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## Insignia Financial 3Q22 Quarterly Business Update

### Quarterly Highlights:

- **Positive net inflows; \$18 million underpinned by net-inflows into Workplace Super, Advised Platforms and MLC retail asset management offerings, reflecting a continued improvement in net flows**
- **Group Funds Under Management and Administration (FUMA) of \$317.2 billion, impacted by market volatility and down \$8.6 billion (-2.7%)**
- **Increasing use of Evolve-based advisory platforms by advisers; up 7%**
- **Advice restructuring continues to remove subsidies and improve efficiencies**
- **98% of advisers have now successfully completed the financial adviser exam**
- **AET sale process commenced**

Insignia Financial Ltd (ASX: IFL) is pleased to provide this quarterly update for the three months ended 31 March 2022 (3Q22) as it continues to execute on strategic priorities to integrate MLC and simplify the business.

### Overview of 3Q22 FUMA & Advisers\*

- **Funds Under Administration (FUA):** \$220.3 billion; unfavourable market movements of \$5.7 billion were combined with pension payments of \$0.7 billion and net outflows of \$0.3 billion, leading to an overall reduction of \$6.7 billion.
- **Funds Under Management (FUM):** \$96.9 billion; positive net inflows of \$332 million were offset by unfavourable market movements of \$2.3 billion. Net inflows were primarily driven by net retail inflows of \$378 million offset by institutional outflows of approximately \$46 million.
- **Advice:** There were 1,682 advisers in the Insignia Financial network as at 31 March 2022, a reduction of 83 advisers. The reduction was primarily through the loss of smaller practices in the Self-Employed channel and recognises the focus on supporting the growth of partnerships with self-employed advisers on more sustainable terms. The number of practices in the Self-Employed channel decreased by 28 to 452 at the end of March.

Insignia Financial CEO, Renato Mota, said, "It has been pleasing to see continued improvement in net flows over the past nine months, reinforced in these quarterly results. Net-inflows from Workplace Super, Advised Platforms and Asset Management were delivered against the backdrop of increased market volatility and geo-political uncertainty. We continue to enhance our offerings to our enlarged community of clients, while delivering on integration and simplification initiatives, for the benefit of clients, members and shareholders."

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\* Refer Appendix 1 for further details

## **Business update**

### **Funds Under Administration (FUA)**

FUA as at 31 March 2022 was \$220.3 billion, a decrease of \$6.7 billion (-3.0%) for the quarter.

The decline in FUA was driven by unfavourable market movement of \$5.7 billion (-2.5%), combined with pension payments of \$0.7 billion and outflows of \$0.3 billion. Both the Workplace and Advised channels recorded positive inflows for the quarter.

IOOF and MLC Workplace Super offerings continue to attract inflows from both new and existing workplace plans. Increasing focus on client engagement is also seeing an improvement in fund retention leading to improved outflows.

Advised platforms operating on our proprietary Evolve technology added approximately \$0.5 billion net inflows during the quarter and there were 402 active advisers utilising Evolve-based advised platforms at the end of March 2022, compared to 374 in December 2021, an increase of 7%.

### **Funds Under Management (FUM)**

FUM as at 31 March 2022 was \$96.9 billion or 1.9% lower than 31 December 2021, driven by unfavourable market movements of \$2.3 billion partly offset by positive net flows over the quarter.

Net inflows of \$332 million for the three months were primarily driven by retail inflows of \$378 million offset by institutional outflows of approximately \$46 million.

Continued net inflows were seen across the MLC Wholesale and Managed Account offerings, with \$246 million driven by ongoing momentum in MLC's Core Wrap platform offering and MLC's Separately Managed Account Model Portfolios.

### **Financial Advice**

Insignia Financial continues to transform its Financial Advice offering, maintaining active advice services relationships with 1,682 financial advisers as at 31 March 2022. This represents a reduction of 83 advisers, mainly from the self-employed (49) and self-licensed (32) channels. The departures in the self-licensed channel include one practice with 32 authorised representatives, while departures from the self-employed channel were typically smaller practices, and reflect the reset of management fees charged by Insignia Financial to self-employed advisers from 1 October 2021.

Adviser numbers are expected to stabilise from 1 July 2022.

Aligned to the overall Advice simplification strategy, the Bridges and MLC Advice businesses will be integrated under a refreshed Bridges advice model, aligning governance, standards and ways of working with a focus on improving outcomes for clients.

Mr Mota said, "The next phase of our Advice simplification strategy will see us bringing two of our employed Advice businesses together, combining the strengths of both businesses and unifying them under one brand and culture. This is a key step in our transformation to ensure we have a sustainable and accessible Advice business into the future."

Amongst other changes, the new operating model will reflect the removal of previous subsidies and is expected to result in the reduction of approximately 30 adviser roles creating improved efficiencies, with no expected impact on revenue.

Reflecting the quality of Insignia Financial's advice offering and compliance regime, 98% of advisers have now successfully completed the financial adviser exam.

### **AET Sale Process**

In February, Insignia Financial announced it had commenced a structured sale process for the Australian Executor Trustees (AET) business. Insignia Financial has received positive inbound interest from a number of parties in relation to the sale process and has appointed Deutsche Bank as financial adviser and King & Wood Mallesons as legal adviser to the transaction. An Information Memorandum has been circulated to interested parties and non-binding indicative offers are expected to be received for the AET business in May 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 March 2022:

#### Funds Movement by Channel

All Amounts \$m	FUMA 31-Dec-21	Net Flow	Internal Transfers	Pensions	Market/ Other	FUMA 31-Mar-22
<b>Platforms</b>						
IOOF	3,617	42	-70	0	-135	3,454
P&I	15,677	-24	0	0	-391	15,262
MLC	36,277	165	-451	-33	-545	35,412
<b>Workplace</b>	<b>55,571</b>	<b>183</b>	<b>-521</b>	<b>-33</b>	<b>-1,071</b>	<b>54,128</b>
IOOF	7,307	-46	37	-15	-275	7,008
P&I	4,372	41	0	-2	-120	4,291
MLC	21,438	-252	435	-6	-300	21,315
<b>Personal<sup>2</sup></b>	<b>33,117</b>	<b>-257</b>	<b>472</b>	<b>-23</b>	<b>-695</b>	<b>32,614</b>
IOOF	34,865	500	33	-193	-1,008	34,197
P&I	13,111	-103	0	-84	-406	12,519
MLC	70,153	-317	17	-301	-1,801	67,752
<b>Advised</b>	<b>118,130</b>	<b>80</b>	<b>50</b>	<b>-578</b>	<b>-3,215</b>	<b>114,468</b>
Private Trustee	4,754	-95	0	0	-12	4,647
Closed <sup>3</sup> /Transition	15,422	-225	0	-67	-704	14,426
<b>Funds under Administration</b>	<b>226,994</b>	<b>-314</b>	<b>0</b>	<b>-701</b>	<b>-5,697</b>	<b>220,283</b>
<b>Asset Management</b>						
IOOF	24,592	87	0	0	-534	24,146
MLC	74,253	245	0	0	-1,726	72,773
<b>Funds under Management</b>	<b>98,845</b>	<b>332</b>	<b>0</b>	<b>0</b>	<b>-2,260</b>	<b>96,919</b>
<b>Total FUMA</b>	<b>325,839</b>	<b>18</b>	<b>0</b>	<b>-701</b>	<b>-7,957</b>	<b>317,202</b>

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.
4. Totals are subject to rounding

## Funds Movement by Entity

All Amounts	FUMA 31-Dec-21	Net Flow	Internal Transfers	Pensions	Market/ Other	FUMA 31-Mar-22
<b>Platforms (FUA)</b>						
IOOF	50,746	400	0	-208	-1,632	49,305
P&I	46,672	-289	0	-148	-1,370	44,865
MLC	129,576	-426	0	-344	-2,694	126,112
<b>FUA</b>	<b>226,994</b>	<b>-314</b>	<b>0</b>	<b>-701</b>	<b>-5,697</b>	<b>220,283</b>
<b>Asset Management (FUM)</b>						
IOOF	24,592	87	0	0	-534	24,146
MLC	74,253	245	0	0	-1,726	72,773
<b>FUM</b>	<b>98,845</b>	<b>332</b>	<b>0</b>	<b>0</b>	<b>-2,260</b>	<b>96,918</b>
<b>Total FUMA</b>	<b>325,839</b>	<b>18</b>	<b>0</b>	<b>-701</b>	<b>-7,957</b>	<b>317,202</b>

## 1.2 Active Advisers<sup>1</sup>

Channel	31-Dec-21	%	31-Mar-22	%	3 month change
Employed	292	16.5%	290	17.2%	-2
Self-Employed (Licensed)	890	50.4%	841	50.0%	-49
Self-Licensed <sup>2</sup>	583	33.0%	551	32.8%	-32
<b>Total</b>	<b>1,765</b>		<b>1,682</b>		<b>-83</b>

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. Totals are subject to rounding

## 1.3. Practice Numbers

Channel	31-Dec-21	31-Mar-22	3 month change
<b>Self-Employed Practices<sup>1</sup></b>			
Consultum	73	65	-8
Lonsdale	42	38	-4
M3	98	87	-11
RI	115	111	-4
GPG	34	34	0
Tenfifty	118	117	-1
<b>Total Self-Employed</b>	<b>480</b>	<b>452</b>	<b>-28</b>
<b>Self-Licensed Practices<sup>2</sup></b>			
Alliances	72	70	-2
Dealer Associates	18	18	0
MLC Connect	13	14	1
<b>Total Self-Licensed</b>	<b>103</b>	<b>102</b>	<b>-1</b>
<b>Total</b>	<b>583</b>	<b>554</b>	<b>-29</b>

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
3. Totals are subject to rounding

## 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.insigniafinancial.com.au](http://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 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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