

June Quarterly Update

Powerwrap Limited (ASX: *PWL*) today provides an update on the business for the June 2020 quarter.

Key points

- Powerwrap was cashflow positive for the June quarter
- The business remains in a solid financial condition despite the continued impact of COVID both nationally and globally
- Powerwrap remains debt free and has \$15.6 million in cash at bank
- Funds Under Administration (FUA) of \$8.45 billion at 30 June 2020
- FUA increased \$515 million in the June quarter
- Net flows were \$35 million for the June quarter
- Advisers using the Powerwrap platform recognised among Australia's top advisers

Financial position

Substantial progress was made on the business cost base reset communicated in the March Quarterly update and Powerwrap was cashflow positive for the June quarter. There was \$15.6 million in cash at bank at 30 June 2020.

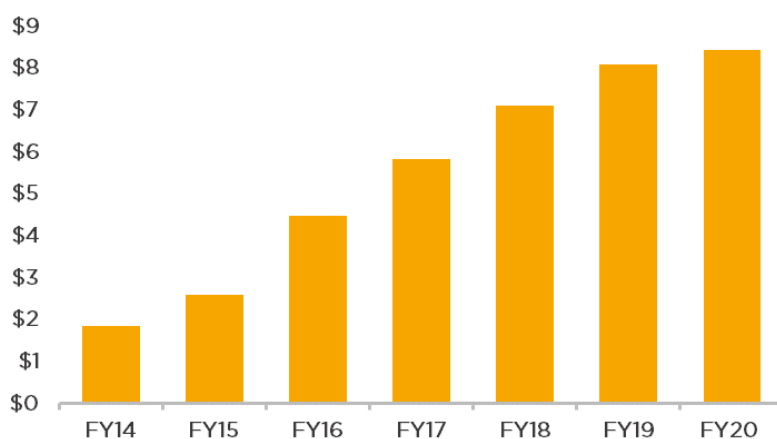
Client cash balances in platform Cash Operating Accounts remain elevated at around 10%, resulting in the delivery of strong cash margins. Trading volumes have also remained strong through the June Quarter which helped drive a strong revenue result for the quarter.

FUA and net flows

Powerwrap FUA was \$8.45 billion at the end of June, an increase of \$515 million from the March quarter and \$351 million for the 12 months to 30 June 2020.



Growth in FUA (\$billions)



Powerwrap net flows

	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20
Opening FUA	7,285	7,579	8,099	8,375	8,758	7,935
Inflows	342	1,085	615	671	762	515
Outflows	383	886	571	463	697	480
Net flows	-41	199	44	208	66	35
Market Movement	335	321	232	175	-889	480
Closing FUA	7,579	8,099	8,375	8,758	7,935	8,450

The net flows expected from existing and new clients in the quarter did not occur, largely due to impacts of COVID and extreme market volatility. It is currently expected that the slowdown in flows experienced over the quarter represents a delay in the previously expected rate of growth rather than permanently lost opportunities.

During the quarter Powerwrap signed two new service agreements.

Business update

Praemium off market conditional takeover bid

As announced on 9 July 2020, Powerwrap has entered into a bid implementation agreement with Praemium Limited (ASX:PPS). Under the bid it is proposed that Praemium will make an off market conditional takeover bid for all of the issued fully paid shares of Powerwrap which it does not already hold for an offer consideration comprising 7.5 cents per Powerwrap Share in cash and 1 Praemium Share for every 2 Powerwrap Shares (an indicative price of 26.44 cents per Powerwrap Share).

The Board of Powerwrap unanimously recommends the bid in the absence of a superior proposal.

Powerwrap Shareholders do not need to take any action in relation to the bid at this stage. Praemium intends to lodge a copy of its Bidder's Statement with ASIC on 21 July 2020 (although that is subject to change). The Bidder's Statement will contain detailed information relevant to the bid, including how to accept.

Initial briefings to Powerwrap clients have been positively received.

Hedge fund platform Qualis launched

In May, Powerwrap announced it had secured a strategic partnership with hedge fund platform provider Qualis Capital. The Qualis platform is now live and offers a curated menu of best-in-class hedge funds, private equity, real estate and private credit funds at institutional prices and lower minimums.

Powerwrap has been appointed for a minimum of 5 years as the platform's administration partner for all funds and all regions globally and is working with Qualis to onboard a number of funds.

Powerwrap platform users recognised as Australia's top financial advisers

A number of advisers using Powerwrap's wealth management platform have again been recognised as Australia's best, according to a Top 100 Advisers survey by The Australian's The Deal magazine, published in June in association with US financial investment publication Barron's.

Four of the top ten financial advisers use Powerwrap's wealth administration platform to manage their sophisticated investor client base, with a large number of other advisers who use the Powerwrap platform also being named in the Top 100.

The acknowledgement of so many advisers using Powerwrap again confirms its importance to advisers needing sophisticated investment solutions for their high net worth clients.

By Order of the Board.

About

Powerwrap Limited (AFSL No. 329829) is one of Australia's leading wealth management platforms, offering a comprehensive suite of investment, administration and shared services to high net worth advisers.

Powerwrap's bespoke-style platform service offers the broadest range of products in the market across all asset classes and utilises best of breed execution capabilities for all securities, something most platforms cannot do. Through Tickr, Powerwrap supports investment professionals looking to start an advisory business with a range of key shared services including compliance, finance and technology services. Powerwrap's technology and experienced in-house execution team enable it to deliver unique flexibility and efficiency for its clients.

Further information contact

Libby O'Farrell, Powerwrap, libbyofarrell@powerwrap.com.au or +61 3 8681 4608