

## ASX Announcement

13 November 2023

**\$9.2bn**

in assets under management

**\$103bn**

in managed loans

**\$115bn+**

in advisory and ECM transactions<sup>1</sup>

### MA Financial Group 2H23 operating update – fund inflows continue to grow

Ahead of its participation at the UBS Australasian Investor Conference today, MA Financial Group Limited (“the Group”; ASX: MAF) updates 2H23 fund flows for its Asset Management funds and other key operational highlights for the half year to date, as outlined below.

In 2H23 to date, the Group has continued to experience positive underlying business momentum that positions the business for strong growth in FY24 and beyond. This includes strong Asset Management fund inflows, ongoing growth in Finsure managed loans and accelerating MA Money loan volumes. However, the challenging macroeconomic environment continues to materially impact near term transactional items including corporate advisory activity and performance fees.

#### Asset Management

- \$1.74 billion of gross fund inflows have been received over FY23 to 1 November (FY23 to date), up 33% compared to the same period in FY22.
- Gross fund inflows of \$783 million for 2H23 to 1 November (2H23 to date) were up 7% on the same period in 2H22. Flows were largely from high net worth and retail investor channels. Inflows were dominated by strong investor interest in the Group’s Private Credit funds.
- The Group continued to experience very strong growth in flows from domestic clients, up 81% in FY23 to date and 86% in 2H23 to date relative to the prior corresponding periods.
- FY23 to date net inflows of \$1.26 billion were up 34% on the prior corresponding period.
- Assets under Management (AUM) grew to \$9.2 billion on 1 November 2023, up 21% from \$7.6 billion at 1 November 2022.

| FLOWS BY CHANNEL (\$M)            | FY23 TD <sup>2</sup> |              | FY22 TD <sup>3</sup> |            |
|-----------------------------------|----------------------|--------------|----------------------|------------|
|                                   | Gross                | Net          | Gross                | Net        |
| Domestic HNW & Retail             | 966                  | 734          | 533                  | 390        |
| International HNW (Non-Migration) | 582                  | 426          | 431                  | 332        |
| Institutional                     | 173                  | 171          | 140                  | 103        |
| International HNW (Migration)     | 15                   | (76)         | 203                  | 114        |
| <b>TOTAL</b>                      | <b>1,736</b>         | <b>1,255</b> | <b>1,307</b>         | <b>939</b> |

- Strong inflows continue to drive growth in Private Credit AUM, up 15% from \$3.3 billion at 30 June to \$3.9 billion at 1 November 2023.
- Redcape Hotel Group delivered improved venue performance in the September quarter, relative to the June quarter, and a 1.7cps distribution has been declared. The fund has delivered a return of 15.5% per annum to investors since inception.
- Redcape contracted to sell 5 hotels for \$86 million in 2H23, increasing fund liquidity to assist with capital management initiatives. These hotels have all been realised at a premium to the Fund's Directors valuations.
- The MA Marina Fund recently settled on the acquisition of D'Albora Marinas and exchanged to acquire an additional two marinas in Port Macquarie and Batemans Bay. Following a successful equity raising for these additional marina acquisitions the Fund's AUM has grown to almost \$270 million. The marinas owned by the MA Marina Fund are performing very strongly.
- More broadly, uncertain macroeconomic conditions, including rising interest rates, continue to weigh on transaction-based activity across the market and all sectors. Therefore, it is anticipated that transaction and performance fees in 2H23 are likely to remain subdued.

#### Lending and Technology

- The Group's mortgage aggregation and technology platform business, Finsure, added 175 brokers to its platform over 2H23 to date, taking total brokers on platform to 3,039. This is up 18% on the 2,582 brokers on platform at October 2022.
- Finsure managed loans rose to \$103 billion at 30 September 2023, up from \$99 billion at 30 June 23 and \$88 billion at 30 September 2022.
- The Group's residential mortgage business, MA Money, continues to build momentum and brand awareness. At 31 October its loan book grew to \$665 million, up from \$421 million at 30 June 2023. Despite significant competition in the Australian mortgage market we are pleased with the strong growth in MA Money's loan book and the business is on track to deliver a break earnings even run rate by early 2H24.

#### Corporate Advisory and Equities

- The transaction pipeline in the Corporate Advisory (CA) business remains strong. However, the difficult operating environment makes execution timing more uncertain. Materially lower M&A and ECM volumes are being experienced across the investment banking market. The difficult environment will see CA revenue fall below the Group's targeted range of \$1.1m - \$1.3m revenue per executive in FY23. Contrary to the historical skew of CA revenue to the second half of the calendar year CA revenue in 2H23 is now anticipated to be only marginally higher than 1H23.
- Whilst difficult to forecast, the businesses depth of capability across M&A, capital structure advisory and capital markets see it well positioned should activity levels in these areas increase in 2024, after being subdued in 2023.

Julian Biggins and Chris Wyke, Joint CEOs of MA Financial commented, "Its very pleasing to see the continued strength in our recurring revenue businesses despite the difficult macroeconomic environment.

Higher interest rates are negatively impacting both real estate and company valuations and reducing performance fee revenue which has been a strong source of revenue in prior years. While market related reductions in asset values and associated lower transaction activity makes it more challenging to manage our existing real assets, the dislocated markets present a significant opportunity to grow the business in the near term.

Volatile market conditions are also impacting corporate advisory deal timing and ease of closure. Historically, when financial markets become more stable transaction activity increases.

A real strength of the business is its diversity, and this is demonstrated through the Group continuing to strongly grow its recurring revenues in such a challenging environment."

**Authorised for release by Joint CEOs MA Financial Group, Christopher Wyke and Julian Biggins.**

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<sup>1</sup> Since inception in 2009 to 30 June 2023

<sup>2</sup> Period from 1 July 2023 to 1 November 2023

<sup>3</sup> Period from 1 July 2022 to 1 November 2022