

# June 2024 Quarterly Business Update

ASX Release – 11 July 2024

## Netwealth FUA \$88 billion and FUA net inflows of \$3.8 billion for the quarter

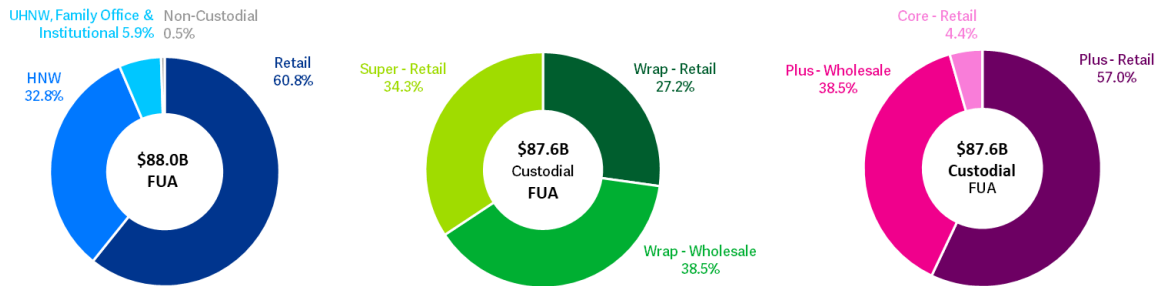
### Quarterly highlights

- Funds Under Administration (FUA) at 30 June 2024 of \$88.0 billion. FUA increased by \$3.3 billion for the June quarter comprising FUA net inflows of \$3.8 billion and negative market movement of \$0.5 billion.
- FUA net inflows for the June quarter of \$3.8 billion, 38.7% higher than the previous quarter.
- For FY2024, FUA increased by 25.2% or \$17.7 billion, comprising FY2024 FUA net inflows of \$11.2 billion and positive market movement of \$6.5 billion.
- Record 12-month FUA inflows of \$22.0 billion.
- Custodial FUA of \$87.6 billion at 30 June 2024, increased by 24.8% to PCP<sup>1</sup>.
- Custodial FUA net inflows of \$10.9 billion for FY2024, \$1.2 billion or 12.0% higher than FY2023. Custodial FUA net inflows, excluding Institutional accounts, of \$10.8 billion for FY2024, \$2.9 billion or 36.8% higher than FY2023.
- Non-custodial FUA of \$448 million at 30 June 2024. Non-custodial FUA net inflows for the June quarter of \$154 million, 295.2% higher than the previous quarter.
- Funds Under Management (FUM) at 30 June 2024 of \$20.5 billion, increased by \$0.8 billion for the quarter. FUM net inflows for the June quarter of \$0.9 billion.
- Managed Account balance of \$17.6 billion at 30 June 2024, increased by \$4.0 billion or 29.4% from 30 June 2023. Managed Account net inflows of \$0.8 billion for the June quarter, increased by \$0.4 billion or 129.2% increase to PCP.
- The total number of Accounts increased by 5,293, 3.8% for the June quarter to 143,251 Accounts at 30 June 2024.
- Positive market movements of FUA contribute to higher admin fee revenue, however, the impact is significantly diluted due to the structure of tiered administration fees and fee caps. In addition, many ancillaries are unimpacted by market movement.
- These factors when combined with the lower cash percentage, have resulted in a reduction in average revenue bps for the year, particularly in 2HFY2024.

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<sup>1</sup> PCP prior year corresponding period (June 2023 quarter)

## Composition of FUA



Source: Netwealth. UHNW: Ultra high net worth, HNW: high net worth.  
UHNW, Family office & Institutional – client holdings generally greater than \$100M.

## Quarterly platform statistics

	Jun-2023	Sep-2023	Dec-2023	Mar-2024	Jun-2024	Growth#
<b>Funds Under Administration (FUA)</b>						
FUA – Custodial	70,146	71,801	77,772	84,443	87,555	24.8%
FUA – Non-custodial	126	176	228	281	448	255.5%
<b>Total FUA</b>	<b>70,272</b>	<b>71,977</b>	<b>78,000</b>	<b>84,724</b>	<b>88,003</b>	<b>25.2%</b>
FUA Inflows – Custodial	6,180	4,714	4,922	5,081	6,931	12.1%
FUA Outflows – Custodial	(3,117)	(2,684)	(2,336)	(2,391)	(3,299)	5.8%
<b>FUA Net inflows Custodial</b>	<b>3,063</b>	<b>2,030</b>	<b>2,586</b>	<b>2,690</b>	<b>3,632</b>	<b>18.6%</b>
FUA Net Inflows – Non-custodial	91	43	48	39	154	69.3%
<b>Total FUA Net Inflows</b>	<b>3,154</b>	<b>2,073</b>	<b>2,634</b>	<b>2,729</b>	<b>3,786</b>	<b>20.0%</b>
<b>Funds Under Management (FUM)</b>						
Managed Account	13,592	14,177	15,513	16,950	17,587	29.4%
Managed Funds	2,368	2,290	2,560	2,749	2,898	22.4%
<b>Total FUM</b>	<b>15,960</b>	<b>16,467</b>	<b>18,073</b>	<b>19,700</b>	<b>20,485</b>	<b>28.4%</b>
Net Inflows – Managed Account	345	753	588	612	790	129.2%
Net Inflows – Managed Funds	27	8	159	60	154	47.9%
<b>Total FUM Net Inflows</b>	<b>371</b>	<b>761</b>	<b>747</b>	<b>672</b>	<b>944</b>	<b>155.5%</b>
<b>Accounts (number)</b>	<b>127,507</b>	<b>129,572</b>	<b>132,826</b>	<b>137,958</b>	<b>143,251</b>	<b>12.3%</b>
<b>Market Movement</b>						
Market movement FUA – Custodial	1,201	(376)	3,386	3,980	(520)	-
Market movement FUA – Non-custodial	(5)	7	4	14	14	-
<b>Total FUA market movement</b>	<b>1,196</b>	<b>(369)</b>	<b>3,389</b>	<b>3,994</b>	<b>(507)</b>	<b>-</b>
<b>Total FUM market movement</b>	<b>253</b>	<b>(254)</b>	<b>859</b>	<b>954</b>	<b>(159)</b>	<b>-</b>

All figures in \$millions unless otherwise stated

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

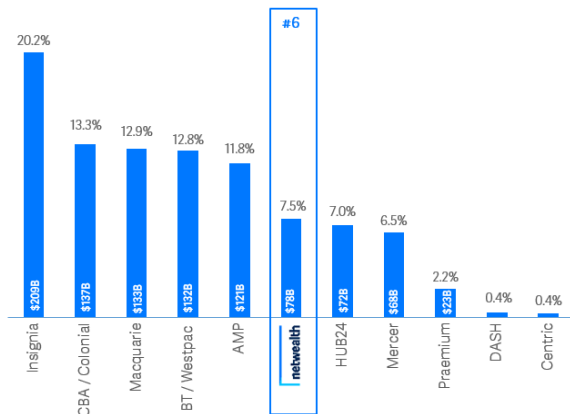
# Growth is the percentage increase on prior year corresponding period

- The Netwealth Cash transaction account balance was 6.0% of custodial FUA at 30 June 2024 (5.9% average for the quarter).
- The Core product has achieved steady growth in inflows. In the June quarter, the Core net inflows were \$236 million, 229% higher than PCP and 88% higher than the March quarter.
- After a strong year of flows, and \$6.5 billion positive market movement we note custodial FUA per account has increased to \$611,000 and custodial fee paying FUA % decreased to 62.5% at 30 June 2024.

## Platform growth and performance

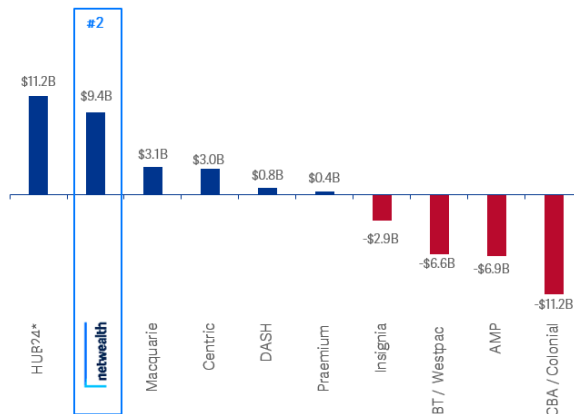
- Netwealth won 'Advised Product of the Year' at The Chant West Award event for 2024. This award recognises the platform that has invested in dedicated systems to help advisers manage their client base and access their client details.
- In the most recent Plan for Life industry analysis at 31 December 2023; Netwealth increased its market share to 7.5%, up 0.9% for the 12 months to 31 December 2023.

**Platform providers by FUA market share**  
% market share (Dec 2023)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Dec 2023  
Total industry retail FUA of \$1.0T (as at 31 Dec 23)

**Platform provider net funds flows**  
\$'Billions (12 months to Dec 2023)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Dec 2023  
Total net fund flows of -\$1.1B (Not included above: Others circa -\$1.4B and circa \$35B for the transition of BT's Master Trust business to Mercer's Platform)  
\*Hub24 includes \$1.8B transition from Insignia private label

## Business update and outlook

- Netwealth remains focused on delivering meaningful and rewarding platform enhancements to meet our client's needs. Since our last business update in April we have:
  - Launched straight through processing and execution of international equities on 16 exchanges to support T+1 settlements with ability to create buy/sell and limit orders;
  - Enabled access to Cboe Australia providing trading in both ASX and Cboe Australia quoted securities;
  - Launched a mobile digital consent service for clients of advisers, allowing them to approve instructions from the Netwealth mobile app;
  - Launched our Investment Manager portal. A dedicated portal for fund managers to manage funds, generate FUM reports, manage rebates and view invoices; and
  - Expanded our suite of managed models with the addition of two retail model suites (8 models) and an additional eight new private label model suites (40 models).
- The technology environment is changing extremely quickly and innovations in artificial intelligence, especially with the rise of generative AI, are being explored and actively implemented to improve efficiency, productivity, client engagement and service.
- In addition to strong account growth, we have expanded and strengthened our new adviser and licensee relationships and our new business pipeline and conversion rates, across all segments, remain very strong.
- As flagged in our previous quarterly update, a number of significant transitions have commenced in Q4 FY2024. Many of these transitions are in the early stages which provides us with a high level of confidence in the net inflow outlook for FY2025.
- 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 CFO and Joint Company Secretary, Mr Grant Boyle.

For further information please contact:

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\*Investment Trends May 2023 Adviser Technology Needs Report