

March 2024 Quarterly Business Update

ASX Release – 11 April 2024

Netwealth achieved \$2.7 billion FUA net inflows for the quarter, a 62.2% increase to PCP.

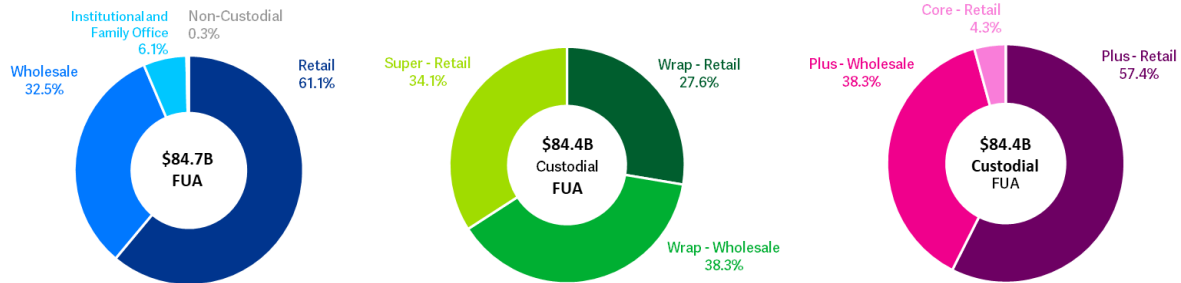
Quarterly highlights

- Funds Under Administration (FUA) at 31 March 2024 of \$84.7 billion. FUA increased by \$6.7 billion for the March quarter comprising FUA net inflows of \$2.7 billion and positive market movement of \$4.0 billion.
- FUA inflows of \$5.2 billion for March quarter, 40.7% higher than PCP¹.
- FUA net inflows of \$2.7 billion for March quarter, 62.2% higher than PCP.
- FUA increased by 28.5% or \$18.8 billion for the 12 months to 31 March 2024, comprising FUA net inflows of \$10.6 billion and positive market movement of \$8.2 billion.
- Record 12-month FUA inflows of \$21.2 billion.
- Non-custodial FUA of \$281 million at 31 March 2024 and non-custodial FUA net inflows of \$39 million for the March quarter.
- Funds Under Management (FUM) at 31 March 2024 of \$19.7 billion, increased by \$1.6 billion for the quarter. FUM net inflows for the March quarter of \$0.6 billion.
- Managed Account balance increased by \$1.4 billion for the March quarter to \$17.0 billion including net inflows of \$0.6 billion, a 62.1% increase to PCP.
- The number of Accounts increased by 11.6% compared to PCP. Strong momentum in the March quarter with the addition of 5,132 new accounts or 3.7% higher than December quarter.

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¹ PCP prior year corresponding period (Mar 23 quarter)

Composition of FUA



Quarterly platform statistics

	Mar-2023	Jun-2023	Sep-2023	Dec-2023	Mar-2024	Growth [#]
Funds Under Administration (FUA)						
FUA – Custodial	65,883	70,146	71,801	77,772	84,443	28.2%
FUA – Non-custodial	40	126	176	228	281	597.7%
Total FUA	65,923	70,272	71,977	78,000	84,724	28.5%
FUA Inflows – Custodial	3,658	6,180	4,714	4,922	5,081	38.9%
FUA Outflows – Custodial	(1,981)	(3,117)	(2,684)	(2,336)	(2,391)	20.7%
FUA Net inflows Custodial	1,677	3,063	2,030	2,586	2,690	60.4%
FUA Net Inflows – Non-custodial	6	91	43	48	39	586.7%
Total FUA Net Inflows	1,683	3,154	2,073	2,634	2,729	62.2%
Funds Under Management (FUM)						
Managed Account	13,035	13,592	14,177	15,513	16,950	30.0%
Managed Funds	2,300	2,368	2,290	2,560	2,724	18.4%
Total FUM	15,335	15,960	16,467	18,073	19,674	28.3%
Net Inflows – Managed Account	378	345	753	588	612	62.1%
Net Inflows – Managed Funds	14	27	8	159	35	146.2%
Total FUM Net Inflows	392	371	761	747	647	65.1%
Accounts (number)	123,649	127,507	129,572	132,826	137,958	11.6%
Market Movement						
Market movement FUA – Custodial	1,792	1,201	(376)	3,386	3,980	-
Market movement FUA – Non-custodial	2	(5)	7	4	3	-
Total FUA market movement	1,793	1,196	(369)	3,389	3,994	-
Total FUM market movement	504	253	(254)	859	954	-

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 recently relaunched Core product has seen a steady growth in Inflows. In the March quarter, these Core net inflows were \$126 million, 375% higher than PCP and 44% higher than December quarter.
- The Netwealth Cash transaction account balance was 5.7% of FUA custodial at 31 March 2024 (Average for 1H2024 was 6.4%).
- The YTD market movement for FUA is \$7.0 billion. Whilst the increase in FUA contributes to higher admin fee revenue, the impact is significantly diluted due to the structure of Netwealth's tiered administration fees, fee caps and most ancillaries. This, when combined with the lower cash percentage, has resulted in a reduction in average revenue bps in the March quarter.

Business update and outlook

- Rated No.1 for 'Best Product offering' and 'Best Transaction Tools' in the latest Investment Trends Platform Competitive Analysis and Benchmarking Report December 2023. Netwealth was also noted as the leader in the High Net Worth adviser segment for platforms.
- In addition to strong account growth in the quarter, we expanded and strengthened our new adviser and licensee relationships. Our new business pipeline including conversion rates, is very strong across all segments.
- We are expecting the June quarter FUA inflows to be very strong with several new large transitions commencing, in addition to higher seasonal flows and increased market activity.
- The technology environment is changing extremely quickly and innovations in generative artificial intelligence are being actively explored and implemented to improve efficiency, productivity, client engagement and service.
- We continue to focus on delivering meaningful and rewarding platform enhancements to meet our clients' needs, since our last business update we have:
 - Added to our range of cash and fixed income solutions with the inclusion of a range of Judo Bank term deposits;
 - Our new 'Wealth Exchange' capability allows advisers to view and update all their third party data integrations, subscriptions, and also request historical data;
 - Enhanced Report Builder to enable advisers to create their own custom client report templates and packs; and
 - Expanded our whole-of-wealth service with ability for advisers to submit buy/sell orders online for non-custodial holdings.
- In late April, straight through processing and execution of international equities on 16 exchanges to support T+1 settlements will go live.

- Netwealth Founder and major shareholder, Michael Heine has advised that as he approaches his 75th birthday he intends to transition to non-executive director by 30 June 2024.
- 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.

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*Investment Trends May 2023 Adviser Technology Needs Report

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