

December 2020 Quarterly business update

ASX Release – 21 January 2021

FUA hits \$38.8 billion with record quarterly growth of \$4.8 billion

Quarterly highlights and outlook

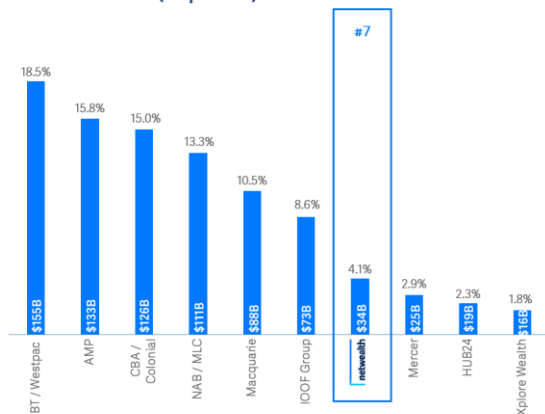
- Funds Under Administration (FUA) at 31 December 2020 of \$38.8 billion, an increase of \$4.8 billion (14% increase) for the December quarter including market movement of \$2.2 billion. And an increase of \$10.3 billion (36.1% increase) to PCP¹ including positive market movement of \$1.1 billion.
- FUA net inflows of \$2.6 billion for the December quarter, an increase of \$0.6 billion (33.7% increase) over first quarter. FUA net inflows of \$9.2 billion for the 2020 calendar year, an increase of \$2.4 billion (36.1% increase) to the 2019 calendar year.
- Funds Under Management (FUM) at 31 December 2020 of \$9.3 billion, an increase of \$1.3 billion (15.5% increase) for the December quarter. For the quarter, FUM net inflows of \$0.7 billion and market movement of \$0.5 billion.
- Managed Account balance of \$7.6 billion at 31 December 2020, an increase of \$3.2 billion (74.1% increase) to PCP. Managed Account net flows of \$3.2 billion for the 2020 calendar year, an increase of \$1.2 billion (63.9% increase) to the 2019 calendar year.
- New product pricing announced in March 2020 was implemented on 1 January 2021. Clients have been progressively moving to new pricing since the announcement and those clients who had not already moved to new pricing have now been transitioned.
- Netwealth expects to benefit from ongoing industry consolidation and change. For FY2021, the pipeline of new business and transitions remains strong. The impacts of COVID-19, however, continues to adversely impact the stability of global markets. Having regard to this uncertain environment and subject to the timing of transitions, the FY2021 FUA net inflows are expected to be in the range of \$8.5 billion to \$9.0 billion, an increase on previously advised expected annual FUA net inflows of \$8.0 billion.
- Netwealth was named as a Top 200 company (out of 18,000 companies) in the 2020 *Forbes Asia* “Best under a Billion” Awards, which recognises 200 Asia pacific companies with less than US\$1 billion in revenue that demonstrate consistent top and bottom line growth, low debt and robust governance.

1. PCP: prior comparative period December 2019 quarter

Platform growth and performance

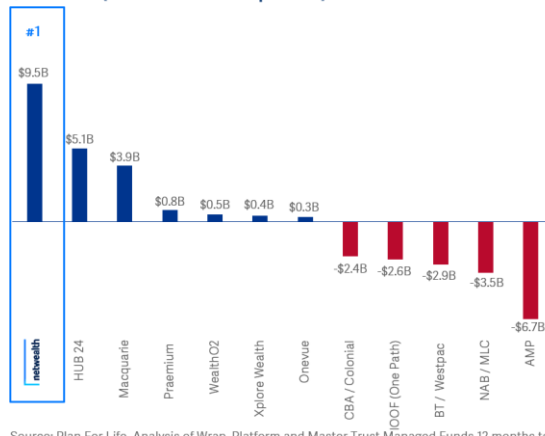
- In the latest *Strategic Insights* quarterly platform market update, Netwealth recorded the largest FUA net inflows of \$9.5 billion for the 12 month rolling period to 30 September 2020, the largest in the industry for the tenth consecutive quarter and a record level of flows for Netwealth for a 12 month period.
- In absolute terms and relative to the size of our FUA, Netwealth is the fastest growing platform operator by net inflows over the 12 months to 30 September 2020, with 38% growth.
- Other Netwealth highlights from this update include:
 - Netwealth recorded the largest quarterly FUA net inflows of \$1.9 billion for the September 2020 quarter;
 - 7th largest platform provider in the market with market share of 4.1%, up 1.2% for the year to 30 September 2020; and
 - a 34.4% increase in FUA for the year to 30 September 2020.

Platform providers by FUA market share % market share (Sep 2020)



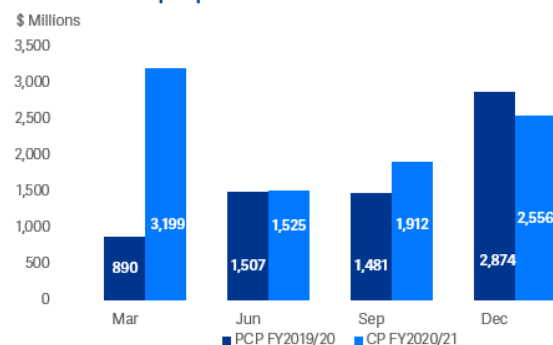
Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Sep 2020
Total industry retail FUA of \$840.1B (as at Sep 2020)

Platform provider net funds flows \$'Billions (12 months to Sep 2020)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds 12 months to Sep 2020. Total net flows of \$1.1B (Not included above: Others of -\$1.3B)

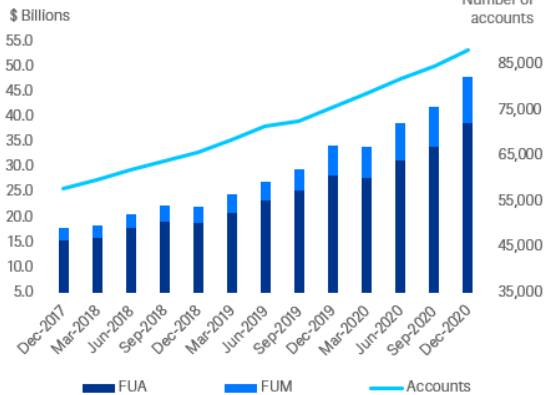
FUA net inflows per quarter v's PCP



PCP - prior corresponding period (FY2019/20)
CP - current period (FY2020/21)

Source: Netwealth
FUA net inflows per quarter - Dec 2019 (PCP) includes a \$1.1 billion licensee transition and Dec 2020 (CP) includes a \$0.5 billion transition from this same group.

Growth in FUA, FUM & Member Accounts



Quarterly platform statistics

	Dec-2019	Mar-2020	Jun-2020	Sep-2020	Dec-2020	Growth*
Funds Under Administration						
Funds Under Administration	28,511	27,875	31,502	34,023	38,799	36.1%
Fee Paying FUA %	60.9%	62.1%	63.1%	64.1%	63.4%	
FUA net inflows	2,874	3,199	1,525	1,912	2,556	(11.1%)
Market movement	317	(3,835)	2,101	609	2,220	
Funds Under Management						
Managed Account	4,368	5,043	5,795	6,511	7,603	74.1%
Managed Funds	1,382	1,267	1,483	1,551	1,711	23.8%
Total FUM	5,749	6,310	7,277	8,061	9,315	62.0%
Managed Account net inflows	1,217	1,427	393	676	659	(45.8%)
Managed Funds net inflows	32	52	128	121	74	132.1%
FUM net inflows	1,249	1,479	521	797	733	(41.3%)
Accounts (number)	75,512	78,543	81,804	84,734	88,189	16.8%

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 balance of the Netwealth Cash transaction account was 7.2% of FUA at 31 December 2020.
- Netwealth absorbed the Reserve Bank interest rate reduction of 15bps on 4 November 2020, which reduced ancillary revenues from that date and will continue to flow through in second half.
- The % of fee paying FUA was 63.4% at 31 December 2020.
- FUA per account has increased to \$440,000 at 31 December 2020 up from \$378,000 at 31 December 2019.
- FUA net inflows were well diversified with the largest transition accounting for approximately 18% of the quarterly net inflows.
- Member accounts at 31 December 2020 of 88,189, an increase of 3,455 accounts (4.1% increase) for the quarter.

Upcoming Board changes

Jane Tongs retirement as Chairman and Director

- Jane Tongs has advised it is her intention to retire following the announcement of the Group's half year results on 17 February 2021.
- Jane has served as chairman of all Netwealth companies since our foundation over 20 years ago, including leading the Group to a successful IPO in November 2017. Jane has provided strong leadership throughout her tenure with a strong focus on governance, risk and financial stability.
- Jane's decision to retire is based on her belief that board renewal is a key governance matter and that having served for over 20 years it is time to pass the baton.
- Jane commented: "My 20 plus years at Netwealth have been extraordinarily rewarding to me in a professional capacity having overseen the growth of the business from a start up to the substantial ASX 200 company that it is today. I have particularly enjoyed working with the Joint Managing Directors Michael and Matt Heine, their outstanding executive team and wonderful staff."

Tim Antonie to be appointed as new Chairman

- Tim Antonie has agreed to take on the role of Chairman following the retirement of Jane Tongs.
- Tim Antonie was appointed a director of Netwealth in 2015 and is currently Chairman of the Audit Committee and a member of the Investment, Compliance & Risk Management, Remuneration & Culture and Nomination Committees. Tim was very instrumental in the listing of Netwealth in 2017 and will oversee the continued growth and success of the company.
- Tim said: "It is an honour to be appointed to the role of Chairman of Netwealth. The Company has achieved great success through the combination of strong governance and leading operational and strategic execution. We expect the Australian wealth industry will continue to experience significant consolidation and transition in the coming years. Netwealth is well placed to continue to prosper from these changes and I look forward to working with the Netwealth board and management team for the benefit of its investors, shareholders, employees and other stakeholders."

Kate Temby to be appointed as new Independent Non-Executive Director

- The board is pleased to advise that Kate Temby has agreed to join the Netwealth Board and will be appointed on 17 February 2021.
- Kate has considerable experience and success in financial services over many years. Kate is currently a Partner at Affirmative Investment Management, a global impact fixed income manager and an Investment Committee member of Conscious Investment Management. Previously, Kate had a 17 year career with Goldman Sachs where she was a Managing Director in the asset management business. Kate has extensive global experience having worked in New York with Goldman Sachs and Toronto with PricewaterhouseCoopers.

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.

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

For further information please contact:

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*Investment Trends; December 2019 Platform Competitive Analysis and Benchmarking Report & Investment Trends, May 2020 Planner Technology Report.