

23 November 2023

## 2023 Annual General Meeting

Attached are the Chairman and Chief Executive Officer addresses to shareholders to be presented today at the Insignia Financial Ltd 2023 Annual General Meeting (AGM).

The AGM will be held at 9.30am at 'The Residence' room at the Grand Hyatt, 123 Collins Street Melbourne, Victoria 3000.

For shareholders who are unable to attend in person, the AGM can be viewed online from 9.30am using the following link:

<https://web.lumiagm.com/#/m/353646655>

For more information please see our website. Please note, a recording will be available on our website shortly after the event.

Authorised for release to the ASX by the Group Company Secretary, Adrianna Bisogni.

Further information about Insignia Financial can be found at [www.insigniafinancial.com.au](http://www.insigniafinancial.com.au)

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## 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 Australian 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;
- **Financial Advice** via our extensive network of financial advisers; and
- **Asset Management** products that are designed to suit any investor's needs.

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## 2023 AGM Chairman's Address

Good morning, ladies and gentlemen, and welcome to the 2023 Annual General Meeting of shareholders.

I would like to start by acknowledging the Traditional Custodians of Country on which we meet today and recognise their continuing connection to lands, waters and communities, and how this enriches us all. Here in Melbourne, I acknowledge the Wurundjeri People of the Kulin Nation, and pay my respects to Aboriginal and Torres Strait Islander people and their cultures, and to Elders past and present.

In the past 12 months since the last Annual General Meeting, we have stayed steadfast in executing and delivering our strategic agenda, and laying the foundations of a business with a competitive advantage in a market which continues to experience systemic growth. Despite the challenging external environment, we have delivered numerous strategic initiatives during the year and have a clear focus on setting up the business to deliver sustainable, ongoing returns.

Notwithstanding this track record of execution, our share price provides reason for disappointment, and we as a Board, have reflected on why the execution of strategy has not translated to an increase in shareholder value.

As a Board, this reflection has had us actively work with your management team, seeking input and advice from a range of stakeholders, as well as engagement with our shareholders. We are committed to exploring every avenue to deliver sustainable value creation for the benefit of shareholders.

As we've worked through this process, there is important context to remember – the 2023 financial year was the second full year of ownership of MLC, in what has been since the proposed acquisition of MLC, a three-year integration plan. We have remained disciplined in our desire to build long term competitive advantage by investing in the core capabilities of the business, which will provide growth over the next decade.

## **Integration milestones and business progress**

Over the course of the year, we have made significant strides in integrating and simplifying Insignia Financial. This has resulted in the accelerated delivery of benefits aligned with our original three-year plan post the acquisition of MLC.

In financial year 2023, we completed our \$218 million acquisition synergy program. Furthermore, we completed the separation of the Pensions and Investments business, exiting all transitional services provided by ANZ in October 2022.

With these milestones achieved, we refreshed the business strategy in July this year and are confident it will deliver on growth opportunities over the next two to three years. The strategy includes the delivery of several initiatives:

- The planned migration of MLC Wrap to Expand, migrating nearly \$40 billion of funds under administration across approximately 100,000 member accounts. Delivery is on track for the second half of financial year 2024.
- The execution of our future master trust platform solution, combining various foundational aspects of our wrap and master trust platforms under a shared technology ecosystem. This consolidation reduces duplication and minimises the cost and risk of change. The foundational aspects are expected to be in place by mid-2025.
- The reset of our financial advice operating model including the establishment of a new partnership ownership model for self-employed licensees comprising RI Advice Group, Consultum and TenFifty. The proposed partnership model continues to generate a high level of interest and enthusiasm from advisers.
- A cost optimisation program delivering a total of \$175-190 million of annualised benefits, to be realised from financial year 2024 to 2026, from further organisational design efficiencies, exit from MLC related NAB Transition Services, and the restructure of the Advice business. The cost reduction program has been mobilised and is on track to deliver \$60-\$70 million in year in FY2024.

This work sets the path for earnings growth in financial year 2025 and beyond. We are targeting a cost-to-income ratio in the mid-60% range within three years, and we believe there are further opportunities for simplification and improved efficiencies beyond.

## **Sustainability and connection to community**

In line with the evolution of our business strategy, we are also evolving our environmental, social, and governance agenda. We are refining our approach to meet emerging sustainability challenges and growing stakeholder expectations. This includes aligning to global practices in assessing materiality and significance of factors, through the Global Reporting Initiative.

We are proud to have our Reconciliation Action Plan approved by Reconciliation Australia. Our Reconciliation Action Plan is at the second level – Innovate – reflecting the work done to date across the company in developing relationships with Aboriginal and Torres Strait Islander stakeholders.

Connection to the broader community is key and we continue to provide assistance through initiatives such as workplace giving, volunteering and supporting not-for-profit organisations through our charitable foundation.

In terms of our people, it's been almost two years since the organisation has come together as Insignia Financial, and we are making good progress on cultural integration and ensuring our people feel like this is a company where all belong. According to our employee survey, more than 80% of our people feel they belong at work – and 73% believe we live our purpose – 'Understand me, look after me, secure my future' on a daily basis.

## **Building a trusted business**

For a business like ours, sound business governance and strong risk management is key. In the past 12 months, we have further bolstered our capabilities in this space.

Importantly, we have strengthened our leadership capabilities with new Chief Risk Officer Anvij Saxena joining the organisation in March. We have also refreshed our 'three lines of accountability' model, ensuring there is clear responsibility in place for all parts of the business.

As I shared at last year's AGM, the Australian Prudential Regulation Authority, APRA, imposed additional licence conditions on the Registrable Superannuation Entity licences of Insignia Financial's superannuation fund trustees. We are supporting the superannuation trustees to uplift their governance, risk management frameworks, and practices to meet APRA's requirements. We are well progressed on a number of actions relating to the

additional licence conditions, to ensure we meet the regulator's expectations of the Trustees.

Building a trusted business means we need to continue to manage our clients' and members' money with exemplary care and maintain our focus on delivering better outcomes. This extends to ensuring we are safeguarding the security, privacy, and quality of their information. Accordingly, we are investing in areas such as cyber and data security.

### **Board renewal**

Turning to the Board itself, as announced on 30 October, as part of the Board renewal process, we have appointed Ms Gai McGrath to Insignia Financial's Board as an independent Non-Executive Director, effective 4 March 2024.

Ms McGrath has been appointed as part of Board succession planning, given Ms Elizabeth Flynn will be stepping down from the Insignia Financial Board in 2024. Ms Flynn was appointed in 2015 and will step down before reaching her nine-year anniversary – in line with company policy and good corporate practice for non-executive directors.

Ms McGrath is an experienced Non-Executive Director, with over three decades of experience in the financial services and legal industries in Australia, New Zealand and the UK. In addition to having a number of board appointments, Ms McGrath has previously held a series of executive roles centred around retail banking and wealth management. Ms McGrath was also a lawyer in private practice and, prior to her time at Westpac, worked at Perpetual Limited as General Counsel and Company Secretary. Ms McGrath will be a welcome addition to the Board.

As part of our governance approach, we continually review the composition of the Board to ensure we have the right skillset and experience to guide the business during this time of change.

### **Looking forward**

The current 2024 financial year is a pivotal year in the context of positioning for growth in 2025 and beyond. Your Board remains firmly of the view that the business is in a strong position:

- the balance sheet is well capitalised to support change;
- the strategy is clear, delivering accountability and value creation; and

- we are one of Australia's largest wealth management businesses in an industry where total superannuation assets are expected to grow from \$3.4 trillion to over \$9 trillion over the next two decades.

As you are aware, we recently announced by mutual agreement, current CEO Renato Mota will be stepping down in February 2024 after delivering the half year results, after more than 20 years of service.

While we acknowledge a change in leadership at such a pivotal point in time creates uncertainty, we have confidence in the Executive Team's ability to deliver the necessary outcomes in 2024, allowing clarity and direction for 2025 and beyond.

Over the past five years as CEO, Renato has been instrumental in transforming the business. He has created a purpose-led culture and executed a bold strategy in the face of numerous challenges, including a global pandemic. As the industry has changed over the past 20 years, Renato has been driven by a desire to position Insignia Financial, and IOOF before it, as an industry leader, delivering value to all stakeholders. Renato has always led with integrity and purpose, prioritising the interests of the company above all.

I and the Board thank Renato for his outstanding leadership qualities and his commitment to being the best custodian possible of a business with more than 177 years of heritage. We wish him well in his future endeavours.

We have an established succession plan and have commenced the search for a new CEO, and we will keep you informed of our progress.

### **Closing remarks**

We have developed a clear vision for Insignia Financial and remain focused on delivering financial year 2024 outcomes, whilst executing our strategic organisational priorities. Our focus, growth prospects, and purpose remain unchanged.

As I have outlined today, we have made strong progress in achieving our synergy commitments and strategic initiatives against a challenging external backdrop. Significant work has been done, but I acknowledge many of the benefits are yet to be seen. However, the initiatives we have delivered over the past year have provided a strong foundation for future growth and long-term value.

I am confident we can deliver on our strategy based on our track record of execution, and we will continue to execute on the opportunities our market position and capabilities provide.

I thank you, the shareholders, for your continued support and patience. Strengthening a business takes time. We have set solid foundations whilst continuing to deliver on our commitments.

In closing, I would like to thank the Insignia Financial Board, as well as the board members of the IOOF Foundation and our subsidiary boards for their expert guidance. I extend this thanks to Renato, the Executive Team, and all employees for their efforts in helping to transform, simplify and grow the business.

I'll now hand over to Renato to share an update from the business and talk more about the refreshed strategy.

Thank you.

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## 2023 AGM CEO Address

Thank you, Allan.

...and thank you all for attending our 2023 Annual General Meeting.

As Allan referenced in his address, we have been transforming the business over the last two years since the acquisition of MLC. This has seen a tremendous amount of change and a deliberate effort to challenge ourselves to better outcomes for you – our shareholders – as well as for our clients, members, and our people. We have made good progress, however we acknowledge there is still more to do, as is reflected in the current share price.

Although we are disappointed with our share price performance, I would like us to focus on the long-term competitive advantage we are building through the investment in core capabilities and our unique market position across advice, platforms and asset management. The execution of our strategy has led to many achievements and sets the foundations for sustainable growth, as we position ourselves as one of Australia's leading financial wellbeing companies.

### **FY23 results**

It was through disciplined management action that we reached important milestones in 2023 and set up the business for future success. I reflect on these achievements in two ways:

Firstly, we delivered on our promises – doing what we said we would do across the business. This was demonstrated by our net funds flow improvement, business simplification achievements through the integration of MLC as well as various other product improvements, which were recognised by several industry awards.

Secondly, we are two years into our strategy of creating Australia's leading financial wellbeing organisation. It is our achievements to date, such as the accelerated delivery of acquisition synergies, that created the opportunity for us to refresh our strategy and drive greater focus and momentum towards our ambition.

Revisiting some of the key financial highlights, we produced a solid result across the board with Net Profit After Tax (NPAT) at \$51 million, up 39% on the prior year and Underlying Net Profit After Tax (UNPAT) was \$191 million. Operating expenses were down 5% on the prior year; with our \$218 million synergy program completed ahead of schedule. Total

dividends of 19.8 cents per share were delivered for the year, including the final ordinary dividend of 9.3 cents per share.

### **Delivering improved business outcomes**

Turning to business unit performance:

Within the Platforms business there has been extensive investment in technology and enhancements to our offerings, delivering more competitive products, greater functionality and choice, and providing increased flexibility around managed accounts. All of this has helped deliver improved net funds flow during the year.

In Asset Management, the bringing together of the investment teams from IOOF and MLC has combined the best ideas and investment strategies from both, accelerating the growth prospects of the business. We have deepened our investment expertise, which combined with increased scale is delivering award winning performance.

Within Advice, we've continued to simplify and enhance our offering, helping advisers to deliver in more efficient and engaging ways. Technology and innovation play an ongoing role in supporting the advice continuum – from help, guidance all the way through to holistic advice. We firmly believe financial advice can be available and accessible to all Australians under the recommendations from the Quality of Advice review.

In reshaping our Advice Services offering, we have established a new ownership model for our self-employed licensees creating what is expected to become Australia's largest adviser-owned licensee group. This will provide Insignia Financial with greater opportunity to focus on the growth of its Professional Services Advice businesses, Shadforth Financial Group and Bridges Financial Services.

### **A refreshed strategy**

I mentioned our refreshed strategy earlier and would like to take some time to expand on this.

The current 2024 financial year marks the final year of the original three-year MLC acquisition program and over this period, we have delivered key strategic benefits – including accelerated synergy benefits and a \$4 billion improvement in net funds flow, ahead of the original three-year plan.

Because of this accelerated business momentum, we have taken the opportunity to refresh our strategy for the next three years to concentrate on key areas of competitive advantage.

Our refreshed strategy focuses on four strategic pillars:

- firstly, improving our clients' financial wellbeing;
- secondly, deepening our partnerships with advisers and employers;
- thirdly, simplifying our business;
- and lastly, building a safe and trusted business together.

As I mentioned at our full year results, to support the strategy, we have created a new Client Wellbeing division. This will enable greater focus on opportunities to expand the provision of financial help, guidance, and advice through all stages of life, improving client engagement, retirement outcomes and overall growth of the business.

### **Setting foundations for growth – simplification journey**

Simplification remains a key priority for us and is central to unlocking benefits of scale, reducing risk, complexity, and cost to serve. We've made a lot of progress in simplifying the business and setting it up for sustainable growth in the future.

As you are aware, a critical step in simplifying our business is concluding our separation from NAB, having successfully completed the separation of the Pensions and Investments business from ANZ last year. This in itself was no small feat – it was the first time an organisation has completed the separation of a superannuation business from a big four bank in Australia.

We've also continued to simplify and enhance the client experience through technology, with our robotics and workforce automation steadily increasing – reducing costs and improving operational efficiencies.

Innovation and technology are key to providing affordable and accessible advice. We continue to explore opportunities to deliver advice and guidance in a scalable way, allowing us to reach, and serve more Australians.

I would like to reiterate Allan's comments in relation to the license conditions imposed by APRA. Our plans to transform the business have always been built on a premise of upholding the right standards of governance and delivering better outcomes to members. We are actively supporting the superannuation trustees to uplift their governance, risk management frameworks and practices to meet APRA's expectations.

## **Looking ahead with confidence**

Despite a challenging external environment, we continue to deliver on our strategic commitments and remain excited by the opportunities derived from creating financial wellbeing for all Australians.

We serve almost 10% of the Australian population, nearly 2 million people – that kind of reach puts us in a privileged position, one with the ability to improve the retirement outcomes and lives of Australians.

As one of the largest superannuation fund providers in Australia, our scale, expertise and unique combination of advice, platforms and asset management, is a source of competitive advantage.

I'm confident we are building a business that is more relevant than ever and well positioned to take advantage of opportunities ahead as we continue to focus on creating sustainable value for shareholders.

Before I pass the meeting back to Allan, I would like to take a moment to acknowledge that this is my final AGM after 20 years with the company and five as CEO. It's been a privilege to lead this company on your behalf and for the benefit of all stakeholders – both current and future generations.

I would like to thank my Executive Team and all our people for their belief and commitment to our strategy and their tireless efforts in delivering outcomes for our clients and shareholders. I would also like to thank Allan and the Board for their ongoing support, counsel and challenge in what has been a transformative period in our industry and the company.

Finally, I would like to thank you – our shareholders – for your support over the years. While I will be finishing up as your CEO, I look forward to continuing my journey with the company, both as a shareholder and a client, and enjoying our future successes together.

Thank you.

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