

## NetWealth 2021 AGM Report

ASX Code	NWL
Meeting Time/Date	3:30 pm, Wednesday 27 October 2021
Type of Meeting	Virtual with voice access
Monitor	John Whittington assisted by Mike Robey (proxy collectors)
Pre-AGM Meeting?	Yes, with Chairman Tim Antonie and Chair of the Remuneration Committee Davyd Lewis

## Voice trumps text at AGMs

### What the Company Does

Netwealth is a financial services company, providing funds management and SMSF support services, both to Investment advisors and more affluent investors, using proprietary software.

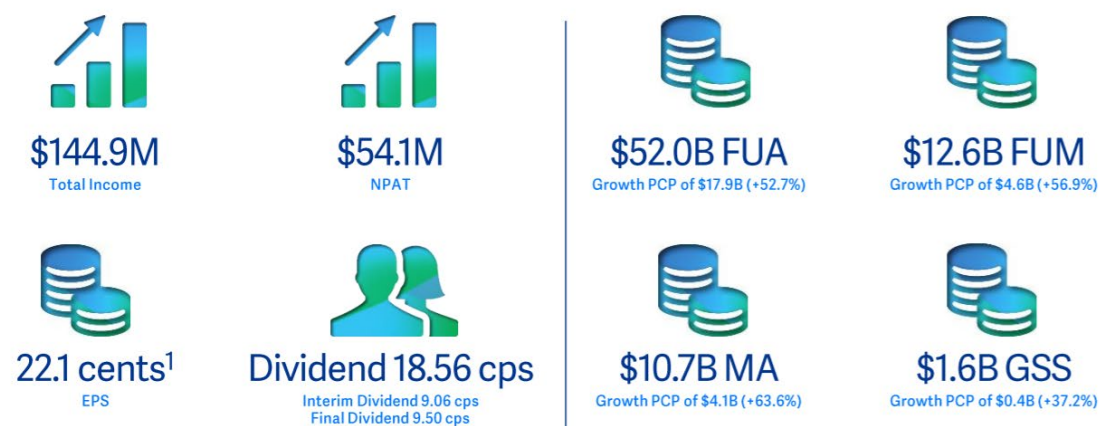
### Developments in the Financial Year

The chart below illustrates the top-line financial results:

## Financial and Business Highlights FY2021

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Very strong Q1 and have increased Net FUA Inflow guidance from \$10 Billion to \$12.5 Billion



1. EPS has been calculated on a dilutive basis to include all ordinary shares and have assumed all options currently on issue will vest in full.  
 EPS – Earnings per share. CPS – Cents per share

Reference: Growth PCP - prior comparative period Sep 2020 quarter

Where FUA means funds under administration on behalf of advisors or direct investors, FUM means funds under management, i.e. their own managed share fund.

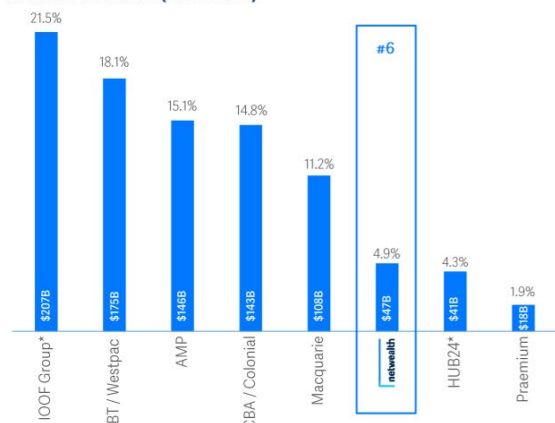
Netwealth has benefitted from the Hayne Royal Commission requirements placed on the major banks and finance companies, since they have been required to structurally separate financial advice from banking activities. The chart below shows the trend in the past year, which illustrates

the net outflow of funds from the largest providers, IOOF, BT, AMP and CBA/Colonial and the net inflow to the platform, which was top billed among peers in the in-flows.

## Disruption = Opportunity

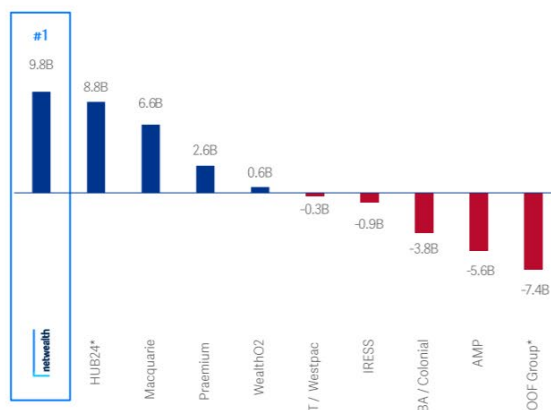
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Platform providers by FUA market share  
% market share (Jun 2021)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Jun 2021  
Total industry retail FUA of \$965.7B (as at Jun 2021)  
\*IOOF Group includes acquisition of MLC, HUB 24 Includes acquisition of Xplore Wealth

Platform provider net funds flows  
\$'Billions (12 months to Jun 2021)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Jun 2021  
Total net flows of +\$11.2B (Not included above: Others of -\$0.7B)  
\*IOOF Group includes acquisition of MLC, HUB 24 Includes acquisition of Xplore Wealth

## Summary of Historical ASA Issues with the Company

This is the first time the ASA has monitored NWL.

## Debate and Voting at the AGM

The Chairman Mr Antonie was unable to attend the AGM for personal reasons and handed the baton to Davyd Lewis, the Chair of the Remuneration Committee.

Only one question was submitted online, on the origin of the strong revenue inflows (see above) asking whether it was in part attributable to a competitor platform outage. (possibly). The remaining questions were from the ASA and were made orally, seemingly to the delight of the Chairman. He commented that it was quite unlike a regular virtual AGM where you are talking into the void and more like a regular face-to-face conversation. The dialogue was interactive and personal, since the ASA monitor and the acting Chair were acquainted from a pre-AGM meeting. Our questions covered opportunities for consolidation (there are many stemming from the Royal Commission demergers and of course we can't give any guidance on this, but then proceeded to list all the M&A activity in this area, including their acquisition of 25% of Xepko a fintech). We also asked them to consider using a PAITREO method to raise capital, should they need to do so in M&A activity.

In answer to a request for an actuals table for CEO remuneration the Chair gave the response that this will deliver a mix of apples and oranges, as long-term options and performance shares vest, and so be hard to interpret. We also asked them to put the L back into LTI by extending the period to 4 years and the Chair responded that they will soon be big enough to come under the FAR scheme which requires longer periods, so it will happen anyway.

On a final general question about the difficulties of remote working and creativity, the joint CEO Mr Matthew Heine stated they were experiencing exactly that and were champing at the bit to get back into their newly built office and meet in person all the 100 or more staff recruited in the past year. They will institute a process of 2 or 3 collaboration days per week for each team member,

starting in November. The main drawcard is being able to put sticky labels on white boards, it seems, something that it is hard to do for more than 4 people over video conferencing.

All resolutions were strongly supported with 97%+ voting in favour.

### **Outlook Statements from the Company**

Whilst no specific financial guidance was given the outlook for this sector was summarised in the following:

- The major banks are exiting or have exited financial advice and the largest platforms have experienced prolonged and significant outflows. Many of the platforms are facing an increasingly large service, technology and functionality gaps and are either currently changing or are expected to, change ownership or be part of a M&A transaction.
- The changing advice landscape is leading to the establishment of new independent advice groups while other formerly aligned advisers move to existing independent advice groups. Importantly this provides Netwealth with significant new and substantial opportunities.
- With the Platform Industry and Advisers in a state of flux and transition, Netwealth is well positioned to support advisers and their clients through these difficult conditions by offering the highest quality platform to independent financial advisers and institutional wealth management firms

The share price rose by 3.6% on the day on which the ASX200 rose by less than 0.1%

### **Meeting Statistics**

Number of Holdings Represented by ASA	10
Number of Shares represented by ASA	19,420
Value of Shares represented by ASA	\$348k
Number Attending Meeting	unknown
Market capitalisation	\$4.2b
Were proxies voted?	Yes, on a poll