2014 half year results

21 August 2014

Craig Meller
Chief Executive Officer

Gordon Lefevre
Chief Financial Officer

Executive summary

Financial performance

- 1H 14 net profit of A$382m (1H 13: A$393m) and underlying profit of A$510m (1H 13: A$440m)
- 16% lift in underlying profit with double digit growth from all contemporary businesses
- Solid net cashflows in Wealth Management and mortgage growth in AMP Bank, along with A$3.7b turnaround in AMP Capital external net cashflows
- Wealth Protection earnings recovery underway, with management actions driving improvements in claims and stabilising lapse rates – more work still to do
- Costs managed tightly, with controllable costs in line with guidance and cost to income ratio improved 3.4 percentage points to 45.0%
- Business efficiency program delivering to plan; targets unchanged
- Strong capital position, with surplus above MRR of A$1.9b; underlying RoE improved to 12.5%

Strategy execution

Solid results underpinned by continued progress in execution of key components of strategy:

- Transforming the core Australian domestic business by re-orienting the business to centre on customers, driving business growth and stabilising Wealth Protection
- Reducing costs to maintain market leading efficiency and reinvest in customer-centric initiatives
- Expanding selectively in key offshore markets

Dividend

- 9% lift in interim dividend to 12.5 cents a share, franked to 70%
- DRP neutralised – no net change to shares on issue

1H 14 profit summary

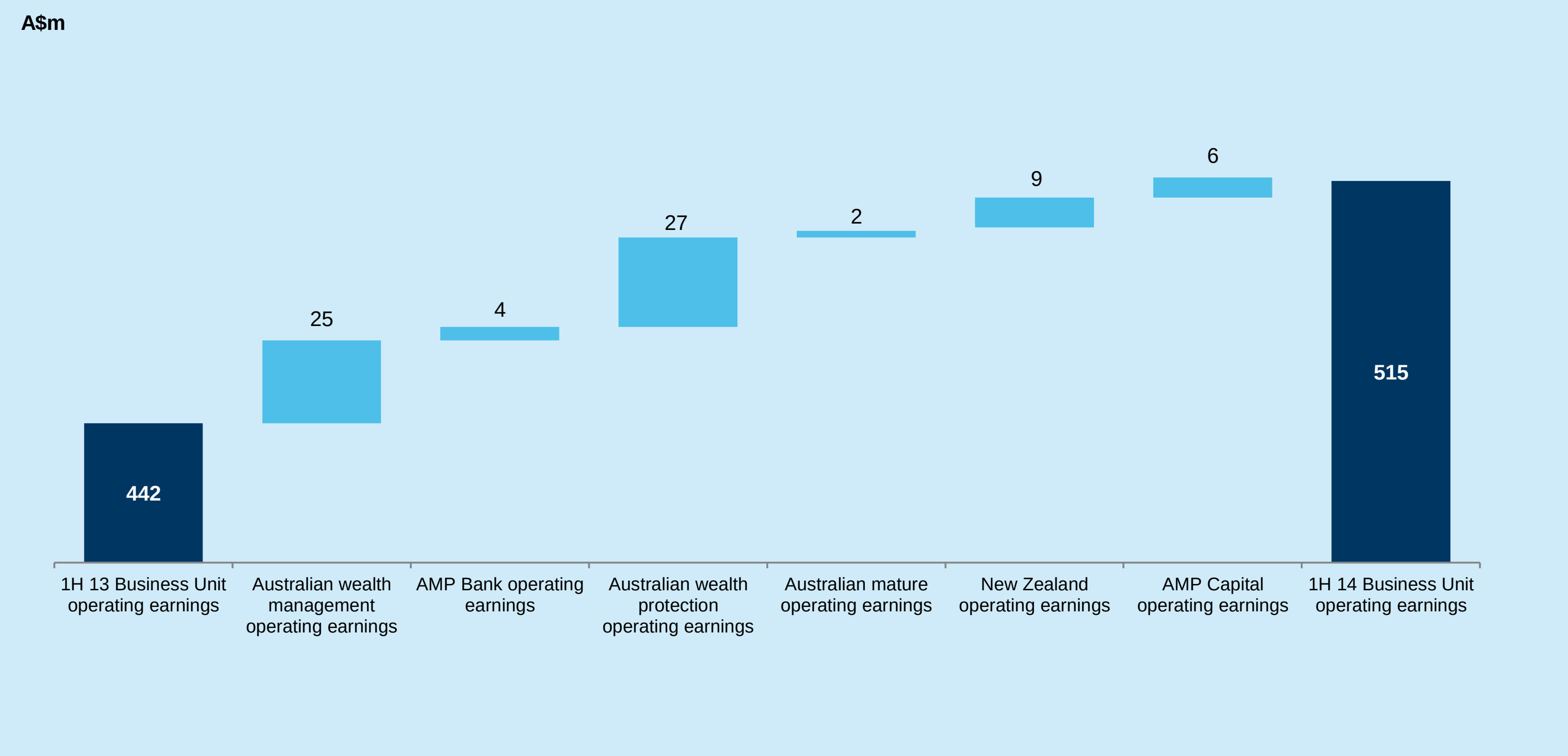
A$m	1H 14	1H 13	%
Australian wealth management	**183**	158	16%
AMP Bank	**42**	38	11%
Australian wealth protection	**91**	64	42%
Australian mature	**87**	85	2%
New Zealand financial services	**55**	46	20%
AMP Capital[1]	**57**	51	12%
BU operating earnings	**515**	**442**	**17%**
Group Office costs	**(32)**	(32)	-
Total operating earnings	**483**	410	**18%**
Underlying investment income[1]	**69**	66	5%
Interest expense on corporate debt	**(42)**	(36)	(17)%
Underlying profit	**510**	440	**16%**
Other items[1,2]	**(3)**	(5)	-
AXA integration costs	**(11)**	(31)	-
Business efficiency program	**(49)**	-	-
Amortisation of AXA acquired intangible assets[1]	**(44)**	(47)	-
Profit before market adjustments and accounting mismatches	**403**	**357**	**13%**
Market adjustments[1,3]	**10**	18	-
Accounting mismatches	**(31)**	18	-
Profit attributable to shareholders of AMP Limited	**382**	**393**	**(3%)**

Notes

1. Net of minority interests
2. Refer to p24 of 1H 14 Investor Report for details
3. Refer to p25 of 1H 14 Investor Report for details

1H 14 business performance

17% uplift in business operating earnings with improvement across the board



Business unit results
Section 2

Wealth management – overview

Continued growth in operating earnings despite revenue margin compression

Key performance measures	1H 14	1H 13
Operating earnings (A$m)	183	158
Controllable costs (A$m)	(256)	(251)
Net retail cashflows on AMP platforms (A$m)	1,625	1,172
Total net cashflows (A$m)[1]	1,116	1,383
Investment-related revenue to AUM (bps)[1,2,3]	118	122
Operating earnings to AUM (bps)[1,3]	36	35
Cost to income ratio	48.2%	50.9%

- Operating earnings up 16% reflecting revenue growth and good cost control
- Costs contained and cost to income ratio reduced by 2.7 percentage points
- Operating margin up 1 bp to 36 bps despite revenue margin compression
- AUM increased 13% to A$103.8b from A$91.8b at 1H 13
- Margin compression in line with medium term guidance of 3.5%-4.5% pa over 2011-2017 period, incorporating MySuper implementation
  - Since 2011, average annual margin compression has been 3.5%
  - However, with MySuper transitions now underway, average annual compression expected to be around higher end of guidance range through to 2017, and may be volatile from period to period

Notes

1. Excludes SMSF
2. Revenue on superannuation, retirement income & investment products
3. Ratio based on 181 days

Wealth management – cashflows

Robust AMP platform net flows offset by external platform outflows

Net cashflows summary (A$m)	1H 14	1H 13
AMP Flexible Super[1]	945	969
North[1]	2,359	1,864
Other products and platforms[1]	(1,679)	(1,661)
Total retail on AMP platforms	**1,625**	**1,172**
SignatureSuper and Flexible Super (employer)	349	345
Other corporate superannuation[1]	(243)	(124)
Total corporate superannuation	**106**	**221**
Total retail and corporate super net cashflows on AMP platforms	**1,731**	**1,393**
External platforms	(615)	(10)
Total Australian wealth management	**1,116**	**1,383**

– 39% growth in retail net cashflows on AMP platforms, driven largely by ongoing success of North platform

– North net cashflows up 27% to A$2.4b in 1H 14, with 50% directed to pension accounts. Almost 20,000 new North customers in the period

– Total wealth management cashflows down 19% on 1H 13, reflecting outflows on external platforms

– 1H 13 external platform flows largely driven by new practices joining AMP; adviser movements limited in 1H 14 due to uncertainty over FOFA grandfathering provisions

– A$1.6b in MySuper AUM at 1H 14, with A$1b+ in new contributions and over A$500m from Corporate Super funds transitioning

– 16 new SME and large corporate mandates won in Corporate Super in 1H 14; transitions planned over next 6 months

– Australian adviser numbers up 2% to 3,860 since December 2013

Notes

1. For details see p8 of 1H 14 Investor Report

AMP Bank – overview

Growing contribution to group despite period of intense price competition

Key performance measures	1H 14	1H 13
Operating earnings (A$m)	42	38
Controllable costs (A$m)	(26)	(25)
Cost to income ratio	30.6%	31.5%
Net interest margin	1.35%	1.39%
Residential mortgage book (A$m)	13,486	12,335
Deposits (A$m)	8,889	8,427
Return on capital	14.5%	15.4%

- 11% rise in operating earnings
- 10% increase in total loans on 1H 13, including 9% increase in residential mortgages
- AMP aligned adviser channel now contributes 23% of the bank's new mortgage business up from 20% in 1H 13
- Contraction in net interest margin reflecting strong price competition and a higher proportion of fixed rate mortgages
- Capital adequacy ratio at 12.0% (11.8% at December 2013) and Tier 1 capital ratio at 9.0% (8.7% at December 2013)
- Asset quality remains strong with mortgages in arrears (90+ days) at 0.44% down from 0.51% 1H 13

Wealth protection – overview

Management actions gaining traction – more work still to do

Key performance measures (A$m)	1H 14	2H 13	1H 13	2H 12	1H 12
Profit margins	88	102	97	110	109
Capitalised (losses)/reversals	-	(48)	-	-	20
Experience profits/(losses)	3	(54)	(33)	(54)	5
Income protection (IP)	11	9	(11)	(17)	15
Lump sum	(7)	(3)	(7)	2	(1)
Group	(13)	(31)[1]	(6)	(13)	-
Lapses	8	(21)	(12)	(20)	(9)
Other	4	(8)	3	(6)	-
Operating earnings	91	-	64	56	134
Individual risk API	1,453	1,448	1,395	1,389	1,328
Individual risk lapse rate	13.8%	15.5%	13.9%	14.8%	12.9%
Cost to income ratio	35.9%	71.4%	44.1%	40.3%	27.9%

- Experience across the book broadly in line with best estimate assumptions, with strong IP claims experience partially offsetting previously flagged poor Group experience
- Positive lapse experience in 1H 14 includes some benefits of seasonality expected to unwind in 2H 14
- Subdued API growth as management focused on driving value over volume during period
- Individual lapse rate largely steady on 1H 13

Notes

1. Includes IBNR assumption changes and other experience losses

Wealth protection – improvement plan

Focus now on embedding improvements in business to ensure sustainability

1H 14 results reflect success of management actions, including:

- › improved claims management processes for in-force claims, which have reduced claims reserves
- › retention campaigns targeting customers with higher propensity to lapse

Next steps

- – Longer-term strategic initiatives now building on these activities, including:
  - › fundamentally different claims management approach – initial pilot in 2H 14
  - › new claims management platform – first release expected late 2H 14
  - › targeted retention programs for customers and advisers
  - › new insurance proposition built around customer needs – currently testing concepts; aspects of new offer expected to be in market next year on ‘test and learn’ basis
- – Shift in philosophy to help customers return to health and work, rather than simply pay a benefit, delivering encouraging results in customer satisfaction and commercial outcomes in early pilots

Guidance

- – 2H 14 profit margins expected to increase slightly relative to 1H 14
- – Best estimate assumptions unchanged from FY 13 guidance
- – Continue to anticipate aggregate FY 14 claims will be broadly in line with FY 13 experience, with gradual improvements from FY 14
- – Group risk experience outcomes in 2H 14 should improve post repricing actions
- – FY 14 best estimate lapse assumptions around 1 percentage point worse than FY 13 lapse experience; gradually reverting to levels approximately in line with FY 12 experience by 2017
- – Gradual reversion of best estimate claims and lapse assumptions to lower longer term levels, combined with increasing costs from strategic investment, will require ongoing delivery of improved lapse and claims outcomes to avoid re-emergence of negative experience

New Zealand and Mature – key performance measures

New Zealand performing well in a challenging market

New Zealand	1H 14	1H 13
Profit margins (A$m)	46	36
Experience profits/(losses) (A$m)	(1)	1
Operating earnings (A$m)	55	46
Net cashflows (A$m)	188	3
Individual risk API (A$m)	279	254
Individual risk lapse rate	13.3%	11.6%
Cost to income ratio	31.6%	37.2%

- 20% increase in NZ operating earnings driven by currency benefit, solid business growth and good cost control
- Cashflows reflect continued success of KiwiSaver, driving total AUM up 14% to A$12.6b at 1H 14
- Reconfirmed as KiwiSaver default provider for another 7 years in 1H 14
- Business focused on reducing costs and increasing revenue ahead of the tax change for NZ life insurance companies from 1 July 2015
- Cost to income ratio down 5.6 percentage points

Mature	1H 14	1H 13
Operating earnings (A$m)	87	85
Assets under management (A$b)	22.5	22.8
Persistency	89.7%	89.1%
Controllable costs (A$m)	(30)	(31)
Cost to income ratio	17.7%	18.6%

- Mature portfolio continues to deliver solid operating earnings, reflecting good investment markets and tight cost control
- Remains a profitable, high returning part of business with return on business unit equity of 41% in 1H 14

AMP Capital – overview

Strong offshore partnerships with national champions and focus on high value add investment products delivering results

Key performance measures	1H 14	1H 13
Operating earnings (A$m)	57	51
Fee income (A$m)	250	229
Performance and transaction fees (A$m)	22	16
Controllable costs (A$m)	(160)	(152)
Cost to income ratio	62.4%	63.3%
Total external net cashflows (A$m)	1,642	(2,070)
AUM (A$b)	144.4	131.0

– 12% lift in operating earnings, driven by strong fee growth, which more than offset 5% increase in controllable costs

– Increase in performance fees driven by strong investment performance across infrastructure funds, external equity mandates and private equity investments

– Increase in controllable costs largely a result of higher employee-related costs from property development pipeline, overseas expansion and improving investment performance

– Cost to income ratio well within 60%-65% target

– $3.7b turnaround in external net cashflows following encouraging early success of asset management joint venture with China Life and turnaround in Japanese retail flows

AMP Capital – cashflows and investment performance

A$3.7b turnaround in external cashflows driven by partnerships, high value add funds and strong investment performance

External net cashflows (A$m)	1H 14	1H 13
Japan	743	(1,365)
China[1]	557	-
Other international and external	342	(705)
Total external net cashflows	**1,642**	**(2,070)**

Net cashflows (A$m)	1H 14	1H 13
Internal	(1,598)	(1,715)
External	1,642	(2,070)
Total net cashflows	**44**	**(3,785)**

Cashflows

- Positive Japanese retail flows as a result of MUTB partnership and broadened product offerings eg European REIT fund and Global Financial High Income Securities Fund
- China Life AMP Asset Management joint venture has raised A$3.7b since January
- Around A$900m in two new MySuper investment options since January, in partnership with our Australian wealth management business
- Activated A$5b property development pipeline with strong support from global pension fund clients
- NZ$1bn NZ property portfolio transaction with Canadian pension fund, with AMP Capital retaining management of assets
- Infrastructure Debt Fund II attracted more than US$750m to date in commitments from 40 clients in 6 countries; will come through in net cashflows over next 12-24 months
- Internal net cash outflows partly driven by mature book run-off

Investment performance

- 76% of AUM met or exceeded client goals over 3 years to June 2014; 70% over 1 year period to June 2014
- 65% of flagship funds have a buy rating from their relevant consultant or research house

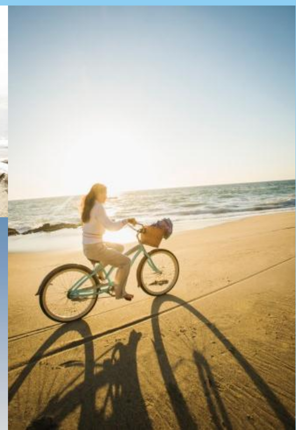
Note:

1. Represents AMP Capital's 15% share in cashflows of China Life AMP Asset Management joint venture

Financial overview
Section 3





Financial overview – key points on P&L

Main accounting mismatch relates to adverse impact from treasury shares due to higher AMP share price

A$m	1H 14	1H 13	%
Underlying profit	**510**	**440**	**16%**
Other items[1,2]	(3)	(5)	
AXA integration costs	(11)	(31)	
Business efficiency program	(49)	-	
Amortisation of AXA acquired intangible assets	(44)	(47)	
Profit before market adjustments and accounting mismatches	**403**	**357**	**13%**
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Profit attributable to shareholders of AMP Limited	**382**	**393**	**(3%)**

Notes:
1. Net of minority interests
2. See p24 of 1H 14 Investor Report for details
3. See p3 of 1H 14 Investor Report for details

Financial overview – balance sheet and regulatory capital

AMP

Maintained low corporate gearing and appropriately conservative regulatory capital surplus above MRR

A$m	1H 14	FY 13	Change
Shareholder equity	8,190	8,154	36
Total corporate subordinated debt	1,008	1,274	(266)
Total corporate senior debt	700	700	-
Total capital resources[1]	**9,898**	**10,128**	**(230)**
Regulatory capital resources	3,539	3,698	(159)
Shareholder regulatory capital resources above MRR	**1,943**	**2,080**	**(137)**
Debt metrics and liquidity			
Corporate gearing[2]	12%	13%	1pp
Interest cover (underlying)	12.3 times	12.3 times	-
Group cash (A$m)	677	796	(119)
Undrawn syndicated loan (A$m)	500	500	-

- Overall strong capital position
- Corporate gearing ratios, interest cover and liquidity within prudent bounds
- AMP Notes (A$266m) redeemed for cash in May 2014
- Based on APRA’s planned final capital standards for conglomerate groups, AMP expects to meet requirements from within existing capital resources

Notes

1. For further details see p26 of 1H 14 Investor Report
2. Based on S&P methodology

Financial overview – interim 2014 dividend

9% increase in interim dividend

Interim 2014 dividend of 12.5 cents per share, franked to 70%, representing a first half payout ratio of 73% of underlying profits

– AMP Limited target dividend payout ratio of 70% to 80% of underlying profit

– DRP will remain in place, no discount will apply to the allocation price

– Shares will once again be acquired on-market to satisfy entitlements under the DRP

Financial overview – maintaining cost control

1H 14 total controllable costs of A$650m

– Controllable costs within guidance, despite removal of R&D credits and adverse impact of stronger NZ dollar exchange rate

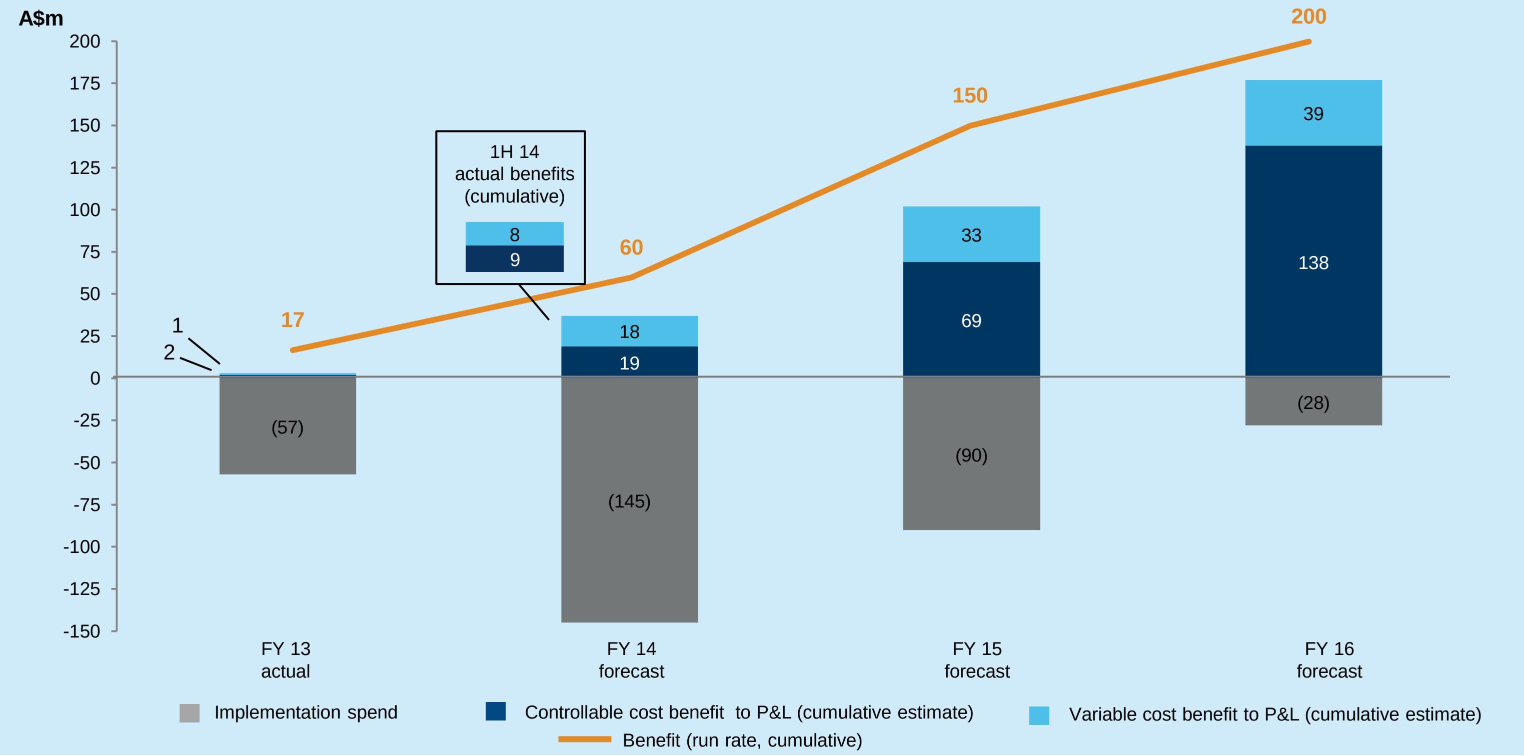
– Business efficiency program on track; any benefit outperformance being re-invested in customer and growth initiatives

FY 14 controllable cost guidance confirmed at around 1.5% growth on FY 13

– FY 14 controllable costs expected to increase by 1.5% following removal of R&D tax credits (FY 13: A$15m) and anticipated stronger NZ foreign exchange rate

Financial overview – business efficiency program

Benefits on track to achieve A$200m pre tax run rate savings by end 2016



- Business efficiency program well into execution, with strong business commitment and project discipline driving results
- No change to FY 16 run rate forecast or delivery profile
- Estimated net run rate benefits at a business unit level remain in line with those outlined at AMP's 1H 13 results
- Efficiency benefits previously attributed to AFS will predominantly emerge within wealth management, wealth protection and mature, broadly in line with their existing proportion of controllable costs
- Variable cost savings expected to emerge evenly across Australian wealth management and AMP Capital
- Acceleration of benefits delivery has created capacity for accelerated investment in capabilities to deliver better growth initiatives
- One-off program costs of A$320m pre tax over 3 years funded through future retained earnings and existing capital surplus

Financial overview – business efficiency program

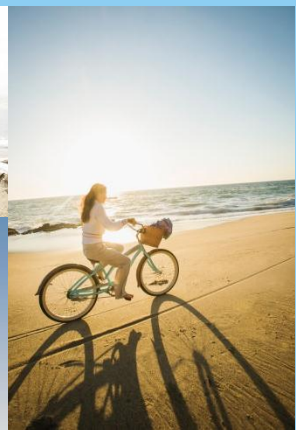
Program fully mobilised and focused on execution

FY 14 focus areas	1H 14 achievements
Full implementation of organisation design, increasing spans of control and reducing layers of bureaucracy and management	Majority of changes completed. Now bedding down customer focused operating model
Complete multi-asset fund consolidation. Reduce asset management pay-away	Run rate benefit achieved. Positive impact on margins on internal AUM in AMP Capital and on investment management margins in Australian wealth management. Further opportunities being reviewed
Complete rationalisation of support functions	Complete – governance, strategy, HR and legal
Continue implementation of IT infrastructure projects to include data, storage and system support	Projects underway and tracking well. Majority of run rate benefits will be achieved by 2H 15
Implement key phases of outsourcing and automation of back office processes	Early transitions complete, with positive results
Implement initial phases of finance transformation	Implementation underway
Capture process efficiencies driven through customer value lens	Foundation of a customer-driven continuous improvement culture being embedded

Delivering AMP’s promise
Section 4





Charting a path to stronger growth

Consistent, focused strategy builds on current strengths to re-orient organisation around customer

Growth strategy framed by four key decisions:

1. Prioritise investment in A$2.3t[1] Australian wealth management market by building on leading market positions to capture growth as industry doubles in size[2] by 2022
2. Transform core Australian business **to centre on customer**, driving stronger revenue growth from target segments to remain relevant in a fast changing world
3. Reduce costs to maintain market-leading efficiency and reinvest in new customer solutions
4. Invest selectively in **Asia and internationally** through AMP Capital by leveraging business model experience and investment capabilities in demand globally to move profitably into new markets

Notes

1. Australian Bureau of Statistics managed funds industry in Australia, March 2014
2. DEXX&R projections, May 2013

Transformation of core Australian business underway

Foundation for growth in place

1H 14 outcomes

- Digital platform launched – market leading smartphone and tablet applications for customers
- New operating model driving improved customer focus
- Rewrite of customer documentation to simplify message and reduce duplication
- Piloting programs to create more appealing products using human-centred design and behavioural economics principles
- Customer measurement system pilots in place
- Strategic culture change program covering 4,600 staff launched
- Completed migration of legacy platforms (Summit, Generations, iAccess) onto North's contemporary technology

2H 14 planned activities

- New content management system to enable personalised customer content delivery across all platforms, including digital
- Developing strategies to target priority customer segments and guide operational planning
- Continuing to build data analytics infrastructure, including selection of a data analytics strategic partner
- Piloting new advice model pilots
- Rolling out more customer-friendly amp.com.au website with initial online product fulfilment, starting with superannuation
- Call centre telephony re-platforming and staff up skilling underway
- First launch of bundled product solutions
- Streamlining mortgage origination processes
- First release of new claims platform

Investing selectively in offshore growth

Strategy to expand meaningfully offshore progressing well

Building partnerships with national champions

- China Life AMP Asset Management joint venture launched 2 funds raising A$3.7b in net cashflows from Chinese retail and institutional investors to date
- Managing A$6.1b for clients in Japan
- Now have 7 retail and 4 institutional funds in-market with MUTB in Japan, with A$1.3b in funds under management
- MUTB has successfully raised A$328m from 29 institutional clients for Infrastructure Debt Fund II
- New funds being offered in Japan include European REIT Fund and Global Financial High Income Securities Fund
- Expanding offering in Asia by extending new UCITS platform to Asian investors
- Global Listed Infrastructure Fund and Global Real Estate Securities fund now available to Asian institutional investors

Targeting pension funds globally

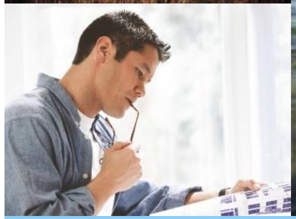
- A$11b in AUM currently sourced from international investors
- Now managing more than A$4.7b on behalf of 104 global pension funds
- More than US$750m in commitments for Infrastructure Debt Fund II from 40 global investors
- Launched new Asia Quant Fund targeting pension funds, sovereign wealth funds and family offices
- Activated A$5b Australian property development pipeline with Canada and Middle East pension and sovereign wealth funds as cornerstone investors
  - 1st stage of Macquarie shopping centre redevelopment opened
  - Major redevelopments underway at Pacific Fair and Ocean Keys; 3 other shopping centre redevelopments proposed
  - Good progress in A$1b Quay Quarter redevelopment opportunity
- Managing property portfolio of A$14b on behalf of external clients

Summary

Momentum building across the business as strategy gains traction

- Growth in all contemporary businesses underpinning significant increase in underlying profits
- Substantial progress on strategy execution
  - Wealth Protection business stabilising
  - Business efficiency program delivering as planned, creating capacity for reinvestment while hitting cost targets
  - Strong foundations being built for customer-focused transformation of core Australian business
  - Offshore expansion delivering significant cashflows in short term and strong growth potential in long term
- Balance sheet remains strong, with surplus capital of A$1.9b above MRR
- Underlying return on equity increased 1.3 percentage points to 12.5%
- Dividend increase and continued DRP neutralisation

Appendix
Section 5



Guidance summary

Controllable costs

– FY 14 controllable costs expected to rise by around 1.5% from FY 13

› Growth in underlying costs from CPI and wages expected to be fully offset by business efficiency program. Any outperformance in business efficiency program likely to be directed to further investment in customer and growth initiatives

› Removal of research and development tax credits (FY 13: A$15m; FY 12: A$13m) and anticipated stronger NZ foreign exchange rate will lift total controllable costs by around 1.5%

– Expected business efficiency program pre tax costs of A$145m in FY 14, A$90m in FY 15 and A$28m in FY 16

– Business efficiency program estimated cumulative controllable cost benefit to P&L of A$19m in FY 14, FY 15 A$69m, FY 16 A$138m (see chart 19 for estimated variable cost savings)

– Estimated incremental AXA integration cost synergy benefit of A$17m (post tax) expected in FY 14

– Amortisation of acquired AXA intangibles of approximately A$89m in FY 14 (post tax)

– AMP Capital is targeting a cost to income ratio of 60%-65% for FY 14

Wealth management

AMP continues to expect average margin compression of 3.5%-4.5% per annum over the MySuper implementation period from 2013 to 2017; as MySuper plan transitions have now commenced, average compression is expected to be around the higher end of this range, as previously guided, through to 2017 and may be volatile from period to period

Wealth protection

– 2H 14 profit margins expected to increase slightly relative to 1H 14

– Best estimate assumptions unchanged from FY 13 guidance

– Continue to anticipate aggregate FY 14 claims will be broadly in line with FY 13 experience, with gradual improvements from FY 14 from the expected impact of management actions currently underway

– Group risk experience outcomes in 2H 14 should improve post repricing actions

– FY 14 best estimate lapse assumptions around 1 percentage point worse than FY 13 lapse experience; gradually reverting to levels approximately in line with FY 12 experience by 2017

– Gradual reversion of best estimate claims and lapse assumptions to lower longer term levels, combined with increasing costs from strategic investment, will require ongoing delivery of improved lapse and claims outcomes to avoid re-emergence of negative experience

Mature

Expected to run off between 4%-6% per annum; in volatile investment markets this run-off rate can vary substantially

Dividend policy

Full year payout ratio of 70%-80% of underlying profit

Capital

– APRA has released its planned final capital standards for conglomerate groups but deferred implementation to allow for any potential changes that may result from the FSI recommendations and the Government’s response to them. APRA has committed to providing a minimum 12 months’ transition time before any new standards come into force

– AMP expects to be compliant with the requirements when implemented. Based on the standards in their current form, AMP expects to meet additional capital requirements from within existing capital resources

– The rate of return used for calculating underlying investment income on total shareholder assets in FY 14 will be unchanged from FY 13 (3.0% pa after tax on total shareholder assets, except for DAC which will be 1.8% pa after tax)

Advice overview – adviser numbers

	1H 14	FY 13	1H 13	Change Dec 13 to Jun 14
AMP Financial Planning	1,716	1,706	1,662	10
Charter Financial Planning & Futuro	917	934	890	(17)
Hillross	373	367	359	6
Jigsaw Support Services	251	171	183	80
Genesys Wealth Advisers	214	219	237	(5)
ipac	159	176	173	(17)
Horizons Academy & Practice	119	142	122	(23)
SMSF Advice	93	57	16	36
AMP Direct	18	30	38	(12)
Total Australia	**3,860**	**3,802**	**3,680**	**58**
AMP New Zealand	581	604	606	(23)
Total financial advisers	**4,441**	**4,406**	**4,286**	**35**

Regulatory environment

Development	Impact/issues	AMP position
Future of Financial Advice amendments gazetted 27 June 2014	Improved mobility of financial advisers in industry Reduced red tape and paperwork	Expecting some shifts among advisers as restrictions on mobility lifted AMP well positioned to benefit from more advisers electing to join AMP networks Working with advisers to help reduce red tape further to lift productivity
Recommendations of: Senate Economics References Committee inquiry into the performance of ASIC (26 June) and Financial System Inquiry interim report (15 July)	Increased scrutiny of quality of advice	Committed to market-leading practices in professional standards and quality of financial advice Horizons entry standards already among highest in industry – 10wk Academy course followed by 9-month supervised placement in practice Lifting standards higher with announcement on 21 August 2014 that all advisers will be required to have specific post-graduate equivalent qualifications within 5 years, or 5 years of joining network Working with St James Ethics Centre and other associations to further develop training on responsible and ethical decision making, for advisers and staff, and open to others in industry Quality of advice supported by trusted brand providing robust monitoring and supervision within strong compliance framework
	Questions raised about benefits of vertical integration in financial service	Best possible consumer safety net; large institution standing behind advice offered by professional financial advisers Structure where advice, solutions and services designed as a package to meet customer goals provides significant benefits to customers, including access to affordable advice Provides extra layer of training, investment and supervision
	Concerns about cost of superannuation system compared with overseas pension systems	Similar concerns behind Cooper recommendations, resulting in MySuper implementation on 1 January 2014; need time for this reform to work through Competitive pressures, including MySuper, reducing revenue margins between 3.5%-4.5% pa in wealth management business Valid comparisons with overseas systems need to account for inclusion of insurance, active management and investment choice, and ability to invest in long term assets such as infrastructure Best basis for comparisons is net return to consumers
	Increased focus on development of retirement incomes market	AMP already No. 2 in retirement incomes market; A$29b in retirement assets under management A$1b+ of 1H 14 flows onto North platform directed to account-based pension products Complex issues need to be addressed in policy setting; requires in-depth, holistic review to set retirement incomes framework to meet evolving community demands

Important disclaimer

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