

# March 2018

## Quarterly business update

ASX Release – 13 April 2018

## Funds Under Administration reaches \$16 billion

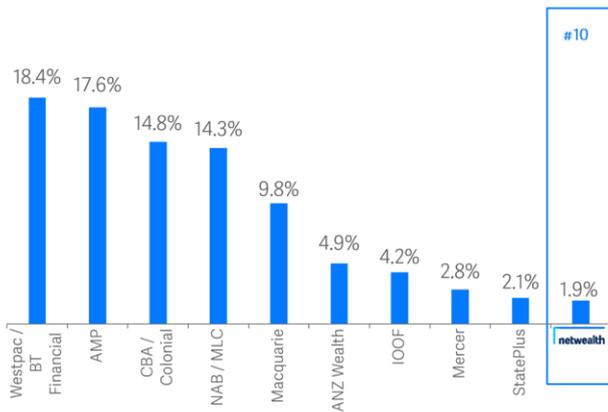
### Highlights

- Funds Under Administration (FUA) at 31 March was \$16 billion. Net funds flow for the quarter was \$879 million while market movement was negative \$307 million resulting in an increase of \$572 million (4%) for the quarter and \$5.2 billion for the 12 months (48%). This was a strong result given the seasonally slower January month.
- Funds Under Management (FUM) was \$2.6 billion, an increase of \$136 million for the quarter (6%) and \$1.2 billion in the past 12 months (92%). The Netwealth Managed Account grew to \$1.6 billion, an increase of 231% for the past 12 months.
- Netwealth is now the most widely used managed account platform by financial planners\*.
- Strategic Insights released their December 2017 quarter market share report during March 2018. Netwealth achieved the 2<sup>nd</sup> highest platform net flows for the December quarter and 12 months ended December 2017, with 25.7% and 21.2% of market share, respectively. At 31 December 2017 Netwealth had market share of 1.9% of the total platform market, up 0.1% from the previous quarter.
- Netwealth was awarded **Best Platform overall for 2017** by Investment Trends for the 3<sup>rd</sup> year in a row in the Investment Trends December 2017 Platform Benchmarking Report. Netwealth also received the awards for best new functionality, best client reporting, best client portal and best transaction tools.
- The Fintech Business Awards 2018 winners were announced in March with Netwealth winning Investment Platform Innovator of the Year.
- Ongoing enhancements include the launch of Netwealth mobile phone app, SMART ROA (Record of Advice) functionality, integrated banking feeds and many new features designed to improve practice efficiency for intermediaries and investor outcomes.

\* Investment Trends February 2018 Managed Accounts Report, based on a survey of 841 financial planners.

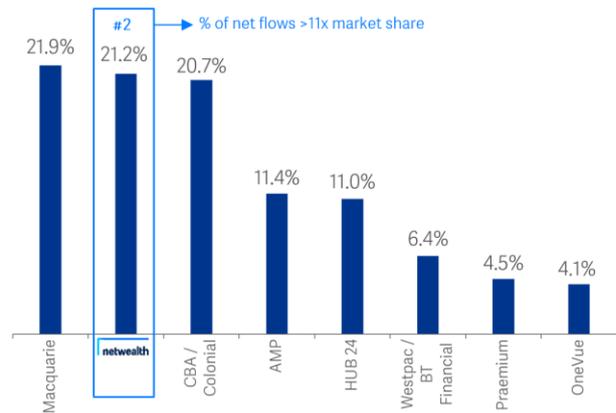
## Platform growth and performance

Platform providers by FUA market share<sup>(1)</sup>  
% market share (December 2017)



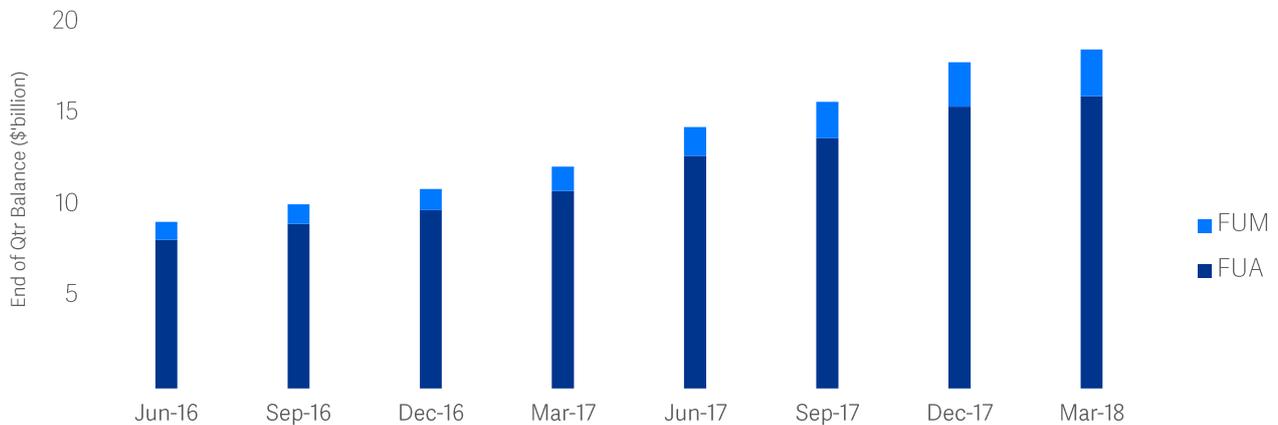
Source: Strategic Insight: Master Trusts, Platforms & Wraps (Dec 2017)  
(1) Total industry retail FUA of A\$821.4bn (as at Dec 2017)

Platform provider net funds flows<sup>(2)</sup>  
% market share (12 months to December 2017)



Source: Strategic Insight: Master Trusts, Platforms & Wraps (Dec 2017)  
(2) Total net flows of A\$21.3bn (12 months to Dec 2017)

## Growth in Netwealth FUA, FUM



## Quarterly platform statistics

	Jun-17	Sep-17	Dec-17	Mar-18
<b>Funds Under Administration</b>				
Funds Under Administration	12,747	13,710	15,436	16,008
Administration Fee Paying FUA %	69.3%	67.7%	65.2%	64.6%
Net FUA Flows	1,831	824	1,023	879
<b>Funds Under Management</b>				
Managed Account	679	1,005	1,406	1,584
Managed Funds	884	984	1,020	978
<b>Total FUM</b>	<b>1,563</b>	<b>1,990</b>	<b>2,426</b>	<b>2,562</b>
Net Flows Managed Account	201	282	279	174
Net Flows Managed Funds	26	125	5	(31)
<b>Net FUM Flows</b>	<b>227</b>	<b>408</b>	<b>284</b>	<b>143</b>
Member Accounts (number)	54,628	56,100	58,012	59,695

\*all figures in \$millions unless otherwise stated

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

The administration fee paying FUA% decreased slightly from 65.2% to 64.6% in the quarter as a higher proportion of Net Flows were from higher value wrap accounts where fee caps and tiered fee structures apply. Netwealth earns higher overall revenue per account on these larger accounts.

The balance held in Pooled Cash continued to be lower than forecast, with the average cash balance for March quarter of \$1.37 billion.

## Platform enhancements

### New developments

Netwealth released new platform functionality which focused on improving efficiency of the advice process and increasing client engagement.

#### Key initiatives included:

- Launch of two new Netwealth indexed managed funds to provide further investment options to Accelerator Core and Plus clients (Hedged International Equities Index Fund and Global Bond Index Fund).
- Further development of cash functionality including two factor authentication for pay anyone transactions and ability to add multiple nominated bank accounts.
- A new feature providing advisers with a high level of control over the communications issued to clients.
- Additional data feeds were established with external service providers MyProsperity, Super Mate and Fincast in line with our open architecture strategy.
- Managed Account enhancements included an online transfer and modelling tool.
- Continued enhancements to X-wrap, which allows for non-custodial or “off platform” assets to be administered and reported, were delivered throughout the period, including performance and asset allocation reports.

### Development focus for remainder of the financial year

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

- A range of new low cost indexed managed account models will be launched in April 2018 to meet the needs of different client segments and life stages. The models will be managed by Netwealth and will be available on both the Accelerator Core and Plus menus. Our broader retail and private label options will also continue to expand.
- The Netwealth reporting suite and range of reports will be significantly upgraded utilising new technology to provide clients with an interactive and visually superior experience.
- The Netwealth IOS and Android mobile app will continue to be upgraded and our focus continues to ensure the app will become an integral communication and authorisation service for intermediaries and clients.
- The expansion of our Retail and Private Label Managed Account service, including the addition of new models and strategies.
- The ongoing focus on user experience, navigation, adviser efficiency and client engagement.

## Update on corporate activity

- Netwealth is now focused on being a pure play specialist platform after completion of the following:
  - Sale of the majority of the assets and liabilities of Bridgeport Financial Services Pty Ltd was completed on 1 March 2018, as noted in the ASX announcement on that date.
  - The IPO Prospectus disclosed the proposed sale of the majority of the assets and liabilities of Pathway. A binding agreement for this transaction was signed on 1 April 2018, and the sale completed on that date.
- The acquisition of a book of potential platform clients was agreed on the 1 March 2018, as noted in the ASX announcement on that date. This transaction could potentially result in up to \$300 million of FUA being added over the next twelve months.

## For further information please contact:

Matt Heine  
Joint Managing Director  
[matt@netwealth.com.au](mailto:matt@netwealth.com.au)

Michael Heine  
Joint Managing Director  
[michael@netwealth.com.au](mailto:michael@netwealth.com.au)

Grant Boyle  
Chief Financial Officer  
[grant@netwealth.com.au](mailto:grant@netwealth.com.au)

**Netwealth Group Limited**  
[shareholder@netwealth.com.au](mailto:shareholder@netwealth.com.au)

ABN 84 620 145 404  
PO Box 336 South Melbourne VIC 3205  
Level 8/52 Collins Street, Melbourne VIC 3000  
[www.netwealth.com.au](http://www.netwealth.com.au)

## 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 May 2017 Planner Technology Report and Investment Trends December 2017 Platform Benchmarking Report.