

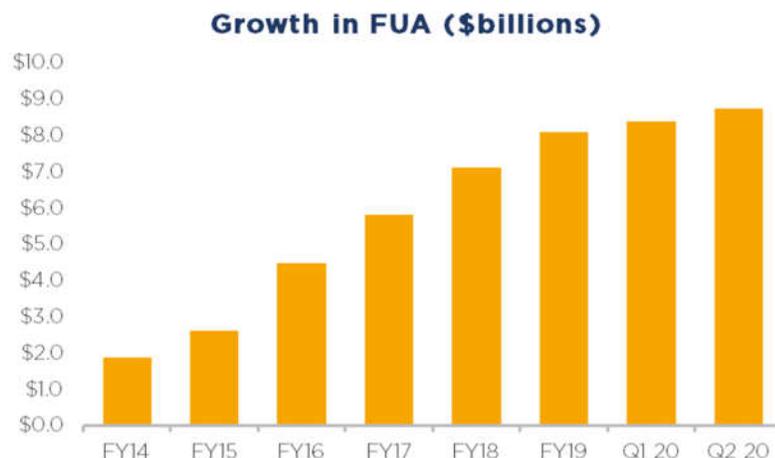
## FUA hits \$8.76 billion

### Highlights

- Funds Under Administration (FUA) increased to \$8.76 billion at 31 December 2019
- FUA increased \$383 million in the December quarter and \$1.47 billion in the 12 months to 31 December
- Net flows were \$208 million for the quarter and \$410 million in the 12 months to 31 December
- The 2019 Powerwrap/Investment Trends HNW Investor Report confirmed Powerwrap's strategy to expand its alternative assets offering
- New client wins also confirmed the importance to High Net Worth (HNW) advisers of alternative assets and holistic services, both fundamental Powerwrap specialisations.

### Platform growth and performance

Powerwrap FUA continued to grow, reaching \$8.76 billion at the end of December 2019. This was due to a combination of new inflows and positive market performance during the quarter.



|             | Jun 18 | Sep 18 | Dec 18 | Mar 19 | Jun 19 | Sep 19 | Dec 19 |
|-------------|--------|--------|--------|--------|--------|--------|--------|
| Opening FUA | 6,822  | 7,123  | 7,694  | 7,285  | 7,579  | 8,099  | 8,375  |
| Net flows   | 28     | 502    | -46    | -41    | 199    | 44     | 208    |



|                 |       |       |       |       |       |       |       |
|-----------------|-------|-------|-------|-------|-------|-------|-------|
| Market movement | 273   | 69    | -363  | 335   | 321   | 232   | 175   |
| Closing FUA     | 7,123 | 7,694 | 7,285 | 7,579 | 8,099 | 8,375 | 8,758 |

All figures are in millions unless otherwise stated.  
All figures are unaudited.

Net flows for the quarter were \$208 million, driven by the onboarding of assets from clients recently joining the platform and growth in existing clients.

The recently formed agreement with private wealth advisory firm Wattle Partners, growth from existing clients including Escala, and new business are expected to drive increased fund flows from the current quarter.

Powerwrap Platform HNW Investor Portfolio Composition (December 2019)



The investor portfolio composition continued to reflect the important place alternative assets have in a HNW investor portfolio. 14% of investor portfolios are allocated to alternative assets. International assets and fixed interest assets represent 17% combined. The Powerwrap/Investment Trends HNW Investor report revealed that 30% of those surveyed already invest in or intend to invest in alternative assets in the coming year.

## Business Update

### New client wins

Over the past quarter Powerwrap added a number of new groups to the platform, including most recently Wattle Partners Private Wealth Managers, a private wealth advisory firm

providing wealth management services to high net worth investors. Based in Melbourne, it has been operating since the 1990s.

Other client wins include Suetonius Wealth Management, Sanlam Private Wealth, Newport Private Wealth, Consilium Advice, Premium Advisory, SBA Advice and Lucerne. These advisers all have predominantly high net worth client bases. They chose Powerwrap because of its high service levels, its wide menu of alternative investments and its ability to provide consolidated annual reporting for investors which includes investments in alternative assets.

### **Focus on operational efficiencies**

During the quarter Powerwrap continued its focus on service delivery and operational efficiencies. A highlight was the implementation of Lean Six Sigma, with efficiencies expected to arise from corporate actions processing, data management, system controls and processing, narrations processing and supplier optimisation.

### **HNW Investor report**

Launched at the end of 2019, the Powerwrap/Investment Trends HNW Investor Report collated responses from approximately 3,000 HNW investors and explored their investment needs, preferences and behaviours, as well as their attitudes to advisers and private banks.

The report revealed that the number of HNW investors in Australia increased for the third consecutive year to 490,000, with this cohort collectively controlling just over \$2 trillion in investable assets. HNW investors' expectations of capital growth for domestic stocks were negative for only the second time on record, with most also extremely concerned with global macroeconomic issues.



HNW investors continue to seek opportunities to diversify their portfolios and there is growing demand for access to alternative assets such as infrastructure funds, private equity funds, unlisted managed funds and hedge funds. In 2019, the proportion of HNW investors holding alternative assets was 23%. This is expected to increase to 30% in the next 12 months.

The insights from this report confirm Powerwrap's strategy of increasing access to alternative assets.

## Hive

The new managed fund order pad was released through the Hive adviser portal during the quarter. This release includes both traditional and wholesale managed funds. It also includes an asset library which enables advisers to look up funds and their market data, and to download all relevant Product Disclosure Statements or Information Memoranda. Client feedback has been positive to date and we continue to roll out additional features and functionality.

## Outlook

Our strategy is to continue to expand the range of alternative investments for advisers to use in the construction of their client investment strategies.

The second half is expected to produce strong new flows onto the platform from recently onboarded clients, growth in existing clients and new business.

The outlook for the year ending 30 June 2020 remains FUA of \$9.83 billion, revenue of \$19.4 million (excluding R&D income) and EBITDA before share-based payments of minus \$3.9 million (excluding R&D income and adjusting for AASB16 leases).

Authorised by the Board.

## 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.

## Further information contact

### **Will Davidson**

Chief Executive Officer

[willdavidson@powerwrap.com.au](mailto:willdavidson@powerwrap.com.au)

### **Bruce MacDougall**

Chief Financial Officer

[brucemacdougall@powerwrap.com.au](mailto:brucemacdougall@powerwrap.com.au)

### **Powerwrap Limited**

[investorrelations@powerwrap.com.au](mailto:investorrelations@powerwrap.com.au)

ACN 129 756 850 AFSL 329829

PO Box 16071 Collins Street West

Victoria 8007