

March 2023 quarterly business update and outlook

ASX Release – 3 April 2023

FUA increased by \$3.4 billion to \$65.8 billion

Quarterly highlights

- Funds Under Administration (FUA) increased by \$3.4 billion for the March quarter to \$65.8 billion¹, comprising FUA Net Inflows of \$1.7 billion and positive market movement of \$1.7 billion.
- FUA Gross Inflows were \$3.6 billion for the March quarter, a decrease of \$0.3 billion to PCP².
- FUA increased by 14.3% or \$8.2 billion for the year to 31 March 2023.
- Funds Under Management (FUM) increased by \$0.8 billion for the quarter ended 31 March 2023 to \$15.3 billion.
- FUM Net Inflows for the March quarter were \$0.4 billion.
- Managed Account balance increased by \$0.8 billion for the March quarter to \$13.0 billion.
- In the recently released 2022 Investment Trends Platform Benchmarking Report, Netwealth won the awards for Best Managed Account Functionality, Best Product Offering and Best Transaction Tools³.
- During the quarter, Netwealth was rated the 6th Best Place To Work For Women in Australia by Work180. The rating supports our commitment to ensuring an inclusive workplace and is a key pillar of our Corporate Sustainability initiatives.

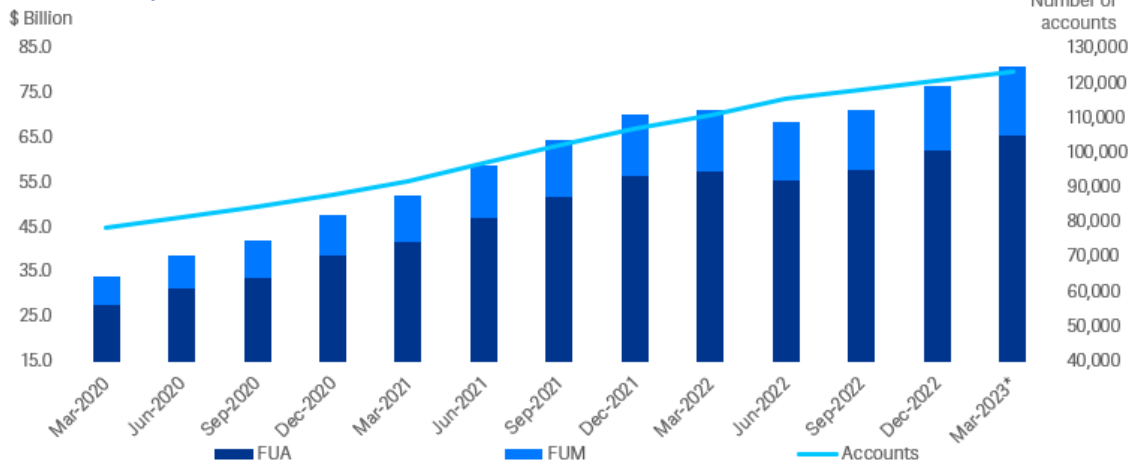
¹ March 2023 figures are indicative based on information available as at 1st April 2023

² PCP – prior year corresponding period

³ December 2022 Platform Competitive Analysis and Benchmarking Report

Platform growth and performance

Growth in FUA, FUM & Accounts



Source: Netwealth

*March 2023 figures are indicative based on information available as at 1st April 2023

Quarterly platform statistics

	Mar-2022	Jun-2022	Sep-2022	Dec-2022	Mar-2023*	Growth#
Funds Under Administration						
Funds Under Administration	57,585	55,652	58,103	62,414	65,794	14.3%
Fee Paying FUA %	64.0%	65.4%	65.0%	64.6%	64.5%	
FUA Inflows	3,953	4,542	4,656	4,115	3,615	(8.6%)
FUA Outflows	(1,317)	(1,825)	(1,719)	(2,028)	(1,962)	48.9%
FUA Net inflows	2,636	2,717	2,937	2,087	1,653	(37.3%)
Market movement	(1,705)	(4,650)	(486)	2,223	1,727	
Non-Custodial Administration						
Total	-	-	-	33	38	N/A
Funds Under Management						
Managed Account	11,747	11,170	11,479	12,229	13,020	10.8%
Managed Funds	2,047	1,908	2,020	2,211	2,260	10.4%
Total FUM	13,794	13,079	13,499	14,440	15,280	10.8%
Managed Account net inflows	437	376	624	244	374	(14.4%)
Managed Funds net inflows	25	18	208	120	2	(92.3%)
FUM net inflows	462	394	832	364	376	(18.6%)
Accounts (number)	111,130	115,642	118,464	121,032	123,371	11.0%

All figures in \$millions unless otherwise stated

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

* March 2023 figures are estimated based on information available as at 1st April 2023

Growth is the percentage increase on prior year corresponding period

- The balance of the Netwealth Cash transaction account was 6.8% of FUA at 31 March 2023.
- Member accounts at 31 March 2023 were 123,371, an increase of 2,339 accounts for the quarter.

Business update and outlook

- During the March quarter we continued to increase new adviser and licensee relationships and strengthened our committed transition and new business pipeline.
- However, the current economic uncertainty and market volatility, and resulting negative investor sentiment has caused a delay in the timing of transitions and new business from existing clients.
- Additionally, whilst we are confident in our ability to deliver sustainable strong net inflows from all our major market segments over the medium and long term, the current environment has made it increasingly difficult to forecast the exact timing of transitions on a monthly or quarterly basis.
- In light of the above considerations and the lower than anticipated net inflows in the March quarter, we have adjusted our FUA net inflows guidance for FY2023 to a range of \$9.0 billion to \$11.0 billion. As always, our guidance is subject to macro and geopolitical factors and the timing of transitions.
- Given our strategic step up in our investment in people and technology during 2021 and 2022 and the increasingly uncertain economic outlook, we are now focused on driving further productivity improvements and operating leverage to deliver sustainable growth and profitability.
- We have received positive feedback on our new “Multi Asset Portfolio service”(“MAPs”) pilot program, which is expected to launch during April 2023. The level of interest in this service remains strong from both existing and new clients and will considerably extend our addressable market.
- In addition to MAPs, a number of new product and platform enhancements will be progressively released to market in the coming quarter to ensure we retain our leadership position in all market segments including for Mass Affluent clients with a focus on advice enablement and efficiency.
- Our new client reporting service will be released in the second quarter of 2023 and includes enhanced customisation settings and streamlined functionality aimed at significantly improving the overall client experience and adviser efficiency.

Netwealth remains in a strong financial position:

- Highly profitable, with strong EBITDA margin;
- A very high correlation between EBITDA and operating cashflow, resulting in strong cash generation;
- Very high levels of recurring revenue, which results in predictable revenue; and
- Low capital expenditure, debt free and significant cash reserves.

About Netwealth

Netwealth is a financial services company listed on the Australian Securities 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 overall satisfaction*.

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;
- managed funds;
- self-managed superannuation funds administration; and
- non-custodial administration and reporting services.

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

The platform is built, developed, and maintained by our 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, execute both custodial and non-custodial services and manage risk and governance.

This document has been authorised for release by the Board of Netwealth Group Limited.

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*Investment Trends May 2022 Adviser Technology Needs Report