

# December 2024 Quarterly Business Update

ASX Release – 23 January 2025

## FUA net inflows of \$4.5 billion – a second straight quarter of record performance

### Quarterly Highlights

Netwealth Group Limited (Netwealth), a leading Australian wealth management and technology company, is pleased to provide its business update for the December 2024 quarter.

- Record quarter Funds Under Administration (FUA) net inflows of \$4.5 billion, 69.8% higher than PCP<sup>1</sup>, beating the previous record level of \$4.0 billion achieved in the September 2024 quarter.
- Record 12 month FUA inflows of \$27.3 billion and record 12 month FUA net inflows of \$15.0 billion, 57.2% higher than PCP.
- FUA at 31 December 2024 of \$101.6 billion, increased by \$6.2 billion for the quarter and \$23.6 billion, or 30.2% for the calendar year.
- The total number of accounts increased by 4,272 for the quarter, to 151,437 accounts at 31 December 2024. A 14.0% increase in accounts for the calendar year.
- Significant product enhancements were delivered to clients, with improvements to our platform user interface, mobile app, adviser workflows, and the suite of managed models.

### Quarterly performance

Netwealth delivered a second straight quarter of record-level FUA net inflows of \$4.5 billion for the quarter, taking FUA net inflows for 1H2025 to \$8.5 billion, with FUA of \$101.6 billion at 31 December 2024. FUA net inflows were driven by consistently high transition rates from existing financial intermediaries, and strong conversion rates from the company's new business pipeline across all client groups and segments. Total FUA inflows over the quarter were also a record, at \$7.8 billion, while FUA outflows remained flat for the third successive quarter. FUA net flows for the quarter included institutional FUA net inflows of \$517 million.

FUA movement for the quarter included a positive market movement of \$1.7 billion. The impact of market movements on administration fee revenue is significantly diluted by the structure of tiered administration fees and fee caps. At 31 December 2024, 61.1% of custodial FUA was fee paying, a slight reduction over the last year.

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<sup>1</sup> Prior year corresponding period (December 2023 quarter)

Netwealth's non-custodial product offering, launched in March 2023, increased by 204.2% over the 12 months to 31 December 2024 to reach \$694 million, with non-custodial FUA net inflows for the December quarter of \$71 million, 47.1% higher than the PCP.

Funds Under Management (FUM) increased by \$1.5 billion during the quarter, to \$24.0 billion at 31 December 2024, including FUM net inflows of \$1.2 billion for the quarter. The Managed Account balance was \$20.8 billion at 31 December 2024, a 7.0% or \$1.4 billion increase for the quarter, with net inflows of \$1.1 billion.

The Netwealth Cash transaction account balance was 5.5% of custodial FUA at 31 December 2024, and averaged 5.8% over the December quarter, a seasonally lower percentage to the September quarter.

## Quarterly platform statistics

	Dec-2023	Mar-2024	Jun-2024	Sep-2024	Dec-2024	Growth*
<b>FUA</b>						
FUA – Custodial	77,772	84,443	87,555	94,861	100,878	29.7%
FUA – Non-custodial	228	281	448	560	694	204.2%
<b>Total FUA</b>	<b>78,000</b>	<b>84,724</b>	<b>88,003</b>	<b>95,422</b>	<b>101,572</b>	<b>30.2%</b>
FUA - Custodial fee paying FUA %	63.1%	62.2%	62.5%	61.6%	61.1%	-
FUA Inflows – Custodial	4,922	5,081	6,931	7,119	7,663	55.7%
FUA Outflows – Custodial	(2,336)	(2,391)	(3,299)	(3,224)	(3,262)	39.6%
FUA Net Inflows Custodial	2,586	2,690	3,632	3,895	4,401	70.2%
FUA Net Inflows – Non-custodial	48	39	154	116	71	47.1%
<b>Total FUA Net Inflows</b>	<b>2,634</b>	<b>2,729</b>	<b>3,786</b>	<b>4,011</b>	<b>4,472</b>	<b>69.8%</b>
<b>FUM</b>						
Managed Account	15,513	16,950	17,587	19,418	20,771	33.9%
Managed Funds	2,560	2,749	2,898	3,050	3,243	26.7%
<b>Total FUM</b>	<b>18,073</b>	<b>19,700</b>	<b>20,485</b>	<b>22,467</b>	<b>24,014</b>	<b>32.9%</b>
Net Inflows – Managed Account	588	612	790	1,255	1,107	88.2%
Net Inflows – Managed Funds	159	60	154	132	126	(20.9%)
<b>Total FUM Net Inflows</b>	<b>747</b>	<b>672</b>	<b>944</b>	<b>1,386</b>	<b>1,233</b>	<b>65.0%</b>
<b>Accounts (number)</b>	<b>132,826</b>	<b>137,958</b>	<b>143,251</b>	<b>147,165</b>	<b>151,437</b>	<b>14.0%</b>
<b>Market Movement</b>						
Market movement FUA – Custodial	3,386	3,980	(520)	3,411	1,615	-
Market movement FUA – Non-custodial	4	14	14	(4)	63	-
<b>Total FUA market movement</b>	<b>3,389</b>	<b>3,994</b>	<b>(507)</b>	<b>3,407</b>	<b>1,678</b>	<b>-</b>
<b>Total FUM market movement</b>	<b>859</b>	<b>954</b>	<b>(159)</b>	<b>596</b>	<b>314</b>	<b>-</b>

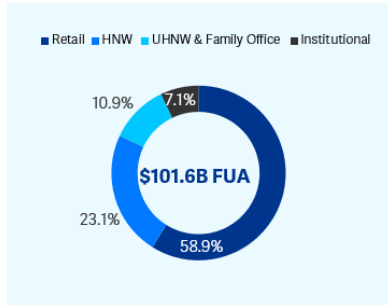
*All figures in \$millions unless otherwise stated*

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

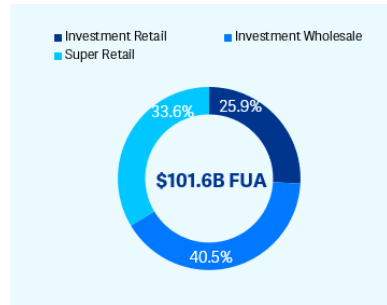
*# Growth is the percentage increase on prior year corresponding period*

## Composition of FUA

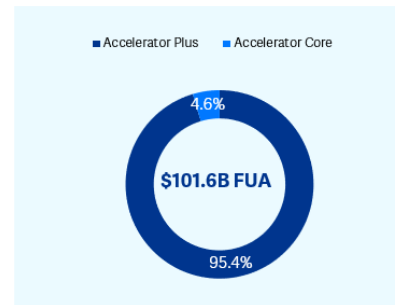
Client segment



Client type



Product type



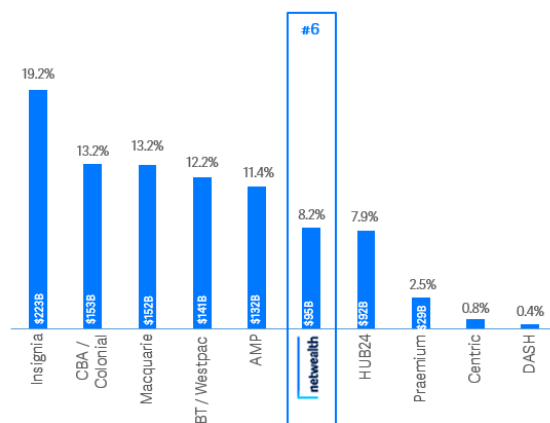
FUA as at 31 December 2024

Source: Netwealth, HNW: high net worth, UHNW: Ultra high net worth, HNW client holdings generally between \$2.5M & \$10M, UHNW & Family office client holdings generally between \$10M & \$100M, Institutional client holdings generally greater than \$100M

## Platform growth and performance

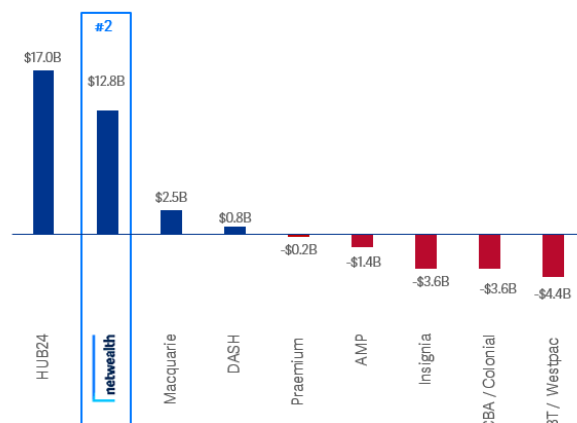
- In the most recent Plan for Life industry analysis at 30 September 2024:
  - Netwealth had the second highest platform 12-month net fund flows for the 12 months to 30 September 2024;
  - Netwealth ranked 6th, holds 8.2% of market share, up 1.0% for the 12 months to 30 September 2024. During this period, legacy platforms (with 56.0% of market share) lost market share due to net outflows, as illustrated in the graphs below; and
  - The Australian Platform industry total FUA of \$1.2 trillion, increased 16.8% for the 12 months to 30 September 2024.

Platform providers by FUA market share % market share (September 2024)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Sep 2024. Total industry retail FUA of \$1.21 (as at 30 Sep 2024)

Platform provider net funds flows \$'Billions (12 months to September 2024)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Sep 2024. Total net fund flows of +\$21.9B. Not included above: Others circa \$2.0B.

## Business update

- On 1 March 2025 there will be an update to product disclosure documents which will include the following:
  - For Netwealth Super Accelerator, the introduction of a \$300 annual cap per account on the operational risk financial requirement (ORFR) cost. This will reduce costs for certain members, with negligible impact to revenue; and
  - For Netwealth Super Accelerator and Wealth Accelerator, a reduction in the interest rate paid on funds held in the Cash transaction account from RBA Cash Rate Target less up to 65 bps, to RBA Cash Target Rate less up to 80 bps (at current RBA rates, 3.55%).
- From 1 July 2025, changes to APRA's superannuation ORFR requirements will reduce Netwealth's target reserve from 25 bps to 20 bps. Based on our current superannuation fund size, this will reduce the level of regulatory capital required to be held by approximately \$17 million.
- Netwealth remains focused on delivering meaningful and rewarding platform enhancements to meet our clients' needs. Since our last quarterly business update in September, new features launched include:
  - Re-design of the portfolio page to support a unified 'whole of wealth' view and improved access to account specific information;
  - Additional mobile app "digital consent" capability for clients, including wrap withdrawal approvals which have been initiated by an adviser;
  - Online internal transfer functionality for advisers to transfer an Income Stream to Personal Super;
  - Online functionality simplifying the transfer in of non-custodial assets to Netwealth;
  - Workflow Tracker allowing advisers to easily review the status of outstanding requests with Netwealth; and
  - Expanded suites of managed models – an additional 7 new private label model suites (49 models).

## Outlook

- We achieved strong growth in the number of new accounts and advisers for the December quarter. Conversion rates remained strong and diversified across all client groups and segments. New adviser and licensee relationships have significantly expanded our new business pipeline. While we expect Q3 FY2025 flows to be seasonally lower, we are confident in our inflows outlook for the remainder of FY2025.
- In light of a favourable revenue and market outlook we have advanced several planned initiatives and continue to invest in our people, product, security and technology capabilities. These investments aim to capitalise on both existing and emerging market opportunities, to drive sustainable profit growth and benefits to our customers and members.

- Consequently, we expect this investment will result in a modest percentage increase in the rate of expense growth in FY2025 compared to FY2024, in addition to the operational costs of the Xepko and Flux acquisitions.
- 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.

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 created, developed, and maintained by our technology team. It is continuously enhanced based on feedback from financial intermediaries, clients and other users and is widely acknowledged for its industry-leading capabilities.

To ensure the effective operation of our financial products and technology platform, Netwealth invests heavily in its people and resources for support, custodial and non-custodial services, and risk and governance management.

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This document has been authorised for release by the Board.

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