

ASX Release – 25 January 2024

Insignia Financial 2Q24 Quarterly Business Update

Highlights

- **Funds Under Management and Administration (FUMA) increased by \$7.5 billion (+2.5%) to \$300.6 billion as at 31 December 2023**
- **Total net outflows for the quarter were \$511 million, largely reflecting institutional asset management outflows and strategic execution of platform strategy**
- **Net inflows into Evolve increased to \$612 million for the quarter**
- **Continued strong progress on FY24-26 strategic initiatives:**
 - **MLC Wrap migration to Evolve on target to be completed by early April 2024**
 - **Cost Optimisation program on-track to realise gross in-year benefits of \$60-70 million**
 - **Client Wellbeing division established with appointment of Chief Client Officer**

Insignia Financial Ltd (ASX: IFL) is pleased to provide this quarterly update for the three months ended 31 December 2023 (2Q24) as it continues to make strong progress on achieving its FY24-26 strategic initiatives to strengthen and simplify the business, reduce costs, and improve growth momentum.

Insignia Financial CEO, Renato Mota, said, “We have made a strong start to the financial year and solid progress on the FY24-26 strategic initiatives announced in July 2023.

“We continue to see strong momentum in flows into our flagship and workplace platforms. However, we have experienced outflows from MLC Wrap ahead of transition to the contemporary Evolve platform in April.

“We have further strengthened our proposition to clients and members through the establishment of the Client Wellbeing division and appointment of a Chief Client Officer. This division is focused on improved retention and new client acquisition.”

Overview of 2Q24 FUMA & Advisers

- **Funds Under Administration (FUA):** \$215.1 billion, an increase of \$9.6 billion (+4.7%).
- **Funds Under Management (FUM):** \$85.5 billion, an overall decrease of \$2.2 billion (-2.5%).
- **Advice network:** 1,199 advisers, a reduction of 186 advisers over the quarter.

Funds Under Administration (FUA)

FUA as at 31 December 2023 was \$215.1 billion, an increase of \$9.6 billion (+4.7%) over the quarter. The increase was driven by market movement of \$9.4 billion (4.6%) and net inflows of \$1.1 billion, partly offset by pension payments of \$872 million.

Workplace Super flows remain strong, attracting net inflows of \$385 million over the quarter, whilst \$512 million transferred to the Personal products.

The \$1.1 billion net inflow is attributable to the transition of \$1.8 billion FUA from products previously administered by Colonial First State into Insignia Financial's private label (Rhythm) by HUB24, along with net flows of \$612 million into the advised Evolve platform, demonstrating support for the Advised offer. Outflows from MLC Wrap in 1H24 continue to impact FUA ahead of the migration to Evolve in 2H24.

Managed Account¹ growth continued, with FUA increasing \$1.1 billion over the quarter with strong net flow growth each month including a record month in October which saw \$251 million net flow. This represents a 20.9% YoY increase in investor accounts utilising this capability and reflects the broad adviser appeal of our flagship products and platforms.

Funds Under Management (FUM)

FUM as at 31 December 2023 decreased by \$2.2 billion to \$85.5 billion (-2.5%), driven by \$1.7 billion in net outflows, a \$1.0 billion decrease related to the divestment of IOOF Limited to Australian Unity completed in the quarter, partly offset by positive market movement in the underlying business of \$522 million. The majority of the \$1.7 billion net outflows were attributable to existing institutional clients rebalancing and modifying their underlying asset allocation with \$1.2 billion in net outflows in the Antares Fixed Income capability alone. Institutional net flows can be volatile quarter on quarter, particularly within Antares Fixed Income due to the large institutional client base who use the capability's cash and enhanced cash strategies as a source of short-term liquidity. There were no new or existing institutional mandates funded or terminated within the quarter.

Within Asset Management's retail multi-asset capability, net flows were positive for the quarter. MLC's contemporary Managed Accounts offering continued to show strong momentum and uptake amongst advisers with \$203 million in net inflows in the quarter and is on track to deliver over \$800 million in net inflow by the end of FY24.

Financial Advice

There were 1,199 financial advisers in the Insignia Financial network as at 31 December 2023 comprising 211 advisers in the Professional Services (Employed) channel and 988 advisers across Advice Services channels (Self-Employed and Self-Licensed).

The reduction of 186 advisers was primarily from within the Advice Services channels as a result of the sale of the Millennium3 (M3) business to WT Financial. There was also a reduction of 27 authorised representatives (ARs) from the Self-Licensed offer as a result of a larger practice being sold and some other smaller businesses exiting.

¹ Managed Discretionary Accounts (MDAs) and Separately Managed Accounts (SMAs)

Client Wellbeing

In November 2023, Chris Weldon was appointed as Chief Client Officer, to lead the newly formed Client Wellbeing division. The Client Wellbeing division is responsible for creating more value for clients, focusing on client engagement and retention of our products and services. It comprises:

- Professional Services Advice teams – Shadforth and Bridges
- Advice Enablement Services team
- Consumer and Commercial Marketing teams
- Member Engagement and Wellbeing team

Chris was previously Chief Transformation Officer where he led Insignia Financial's separation and transformation initiatives. Where appropriate the Transformation team have been realigned across the organisation.

FY24-26 Strategic Initiatives

MLC Wrap Migration

The planned migration of MLC Wrap to Evolve is on target to be completed by early April 2024. The migration will see approximately \$38 billion and 100,000 client accounts migrated to Evolve, resulting in improved client outcomes and significant simplification.

In 2Q24, a significant number of further enhancements were made to products on the Evolve platform to improve the adviser and client experience including a workflow tracker, adviser insight tools, improved trading capability with real time tax estimates and new order functionality. This provides advisers with greater control of their workflow, streamlined processes, and new reporting capabilities.

Financial Advice: creation of new Advice Services partnership model

The resetting of Insignia Financial's financial advice operating model is progressing with the Rhombus Advisory Pty Ltd entity (formerly referred to as Advice Service Co) established.

Advisers have continued to demonstrate positive sentiment towards the partnership strategy and participated in a roadshow during 2Q24. The equity participation approach was presented to advisers and focus is now shifting towards implementation by July 2024.

The sale of the M3 licence to WT Financial was completed in December 2023. The impact of this on adviser numbers is reflected in the decrease of ARs within the Advice Services channel.

Cost Optimisation program

Insignia Financial is on-track to achieve the \$60-70 million in year benefits announced 24 August 2023. The gross benefits will be partly offset by the previously announced \$20 million in increased investment in cyber security and governance, and BAU cost growth.

Update on Class action

On 20 December 2023, the Federal Court of Australia ruled in favour of Insignia Financial in the matter of *McFarlane as Trustee for the S McFarlane Superannuation Fund v Insignia Financial Ltd*, a "shareholder class action" being run by Shine Lawyers. The judge dismissed the applicant's claim.

This announcement was approved for release by the Board of Directors of Insignia Financial Ltd.

Appendix 1

Insignia Financial funds movement for the three months ended 31 December 2023:

All Amounts \$m	FUMA 30-Sep-23	Net Flow	Internal Transfers	Pensions	Market/ Other	FUMA 31-Dec-23
Platforms						
IOOF	3,496	62	-79	0	151	3,630
P&I	16,859	-19	0	0	790	17,630
MLC	34,592	342	-433	-36	1,262	35,727
Workplace	54,947	385	-512	-36	2,203	56,987
IOOF	6,818	-83	57	-16	304	7,080
P&I	4,623	67	0	-3	226	4,913
MLC	22,644	-262	406	-9	944	23,723
Personal²	34,085	-278	463	-28	1,474	35,716
IOOF	33,221	2,413	23	-270	1,758	37,145
P&I	14,736	-265	0	-122	698	15,048
MLC	62,233	-908	24	-382	2,948	63,915
Advised	110,190	1,240	47	-773	5,404	116,108
Closed ³ /Transition	6,264	-202	0	-35	273	6,300
Funds under Administration	205,486	1,145	-2	-872	9,354	215,111
Asset Management						
Retail	31,253	33	0	0	-117	31,169
Institutional	3,828	21	0	0	213	4,062
Multi-Asset	35,081	54	0	0	96	35,231
Retail	2,589	-38	0	0	-51	2,500
Institutional	49,954	-1,672	0	0	-560	47,722
Direct Capabilities	52,543	-1,710	0	0	-611	50,222
Funds under Management	87,624	-1,656	0	0	-515	85,453
Total FUMA	293,110	-511	-2	-872	8,839	300,564

1. Internal Transfers represent the transfer of funds between products within the same superannuation fund and/or IDPS Operator. Platform transfers may not net to zero due to timing differences. Asset Management transfers represent monies transferred to/from products included in/excluded from Asset Management FUM.
2. Personal includes funds under administration (FUA) transferred from a corporate plan where the employee ceases employment with the corporate.
3. Closed FUA represents products that are closed to new business. Transition FUA represents funds in the process of transferring between classifications as a result of ongoing product simplification. Movements between transition and other classifications are represented in Internal Transfers.
4. Totals are subject to rounding.

Funds Movement by Entity

All Amounts	FUMA 30-Sep-23	Net Flow	Internal Transfers	Pensions	Market/ Other	FUMA 31-Dec-23
Platforms (FUA)						
IOOF	43,536	2,391	0	-285	2,213	47,855
P&I	41,067	-403	0	-154	1,946	42,456
MLC	120,883	-843	-2	-433	5,195	124,800
FUA	205,486	1,145	-2	-872	9,354	215,111
Asset Management (FUM)						
IOOF	24,486	-3	0	0	156	24,639
MLC	63,138	-1,653	0	0	-671	60,814
FUM	87,624	-1,656	0	0	-515	85,453
Total FUMA	293,110	-511	-2	-872	8,839	300,564

Active Advisers¹

Channel	30-Sep-23	%	31-Dec-23	%	3-month change
Professional Services (Employed)	219	15.8%	211	17.6%	-8
Self-Employed (Licensed)	684	49.4%	533	44.5%	-151
Self-Licensed ²	482	34.8%	455	37.9%	-27
Total	1,385		1,199		-186

Practice Numbers

Channel	30-Sep-23	31-Dec-23	3-month change
Self-Employed Practices¹			
Consultum	50	50	0
M3	70	0	-70
RI	101	95	-6
GPG	31	30	-1
Tenfifty	102	99	-3
Total Self-Employed	354	274	-80
Self-Licensed Practices²			
Alliances	71	69	-2
Dealer Associates	14	13	-1
MLC Connect	12	10	-2
Total Self-Licensed	97	92	-5
Total	451	366	-85

1. Advisers actively providing advice. This excludes individuals who are listed as Authorised Representatives on the Financial Advice Register (FAR) per ASIC, but do not actively provide advice.
2. Advisers not authorised under Insignia Financial licensees, but to whom Insignia Financial provides services through the Alliances, Dealer Associates and Connect business models.
3. Self-Employed refers to those businesses that are independently owned but operate under one of the Insignia Financial AFSLs.
4. Self-Licensed refers to those businesses that are independently owned, do not operate under one of the Insignia Financial AFSLs, but utilise services provided by Insignia Financial
5. Totals are subject to rounding

About Insignia Financial Ltd

Tracing our origins back to 1846, today Insignia Financial is a leading Australian wealth manager. Our services cover a wide range of financial needs, including:

- **Superannuation, pension and investment platforms** – as one of the largest superannuation and pension providers in Australia, we offer a number of award-winning investment solutions used by many of Australia's largest employers and independent advisers.
- **Asset management** – we provide access to a broad suite of investment capabilities across a range of multi-asset and single asset classes.
- **Financial advice** – our professional financial advisers provide advice along the spectrum, from guidance and coaching to episodic and holistic advice, based on client needs.

Further information about Insignia Financial can be found at www.insigniafinancial.com.au

Future performance and forward-looking statements

This announcement contains certain "forward-looking statements". Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Insignia Financial and its directors and management.

Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. To the maximum extent permitted by law, Insignia Financial and its directors, officers, employees, agents, associates and advisors disclaim any obligation or undertaking to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

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