

## June 2022 Quarterly business update and outlook

ASX Release – 14 July 2022

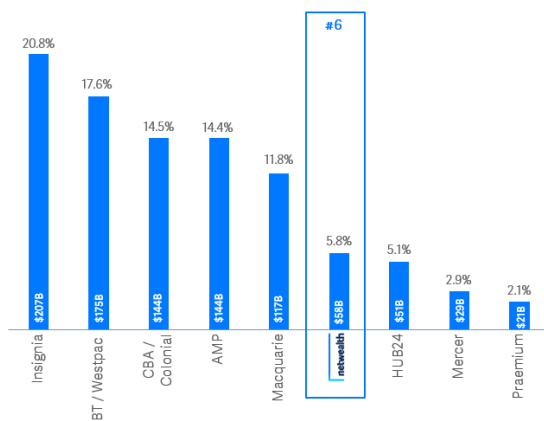
### Record annual net inflows of \$13 billion, an increase of 32% to prior year

- Funds Under Administration (FUA) at 30 June 2022 of \$55.7 billion, an increase of \$8.5 billion (18.1% increase) for FY2022 after negative market movement of \$4.5 billion.
- FUA decrease of \$1.9 billion (3.4% decrease) for the June quarter after negative market movement of \$4.7 billion.
- Record annual FUA net inflows of \$13.0 billion for FY2022, an increase of \$3.2 billion (32.4% increase) to FY2021.
- FUA net inflows of \$2.7 billion for the June quarter, which although a strong quarter, was impacted by difficult industry conditions including market volatility and adviser regulatory requirements.
- Funds Under Management (FUM) at 30 June 2022 of \$13.1 billion.
- FUM net inflows of \$0.4 billion for the June quarter.
- Managed Account balance of \$11.2 billion at 30 June 2022, an increase of \$1.3 billion (13.6% increase) for FY2022.
- In May 2022 the Netwealth Super Accelerator product won the Chant West “Best Advised Product of the year” for the 5<sup>th</sup> year in a row.
- In April 2022 Netwealth was awarded “Best Client Experience”, “Best Overall Functionality” and “Best for Ease of Onboarding” in the Advisor Ratings 2022 Australian Financial Advice Landscape Report.
- In Q4 our first clients commenced using our new “Multi Asset Portfolio & Non-custodial administration service” (“MAPs”) further enhancing our capability and market leadership in the key High Net Worth and Ultra High Net Worth market segments.
- In addition to MAPs, Netwealth launched a new investment menu to support sophisticated investors and provides access to a range of funds offered via Information Memorandums.
- Netwealth has agreed to provide growth funding of up to \$2.5 million to accelerate the ongoing development and expansion of the Xepko data analytics and business management platform which supports the Netwealth “Whole of Wealth” strategy. Under the arrangement, Netwealth, which currently own 25%, has an option to buy 100% of Xepko over the next 4 years.

## Platform growth and performance

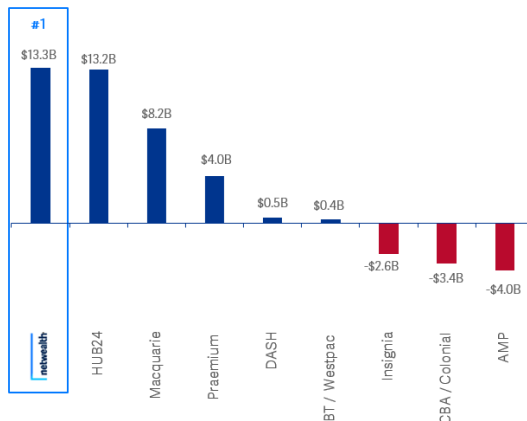
- Netwealth continues to lead the industry for FUA net inflows, as reported in the *Plan for Life* March 2022 quarter platform market update, recording the largest FUA net inflows of \$13.3 billion for the 12-month rolling period to 31 March 2022.
- Netwealth’s market share increased to 5.8% at 31 March 2022 up 1.2% for the 12 months to 31 March 2022.
- Netwealth is the fastest growing platform provider by net funds flows in Australia, accounting for 48% of industry net funds flows for the 12 months to 31 March 2022.

**Platform providers by FUA market share % market share (Mar 2022)**



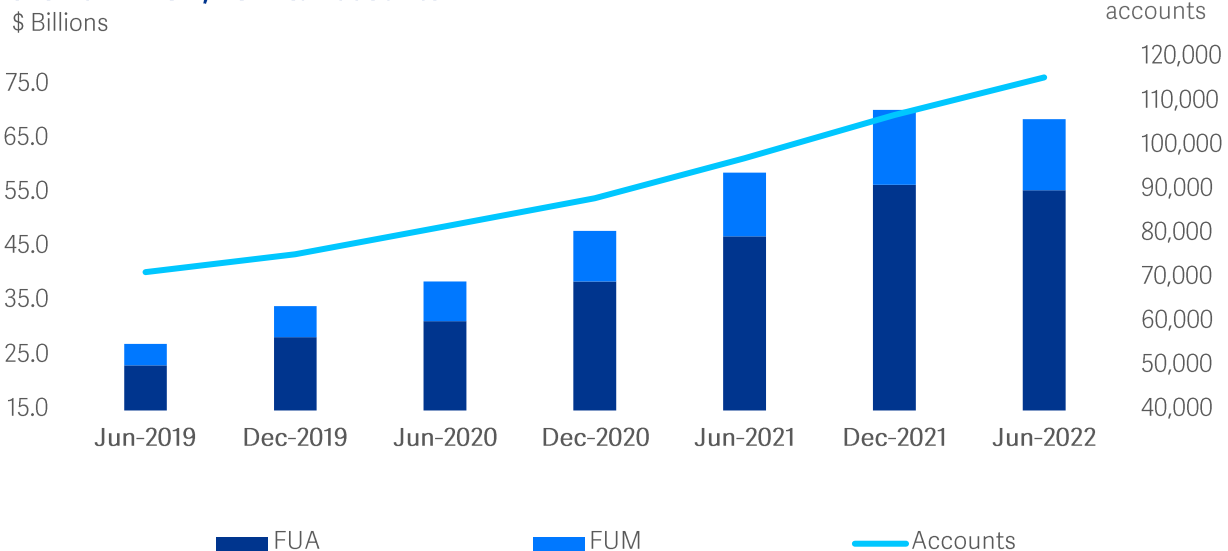
Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Mar 2022  
Total industry retail FUA of \$995.3B (as at Mar 22)

**Platform provider net funds flows \$ Billions (12 months to Mar 2022)**



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Mar 2022  
Total net flows of +\$27.8B (Not included above: Others of -\$1.7B)

## Growth in FUA, FUM & Accounts



Source; Netwealth

## Quarterly platform statistics

	Jun-2021	Sep-2021	Dec-2021	Mar-2022	Jun-2022	Growth*	FY2022
<b>Funds Under Administration</b>							
Funds Under Administration	47,138	51,959	56,654	57,585	55,652	18.1%	
Fee Paying FUA %	65.6%	64.2%	63.5%	64.0%	65.4%		
FUA net inflows	3,077	4,035	3,601	2,636	2,717	(11.7%)	12,989
Market movement	2,221	785	1,095	(1,705)	(4,650)		
<b>Funds Under Management</b>							
Managed Account	9,835	10,653	11,703	11,747	11,170	13.6%	
Managed Funds	1,911	1,994	2,114	2,047	1,908	(0.1%)	
<b>Total FUM</b>	<b>11,746</b>	<b>12,647</b>	<b>13,817</b>	<b>13,794</b>	<b>13,079</b>	<b>11.3%</b>	
Managed Account net inflows	741	730	779	437	376	(49.3%)	2,321
Managed Funds net inflows	56	159	62	25	18	(67.7%)	264
<b>FUM net inflows</b>	<b>796</b>	<b>888</b>	<b>841</b>	<b>462</b>	<b>394</b>	<b>(50.6%)</b>	<b>2,585</b>
Accounts (number)	97,319	102,304	107,103	111,130	115,642	18.8%	

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 7.9% of FUA at 30 June 2022.
- The percentage of admin fee paying FUA was 65.4% at 30 June 2022, an increase of 1.4% over the quarter, primarily due to the decrease in equity markets.
- Member accounts at 30 June 2022 were 115,642, an increase of 4,512 accounts (4.1% increase) for the quarter.

## Outlook

- Our pipeline and win rate for new business remains very strong across all key market segments including mid-market & small institutions with a number of large endowment funds and Trusts transitioning.
- Netwealth remains in a strong financial position:
  - Highly profitable, with strong EBITDA margin;
  - A very high correlation between EBITDA and operating cashflow, resulting in exceptional cash generation;
  - Very high levels of recurring revenue, which results in predictable revenue; and
  - Very low capital expenditure, debt free and significant cash reserves.

## 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 trustee 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\*.

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.

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\*Investment Trends June 2021 Adviser Technology Needs Report