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Præmium tackles UK SMAs

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Listed portfolio administration provider Præmium Limited is one step closer to establishing its UK business as the Financial Services Authority approved the new legal framework for Smartfund – its British adaptation of the Separately Managed Account (SMA).

Præmium's Smartfund – a combined SMA and managed fund offering – involves a legal structure enabling clients to take advantage of the benefits under UK tax laws for managed fund investments which do not pay capital gains tax at the fund level.

According to Præmium group managing director, Arthur Naoumidis, the approval means the firm is now ready to deliver this UK version of the SMA to interested financial institutions and intermediaries.

“Because the UK's taxation laws mean it can be more advantageous for investors to hold units in managed funds rather than directly own shares; Præmium has blended the SMA with a unitised managed fund structure,” said Naoumidis.

“The result is a managed fund with the transparency and investment experience of a typical SMA, but providing UK investors with the tax benefits of a managed fund.”

Smartfund is run on Præmium's proprietary portfolio administration platform, which also powers its virtual wrap platform. This technology, already administering in excess of \$28 billion in Australia, incorporates a CGT calculations engine and provides consolidated portfolio reporting for Smartfund, managed fund, direct equity and other asset types.

The new service will allow other institutions and intermediaries to operate and brand their own funds, said Præmium. The firm will also provide the legal structure for the managed fund for those who wish to rebrand.

“SMAs have been hailed internationally as the next evolution of platforms and this adaptation of the SMA concept is ideal for the UK market. The Smartfund structure enables a wide variety of applications including multi-manager funds, risk-based funds, automatic “lifestyling” of pension funds, cost-effective investment platforms and alternatives to discretionary managed fund,” said Naoumidis.

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