IFL to deliver **affordable** advice.

The chair also emphasised that IFL is very pre-occupied with Environmental, Social and Corporate Governance (ESG) demands.

In answer to an ASA question, Mr Griffiths explained that IFL uses a blend of in-house and external fund managers, the strategy being to tap the most efficient and best performing manager options. And interestingly, having spoken at some length about the threat of "finfluencers", the chair was able to assure one shareholder that IFL was embracing fintech changes and opportunities. In fact, Mr Bloore is highly experienced and credentialed in that area.

CEO Renato Mota addressed in general the Company's ongoing rationalisation of internal systems and platforms and the digesting of both ANZ P & I and MLC Wealth businesses. Importantly, he reiterated that the goal of achieving \$218m per annum cost efficiencies by end FY2024 was on track.

The highly competitive 'platform' segment - occupied by larger players such as AMP and Westpac, and smaller but more aggressive companies such as Netwealth and HUB24 – is very much key to IFL's future. The CEO reported that IFL's proprietary Evolve platform is growing with net funds' inflows.

The IFL operation is predicated on financial advisers (planners) and Mr Mota, in answer to an ASA question, noted that adviser numbers – presently totalling about 1883 - are expected to start growing again mid FY22. IFL employed adviser numbers are now stable; self-employed are growing; and self-licensed are falling.



The corporate brand name shift from IOOF to Insignia Financial is expected to become effective in the next few weeks. The existing client-faced brands – such as Bridges, Shadforth, Godfrey Pembroke et al - will continue. However, the Company is undertaking an holistic marketing review of its brands with a view to addressing fund outflows.

Outlook Statements from the Company

The outlook for IFL in terms of hard facts and figures was not covered in great detail in the CEO's AGM address. From both his address and the Company's FY22 first quarter update there's much emphasis on the ongoing simplification of the overall business as ANZ P & I, MLC Wealth and IFL's existing business are integrated.

“Significant progress” has been made within the first six months of MLC ownership while there’s been ongoing organisational changes including a “repoint of the technology division to Frank Lombardo, chief operating officer”, pointed out Mota.

IFL is a work in progress as the Company ingests two large acquisitions while also facing aggressive competition from smaller companies unburdened by having to upgrade from legacy systems.

Lowering its cost base and developing an affordable advice model are the imperatives. For shareholders, it’s very much wait and see...

Meeting Statistics

Number of Holdings Represented by ASA	116
Number of Shares represented by ASA	1m (well outside the top 20 shareholders)
Value of Shares represented by ASA	\$3.75m
Number Attending Meeting	36 shareholders plus 243 visitors
Market capitalisation	\$2.43b
Were proxies voted?	Yes, on a poll

Monitor Shareholding

The individual involved in the preparation of this voting intention has no shareholding in this company.

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