

5 February 2019

Attention: Company Announcements
ASX Limited

By E-Lodgment

Update concerning Financial Services Royal Commission recommendations

InvestSMART Group (ASX: INV) ("InvestSMART") have made an initial review of the recommendations of the Final Report of the Financial Services Royal Commission and notes the following:

- The report recommends grandfathered trailing commissions should be repealed as soon as is reasonably practicable.
- The Government response:
 - Agrees to end grandfathered commissions from 1 January 2021
 - Payments of previously grandfathered commissions still in contracts will be required to be rebated to clients from 1 January 2021.
- The report recommends ASIC conduct a post-implementation review of life risk insurance commissions in 2021.

As previously announced InvestSMART is in a process of transitioning away from grandfathered commission revenue towards funds management fee income from in-house products. Grandfathered commission income from fund managers for FY18 was \$4.94m with associated commissions rebates of \$1.26m.

Commissions income for FY18 from life risk insurance was \$1.93m with associated commissions rebates of \$0.66m. InvestSMART expects revenue attrition for life risk insurance products to remain in line with recent trends.

For further information or comment, please contact Ron Hodge on 02 8305 6000

Paul Clitheroe
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