

September 2020 Quarterly business update

ASX Release – 08 October 2020

Quarterly Net Inflows of \$1.9 billion and FUA exceeds \$34 billion

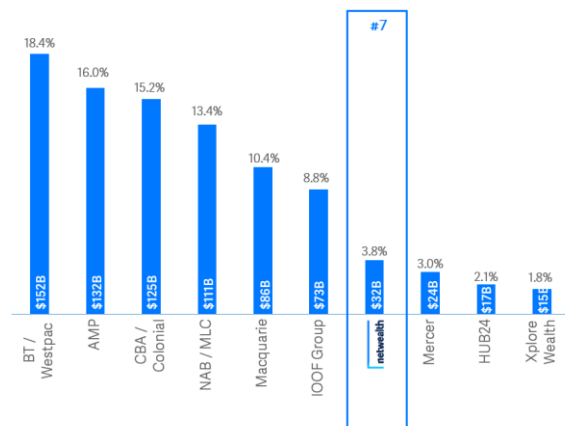
Quarterly Highlights

- Funds Under Administration (FUA) at 30 September 2020 of \$34.0 billion, an increase of \$2.5 billion (8.0% increase) for the September quarter including market movement of \$0.6 billion.
- FUA net inflows of \$1.9 billion for the September quarter, an increase of \$0.4 billion (25.4% increase) for the quarter and an increase of \$0.4 billion (29.1%) against prior comparative period (PCP¹).
- Funds Under Management (FUM) at 30 September 2020 of \$8.1 billion. FUM net inflows for the quarter of \$0.8 billion including Managed Account net inflows for the quarter of \$0.7 billion.
- Managed Account balance of \$6.5 billion at 30 September 2020, an increase of \$3.4 billion (109.7% increase) on PCP. Managed Account net flows of \$3.7 billion and negative market movement of \$0.3 billion for the 12 months to 30 September 2020.
- In August, two new Netwealth funds were launched on our platform. Managed by Magellan Asset Management Limited, the Magellan Global Specialist Series Infrastructure Fund and Magellan Global Specialist Series Global Fund, are the first in a series of new Netwealth specialist funds which will be rolled out progressively in the coming year.
- On 17th September Netwealth announced a strategic investment in and partnership with Xeppo Pty Ltd (Xeppo), a specialist fintech data solutions provider. The investment, although not initially financially material, will enable and accelerate a number of key initiatives Netwealth has previously announced including our “whole of wealth” and client portal strategy.
- During the quarter, Netwealth signed a binding Heads of Agreement to enter into a new lease at 180 Flinders Street, Melbourne, commencing on 1 July 2021². The first relocation in our 21 year history, supports Netwealth’s continued growth and focus on innovation and will provide a flexible, connected and collaborative workplace environment.

Platform growth and performance

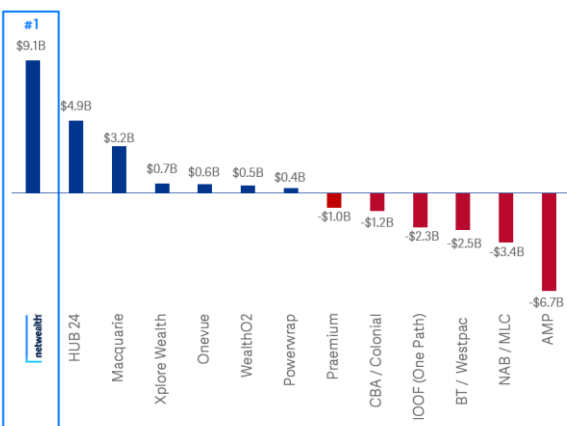
- In the latest *Strategic Insights* platform market update, Netwealth recorded the largest quarterly FUA net inflows of \$1.5 billion for the quarter ending 30th June 2020, 40% higher than its nearest competitor.
- Other Netwealth highlights from this update include:
 - FUA net inflows of \$9.1 billion for the 12 month rolling period to 30 June 2020, the highest 12 month net fund flows for the ninth consecutive quarter;
 - 7th largest platform provider in the market with market share of 3.8%, up 1.1% for the year; and
 - a 35.0% increase in FUA for the year to June 2020.
- Netwealth remain confident of our growth momentum and continue to benefit from ongoing industry consolidation, adviser movement and transitions and the end to grandfathered commissions on 31st December 2020.

Platform providers by FUA market share¹
% market share (Jun 2020)



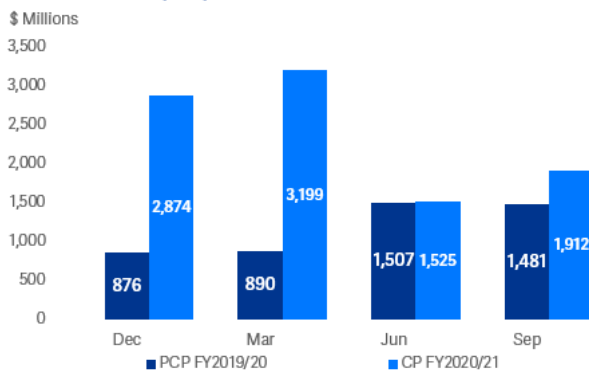
Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at June 2020
Total industry retail FUA of \$824.3B (as at Jun 2020)

Platform provider net funds flows²
\$ Billions (12 months to Jun 2020)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds 12 months to June 2020. Total net flows of \$0.6B (Not included above: Others of -\$1.8B)

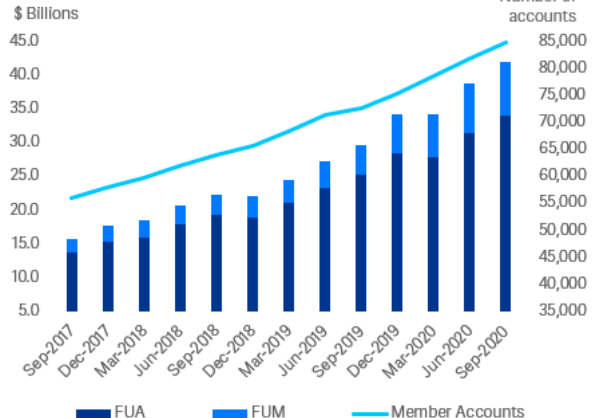
FUA net inflows per quarter V's PCP



PCP - prior corresponding period (FY2019/20)
CP - current period (FY2020/21)

Source: Netwealth

Growth in FUA, FUM & Member Accounts



Quarterly platform statistics

| | Sep-2019 | Dec-2019 | Mar-2020 | Jun-2020 | Sep-2020 | Growth* |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Funds Under Administration | | | | | | |
| Funds Under Administration | 25,320 | 28,511 | 27,875 | 31,502 | 34,023 | 34.4% |
| Fee Paying FUA % | 61.2% | 60.9% | 62.1% | 63.1% | 64.1% | |
| FUA net inflows | 1,481 | 2,874 | 3,199 | 1,525 | 1,912 | 29.1% |
| Market movement | 502 | 317 | (3,835) | 2,101 | 609 | |
| Funds Under Management | | | | | | |
| Managed Account | 3,105 | 4,368 | 5,043 | 5,795 | 6,511 | 109.7% |
| Managed Funds | 1,336 | 1,382 | 1,267 | 1,483 | 1,551 | 16.0% |
| Total FUM | 4,442 | 5,749 | 6,310 | 7,277 | 8,061 | 81.5% |
| Managed Account net inflows | 287 | 1,217 | 1,427 | 393 | 676 | 135.9% |
| Managed Funds net inflows | 170 | 32 | 52 | 128 | 121 | (28.9%) |
| FUM net inflows | 457 | 1,249 | 1,479 | 521 | 797 | 74.5% |
| Member Accounts (number) | 72,711 | 75,512 | 78,543 | 81,804 | 84,734 | 16.5% |

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*

- Cash transaction account balance at 9.1% of FUA at 30 September 2020. If the Reserve Bank announces a further interest rate reduction, Netwealth will absorb this reduction and this will adversely impact our ancillary revenues, until interest rates rise.
- Fee paying FUA % increased to 64.1%, primarily due to clients transitioning to our new pricing structure which includes an increase in account balance administration fee cap to \$2.5 million.
- FUA net inflows were well diversified with the largest transition accounting for approximately 20% of the quarterly net inflows.
- Member accounts at 30 September 2020 of 84,734, an increase of 2,930 accounts (3.6% increase) for the quarter.

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, May 2020 Planner Technology Report.

This document has been authorised for release by CFO and Company Secretary, Mr Grant Boyle.

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