

March 2019

Quarterly business update

ASX Release – 11 April 2019

Netwealth FUA \$21.1 billion and #1 rank confirmed

Highlights

- Netwealth Funds Under Administration (FUA) at 31 March 2019 was \$21.1 billion, an increase of \$2.1 billion in the quarter, the largest quarterly increase in FUA since listing on the ASX in November 2017.
- FUA net inflow in the March 2019 quarter was \$0.9 billion and market movement accounted for a further \$1.2 billion increase.
- FUA increased by \$5.0 billion (31.5%) in the 12 months to 31 March 2019.
- As advised in our ASX announcement on 8 April 2019, the Netwealth Platform has been selected as the preferred platform for ANZ Private, providing a multi-asset, multi-currency platform offering which supports managed accounts, domestic and international equities and bonds, domestic managed funds, term deposits, and foreign currency. ANZ Private expects to make the platform available to existing clients with investments held with ANZ Private, predominately in discretionary portfolios along with introducing further capabilities to clients commencing around July 2019. The opportunity currently includes approximately \$3 billion of funds under administration with the current provider.
- Year to date FUA net inflow of \$2.8 billion was ahead of prior comparative period (PCP). During the past six months, an unprecedented number of new advisers have selected Netwealth as their preferred platform and our new business pipeline continues to grow and will convert to inflows throughout 2019 and beyond. The ANZ Private win is further evidence of our success. The fourth quarter is typically the strongest quarter for net flows and we expect this trend to continue this year. We expect FY2019 FUA net inflows to exceed FY2018 FUA net inflows of \$4.166 billion, subject to the timing of client transitions continuing as expected and our forecast organic growth.
- For the 4th consecutive year, Netwealth was recognised by *Investment Trends* as the Number 1 platform for overall functionality in the *Investment Trends* December 2018 Platform Competitive Analysis and Benchmarking report. In addition, Netwealth was named as the winner of awards for Transaction Tools, and Best Reporting and our cash management tool was awarded best New Functionality.
- In the latest December 2018 *Strategic Insights* quarterly platform market update, Netwealth achieved the highest platform flows in the 12-month period to December 2018 of \$4.3 billion. Netwealth continued to increase its market share to 2.3% at 31 December 2018.

Quarterly platform statistics

| | Mar-18 | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Growth ★ |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Funds Under Administration | | | | | | |
| Funds Under Administration | 16,008 | 17,960 | 19,277 | 18,988 | 21,055 | 31.5% |
| Fee Paying FUA % | 64.6% | 61.6% | 60.9% | 62.3% | 61.0% | (5.5%) |
| FUA net inflows | 879 | 1,440 | 1,060 | 876 | 890 | 1.3% |
| Funds Under Management | | | | | | |
| Managed Account | 1,584 | 1,834 | 2,050 | 2,114 | 2,409 | 52.1% |
| Managed Funds | 978 | 1,011 | 1,041 | 1,025 | 1,110 | 13.5% |
| Total FUM | 2,562 | 2,846 | 3,091 | 3,139 | 3,519 | 37.4% |
| Managed Account net inflows | 174 | 136 | 162 | 166 | 159 | (8.6%) |
| Managed Funds net inflows | (31) | 12 | 52 | 39 | 20 | N/A |
| FUM net inflows | 143 | 148 | 215 | 205 | 178 | 24.9% |
| Member Accounts (number) | 59,695 | 62,097 | 63,871 | 65,688 | 68,511 | 14.8% |

All figures in \$millions unless otherwise stated

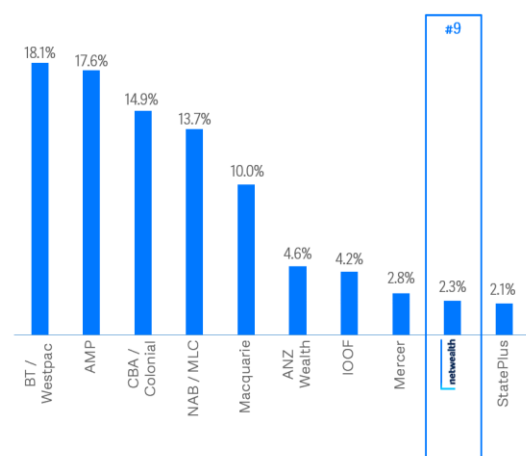
All figures provided are unaudited & net flows do not include market movement

* Growth is the percentage increase on prior year corresponding quarter

Platform growth and performance

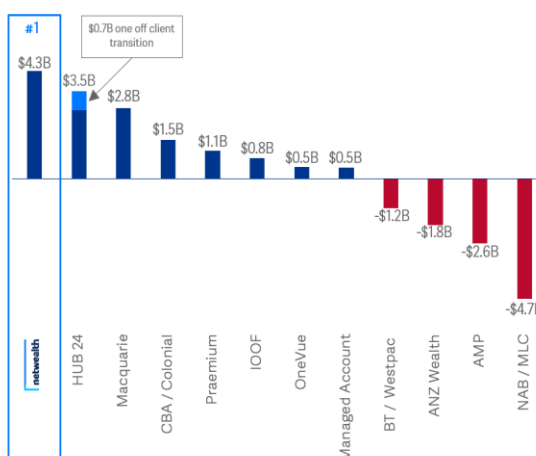
Netwealth continued to lead the industry for FUA net inflows and has gained market share and clients from its larger competitors.

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



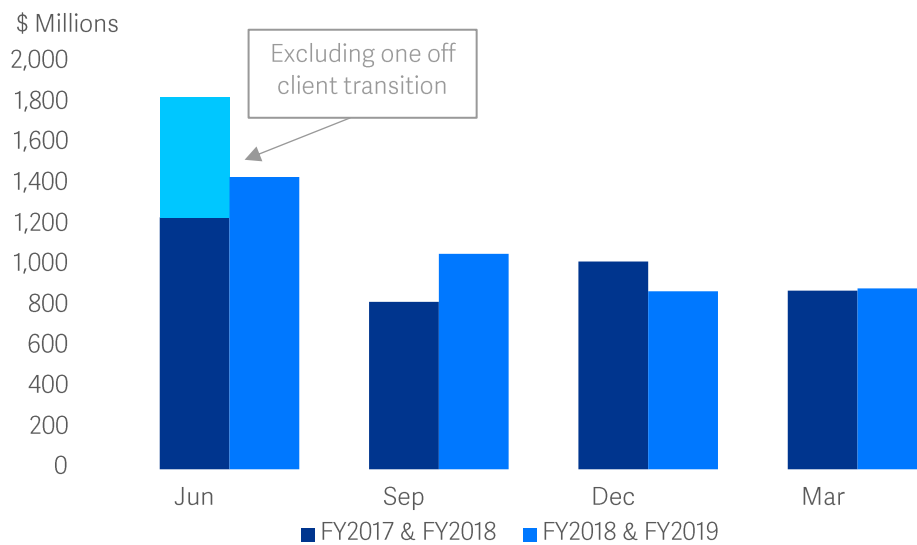
Source: Strategic Insight: Master Trusts, Platforms & Wraps (Dec 2018)
(1) Total industry retail FUA of \$811.2B (as at Dec 2018)

Platform provider net funds flows⁽²⁾
\$ Billions (12 months to December 2018)



Source: Strategic Insight: Master Trusts, Platforms & Wraps (Dec 2018)
(2) Total net flows of A\$3.6B - Others: -\$1.1B (12 months to Dec 2018)

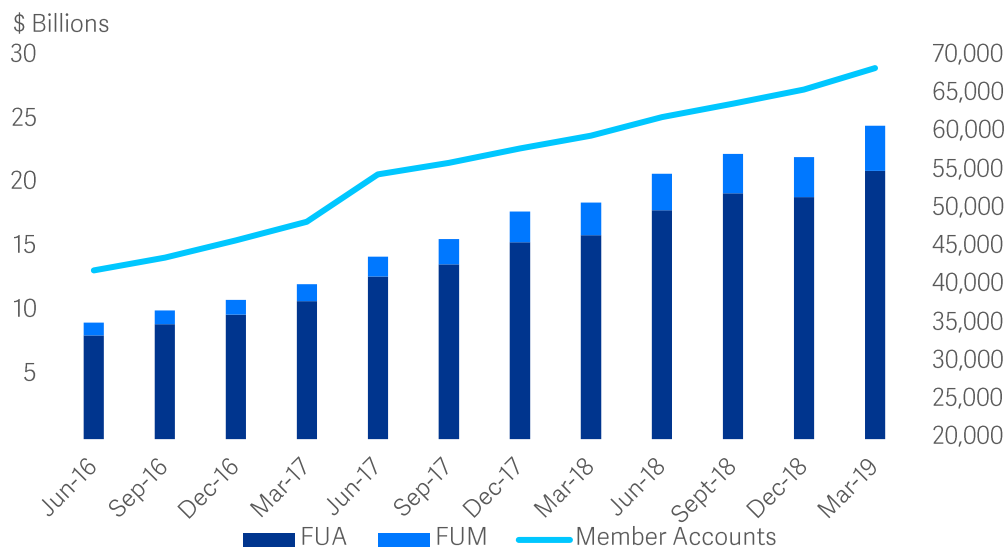
FUA net inflows per quarter V's PCP



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

CP - current period (FY2018 & FY2019)

Growth in FUA, FUM & Member Accounts



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:

- Portfolio & Asset Performance reports updated to enable both gross and net returns reporting.
- CSV outputs for new reports.
- Fees/Fee Structures – Private Client Pricing and Strategic Partner Pricing.
- Enhancements to off-platform assets functionality to allow more granularity at the asset classification level.
- New ATO reporting requirements for Superannuation funds.
- Implemented new Custody platform.

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:

- Addition of Challenger annuities to the platform.
- Further cash management and transactional capabilities will be launched providing sophisticated options to manage cash.
- 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 2018 Platform Competitive Analysis and Benchmarking Report & Investment Trends, May 2018 Planner technology report.