

September 2018

Quarterly business update

ASX Release – 11 October 2018

Netwealth reaches \$19.3 billion Funds Under Administration with \$1.3 billion increase in Q1

Highlights

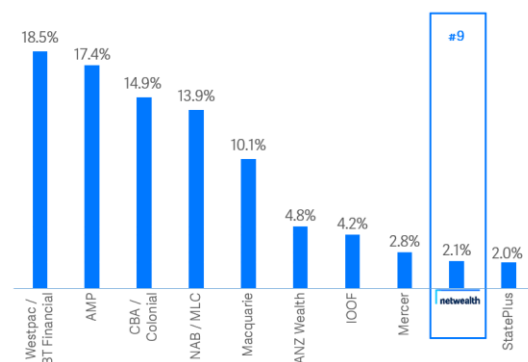
- Funds Under Administration (FUA) at 30 September was \$19.3 billion, an increase of \$1.3 billion (7.3%) for the quarter and an increase of \$5.6 billion (40.6%) versus the prior year corresponding quarter (PCP).
- Net FUA inflow was \$1.1 billion for the quarter. The quarter net inflow was 28.7% higher than the PCP.
- Market movement was positive \$257 million for the quarter.
- At 30 September, Funds Under Management (FUM) including the Netwealth Managed Account was \$3.1 billion an increase of \$246 million (8.6%) for the quarter. The Netwealth Managed Account grew to \$2.1 billion, an increase of \$1.0 billion (103.9%) versus prior year.
- In the latest June 2018 Strategic Insights quarterly platform market update, Netwealth achieved the highest platform flows for the year ended June 2018, obtaining 31.6% (\$4.2 billion) of total net inflows and 44.5% (\$1.4 billion) for the June 2018 quarter. Netwealth market share increased to 2.1% at June 2018, improving Netwealth market share ranking by one position to ninth.
- During the quarter, Netwealth added three new roles to the sales and marketing team, including the appointment of Sid Cavallaro as a senior distribution manager in Sydney. Sid's appointment comes after nearly eight years at BT, where he held the position of State Manager for Platforms in NSW. The appointments recognise the increasing market opportunities for Netwealth, our growing footprint in NSW and our continued focus on delivering the highest level of service to advisers across the country.
- In September 2018, Netwealth launched its new look adviser and client portal, designed to enhance the way clients interact with the Netwealth platform, making it easier to navigate and to use.
- In July 2018, Netwealth was ranked 15th most innovative company in Australia and New Zealand by the *Australian Financial Review* for our SMART ROA¹ functionality. The *Australian Financial Review* survey defines innovation as "change that adds value".
- In August 2018, Netwealth's IT team was placed 3rd in Splunk's 'Boss of the SOC' (Security Operations Centre) competition. This competition was hosted by Australian Cyber Security Centre and Splunk and 100+ teams, from 40+ organisations across Australia competed to identify security threats and locate breaches in a realistic but fictitious enterprise environment.

1. Sophisticated Modelling and Rebalancing Technology, Record of Advice

Platform growth and performance

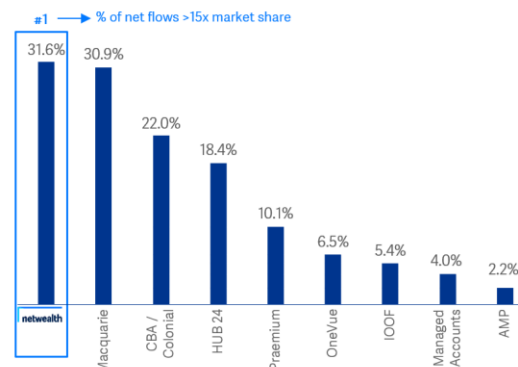
Netwealth's percentage market share of net flows (31.6%) for the last 12 months to June 2018 was 15 times its market share percentage (2.1%). Credit Suisse expect the shift of net flows from institutional platforms to specialist platforms to continue with the specialist platforms currently holding ~70% market share of net flows.⁽²⁾

Platform providers by FUA market share⁽¹⁾
% market share (June 2018)



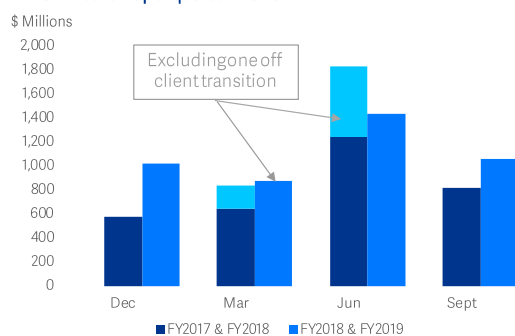
Source: Strategic Insight: Master Trusts, Platforms & Wraps (Jun 2018)
(1) Total industry retail FUA of A\$847.3bn (as at Jun 2018)

Platform provider net funds flows⁽²⁾
% market share (12 months to June 2018)



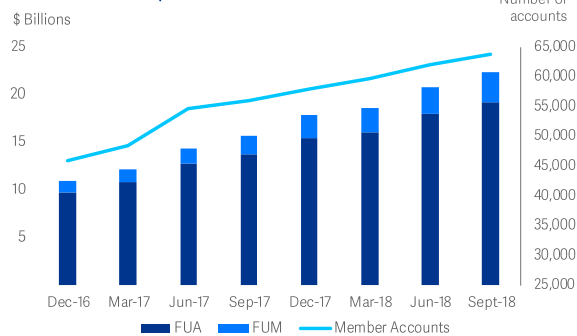
Source: Strategic Insight: Master Trusts, Platforms & Wraps (Jun 2018)
(2) Total net flows of A\$13.2bn (12 months to Jun 2018)

FUA Netflows per quarter V's PCP



PCP - 12 month prior comparative period (FY2017 & FY2018)
CP - current period (FY2018 & FY2019)

Growth in FUA, FUM & Member Accounts



2. Credit Suisse – Australian Platforms 5 October 2018

Quarterly platform statistics

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Growth***
Funds Under Administration						
Funds Under Administration	13,710	15,436	16,008	17,960	19,277	40.6%
Administration Fee Paying FUA %	67.7%	65.2%	64.6%	61.6%	60.9%	-10.1%
Net FUA Flows	824	1,023	879	1,440	1,060	28.7%
Funds Under Management						
Managed Account	1,005	1,406	1,584	1,834	2,050	103.9%
Managed Funds	984	1,020	978	1,011	1,041	5.8%
Total FUM	1,990	2,426	2,562	2,846	3,091	55.3%
Net Flows Managed Account	282	279	174	136	162	-42.5%
Net Flows Managed Funds	125	5	(31)	12	52	-58.3%
Net FUM Flows	408	284	143	148	215	-47.4%
Member Accounts (number)	56,100	58,012	59,695	62,097	63,871	13.9%

Average cash as a percentage of FUA remained similar to 30 June 2018 position

*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 quarter

Platform enhancements

New developments

During the quarter Netwealth released a range of new platform features and products focused on improving the delivery of advice and increasing client engagement.

Key initiatives included:

- Major relaunch of adviser and client portal providing a new modern interface with enhanced navigation and usability.
- Continued rollout of new reports and report summaries including the ability to consolidate across accounts.
- A new automated data feed to BGL, a leading SMSF software solution, at an adviser level and/or for an individual client.

Development focus for remainder of the calendar year

During the remainder of the calendar year, we will continue to enhance our service and platform offering through the following initiatives:

- New cash management and transactional capabilities will be launched providing sophisticated options to automatically manage to a cash target.

- Ongoing report enhancements including new reports and summaries, account consolidation and individual report customisation for on platform and off platform assets.
- New online application and process including automated KYC verification and authentication options.
- New multi asset transaction providing users the ability to trade, switch and rebalance all assets including domestic and international equities, managed funds, term deposits. Managed Account models and cash in one transaction. The new feature will also support multiple advice workflow processes including the ability to generate electronic Records of Advice.
- The expansion of our Retail and Private Label Managed Account service, including the addition of new models, strategies and functionality.

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About Netwealth

Netwealth is a financial services company listed on the Australian Stock Exchange (ASX: NWL).

Netwealth was founded in 1999 and established to provide astute investors and wealth professionals with a better way to invest, protect and manage their current and future wealth. As a business, Netwealth seeks to enable, educate and inspire Australians to see wealth differently and to discover a brighter future.

Netwealth offers a range of innovative portfolio administration, superannuation, retirement, investment and managed account solutions to investors and non-institutional intermediaries including financial advisers, private client and high net worth firms.

Netwealth's award-winning platform is currently rated Australia's Number 1 Platform for overall functionality and overall satisfaction* providing wealth professionals with the technology required to efficiently manage and add value to their clients.

*Investment Trends; December 2017 Platform Competitive Analysis and Benchmarking Report & Investment Trends, May 2018 Planner technology report.