

June 2019 Quarterly business update

ASX Release – 11 July 2019

Record annual inflows following strong final quarter

Highlights

- Funds Under Administration (FUA) of \$23.3 billion at 30 June 2019, an increase of \$2.3 billion (10.8% increase) for the June quarter and \$5.4 billion (29.9% increase) for FY2019.
- FUA net inflows in the June 2019 quarter of \$1.5 billion. Market movement in the quarter accounted for the further \$0.8 billion increase in FUA. FY2019 FUA net inflows of \$4.3 billion.
- In the latest March 2019 *Strategic Insights* quarterly platform market update, Netwealth achieved the highest platform flows for the March quarter of \$0.9 billion and for the 12-months ended 31 March 2019 of \$4.3 billion. Netwealth's market share increased by 0.2% to 2.5% at 31 March 2019.
- Funds Under Management (including Managed Account) at 30 June 2019 of \$3.9 billion, an increase of \$1.1 billion (38.7% increase) in FY2019. Managed Account at 30 June 2019 of \$2.8 billion, an increase of \$0.9 billion (50.4% increase) in FY2019. For the June 2019 quarter, Managed Account net inflows of \$0.3 billion and market movement of positive \$0.1 billion.
- Netwealth has also retained its position as the leading platform in the industry with recent recognition including:
 - 'Advised Product of the Year' for the second year in a row, at the 2019 Chant West Super Fund Awards;
 - SMSF platform provider of the year in Momentum Media SMSF awards;
 - No 1 for overall user satisfaction (for the eighth consecutive year) and No 1 for net promoter score in the recent Investment Trends April 2019 Planner Technology Report; and
 - No 1 overall platform ranking from Investment Trends Benchmarking Report for overall functionality.
- Challenger annuities was launched on the Netwealth platform in June 2019 and can now be accessed via the platform including the ability to apply for, administer and report on annuities with the option to consolidate with other platform accounts.
- On 1 July 2019, the Netwealth Managed Account Service (NMA Service) was launched to further build upon efficiencies delivered via our managed account capability. The NMA Service improves the client and adviser experience and creates a more scalable solution to maximise the level of service we deliver.

Quarterly platform statistics

	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Growth *
Funds Under Administration						
Funds Under Administration	17,960	19,277	18,988	21,055	23,337	29.9%
Fee Paying FUA %	61.6%	60.9%	62.3%	61.0%	61.0%	(0.6%)
FUA net inflows	1,440	1,060	876	890	1,507	4.7%
Funds Under Management						
Managed Account	1,834	2,050	2,114	2,409	2,760	50.4%
Managed Funds	1,011	1,041	1,025	1,110	1,186	17.3%
Total FUM	2,846	3,091	3,139	3,519	3,946	38.7%
Managed Account net inflows	136	162	166	159	263	93.6%
Managed Funds net inflows	12	52	39	20	38	214.2%
FUM net inflows	148	215	205	178	301	103.4%
Member Accounts (number)	62,097	63,871	65,688	68,511	71,424	15.0%

The average client cash account was 8.2% of average FUA for 2H 2019

All figures in \$millions unless otherwise stated

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

* Growth is the percentage increase on prior year corresponding quarter

Commentary and outlook

- The Fee Paying FUA % remained at 61.0% at the end of June 2019 quarter.
- Member accounts at 30 June of 71,424, an increase of 2,913 accounts in the quarter and an increase of 9,327 accounts (up 15.0%) in FY2019.
- Netwealth is confident of continued FUA growth and has a strong pipeline of new business including new clients in the process of being transitioned during FY2020 and following years.
- The level of new business continues to be well supported by our market leading platform and several recent industry developments which have provided strong tailwinds.
- Netwealth continues to receive net positive funds inflow from Industry Funds, in contrast to many other platforms.
- Although pricing pressures persist, Netwealth has continued to gain market share whilst maintaining sustainable margins.

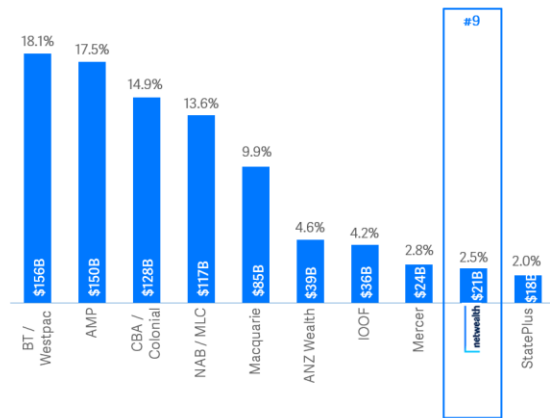
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Platform growth and performance

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

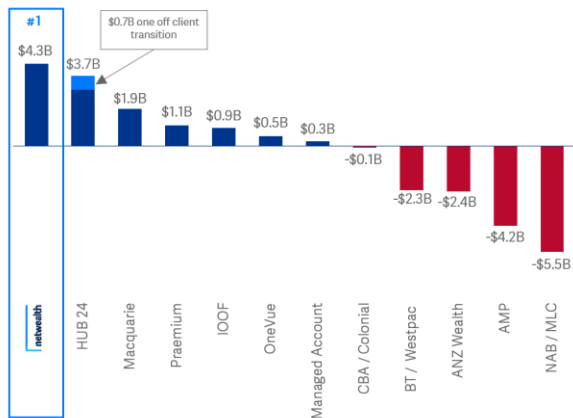
Significant market opportunity for growth

Platform providers by FUA market share⁽¹⁾
% market share (March 2019)



Source: Strategic Insight: Master Trusts, Platforms & Wraps (Mar 2019)
(1) Total industry retail FUA of \$858.5B (as at Mar 2019)

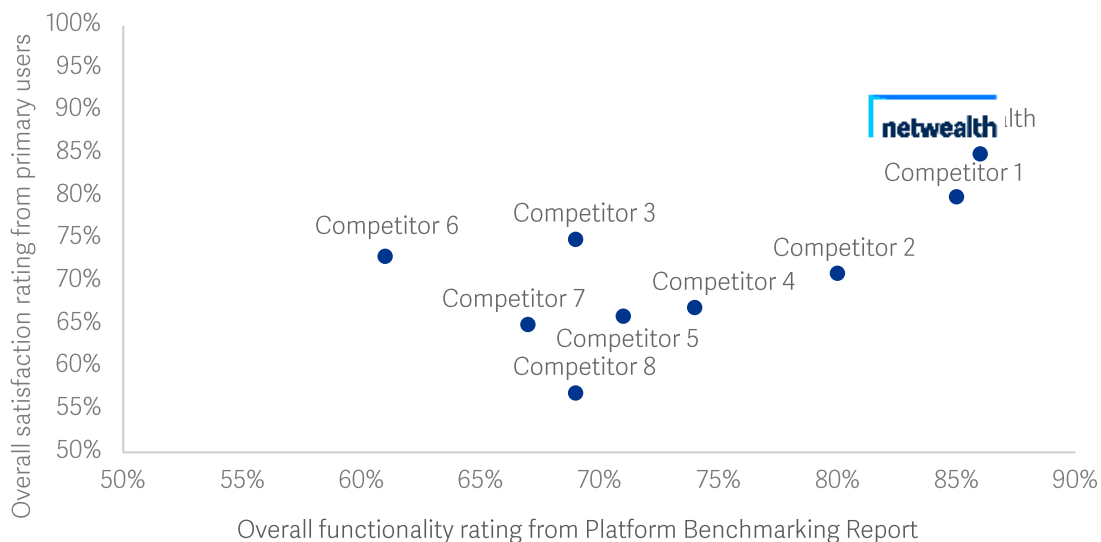
Platform provider net funds flows⁽²⁾
\$ Billions (12 months to March 2019)



Source: Strategic Insight: Master Trusts, Platforms & Wraps (Mar 2019)
(2) Total net flows of negative \$-1.4B. Not included Others of +\$0.5B (12 months to Mar 2019)

Netwealth maintains its leadership in the industry across both platform functionality and user satisfaction. 55% of our primary users rated their overall satisfaction of Netwealth as very good or better.

Investment Trends overall functionality and satisfaction

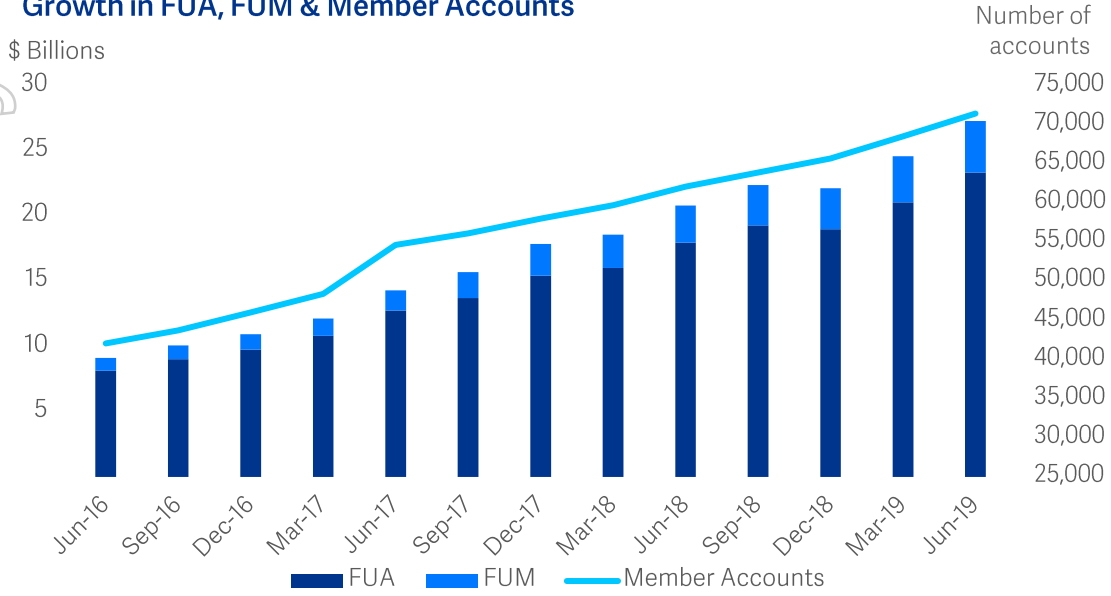


Source: December 2018 Platform Competitive Analysis and Benchmarking Report and April 2019 Planner Technology Report.

Note: Composite score based on weighted average using Very Good = 100%, Good = 67%, Average = 50%, Poor = 17%, Very Poor = 0%

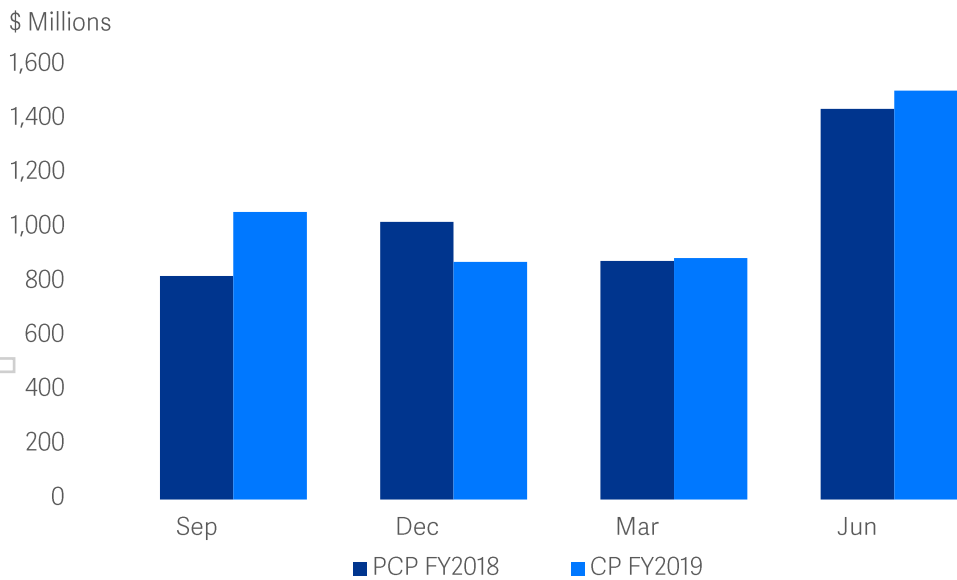
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Growth in FUA, FUM & Member Accounts



Source: Netwealth

FUA net inflows per quarter v PCP



Source: Netwealth. PCP – 12 month prior corresponding period (FY2018) and CP – current period (FY2019)

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Platform enhancements

New developments

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

Key initiatives included:

- Challenger annuities have been added to the platform as noted in highlights.
- Ongoing web enhancements.
- Ongoing reporting enhancements.

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:

- Enhancements to cash management and transactional capabilities will provide further options to manage cash.
- Enhancements to reports, including new detailed and summary reports, account consolidation and individual report customisation for on-platform and off-platform assets.
- New online application process including automated KYC verification and authentication options.
- New multi-asset transaction feature providing users the ability to conduct a single trade, switch and rebalance for all available platform assets, including: domestic and international equities, managed funds, term deposits, Managed Account models and cash. 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, April 2019 Planner technology report.

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