

# Update following today's RBA Announcement

ASX Release – 19 March 2020

In February 2020, Netwealth provided the following outlook statement, "subject to there being no material changes to economic conditions and financial markets:

- Full year FUA (Funds Under Administration) net inflows of approximately \$9 billion;
- FY2020 revenue to be in the range \$120 to \$122 million; and
- Underlying EBITDA to be in the range of \$61 to \$63 million."

Despite the recent adverse equity markets resulting from the coronavirus (Covid-19) pandemic, Netwealth Group Limited (ASX:NWL) remains in a very strong financial position, remains debt free, has significant cash at bank and is highly profitable.

Inflows have continued to be very strong with FUA net inflows for the quarter to date of \$2.9 billion, resulting in total FUA net inflows year to date of \$7.3 billion.

FUA net inflows have been offset by negative quarterly market movement of \$3.9 billion resulting in FUA as at 17 March 2020 of \$27.6 billion.

Despite the reduction in FUA due to falling global equity markets, Netwealth's revenue and profitability have been resilient largely due to increased transactions, ancillary revenues and the cushioning impact of sliding administration fee scales and fee caps.

Following the RBA rate cut of 25bps Netwealth has amended its outlook to reflect the impact of the cut on our ancillary revenue, given Netwealth will absorb this reduction in respect to our client's cash transaction accounts:

- FY2020 revenue to be in the range \$116 to \$120 million; and
- Underlying EBITDA to be in the range of \$58 to \$62 million.

We have reduced the full year FUA net inflows forecast to approximately \$8.5 billion (subject to timing of client transitions) to reflect potential disruption to transitions relating to market volatility and uncertainty.

This outlook assumes no further RBA rate cuts this financial year and is based on the information we have available at this time and as events evolve may be subject to further amendments.

The below table provides an update of our platform statistics at 17 March 2020.

## Quarterly platform statistics

	Dec-2018	Mar-2019	Jun-2019	Sep-2019	Dec-2019	17 Mar 2020
<b>Funds Under Administration</b>						
Funds Under Administration	18,988	21,055	23,337	25,320	28,511	27,596
FUA net inflows	876	890	1,507	1,481	2,874	2,949
Market movement	(1,165)	1,178	774	502	317	(3,864)
<b>Funds Under Management</b>						
Managed Account	2,114	2,409	2,760	3,105	4,368	5,075
Managed Funds	1,025	1,110	1,186	1,336	1,382	1,270
<b>Total FUM</b>	<b>3,139</b>	<b>3,519</b>	<b>3,946</b>	<b>4,442</b>	<b>5,749</b>	<b>6,345</b>
Managed Account net inflows	166	159	263	287	1,217	1,419
Managed Funds net inflows	39	20	38	170	32	18
<b>FUM net inflows</b>	<b>205</b>	<b>178</b>	<b>301</b>	<b>457</b>	<b>1,249</b>	<b>1,437</b>

*All figures in \$millions unless otherwise stated*

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

## About Netwealth

Netwealth is a financial services company listed on the Australian Stock 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 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 providing exceptional service and independent researchers continue to rate our technology as best in class\*.

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; and
- Managed Funds.

Netwealth's digital platform supports how our financial products are delivered to market. For instance, via the platform, financial intermediaries and clients can invest and manage a wide array of domestic and international products.

The platform is built, developed and maintained by Netwealth's 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, risk and governance and our custodial services.

\*Investment Trends; December 2019 Platform Competitive Analysis and Benchmarking Report & Investment Trends, April 2019 Planner Technology Report.

This document has been authorised for release by the Netwealth Group Limited board.

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