



MEDIA RELEASE

Præmium calls for rollover relief for SMAs

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ASX-listed portfolio administration provider, Præmium Limited (ASX:PPS) has called for tax reform for investors transferring from managed funds to Separately Managed Accounts (SMAs).

Managing Director, Mr Arthur Naoumidis, described the current capital gains tax burden on investors wishing to benefit from SMAs as 'illogical' particularly in the current volatile sharemarket.

Mr Naoumidis said Præmium would actively lobby the Federal Treasury to allow investors in managed funds to be able to switch to the equivalent SMA model without detrimental tax issues. The Federal Treasury is currently conducting a Product Rationalisation review and is contemplating the provision of rollover relief to facilitate the migration from legacy managed fund products into more efficient modern equivalents.

'Although the wealth management industry may not yet see traditional managed funds as a legacy product, I believe it is illogical for investors to continue to plough funds into managed funds when the more modern and technologically advanced SMA product is available,' he said.

'It is even more illogical during a volatile market when investors could benefit from switching to a product which is cheaper and enhances post-tax performance.

'The same relief which allows investors of legacy products to move into more modern products at no cost should also be available to investors transferring from managed funds to their modern equivalent, Separately Managed Accounts,' Mr Naoumidis said.

He said while SMAs are still a relatively new entrant in the financial services landscape in Australia, they are the result of more sophisticated technology.

'Regulated as a Managed Investment Scheme and providing many of the same investor protections as managed funds, SMAs provide superior benefits in the form of increased transparency, cost savings and tax-efficiency when compared to their managed fund ancestors.

'If an investor wants to move from an opaque, expensive and tax-inefficient managed fund to an equivalent transparent, cost and tax effective SMA; they should be able to do so without being concerned about the resulting capital gains tax issues,' Mr Naoumidis said.

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About Præmium

Præmium Ltd (ASX:PPS) supplies online portfolio administration services (V-Wrap), market data (p-Desktop) and Separately Managed Accounts (SMA) technology to wealth managers, financial planners, accountants, stockbrokers and SMSF administrators. V-Wrap currently administers in excess of AUD\$28.5 billion for over 420 financial institutions.

Præmium's SMA is exclusively delivered in Australia to BlackRock, marketed as the Merrill Lynch Customised Portfolio Service. Præmium listed on the Australian Stock Exchange in May 2006 to raise capital for further expansion. Since opening a London office in June 2006, Præmium has focused on tailoring its services for the UK regulatory and taxation environment. Agreements have also been signed with foundation clients including Capita and Cofunds.

Now, with full FSA regulatory approval in place for Smartfund, Præmium will transform the UK's fund management landscape with its powerful investment platform technology.