



Highlights from the 2018 Planner Technology and Business Survey

Thank you

Thank you again for taking part in our recent Planner Technology and Business Survey.

Your participation has provided valuable insights, helping our clients to better understand your planning practice needs and the challenges you are facing. An important goal for us, and our clients, is to translate these insights into better products and services for you.

The contents of this short report gather some of the most interesting results from the research.

I hope you find the insights as fascinating as we did.

Yours sincerely,

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Executive Chairman and Founder

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Methodology and scope

The 2018 Planner Technology and Business Survey examines how financial planners' businesses are evolving, and their adoption and use of technology.

These findings are based on a detailed quantitative online survey conducted between April and May 2018.

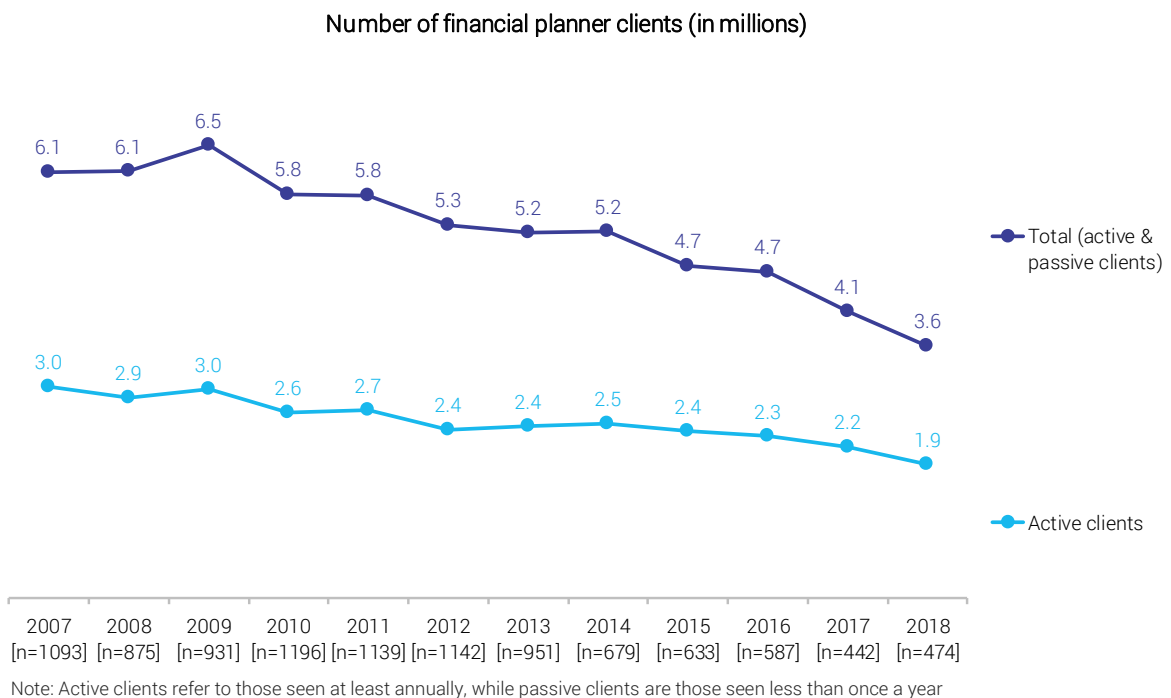
A total of 804 valid responses were received after data cleaning and de-duplication. The maximum sampling error (centre of the range) at the 95% confidence interval for this sample is +/-3.4%. Note that analysis of smaller subgroups will have a higher sampling error.

This is the fifteenth edition of this survey. The 2018 Planner Technology Report was released to Investment Trends' clients in June 2018.

Number of financial planning clients

The total pool of clients advised by financial planners has shrunk further

The overall number of financial planner clients continues to decline. Only 1.9 million active clients remain nationwide, down from 2.2 million in 2017. The fall in client numbers was driven primarily by increased attrition and subdued new client acquisition. In the last 12 months alone, the average planner lost 35 active clients relationships, while gaining only 20 new relationships over the same period.

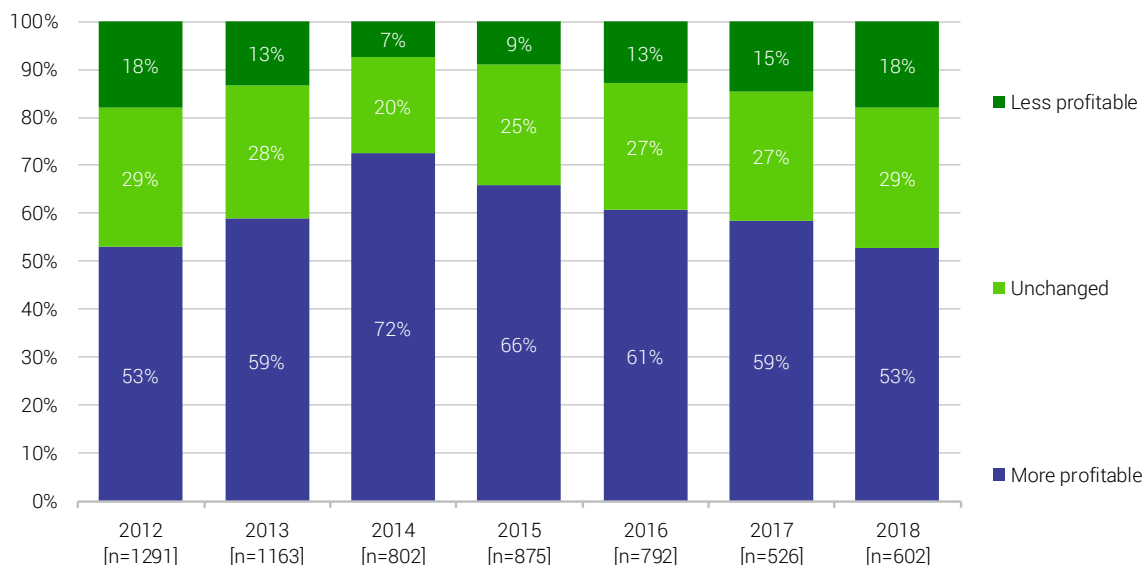


Profit growth of planning practices

Self-assessed planning business profitability growth continues to fall

The profit growth of financial planners' businesses continues to struggle. The share of planners reporting year on year practice profitability growth (53%) has fallen to the lows of 2012, when planning businesses were being re-engineered for Future of Financial Advice reforms (down from 59% in 2017 and 61% in 2016).

Q2 Roughly how profitable was your planning practice this year versus the year before?
Among financial planners



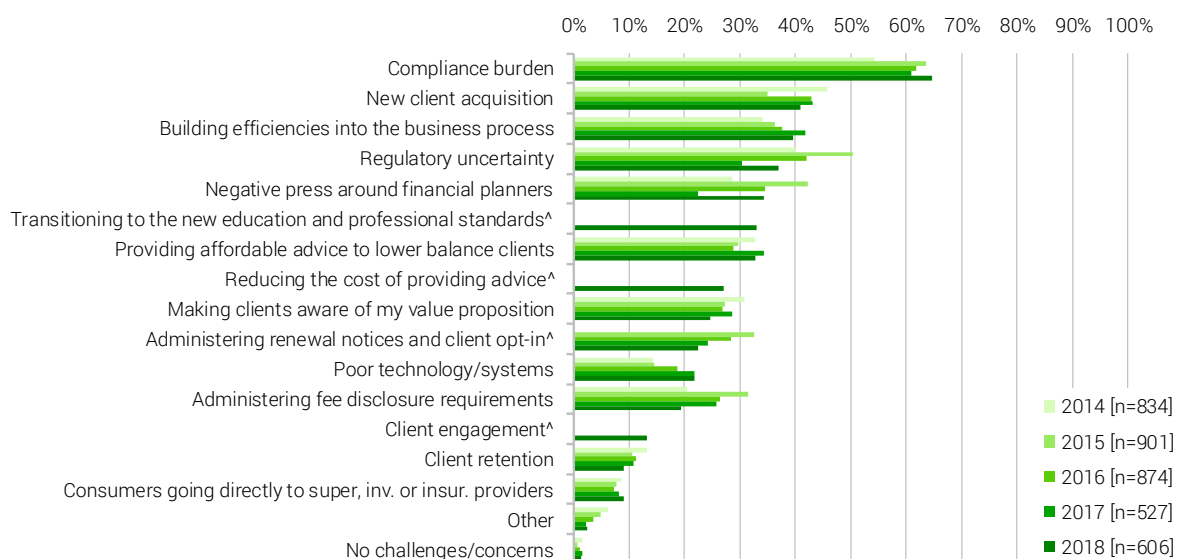
Key challenges faced by planners

Planners have growing concerns about regulatory uncertainty and negative press

The top challenges faced by financial planners remain unaddressed. Compliance burden, new client acquisition and building efficiencies into business processes remain the most cited challenges in recent years.

Planners are also putting forward increasing concerns about regulatory uncertainty and negative press. However, it must be noted that the financial advice case studies of the Royal Commission were conducted during the fieldwork of this study.

Q1 What are the main challenges you are dealing with in your business? (Multiple responses permitted)
Among financial planners



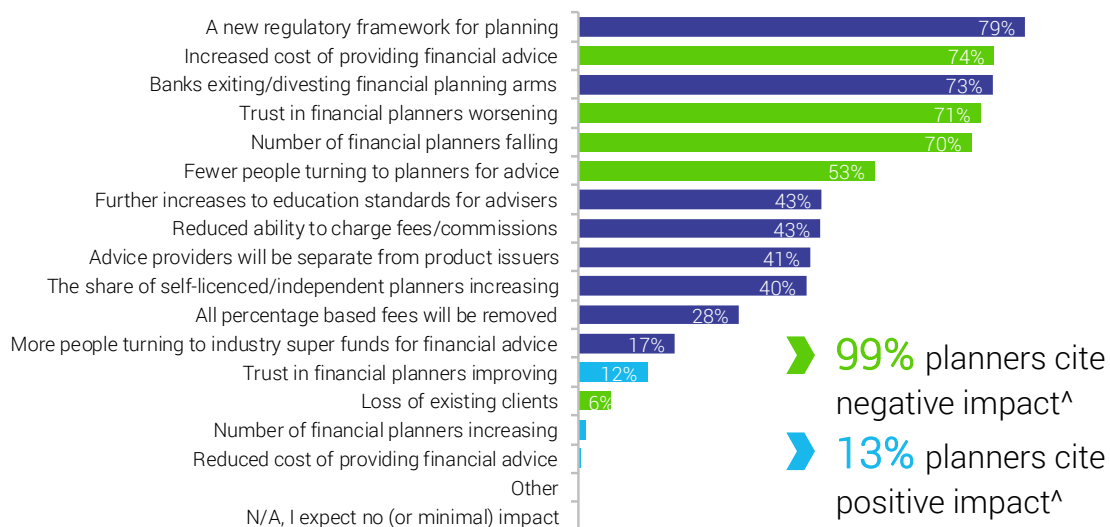
[^]New option added

Royal Commission impact

The Royal Commission is expected to have mostly negative consequences over the medium term

Over the medium term, almost all planners (99%) expect an adverse outcome from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and the publicity it has generated. The most cited negative consequences expected are increased cost of advice (74%), trust in planners worsening (71%), and the number of planners declining (70%). Only 12% expect trust in financial planners to improve in the medium term.

Q92 Over the medium term (3-5 years), what do you believe will be the most significant impacts of the Royal Commission and the publicity it generates? (Multiple responses permitted) Among financial planners [n=87]



[^]Percentages account for overlaps

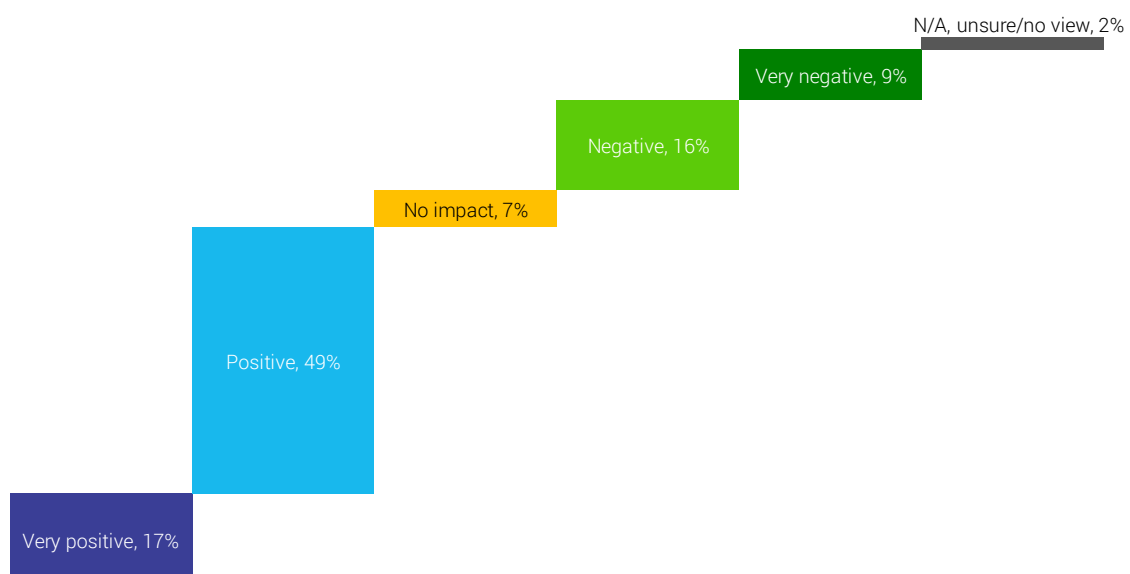
New professional standards and education framework

The majority of planners believe the new standards will have a positive impact on the industry

The majority of financial planners (66%) believe the new professional standards and education framework set out by the Financial Adviser Standards and Ethics Authority (FASEA) will have a positive or very positive impact on the industry.

A third of planners currently meet the degree equivalence requirements to be introduced in 2024, while 41% intend to undertake additional study to ensure they do so.

Q4 What do you see as the impact of [the new professional standards and education framework set out by FASEA], on the industry? Among financial planners [n=607]

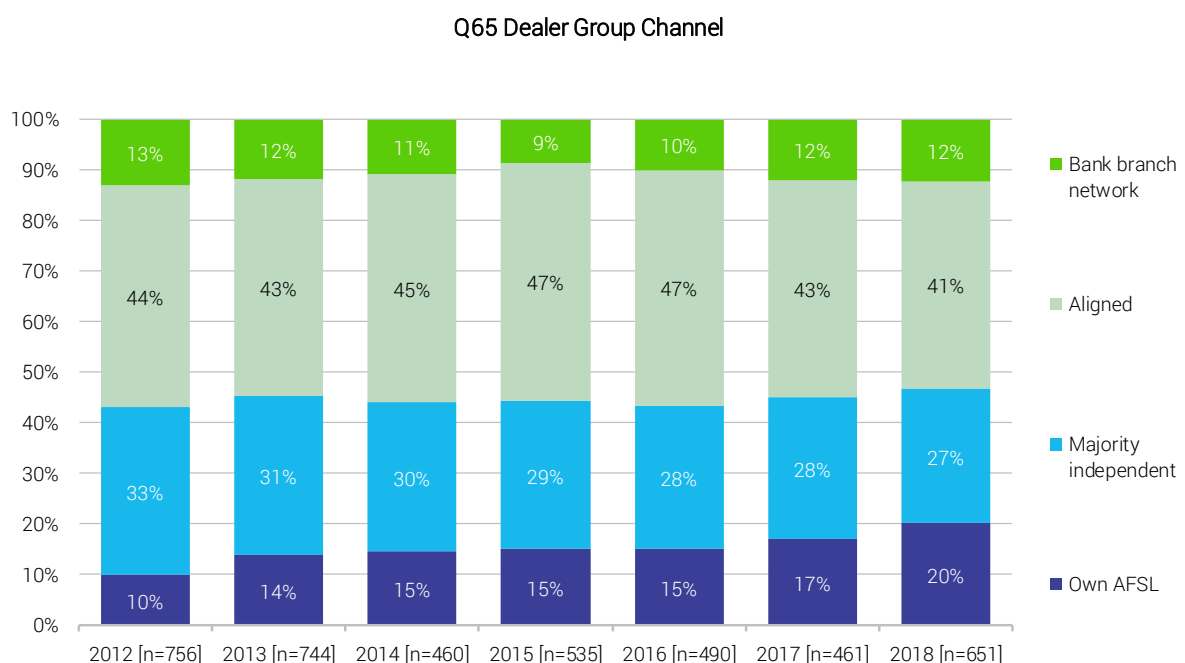


The move to self-licensing

The portion of self-licensed planners continues to climb

More planners are becoming self-licensed, with one in five now saying they have their own AFSL (up from 17% in 2017).

The drive towards self-licensing is being fuelled by an increased intention to switch licensees. In the next 12 months, 9% of planners intend to move to another licensee (up from 6% in 2017) while a further 8% intend to obtain their own ASFL.

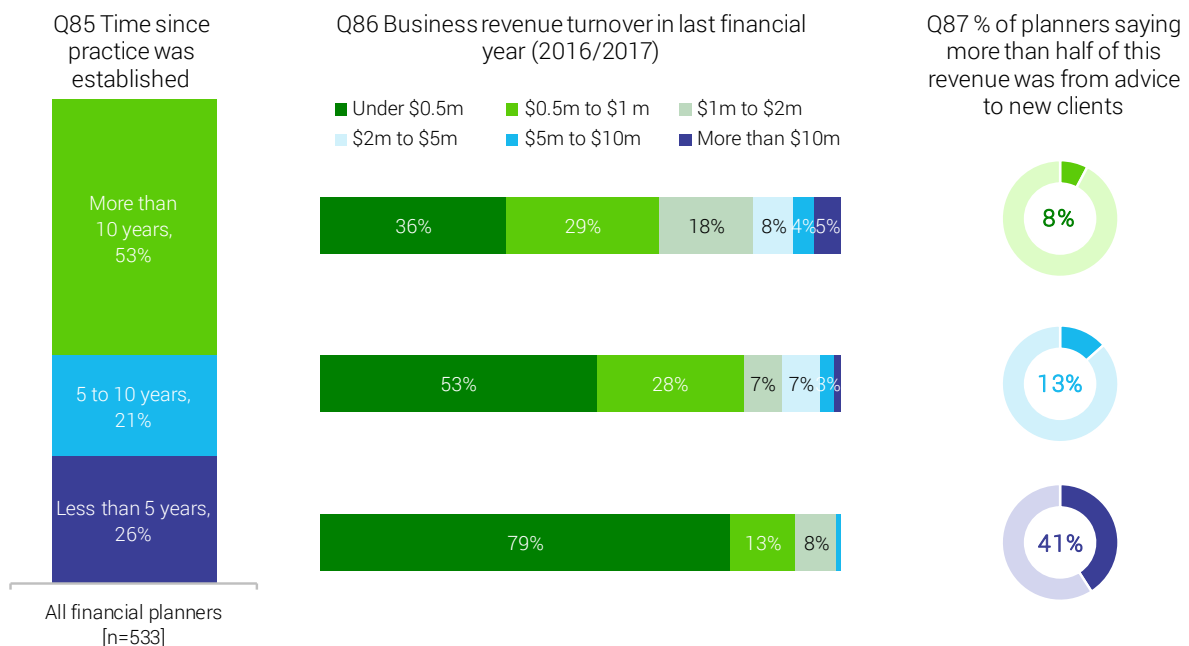


Practice age and revenue

Recently established practices are naturally more reliant on new clients for revenue

A quarter of financial planning practices (26%) were established within the last five years alone, while the majority (53%) are over 10 years old.

Older practices on average experience a larger annual turnover and rely less heavily on revenue from new clients. Conversely, among those who work in a practice established within the last 5 years, 41% say that more than half of their practice's revenue is derived from new clients.



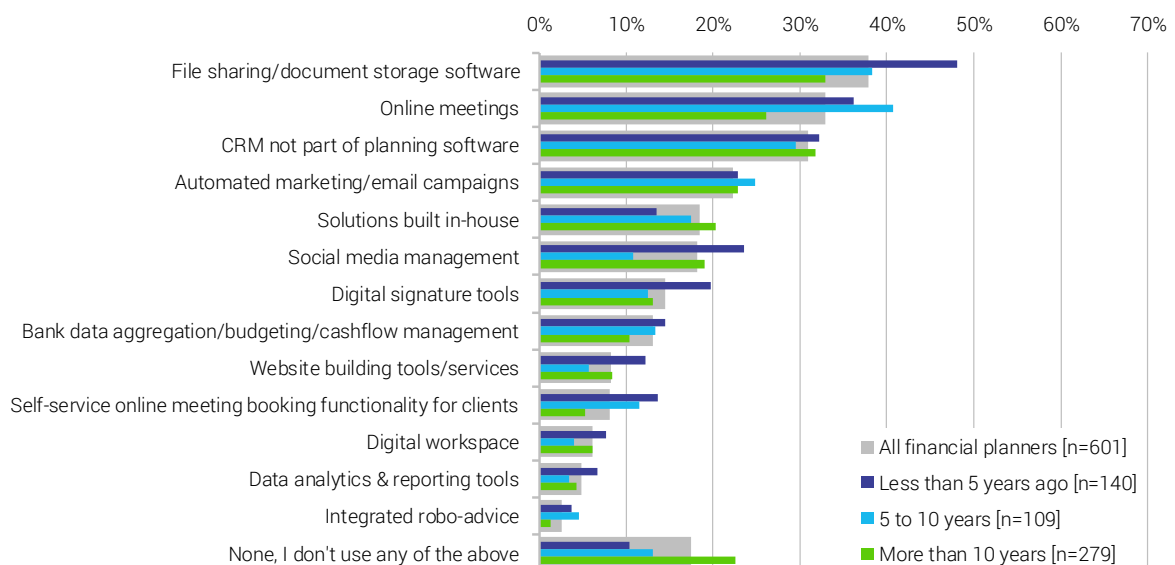
Practice age and technology stack

Newer practices utilise a broader technology stack

Planners working in more recently established practices are using a wider range of technology tools. Those who work in a practice established in the last 5 years are significantly more likely to be using file sharing/document storage software, social media management and digital signature tools.

Planners in older practices, on the other hand, most often utilise file sharing/document storage software, online meetings and CRM not part of planning software, but do not use as wide a range of technology tools as younger practices.

Q17 Which of the following technology tools do you currently use in your business? (Multiple responses permitted)
By Q85 How long ago was your practice established? Among financial planners



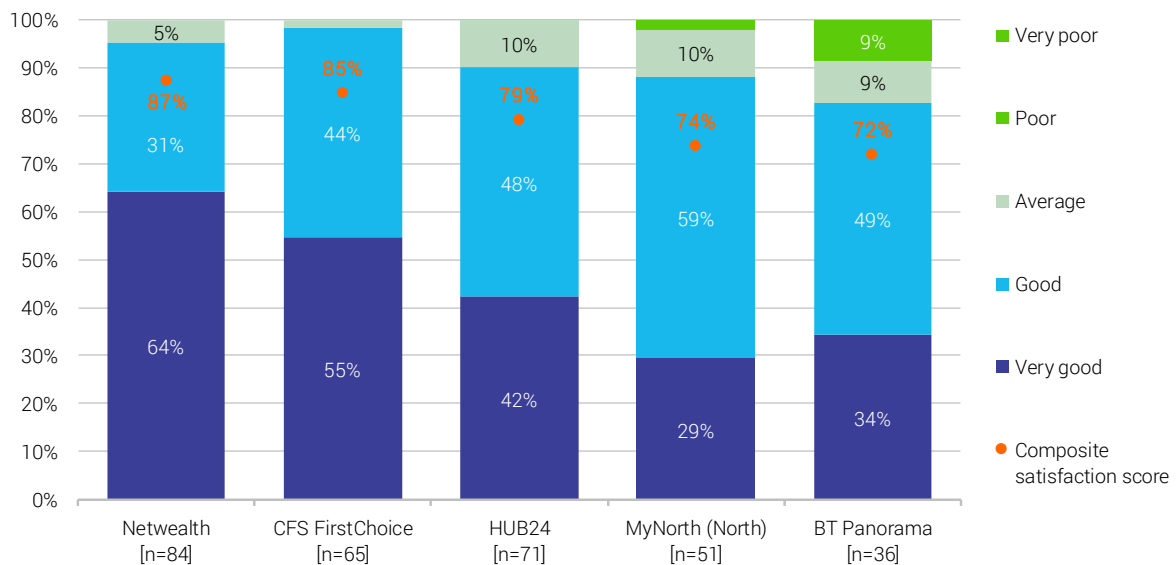
Platform satisfaction ratings

Netwealth ranks first for overall satisfaction

Netwealth achieved the highest user satisfaction ratings in 2018, with CFS FirstChoice a close second. These platforms both rate significantly higher than their peers in service areas relating to ease of use, administrative accuracy and online functionality for planners. HUB24, MyNorth and BT Panorama round out the top five for satisfaction.

CFS FirstChoice remains the most widely used platform, with 36% of planners using it for new client inflows. Macquarie Wrap, Netwealth, BT Panorama, Asgard eWRAP (incl. Infinity) and HUB24 also gained ground in market penetration in the last 12 months.

Q35 How would you rate your main platform overall?
 By Q30 Main platform. Among financial planners (Top 5 platforms shown)



Composite score: Weighted average using Very good=100%, Good=67%, Average=50%, Poor=17%, Very poor=0%

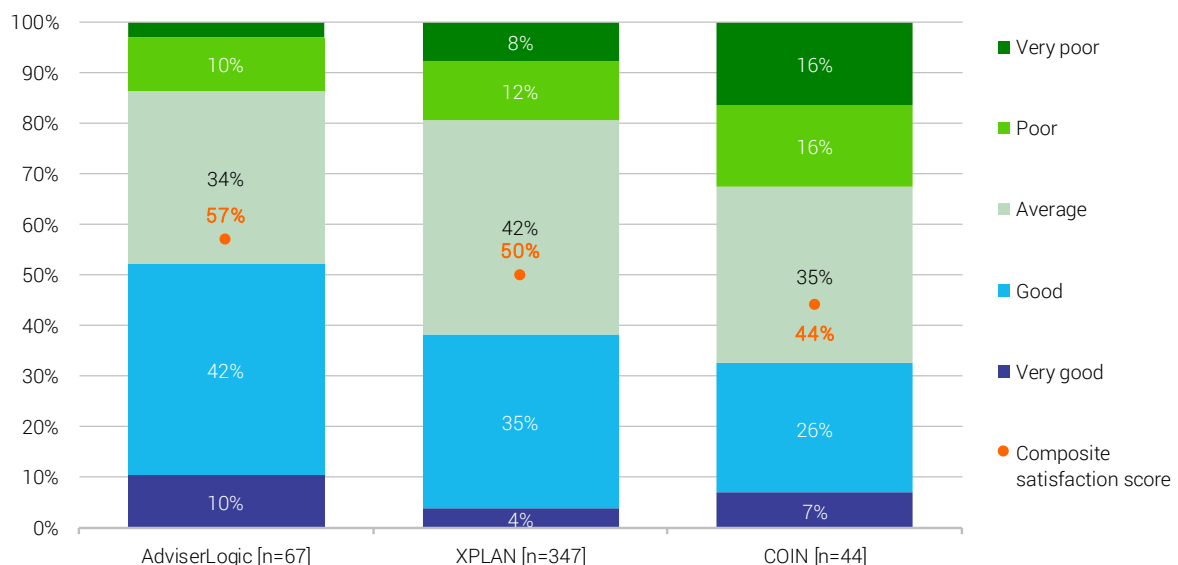
Software satisfaction ratings

AdviserLogic has the highest satisfaction for the third year running

AdviserLogic leads the planning software industry for overall user satisfaction. It also ranks well above the wider industry for support, ease of use and training. XPLAN ranks second for overall satisfaction, with 39% of its users rating it as 'good' or 'very good'.

XPLAN remains the industry's most widely used planning software application with 55% of planners using it as their primary planning software, followed by COIN (12%), Midwinter (7%) and AdviserLogic (7%).

Q56 Overall satisfaction rating of main planning software. By Q51 Main software. Among financial planners



Composite score: Weighted average using Very good=100%, Good=67%, Average=50%, Poor=17%, Very poor=0%

About Investment Trends

Investment Trends is a specialist research organisation that provides new business insights and decision support information to many leading financial services organisations. We combine analytical rigour and strategic thinking with the most advanced market research and statistical techniques to help our clients gain competitive advantage.

Investment Trends is an Australian company that has grown into a global research organisation servicing clients in Australia, Asia, Europe and the United States.

Our work is focused on helping clients answer three fundamental questions:

1. How does the market currently work?
2. How is the market evolving?
3. How do I improve customer outcomes:
 - o Increase customer satisfaction
 - o Develop the products investors want
 - o Introduce tools and services necessary to enhance the customer experience
 - o Use technology to engage and support investors

Investment Trends' clients include many of the leading banks, insurance providers, investment platform providers, online brokers, FX and CFD providers, fund managers, as well as major industry regulators.

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