

June 2020 quarterly update

Praemium returns to growth

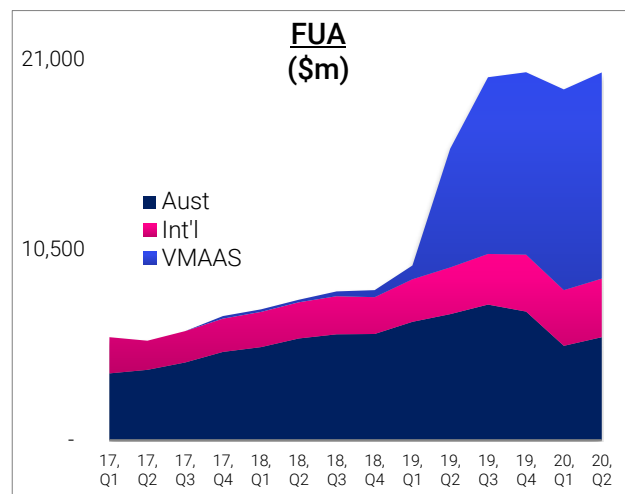
13 July 2020, Melbourne: Praemium is pleased to provide its update for the June 2020 quarter, with funds under administration (FUA) rebounding strongly to back over \$20 billion.

Key results for the quarter

Global FUA reached \$20.3 billion for the June 2020 quarter, an increase of 26% on last year, comprising:

- » **Global platform FUA of \$8.9 billion**, an increase of 8% over the quarter
- » Australia platform FUA of \$5.7 billion, an increase of 9% over the quarter
- » International platform FUA of \$3.2 billion, an increase of 5% over the quarter
- » **FUA for VMAAS of \$11.4 billion**, an increase of 3% for the quarter.

Quarterly growth was driven by \$459 million in net inflows, up 43% from the prior quarter, \$400 million in positive market movements and the reduction in outflows from an ongoing client transition to \$236 million.



Refer to the Key Statistics table for further detail

Business highlights

The June 2020 quarter also included a number of important milestones:

- » Winner of the Financial Standard Marketing and Advertising Award (MAX) for Digital Marketing Campaign of the Year
- » Expansion of investment options on our Australian platform, with the release of term deposits
- » Enhancement of our Environmental, Social and Governance (ESG) offering to include a new ESG Model from Australian Ethical Investments
- » Reduction of Operational Risk Financial Requirement Reserve (ORFR) fees on Praemium's Managed Account Super from 0.06% to 0.03% effective 1 July 2020

COVID-19 update

With COVID-19 continuing to impact all 6 countries in which we operate, Praemium has maintained work from home requirements across our 10 offices. Praemium continues to operate normally and remains focussed on maintaining our high levels of customer service. Our resilient business model, including diversified revenue streams, a strong balance sheet and solid cash flows, also provides the financial strength to withstand any future volatility and support the business for the long term.

Development Highlights

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

- » Ongoing investment into platform security with a range of new encryption measures to further protect data
- » New online access for VMA Administration Service (VMAAS) clients, allowing corporate actions notification and election services for share buy backs, share purchase plans, scheme elections and class actions
- » Release of a new report pack for Managed Discretionary Account (MDA) clients via our Investor Portal, covering portfolio valuation, income and expenses, transactions and cash statements
- » A range of new reports and data exports via our export centre, including SMA customisations, FUM by security, DRP related corporate actions by portfolio, securities excluded from billing and export centre usage audits
- » Improvements to the International Adviser Portal, enabling advisers to lock and unlock accounts from trading
- » Addition of a new account type to the International platform, with Onshore Bonds providing a UK tax-effective structure through our partnership with Sanlam.

Comments from CEO

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

“Praemium’s resilience and underlying growth has shone through this quarter and I am very pleased to report increasing inflows and FUA for the period.

“Underlying growth for our global managed account platforms has been strong despite a challenging economic environment, as advisers seek more digital and efficient ways to meet client needs. Our artificial intelligence application in particular has been a helpful tool for assisting advisers as they chart a way through these uncertain economic times.

“Growth in our non-custodial capabilities, both SaaS based (VMA) and administration services (VMAAS), continues to diversify our non-asset-based revenue and highlights our strength in portfolio administration and reporting as a unique and long-term competitive advantage.

“Our investment in sales and marketing continues to improve our distribution presence and brand profile, evidenced by our winning Financial Standard’s Digital Marketing Campaign of the Year. Praemium was recognised ahead of industry peers which in many cases have much larger marketing budgets. This award highlights the growing awareness of the Praemium brand and value proposition and our ability to develop great thought leadership and content.

“We also recently announced that we have secured the backing of the Powerwrap board for an off-market takeover bid for their company. This is an exciting opportunity, as the merger of these two companies will create a leading financial platform business with combined FUA of over \$27 billion and will put us in a strong position to accelerate our challenge of the sector’s incumbents. We look forward to providing further updates as this process unfolds.

“Across our global community, Praemium is continuing to meet the challenges of this volatile and uncertain time. I want to thank all the staff at Praemium for their dedication and support. I have been deeply impressed with how they have risen to the challenges of lockdown restrictions and working from home. The team’s resolve and hard work to support our clients and each other during this time continues to be a source of pride and appreciation.”

Key statistics

Platform flows (\$m) ¹	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20
Gross inflows					
Australia	616	742	519	393	441
International	287	281	325	311	280
Total gross inflows	903	1,023	844	704	721
Net inflows					
Australia	192	375	261	152	273
International	213	183	228	169	186
Total net inflows (pre-transition)	405	558	489	321	459
Australia (client transition)	-	-	(756)	(1,242)	(236)
Total net inflows (post-transition)	405	558	(267)	(921)	223

FUA (\$m)	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20
Australia Platform	6,958	7,481	7,093	5,213	5,684
International Platform ²	2,574	2,795	3,147	3,074	3,226
Total Platform FUA³	9,532	10,276	10,240	8,287	8,910
VMAAS ⁴	6,557	9,746	10,065	11,062	11,376
TOTAL FUA	16,089	20,022	20,305	19,349	20,286

Investment Mgmt, Smart ^{im} (\$m)	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20
Managed Funds, FUM	419	382	335	298	258
Model Portfolios, FUA	358	365	376	331	342
TOTAL	777	747	711	629	600

Notes (all figures provided are unaudited):

¹ Current quarter's International flows are translated at the quarter average of 0.5414.

² International FUA in GBP is translated at spot rate for quarter end FUA of 0.5586.

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 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.

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