

ASX Release – 2 May 2024

Insignia Financial 3Q24 Quarterly Business Update

Highlights

- Funds Under Management and Administration (FUMA) increased by \$11.7 billion (+3.9%) to \$312.3 billion as at 31 March 2024
- Total net outflows for the quarter were \$1.7 billion, largely reflecting the transitory impact of execution of wrap platform consolidation
- Net inflows into Expand remained strong at \$512 million for the quarter
- Continued strong progress on FY24-26 strategic initiatives:
 - MLC Wrap migration to Expand successfully completed in March 2024
 - Cost Optimisation program on-track to realise gross in-year benefits of \$60-70 million
 - New Advice Services partnership model on-track to launch July 2024

Insignia Financial Ltd (ASX: IFL) is pleased to provide this quarterly update for the three months ended 31 March 2024 (3Q24) as it continues to make strong progress on achieving its FY24-26 strategic initiatives, with a significant milestone achieved in the successful migration of MLC Wrap to Expand.

Insignia Financial CEO, Scott Hartley, said, “It has been pleasing to see continued progress against the FY24-26 strategic initiatives announced in July 2023.

“Strong growth in FUMA over the quarter has been supported by positive investment markets and reflects the benefits of scale, while our flagship Expand platform is achieving consistent net inflows.

“The successful, highly complex wrap migration demonstrates Insignia Financial’s strong track record of execution and ability to deliver significant projects. It is an important and significant milestone as we continue to simplify and optimise the business.

“The Expand platform will deliver an enhanced, modern solution to migrated clients and their advisers, and allows Insignia Financial to further simplify and reduce costs. We expect to see an improvement in net inflows over the longer term as we work through this transitional period.”

Overview of 3Q24 FUMA & Advisers

- **Funds Under Administration (FUA):** \$223.4 billion, an increase of \$8.3 billion (+3.9%).
- **Funds Under Management (FUM):** \$88.9 billion, an increase of \$3.4 billion (+4.0%).
- **Advice network:** 1,100 advisers, a reduction of 99 advisers over the quarter.

Funds Under Administration (FUA)

FUA as at 31 March 2024 was \$223.4 billion, an increase of \$8.3 billion (+3.9%) over the previous quarter. The increase was driven by market movement of \$10.6 billion (+4.9%), partly offset by net outflows of \$1.5 billion and pension payments of \$868 million.

The net outflow was largely attributable to outflows of \$1.2 billion from MLC Wrap ahead of the migration to Expand at the end of March 2024. Net inflows of \$512 million into the Expand platform demonstrate support for the go forward Advised offering.

Workplace Super continues to attract consistent inflows, with net inflows of \$292 million over the quarter, reflecting sustained underlying improvement in member flows and reduced member-level outflows, despite the absence of new employer mandate wins during the period.

Funds Under Management (FUM)

FUM as at 31 March 2024 increased by \$3.4 billion to \$88.9 billion (+4.0%), driven by positive market movement of \$3.6 billion (+4.3%), partly offset by \$197 million in net outflows.

MLC's contemporary Managed Accounts offering reached a milestone of \$2 billion in FUM in March 2024, an increase of 100% on the \$1 billion reached in March 2023. The offering continues to show strong momentum and uptake amongst advisers with \$199 million in net inflows in the quarter and is on track to deliver over \$800 million in net inflow by the end of FY24.

In April 2024, MLC Asset Management launched an innovative new private equity investment vehicle – MLC Private Equity Partners LP – with the injection of US\$762 million (AUD \$1.2 billion) from third-party institutional investors. The private equity investment vehicle provides access to private equity investment opportunities for global institutional investors and demonstrates the ability of MLC Private Equity to offer access to differentiated global investment opportunities, leveraging its highly skilled investment teams in Sydney and New York. The new vehicle will complement the market leading MLC Private Equity capability, which has over \$5 billion in existing FUM.

Financial Advice

There were 1,100 financial advisers in the Insignia Financial network as at 31 March 2024 comprising 208 advisers in the Professional Services (Employed) channel and 892 advisers across Advice Services channels (Self-Employed and Self-Licensed).

Ownership of the Godfrey Pembroke licence was returned to its advisers during March 2024 as part of the advice simplification program, resulting in the departure of 54 advisers from the Self-Employed channel. Excluding Godfrey Pembroke, six smaller practices departed – these adviser exits were more than offset by adviser growth in existing practices. Adviser numbers within the Employed channel were broadly stable.

The reduction of 45 advisers from the Self-Licensed channel was mainly attributable to the departure of four practices from the MLC Connect business, resulting in a reduction of 36 advisers.

FY24-26 Strategic Initiatives

MLC Wrap migration

The migration of MLC Wrap, MLC Navigator, and associated products to the Expand product suite was successfully completed over the Easter weekend. This consisted of the transfer of \$38.6 billion of FUA across over 94,000 client accounts onto Insignia Financial's proprietary Expand platform, and provides advisers and clients with new features, functionality, benefits, and fee structures on an intuitive, contemporary technology platform.

Following the complex migration, Insignia Financial's single proprietary wrap platform supports over \$86 billion in FUA and over 318,000 client accounts and is now the third largest wrap platform in the market and the largest by number of client accounts.

In conjunction with the migration, Expand now offers both Separately Managed Account (SMA) and Managed Discretionary Account (MDA) functionality, offering advisers further flexibility and efficiency in providing clients with an individual portfolio of investments with professional investment management.

Financial Advice: creation of new Advice Services partnership model

The resetting of Insignia Financial's financial advice operating model is progressing, with Rhombus Advisory on-track to launch in July 2024.

Advisers continue to demonstrate positive sentiment towards the partnership strategy and remain engaged with the process. An information memorandum has been provided and presented to eligible advisers, along with a term sheet, as the equity participation approach nears implementation.

The advice partnership model will create aligned interests with advisers, allow Rhombus to be more focused and attractive as a partner to advisers to drive growth while allowing improved focus on the growth of Insignia Financial's Professional Services Advice business.

Cost Optimisation program

Insignia Financial remains on-track to achieve the \$60-70 million in-year benefits announced 24 August 2023. The gross benefits will be partly offset by the previously announced \$20 million in increased investment in cyber security and governance, and BAU cost growth.

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

Appendix 1

Insignia Financial funds movement for the three months ended 31 March 2024:

All Amounts \$m	FUMA 31-Dec-23	Net Flow	Internal Transfers	Pensions	Market/ Other	FUMA 31-Mar-24
Platforms						
IOOF	3,630	71	-85	0	201	3,817
P&I	17,630	-58	0	0	806	18,378
MLC	35,727	279	-414	-37	1,537	37,092
Workplace	56,987	292	-499	-37	2,544	59,287
IOOF	7,080	-58	68	-15	382	7,457
P&I	4,913	59	0	-4	222	5,190
MLC	23,723	-243	375	-10	1,094	24,939
Personal²	35,716	-242	443	-29	1,698	37,586
IOOF	37,145	433	38,609	-264	2,215	78,138
P&I	15,048	-220	0	-118	750	15,460
MLC	63,915	-1,546	-38,550	-386	3,102	26,535
Advised	116,108	-1,333	59	-768	6,067	120,133
Closed ³ /Transition	6,300	-191	0	-34	321	6,396
Funds under Administration	215,111	-1,474	3	-868	10,630	223,402
Asset Management						
Retail	31,169	-118	0	0	1,716	32,767
Institutional	4,062	17	0	0	236	4,315
Multi-Asset	35,231	-101	0	0	1,952	37,082
Retail	2,500	-36	0	0	191	2,655
Institutional	47,722	-60	0	0	1,492	49,154
Direct Capabilities	50,222	-96	0	0	1,683	51,809
Funds under Management	85,453	-197	0	0	3,636	88,892
Total FUMA	300,564	-1,671	3	-868	14,266	312,294

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/from products included in/excluded from 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.

Funds Movement by Entity

All Amounts	FUMA 31-Dec-23	Net Flow	Internal Transfers	Pensions	Market/ Other	FUMA 31-Mar-24
Platforms (FUA)						
IOOF	47,855	447	38,591	-280	2,798	89,411
P&I	42,456	-398	1	-149	2,025	43,935
MLC	124,800	-1,523	-38,589	-439	5,807	90,056
FUA	215,111	-1,474	3	-868	10,630	223,402
Asset Management (FUM)						
IOOF	24,639	-182	0	0	1,271	25,728
MLC	60,814	-15	0	0	2,365	63,164
FUM	85,453	-197	0	0	3,636	88,892
Total FUMA	300,564	-1,671	3	-868	14,266	312,294

Active Advisers¹

Channel	31-Dec-23	%	31-Mar-24	%	3-month change
Professional Services (Employed)	211	17.6%	208	18.9%	-3
Self-Employed (Licensed)	533	44.5%	485	44.1%	-48
Self-Licensed ²	455	37.9%	407	37.0%	-48
Total	1,199		1,100		-99

Practice Numbers

Channel	31-Dec-23	31-Mar-24	3-month change
Self-Employed Practices¹			
Consultum	50	47	-3
RI	95	94	-1
GPG	30	0	-30
Tenifty	99	97	-2
Total Self-Employed	274	238	-36
Self-Licensed Practices²			
Alliances	69	63	-6
Dealer Associates	13	12	-1
MLC Connect	10	6	-4
Total Self-Licensed	92	81	-11
Total	366	319	-47

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. Self-Employed refers to those businesses that are independently owned but operate under one of the Insignia Financial AFSLs.
4. 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
5. Totals are subject to rounding

About Insignia Financial Ltd

Tracing our origins back to 1846, today the Insignia Financial Group is a leading Australian wealth manager. Our services cover a wide range of financial needs, including:

- **Superannuation, pension and investment platforms** – as one of the largest superannuation and pension providers in Australia, we offer a number of award-winning investment solutions, used by many of Australia's largest employers and financial advisers.
- **Asset management** – we provide access to a broad suite of investment capabilities across a range of multi-asset and single asset classes.
- **Financial advice** – our advisers offer coaching, guidance and advice based on clients' needs.

Further information can be found at www.insigniafinancial.com.au.

Investor enquiries

Andrew Ehlich
General Manager Capital Markets
Insignia Financial
M: +61 407 223 044
E: andrew.ehlich@insigniafinancial.com.au

Media enquiries

Sue I Ong
Senior Manager Corporate Affairs
Insignia Financial
M: +61 466 526 023
E: suei.ong@insigniafinancial.com.au