

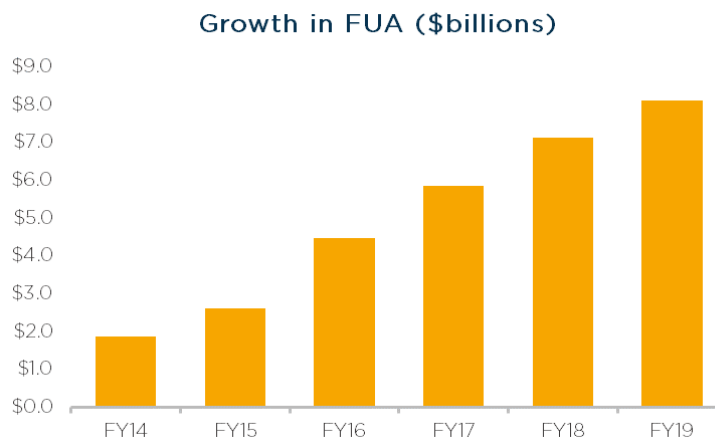
## FUA hits record \$8.1 billion in June 2019 quarter

### Highlights

- Funds Under Administration (FUA) increased to \$8.1 billion as at June 30, 2019, which is \$550 million above the prospectus forecast
- FUA increased \$520 million in the June quarter and \$976 million for FY 2019
- Net flows for the quarter were \$199 million. FY 2019 net inflows were \$575 million
- Agreement with new adviser group Sempre through Powerwrap's Tickr incubator
- Strong pipeline of new business anchored by planned national growth in wealth group Escala Partners
- Successful listing on the ASX following oversubscribed public raising
- Ongoing development of proprietary technology Hive including the integration of the Service Desk.

### Platform growth and performance

Powerwrap FUA has continued to grow steadily over time.



### Quarterly platform statistics

	Jun 18	Sep 18	Dec 18	Mar 19	Jun 19
Opening FUA	6,822	7,123	7,694	7,285	7,579
Net flows	28	502	-85	-41	199
Market movement	273	69	-324	335	321
Closing FUA	7,123	7,694	7,285	7,579	8,099

*All figures are in millions unless otherwise stated.*

*All figures are unaudited and net flows do not include market movement*

*Note: Dec 18 HY flows in the prospectus were \$456m. A subsequent timing adjustment reduced these flows by \$39m to \$417m.*



## Quarterly Update

Powerwrap is pleased to report that its Funds Under Administration (FUA) achieved a record \$8.1 billion at the end of the June quarter. The strong result was due to a combination of new inflows and positive market performance during the quarter and was \$550 million above the prospectus forecast of \$7.5 billion.

Net flows during the quarter of \$199 million were driven predominantly by Escala and a new Tickr client. During the quarter Powerwrap signed four new service agreements with advice groups; Sempre, Consilium, Banyan Tree and Candour Capital. Industry trends continued to favour Powerwrap during the quarter, with the ongoing exit of advisers from the large financial institutions and the growth in high net worth wealth advice.

Powerwrap's Tickr service is gaining momentum. During the period, new client Sempre became operational, utilising Powerwrap's Tickr service. Powerwrap expects this industry trend to continue in the wake of the Banking Royal Commission, with further breakaway groups likely to seek independent platform support. Tickr offers breakaway or new adviser groups a full service to assist with the establishment and growth of their business. It can provide premises, trading, back office, platform and licensing.

In addition to the new client wins, Powerwrap's largest client, Escala Partners, continues to expand its high net worth operations nationally, utilising the Powerwrap platform. Growth is expected over the coming months, with Escala confirming it would open new offices in Adelaide and Brisbane.

## Industry Position

Powerwrap's model of targeting the high net worth segment is continuing to produce results, with leading wealth advisers using the platform.

During the quarter, The Australian newspaper magazine, *The Deal*, in association with US financial investment publication Barron's issued a report on the Top 50 financial advisers in Australia. Three of the top ten advisers were users of the Powerwrap platform and Powerwrap was the highest represented non-aligned platform being used by the top 50.

In addition, Powerwrap was named a Finalist for Fintech Platform of the year and Video Campaign of the Year in the Financial Standard's MAX Awards.

## Cash Accounts

Powerwrap is aware of recent commentary regarding the interest paid to investors by platform operators for investor cash operating accounts. These cash operating accounts are used for the payment of any fees, receipt of any dividend payments, and is the account from which funds are drawn from or transferred into for any transactions or investments made by the investor (purchase or sale of stocks, funds and other securities). Whilst this is not a savings account nor an investment strategy, investors do receive a competitive rate of interest on this account.

In addition, there has been speculation that in this lower interest rate environment, the banks providing cash operating accounts will look to reduce the rate paid to platform operators. Powerwrap can confirm that it has been able to renegotiate its margin on its cash operating hub.

## Platform Update

Powerwrap continued to focus on product enhancements during the quarter, based around its high net worth (HNW) model. Powerwrap's bond execution service has doubled in size in the last six months. The demand for alternative assets continues to grow and Powerwrap is the first platform in Australia to offer funds managed by Pacific Equity Partners ("PEP"). Alternative assets are a key

part of HNW investor portfolios, and Powerwrap's platform administers the broadest number of these assets in the Australian platform market.

We are focused on development of our proprietary front-end user interface, 'Hive', and are pleased to report that the migration of advisers to Hive is well underway. The Service Desk has been incorporated into the adviser portal ensuring all adviser interactions are automatically routed through the Hive.

## Capital

Powerwrap listed on the ASX on 23 May 2019, following its successful initial public offering. As a result of the ASX listing, Powerwrap has a strong balance sheet with \$20.0 million in cash and no debt<sup>1</sup>.

The funds raised in the IPO are being used for working capital, regulatory capital and development of our proprietary technology portal.

## Outlook

Powerwrap is focussed on growing its business in its high net worth market segment. It has a strong pipeline of potential new business, including targeting breakaway adviser groups.

## About Powerwrap

**Powerwrap Limited** (AFSL No. 329829) is one of Australia's leading wealth management platform providers, offering a comprehensive suite of investment, administration and shared services to clients of varying sophistication and needs. Powerwrap's bespoke-style platform service offers the broadest range of products in the market, across extensive asset classes, and uses best of breed execution capabilities. Powerwrap supports investment professionals seeking to start an advisory business with key shared services including compliance, finance and technology services. Powerwrap's open-architecture technology and experienced in-house execution team enable it to deliver flexibility and efficiency for its clients.

- 1. In addition to the cash and cash equivalents of \$20.0 million, Powerwrap holds an additional \$0.6 million in bank guarantees.*

## Further information contact

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