



## **Copy of Managing Director's Presentation**

**For Release to the ASX  
13 May 2008**

Please find attached a copy of a presentation given by Arthur Naoumidis, the Managing Director of Praemium Limited (ASX:PPS) to institutional and professional investors.

**About Præmium:** Præmium supplies its proprietary online portfolio administration service (V-Wrap), market data system (p-Desktop) and Separately Managed Account (SMA) technology to wrap providers financial planners, accountants, wealth managers, stockbrokers and SMSF administrators in Australia. V-Wrap current administers in excess of \$28bn for over 420 firms.

Launched in 2007, p-Desktop is a market data service with live streaming, up to date static data on demand or 20 minute delayed data options. Fully integrated with Præmium's flagship portfolio administration service V-Wrap and Separately Managed Account Technology, the service already enabled real time portfolio valuations and capital gains tax calculations.

As at 31 March 2008, agreements to brand and deploy p-Desktop are in place with 112 organisations.

### **For further information contact:**

Arthur Naoumidis  
Managing Director  
03 8622 1233

Market Activity - Volume - Total Market

Type: Volume View: Total Market

Security	Last	+/-	%	Volume	Value
MLS	0.092	0.018	24.324	149,631,017	
BRO	0.008	-0.001	-11.111	65,998,463	13,019,425
QAN	5.230	0.000	0.000		540,193
BLY	2.100	0.050			263,273,894
ZYL	0.073	-0.010			87,971,714
ETC	0.073	-0.016	-17.978		2,615,271
ICP	0.064	0.007	12.500		2,904,012
ILF	1.350	-0.010	-0.735		1,208,371
BHP	31.770	-0.160	-0.503		26,219,586
TLS	4.880	-0.050	-1.033		541,837,278
OSH	3.860	0.060	1.579	16,549,380	81,181,161
MPR	1.415	0.000	0.000	16,480,431	62,755,304
DRT	1.900	0.025	1.333	16,420,059	23,237,828
ING	3.050	-0.050	-1.613	15,387,076	29,026,215
	0.025	0.000	0.000	15,331,132	

# Præmium Update

May 2008

**Arthur Naoumidis**  
Managing Director

# Agenda

- Præmium History
- Præmium in Australia
- United Kingdom
- Key Financials

# Præmium History

- Præmium founded Oct 2001
- Live for intermediaries Jun 2003
- Floated on ASX May 2006
- Opened London offices Jun 2006



# Præmium in Australia

3 key services:

- Virtual Wrap
- Separately Managed Accounts (SMA)
- Market Data & Trading System





	June 2007	December 2007	March 2008
<b>V-Wrap</b>			
Committed Portfolios	22,860	32,160	34,417
Funds under Administration	\$24.1 billion	\$28.5 billion	\$28.1 billion
Number of Wholesale Clients	346	423	438

***Growth from \$100m to \$28.5 billion in 5 years***



## H1 2007/2008 highlights

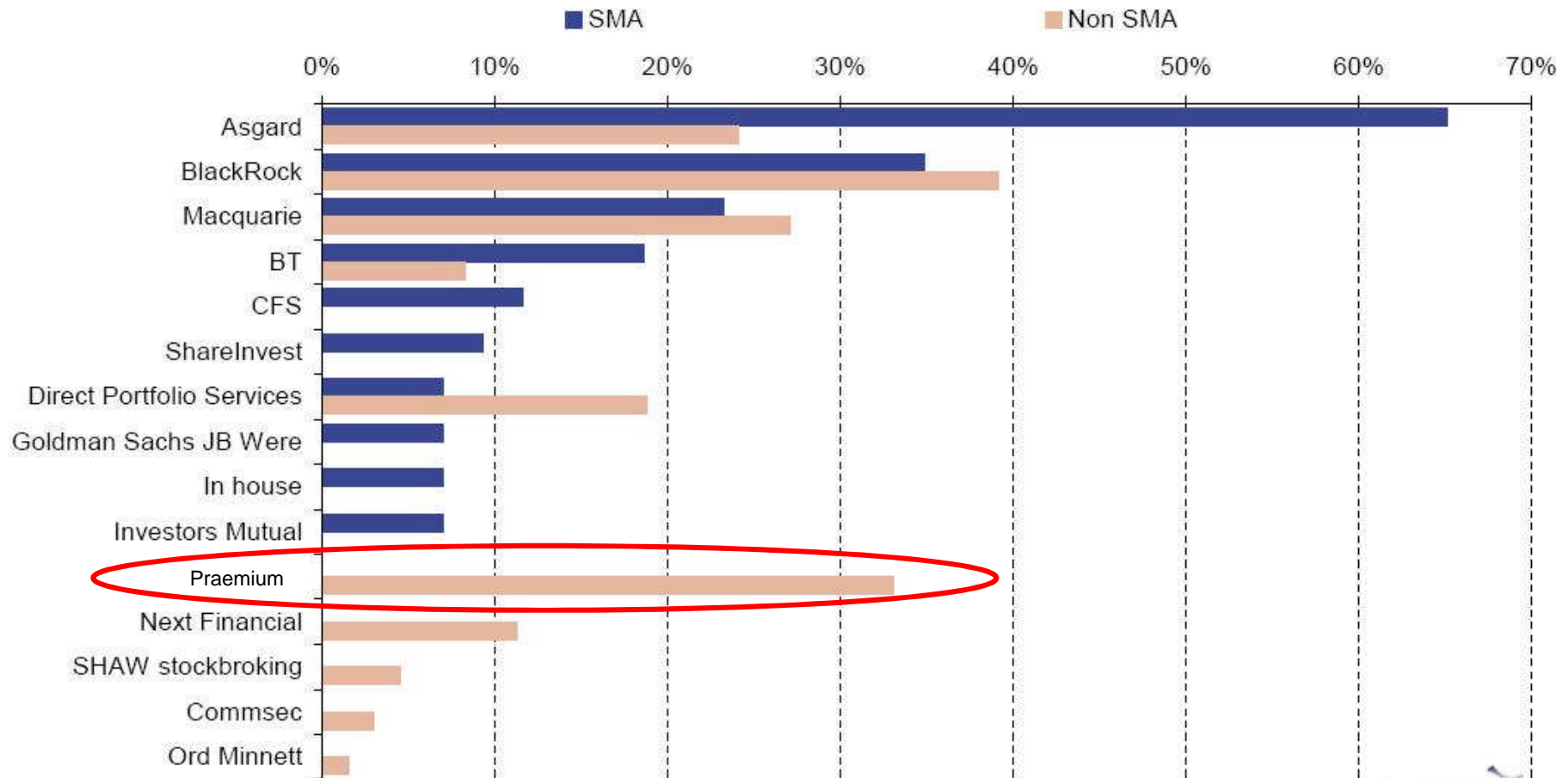
- ❑ Macquarie Equities July 07
- ❑ UBS Nov 07
- ❑ Evans & Partners Nov 07
- ❑ Asgard Phase II live Nov 07
- ❑ Prime Dec 07
- ❑ 3% market share of SMSFs Feb 08
- ❑ Ausmaq interface Feb 08
- ❑ Coin Office interface Apr 08

# SMA

## High brand awareness



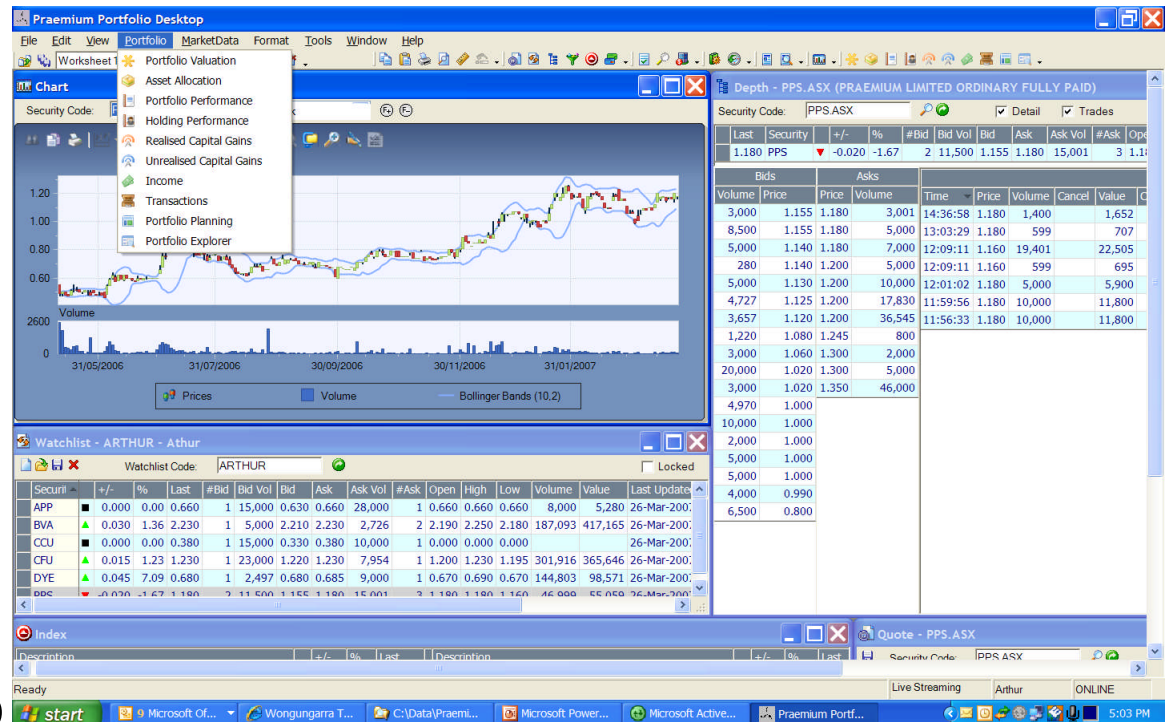
Which SMA providers can you name off the top of your head?



Source: Investment Trends Pty Limited. 2007 SMA Report (n=322)



- Integrated market data system
- Industrial strength
- Desktop interface to V-Wrap
- Live portfolio valuations & CGT
- ASX Trading
- Available to all V-Wrap & SMA clients
- Expected to further fuel growth of V-Wrap





# AUS V-Wrap Revenue Model



- \$200 per portfolio – base
  - Does scale down at volume
  - Current average is \$180
- Good Market Penetration
  - 3.7% of SMSF market ( 360,000 SMSF's)
  - 3.5% of investment grade equity portoflios - estimated 1,000,000 P/F's
  - On track for 50,000 for CY 2008
- Very scalable offerings
- \$7 Million + Annualised Revenue & growing
- Current costs (approx \$5m pa) indicative of future

**P & L**



# AUS SMA Revenue Model

## SMA

- 20% of Blackrock's fee
  - Approx 11 basis points
- Currently ~\$300 Million
- 90+ firms sign up
- Blackrock Exclusivity expires November 2008

## Revenue & Costs

- Very scalable offerings
- \$300K + Annualised Revenue & growing
- Current costs (approx \$2m pa) indicative of future





# AUS Desktop Revenue Model



- \$15 - \$85 per month per seat for live prices
- \$100 per month per seat for trading
- 117+ services Signed up
- 500 Users (~100 Live prices)
- Key role to up sell V-Wrap & SMA

## Operating Costs

- Very scalable offerings
- Current costs (approx \$0.8m pa) indicative of future

# United Kingdom

## Status



- Infrastructure in place
  - Systems, Datacentres, Offices, Staff
- IF market is where we expected it to be
  - Shift from insurance to Managed Investments
- UK Tax laws strongly favour managed funds over US/AUS style SMA's
- PPS spent last 18-24 months creating a hybrid SMA/retail investment scheme called Smartfund
- FSA granted licence 31<sup>st</sup> March 2008

# United Kingdom

## Smartfund



- Smartfund is a complex legal and tax structure
- Blend of Unitised Managed Fund and an SMA
- it involves a legal and tax structure that has been created by Praemium
- it is unique to Praemium
- it is reliant upon a technology capability that only Praemium possesses in the U.K market
- it is difficult for anyone else in the U.K to replicate

# The opportunity

## Three key target markets



Three key markets:

### 1. High Net Worth (>£1m liquid assets)

- 135,000 individuals with >£800bn liquid assets
- Serviced by wealth managers, brokers & private banks
- *Alternative to discretionary managed accounts*
- *Smartfund creates a tax free structure*



# The opportunity

## Three key target markets

### 2. Financial planners

- >15,000 planners
- Primarily service the Mass Affluent
  - £50-500k liquid assets
  - 5.2 million individuals with >£820bn liquid assets
  - Predicted to grow by 18% over 3 years
- Not yet embedded with wrap platforms
- Many seeking to set up own funds

➤ *Cost & tax efficient for investors*

➤ *Adds value to financial planner business*

# The opportunity

## Three key target markets



### 3. Platform market

- Circa £60 billion under management
- 8 current platform providers
- 2 clear market leaders
- New entrants expected

➤ *Tax and direct equity functionality*

➤ *SMA capabilities*



## Revenue model



- Flagship offering in the UK market
- We are the Operator
- 50 basis points entry fee
- 25 basis points ongoing



- £100 – 200 per portfolio

### Operating Costs

- Very scalable offerings
- Current costs (approx \$8m pa) indicative of future



# Smartfund Advantages

## 1. Creates Tax Free Structure

- Allows IFA's to deploy lifestyle funds to clients with no CGT

## 2. Strong IFA Lock In

- IFA Branding & pricing control
  - Only Variable MER pricing
- Investor pays CGT penalty if they leave IFA

## 3. Superior Investment Vehicle

- Cheaper than Wraps & OEIC's
- Richer Investment Experience



# Distribution partnerships



- One of the two largest platform providers in the UK
- 19% market share with \$14.1bn AUA (29 Feb 2008)
- AUA grew 35% in 2007
- ✓ Signed contract on 12 March 2008
- First UK fee received - \$180k (minimum per annum)
- ✓ Deployed CGT calculator in March
- ✓ In discussions to launch full V-Wrap and Smartfund
- ✓ Provides access to retail distribution



# Distribution partnerships

## Capita

- FTSE100 company, > £4bn market capitalisation
- Largest provider of fund administration services to investment managers
- ✓ LOI signed in 2007
- ✓ Discussions continuing for deployment of Smartfund
- ✓ Provides access to institutional distribution



# Distribution partnerships

## Argenta – Lloyd's Adviser

- One of only two licensed Lloyd's adviser and members' agent
- Approx £1bn underwriting capacity
- Seeking to add value in management of funds held as security
- ✓ LOI signed in 2006
- ✓ Discussions continuing for deployment of Smartfund
- ✓ Provides large AUM to attract investment managers



## Other Distribution

- Direct IFA Networks
- Investment Conference Circuit
- Stock Brokers
- Accountants

## Key Financial Details

- EBITDA for Half Year 31 Dec 2007 = (\$6.2 million)
- All UK establishment costs are expensed
- Praemium has no debt
- Operational revenue for:
  - March 2008 Qtr = \$1.7 million
  - Half Year 31 Dec 2007 = \$2.9 million
  - Half Year 31 Dec 2006 = \$1.8 million
  - Cash at end of March 2008 = \$8.6 million

# Key Financial Details - cont

## Quarterly Comparison

Quarter	Revenue	Receipts	V-Wrap		SMA FUM
			Nbr Portfolios	FUA	
Mar-07	\$1,159 k	\$1,133 k	20,500	\$20.3 bn	\$64 m
Jun-07	\$1,337 k	\$1,054 k	22,860	\$24.1 bn	\$193 m
Sep-07	\$1,320 k	\$1,380 k	25,300	\$26.3 bn	\$233 m
Dec-07	\$1,651 k	\$1,598 k	32,160	\$28.5 bn	\$323 m
<b>Mar-08</b>	<b>\$ 1,747 k</b>	<b>\$1,889 k</b>	<b>34,417</b>	<b>\$28.1 bn</b>	<b>\$274 m</b>

# Key Financial Details

## Operating Performance to Dec 2007

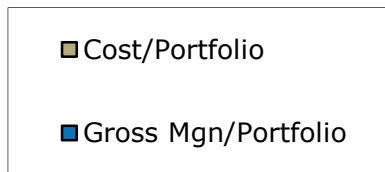
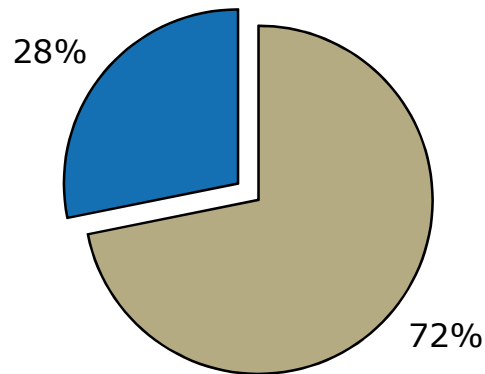
Half Year to December 2007	Operating Revenue	Direct Costs	Operating EBITDA	Corporate Costs	EBITDA net of Corporate Costs
<b>V-Wrap</b>	2,854	1,598	<b>1,256</b>	914	<b>342</b>
<b>SMA</b>	107	457	<b>(350)</b>	261	<b>(611)</b>
<b>Desktop</b>	7	228	<b>(221)</b>	131	<b>(352)</b>
<b>UK</b>		3,572	<b>(3,572)</b>	2,042	<b>(5,614)</b>
<b>Total</b>	<b>2,968</b>	<b>5,855</b>	<b>(2,887)</b>	<b>3,348</b>	<b>(6,235)</b>

# Key Financial Details

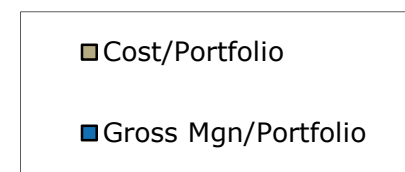
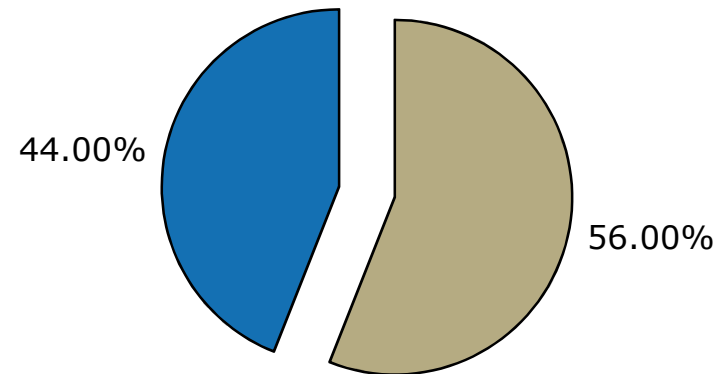
## Operating Performance to Dec 2007 (cont.)

**57% increase in gross margin per portfolio**

**December 2006  
Operating Cost/Margin  
per Portfolio**



**December 2007  
Operating Cost/Margin  
per Portfolio**



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Presentation by:

Mr Arthur Naoumidis

Praemium Ltd  
Level 1  
406 Collins Street  
Melbourne Victoria 3000  
Australia  
[www.praemium.com.au](http://www.praemium.com.au)