

ASX Release – 24 August 2023

## Insignia Financial FY23 Results Announcement

### Integration milestones achieved and path set for unlocking growth

#### Highlights:

- Net Profit After Tax of \$51 million, up 39% on prior year<sup>1</sup>
- Underlying Net Profit After Tax<sup>2</sup> of \$191 million, down 15% on prior year, impacted by lower average FUMA and strategic repricing decisions
- Operating expenses down 5% on prior year; \$218 million synergy program completed
- Achieved positive net inflow target for FY23: \$667 million on a continuing basis<sup>3</sup>
- Funds Under Management and Administration (FUMA) increased by \$4.4 billion (+1.5%) over the year to \$295 billion
- Final Dividend of 9.3 cps payable on 3<sup>rd</sup> October 2023
- Final phase of 3-year MLC Separation and Integration program confirmed
  - Future state Master Trust Platform selected
  - New Advice Services partnership model announced to drive future Advice profit and growth
  - Second wave of acquisition synergies and cost efficiencies underway
- **Strategic refresh announced to drive focus, prioritisation and sustainable growth:**
  - Improving our clients' financial wellbeing
  - Deepening our partnerships with advisers and employers
  - Simplifying our business
  - Building a safe and trusted business together

Insignia Financial Ltd (ASX: IFL) is pleased to announce net profit after tax (NPAT) of \$51 million for the year ended 30 June 2023 (FY23), an increase of 39% on the prior year, and underlying net profit after tax (UNPAT) of \$191 million, a decrease of 15% on FY22.

<sup>1</sup> Including discontinued operations comprising the Australian Executor Trustees business (AET)

<sup>2</sup> Continuing Operations

<sup>3</sup> Excludes JANA and AET

Commenting on the result, Insignia Financial Chief Executive Officer, Renato Mota said: "The past financial year saw us reach important milestones in the integration of MLC, the transformation of our business and the creation of Insignia Financial, providing the foundation for unlocking future growth.

"FY23 was a year of achievement. A year of delivering on our promises – evidenced by our net funds flow outcomes, simplification, product improvements, and exemplified by a number of awards and client outcomes.

"We are two years into our journey to creating Australia's leading financial wellbeing organisation, and it is our achievements to date including the accelerated delivery of benefits that created the opportunity for us to refresh our strategy to drive focus and position us to deliver on our ambition.

"While the result was impacted by lower average FUMA following investment market falls in 4Q22 as well as strategic repricing decisions, our reduction in operating expenses highlights the benefits of deliberate strategic decisions, and the achievement of our net positive inflow target demonstrates the strength of our go-forward proposition."

## Business Unit Update

### Platforms

Overall Platform flows were marginally higher than the prior year, with the strength of our Workplace Super offering offset by challenges in Advised platforms despite continued strong inflows into the Evolve platform.

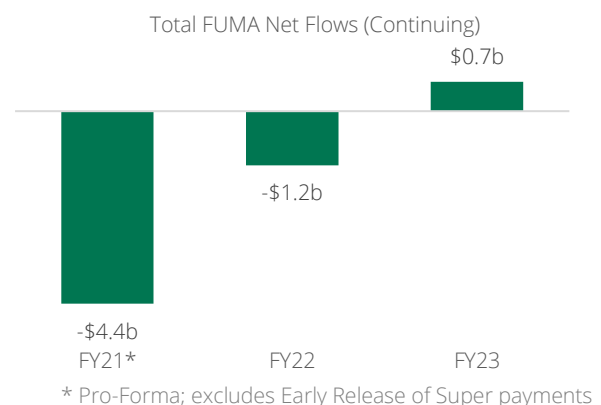
Net flows into Workplace improved by \$1.2 billion from the previous year to \$2 billion, supported by 12 new employer mandates over FY23 representing approximately \$500 million of new assets.

Demonstrating the strength of Insignia Financial's contemporary go-forward wrap, the Expand platform was rated in the Top 4 for overall adviser satisfaction by Wealth Insights<sup>4</sup> with Expand Essential Pension recently rated 5 Apples, a 'Highest Quality Fund' by Chant West, and Expand Extra nominated by Chant West for the Advised Product of the Year.

Expand Extra, Expand Essential and the Shadforth Portfolio Services (SPS), hosted on the Evolve platform, attracted a further \$1.9 billion of net inflows over the year.

Following an extensive assessment of Master Trust platform solutions, Insignia Financial announced it had selected FIS Global's Compass as the go-forward Master Trust registry platform for its superannuation and pension products.

Mr Mota said, "Following a comprehensive review of Master Trust solutions, we have identified our future state. We will adopt two registry platform pillars supported by a shared technology ecosystem which will provide opportunities for removal of duplication and minimise the cost and risk of change."



## Asset Management

Asset Management continued to deliver strong investment performance which helped support positive net inflows of \$1.2 billion for the year, with net inflows across both institutional and retail channels and across both multi-asset and direct capabilities.

Insignia Financial's multi-manager capability continued to be recognised by the industry, with awards from *Financial Standard* Leadership Awards, *Canstar*, and *Money* magazine Best of the Best Awards, while Insignia Financial's largest MySuper product, MLC MySuper, delivered the 5<sup>th</sup> highest return over 3-years in the SuperRatings MySuper survey<sup>5</sup>.

MLC Asset Management launched its first retail private equity offering, the MLC Global Private Equity Fund, which offers retail investors access to global private equity investments previously only available to institutional investors, while the separately managed account (SMA) offering grew to over \$1.2 billion with its addition onto new platforms.

During the year, the commercial relationship with JANA was reset, including divestment of Insignia Financial's remaining 45% equity stake and retirement as Responsible Entity for JANA's Implemented Consulting clients.

In July 2023, Insignia Financial announced it had executed an agreement to sell its Investment Bond business, through the sale of IOOF Ltd. Completion of the transaction is expected to occur by the end of the calendar year.

## Advice

During the year, Insignia Financial undertook deliberate and decisive steps as it continues to refine and realign its Advice offering, culminating in the announcement of a new Advice Services partnership model.

This innovative new partnership ownership model for its self-employed licensees comprising RI Advice Group Pty Ltd (RI), Consultum Financial Advisers Pty Ltd (Consultum) and TenFifty will enable Insignia Financial to concentrate on the Professional Services channel and emerging opportunities to expand the scope of advice through superannuation, and the development of new technology-enabled advice delivery.

Commenting on the initiative, Mr Mota said: "This is a transformational initiative for our Advice offering and will accelerate the return to profitability of our Advice business, while ensuring our Advice Services model is positioned for sustainable growth."

Adviser numbers in the Professional Services channel have stabilised following the integration of MLC Advice into Bridges which resulted in a short-term reduction in revenue as the advice service proposition is reshaped and low fee-paying clients were moved off fixed term service agreements.

The closure of the Lonsdale licence is almost complete, and Insignia Financial is also in discussions with interested parties regarding the potential sale of the Millennium3 (M3) licence, while the Godfrey Pembroke licence will be returned to Godfrey Pembroke advisers.

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<sup>5</sup> Based on the SuperRatings MySuper SR50 survey, June 2023

## Integration and Simplification

As part of its acquisition of MLC, Insignia Financial committed to achieving \$150 million of cost savings in the three years following completion in May 2021. Having now delivered this target ahead of the original estimate, work has continued to identify additional synergy opportunities. A total of \$175-190 million of annualised benefits has been identified, to be realised over FY24-FY26<sup>6</sup>. Leveraging Insignia Financial's transformation capabilities, the total investment to deliver these benefits will be approximately \$260-285 million over three years.

## Strategy Refresh

The 2024 financial year marks the final year of the 3-year MLC Separation and Integration program and over this time, Insignia Financial has continued its strong track-record of delivering on strategic initiatives, including accelerated delivery of synergy benefits, ahead of the original 3-year plan.

These achievements now provide the opportunity for a strategic refresh, allowing Insignia Financial to prioritise and focus with greater clarity on unlocking the full opportunities of the MLC acquisition through finalising separation and integration, while directing investment to its key areas of competitive advantage, against a backdrop of a growing superannuation pool and the largest intergenerational transfer of wealth in history.

"We have made significant progress, delivering on what we set out to do. As a result of all we have achieved, we are looking ahead with greater confidence and clarity. Now is the time to refresh our strategy and continue to make significant progress across the business," said Mr Mota.

To capture these opportunities and capitalise on structural tailwinds, Insignia Financial's strategy has been refreshed to focus on four strategic pillars:

- Improving our clients' financial wellbeing
- Deepening our partnerships with advisers and employers
- Simplifying our business
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To support the strategy we are adapting our structure with the creation of a new Client Wellbeing division. It will enable greater focus on pursuing opportunities to provide financial help, guidance and advice through all stages of life, and improve client engagement. The new division will bring together teams who currently play a significant role in shaping the client experience and will include our Professional Services Advice teams, Bridges and Shadforth. It will be led by the Chief Client Officer, a newly created executive role which will report to the CEO.

The refreshed strategic pillars will create focus, clarity and prioritisation and enable Insignia Financial to harness its competitive advantages to create financial wellbeing for every Australian. Insignia Financial has a unique set of diversified business capabilities allowing it to create specific combinations of advice, platform, and asset management insights to deliver more affordable and accessible financial outcomes for clients.

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<sup>6</sup> Total savings target including Evolve23 savings and Advice break-even benefits previously announced

## Outlook

Mr Mota commented, "Our FY23 results demonstrate our continued progress and achievements across our three businesses. We are well positioned for opportunities ahead and have built a business that is adaptable, with a sharpened focus, and will allow us to leverage our size and scale to support more Australians."

## FY23 Results Presentation

Insignia Financial will hold a briefing on FY23 results at 12:30pm on 24 August 2023. Participants wishing to ask questions can register [here](#) and the webcast can be accessed [here](#).

– Ends –

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

## 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** 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 obligation or undertaking to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise subject to regulatory and disclosure obligations.

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