

June 2017 Quarterly Business Update

Highlights

- Implementation of MDA Service with significant Private Wealth Manager continuing
 - Commencement of Tony Nejasmic as Head of Distribution and Marketing
 - Identification of potential merger and acquisition opportunities to complement organic growth
 - Funds Under Administration (FUA) surpasses \$2.1bn
 - Expanded business model leading to new opportunities
 - Quarterly net inflows of \$38m for the quarter ended 30 June 2017
 - Quarterly Dividend declared for the June 2017 quarter
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The June 2017 Quarterly Report has been delayed due to several key corporate initiatives.

New MDA Service Sign-ups

The March quarterly update highlighted to the market that MGP had executed a Memoranda of Understanding (MoU) with a significant independent Private Wealth Manager. The MDA Service being implemented has some unique requirements which have taken some additional time to implement. Implementation of capability to meet these additional requirements will enable MGP to meet a functionality gap in the broader market. It is now expected that the MDA Service will go live early in the fourth calendar quarter of 2017. However, MGP wishes to clarify that even if agreements are executed with the Private Wealth Manager to implement a MDA Service, these agreements will not contain any commitment to transfer any specific amount or proportion of the Private Wealth Manager's funds under advice into the new MDA Service. Therefore, even if these agreements are executed, it is not possible to estimate the potential increase in MGP's FUA once the MDA Service is live.

There was one new MoU signed in the June quarter. This MoU was terminated following the due diligence undertaken by MGP. During the quarter, a MoU executed in a prior quarter was also terminated following completion of due diligence undertaken by MGP.

Investment in Distribution Resources

During the quarter, Tony Nejasmic commenced as MGP's Head of Distribution and Marketing. As highlighted in the March 2017 update, Tony has 25 years' experience in financial services in senior roles covering sales, distribution and relationship management including 16 years at Macquarie Bank, where Tony significantly contributed to the Macquarie Wrap platform funds under administration (FUA) growing to \$35 billion.

Tony has already made an impact in re-focusing the Distribution team on pipeline development and driving an enhanced client experience across the business. This has enabled the Chief Executive Officer to focus on

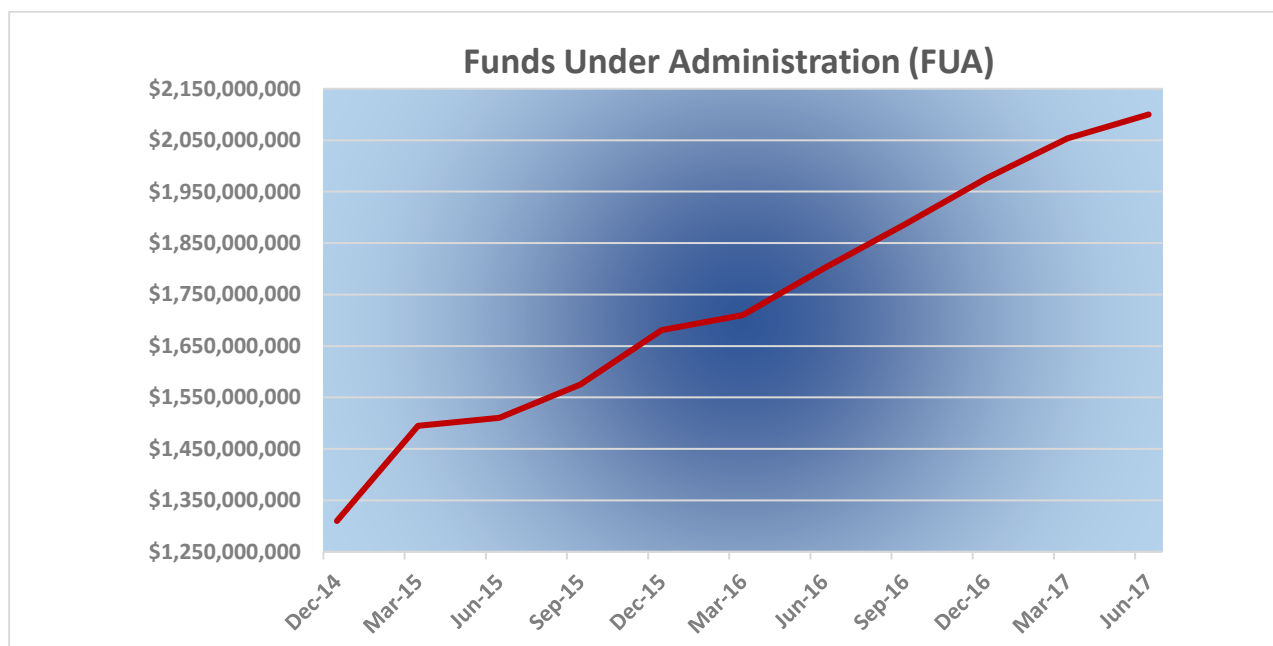
the development of business expansionary initiatives through additional capability and targeting acquisition opportunities in the unlisted market.

Merger and Acquisition Opportunities

MGP undertook due diligence on two unlisted companies during the quarter with a view to acquisition. These unlisted companies were complementary to the expanded MGP business model and, if completed, would have provided MGP with the ability to increase its scale. This focus on acquisition opportunities will continue in the 2018 financial year as we continue to look to acquire businesses that can complement and leverage the enhanced services and capabilities implemented in the 2017 financial year.

Continued Increase in Funds under Administration (FUA)

FUA continued to grow during the June quarter with 30 June 2017 FUA rising to \$2.107bn. The chart below highlights FUA growth and the continued upward trajectory. Further inflows combined with new product initiatives have continued to drive profit margin as MGP benefits from increased scalability of its business operating model. As at 25 August 2017, FUA had reached \$2.142bn.



MGP Solutions Toolkit

The enhancements to MGP's services implemented over the 2017 financial year significantly expands the range of services and capability MGP can deliver to the market and has resulted in the creation of the MGP Solutions Toolkit. The Toolkit includes:

- Managed Discretionary Account (MDA) Provider or Operator authorisation in its Australian Financial Services Licence (AFSL)
- custodial capability
- ASX Sponsorship and Settlement Participation

- high yielding cash solution
- asset consulting capability for MDA and Retail Superannuation
- process and technology to support the MGP MDA solution, provision of services to another MDA Provider or other administration
- risk, compliance and other services to support the MGP MDA solution, provision of services to another MDA provider or other administration.

Whilst the provision of MDA and Personal Superannuation Services remains the core business of MGP, MGP can now be regarded as a broad base administration provider, with the Toolkit components able to be delivered as individual components or selectively packaged to deliver the required solution for any intermediary. As well as enabling additional opportunities in existing distribution channels, it is expected that this will also enable MGP to access new markets.

Two opportunities are well advanced with intermediaries not previously accessible to MGP as a result of the Toolkit.

MGP Technology Strategy

In the March 2017 quarter, MGP advised the market that it had partnered with specialist technology firm Capital Road to outsource technology development to replace MGP's existing internally developed software. This will transform the user experience for both advisers and clients, as well as providing additional scale and efficiencies in the MGP operational environment.

A key component to the arrangement is that MGP and Capital Road will develop a Technology Roadmap to match the MGP's future strategic product development and operational requirements to complement the existing SS&C outsourced technology arrangement.

The initial rollout is expected to be rolled out early in the fourth quarter of 2017.

Quarterly Net Inflows

Net inflows for the June 2017 quarter were \$38m.

The Head of Distribution and Marketing is taking steps to endeavour to improve net inflows going forward as a key part of his role.

There is significant FUA suitable for investment in the MDA Service, the Superannuation Service and in administration services which can use the ASX Sponsorship and Settlement capability. The Head of Distribution and Marketing has a mandate to endeavour to translate this available FUA to higher net inflows during the 2018 financial year.

Live MDA Services

On execution of a Memorandum of Understanding with a Licensee, an implementation process is completed in conjunction with the Licensee to build the MDA Service. As at the end of June 2017, there were 41 live MDA Services with 2 MDA implementations in progress. Since last quarter, one mature

Licensee migrated their clients out of the MDA Service as their Dealer Group had arrangements in place with another provider. In addition, arrangements with three smaller Licensees in Transition phase were discontinued for commercial reasons.

Outlined below is a summary of the MDA Services in place.

Phase	Description	Number of Services
Mature	MDA Service in place and majority of Licensee clients transitioned	22
In Transition	MDA Service in place and transition of Licensee clients actively in progress	17
Recent Live*	MDA Service in place and recently live with transition of Licensee clients recently commenced	2
Build	MDA Service Implementation in progress	2

*Recent Live are Services that have gone live in the past three calendar quarters

When a new MDA Service is rolled out to a Licensee, advisers of the Licensee are required to undertake an advice process with clients. MGP works closely with each Licensee to support transition of FUA, whether small or large.

In addition, longer established Licensees may also make acquisitions and integrate those acquisitions into their MDA and Superannuation Services.

Rollout of Superannuation Services

MGP continues to work diligently with the Trustee to roll out Superannuation Services with 12 Licensees live at the end of June 2017. MGP expects to continue to roll out further Superannuation Services in the first half of the 2018 financial year.

Quarterly Dividend Declared

The Board of MGP was pleased to declare a quarterly dividend payment of \$0.002 per share which was paid on 22 August 2017. Based on a share price of \$0.32* (as at close of ASX trading 25 August 2017), this represents an unfranked yield of 2.50%.



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