

# September 2024 Quarterly Business Update

ASX Release – 10 October 2024

FUA net inflows of \$4 billion for the quarter as FUA reaches \$95.4 billion

## Quarterly highlights

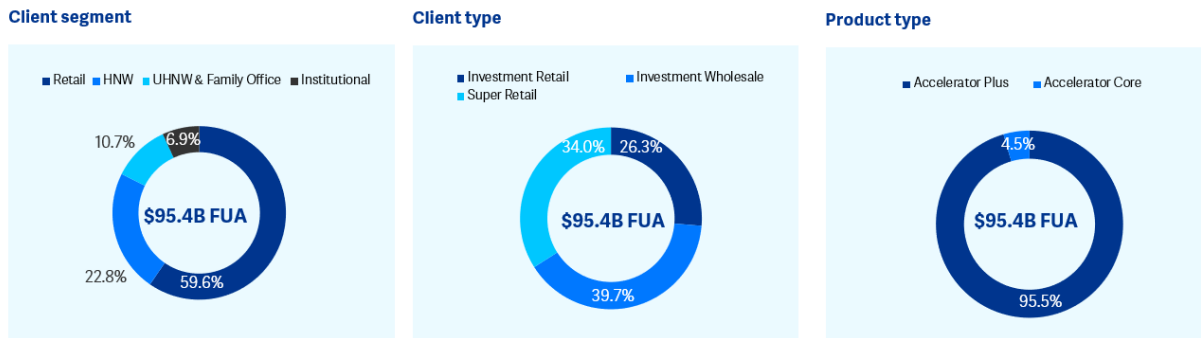
- Funds Under Administration (FUA) at 30 September 2024 of \$95.4 billion. FUA increased by \$7.4 billion for the September quarter comprising FUA net inflows of \$4.0 billion and positive market movement of \$3.4 billion. A record quarter for FUA growth.
- Record level FUA net inflows<sup>1</sup> for the September quarter of \$4.0 billion, 93.5% higher than PCP<sup>2</sup>.
- Record quarter FUA inflows of \$7.3 billion and record 12 month FUA inflows of \$24.5 billion.
- Custodial FUA increased by 32.1% to \$94.9 billion for the 12 months to 30 September 2024.
- Custodial FUA net inflows of \$3.9 billion for the September quarter, 91.9% higher than PCP.
- Non-custodial FUA of \$560 million at 30 September 2024. Non-custodial FUA net inflows for the September quarter of \$116 million.
- Funds Under Management (FUM) at 30 September 2024 of \$22.5 billion, increased by \$2.0 billion for the quarter. FUM net inflows for the September quarter of \$1.4 billion.
- Managed Account balance of \$19.4 billion at 30 September 2024, increased by \$1.8 billion for the quarter, a 10.4% increase. Managed Account net inflows of \$1.3 billion for the September quarter, increased by \$0.5 billion, 58.7% increase, to previous quarter.
- Additional retail Managed Accounts have been added to the Core Accelerator product menu, driving strong flows into the product. Private label Managed Account flows from partners remain strong with significant groups onboarded during the quarter.
- The total number of Accounts increased by 3,914, 2.7%, for the September quarter to 147,165 Accounts at 30 September 2024.

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<sup>1</sup> September 2021 was also \$4.0 billion, which included \$0.9 billion of Institutional accounts.

<sup>2</sup> PCP prior year corresponding period (September 2023 quarter)

## Composition of FUA



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

## Quarterly platform statistics

	Sep-2023	Dec-2023	Mar-2024	Jun-2024	Sep-2024	Growth*
<b>Funds Under Administration (FUA)</b>						
FUA – Custodial	71,801	77,772	84,443	87,555	94,861	32.1%
FUA – Non-custodial	176	228	281	448	560	218.4%
<b>Total FUA</b>	<b>71,977</b>	<b>78,000</b>	<b>84,724</b>	<b>88,003</b>	<b>95,422</b>	<b>32.6%</b>
FUA Inflows – Custodial	4,714	4,922	5,081	6,931	7,119	51.0%
FUA Outflows – Custodial	(2,684)	(2,336)	(2,391)	(3,299)	(3,224)	20.1%
FUA Net inflows Custodial	2,030	2,586	2,690	3,632	3,895	91.9%
FUA Net Inflows – Non-custodial	43	48	39	154	116	170.6%
<b>Total FUA Net Inflows</b>	<b>2,073</b>	<b>2,634</b>	<b>2,729</b>	<b>3,786</b>	<b>4,011</b>	<b>93.5%</b>
<b>Funds Under Management (FUM)</b>						
Managed Account	14,177	15,513	16,950	17,587	19,418	37.0%
Managed Funds	2,290	2,560	2,749	2,898	3,050	33.2%
<b>Total FUM</b>	<b>16,467</b>	<b>18,073</b>	<b>19,700</b>	<b>20,485</b>	<b>22,467</b>	<b>36.4%</b>
Net Inflows – Managed Account	753	588	612	790	1,255	66.7%
Net Inflows – Managed Funds	8	159	60	154	132	1,455%
<b>Total FUM Net Inflows</b>	<b>761</b>	<b>747</b>	<b>672</b>	<b>944</b>	<b>1,386</b>	<b>82.1%</b>
<b>Accounts (number)</b>	<b>129,572</b>	<b>132,826</b>	<b>137,958</b>	<b>143,251</b>	<b>147,165</b>	<b>13.6%</b>
<b>Market Movement</b>						
Market movement FUA – Custodial	(376)	3,386	3,980	(520)	3,411	-
Market movement FUA – Non-custodial	7	4	14	14	(4)	-
<b>Total FUA market movement</b>	<b>(369)</b>	<b>3,389</b>	<b>3,994</b>	<b>(507)</b>	<b>3,407</b>	<b>-</b>
<b>Total FUM market movement</b>	<b>(254)</b>	<b>859</b>	<b>954</b>	<b>(159)</b>	<b>596</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

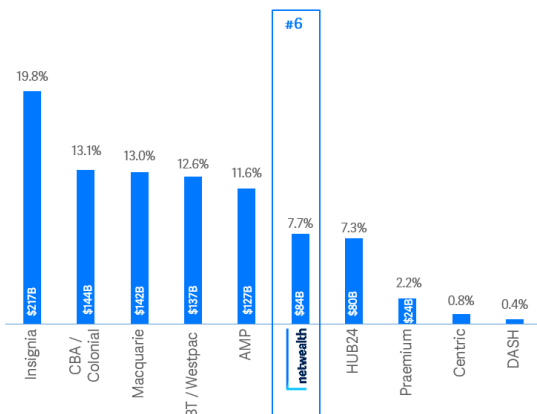
- The Netwealth Cash transaction account balance was 5.9% of custodial FUA at 30 September 2024.
- The composition of FUA net inflows was diversified across market segments and geography. FUA net inflows for the quarter included one institutional account (\$110 million).
- The quarterly positive market movement of \$3.4 billion contributes to higher administration 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 movements.
- The relaunch of the Core product a year ago, a strategic initiative to increase market presence in both the mass affluent and emerging affluent segments, has resulted in a net inflow of \$655 million for the 12-month period to 30 September 2024, an increase of \$500 million, 319%, compared to prior year. Core product FUA net inflows for the September quarter of \$207 million.

## Platform growth and performance

In the most recent Plan for Life industry analysis at 31 March 2024:

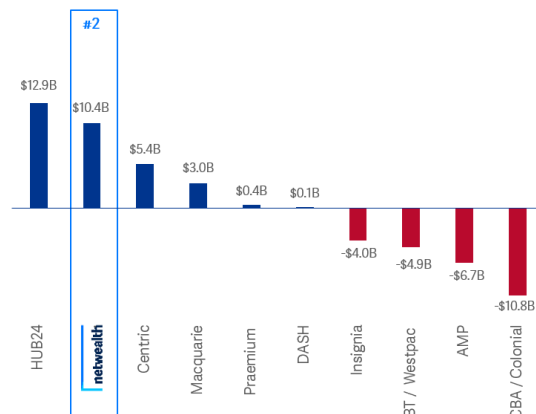
- Netwealth had the second highest platform 12-month net fund flows for the 12 months to 31 March 2024.
- Netwealth ranked 6<sup>th</sup>, holds 7.7% of market share, up 0.9% for the 12 months to 31 March 2024. During this period, legacy platforms (with 57.1% of market share) lost share due to outflows, as illustrated in the graphs below.
- The Australian Platform industry has total FUA of \$1.1 trillion, growing at a compound annual growth rate of 8.2% over the last 10 years.

**Platform providers by FUA market share**  
% market share (March 2024)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at March 2024 Total industry retail FUA of \$1.1T (as at 31 March 2024)

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



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at March 2024. Total net fund flows of +\$6.1B (Not included above: Others circa \$0.4B 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

## Strategic acquisitions

### Acquisition of Flux

- Netwealth has agreed to acquire 100% of the shares in Flux Corp Pty Ltd on 9 October 2024, for an upfront consideration of \$2.46 million.
- Flux produces digital content, a mobile app and financial tools, targeting the Emerging Mass and Emerging Affluent market segments. Flux engages and educates its community audience of over 430,000 members and 84,000 app subscribers. The Flux App supports both free and paid subscription service which includes financial education, stock market and economic news, and personal budgeting tools.
- Netwealth, together with the Flux team will extend the current reach of Netwealth products and services to advisers and licensees looking to deliver new services to younger clients.

#### Matt Heine CEO and Managing Director comments.

*'We are pleased to welcome the Flux team to Netwealth. They have achieved strong success in engaging with the next generation of young adults, particularly the Emerging Affluent segment, on their finances and investments since 2020.*

*It is a great addition to our business and provides a simple entry point to financial education for many Australians who often do not know where to begin their journey.*

*As part of the intergenerational transfer of wealth across Australia more than \$3.5 trillion<sup>3</sup> will change hands over the next 20 years. It is important to us to enable our adviser and licensee network to engage with these new segments and the next generation of clients in new and innovative ways.'*

### Xeppo integration post-acquisition update

- Significant progress has been made on integrating Xeppo Pty Ltd since the acquisition completed on 12 August 2024 and we are pleased to welcome the talented and experienced team.
- Our integrated offering will help advice firms and licensees unlock the power of their aggregated data from various systems to a single source of client information. This drives deeper client relationships and delivers insights through data analysis, leading to enhanced oversight and governance, improved understanding of risk and new opportunities to grow.

<sup>3</sup> <https://www.sbs.com.au/news/article/no-one-wants-their-parents-to-die-the-home-buyers-waiting-on-their-inheritance/zxkm6d85o>

- We look forward to exploring opportunities for growth and innovation together. Data is central to our strategy and fundamental to our Artificial Intelligence (AI) driven future and we believe it is the cornerstone of any future-focused advice practice or licensee.

## Appointment of new Chief Financial Officer

- We are pleased to announce, after an extensive search, the appointment of our new Chief Financial Officer (CFO), Hayden Stockdale. Hayden will commence with Netwealth on 25 November. Hayden is an experienced CFO and has had a successful career spanning both the finance sector and senior management roles in various industries, including CFO roles with RMS Cloud, Catapult Sports, SXiQ Digital, United Petroleum, and Interactive. He has a proven track record as a collaborative business partner delivering high-margin growth strategies and driving efficiencies at scale. Prior to his executive roles, Hayden enjoyed a successful investment banking career working at Goldman Sachs, Deutsche Bank and UBS.

### Matt Heine CEO and Managing Director comments.

*We look forward to welcoming Hayden to the team and are confident his extensive experience in financial management and strategic planning from various multi-national technology businesses, will drive Netwealth's continued success.*

*I would also like to take this opportunity to pay tribute to and thank our retiring CFO, Grant Boyle, who will be assisting with the handover.*

*Grant joined in 2017 and has been instrumental in our success from IPO to today with a focus on delivery of sustainable growth and performance. His expertise has been invaluable to our team, stakeholders and shareholders, and he will be missed.'*

## Business update and outlook

- We have continued to enjoy strong growth in accounts, strengthened our new adviser and licensee relationships and our new business pipeline. Conversion rates remain strong and diversified across all client groups and segments.
- As highlighted in previous quarterly updates, several new large groups have begun transitioning their clients to Netwealth. A number of these transitions remain in the early stages, instilling a high level of confidence in our net inflows outlook for FY2025.
- Netwealth remains focused on delivering meaningful and rewarding platform enhancements to meet our clients' needs. Since our last quarterly business update in July, new features launched include:
  - Online applications for super with straight through processing creating efficiencies and a streamlined onboarding process;
  - Client portfolio summaries using the latest generative AI techniques to provide additional portfolio insights;
  - Push notifications within the mobile app, for real time updates to enhance client account security;

- Additional fixed income options, with the addition of MUFG term deposits; and
- An expanded suite of managed models - additional retail model suite (10 models), and three new private label model suites (10 models).
- In September, we successfully hosted Netwealth's second annual Netwealth Accelerate Summit, "where innovation meets advice". The event attracted over 500 advisers, paraplanners, client services staff, licensees, and administrators. It featured 16 content sessions presented by 29 speakers with a mix of global business leaders, Netwealth staff, industry experts and clients. The Summit was a huge success, receiving an overwhelmingly positive community response, with 96.7% of respondents rating their experience at the Summit as 'very good' or 'excellent' and reporting a 98.7% likelihood of recommending the event to a colleague.
- 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 CFO and Joint Company Secretary, Mr Grant Boyle.

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