

March 2020 Quarterly business update

ASX Release – 09 April 2020

Record Quarterly Net inflows of \$3.2 billion and \$7.6 billion year to date

Highlights

- Record Funds Under Administration (FUA) net inflows of \$3.2 billion for the March 2020 quarter and FUA net inflows of \$7.6 billion year to date.
- FUA net inflows increase of \$0.3 billion (11.3% increase) for the quarter (259.5% increase on prior comparative period (PCP)).
- FUA net inflows for the quarter, offset by the impact of negative equity markets, resulting in a reduction to FUA of \$0.6 billion (2.2% decrease).
- FUA at 31 March 2020 of \$27.9 billion.
- Netwealth FUA increased by \$4.5 billion (19.4% increase) during FY2020 despite negative market movement of \$3.0 billion.
- Funds Under Management (FUM) net inflows for the quarter of \$1.5 billion were partially offset by negative market movement of \$0.9 billion resulting in an increase of FUM to \$6.3 billion at 31 March 2020.
- Managed Account net inflows for the quarter of \$1.4 billion resulting in a total closing balance of \$5.0 billion at 31 March 2020.
- On the 1st March 2020 the Netwealth Super and Wealth Accelerator products were enhanced with a range of new features including a premium offer for high net-worth clients. New pricing was also released and is now available to all members and investors.
- In the *Investment Trends, December 2019 Platform Competitive Analysis and Benchmarking Report*, Netwealth was ranked first for overall platform functionality for the fifth year in a row. Netwealth was also ranked first for reporting, transaction tools and decision support tools.

Covid-19 response and update

- Our priority is to ensure that our staff and their families remain safe and that we continue to operate and deliver services to financial intermediaries, investors and members as normal.
- The majority of our staff are working remotely and have adapted and risen to the challenge during this crisis whilst managing record volumes of transactions, emails and phone enquiries
- We are focused on assisting financial intermediaries and clients to adapt to the rapidly changing work and financial conditions that we are all currently experiencing.

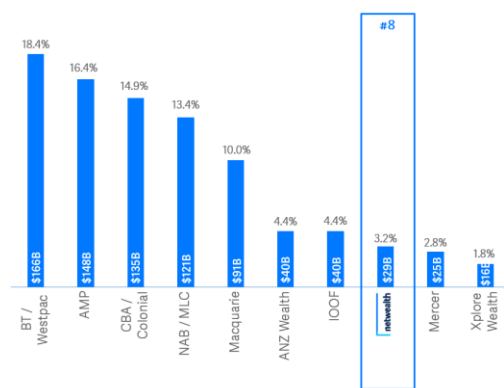
Platform growth and performance

In the latest *Strategic Insights* platform market update for December 2019 Netwealth again recorded the largest quarterly FUA net inflows of \$2.9 billion, more than double that of our nearest competitor.

For the 12 month rolling period ended 31 December 2019 Netwealth's FUA net inflows of \$6.8 billion was the highest recorded for the seventh consecutive quarter.

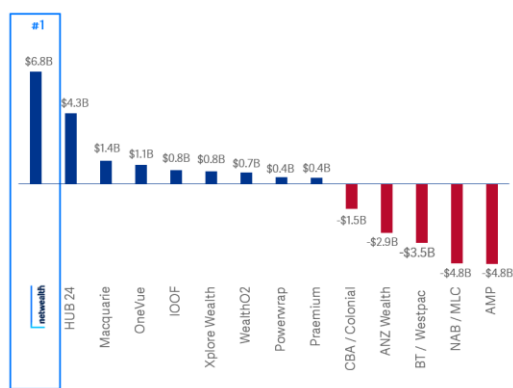
Netwealth's share of platform providers' FUA increased to 3.2% as at 31 December 2019.

Platform providers by FUA market share¹
% market share (Dec 2019)



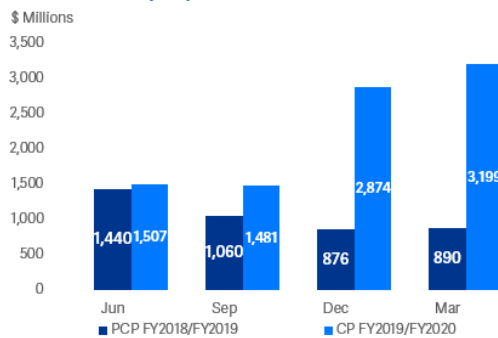
Source: Strategic Insight: Master Trusts, Platforms & Wraps (Dec 2019)
1. Total industry retail FUA of \$902.9B (as at Dec 2019)

Platform provider net funds flows²
\$'Billions (12 months to Dec 2019)



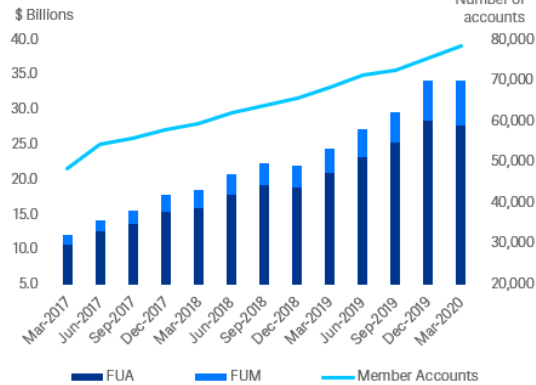
Source: Strategic Insight: Master Trusts, Platforms & Wraps (Dec 2019)
2. Total net flows of negative \$-2.2B. (12 months to Dec 2019) (Not included above - Others of -\$1.2B)

FUA net inflows per quarter V's PCP



PCP - prior corresponding period (FY2018/FY2019)
CP - current period (FY2019/FY2020)

Growth in FUA, FUM & Member Accounts



Source: Netwealth

Quarterly platform statistics

	Mar-2019	Jun-2019	Sep-2019	Dec-2019	Mar-2020	Growth*
Funds Under Administration						
Funds Under Administration	21,055	23,337	25,320	28,511	27,875	32.4%
Fee Paying FUA %	61.0%	61.0%	61.2%	60.9%	62.1%	
FUA net inflows	890	1,507	1,481	2,874	3,199	259.5%
Market movement	1,178	774	502	317	(3,835)	
Funds Under Management						
Managed Account	2,409	2,760	3,105	4,368	5,043	109.3%
Managed Funds	1,110	1,186	1,336	1,382	1,267	14.1%
Total FUM	3,519	3,946	4,442	5,749	6,310	79.3%
Managed Account net inflows	159	263	287	1,217	1,427	798.6%
Managed Funds net inflows	20	38	170	32	52	165.5%
FUM net inflows	178	301	457	1,249	1,479	729.3%
Member Accounts (number)	68,511	71,424	72,711	75,512	78,543	14.6%

All figures in \$millions unless otherwise stated

All figures provided are unaudited & net flows do not include market movement

* Growth is the percentage increase on prior year corresponding quarter

- The cash transaction account balance increased to 11.3% of FUA at 31 March 2020.
- Fee paying FUA % increased to 62.1% largely as a result of the decline in global equity markets decreasing the proportion of FUA above the fee cap.
- FUA net inflows were well diversified and totalled \$1.8 billion in the March quarter excluding the largest transition.
- Member accounts at 31 March 2020 of 78,543, an increase of 3,031 accounts (4.0% increase) for the quarter.

Commentary and Outlook

- Netwealth is highly profitable and cash generative, with no debt and significant cash balances.
- Netwealth's revenue and profitability continues to be largely resilient due to increased transaction and ancillary revenue, as well as a focus on expenses.
- Funds flow, transitions and our pipeline are strong although current disruption and market volatility makes it challenging to forecast flows and timing.
- We retain our profit and FUA Net inflow guidance as follows:
 - FY2020 revenue to be in the range \$116 to \$120 million;
 - Underlying EBITDA to be in the range of \$58 to \$62 million; and
 - FY2020 FUA net inflows forecast approximately \$8.5 billion (subject to timing of client transitions).
- This outlook assumes no further RBA rates cuts this financial year and is based on the information we have available at this time.

About Netwealth

Netwealth is a financial services company listed on the Australian Stock Exchange (ASX: NWL). Netwealth was created with an entrepreneurial spirit to challenge the conventions of Australia's financial services.

We are a technology company, a superannuation fund and an administration business. Above all we exist to inspire people to see wealth differently and discover a brighter future.

Founded in 1999, Netwealth is one of the fastest growing wealth management businesses in Australia.

We are rated No.1 by our clients for providing exceptional service and independent researchers continue to rate our technology as best in class*.

Our financial products are:

- Superannuation including accumulation and retirement income products;
- Investor directed portfolio services for self-managed super and non-super investments;
- Managed Accounts; and
- Managed Funds.

Netwealth's digital platform supports how our financial products are delivered to market. For instance, via the platform, financial intermediaries and clients can invest and manage a wide array of domestic and international products.

The platform is built, developed and maintained by Netwealth's technology team. It is continuously enhanced using feedback from financial intermediaries, clients and other users and receives wide industry recognition as having market-leading functionality.

Supporting our financial products and technology platform is a significant investment in our people and resources to administer support, risk and governance and our custodial services.

*Investment Trends; December 2019 Platform Competitive Analysis and Benchmarking Report & Investment Trends, April 2019 Planner Technology Report.

This document has been authorised for release by CFO and Company Secretary, Mr Grant Boyle.

For further information please contact:

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