

ASX Release

8 August 2024

AMP partnership to create a sustainable business model for Advice

- **AMP forms strategic partnership with Entireti (formerly Fortnum Private Wealth) and AZ NGA**
 - Entireti to acquire AMP's advice licensees and Jigsaw for \$10.2 million, with AMP to retain 30% stake
 - AZ NGA to acquire AMP's minority stakes in 16 advice practices for \$82.2 million
- **Transaction expedites AMP's drive to a sustainable Advice proposition, after a thorough 12-month process to assess alternative models**
- **Partnership creates a large-scale services and licensee business for advisers and can provide future investment in modern requirements for advice practices**
- **Anticipated accounting loss on sale of its AMP Advice business of ~\$30 million in 2H 24 due to separation and transition costs**

AMP Limited today announces a new strategic partnership and ownership structure with Entireti Limited (Entireti) and AZ Next Generation Advisory Limited (AZ NGA) for its AMP Advice business. The partnership will create a sustainable business model for AMP Advice, at the same time transforming the advice industry landscape in Australia.

Entireti is an experienced and well-resourced provider of licensing and business services. It has a longstanding alliance with AZ NGA, which invests in financial advisory SMEs and is backed by leading European financial services company Azimut.

As part of the partnership, Entireti will deliver comprehensive licensing and business services to AMP's advice network and self-licensed practices, as well as continuing to service its existing licensees (Fortnum and PFS). AMP and Entireti will combine forces to deliver this scaled model, with AMP Advice resources to transfer to Entireti. Through AZ NGA, practices will have access to capital to enable planning for both growth and succession.

Partnership with Entireti:

- Entireti will establish a new joint venture entity (NewCo) to acquire AMP's financial advice licensees: Charter, Hillross and AMP Financial Planning, as well as its self-licensed offer Jigsaw, with AMP to retain a 30% shareholding in NewCo.
- The purchase consideration is \$10.2 million: 70% in cash¹ and 30% being AMP's equity stake in NewCo which will hold AMP's three licensees and Jigsaw.
- AMP Advice practices within NewCo will continue to be licensed through existing arrangements and supported by Entireti Services.

Through this partnership Entireti Services will become Australia's largest financial advice business service provider, with over 1,300 advisers, and the NewCo joint venture will benefit from the scale efficiencies of this operating model.

¹Deferred for 12 months, subject to revenue attrition adjustments

AZ NGA acquisition of AMP equity holdings:

- AMP's equity holdings in 16 financial advice practices will be acquired by AZ NGA for a consideration of \$82.2 million.

The initial focus of the partnership will be on a seamless transition that maintains the current service proposition for AMP advisers, supported by continuity of AMP management and their adviser community. In time, advisers will also benefit from new services and technology backed by Entireti's deep expertise and their growing scale.

For AMP advisers

Together, AMP, Entireti and AZ NGA will deliver a model with economies of scale, capital to support practice growth and succession, and dedicated services and technology backed by Entireti's and AZ NGA's expertise and commitment to advisers and their clients.

Advisers will have continuity of services, and retention of their community.

A priority for the partnership is to minimise any disruption for advice practices. The partnership is committed to:

- No changes to the terms or conditions for Advice practices as part of the transition to the new ownership, including professional service fees, for a period of at least two years.
- Transition of key management and employees from AMP to support the new entity.
- Financial support to practices to minimise impact of transition.
- Opportunity for advisers to acquire equity in NewCo in the future.
- Working actively on service and technology innovation to continue to enhance the offering for advisers and promote growth.
- Capital support for growth and succession planning.

Transforming Advice

The partnership will transform the advice industry landscape in Australia by creating the largest advice business services provider, combined with flexible capital support.

As previously flagged, AMP has been considering various strategic options for AMP Advice. The key benefits of this partnership over other options considered include:

- Transaction expedites AMP's drive to a sustainable Advice proposition, after a thorough 12-month process to assess alternative models.
- It provides a strong partnership alliance to deliver large-scale licensee and business services, leveraging Entireti's proven and profitable business model. It will also enable future investment in modern requirements for the advice practices.
- It also provides AMP ongoing equity participation and management influence in the NewCo joint venture.
- Limits future risks for AMP that are associated with running a large advice licensee.
- It realises the value of AMP's minority stakes in a portfolio of advice practices and through AZ NGA delivers expertise and capital for future investments in advice practices.

Separately, AMP will continue to employ salaried planners who deliver predominantly intra-fund advice for its AMP superannuation members within its Superannuation and Investments business.

AMP CEO Alexis George:

“AMP has been dedicated to creating a new model for our advice business to provide certainty for AMP advisers and our people. We believe this partnership achieves our goals and is the right strategic fit.

“Over the past three years we've made significant progress in transforming AMP Advice into a sustainable, standalone advice business. We introduced a new service model, opened the approved product list, reduced operating costs and improved services to advisers which has significantly lifted adviser satisfaction. At the same time, we've considerably strengthened the North platform proposition to be compelling for both AMP advisers and Independent Financial Advisers.

“It was important in choosing these two partners that they had a strong track record, deep experience and shared AMP's commitment to delivering quality advice to more Australians.

“Advisers will benefit from the combined scale of these businesses, delivering new services and technology, with capital backing. We are committed to supporting advisers through this transition and enabling them to enhance their value proposition for clients.”

AMP Advice Group Executive Matt Lawler:

“There is a real strength in combining forces. This partnership leverages the scale of bringing the businesses together, taking advantage of talent, expertise and experience of both organisations to deliver a high-quality professional service for advisers.

“It gives advice practices a clear path forward and offers them future growth opportunities.”

Entireti Group CEO and Managing Director Neil Younger:

“We are creating a formidable partnership and an icon of excellence in financial advice.

“We are excited to combine AMP's high-quality advisers with our contemporary business model and proven execution capability to deliver meaningful outcomes for clients.

“We are very experienced in transitioning licensees and practices into our model.

“This continues our journey to create Australia's leading advice business services company, to support the growth of advice practices, and we are committed to delivering a seamless transition for AMP advisers and people.”

Azimut Chief Executive Officer, Massimo Guiati:

“We are committed to Australia's attractive wealth management market for the long-term, through our local affiliate AZ NGA, and this transaction will accelerate AZ NGA's growth.”

AZ NGA Founder and Group CEO Paul Barrett:

“We are excited to add 16 quality businesses that are focused on growth to our community.

“This deal expands our national footprint and takes us a step closer to achieving our goal to be Australia's leading professional services company.”

The Advisers Association - Neil Macdonald:

"This is a positive outcome for our members, who are all AMP advisers, providing them with a clear and sustainable path forward, with partners that are committed to advice and helping more Australians get the quality advice they need. We look forward to continue working with AMP as well as Entireti and AZ NGA to implement these changes."

Next steps

The transaction is due to complete by the end of the calendar year.

The agreement is subject to customary warranties and indemnities. In addition AMP retains responsibility for inflight litigation relating to the AMP Advice business.

Media enquiries

Brett Zarb

Mobile: +61 417 256 563

Adrian Howard

Mobile: +61 413 184 488

Investor enquiries

Richard Nelson

Mobile: +61 455 088 099

Jo Starr

Mobile: +61 416 835 301

Authorised for release by the AMP Limited Board.

About Entireti

Established in 2010, Entireti is one of Australia's leading licensing and business support companies.

Its core offers include Fortnum Private Wealth and Professional Financial Services.

The group's mission is to build better futures for its employees, clients and advisers. Entireti's values-based approach and extensive capabilities enables it to closely partner with advisers and entrepreneurs to build successful businesses and, ultimately, see their clients achieve their goals and objectives.

About AZ NGA

Backed by AZIMUT Group, AZ NGA was established in 2014 to build a formidable integrated accounting and advisory group.

The group's objective is to be a partner of choice for entrepreneurial business owners to achieve their growth and succession goals.

The group's unique offering combines the expertise and proven track-record of AZ NGA's experienced team with the global scale and resources of one of Europe's largest investment houses.

The firm targets specialist accounting and advisory firms looking for a minority shareholder, strategic partner, wanting to merge or seeking an outright sale.