

Praemium Investor Forum 6th November 2024 Transcript.

This transcript has been edited to enhance readability, principally via the removal of indecipherable or extraneous words and sounds. As such, this transcript may not reflect the exact wording used in the original forum.

Praemium CEO Anthony Wamsteker opens the session.

Thank you all for joining us today, both those present here and those attending online. We greatly appreciate you making the time to participate in our Investor Day.

At Praemium we acknowledge the traditional custodians of country and pay our respects to their elders, past and present. Please note the disclaimer and then the agenda.

This is the first time we've hosted an event like this since I took on the role of CEO, and I'm excited to introduce our executive team to you. It's always a privilege for me to speak about the team that's been assembled at Praemium, and today you'll get the chance to hear directly from them. They will talk about their respective areas, and at the end of each session, we'll open up the floor for Q&A.

The format for today will be 15-minute presentations from each of our five executive team members, followed by 15 minutes for questions. After the first two presentations by Denis and James, we'll take a break for Q&A. Then Richard, Lorna, and Brett will present, followed by a second Q&A session.

Please feel free to ask them anything about their specific roles or Praemium's business, but as much as David and I are available, we won't be answering the questions today. We're here to listen and facilitate. Our chairman Barry Lewin is also here today but will not be answering questions. So please take the opportunity to ask questions directly of the executives.

I want to thank you again for being here today. After the meeting concludes around 4:30 PM, we'll have drinks available for those who are able to stay and network. I'll now hand over to Denis to kick off the session.

Denis Orrock Chief Strategy Officer

Good afternoon, everyone.

So, we're looking at where Praemium is today and where we're going tomorrow. And we start on sophisticated wealth. We're looking at that from Praemium today servicing \$60 billion in assets from a custodial and non-custodial administration, the investments perspective. And then also reporting on \$280 billion in assets. You know we've got a diverse client mix across the spectrum: private banks, private wealth, accounting practices, family offices and with retail financial advice groups as well dealer groups and independent AFSLs.

This range of clients speaks to the depth and breadth of our market presence. Over time, Praemium has built a strong reputation as a leader in investment administration and reporting, particularly when it comes to servicing the sophisticated needs of the advice market.

Our focus going forward is on the high-net-worth (HNW) market. We estimate this market to be around \$3.2 trillion in investable assets, excluding the top 600 investors in Australia, which add an additional \$625 billion to that figure. When you put this into context, the superannuation industry in Australia is projected to reach \$4 trillion in assets under management. I was recently at the Deloitte Wealth and Superannuation Conference in Sydney, and it was eye-opening to hear the numerous speakers discuss the challenges of servicing that \$4 trillion marketplace. To put it into perspective, this is a market where Praemium's sophisticated technology and service offerings are extremely well-positioned.

As we look toward this market, we see significant opportunity for Praemium. The emerging HNW sector represents approximately 880,000 investors with an average of \$2 million in investable assets. This segment is worth almost \$1.8 trillion of the \$3.2 trillion target market. Advisers servicing this market are

going to be in high demand, and there is a notable gap emerging between adviser supply and demand, with adviser numbers down 45% post-Hayne but demand for advice growing. This is becoming a key theme in our strategy – advice is fast becoming a luxury for investors, and as demand increases, people are willing to pay more for quality financial advice.

Looking to the UK, advisers there service almost double the number of clients compared to their Australian counterparts. UK advisers generate 85% more in advice fees per client than Australian advisers. If we were able to close that gap even halfway, adviser fee income in Australia could increase by over 100%. Closing the gap completely would lead to a 260% increase in fees. This is a key opportunity for Praemium, and we are uniquely positioned to play a central role in bridging that gap.

Another key consideration is the number of platforms that advisers use. In Australia, the average adviser uses 2.7 platforms, while in the UK, advisers tend to use only two platforms. This is a significant opportunity for Praemium, as we are a trusted platform provider for many advisers, and we see the potential to strengthen and deepen our relationships in this space.

While not every adviser is capable of servicing the HNW segment, we estimate that around 30% of Australia's 15,000 financial advisers have the skills and resources necessary to service these sophisticated clients. This creates a gap in the market, as we will need around 3,500 more advisers to effectively manage this growing HNW sector.

Surveys indicate that 68% of HNW advisers place a high importance on reporting platforms, and this is an area where Praemium excels. Our reporting capabilities, including consolidated reporting across households, non-custodial assets, and advanced tax reporting, make us well-positioned to meet the needs of this high-demand market. In the last financial year alone, Praemium generated around 4.5 million reports, demonstrating the scale and reach of our reporting capabilities and Richard Large will touch on this in his presentation.

Additionally, Praemium is leading the charge in the non-custodial space, which continues to grow rapidly. We've seen significant demand for alternative investments, including OTC bonds, private equity, and international products, and we continue to innovate in this space with products like Spectrum, which James Edmonds will discuss shortly.

High net worth advisers are also two times more likely to place, in the importance of that broad sweep of asset, to be able to advise their customers versus non high net worth, advised focused advisers. And that's obviously again a significant driver for Praemium. And 73% of advisers, and obviously no surprises here, are seeing technology as critical to growing their business and achieving growth, and technology will be the bridge that allows them to reduce the advice gap in Australia.

One in 3 HNW advisers have clients with investments in non-custody assets. Again, these aren't easy assets to administer, manage and price. You need expertise. You need capability from the trading. You need capability across the administration and reporting functions. And again, Praemium have that capability currently across the platform.

We have \$6 billion in alts, both in custody or non-custodial holdings that we're administering and managing for our customers. And that segment of our asset pool is growing at circa 20% per annum as well on that. So, we continue to see strong demand there. I caution there's no empirical evidence to back this up, but I think we are a leader in this space across our platform peers as well.

So how do we place? We think we're perfectly placed to execute, of course. We've invested in a new operating model across the business and introduced a refresh the executive team. Anthony has worked very hard to bring that into the business. We've reset our target market focus and we're skewing to where we're strong in, in the high-net-worth advice space and our adviser service proposition. The refreshed operating model is focused on ensuring our service proposition is challenged and we're delivering a better experience to advisers and the investors alike and that aligns with our target market expectations. We've partnered with a group, Core Data, for quarterly adviser driven research and we're in the first 12 months of that partnership and that's delivering value to our customers. It's also helping

drive our product and service road map. Whilst the launch of Spectrum is critical to bringing the capabilities of Praemium and presenting advisers with the best-in-class capability servicing assets.

All that has been backed up with a marketing and positioning refresh with Praemium being a HNW focused business and the marketing and advertising has been progressively rolled out over the last three weeks.

We've had a roadshow with the Spectrum launch, which has gone very well with engagement across the Spectrum launches, I think we've engaged just under 400 advisers directly through that launch.

Our ambition is pretty clear, we want to dominate the non-custodial market and continue to broaden the gap that we have versus our competitors in that space in the non-custodial space circa \$30 billion in funds under administration across a very broad range of assets from that perspective.

We want to continue to dominate and grow that space and be #1 for a long time to come. We want to be the platform of choice for high-net-worth investors and their high-net-worth advisers by virtue of their investor clients. And certainly, be the platform of choice for sophisticated custodial assets and we want to lead in the back-office broker space.

We have a number of brokers that we work with today. We see great parallels in where high net worth advice and private wealth advice is going with some of their business models and a great opportunity for us to continue to provide that non-custodial and custodial capability to those businesses.

So how are we going to win. There are two components to that service excellence. Our clients and their target audience are demanding, they want the best, and we aim to provide that. So, a clear client centric service proposition, and we can't rest on past performance for that. What was great two years ago is not any good today so continuous improvement across that enterprise engagement across our advice practices and advisers with some of their larger groups that we're servicing, and we've changed our engagement model and account management model to support that with a unique model across training and execution.

Corporate actions, management reporting, capability, account management and industry focused research and education supports the service excellence focus for the business and then from a solutions perspective. Again, solutions that are unique and solve challenges for the ultra-high net worth family office space adviser led product development.

We're including our customers into the process and managing our time to market with enhancements remembering our core strengths and the market we're targeting.

We are a market leader for our total reporting capabilities. Best in class trading and execution capability across the platform and more importantly that growth in the alternatives capacity that we've developed over that period hasn't developed overnight, so that's coming from the Power Wrap acquisition. Just as you know when we look at acquisitions, it's also the same. What they can contribute to the business both in capability and expertise in people.

So with that in mind, I'll pass to James Edmonds. Thank you.

James Edmonds Chief Operating Officer

The presentation that you guys get today is one we've delivered I think 6 times now in the last four weeks. So, you get the benefit that (hopefully) it's well polished and tight as a drum.

So what is Spectrum? Effectively, Spectrum is going to be our flagship product that delivers to advisors a single account that allows them to bring together all of the investments that they are managing on behalf of their clients, underpinned by a single administration solution that allows them the ability to develop scale and spend more time delivering services to their clients rather than spending their time on paperwork and administration that is ultimately non-value adding.

Spectrum combines the core capabilities of Praemium and the Powerwrap platform, offering a tailored solution for sophisticated clients. It integrates Praemium's expertise in account opening and reporting with Powerwrap's strengths in investment solutions. We really aim to maximise the efficiency for advisors by being able to operate the product under a limited power of attorney. So, that means in practice Praemium can engage directly with fund managers and with other third parties to act on instructions for the client rather than the advisor having to go back to the client and having them complete and sign documentation and then having to do all that work themselves.

What that means in a very practical sense, is that Praemium, on behalf of financial advisors, liaises directly with fund managers for subscription applications, as well as arranging for the subscription amounts to be sent directly to the fund manager.

We arrange for the investment to be recorded in the client accounts and take care of any capital calls, so the ongoing capital call commitments that go with that are incredibly important and we arrange and coordinate with the advisors to make sure that there is liquidity and deal with that with fund managers directly.

At no point throughout this is the advisor having to go back to the client to arrange for anything. We arrange for it to be reported on and included as part of the comprehensive reporting capabilities that Praemium provides. So again, it brings together the full power for an advisor to be able to deliver every investment solution that is out there without having to add additional head count in their own back office or having to spend more of their time dealing with things that are ultimately non-value adding.

As Denis touched on, what our reporting, our integrated solutions and what the Praemium platform allows for an advisor group to do is to integrate their other applications that they may be using for portfolio management and their CRM system.

Any other applications they may be using to create an integrated portfolio management solution. So again, working on building scale and efficiencies for the advisors rather than having to operate across different platforms that aren't talking to each other or providing those solutions.

And finally, being able to provide streamlined information access, so whether it's through our investment portal or through our advisor portals or through those API connections that we're able to provide, we're able to give advisors the ability to deliver information to their investors, to their clients without actually having to do a lot of heavy lifting, and once that is automated, it can be straight through and again delivering scale and efficiencies for those adviser groups.

One of the key benefits Denis mentioned is the broad range of investment solutions that advisors are currently looking for. I don't have to tell anyone in this room that more and more of the investment opportunities in this country, and indeed globally, are staying in the private markets rather than coming on to the public exchanges.

And so, the ability to access the private markets, whether it be through private, direct investment into private companies, or whether it be through funds that are focused on private equity, private credit venture capital, the ability for Praemium to be able to deliver those capabilities through Spectrum, being

able to invest in those that have that part of their asset allocation across their entire portfolio is really powerful.

We provide superior trading and execution support, so we have a dedicated trading and execution team that goes beyond just simply being able to drop an ordering into market, have it been executed either at market or on a price limit. We have a team that is able to work orders on behalf of investors, so those clients that really have significant investments in companies can actually provide really sophisticated instructions and our trading team are actually able to execute that on their behalf. It's a real differentiator from ourselves compared to our competitors that is really valued by the type of advisors and the clients that are using us today.

So, for those who don't know, I spent a lot of my career in the in the US and Europe. HINs are completely foreign to those markets. Hence the reason why a lot of foreign players have really been successful in Australia.

But the focus on which particularly those advisers that have come out of breaking backgrounds and those clients who already hold significant investments on HIN, the ability for us to have a HIN inside the investment product allows for a number of things it gives comfort to the investor that they're their holdings are still being retained in their own name. It provides a really efficient way for us to actually transfer assets into the product.

Because obviously HIN transfers which are governed by the ASX have to be done within a certain time scale. We have today three billion dollars sitting on individual HINs and we expect that key feature of the product to be a really valuable one as we as we as we continue to go forward.

And the last thing we just want to call out is our multi-currency capability. So, unlike a lot of the platforms out there, which effectively force repatriation of foreign currency back into Australian dollars, we allow advisors and their clients to make decisions around what exposures they want to currencies independent of what investments they are actually making overseas. So, for instance, if we have a client who has a particular view on U.S. dollars, they can hold U.S. dollars regardless of whether they're actually holding any US equities whatsoever. It's a really strong tool for advisors to be able to make currency decisions independent of what equity exposures or fixed income exposures they want in offshore markets.

Through Praemium's Spectrum advisers are able to gain direct investment into OTC bonds, structured products, equities, whether it be domestic or international, managed funds and alternative investments. Couple that with the ability to allocate directly into Praemium's managed account solution it allows for an advisor to really engage third party fund managers and get true exposure to those markets while still retaining beneficial ownership of the underlying investments. It provides the ability to run any sort of investment model that they see fit. While every high-net-worth advisor group has a broadly similar approach when it comes to asset or client gathering and their asset allocation approach, the way in which they actually implement that advice can range wildly and we can accommodate those.

We have unrivalled access to alternative assets. We currently have in excess of \$6 billion of alternative assets sitting on the platform. We are continuing to see increasing growth in that space and it comes back again to what I mentioned before, which is more and more of the investment opportunities are staying private. Companies are staying private for longer and invariably the liquidity event is being driven either into a private equity fund or by being acquired by another company.

We have a really broad investment menu, and our investment governance team spends a lot of time working with fund managers to really make sure from an operational perspective, we're able to administer, report and ultimately provide comfort to the advisor and the clients that the assets that they're holding are well regarded.

Praemium started out its life as a reporting solution for brokers who were investing clients into ASX securities on HIN and had a separate cash management account that they were using to settle the trades into and out of. As we've grown alongside those advice groups as they move from broker to advice and needed access to more and more asset classes, Praemium has continued to grow and evolve with them, and as such, our reporting solution, whether it be the basic portfolio valuations to really in depth, performance reporting and asset allocation and analysis, our reporting solutions for those advisors are really second to none.

We've continued to focus on being easily accessible, so we spend a lot of time and a lot of investment into making sure that our data is available to advisors to integrate into their existing systems. Whether it be by data feeds or through APIs and we firmly believe that the way that the world is going, if you look at you know some of the key trends that are happening both here and also overseas clients are demanding freer access to their information and being able to bring that together in whichever way they see fit. And that's something that we're going to continue to invest in as we go forward with the product development.

And I'm going to close it out there, but I think we're now going to move to questions.

Q&A with Andrew Keys

I do know many people in the room for those who don't know me, or I don't know you. My name is Andrew Keys. I'm the Investor Relations consultant and David Erskine, my colleague and I have been helping the team at Praemium this year.

Very much welcome your questions. I'm going to move around the room with this roving Mic. If I can just ask attendees if you can identify yourself by name and organization.

Nick McGarrigle from Barrenjoey.

My question was just around the combination of the managed account and the investment service. What's the target market? Or is it existing clients already using the managed account? Adding a more full-service wrap to that offering and having them integrated? Or is it new clients that maybe haven't looked at Praemium in the past because you haven't had a traditional IDPS just want? To get a sense of what the opportunity is.

Denis Orrock

So broadly speaking, we're obviously looking for new firms coming into the business, so whether that's through an existing client who may be using managed accounts but wants to broaden their capabilities. Or they may be using a platform. As Stanford said, you know the average adviser in in Australia has 2 1/2 platforms that they're using. Every advice group we talked to wants to consolidate and make that easier.

So, I suspect that like our key target right now is existing users of the manage account who want to get broader investment capabilities and new adviser groups who haven't used us before, just by way of we launch spectrum on the 1st of October, we on boarded the first client into it on the 2nd of October.

I think it's known we've onboarded 88 advice groups. So, the interest in it and obviously the take up of it has been really pleasing.

A lot of that was actually adviser groups that hadn't used us in the past and have been waiting for spectrum become available.

Question from unidentified attendee:

How long is the onboarding process for new clients and how does it differ from the old products. And then subsequently, if I was an existing client who wanted to move, how long would that conversion I guess take?

Denis Orrock speaking: Yeah. So, it's a good question. I mean, look you can open process from in terms of the engagement between the adviser and the client can literally be done within an hour.

I mean, again, it's going to depend on the type of client that we're onboarding because again because of the nature of the nature of the product and the type of clients.

They're onboarding SMSFs family companies, trust structures that, just from their perspective also, they're going to get directors to sign and so forth.

But from the engagement in terms of entering information into the system, it's an e-mail to get it electronically signed. That engagement is really quick. You can open process assuming that everything is provided. You know we do our best to you know to gather

Richard Large Chief Technology Officer

Hi, I'm Richard Large, the CTO at Praemium. So just to set the scene, tech is really at the heart of Praemium: We are a specialised financial services provider and tech is absolutely core to how we serve our customers. It has been from the start, and it continues to play a critical role in our success.

Speed, Agility, Innovation: Unlike perhaps some of the legacy institutions who play in our space, we can pivot swiftly. Whether it's launching a new product, enhancing an existing service, or adapting to market changes, our tech-driven approach really does ensure agility. As our organisation has grown, we have importantly retained our ability to move with speed and continue to innovate.

Customer Centric Solutions: One of our key advantages I think lies in understanding our customers' deeply. Technology allows us to gather data, analyse behaviour, and design Customer focused Solutions. Our tech teams collaborate across disciplines—developers, product managers, the sales teams, data scientists, to produce what the market is looking for. And we collaborate heavily with our clients too on product development. We're committed to meeting our customers' needs. Exceeding them.

We specialise in the complex, the bespoke and the tailored. In particular, the needs of High Net Wealth customers

Building Our Own Technology: Unlike some competitors who rely on third-party solutions to form the core of their platforms, and which can change slowly, we've chosen a different path. We build our own technology. This autonomy empowers us to move quickly with tailored solutions when we need to.

Tech Foundations - Focus & Enhance

Of course, Tech have been heavily involved in building our new Spectrum product this year. Working with James' product team and Denis' distribution and strategy team on the design and features and the rollout. One of our company values is Collaboration and the teams work incredibly closely together. The other main area has been the work to integrate the OneVue business onto our platform. This is a priority for the team and we're working with Brett who is running that and will talk through this a bit later.

As you'd expect this has consumed a significant amount of effort from the team and we have been investing more in technology, (30% more last year.)

In addition to new products and the acquisition, we have been spending time on our tech foundations. At the core of this work lies the need to make our systems ever more resilient, secure, and really importantly, scalable - so we can support growth without corresponding increases in costs. Client

servicing is also extremely important to us and this needs to shine through in the way all our client solutions are delivered.

There are 5 key areas we've been focusing on as part of this work on our foundations.

We have refreshing how we actually do technology through an IT Operating Model Review. This isn't perhaps the glamorous side of tech, but it is all important to have the right skills and capabilities in the team. A third of Praemium work in tech actually. The overall aim here is to set up our technologists for maximum efficiency and success. There has been some turnover by design as we've brought in more experienced and senior people. We've been beefing up in terms of leadership roles in engineering and testing and architecture and security. We have looked internally to address our pain points and looked externally at best market practice.

I am happy that we are seeing improvements in quality and productivity through this work and the delivery teams in general are becoming more high performing and more self-sufficient. The senior people we are recruiting bring fresh ideas and ways of working.

Also, on the way we operate, we have two tech hubs, one in Australia and one in Armenia where two fifths of our team are. These are Praemium people, not an outsourced operation - which really helps with the cultural fit. Armenia is roughly 50% of Australian tech resource costs so it's our lower cost tech base. And it gives us a follow the sun model providing an extended development and support day.

Infrastructure Uplift

Stable, robust and probably most importantly commercially - scalable infrastructure underpins our platform. We have been refreshing our implementation of Microsoft cloud and consolidating any remaining on-premise services onto Microsoft Azure. We are a Microsoft shop. This work will all finish 1st quarter next year.

Through this refresh we can now leverage the newest "cloud native" services to maximise performance and stability. There is always scope to improve the performance of our systems for our clients and we now have a new toolkit of options open to us as a result of this cloud reimplementation. We now have a lot more control of our cloud resources, with the ability to make them as efficient as possible. Dial up extra resources when the platform is busy and dial back down in quieter times. We also remove some risk from the running of the platform by no longer having to maintain servers at data centres.

Automation reduces costs and increases speed to market and the productivity of our engineering teams. We have an eager team of engineers, and we need them to be as productive as possible and remove any blockers. In general, the infrastructure work is designed to improve efficiency across the board, to the platform itself and the way we work to support and enhance it. It underpins all the areas I am talking about today.

And of course, Security which is always a focus. Regular automated patching and updates and Compliance. We have boosted our security capabilities in terms of resources and external services and work closely with Lorna and the risk team.

Reporting is clearly a very important component of our offering. It's a core part of the advisor proposition. Helping to demonstrate the value of advice and investment strategies.

We need it to be a frictionless experience and fast and reliable and digital. Reporting has always been an important core part of our offering and a differentiator; we deliver a comprehensive set of solutions.

We generate large numbers of complex reports, over 4million annually. These are served up in a variety of ways to suit our customers and allow flexible customisations to suit all needs. Given its importance, this year we have spent time analysing every part of the reporting value chain and have been working

through initiatives to improve every facet. We looked at how reports are generated, queued, formatted, monitored, delivered etc. No stone unturned. All with a view to improve performance and reliability to support individual report requests through to the very large-scale reporting events generated by our Publisher tool.

We've been removing bottlenecks in the process, adding resources to improve throughput, better monitoring to improve the client experience. This closely ties into the work we are doing on the infrastructure side of course.

Integrations are so important – Praemium are one component in the overall Advisor technology ecosystem. You can see the stats on the screen, there is a lot of activity in and out of the platform. A million API calls a week. We aim to make it as easy as possible for Advisors and partners to integrate with us.

We've been modernising our legacy data feed architecture – to ensure our hundreds of data feeds run smoothly on a daily basis. Reliability is critical.

We are migrating to newer ways of integration - looking for opportunities to upgrade existing integrations when our partners upgrade their own capabilities – notably moving from file-based feeds to APIs. All this helps with speed to market for establishing connectivity with new clients. We've been expanding on our API capability, adding more and more endpoints for easier integration with the platform

And we've been Improving the export capability - We have migrated 90% of EPI 3.2 providers onto EPI 4.3 which is the latest version of EPI (External platform interface) and industry standard for data exports. Keeping current is important.

We have a constant conveyer belt of new integrations being rolled out - By next year we will have a fully integrated solution with IRESS' IPS (IRESS Portfolio System) from pushing Account creation, Cash and Corporate actions to pulling transactions, holdings and balances for reconciliation.

The integration work again is very much tied into our cloud refresh project - Improving scalability by leveraging our cloud services

So lastly, but not least Data Science and AI.

We see AI and GenAI playing a pivotal role in transforming our business. We see significant opportunities and have been working on our approach and developing strategy.

We've had a Data Science team for some time, so we already have a vehicle to experiment from. We've been working on predictive models, assessing behavioural and activity patterns to create a notification when we see pointers that suggest a client may be considering leaving the platform. There are plenty of use cases here to pursue further, spotting fraud etc.

Our service desk is where much of our customer interaction takes place. We're working with our vendors on how to enrich all parts of this. For example, we can use AI to gauge and assign customer sentiment, summarise tickets, match similar issues together, auto route tickets to the most appropriate agent, activate processes for common requests through workflow automations etc. General working to maximise our agent efficiency and improving Management oversight – with faster and more consistent responses for our customers.

In particular, just the ability to summarise tickets and issues effectively can be a big help.

On the development side, through AI pair programmers, we are integrating AI to enhance our engineering process to deliver new features at a faster pace. Again, looking at ways to improve the

productivity of our engineers so we can achieve more with the existing team. We get real time code suggestions; we get ready-made blocks of code for the more boilerplate and repetitive patterns. Aim is to reduce coding errors. It also helps as a training aid, like having a trainer there with you, learning new API's and coding practices. Produces summaries of changes saving time for peer reviews and letting them focus on the critical changes. As well as producing thorough descriptions and comments. I've worked on the proof of concepts for this, and the results can be pretty impressive.

Of course, we need to be aware of the challenges and dangers. And while we work on pilots, our Head of IT Risk and Security works at the same time on AI Readiness within Praemium. That includes AI ready Cyber security, AI-ready data (governed, secure and enriched) and AI Principles, defining the Do's and Don'ts etc. So, lots still to do.

So, a quick look at some of the areas we are working on. I'll finish by saying that in tech we are spreading our resources appropriately to support the whole business. Developing new complex products for our target markets. Supporting growth through the integration of our acquisitions. Continuing to build enhancements for all our products and enhancements for individual clients and keeping our tech foundations current and in excellent shape so we have the springboard to support the strategic goals of the company.

Thank you

Lorna Stewart Chief Risk and Corporate Operations Officer

Good afternoon, everyone.

My name is Lorna Stewart.

I'm the Chief Risk and Corporate Operations Officer for Praemium.

I have been with the business for seven months now and one of the things that my team have focused on aligning our risk management practices with our strategic objectives. Our team's mission is to integrate risk governance seamlessly into operations, acting as a proactive partner rather than a compliance hurdle. It's very easy for risk and compliance professionals to sit over at the side and tell you what to do and be the handbrake to happiness and not really be part of the business. But one of the things that I've done since I came in is to define what is that purpose and vision and how do we work with the business to be an enabling function and not just a control function.

My goal has been to ensure that we provide the tools and templates, the systems and that subject matter expertise to really help the business to meet complex regulatory requirements without obstructing its progress. Similar to Richard one of the things I've looked at was the operating model.

So, what is the strategy? What is the purpose of the business? What are the skills that we as a risk and compliance and governance function need to drive this business forward? I'm delighted to see where we're at now as we have a really good strong team of very capable individuals who are all subject matter expert experts in their field, but also understand the business and understand our product set.

The regulatory landscape in Australia is notably intricate, with numerous federal and state bodies overseeing compliance. Managing these demands is essential, as the smallest lapse can have significant repercussions. Our approach is designed to embed regulatory compliance into day-to-day operations, enabling our team to focus on value-added activities that support Praemium's broader goals. For example, we've engaged RSM for internal audits, leveraging their expertise for efficient, comprehensive risk assessments.

As we work with our colleagues around the business, the key things for us really are what are the strategic risks? I've been delighted in my seven months here with the strategy work that Denis and the team are doing and really the purpose and the drive for that and off of the back of that becomes what are those key products that we have taken to market. Who are those key clients that we are servicing and how are we doing that. And just making sure that we can work with Dennis and the team and emphasise a strong operational risk framework.

How do we service our clients and to do that really well, we have to set up those operational risk-free markets. I think talking about risk free markets, it's not like glamorous, but how do we recruit the right people?

How do we onboard the right people? How do we train the right people? How do we have the right processes? How do we have the right controls in place to empower our teams to deliver? well-organized approach to recruiting, onboarding, training, and process improvement is critical to delivering the level of service that high-net-worth clients expect.

In collaboration with Richard, our cyber-risk strategies have also been a focal point, ensuring that our digital assets remain secure in an evolving threat landscape. Cybersecurity demands constant vigilance, and with the rise of increasingly sophisticated cyber threats, our focus is on advanced detection and rapid response strategies.

I'd be remiss not to talk about environmental, social, and governance (ESG) considerations have become central to our strategy. ESG is broad, covering everything from environmental risks to our social license to operate, and we recognize the importance of each component. Our governance practices are robust, aligning with industry standards, and we are proud of our contributions to community development, employee training, and ethical corporate conduct. In all our activities, the goal is to add value for clients and shareholders while maintaining a high standard of integrity and accountability.

And the last one, which as I'm about to hand over to Brett, everyone knows we bought OneVue and in fact the transaction actually happened on my very first day.

So, Brett and I have done this journey a bit together and we've worked very closely to leverage the value from OneVue and integrate and make it a good experience for our people and our customers. And we've been working very closely in setting up that program and the correct steering committee project management oversight. The correct project streams which Brett will talk to properly and identifying the risks not just of the project but actually once it's embedded and once it's integrated because you actually have to identify them on the way through. If you just focus on your project risks and then you get to the end, you'll have forgotten, what does it look like when we're fully integrated?

So, there are some of the things that we've just been working through, looking at the operating model and how we work together as a value enhancing support team, to really help our business drive for our clients and for investors.

And with that, I'll hand over to Brett who will dive a bit more into the OneVue integration.

Brett Marsh Head of OneVue Integration.

Good afternoon, everyone, I'm Brett Marsh, leading the OneVue integration and superannuation review at Praemium. Prior to that, I was running in the one Vue business when it was owned by IRESS.

This role has given me the unique opportunity to work closely with our teams to align OneVue's capabilities with Praemium's, creating a seamless experience for clients and enhancing our service offering for advisers in the HNW sector.

So why OneVue? The target market that that Denis talked about before the high net worth, the overlap of the clients themselves. Around 70% of clients fit right into the middle of the target market for Praemium. So that would be advisers that are in the Family Office, the private wealth and the wholesale advice market, it's always important to those kinds of clients through you know when you're looking at an integration process, how the platform itself integrates into portfolio management software, the use of noncustodial as well. Around 10% of the assets under administration are also non noncustodial. So very complimentary histories and offerings from the OneVue side and the Praemium side.

The integration of OneVue into Praemium's platform is a multi-step process involving client data migration, product alignment, and operational harmonization. We're carefully managing each step to ensure minimal disruption and a smooth transition for clients. A significant advantage is the complementary nature of Praemium and OneVue's offerings. For instance, OneVue's strengths in administration of non-custodial assets align well with Praemium's HNW focus. Approximately 10% of assets under administration on OneVue are non-custodial, fitting seamlessly with Praemium's reporting capabilities.

Our integration approach is progressive. Instead of waiting until the end, we're capturing synergies as they arise, ensuring we realize cost savings and efficiency gains sooner. We've set up multiple project streams focusing on areas such as technology, products, and client services, each aimed at enhancing value.

Broadly speaking, as we look forward to capturing the full suite of synergies, which I'm sure you're all interested in. Today we have a duplicated technology stack and in future that won't be duplicated. And then finally, as we'll be looking at supply management and sometimes those suppliers are purely duplicated and some of them will still need to use, but we'll get the benefits of having a greater level of scale and a lower cost as result.

One highlight has been the migration of staff expertise from OneVue into Praemium, enriching our knowledge base and strengthening our client service capabilities. We've also successfully promoted several OneVue team members, recognizing their contributions and integrating their skills across our broader operations.

A critical component of the transition is ensuring that OneVue clients experience minimal change in service quality. Our goal is to provide a "white glove" service, similar to Praemium's high standards. We're talking to clients around what's going to be different from what they've experienced in the past to what they're going to be experiencing in the future, including the addition of features and functionality which they may not have today.

We're also talking to clients around the process which we'll be going through. So today they're existing on one set of products and there will be a process that will need to go through to move to the Praemium set of products.

And then we're working through at the moment the detail plans which will deliver on between now and the end of the transition date where we will actually migrate all of the clients across onto Praemium technology.

So, firstly, how are things going from an ongoing basis? They're going quite well.

Which sets some expectations around the level of the level of FUA and the level of profitability within the business and that is meeting or exceeding expectations.

You would have noticed in the last quarterly results there was a decent result of a small positive flow, which is a tremendous result in in probably the maximum time of disruption.

The second one is around transition cost management. So, we set ourselves a budget and that is tracking well. Integrations are a difficult process to go through and it's not something you want to go through forever. So, we set our time frame which we identified to the market as 18 months, and we're tracking very well to that and may even beat it by a little bit.

There is a second part to what I'm looking at the moment, which has been around the focus on superannuation.

So firstly, there's some big themes going on in superannuation fund land.

One of the big things, which is a long-lasting theme is fund consolidation. And you've got the emergence of mega funds now, which are, you know way, way bigger than what they looked like 10 or even 5 years ago.

We also find that some of that consolidation, as pointed out by Morningstar, report over the last couple of weeks were saying that even the smaller funds now are actually starting to pass all of the tests. So, if you wind the clock back a couple of years, some of the smaller funds were not passing the performance tests.

We've now had a case where in the in the last round of tests funds big and small passed the performance test.

So, some questions around sustainability and we certainly believe that size is not the only factor which is going to create for a sustainable fund. When we look at Praemium's target market for high-net-worth individuals, many of them of course do hold entities like I think Denis was talking about before, so your family trusts and your Self-Managed Super Funds. But they don't all own SMSFs. There is many HNW investors and research will show that a disproportion of those are still looking for an APR regulated or retail superannuation fund.

So that creates a space for a significant niche because we're talking big numbers and big balances for clients who are involved in that.

So where does Praemium sit within the space? Praemium has a super offering, which is a bit over \$4 billion now. So, it's decent in size and can certainly grow further with the opportunity that's in front of us.

The team have been working through how to get some transformational benefits and improving the member experience and the adviser experience. Things like automation of notices of intent, enhancements of reporting to include, contributions to be able to manage all of the different contribution caps and opportunities that are available to investors and the next part of the of the project will then be taking through a more end to end review of how we're able to get the best for our advisers and investors out of superannuation, so that is it for me now and I'll hand over to the floor.

Thank you

Moderator Thank you, Richard, Laura and Brett.

Just a reminder for attendees, can we please keep questions for these three presenters and particularly for those people online, we won't be taking questions that are off topic.

Alex, go to you first. Was it?

Q: Great. Go forward six months or maybe longer. What is a successful integration for you and OneVue into the new House. What would look like for you and for the firm?

Brett Marsh speaking: Yeah, OK. I'll probably focus on the firm. You never know what it's going to look like for yourself individually when you when you're running these things. I'll take it down to clients and stuff and what it looks like and the broader Praemium.

So, I think for clients its clients going through a successful migration at the end of the day. They're happy with the price, with the process and our feedback from clients continues along the trajectory that we have today that they like being part of Praemium. They see the vision for where it's going and the target for it wants to be, and they want to be part of that.

For staff on the second side is that the staff get integrated within Praemium and the capabilities that are offered by the OneVue staff are able to be integrated and leveraged through the broader teams within Praemium which would then create across the overall business a stronger and better business by bringing the best of the best together.

Hi, Brett. Do you see the one view clients eventually migrating to the Spectrum platform? And if not, why not?

Brett Marsh speaking: Most of them will go into Spectrum.

Absolutely straight away, yeah. It's different for each client under the under the different arrangements. So, it varies client by client.

Moderator speaking: A couple of questions online and then we'll come back to the room.

Q: Running support divisions of the factory at Praemium can you give us a sense of how many staff are under each of or in each of your organisations? And are you at that optimal staff number at the moment?

Lorna Stewart Speaking:

So, for me, I am just shy of 20 and I think that for the current scope and scale of what we do is about the right number. I think it was Richard who's a sorry James, who said earlier they are 20, very high-quality staff who bring real skills and experience.

Richard Large speaking So, tech is about 135 people. I am not looking to add any people.

I think we're at the point where, as I mentioned in my presentation, we're looking at productivity gains within technology as well as the wider business through the use of technology and automation.

Session ends.