September 2020 quarterly update

A transformational platform merger

21 October 2020, Melbourne: Praemium is pleased to provide its update for the September 2020 quarter, with the transformational addition of Powerwrap Limited (ASX: PWL) following the off-market takeover to create a leading financial platform business with combined funds under administration (FUA) of over $31 billion.

Powerwrap update

Praemium has successfully taken control of Powerwrap on 2 October 2020, following payment for the 94% in acceptances received during the take-over. The remaining 6% of Powerwrap shares are now being acquired under compulsory acquisition, with this process to be finalised in early November.

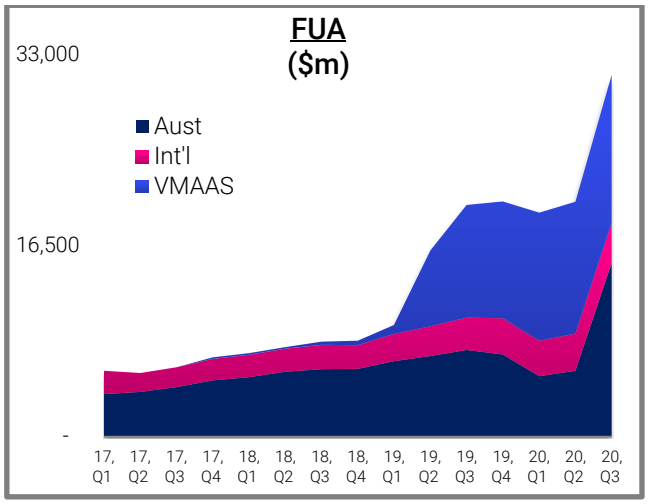
Powerwrap was de-listed from the Australian Stock Exchange on 6 October 2020, with Powerwrap now an unlisted subsidiary of Praemium. Praemium has commenced the process of combining the teams across both platforms with a view to the post-merger-integration phase.

Key results for the quarter

Powerwrap's FUA has now been included in the reporting of Praemium's Australian platform FUA.

Global Praemium FUA reached $31.2 billion for the September 2020 quarter, comprising:

- Australia platform FUA of $15.0 billion, with the inclusion of Powerwrap FUA for the first time, plus
- International platform FUA of $3.5 billion, a new record level following an increase of 7% over the quarter, plus
- FUA for VMAAS of $12.8 billion, an increase of 12% for the quarter.



Refer to the Key Statistics table for further detail

Quarterly platform growth was driven by $733 million in net inflows and $377 million in positive market movements, with outflows from an ongoing client transition of $269 million.

For personal use only

For personal use only

Development Highlights

Praemium continued to make significant investment into platform enhancements during the September quarter, with a focus on integration and digitisation of many existing advice processes, as well as the continued development of our institutional grade reporting for both our domestic and global clients. A number of these initiatives are already in use by our clients, with further functionality to be rolled out to advisers and their clients over the coming months.

Our global development team continued to deliver on our product roadmap this quarter, with:

- Microsoft 365 integration available for larger advice groups, which allows them to maintain a centralised permissions management capability within their business, effectively removing the overhead in maintaining many different passwords across multiple advice technologies
- Rollout of 'e'Apps functionality enabling advisers to establish new Praemium client accounts directly from their Xplan software to improve integration & onboarding
- A new dollar-based option for account establishment, providing advisers with a streamlined approach to onboarding and transition into a managed account structure
- A new compliance tool for advice groups who require secondary authorisation before submitting a new client account application
- A range of new report exports and charting, providing access to greater levels of information, including fees and asset allocation details
- Non-concessional managed investment trust income (NCMI) changes to embed this new ruling for Tax Trust income which came into effect 1 July 2020
- Payments dashboard, giving International advisers real time visibility and control of platform payments
- An integrated fact find facility that can be utilised by our Wealthcraft's International clients

Comments from CEO

Praemium CEO Michael Ohanessian made the following comments about the quarter:

"The addition of Powerwrap is Praemium's most important acquisition in our 20-year history. We are delighted to welcome the Powerwrap team to Praemium and to work together to further enhance our market-leading solutions for all segments of the advice market and their clients. Leveraging the strengths of both groups will allow Praemium to be one of the few platforms to deliver a holistic wealth management solution on a single platform.

"We are well advanced in the planning phase for the integration of both businesses. Given a common underlying technology, we see considerable opportunities for a more efficient operating environment as well as a better client experience.

"This quarter has seen good underlying growth for our global managed account platforms, as key industry themes continue to drive advisers to seek more efficient ways to meet client needs. We continue to see growth across the global markets in which operate and a solid pipeline for both platform and software services.

"Our non-custodial capabilities continue to expand with both SaaS based (VMA) and administration services (VMAAS) portfolios and FUA increasing this quarter. Our strength in portfolio administration and reporting remains as a unique and long-term competitive advantage.

"I am very grateful for the excellent support from clients, shareholders and employees for the completion of the merger. I think it shows that this long-overdue transaction has considerable merit and will, in time, enable us to become a major player in the fast-changing Australia wealth management landscape."

Key statistics

Platform flows ($m) [1]	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20
Gross inflows					
Australia	742	519	393	441	1,483
International	281	325	311	280	258
Total gross inflows	**1,023**	**844**	**704**	**721**	**1,741**
Net inflows					
Australia	375	261	152	273	561
International	183	228	169	186	172
Total net inflows (pre-transition)	**558**	**489**	**321**	**459**	**733**
Australia (client transition)	-	(756)	(1,242)	(236)	(269)
Total net inflows (post-transition)	**558**	**(267)**	**(921)**	**223**	**464**

FUA ($m)	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20
Australia Platform	7,481	7,093	5,213	5,684	15,005
International Platform[2]	2,795	3,147	3,074	3,226	3,465
Total Platform FUA	**10,276**	**10,240**	**8,287**	**8,910**	**18,470**
VMAAS[3]	9,746	10,065	11,062	11,376	12,771
TOTAL FUA	**20,022**	**20,305**	**19,349**	**20,286**	**31,241**

Investment Mgmt, Smart[im] ($m)	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20
Managed Funds, FUM	382	335	298	258	253
Model Portfolios, FUA	365	376	331	342	350
TOTAL	**747**	**711**	**629**	**600**	**603**

Notes (all figures provided are unaudited):
[1] Current quarter's International flows are translated at the quarter average of 0.5516.
[2] International FUA in GBP is translated at spot rate for quarter end FUA of 0.5538.
[3]VMAAS comprises FUA under the non-custodial VMA Administration Service.

This announcement is authorised by the Board of Praemium Limited

For further information contact Paul Gutteridge, Company Secretary, Ph: 1800 571 881

About Praemium (ASX: PPS): Praemium is a global leader in the provision of technology platforms for managed accounts, investment administration and financial planning. Praemium services in excess of 300,000 investor accounts covering over $140 billion in funds globally for more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

Praemium Limited (ABN 74 098 405 826), Level 19, 367 Collins Street, Melbourne VIC 3000 Australia

For personal use only