

## Praemium deal to bring the UK market SMAs

Thursday 22nd March 2007: 12:09

By Julie Henderson

Australian platform provider Praemium is bringing separately managed accounts to the UK intermediary and wealth management markets through a distribution deal with Capita's Enabler service.

Praemium is still relatively unknown in the UK financial services arena but has a strong presence in the Australian investment platform market through its V-Wrap product and its SMA offering.

Under a deal signed with Capita, Praemium will soon be able to enter the UK market and offer financial advisers the ability to offer clients their own branded SMAs which essentially behave like any other fund but come at a lower cost to existing collective investment funds.

The deal will actually involve Praemium supplying SMAs to intermediaries through its V-Wrap - currently being developed for the UK market - and Capita will include it as a bolt-on facility of the Enabler service, also in development and expected to deliver full capital gains tax calculator functions alongside its wider investment tools offering.

SMAs are a hybrid of managed funds and a wrap as clients who belong to the IFA-branded SMA are actually investing directly in stocks managed by an allocated fund manager, rather than into the fund management house's wider funds - essentially the equivalent of issuing a fund manager a mandate to manage monies on the client's behalf.

Praemium is now extending SMAs to the UK market following its success in the Australian market, having grown SMA use from Aus\$100m to Aus\$20bn in three years and built its V-Wrap to administer over 19,000 accounts for 300 financial services firms, including some of Australia's largest financial services providers.

Some commentators had argued SMAs would not be accessible to UK investors because of tax and regulatory complications, however, Peter Burtonshaw, managing director of Praemium UK says it has ironed out any concerns the Financial Services Authority or Treasury may have.

"The SMA we are delivering is a retail collective investment scheme. It provides all of the benefits of the [Australian] SMA - transparency, flexibility - but does it within the retail legal framework in the same way as any other [collective investment] scheme," says Burtonshaw.

"We accrue the same tax treatment as any collective scheme. And we anticipate being able to offer SMAs at an average of 20-24 basis points cheaper than a straight comparison with funds on a wrap platform."

Burtonshaw believes the SMA package would give investment intermediaries increased reporting alongside the actual investment offering and provides advisers with the ability to deliver own-branded funds cheaply and simply, thereby increasing the value they might be able to provide should they shift some clients to investment platforms.

**This article was first published by IFAonline, part of the Incisive Media group.**