

## Insignia Financial 2023 Half-Year Results

### Integration and simplification delivering benefits against volatile market backdrop

#### Overview

- Net profit after tax (NPAT) was \$45.1 million, including discontinued operations, up 67.1% on the prior corresponding period (pcp)<sup>1</sup>, primarily driven by the gain on sale of the Australian Executor Trustees Limited (AET).
- Expenses reduced 7.3% driven by synergies, partly offsetting net revenue decline of \$67.5 million or 8.9%, mainly impacted by market movements.
- Underlying net profit after tax (UNPAT) of \$94.4 million, excluding discontinued operations, down 17.1% on pcp.
- Funds under management and administration (FUMA), impacted by negative market performance, decreased by \$5.5 billion (-1.9%) to \$285.1 billion in the 6 months to 31 December 2022.
- Net flows improved by \$0.9 billion in Platforms, and by \$0.3 billion in Asset Management<sup>2</sup> on pcp.
- Integration ahead of schedule, synergy run-rate target achieved, and ANZ separation completed.
- Completion of AET sale, and reset of JANA Investment Advisers (JANA) commercial relationship including divestment of remaining stake, aligned to simplification strategy.
- Interim dividend of 10.5 cents per share representing a 70% payout ratio.

Insignia Financial (ASX: IFL) today announced UNPAT for the half year ended 31 December 2022 (1H23) of \$94.4 million, on a continuing basis, a decrease of 17.1% on 1H22. NPAT in 1H23 was \$45.1 million, including discontinued operations, reflecting an increase of 67.1% on the prior corresponding period.

Commenting on the half year performance, Insignia Financial Chief Executive Officer, Renato Mota said, “It’s pleasing to see us continue to make strong progress in executing on our strategic priorities, simplifying the business, and delivering improved client outcomes. Against a backdrop of market volatility driven by economic uncertainty, it’s important we continue to realise our strategic opportunities.”

#### Flows

Commenting on flows, Mr Mota said, “1H23 saw a \$0.9 billion improvement in Platform net flows on the prior corresponding period. Notably, we saw significant improvement in net flows across the Pensions & Investments (P&I) and MLC platforms, particularly in the Workplace channels, recognising new business wins as a main driver. Our ongoing success in winning and retaining employer clients highlights the attractiveness and competitiveness of our contemporary offerings.

“Within Asset Management, excluding JANA, net flows for the half were \$0.1 billion net inflow compared to \$0.2 billion net outflow in the prior corresponding period. The improvement in net flows was underpinned by continued strong retail multi-asset flows.”

<sup>1</sup> Prior corresponding period (pcp) refers to 1H22

<sup>2</sup> Asset Management net flows ex-JANA

## Integration and simplification

During the half, Insignia Financial's commitment to achieve \$218 million of run-rate synergies was achieved. Mr Mota added, "We continue to progress our integration and simplification priorities, delivering ahead of a three-year timeline and accelerating synergy benefits alongside prudent cost control. Our ongoing commitment to simplification and improved focus across the business has been demonstrated through various milestones.

"In October last year, the successful separation of the P&I business from ANZ was a significant achievement in our separation and simplification program. It was a momentous occasion for Insignia Financial and the industry – being the first time an organisation has completed the separation of a superannuation business from a big four bank in Australia.

"Aligned to our ongoing focus on simplification, we divested our remaining stake in JANA and announced the resetting of our commercial relationship at the beginning of the calendar year. JANA continues to be a valued partner and we look forward to working closely with them to deliver superior investment outcomes for our clients."

## Business Unit Overviews

### Platforms

UNPAT declined \$23.2 million (-16.4%) to \$118.3 million from 1H22 driven by net revenue decrease of \$47.5 million on 1H22 as a result of lower average FUA due to market declines and repricing.

Mr Mota said, "We are continuing to invest in our technology in support of ongoing platform initiatives to enhance functionality, capability, and client experience.

"Simplifying and enhancing the platform suite is a key enabler of Insignia Financial's strategy to reduce cost-to-serve while improving outcomes to clients. Platform simplification includes product enhancements and ongoing investment in our proprietary, contemporary Evolve wrap platform technology.

"Following a full market review of Master Trust software solutions, we expect a two-platform ecosystem to optimise client and member outcomes, reducing risk and delivering greater functionality more quickly."

### Advice

UNPAT increased \$6.4 million (+22.6%) from 1H22, driven by synergy and simplification cost savings of \$16.7 million (11.5%). This was partly offset by net revenue decrease of \$10.5 million (-9.2%) against 1H22 mainly driven by the reshape in service offering following the Bridges integration with MLC Advice.

Mr Mota commented, "Delivering an accessible, sustainable advice offering across the advice spectrum is a key priority for us. We believe technology and innovation will help drive personalisation and the ability to deliver advice across various digital channels.

"As the financial advice sector enters a new phase, there will be opportunities to provide a wider range of advice to a larger number of people. We welcome the final report of the Quality of Advice Review. If implemented appropriately, the recommendations will help make advice more accessible and affordable for Australians.

"The integration of MLC Advice and Bridges has created a unique advice asset and opportunity to reshape the client experience, streamline the advice process, and develop an offering tailored to every life stage."

## Asset Management

UNPAT decreased \$3.4 million (-8.9%) to \$34.8 million compared to 1H22, driven by net revenue decrease of \$9.0 million as a result of lower average funds under management (FUM) balances due to market performance.

Mr Mota commented, "Within Asset management, we continued to deliver strong investment performance across our multi-asset and direct capabilities. Pleasingly, our flagship MySuper offering has achieved top quartile performance over one, three and five-year periods.

"We successfully launched the MLC Global Private Equity Fund in October, offering MLC's leading private equity capability to a broader client base.

"Retail net inflows and flows into our multi-asset offerings remain positive, while Institutional flows have been impacted by rebalancing against a backdrop of market volatility."

### Interim Dividend

The Board has declared a total dividend of 10.5 cents per share, franked at 50% and to be paid on 3 April 2023. The dividend represents a payout ratio of 70% of 1H23 UNPAT, in-line with Insignia Financial's aim to pay dividends within the range of 60-90% of UNPAT on an annualised basis.

The Dividend Reinvestment Plan (DRP) is available to shareholders, offered at a 1.5% discount.

### Outlook

Mr Mota commented, "We have begun the second half of the financial year with strong progress and positive momentum across the business through disciplined execution of our strategic initiatives.

"As the industry continues to be impacted by the uncertainty of macroeconomic and geopolitical conditions, Insignia Financial's scale, diversification and strategic focus makes us well placed to deliver sustainable outcomes for clients, members, and shareholders.

"Our diversified business model is supported by positive long-term industry trends, providing growth opportunities as we continue to deliver on our ultimate ambition to improve the financial wellbeing of all Australians."

- Ends -

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

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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;
- **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)