

præmium



Managed Accounts Platform

Offered by Praemium Administration Limited

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Managed Accounts Platform

Managing investment portfolios can be costly in terms of both time and money. Apart from choosing the right markets and investments, investors have to buy, sell or switch assets, keep track of performance and handle cash transfers into and out of their bank accounts.

Traditionally investors have turned to financial advisers for advice on planning for their financial future and those advisers may work for banks, brokers, independent advice firms or insurance companies.

The purpose of Praemium's investment platform is to bring together investors and their advisers, giving them an efficient and scalable way to manage and administer investment portfolios. Praemium uses separately managed account technology to make this happen at low cost for investors.

What is a Separately Managed Account?

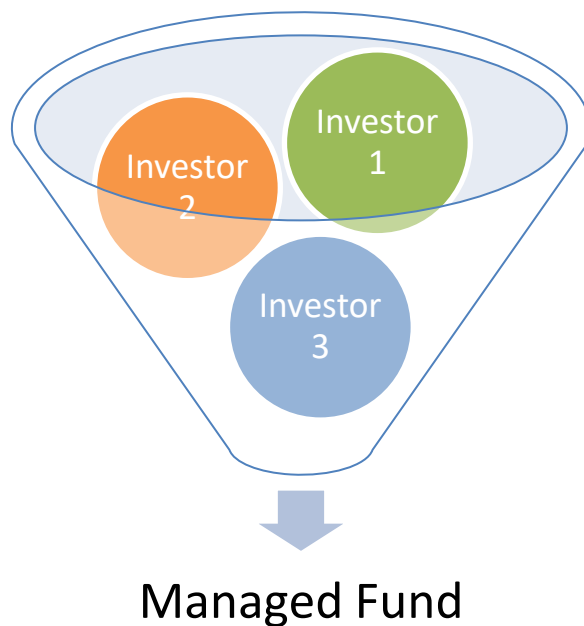
An account for each individual investor, showing their own holdings and transactions including:

- Cash
- Investments e.g. stocks, bonds, managed funds
- Purchases and sales
- Corporate actions, including income
- Expenses e.g. custody fees and transaction charges
- Performance

Until now, it has mainly been high net worth investors (those with over £500,000 to invest) who have had their own separate portfolios, managed by investment managers. For investors with less than this amount, the usual route for diversified investing has been to buy managed funds, or collective investment schemes. These allow investors to pool their money with other clients to invest in a range of stocks and bonds. Reporting on funds is generally through a standard factsheet, which is the same for all investors.

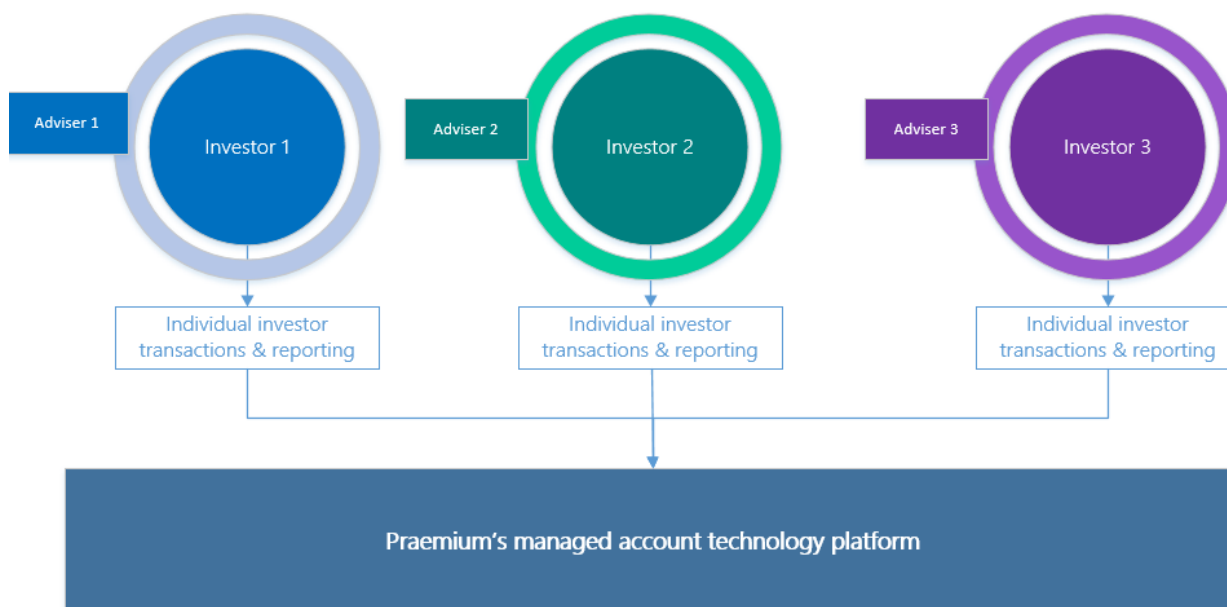
Praemium's managed account technology allows investors to diversify their portfolios without the need to invest solely in funds. Our technology keeps track of each investor's investment holdings and all the movements into and out of the account for that specific investor. This brings greater transparency for investors and advisers. It can also lead to lower costs for trading and saves everyone a great deal of time in administering their investment portfolios.

Example: Managed Fund



Reporting provided for the fund, when the manager chooses

Example: Separately Managed Accounts



Each investor has their own separately managed account. Reporting is available on-line at any time. Advisers can have many investors with assets on the platform, the technology keeps investor records clear and easy to access.

Trading on the Managed Accounts Platform

To help keep trading costs low, investments are run in models. A model can be a single asset such as a stock or managed fund, or else it can be used by a discretionary manager to efficiently manage multiple assets. The platform is designed for long term investors, who generally buy and hold assets, rather than rapidly trading in and out of the stock market.

A model is simply one or more investment holdings where the value of each holding is calculated as a percentage of the total model.

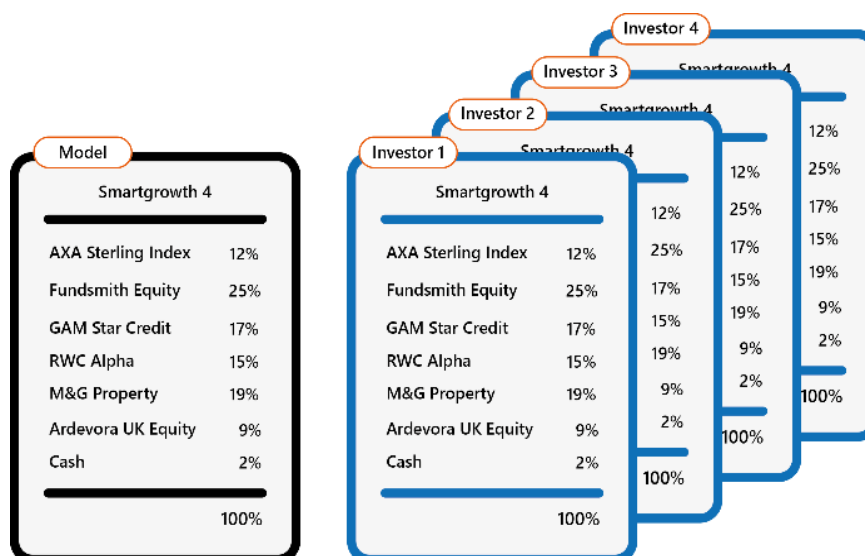
Example: Growth Strategy Model

Name of asset	Percentage Weighting in the Model
Microsoft shares	10%
Apple shares	10%
S&P 500 Index exchange traded fund	80%
Total holdings	100%

Using the platform technology, the model manager can adjust the percentage weightings of the model and the platform will calculate the impact on each individual investor account accordingly.

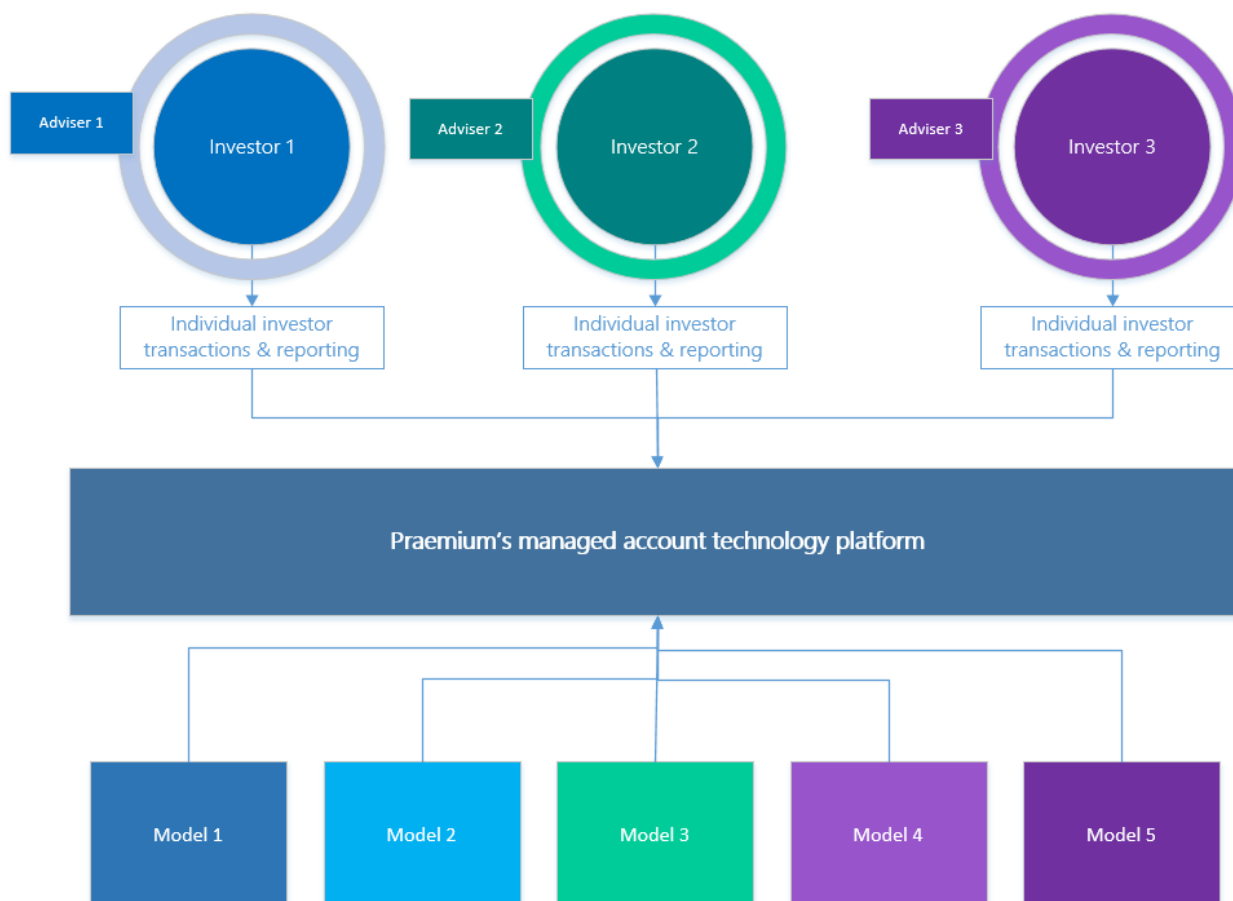
When the model manager makes a change to their model, those changes are saved on the platform. On the next trading day (which is at least twice a week) the platform re-balancer will run to calculate the impact of the model changes on each investor account.

The re-balancer technology calculates how many shares or units to buy or sell for each individual account. These buys and sells are first reviewed to see if we can fill the trades internally (where investors in a model are buying shares and investors in another model are selling shares for example) and all the remaining trades are then placed in the market via a broker, or with a fund house.



Placing all trades at the same time across the platform means that transaction charges are considerably cheaper than when each account trades alone. This can reduce transaction charges to just a few pence for each individual investor account.

SMA Platform with Model Managers



Suitability

An adviser will select the most suitable model for an investor usually based on their risk profile and investment objectives. It is vitally important for advisers that the investor's account is constantly kept in-line with the model, to ensure that the model selected remains suitable, unless the investor's risk profile changes, at which point the adviser can switch to another model.

To make sure that investor accounts are always in-line with their models, the Praemium managed accounts platform keeps track of the impact of market movements on both the model and the account. Usually an adviser or investment manager will know the current asset weightings of a client's portfolio, but they will not have tracked how the model weightings have drifted with market movements over time.

New money coming into an account or withdrawals going out of the account are added or withdrawn based on the current weightings of the model. The Praemium platform always keeps all accounts in-line with their models, so that advisers can demonstrate that the investor's risk tolerance and investment objectives are being addressed.

The investment manager can review the current model weightings at any time and decide:

- To move to new weights, as their investment strategy has changed
- To do nothing, as they are happy with the current weightings
- To go back to the weightings that they previously instructed

Securities: [Add](#) [View Available](#) [Adjustment Template](#) [Reset to last instructed weight](#) Upload No file chosen

ISIN	Ticker	Description	Last Instructed Weight %	Drifted Weight %	New Target Weight %
N/A	GBPCASH	Cash	15.51%	15.47%	15.47%
GB00B1H05601	N/A	M&G Investments Optimal Income Institutional Class I Income GBP	6.56%	6.43%	6.43%
GB00B3XVT21	N/A	Mi TwentyFour Investment Funds - Monument Bond Fund	10.25%	10.38%	10.38%
GB00B4TL2089	N/A	M&G Emerging Markets Bond Fund Sterling I Inc	6.45%	5.94%	5.94%
GB00B57TXN82	N/A	Mi TwentyFour Dynamic Bond Fund I Inst Inc	6.51%	6.36%	6.36%
GB00B5VRGY09	N/A	BICIF US Equity Tracker D Acc	5.24%	5.23%	5.23%
GB00B60R7N45	N/A	Schroder UK Alpha Plus Z Inc	4.10%	4.10%	4.1%
GB00B6WFCT77	N/A	Artemis European Opportunities Fund Units Class -I- GBP Inc	2.92%	2.92%	2.92%
GB00B84DY542	N/A	BlackRock Collective Investment Funds - iShares Emerging Markets	3.38%	3.36%	3.36%
GB00B84DSV56	N/A	River and Mercantile UK Equity Smaller Companies B	10.06%	10.60%	10.6%
GB00BFH3NB82	N/A	Man UK ICVC - Man GLG Undervalued Assets Fund	6.27%	6.69%	6.69%

Since both the model and the accounts are 'drifting' in-line with market movements, there is no need to trade on accounts unless one of the following occurs;

- The manager makes adjustments to their model weightings
- The adviser changes the exposure to the model/s held by the investor
- Cash is added to or withdrawn from the account

The aim is to avoid trading when it is not needed, keeping transaction charges to a minimum.

Why you should use the Praemium Managed Accounts Platform

For an Investor:

- Transparency of their own holdings even for small accounts
- Low cost trading, with transaction charges only a few pence in many cases
- For discretionary portfolios, investors are assured of being in-line with the manager's latest investment strategy
- Portfolios are liquid and it is easy to make a withdrawal, or top-up
- A wide variety of account types are available including ISAs, pension products and portfolio bonds
- Adding or withdrawing money requires no additional signature or paperwork by the investor
- On-line access is available through the user-friendly investor portal
- On the UK platform there is a specialist Sharia offering

For an Adviser:

- Knowledge that all investors are completely in-line with their models, so that two investors in the same model will enjoy the same performance
- Ability to demonstrate that having run a risk profile, the adviser has selected a suitable model/s (especially if you use a CRM tool such as Plum to record the choice)
- On-line reporting of valuations, cash movements, transactions and performance 24/7
- Ability to charge initial or on-going fees and receive payment weekly/monthly
- Less administration as there is no dealing or contract note activity required and few occasions when investors need to sign forms
- Access to a helpful client services and implementation team
- Access to investor portal as a tool for regular reviews with clients
- Updated adviser portal for opening new accounts and account maintenance

For a Model Manager:

- Ease of use – make the changes on screen and press 'save'
- Praemium does the dealing, custody and settlement
- No 'know your client' requirements to identify individual investors
- Peace of mind that all investors are invested according to your latest strategy
- No need to be concerned with small requests for withdrawals or allocation of top-ups, regular additions or ad-hoc new money
- Easy to manage a small number of models with varying charges by adviser firm

Who is Praemium?

Praemium is the leading provider of managed accounts technology in Australia with over Au\$7 billion currently invested on the platform globally. We have over £1 billion in funds under management on our combined UK and International platforms.

We are listed on the Australian Stock Exchange under the ticker PPS:ASX and you can visit our website www.praemium.com for our annual accounts and latest updates.

Our clients include major banks, independent financial advisers and networks in the UK, Australia, the Channel Islands, Middle East, South Africa and the Far East. We also work with a significant number of offshore bond providers and pension providers around the Globe.

Praemium acts as the custodian for investor assets and is licensed and regulated by the FCA. We use sub-custodians, such as Northern Trust one of the world's largest custodians for the safe custody of client assets. Our bankers are HSBC Plc.

The client servicing centre for the managed accounts platform: is based in London, servicing UK resident investors and advisers

In addition, we have development teams in Australia, the UK and Armenia providing IT support and development of our proprietary software.

Charges and Contact

Charges for the platform are transparent for both advisers and investors. All charges are applied directly to investors' accounts and can be viewed in the cash statements available on-line. Charges can be split as follows:

Adviser Charges

Initial fees – at the adviser's discretion – applied immediately funds are received – paid to advisers weekly.

On-going fees – at the adviser's discretion – applied monthly in arrears and paid monthly to the adviser firm.

Model Manager Charges

On-going fees – charged based on the model (details can be found in the investment mandate) – applied monthly in arrears and paid monthly to the model manager firm.

Platform Custody Charges

On-going fees – a percentage fee, applied monthly in arrears and paid monthly to Praemium.

Transaction Charges

Transaction charges are aggregated across all accounts trading in the same security on the same day and split on a pro-rata basis across investor accounts. All transaction charges can be viewed on the individual investor's account.

For further information, please contact:

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