

MANAGED ACCOUNTS HOLDINGS LIMITED ACN 128 316 441 (the Company)

CORPORATE GOVERNANCE STATEMENT

The responses to the recommendations below are prepared with respect to the period 1 July 2014 until 30 June 2015 (**Relevant Period**).

This Corporate Governance Statement is current as at 27 August 2015 and has been approved by the board of the Company.

This Corporate Governance Statement has been prepared on the basis of the recommendations in the 3rd edition of the Corporate Governance Principles and Recommendations for the Relevant Period.

Corporate Governance Council recommendation		Response to recommendation
1.	Lay solid foundation for management and oversight	
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	These matters are disclosed in the Board Charter in the Corporate Governance section of the Company's website.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	a) Not applicable during the Relevant Period as no new persons were appointed as a director or put forward to security holders as a candidate for election as a director. b) Paul Collins was re-elected as a director of the Company at the 2014 annual general meeting, having retired under the director rotation requirements in the Company's constitution. Security holders were provided with all material information on the re-election decision in the Explanatory Statement attached to the Notice of Meeting.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company had a written agreement with each senior executive and director setting out the terms of their appointment during the Relevant Period.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary of the Company has been appointed on this basis.
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the	This recommendation has not been complied with by the Company for the Relevant Period. The Company does not have a diversity policy which includes requirements for measurable objectives for achieving gender diversity and an annual assessment of the objectives and progress towards them. During the Relevant Period, given the size of the Company and its stage of development, the board of the Company (Board) did not believe it was appropriate to have a diversity policy which includes these

Corporate Governance Council recommendation	Response to recommendation
<p>objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>requirements. However, as the Company grows and develops, the Board is considering whether it is appropriate to adopt a diversity policy. The Board has prepared a draft diversity policy and is considering whether to implement the policy during the course of the 2015-2016 reporting period.</p> <p>The Company is committed to diversity including, but not limited to gender, age, ethnicity and cultural background. The Company recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent.</p> <p>As at 30 June 2015, the respective proportions of men and women in the Company were:</p> <ul style="list-style-type: none"> • Board – 3 Director positions with 3 male, 1 female (Company Secretary) • Senior Executives (those with line responsibilities and employees reporting to them) – 4 positions with 2 male and 2 female • Across the organisation – 22 positions (full time and part time or contract) with 13 male and 9 female
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company has a Board Performance Evaluation Policy in the Corporate Governance section of its website. This policy discloses the Company's process for periodically evaluating the performance of the board, its committees and individual directors.</p> <p>An evaluation was undertaken during Relevant Period in accordance with the process set out in the Policy.</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company signs all employees to its Human Resources Policy Handbook which outlines the Company's performance evaluation approach.</p> <p>The Company operates a performance evaluation program for all employees to ensure that the goals of the Company, teams and individual employees are taken into account, worked towards and achieved. Performance evaluation is implemented formally through a top-down twice yearly process of reviewing progress and setting objectives. Feedback is provided to each employee. Performance is aligned to the annual budget and business plan adopted by the board of the Company. Ongoing informal feedback is provided to each employee by their team leader or manager. Key Performance Indicators are set for senior executives that are aligned to the Company's annual business plan and performance is measured with regards to achievement of these indicators.</p> <p>The CEO performance review commenced in May 2015 and was completed and signed off by the Board remuneration and nomination committee on 6 July 2015. The CEO performance review was conducted in accordance with the process identified above except that a twice yearly review did not take place and the review was not completed during the Relevant Period.</p> <p>Performance reviews of senior executives commenced in May 2015. These performance reviews were not finalised during the Relevant Period.</p>

2.	Structure the board to add value	
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Company has not fully complied with recommendation 2.1 during the Relevant Period.</p> <p>The Board has a remuneration and nomination committee. However it has only two members and both members are not independent directors. The committee is not chaired by an independent director. This is because the current Board of the Company is comprised of only 3 directors (one of which is an executive director) and does not have any directors that are independent. The committee is comprised of Colin Scully (Chair) and Paul Collins, both non-executive directors.</p> <p>Despite the fact that the directors on the committee are not independent, the Board believes that the current committee membership is able to appropriately perform the role of the committee in addressing board succession issues and ensuring that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. Please refer to the response to recommendations 2.3 and 2.4 below as to why the Company believes the current committee membership to be appropriate despite the lack of independent directors.</p> <p>The nomination committee has a charter disclosed on the Company's website under "Remuneration and Nomination Committee Charter" in the Corporate Governance section.</p> <p>The remuneration and nomination committee met twice during the Relevant Period with all members attending.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Company has completed a Board Skills Matrix which sets out the mix of skills and diversity that the Board currently has, a summary of which is attached to this statement. The Board will review the matrix on an as needed basis.</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>As currently comprised, the Board has two non-executive directors (Colin Scully and Paul Collins). Both Mr Scully and Mr Collins are not independent as they are substantial shareholders of the Company. The third board member is Don Scully who is an executive director of the Company. Accordingly, the Company has no independent directors.</p> <p>Don Sharp was first appointed as a director of the Company on 11 June 2013, Colin Scully on 23 April 2009 and Paul Collins on 5 November 2007.</p>

2.4	A majority of the board of a listed entity should be independent directors.	<p>The Company has not complied with this recommendation (see recommendation 2.3 response above) during the Relevant Period.</p> <p>However, in light of the relevant quantitative and qualitative considerations, the Board considers both Mr Scully and Mr Collins to be operating with objectivity, notwithstanding their shareholdings in the Company. The Board considers that the substantial shareholdings of Mr Scully and Mr Collins will help to align the interests of those directors with those of other security holders and will not compromise the ability of those directors to act in the best interests of the Company and its security holders generally.</p> <p>Board composition is subject to continual evaluation. Ultimately, however, the Board accepts that its members remain in office upon the vote of the Company's shareholders and that they may elect members to the Board regardless of their standing, independent or otherwise.</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>The Company has not fully complied with this recommendation during the Relevant Period.</p> <p>The Chair of the Board is Don Sharp. He is not the Chief Executive Officer of the Company. However, he is not an independent director as he is an executive director and is a substantial shareholder of the Company.</p> <p>Nevertheless, the Board remains of the view that it is in the best interests of the Company for Mr Sharp to continue as Executive Chairman given his wealth of experience. Additionally, the Board derives comfort from the ability of individual directors to seek independent professional advice which is made available at the expense of the Company.</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>The Company's program for inducting new directors includes tours of the business and access to senior executives and other directors to help facilitate a thorough understanding of the business.</p> <p>The Company is committed to ensuring its directors are adequately skilled and informed to perform their duties effectively. Through the annual board performance review process, opportunities for the development of directors' skills and knowledge are identified for the year ahead.</p> <p>Paul Collins completed and graduated during the Relevant Period from the Australian Institute of Company Directors – Company Director Course and achieved a new post nominal of GAICD.</p>

3.	Act ethically and responsibly	
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Company has a Code of Conduct in the Corporate Governance section of its website. The Code applies to all directors, employees, contractors and officers of the Company.</p>
4.	Safeguard integrity in corporate reporting	
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Company has not fully complied with this recommendation during the Relevant Period.</p> <p>The Board has an audit committee (being a sub-committee of the audit, risk and compliance committee). It has three members but all three members are not independent directors. Don Sharp is an executive director and is on the audit committee. Don Sharp is on the committee due to his accounting expertise. The committee is not chaired by an independent director. This is because the Board does not have any directors that are independent (see recommendations 2.3 and 2.4 responses above).</p> <p>The committee is comprised of Don Sharp, Colin Scully and Paul Collins (Chair). Paul Collins is not the Chair of the Board. The relevant qualifications and experience of the committee members are disclosed under Board of Directors in the Corporate Governance section on the Company's website.</p> <p>Despite the fact that the directors on the committee are not independent, the Board believes that the current committee membership is able to appropriately perform the role of the audit committee to verify and safeguard the integrity of corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. Please refer to the response to recommendation 2.4 above as to why the Company believes the current committee membership to be appropriate despite the lack of independent directors.</p> <p>The audit, risk and compliance committee has a charter disclosed on the Company's website under "Audit, Risk and Compliance Committee Charter" in the Corporate Governance section.</p> <p>The audit committee met nine times during the Relevant Period with all members of the committee attending those meetings.</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>This declaration has been received for full and half year financial statements and quarterly reports approved during the Relevant Period.</p>

4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Company complied for the 2014 annual general meeting. The Company's auditor attended the annual general meeting and was available to answer questions relevant to the audit.
5.	Make timely and balanced disclosure	
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Company has a Continuous Disclosure Policy in the Corporate Governance section of the Company's website.
6.	Respect the rights of security holders	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company provides information about itself and its governance to investors via its website at www.managedaccounts.com.au .
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company is a relatively small listed company and its investor relations program involves actively engaging with security holders at the annual general meeting, meeting with them upon request (if appropriate) and responding to any enquiries they may make from time to time. In addition, quarterly updates on the Company's business are emailed to security holders.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>The Company's meetings are intended to give shareholders an opportunity to consider and vote on the resolutions before the meeting and ask questions of the Board, management and auditor (if relevant) generally on the items of business before the meeting, the management of the Company or the conduct of the audit and the auditor's report (for an annual general meeting).</p> <p>The Company's policies to facilitate and encourage participation at meetings include to provide a reasonable opportunity for shareholders, as a whole at the meeting, to ask questions of the Board, answer shareholders' questions honestly and fairly and inform shareholders as to the proxy position with respect to the resolutions to be considered by the meeting and the manner in which the chairman of the meeting intends to vote available proxies.</p> <p>In order to facilitate and promote voting by shareholders for the Company's 2014 annual general meeting, the Company implemented an online proxy voting system.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.
7.	Recognise and manage risk	
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director,	<p>The Company has not fully complied with this recommendation during the Relevant Period.</p> <p>The Board has a risk committee (being a sub-committee of the audit, risk and compliance committee). It has two members and the members are not independent directors. The committee is not chaired by an independent director. This is because the Board does not have any directors that are independent (see recommendations 2.3 and 2.4 responses above).</p> <p>The committee is comprised of Don Sharp and Paul Collins (Chair).</p>

	<p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	<p>Despite the fact that the directors on the committee are not independent, the Board believes that the current committee membership is able to appropriately perform the role of the risk committee to oversee the Company’s risk management framework. Please refer to the response to recommendation 2.4 above as to why the Company believes the current committee membership to be appropriate despite the lack of independent directors.</p> <p>The audit, risk and compliance committee has a charter disclosed on the Company’s website under “Audit, Risk and Compliance Committee Policy” in the Corporate Governance section. The Company also has a “Risk Management Policy” disclosed on its website in the Corporate Governance section.</p> <p>The risk committee met nine times during the Relevant Period with all members of the committee attending those meetings.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The risk committee performed an internal review of the Company’s risk management framework during the Relevant Period to satisfy itself that the framework continues to be sound.</p> <p>An executive risk management committee is scheduled to meet weekly and reports monthly to the risk committee of the Board.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Company does not have an internal audit function due to the relatively small size of the Company. However, the Company has a robust set of documented processes and procedures for evaluating and continually improving the effectiveness of its risk management and internal control processes, including its “Risk Management Policy”. These form the basis of a GS007 Management Report which is refined on an annual basis and used by the external auditors to audit compliance with ASIC Class Order requirements. In addition, as stated above, an executive risk management committee is scheduled to meet weekly and reports monthly to the risk committee of the Board.</p>

7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>The Board recognises that the Company has material exposure to economic risks which could substantively impact the Company’s ability to create or preserve value for security holders over the short, medium or long term as the Company primarily operates in the financial services industry. It therefore has systems in place to identify, assess, monitor and manage these risks to the Company (See section 7.1).</p> <p>It is not considered that the Company has material exposure to environmental and social sustainability risks. However, the Company is committed to long term environmental and social sustainability and its policies and practices in the areas of:</p> <p>Environment</p> <ul style="list-style-type: none"> • Efficiency (waste, recycling, water, energy) <p>Social</p> <ul style="list-style-type: none"> • Workplace Health and Safety • Human capital management • Conduct • Stakeholder management <p>reflect this commitment.</p>
8.	Remunerate fairly and responsibly	
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Company has not fully complied with this recommendation during the Relevant Period.</p> <p>The Board has a remuneration and nomination committee. However it has only two members and both members are not independent directors. The committee is not chaired by an independent director. This is because the current Board is comprised of only 3 directors (one of which is an executive director) and does not have any directors that are independent. The committee is comprised of Colin Scully (Chair) and Paul Collins, both non-executive directors.</p> <p>Despite the fact that the directors on the committee are not independent, the Board believes that the current committee membership is able to appropriately perform the role of the remuneration committee in setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. Please refer to the response to recommendations 2.3 and 2.4 above as to why the Company believes the current committee membership to be appropriate despite the lack of independent directors.</p> <p>The remuneration and nomination committee has a charter disclosed on the Company’s website under “Remuneration and Nomination Committee Charter” in the Corporate Governance section.</p> <p>The remuneration and nomination committee met twice during the Relevant Period with all members of the committee attending those meetings.</p>

8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Company has separately disclosed its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives in its annual report for the financial year 1 July 2014 to 30 June 2015.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	The Company did not have an equity-based remuneration scheme during the Relevant Period. The Company's policy on hedging or transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities by directors and executives participating in an equity-based remuneration plan is set out in the Company's "Security Trading Policy" which is disclosed on the Company's website in the Corporate Governance section.
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	Not applicable
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	Not applicable

Managed Accounts Holdings Limited (ASX:MGP) - Directors' Skill Matrix 2014-2015

MGP Board Average		
Professional Director Skills		Average rating across current directors - High = 3, Med = 2, Low = 1, NA = 0
Risk & Compliance	Identify key risks to the organisation related to each key area of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.	2.7
Financial & Audit	Experience in accounting and finance to analyse statements, assess financial viability, contribute to financial planning, oversee budgets, oversee funding arrangements.	2.7
Strategy	Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business objectives.	3.0
Policy Development	Ability to identify key issues for the organisation and develop appropriate policy parameters within which the organisation should operate.	2.7
Technology	Knowledge of IT Governance including privacy, data management and security.	2.0
Executive Management	Experience in evaluating performance of senior management, and oversee strategic human capital planning. Experience in industrial relations and organisational change management programs.	2.7
Industry Specific Skills		
Laws and Regulations	Keep abreast of changes in laws and regulations and be able to analyse the impact on the organisation's products, customers and employees. In particular with reference to Managed Discretionary Account legislation and Class Order reviews and FoFA.	2.3
Competitors	Knowledge of organisational competitor's products, structures and differentiating features in order to assess threats and opportunities which may arise.	3.0
Fraud and Trading Losses	Understand securities trading and settlement processes to ensure correct policies and procedures are implemented in the organisation to minimise the risk of fraud and make good claims	2.3
Interpersonal Skills		
Leadership	Make decisions and take necessary actions in the best interest of the organisation, and represent the organisation favourably. Analyse issues and contribute at board level to solutions.	3.0
Ethics and Integrity	Understand role as director and continue to self educate on legal responsibility, ability to maintain board confidentiality, declare any conflicts.	3.0
Contribution	Ability to constructively contribute to board discussions and communicate effectively with management and other directors.	3.0
Negotiation	Possess excellent negotiation skills, with the ability to drive stakeholder support for board decisions.	2.7
Crisis Management	Ability to constructively manage a crisis, provide leadership around solutions and contribute to communications strategy with stakeholders.	2.0
Diversity & Other Aspects to Assess		
Gender Diversity	Equal gender representation should be a priority as diversity leads to better board outcomes.	1.3
Age Diversity	Age diversity should be considered to bring different perspectives to board discussions.	2.0
Previous Board Experience	The board's directors should have extensive director experience and have completed formal training in governance and risk.	3.0