

ASX Release – 25 January 2023

Insignia Financial 2Q23 Quarterly Business Update

Highlights:

- **Funds Under Management and Administration (FUMA)** was \$285.1 billion as at 31 December 2022, an increase of \$7.4 billion (+2.7%) on a continuing basis, and decline of \$7.1 billion (2.4%) after adjusting for FUMA divested through sale of JANA and AET
- 1H23 Platform net flows improved \$811 million on prior corresponding period
- Platform net outflows of \$267 million during the quarter reflected challenging conditions in the Advised channel, partially offset by strong flows into the Workplace channel
- Net inflows of \$160 million into Retail Asset Management funds offset by \$191 million outflows from the lower margin Institutional channel
- Sale of the Australian Executor Trustees Limited (AET) business completed
- Resetting of commercial relationship with JANA Investment Advisers (JANA) including sale of remaining stake

Insignia Financial Ltd (ASX: IFL) is pleased to provide this quarterly update for the three months ended 31 December 2022 (2Q23) as it continues to progress with simplification initiatives.

Overview of 2Q23 FUMA & Advisers

- **Funds Under Administration (FUA):** \$201.3 billion; Positive market movement of \$7.6 billion were offset by AET FUA of \$6.9 billion divested, pension payments of \$706 million and net outflows of \$267 million, leading to an overall reduction of \$0.2 billion (0.1%).
- **Funds Under Management (FUM):** \$83.8 billion; Positive market movement of \$775 million and retail net inflows of \$160 million were offset by JANA FUM of \$7.6 billion divested and institutional outflows of \$191 million, resulting in an overall decrease of \$6.9 billion (7.6%).
- **Advice:** There were 1,525 advisers in the Insignia Financial network as at 31 December 2022, a reduction of 45 advisers, largely of advisers from existing member practices in the self-licensed channel with minimal financial impact.

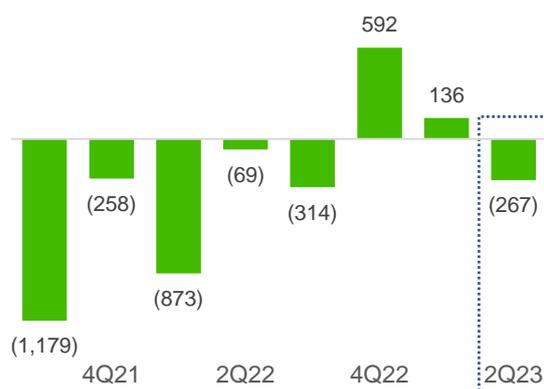
Commenting on the quarter, Insignia Financial CEO, Renato Mota, said, “Insignia Financial continues to see improvement in platform flows, with net flows in the first half \$0.8 billion higher than the same period last year. Pleasingly, this improvement is most observable across the acquired MLC and P&I platforms, which were historically seeing significant outflow. Gross Platform inflows were \$4.7 billion during the quarter, including \$2.7 billion in the advised channel, highlighting the attractiveness and competitiveness of our contemporary, go-forward offerings. Workplace flows were the strongest since the acquisition of MLC and reflect implementations of earlier new business wins.”

Business update

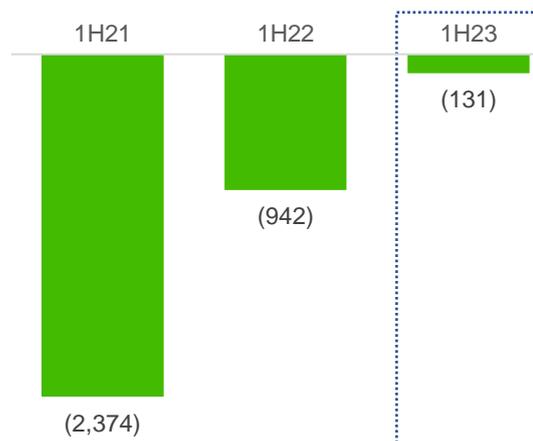
Funds Under Administration (FUA)

FUA as at 31 December 2022 was \$201.3 billion. Excluding the divestment of AET which was completed in November 2022, FUA was \$6.7 billion (+3.4%) higher, driven by positive market movement of \$7.6 billion (+3.8%), partly offset by pension payments of \$706 million and net outflows of \$267 million.

Pro forma Quarterly Platform Flows (\$m)



Pro-forma Half-on-half Platform Flows (\$m)



Workplace Super achieved net inflows of \$530 million for the quarter, the largest since the acquisition of MLC, and an improvement of \$272 million on the same period last year. This was driven by ongoing success in retaining employer clients and implementation of new employer mandates.

Mr Mota said, “Our Workplace Super offering saw strong quarterly flows, off the back of the implementation of new mandates won in previous quarters, which will continue to drive flows into the third quarter of FY23. The attractiveness of our offering has been underlined by continuing strong retention results, while seeing successes in competing for new business.”

Advised Platforms saw \$246 million of net outflows during the quarter amidst challenging conditions in the broader market. Advised Platforms received \$2.7 billion of gross inflows, underscoring the broad support for our product set amongst non-aligned advisers and clients.

Year to date platform flows have been broadly neutral.

Funds Under Management (FUM)

FUM as at 31 December 2022 was \$83.8 billion. Excluding the sale of JANA and the transition of Responsible Entity, FUM was \$0.7 billion (0.9%) higher than 30 September 2022, driven by positive market movement of \$775 million (+0.9%), and positive retail flows of \$160 million partly offset by institutional outflows of \$191 million. The transition of Responsible Entity for JANA’s Implemented Consulting clients from MLC Investments Limited to an alternative provider resulted in a reduction of \$7.6 billion in reported FUM.

Market movement of \$775 million, representing 0.9% of the opening FUM balance, was impacted by a weaker US Dollar driving foreign exchange losses in the largely US Dollar denominated Intermede portfolio, while a decline in UK commercial property valuations impacted Orchard Street.

Strong uptake of our contemporary multi-asset retail offerings continues, with MLC Wholesale, MLC Managed Accounts and IOOF Multiseries maintaining positive net flows. Institutional outflows continue to reflect client rebalancing and asset allocation away from Antares Fixed Income in a volatile market environment.

Financial Advice

Insignia Financial maintained active advice services relationships with 1,525 financial advisers as at 31 December 2022. This represents a reduction of 45 advisers over the quarter, primarily from the self-licensed channel. Across the employed and self-employed channels the level of departures has moderated further and is consistent with slowing reductions across the industry for the quarter.

The reduction of 37 advisers in the self-licensed channel was primarily from within existing member practices following reviews of their adviser bases during the quarter, and the reduction is not expected to have a meaningful financial impact.

The integration of MLC Advice into Bridges and subsequent reshaping of the service proposition is anticipated to result in a short-term revenue reduction as low fee-paying clients are moved off fixed term service agreements.

Platform Technology Strategy

Simplifying the platform suite is a key focus of Insignia Financial's strategy to reduce cost-to-serve, while enhancing the quality and features of our offer, and delivering more competitive pricing.

As part of its simplification strategy, Insignia Financial has explored options to complement the continued investment in its proprietary, contemporary Evolve wrap platform technology. A full-market review of Master Trust software solutions has been undertaken and Insignia Financial has concluded that a two-platform ecosystem is expected to maximise benefits to members and shareholders, while the adoption of a third-party solution will allow Insignia Financial to implement a solution in less time, with lower risk, and deliver greater functionality more quickly.

Insignia Financial remains in discussions with software providers for our Master Trust-based products and expects to provide a further update on the chosen platform solution and strategy shortly.

JANA Relationship

Insignia Financial has entered into a binding Share Sale Agreement to divest its remaining 45% stake in JANA to JANA management. JANA will become wholly management-owned following the transaction which follows the acquisition of a majority stake (55%) of the JANA business from MLC Wealth in 2017. Completion is expected to occur in early calendar year 2023.

In addition to the divestment of the minority stake, the Responsible Entity for approximately \$7.6 billion of funds under JANA's implemented consulting offering transitioned to an alternative provider in Q2 FY23.

The divestment and transition of the Responsible Entity align with Insignia Financial's ongoing strategy of simplification and improved focus across the business.

JANA will continue to remain a valued Asset Consultant and provider of investment research for Insignia Financial.

AET Sale

As announced on 30 November 2022, Insignia Financial completed the sale of AET to EQT Holdings Limited. Proceeds of \$130 million after costs have been used to reduce debt.

As part of the transaction, Insignia Financial and Equity Trustees have also entered a Strategic Alliance Agreement and Insignia Financial will continue to provide a number of services to AET under a Transitional Services Agreement.

Commenting on the quarter, Insignia Financial CEO, Renato Mota, said, “Insignia Financial continues to make deliberate and meaningful progress on execution of its transformation and simplification strategy across our three businesses, demonstrated by the sale of AET and our stake in JANA, and continued refinement of our platform strategy.

“Our progress over the last quarter reflects our ongoing commitment to delivering consistent outcomes for our members, clients and shareholders, and ultimately improving the financial wellbeing of all Australians.”

1H23 Results

Insignia Financial will release its 1H23 results on 23 February 2023. Further details will be provided closer to the date.

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

Appendix 1

Insignia Financial funds movement for the three months ended 31 December 2022:

Funds Movement by Channel

All Amounts \$m	FUMA 30-Sep-22	Net Flow	Internal Transfers ¹	Pensions	Market/ Other	FUMA 31-Dec-22
Platforms						
IOOF	3,101	68	-99	0	107	3,177
P&I	15,339	11	0	0	556	15,906
MLC	32,547	451	-427	-34	1,026	33,563
Workplace	50,987	530	-526	-34	1,689	52,646
IOOF	6,482	-79	76	-16	225	6,688
P&I	4,041	73	0	-3	140	4,251
MLC	20,384	-264	405	-7	716	21,234
Personal²	30,907	-270	481	-26	1,081	32,173
IOOF	29,604	456	23	-197	1,263	31,149
P&I	11,020	-163	0	-80	428	11,205
MLC	61,004	-539	19	-308	2,721	62,897
Advised	101,628	-246	42	-585	4,412	105,251
AET	6,907	0	0	0	-6,907	0
Closed ³ /Transition	11,123	-281	0	-61	463	11,244
Funds under Administration	201,552	-267	-3	-706	738	201,314
Asset Management						
Retail	29,698	192	0	0	1,030	30,920
Institutional (excl. JANA)	3,279	26	0	0	138	3,443
JANA Implemented Consulting	7,618	0	0	0	-7,618	0
Multi-Asset	40,595	218	0	0	-6,450	34,363
Retail	2,605	-32	0	0	87	2,660
Institutional	47,462	-217	0	0	-480	46,765
Direct Capabilities	50,067	-249	0	0	-393	49,425
Funds under Management	90,662	-31	0	0	-6,843	83,788
Total FUMA	292,214	-298	-3	-706	-6,105	285,102

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. Market/Other includes the transfer of AET FUA following completion of the divestment of AET, and the transfer of Responsible Entity to a third-party for the JANA Implemented Consulting funds.
5. Totals are subject to rounding.

Funds Movement by Entity

All Amounts \$m	FUMA 30-Sep-22	Net Flow	Internal Transfers	Pensions	Market/ Other	FUMA 31-Dec-22
Platforms (FUA)						
IOOF	39,185	445	0	-212	1,596	41,014
P&I	40,091	-346	0	-140	1,508	41,113
MLC	115,369	-366	-3	-354	4,541	119,187
AET	6,907	0	0	0	-6,907	0
FUA	201,552	-267	-3	-706	738	201,314
Asset Management (FUM)						
IOOF	23,753	68	0	0	984	24,805
MLC	59,291	-99	0	0	-209	58,983
JANA Implemented Consulting	7,618	0	0	0	-7,618	0
FUM	90,662	-31	0	0	-6,843	83,788
Total FUMA	292,214	-298	-3	-706	-6,105	285,102

Active Advisers¹

Channel	30-Sep-22	%	31-Dec-22	%	3-month change
Employed	251	16.0%	247	16.2%	-4
Self-Employed (Licensed)	770	49.0%	766	50.2%	-4
Self-Licensed ²	549	35.0%	512	33.6%	-37
Total	1,570		1,525		-45

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-Sep-22	31-Dec-22	3-month change
Self-Employed Practices¹			
Consultum	53	53	0
Lonsdale	30	27	-3
M3	80	77	-3
RI	105	104	-1
GPG	31	31	0
Tenfifty	113	111	-2
Total Self-Employed	412	403	-9
Self-Licensed Practices²			
Alliances	72	69	-3
Dealer Associates	18	18	0
MLC Connect	14	14	0
Total Self-Licensed	104	101	-3
Total	516	504	-12

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

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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