

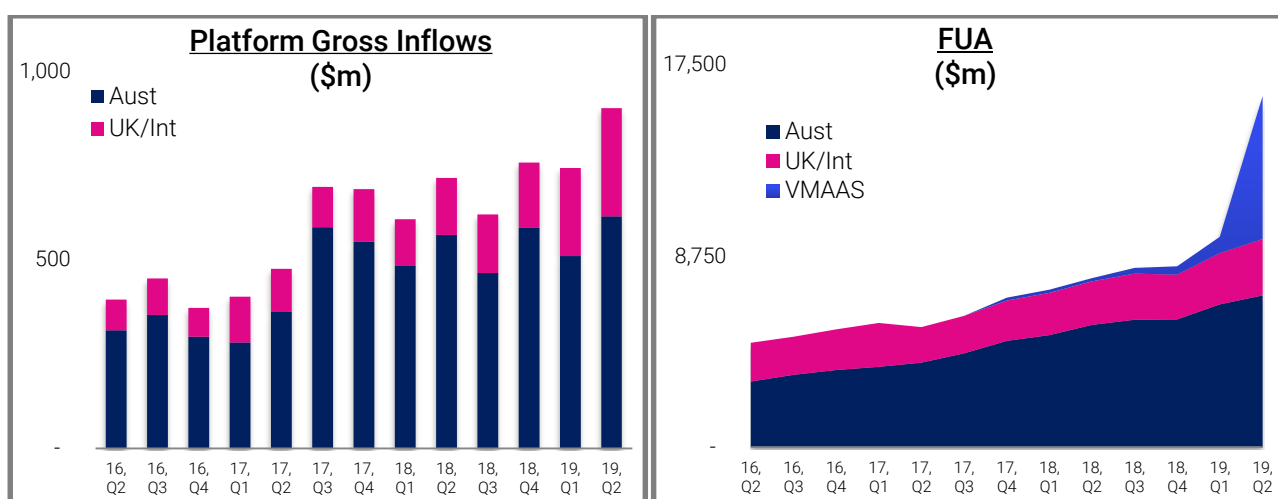
June 2019 quarterly update

Serving the whole of market with expanded IMA

15 July 2019, Melbourne: Præmium is pleased to provide an update following its first full quarter as a fully integrated managed accounts platform. February's major upgrade significantly expanded Præmium's range of single assets, creating a comprehensive IMA service that increases Præmium's Australian market 40-fold.

Key achievements:

- » Record quarterly gross inflows across Australia and International of \$903 million
- » Platform funds under administration (FUA) of \$9.53 billion after \$405 million net inflows and market movements of \$244 million
- » IMA contributed 8% of overall FUA growth for the quarter
- » With the inclusion of the VMA Administration Service (VMAAS) for the first time, total FUA is \$16.1 billion.



Refer to the Key Statistics table for further detail

Business highlights

The June 2019 quarter included several important milestones:

- » Winner of Innovation Award for our Integrated Managed Account platform at the IMA Awards¹ in June 2019
- » Finalist for *Financial Standard's* MAX Marketing Campaign of the Year Award for the Integrated Managed Account Platform – 'Welcome to the Upgrade Campaign'. Præmium was the only investment platform nominated in this category
- » Continued sign-ups to the Australian integrated platform, including Pitcher Partner's Wealth Management (Brisbane) in May 2019 with client take-on to commence early in this financial year
- » The inclusion of Præmium's SMA and SuperSMA on Centrepont Alliance's approved product list (APL), alongside Ventura Managed Accounts (VMAPS) which Præmium currently administers for Centrepont/Ventura
- » Continued expansion of the investment asset universe, with Præmium the first to offer SMA models for Magellan, Russell and State Street
- » Informed Australian clients of a new Præmium SMA and SuperSMA pricing structure that is highly competitive for all client segments, to go live 1 August
- » Since its launch in December 2017, Præmium's non-custodial VMA Administration Service (VMAAS) reached \$6.5 billion across 4,421 portfolios
- » Following last quarter's launch of the Præmium Expatriate Retirement Account, pension schemes now exceed 1,000

- » Praemium's financial advice software, WealthCraft, has grown strongly in the UK and international markets, with users increasing 33% over the past 12 months

Development Highlights

During the June 2019 quarter, Praemium has continued to develop a range of product and technology solutions that provide significant improvements to the way advisers deliver advice to their clients.

Several platform development highlights for the quarter include:

- » A new 'Data Exchange' facility, providing advisers with a streamlined way to manage integrations with cash providers, financial planning and accounting software providers and other financial institutions. The range has been extended with the addition of MyProsperity and CCUBE, increasing the number of data integrations beyond 90. Praemium is also one of the first platforms to comply with the IMAP data standards, simplifying the way investment managers and platforms interact
- » Enhancements to Praemium's reporting capability, including a range of new options for performance reporting and reporting on advice fees
- » Expansions to core reporting components, including: franking credits for New Zealand investors; improved international income matching; reporting changes extending the managed investment trust capability; and client branding and imagery improvements
- » The development of a new term deposit facility via Praemium's integration with Cashwerkz. Advisers can now access a range of multiple-term and interest-rate options across 21 approved deposit institutions
- » Extension of the VMAAS service to provide full SMSF audit and tax return processing
- » A new validation dashboard for non-custodial reporting that identifies, at a glance, the source of any portfolio reconciliation breaks, thus helping to ensure portfolios are always fully up to date
- » Implementation of the International version of the innovative Adviser Portal, ready for client beta testing in the September quarter
- » Release of Praemium's first AI app, 'Insights'. Insights integrates machine-learning artificial intelligence technology to help advisers better engage with clients. Praemium continues to pioneer R&D advancement in machine learning for solutions that can support advisers in their understanding and awareness of client satisfaction.



Comments from CEO

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

"February's upgrade to a full-service integrated managed accounts platform marked an important milestone in Praemium's history; the ability to support all managed account structures significantly expands our addressable market. In Australia alone our market has expanded from the \$21 billion SMA platform segment (as at end 2018) to the \$858 billion² overall platform market, and we have seen strong client interest in Australia and internationally for the IMA.

"We are delighted with the strong performance of our International business, with record inflows up 85% on the prior comparable period. We also saw considerable take-up of WealthCraft CRM internationally, often in conjunction with the platform as advisers appreciate the merits of an integrated solution. The International platform's huge uplift in growth momentum is due in part to the impact of regulation in offshore markets such as the Middle East and Asia, where advice practices are being driven to adopt platform technology as they transition from a front-loaded-commissions model to a more transparent fee-for-service model.

"We are also delighted with the significant expansion of VMAAS. VMAAS is an important addition to Praemium's Integrated Managed Accounts platform as it enables advisers to efficiently cater for both custodial and non-custodial solutions. Managing client assets directly with the ASX in a HIN-based structure is a popular option for advisers, especially for their higher-value clients, but it can become a substantial administration burden. Adding full administration support – from mail house, portfolio management, account reconciliation, corporate action election processing through to full annual reporting – makes the HIN-based managed account a much more attractive option.

"From a revenue perspective, the VMAAS is based on a flat fee per account. Based on our experience thus far, we expect VMAAS to deliver an average revenue per client similar to that of our custodial platform and hence will be an important driver of future growth.

"Praemium's excellence in tax reporting is also a great support to help advisers and trustees maximise benefits for investors. One example is the automatic application of the 2016 AMIT³ rules. This automated approach to distributing trust income to investors, including the calculation of both upward and downward adjustments to the cost base, reduces the administrative and compliance burden for both advisers and trustees.

"Finally, recent financial press coverage has suggested that some Australian investment platforms are providing low or negative interest rates on platform cash. Praemium has always ensured that the pricing of our managed accounts solutions is competitive for advisers and their clients. As such, Praemium SMA and SuperSMA continue to deliver an attractive interest rate net of fees despite a reducing RBA rate. We also offer highly competitive brokerage rates and will continue to provide clients the benefits that accrue from the aggregation and netting of trades. In the June quarter, for instance, the netting benefit represented an average 20% reduction in brokerage costs for investors."

¹ Institute of Managed Accounts Professionals (IMAP) is the industry organisation for advisers, managers, providers and other businesses offering or supporting Managed Accounts.

² Strategic Insight, March 2019

³ AMIT: Attribution Managed Investment Trust

Key statistics

Platform flows (\$m) ¹	Jun 18	Sep 18	Dec 18	Mar 19	Jun 19
Gross inflows					
Australia	566	466	585	510	616
International	152	155	173	234	287
Total gross inflows	717	621	758	744	903
Net inflows					
Australia	294	117	382	286	192
International	N/A	48	94	152	213
Total net inflows	N/A	165	476	438	405

FUA (\$m)	Jun 18	Sep 18	Dec 18	Mar 19	Jun 19
Australia Platform	5,606	5,842	5,854	6,534	6,958
International Platform ²	1,996	2,100	2,046	2,349	2,574
Total Platform FUA³	7,602	7,942	7,900	8,883	9,532
VMAAS ⁴	148	268	387	757	6,557
TOTAL FUA	7,750	8,210	8,287	9,640	16,089

Investment Mgmt, Smart tm (\$m)	Jun 18	Sep 18	Dec 18	Mar 19	Jun 19
Managed Funds, FUM	687	639	536	484	419
Model Portfolios, FUA	329	343	313	338	358
TOTAL	1,016	982	849	822	777

Notes:

¹ Current quarter's International flows are translated at the quarter average of 0.5487.

² International FUA in GBP is translated at spot rate for quarter end FUA of 0.5535.

³ Platform FUA includes SMA (Separately Managed Account) professionally managed model portfolios and IMA (Individually Managed Account) bespoke portfolios with single assets.

⁴ VMAAS comprises FUA under our non-custodial VMA Administration Service.

About Praemium (ASX: PPS): Praemium is a global leader in the provision of technology platforms for managed accounts, investment administration and financial planning. Praemium administers in excess of 500,000 investor accounts covering over \$140 billion in funds globally, and currently provides services to more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

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