

ASX Release – 27 October 2022

## Insignia Financial 1Q23 Quarterly Business Update

### Highlights:

- **Positive Platform flows of \$136 million during the quarter, an improvement of \$1.0 billion on the prior corresponding period**
- **Net inflows of \$394 million into Retail Asset Management funds offset by \$1.9 billion outflows from the lower margin Institutional channel**
- **Group Funds Under Management and Administration (FUMA) of \$292.2 billion, down \$5.3 billion (-1.8%) with unfavourable market movement of \$4.7 billion**
- **Separation of P&I business from ANZ and exit of transitional services completed**
- **Received Climate Active certification and released inaugural Task Force on Climate-Related Financial Disclosures (TCFD) report**

Insignia Financial Ltd (ASX: IFL) is pleased to provide this quarterly update for the three months ended 30 September 2022 (1Q23) as it reaches an important integration milestone and records continued positive platform flows.

### Overview of 1Q23 FUMA & Advisers

- **Funds Under Administration (FUA):** \$201.6 billion; positive net inflows of \$136 million were offset by market decline of \$3.0 billion and pension payments of \$753 million, leading to an overall reduction of \$3.6 billion (-1.8%).
- **Funds Under Management (FUM):** \$90.7 billion; positive retail net inflows of \$394 million and internal transfers of \$1.5 billion were offset by institutional outflows of \$1.9 billion and market decline of \$1.7 billion, resulting in an overall reduction of \$1.7 billion (-1.8%).
- **Advice:** There were 1,570 advisers in the Insignia Financial network as at 30 September 2022, a reduction of 30 advisers. This included the departure of 28 advisers from the self-employed channel and 5 advisers from the employed channel, while the self-licensed offering added 3 net new advisers. The reduction was in-line with the decrease seen in the overall market and was driven in part by the expiry of the FASEA exam deadline on 30 September 2022.

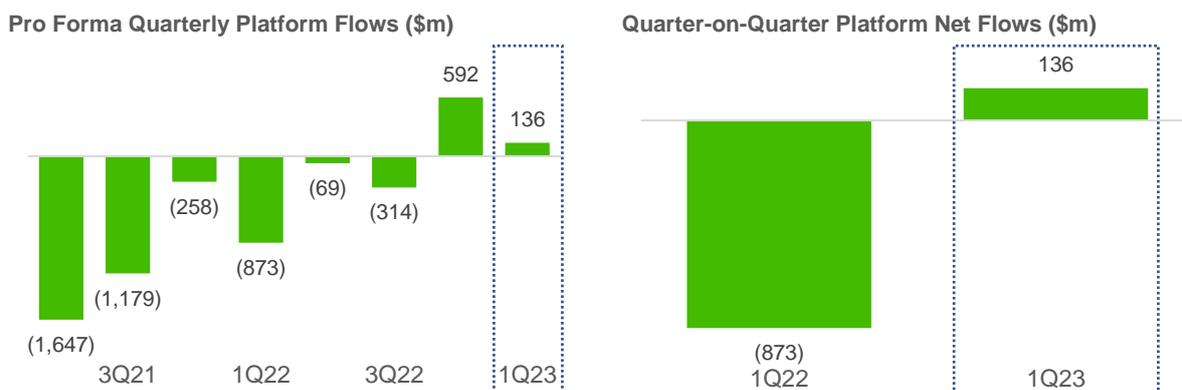
Commenting on the quarter, Insignia Financial CEO, Renato Mota, said, “Insignia Financial has again seen positive platform flows, with net flows in the first quarter \$1.0 billion higher than the same period last year. Pleasingly, this improvement is widespread and has been seen across IOOF, MLC and P&I. Gross Platform inflows were \$4.8 billion during the quarter, including \$3.0 billion in the advised channel, highlighting the attractiveness and competitiveness of our contemporary, go-forward offerings, while our Retail Asset Management offerings continue to attract net inflows.”

## Business update

### Funds Under Administration (FUA)

FUA as at 30 September 2022 was \$201.6 billion, a decrease of \$3.6 billion (-1.8%) for the quarter.

The decline in FUA was driven by market decline of \$3.0 billion (-1.5%), combined with pension payments of \$0.8 billion partly offset by net inflows of \$136 million, with the Workplace and Advised channels both recording positive net inflows for the quarter.



Workplace Super achieved net inflows of \$235 million for the quarter, an improvement of \$406 million on the same period last year, driven by ongoing success in retaining employer clients and implementation of new employer mandates, while outflows from the Personal channel were \$251 million, an improvement of \$218 million from the prior year.

Mr Mota said, "Our Workplace Super offering continues to win new mandates with the addition of 10 new employer groups during the quarter, representing approximately \$400 million of FUA and 4,000 new members, which we expect to start to flow in the second and third quarters of FY23."

Advised Platforms achieved \$400 million of net inflows during the quarter including \$3.0 billion of gross inflows.

A significant proportion of FUA in the advised channel comes from independent financial advisers<sup>2</sup> highlighting the broad support for our product set amongst non-aligned advisers and clients.

### Funds Under Management (FUM)

FUM as at 30 September 2022 was \$90.7 billion, \$1.7 billion (-1.8%) lower than 30 June 2022, driven by market decline of \$1.7 billion (-1.4%) and institutional outflows of \$1.9 billion partly offset by positive retail flows of \$394 million and positive internal product transfers of \$1.5 billion.

During the quarter, \$1.5 billion was transferred from the Optimix and OnePath investment options into the IOOF MultiSeries strategies which have been recently added to the SmartChoice and Frontier platform menus. The transfer, which will offer members improved risk-adjusted after-fee performance outcomes, represents a net inflow into Asset Management, but will not result in any new incremental revenue or client base.

The institutional outflows reflect rebalancing away from Antares Fixed Income, predominantly by MLC, as a result of ongoing investment market volatility, as well as outflows from JANA, in which Insignia Financial holds a 45% interest. These outflows were partly offset by strong inflows into Intermede driven by new client wins and additional allocations from existing clients.

<sup>1</sup> Proforma historical FUMA includes contribution from ANZ P&I and MLC

<sup>2</sup> Advisers not operating under an Insignia Financial group license

## Financial Advice

Insignia Financial maintained active advice services relationships with 1,570 financial advisers as at 30 September 2022. This represents a quarterly reduction of 30 advisers, primarily from the self-employed channel, consistent with declines seen across the broader advice market<sup>1</sup>.

Insignia Financial has maintained its market share over the past twelve months.

Whilst the level of departures has moderated compared to recent quarters, there continued to be some movement in the self-employed channel with a number of practices opting out, primarily through selling their client books or transitioning to a self-licensed model.

Some advisers also relinquished their authority with the expiry of the FASEA exam deadline (30 September 2022). Insignia Financial continued to broker internal M&A transactions, retaining some of the sold client books with pre-existing practices in the Insignia Financial licensees. Offsetting the departures during the quarter, we did also see some recruitment into the self-employed channel, with 3 new businesses joining Insignia Financial licensees.

## Integration and simplification

During the quarter Insignia Financial completed the separation of the P&I business from ANZ, including the transition of the systems and people supporting the P&I business to the Insignia Financial environment and the exit from all transitional services provided by ANZ. The final 222 P&I staff have now transitioned to Insignia Financial.

This significant milestone is the culmination of a multi-year program of work and with those systems now under Insignia Financial's direct control and management, Insignia Financial can progress activities to simplify and uplift those systems, within the enterprise platform simplification program, so as to create improved and economically sustainable outcomes for clients of the P&I business.

Commenting on the separation, Mr Mota said: "The separation from ANZ, which was achieved on-schedule and to plan, with minimal disruption to clients, marks another important milestone in the integration of our acquired businesses and realisation of synergies, and demonstrates our capability to deliver on major transformation initiatives."

## Environment, Social, and Governance

As further demonstration of its commitment to environmental, social, and governance (ESG) initiatives, Insignia Financial has received Climate Active certification<sup>2</sup> for carbon neutral status and has further committed to actively taking measures to reduce its operational emissions by 2050, with the aim of significantly reducing the reliance on purchasing carbon offsets into the future.

Insignia Financial also published its inaugural reporting disclosures consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) reporting framework which provides detailed information on our material ESG matters as well as how we are progressing towards realising outcomes that are consistent with the United Nations Sustainable Development Goals.

Mr Mota said: "At Insignia Financial we are proud to have been certified for our carbon neutral status as it demonstrates our commitment to ESG initiatives, our ability to manage risk, and deliver long term value to all our stakeholders.

"We understand the sustainability of our business is intrinsically linked to sustaining the environment and the communities we serve, which is why maintaining strong ESG practices is an integral part of our business strategy."

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<sup>1</sup> ASIC Financial Advisers Dataset

<sup>2</sup> The Climate Active program is backed by the Australian government and Climate Active certification is awarded to businesses and organisations that have achieved carbon neutrality

### **AET Sale Update**

As announced on 22 August 2022, the sale of the Australian Executor Trustees business (AET) is expected to complete by the end of calendar year 2022. Completion is subject to satisfaction of conditions precedent, including Ministerial approval of the acquisition of AET's trustee license. The proceeds from the sale of \$135 million will be used to reduce debt.

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 30 September 2022:

#### Funds Movement by Channel

All Amounts \$m	FUMA 30-Jun- 22	Net Flow	Internal Transfers	Pensions	Market/ Other	FUMA 30-Sep- 22
<b>Platforms</b>						
IOOF	3,186	29	-83	0	-31	3,101
P&I	15,617	-39	0	0	-239	15,339
MLC	33,240	245	-476	-35	-427	32,547
<b>Workplace</b>	<b>52,043</b>	<b>235</b>	<b>-559</b>	<b>-35</b>	<b>-697</b>	<b>50,987</b>
IOOF	6,562	-49	49	-17	-63	6,482
P&I	4,055	63	0	-3	-74	4,041
MLC	20,377	-265	457	-7	-178	20,384
<b>Personal<sup>2</sup></b>	<b>30,994</b>	<b>-251</b>	<b>506</b>	<b>-27</b>	<b>-315</b>	<b>30,907</b>
IOOF	29,618	546	34	-197	-397	29,604
P&I	11,418	-184	0	-83	-131	11,020
MLC	62,508	38	22	-341	-1,223	61,004
<b>Advised</b>	<b>103,544</b>	<b>400</b>	<b>56</b>	<b>-621</b>	<b>-1,751</b>	<b>101,628</b>
AET	6,938	11	0	-6	-36	6,907
Closed <sup>3</sup> /Transition	11,647	-259	0	-64	-201	11,123
<b>Funds under Administration</b>	<b>205,166</b>	<b>136</b>	<b>3</b>	<b>-753</b>	<b>-3,000</b>	<b>201,552</b>
<b>Asset Management</b>						
Retail	28,631	397	1,483	0	-813	29,698
Institutional	13,001	-1,609	0	0	-495	10,897
<b>Multi-Asset</b>	<b>41,632</b>	<b>-1,212</b>	<b>1,483</b>	<b>0</b>	<b>-1,308</b>	<b>40,595</b>
Retail	2,701	-3	0	0	-93	2,605
Institutional	48,013	-270	0	0	-281	47,462
<b>Direct Capabilities</b>	<b>50,714</b>	<b>-273</b>	<b>0</b>	<b>0</b>	<b>-374</b>	<b>50,067</b>
<b>Funds under Management</b>	<b>92,346</b>	<b>-1,485</b>	<b>1,483</b>	<b>0</b>	<b>-1,682</b>	<b>90,662</b>
<b>Total FUMA</b>	<b>297,512</b>	<b>-1,349</b>	<b>1,486</b>	<b>-753</b>	<b>-4,682</b>	<b>292,214</b>

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 products included in 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.
5. Following the integration of IOOF and MLC Asset Management, Asset Management will be reported on a Retail/Institutional basis across Multi-Asset and Direct Capabilities

## Funds Movement by Entity

All Amounts	FUMA 30-Jun- 22	Net Flow	Internal Transfers	Pensions	Market/ Other	FUMA 30-Sep- 22
<b>Platforms (FUA)</b>						
IOOF	46,303	537	0	-221	-527	46,092
P&I	41,238	-403	0	-145	-599	40,091
MLC	117,625	2	3	-387	-1,874	115,369
<b>FUA</b>	<b>205,166</b>	<b>136</b>	<b>3</b>	<b>-753</b>	<b>-3,000</b>	<b>201,552</b>
<b>Asset Management (FUM)</b>						
IOOF	22,529	9	1,483	0	-268	23,753
MLC	69,817	-1,494	0	0	-1,414	66,909
<b>FUM</b>	<b>92,346</b>	<b>-1,485</b>	<b>1,483</b>	<b>0</b>	<b>-1,682</b>	<b>90,662</b>
<b>Total FUMA</b>	<b>297,512</b>	<b>-1,349</b>	<b>1,486</b>	<b>-753</b>	<b>-4,682</b>	<b>292,214</b>

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

Channel	30-Jun-22	%	30-Sep-22	%	3-month change
Employed	256	16.0%	251	16.0%	-5
Self-Employed (Licensed)	798	49.9%	770	49.0%	-28
Self-Licensed <sup>2</sup>	546	34.1%	549	35.0%	3
<b>Total</b>	<b>1,600</b>		<b>1,570</b>		<b>-30</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	30-Jun-22	30-Sep-22	3-month change
<b>Self-Employed Practices<sup>1</sup></b>			
Consultum	59	53	-6
Lonsdale	31	30	-1
M3	82	80	-2
RI	109	105	-4
GPG	33	31	-2
Tenfifty	113	113	0
<b>Total Self-Employed</b>	<b>427</b>	<b>412</b>	<b>-15</b>
<b>Self-Licensed Practices<sup>2</sup></b>			
Alliances	71	72	1
Dealer Associates	18	18	0
MLC Connect	15	14	-1
<b>Total Self-Licensed</b>	<b>104</b>	<b>104</b>	<b>0</b>
<b>Total</b>	<b>531</b>	<b>516</b>	<b>-15</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.

### Investor Enquiries:

Andrew Ehlich  
GM Capital Markets  
Insignia Financial  
M: +61 407 223 044  
E: [andrew.ehlich@insigniafinancial.com.au](mailto:andrew.ehlich@insigniafinancial.com.au)

### Media Enquiries:

Kristen Allen  
GM Corporate Affairs  
Insignia Financial  
M: +61 412 759 753  
E: [kristen.allen@insigniafinancial.com.au](mailto:kristen.allen@insigniafinancial.com.au)