

ASX Release - 27 January 2022

Insignia Financial Q2 FY22 Quarterly Business Update

Quarterly Highlights:

- **Continued growth in Funds Under Management and Administration (FUMA)**
- **Group FUMA up \$4.7 billion to \$325.8 billion supported by \$2.3 billion improvement in quarterly net flows from previous quarter**
- **\$22.1 billion and 93,000 accounts successfully migrated to the Evolve platform, now administering over \$42 billion of client assets across 298,000 accounts**
- **Integration and simplification programmes on-track to deliver synergy benefits**
- **Phased roll-out of Insignia Financial name commenced**

Insignia Financial Ltd (ASX: IFL) is pleased to provide this quarterly update for the three months ended 31 December 2021 (Q2 FY22), a period that saw significant progress in Insignia Financial's strategic priorities to simplify its business, realise integration synergies and deliver growth through supporting the financial wellbeing of Australians. FUMA as at 31 December 2021 was \$325.8 billion, up \$4.7 billion over the quarter. FUMA comprised \$227.0 billion Funds Under Administration (FUA) and \$98.8 billion Funds Under Management (FUM).

Overview of Q2 FY22 FUMA & Advisers*

- **Funds Under Administration (FUA):** Increased by \$4.2 billion over the quarter to \$227.0 billion. Positive market movements of \$5.0 billion were partly offset by pension payments of \$730 million and reduced net outflows of \$69 million (\$873 million outflows for the prior period). Net flows continue to improve, supported by the Evolve platform and stabilisation of outflows from acquired MLC and Pensions & Investments (P&I) platforms during the period.
- **Funds Under Management (FUM):** Increased by \$556 million over the quarter to \$98.8 billion. Market gains of \$507 million were supported by net inflows of \$49 million (\$1.4 billion outflows for the prior period). Net retail inflows of \$599 million were offset by outflows of \$550 million from MLC's institutional channel.
- **Advice:** The total number of advisers in the Insignia Financial network was 1,765 as at 31 December 2021. Adviser numbers decreased by 118 for the quarter, primarily through the loss of smaller practices in the Self-Employed channel. The number of practices in the Self-Employed channel decreased by 59 to 480 at the end of December.

Insignia Financial CEO, Renato Mota, said: "We have recorded a significant improvement in net flows in the quarter, driven by inflows into key segments such as IOOF's Advised platform, and a significant decrease in the rate of outflows in the P&I and MLC segments.

"These results have been achieved amid an integration and simplification programme which is delivering planned synergies.

"The success of the migration to our Evolve platform, along with its scalable technology and enhanced user experience, cements its position as a key growth engine for the Group moving forward."

* Refer Appendix 1 for further details

Business update

Funds Under Administration (FUA)

FUA as at 31 December 2021 was \$227.0 billion, a net increase of \$4.2 billion for the quarter.

The growth in FUA was underpinned by organic growth in the advised and workplace channels for our Evolve platform based products and was delivered alongside the successful completion of the Evolve21 migration in December 2021.

Net flows into Advised platforms showed marked improvement during the quarter, recording positive net inflows of \$632 million, compared to outflows of \$157 million in the prior quarter. This reflects the focus and investment in the competitiveness of these offers in recent periods.

Advised platforms operating on our proprietary Evolve technology added more than \$0.8 billion net inflows during the quarter, in addition to assets migrated under Evolve21. Meanwhile, outflows from acquired MLC and P&I platforms registered signs of reducing following the delivery of product enhancement and strategic repricing initiatives.

Our Workplace and Personal platforms also registered improving net flows during the period, due to new client wins and improved retention. Workplace products attracted inflows of \$258 million, supported by positive flows across all flagship Workplace offers which were offset by outflows of \$273 million from the Personal channel.

Funds Under Management (FUM)

FUM as at 31 December 2021 was \$98.8 billion, an increase of \$556 million for the quarter, supported by positive net inflows of \$49 million and market growth of \$507 million.

Net retail inflows of \$599 million were offset by institutional outflows of approximately \$550 million.

Retail inflows included \$298 million into MLC Wholesale Managed Fund and Managed Accounts offerings, \$87 million into single strategy offerings, and \$214 million into IOOF retail products, predominantly the result of continued traction in the IOOF Multi Series suite of diversified products which is showing a consistent and sustained trajectory of net inflow.

Financial Advice

Insignia Financial continues to transform its Financial Advice offers, maintaining active advice services relationships with 1,765 financial advisers as at 31 December 2021. This represents a reduction of 118 advisers, mainly from the self-employed channel (94) and likewise, 59 of the 60 fewer practices during the quarter came from the self-employed channel and were primarily smaller practices. 92% of these practices had 2 or fewer Authorised Representatives.

This reduction in self-employed adviser and practice turnover is mainly the result of the reset of management fees charged by IOOF to self-employed advisers from 1 October 2021. The revised fee model removes historic subsidisation of fees and supports our target for ANZ Aligned Licensees to break-even on a run-rate basis by 30 June 2022. The reduction in advisers for the quarter is consistent with Insignia Financial's commitment to deliver to this break-even target as planned.

Mr Mota said, "Most adviser departures came from smaller practices in the self-employed channel that were unable to transition to a new sustainable advice model. This contraction in adviser numbers reflects the necessary changes to ensure the financial advice profession can prosper after a period of change, while supporting continued investment in technology and process improvements, for the benefit of advisers and their clients.

"Where advisers left due to retirement or exit from the industry, a significant portion of their client books of business have been retained. During the last 12 months, Insignia Financial has facilitated over 50 intra-group acquisitions and mergers as part of our adviser succession plan. This consolidation not only aids succession and retention of clients and FUA, but improves

the scale of advice practices, reduces our cost-to-serve and supports the path to break-even of our Advice business,” added Mr Mota.

In relation to the new compliance regime and uplift in professional education standards, 97% of advisers have successfully completed their exams, up from 92% in the previous quarter.

As we complete the repositioning of the advice propositions within Insignia Financial, we expect adviser numbers to stabilise from 1 July 2022.

Evolve21

In December, Insignia Financial reached an important milestone in simplifying its platform suite with the completion of the Evolve21 programme, migrating \$22.1 billion of FUA and 93,000 client accounts to the Evolve platform.

Evolve is our proprietary, scalable technology platform that is well positioned to continue to adapt and support the changing needs of clients, advisers and employers, helping transform the wealth management industry. This client-centred technology now administers over \$42 billion of client assets across 298,000 accounts and enables our unique ClientFirst service proposition across adviser, employer, member and investor segments.

“The Evolve21 migration was delivered on schedule, on budget, and provided a seamless transition for our clients. Successful completion of the Evolve21 programme is testimony to the skills and experience of our people whilst underscoring our proven capability to drive improved operational efficiencies and deliver increased value to clients. This gives us further confidence as we continue to simplify our platform ecosystem associated with recent acquisitions,” Mr Mota added.

Launch of Insignia Financial

Shareholders approved the change in name from IOOF Holdings Ltd to Insignia Financial Ltd at the Annual General Meeting on 25 November 2021 with 98.5% of votes cast in favour of the resolution. The change of name process was completed with the Australian Securities and Investments Commission in December 2021.

“The Insignia Financial name reflects the significant change the organisation has undergone over the last two years, provides a unifying brand for our people, and represents our shared ambition of creating financial wellbeing for all Australians,” Mr Mota said.

The MLC brand is an important asset which will continue to play a key role as a client-facing brand and there are no changes to IOOF-branded products or services or our other business brands at this time.

The Insignia Financial brand will be rolled out Group-wide in phases throughout 2022.

Integration, simplification and synergies

Significant progress was made during the quarter on integration, simplification and synergy realisation including:

- Further progress on the separation of the P&I and MLC businesses, which is being managed as a single program of work
- Additional steps to simplify and optimise the organisational structure resulting in realisation of synergy benefits
- Further action to simplify governance structures and processes which will provide a foundation for future product, platform and entity simplification.

Further details on synergy progress and targets will be announced with the 1H22 results on 24 February 2022.

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

Appendix 1

1.1 Insignia Financial funds movement for the three months ended 31 December 2021:

Funds Movement by Channel

All Amounts \$m	FUMA 30-Sep-21	Net Flow	Internal Transfers ¹	Pensions	Market/ Other	FUMA 31-Dec-21
Platforms						
IOOF	3,594	123	(175)	0	75	3,617
P&I	17,112	(59)	(1,877)	0	501	15,677
MLC	35,730	194	(476)	(33)	863	36,277
Workplace	56,436	258	(2,528)	(33)	1,438	55,571
IOOF	7,038	(24)	146	(16)	163	7,307
P&I	4,306	40	(112)	(3)	140	4,372
MLC	21,029	(290)	169	(5)	534	21,438
Personal²	32,374	(273)	203	(24)	837	33,117
IOOF	16,493	1,022	16,786	(135)	699	34,865
P&I	24,702	(193)	(11,594)	(86)	282	13,111
MLC	69,061	(196)	99	(314)	1,503	70,153
Advised	110,257	632	5,292	(535)	2,484	118,130
Private Trustee	4,637	160	0	0	(43)	4,754
Closed ³ /Transition	19,076	(846)	(2,968)	(139)	299	15,422
Funds under Administration	222,780	(69)	(1)	(730)	5,014	226,994
Asset Management						
IOOF	23,621	214	0	0	757	24,592
MLC	74,667	(166)	1	0	(250)	74,253
Funds under Management	98,289	49	1	0	507	98,845
Total FUMA	321,069	(20)	0	(730)	5,521	325,839

1. Internal Transfers represent the transfer of funds between products within the same superannuation fund and/or IDPS Operator.

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.

Funds Movement by Entity

All Amounts \$m	FUMA 30-Sep-21	Net Flow	Internal Transfers	Pensions	Market/ Other	FUMA 31-Dec-21
Platforms (FUA)						
IOOF	49,319	724	0	(220)	922	50,746
P&I	46,121	(484)	0	(153)	1,189	46,742
MLC	127,340	(309)	(1)	(358)	2,904	129,576
FUA	222,780	(69)	(1)	(730)	5,014	226,994
Asset Management (FUM)						
IOOF	23,621	214	0	0	757	24,592
MLC	74,667	(166)	1	0	(250)	74,253
FUM	98,289	49	1	0	507	98,845
Total FUMA	321,069	(20)	0	(730)	5,521	325,839

1.2 Active Advisers¹

Channel	30 Sept 2021	%	31 Dec 2021	%	3 month change
Employed	303	16.1%	292	16.5%	(11)
Self-Employed (Licensed)	984	52.3%	890	50.4%	(94)
Self-Licensed ²	596	31.7%	583	33.0%	(13)
Total	1,883		1,765		(118)

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.

1.3. Practice Numbers

Channel	30 Sept 2021	31 Dec 2021	3 month change
Self-Employed Practices¹			
Bridges	1	0	(1)
Consultum	86	73	(13)
FSP	0	0	0
Lonsdale	50	42	(8)
M3	123	98	(25)
RI	124	115	(9)
GPG	35	34	(1)
Tenfifty	120	118	(2)
Total Self-Employed	539	480	(59)
Self-Licensed Practices²			
Alliances	72	72	0
Dealer Associates	19	18	(1)
MLC Connect	13	13	0
Total Self-Licensed	104	103	(1)
Total	643	583	(60)

1. Self-Employed refers to those businesses that are independently owned but operate under one of the Insignia Financial AFSLs
2. 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

About Insignia Financial Ltd

Insignia Financial has been helping Australians secure their financial future since 1846. During that time, we have grown substantially to become one of the largest groups in the financial services industry.

Insignia Financial provides advisers and their clients with the following services:

- **Platforms** for advisers, their clients and hundreds of employers in Australia;
- **Advice** services via our extensive network of financial advisers; and
- **Asset Management** products that are designed to suit any investor's needs.

Further information about Insignia Financial can be found at www.ioof.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 obligations 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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