



ASX/Media Release

8 July 2010

**Praemium launches innovative SMARTwrap to  
support challenging Fee-for-Service transition**

ASX-listed portfolio administration provider, Praemium Ltd (PPS:ASX), will next month launch an innovative wrap solution to assist financial planners in their challenging move from commissions to fee-for-service.

The fully functioning investment wrap platform, SMARTwrap, will be available to support commission based advisers while they transition to fee-for-service.

SMARTwrap, with a factory gate price of 32 bps and a PDS price of 82 bps, a 50bps rebate, will offer access to approximately 650 wholesale managed funds, direct equities trading and administration, separately managed accounts (SMAs) along with a range of other investment types.

It will also leverage Praemium's existing proprietary state-of-the-art virtual wrap platform (V-Wrap), which currently administers in excess of \$40 billion FUA, to offer sophisticated tax management capabilities and more importantly, support fee-based business models.

The launch in August follows hot-on-the heels of Praemium's revamping of V-Wrap - to consolidate its complementary tools under the V-Wrap branding and to make it easier for financial advisers to address the needs of clients with both simple and complex investment needs with a single business process.

Praemium Group CEO, Mr Arthur Naoumidis, said today: "Praemium's V-Wrap has been the choice of fee-based advisers for some years now, but with the proposed new law prohibiting commission payments from 1 July 2012 there is an increasing demand for a solution which transcends traditional wrap platforms and master trusts.

"SMARTwrap uniquely combines Praemium's existing capabilities to offer a comprehensive wrap platform which supports an adviser's transition to a fee-for-service business model, and at the same time being one of the most competitively priced in the market.

"With so many advisers facing the difficult move away from commissions

while also being challenged by clients on the cost of investing in an environment of unpredictable returns, SMARTwrap will meet advisers' demand for a more efficient platform to transition them and their clients into the new regime " Mr Naoumidis said.

He said once a client has been moved to fee for service, the platforms 50bps adviser commission will be rebated to the client.

SMARTwrap will be a wholesale badged version of Powerwrap Limited's IDPS like managed investment scheme which is administered by Powerwrap on the Praemium built and operated platform.

The attached presentation provides further information.

#### **DISCLAIMER**

This document describes a financial product that Praemium Australia Pty Ltd ACN 117 611 784 AFSL 297956 intends to promote following the issue of a disclosure document (PDS). As at the date of this release that product is not available for sale or investment and nothing in this document is intended to promote investments in any financial product. No investments in the Praemium SMARTwrap may be offered or made until a PDS is issued and an application form is made available for that purpose in accordance with that PDS.

**About Praemium:** Præmium Ltd (ASX:PPS) is one of Australia's leading suppliers of online financial portfolio administration, Separately Managed Account (SMA) and wrap technology, administering over AUD 40 billion\* of assets. Præmium currently provides services to over 500\* financial institutions and intermediaries, including some of Australia's largest financial institutions.

\*As at 31 March 2010

# Introducing SMARTwrap

July 2010

Arthur Naoumidis

Group CEO



# Why Praemium?

*Praemium is a provider of market-leading portfolio administration services that have been designed to reduce costs, improve practice efficiency and enhance client relationships*

- Founded in 2001, Praemium has been the **fee-for-service** administration provider of choice to hundreds of financial advisers & accountants
- Currently administers AUD\$40 billion\*:
  - On behalf of over 500 clients
- Listed on ASX since May 2006

\*As at 31 March 2010



## Why Praemium SMARTwrap?

- Consistent and ongoing demand for Praemium to provide a full solution for managed funds
- V-Wrap - Praemium's proprietary, state of the art online portfolio administration service:
  - Originally non-transactional & non-custodial
  - Now includes direct equity trading
  - And in late 2009, managed fund trading facility within V-Wrap was first deployed



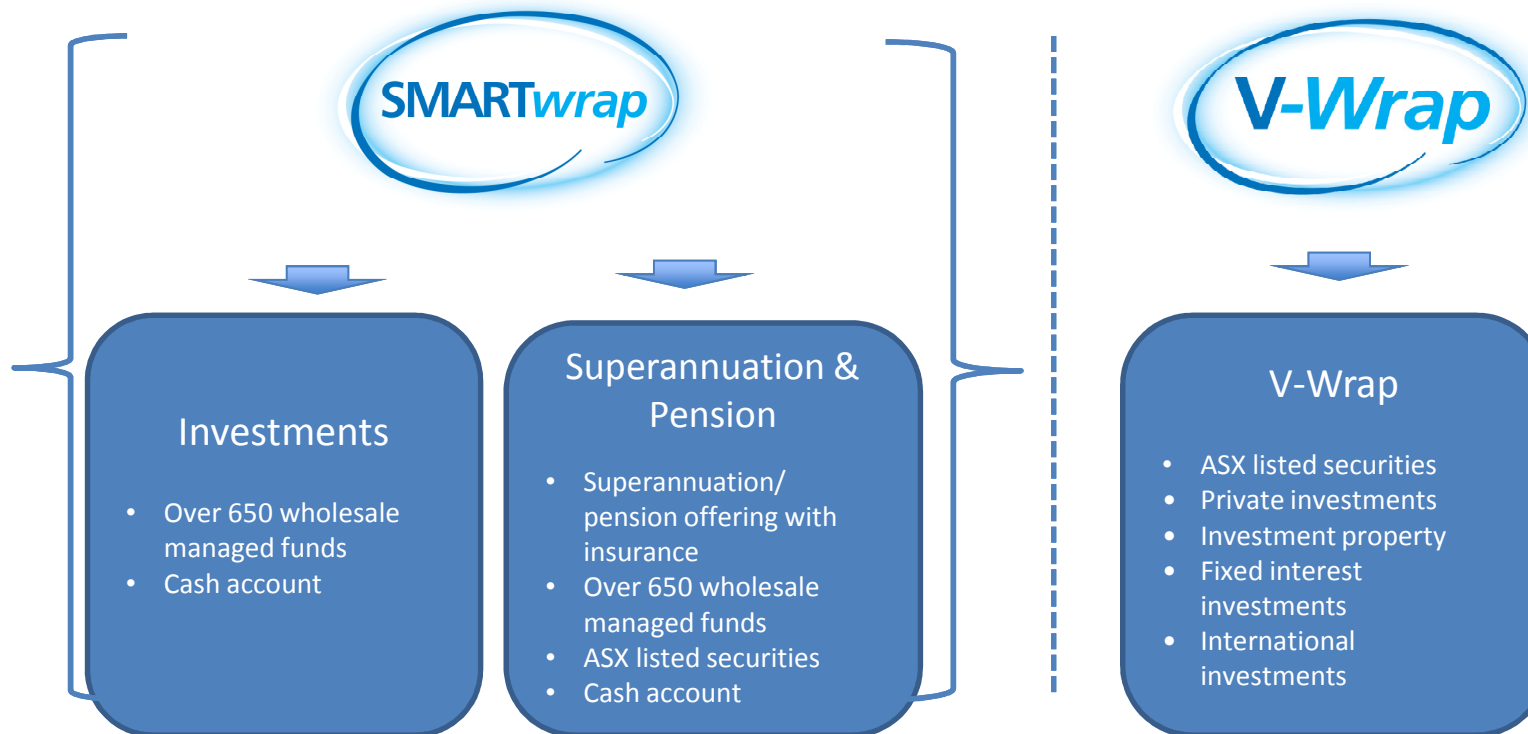
## Why Praemium SMARTwrap?

- Regulatory reforms - Future of Financial Advice, The Cooper Review:
  - It is likely that from 1 July 2012 payment of commissions on all investments other than insurance will be prohibited
- Praemium SMARTwrap is a natural evolution of V-Wrap:
  - Designed to cater for estimated 80% of the advisers market who are currently using other wrap platforms to access wholesale managed funds
  - Designed to facilitate an easier transition solution for advisers, i.e. phasing out of commissions to fee-for-service
  - Designed to provide a low cost solution for investors

# Praemium SMARTwrap

One technology platform, offering:

- Comprehensive consolidated investment & tax reporting
- Online trading for both managed funds and direct equities
- White-labelling





# Why Praemium SMARTwrap?

- Praemium SMARTwrap can help advisers to transition their business to fee-for-service:
  - Allows rebate to be received through pricing model until July 2012
  - Ability to 'switch off' the rebate when required
  - Certainty on the underlying technology platform
    - Praemium has been the provider of choice to hundreds of fee-for-service financial advisers & accountants
  - Independent administration provider



# Praemium SMARTwrap: Supporting transition to fee for service

- Praemium SMARTwrap will be a low cost wrap solution
  - 'Factory Gate' price of 32bps tiering down
- Supports transition to fee for service
  - Full PDS price will be 82 bps, making 50bps Adviser commission available on top of base price to support existing commission based businesses
  - Adviser commission refunded to client when adviser is fee for service
- Strong direct equity support
  - Online direct equity trading and administration within SMARTwrap
  - External direct equity support via Praemium V-Wrap
  - Integrates with Praemium-powered SMAs
  - Full external asset support such as international equities, direct property and fixed interest via Praemium V-Wrap

# Pricing Scenario 1 <sup>\*1</sup>

- Portfolio Value \$250,000
  - Managed Funds = 100% (\$250,000)

Managed Fund Value	Praemium SMARTwrap Investments Fee ( p.a. ex GST)	% per annum (Factory Gate pricing ex GST)
\$250,000	\$800	0.32%
Direct Equity Value	V-Wrap Fee (pa)	% per annum
0	0	0
Total Portfolio	Total Fee (pa)	% per annum
<b>\$250,000</b>	<b>\$800</b>	<b>0.32%</b>

Note 1 - (a) Base 'Factory Gate' price does not include adviser commission.  
 (b) Subject to a PDS expected to be issued in August 2010

## Pricing Scenario 2 <sup>\*1</sup>

- Portfolio Value \$500,000
  - Managed Funds = 60% (\$300,000)
  - Direct Equities = 40% (\$200,000)

Managed Fund Value	Praemium SMARTwrap Investments Fee ( p.a. ex GST)	% per annum (Factory Gate pricing p.a. ex GST)
\$300,000	\$910	0.30%
Direct Equity Value	V-Wrap Fee (pa)	% per annum
\$200,000	\$240	0.12%
Total Portfolio	Total Fee (pa)	% per annum
<b>\$500,000</b>	<b>\$1150</b>	<b>0.23%</b>

Note 1 - (a) Base 'Factory Gate' price does not include adviser commission.  
 (b) Subject to a PDS expected to be issued in August 2010

## Pricing Scenario 3 <sup>\*1</sup>

- Portfolio Value \$550,000
  - Managed Funds = 40% (\$150,000)
  - Direct Equities = 60% (\$400,000)

Managed Fund Value	Praemium SMARTwrap Investments Fee ( p.a. ex GST)	% per annum (Factory Gate pricing p.a. ex GST)
\$150,000	\$480	0.32%
Direct Equity Value	V-Wrap Fee (pa)	% per annum
\$400,000	\$240	0.06%
Total Portfolio	Total Fee (pa)	% per annum
<b>\$550,000</b>	<b>\$720</b>	<b>0.13%</b>

Note 1 - (a) Base 'Factory Gate' price does not include adviser commission.  
 (b) Subject to a PDS expected to be issued in August 2010



# Praemium SMARTwrap: Investment choice

- Praemium SMARTwrap offers a comprehensive list of investment options\*:
  - Over 650 wholesale Managed Funds
  - Cash held with individual CMA
  - All ASX-listed securities on V-Wrap
  - Record other personal assets on V-Wrap
  - Integrates with Praemium-powered SMAs

\*Subject to a PDS expected to be issued in August 2010



## Praemium SMARTwrap: Administrative integration

- Praemium SMARTwrap can offer seamless integration with accountants:
  - Accountant-strength tax reports that can be utilised by affiliate accountants
  - Fully functional BGL Simple Fund/Desktop Super interfaces
  - Full discretion on disposal method for securities & CGT optimisation
  - Ability for the adviser and the accountant to work from a consolidated central point



# Praemium SMARTwrap: Future proof

- Praemium SMARTwrap can assist advisers to future proof their business & service offering:
  - Competitive fee structure
    - Provides the ability to substitute part of client cost into strategic advice fees
  - Provides for greater control and capture of advice fees
  - Additional freedom from influence of the platform



## Praemium SMARTwrap:

- Everyone will be fee-based one day
- SMARTwrap support current commission based advisers
- SMARTwrap supports Fee based advisers
- SMARTwrap *supports the transition*

*Start the transition today*

*One step at a time*

# Important Notices

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