



Review of AXA Results
for 12 months ending 30 September 2001

including

AXA DISTRIBUTION & STERLING GRACE

Les Owen, Group Chief Executive
Neil Swindells, General Manager Distribution



AXA Distribution

What part does Distribution play in AXA?

- AXA is both a manufacturer and distributor operating in a distribution driven market.

What are the strategic consequences of this?

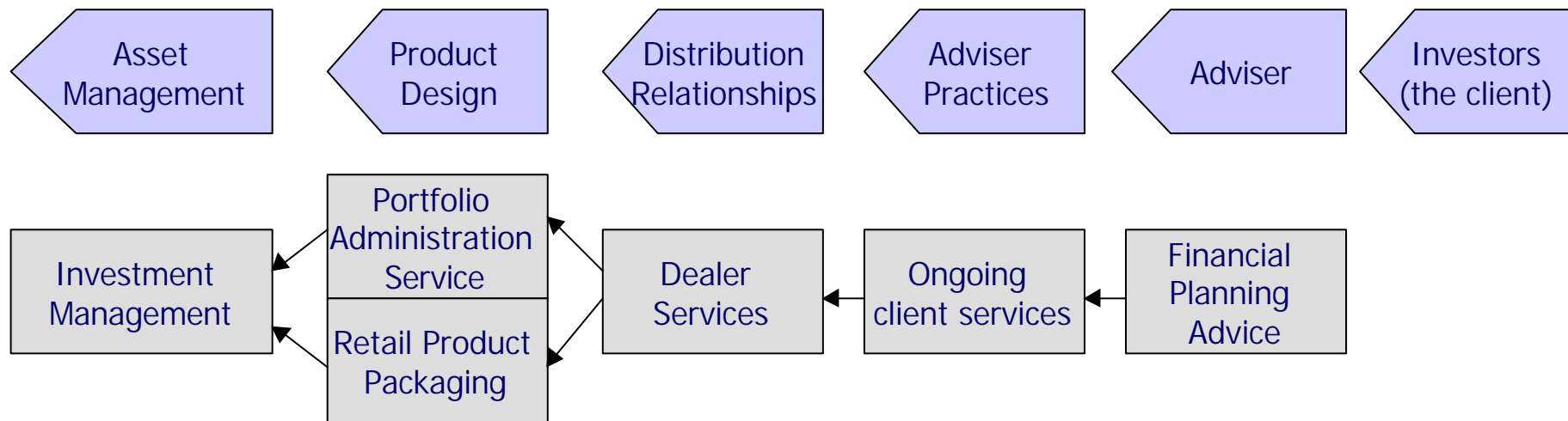
- Successful distribution will continue to be Adviser based.
- Strategy requires us to establish as many Adviser relationships as possible.
- To support this we need to offer a number of relationship models:
 - AXA Dealerships - sales of approx. \$2bn pa
 - IFA - sales of approx. \$1bn pa
 - Monitor Money and Spicers - sales of approx. \$0.3bn pa
 - Others - sales of approx. \$0.3bn pa
- We want to grow Adviser numbers and productivity in all models.

What are the key factors to consider in each model?

- Overall quality and breadth of the Adviser relationship.
- AXA's share of the value chain.



The wealth management industry value chain

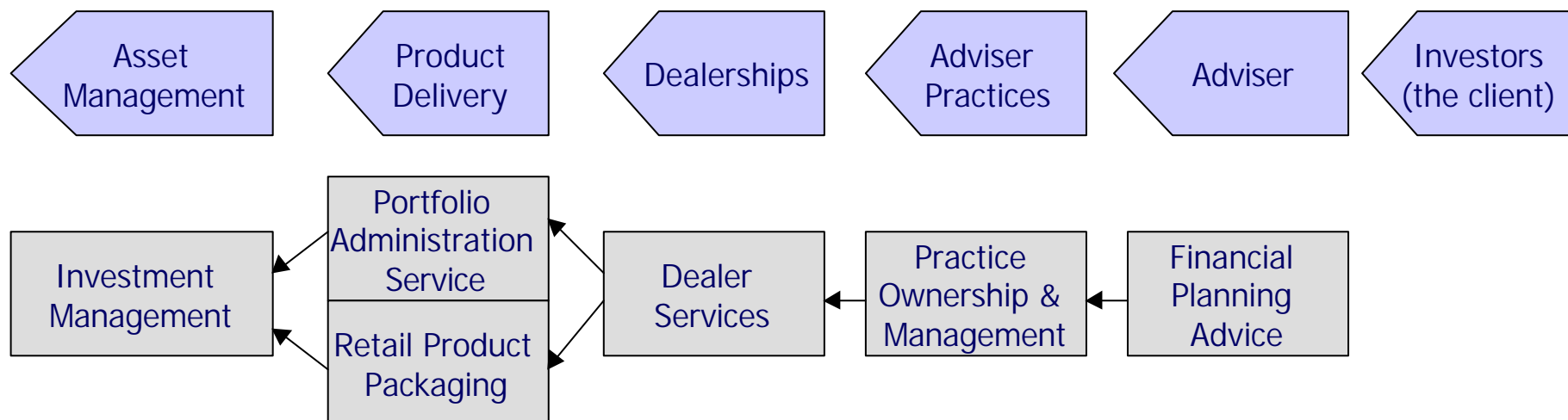


Activities

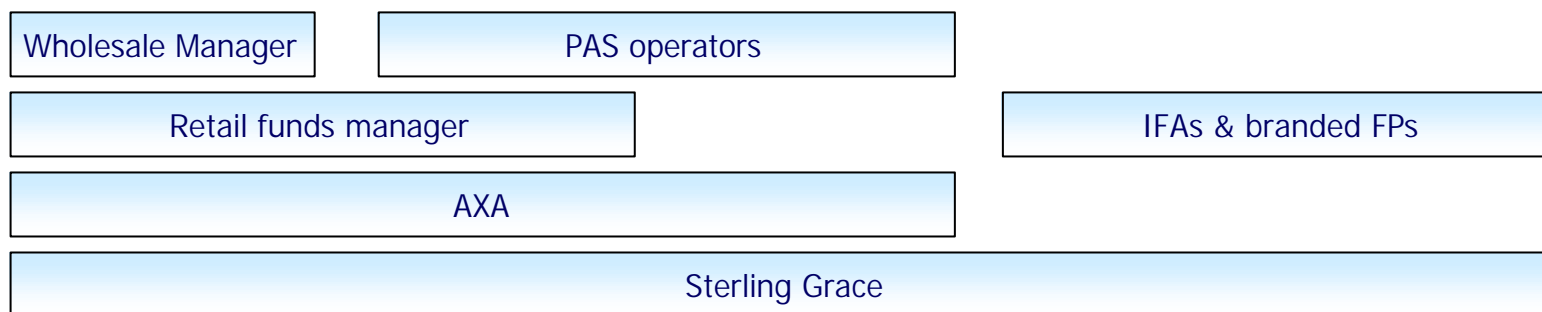
- | | | | | |
|--|--|---|---|--|
| <ul style="list-style-type: none"> • Investments • Return maximisation | <ul style="list-style-type: none"> • Product processing • Customer service • Administrative services • Product offer | <ul style="list-style-type: none"> • Technical advice • Seminars • Training • Compliance • Recruitment | <ul style="list-style-type: none"> • Adviser development • Recruitment • Ongoing client services | <ul style="list-style-type: none"> • Needs analysis • Risk appetite assessment • Investment recommendation • Some asset allocation decisions |
|--|--|---|---|--|



The wealth management industry value chain



Industry Players



Key points:

- Retail managers have moved into portfolio administration services
- Sterling Grace moves AXA's position further along the value chain

Rationale behind Sterling Grace acquisition



Sterling Grace is:

Australia

Monitor Money - 25 Advisers
Assure Service - \$1.2 billion

New Zealand

Spicers - 62 Advisers
Assure Service - \$1.35 billion
Arcus FM - \$500 million

Sterling Grace is a piece of the puzzle that was missing. It positions AXA in advisory services, the part of the value chain with one of the highest and most sustainable growth rates.

With Sterling Grace, AXA is now in the business of giving advice versus merely providing supporting service to Advisers.

Sterling Grace provides AXA with the ability to get closer to the client, as well as a share of the advice margin in the growing wealth management sector.



Relationship Models

AXA now has different Adviser offers to meet the needs of Advisers and their customers:

	Altus	AXA Financial Planners	Charter	Sterling Grace	Dealership Partners	IFAs
Customer need & perception	Advice in financial protection	AXA branded advice in wealth management	Independent advice in wealth management	Fully integrated advice model including multi-manager investment process.	Independent advice in wealth management	Independent advice in wealth management
Core products & services	Life insurance products	AXA branded wealth management products and superannuation, and SUMMIT	SUMMIT and AXA products and other non-AXA manufactured products	Standardised and integrated advice based on lifestyle financial planning	AXA products and other non-AXA manufactured products	AXA products and other non-AXA manufactured products
Types of Advisers	Independent Advisers supported by AXA dealership services	AXA Advisers supported by AXA dealership services	Independent Advisers supported by AXA dealership services	Employed Advisers where Sterling Grace own the client portfolio	Independent Advisers supported by AXA dealership	Independent Advisers



Scalable Services

Each Adviser group offer can be run separately and positioned towards a different segment of the Adviser market. There are synergies and common functions to be shared between these offers:

- common supporting functions: call centre, back office, eCommerce platform
- common master trust and wrap account systems
- some training processes in common
- common pieces in the financial planning process
- common customer segmentation tools
- increase in the breadth of services and products --> common complementary products to be added to each offer



AXA Distribution

What part does Distribution play in AXA?

AXA is both a manufacturer and distributor operating in a distribution driven market.

What are the strategic consequences of this?

Successful distribution will continue to be Adviser-based.

Strategy requires us to establish as many Adviser relationships as possible.

To support this we need to offer a number of relationship models:

- AXA Dealerships
- IFA
- Monitor Money and Spicers
- Others

We want to grow Adviser numbers and productivity in all models.

What are the key factors to consider in each model?

Overall quality and breadth of the Adviser relationship.

AXA's share of the value chain.

"More" Strategy



- More Advisers in each relationship model
 - Recruit & Acquire Advisers

- More production per Adviser
 - Development of Skills and Supporting Systems

- More income by participating in more of the value chain
 - Expand Sterling Grace Model
 - * Recruit Advisers
 - * Acquire Other Practices
 - * Acquire "Sterling Graces"
 - * Build an AXA Version

- More influence over the distribution of AXA products and services
 - All the above. Some more than others.



More sales and **more** value per sale for **more** profit to deliver K5