

March 2017 Quarterly Business Update

Highlights

- Memoranda of Understanding executed with an independent \$3bn Private Wealth Manager
 - Expansion of Sales resources
 - ASX Participant approval
 - Funds Under Administration (FUA) surpasses \$2bn milestone
 - Mature Licensee undertakes further acquisition of wealth management practice with over \$150m in FUA
 - Quarterly net inflows of \$37m for the quarter ended 31 March 2017
 - Technology development outsourced to enhance user experience and reduce need for future capital expenditure
 - Quarterly Dividend declared for the March 2017 quarter
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The March 2017 Quarterly Report has been delayed due to the finalisation of several key corporate initiatives including the expansion of Sales resources, progression of the ASX Participant status and business development initiatives.

New MDA Service Sign-ups

MGP executed Memoranda of Understanding (MoU) with 1 Licensee during the March 2017 quarter. This MoU was executed by a significant independent Private Wealth Manager representing FUA over \$3bn. The MDA Service is currently being implemented with anticipation to go live prior to 30 June 2017.

Expansion of Sales Resources

MGP has appointed a new Head of Distribution and Marketing, Tony Nejasmic, who will join the business from 29th May 2017. Tony has 25 years' experience in financial services in senior roles covering sales, distribution and relationship management. This includes 16 years at Macquarie Bank, where Tony significantly contributed to the Macquarie Wrap platform FUA growing to \$35bn.

The Head of Distribution and Marketing will lead an expanded team of three Business Development Managers and two Relationship Managers to support new business growth and transition of clients across all MGP Licensees.

ASX Participation Approval

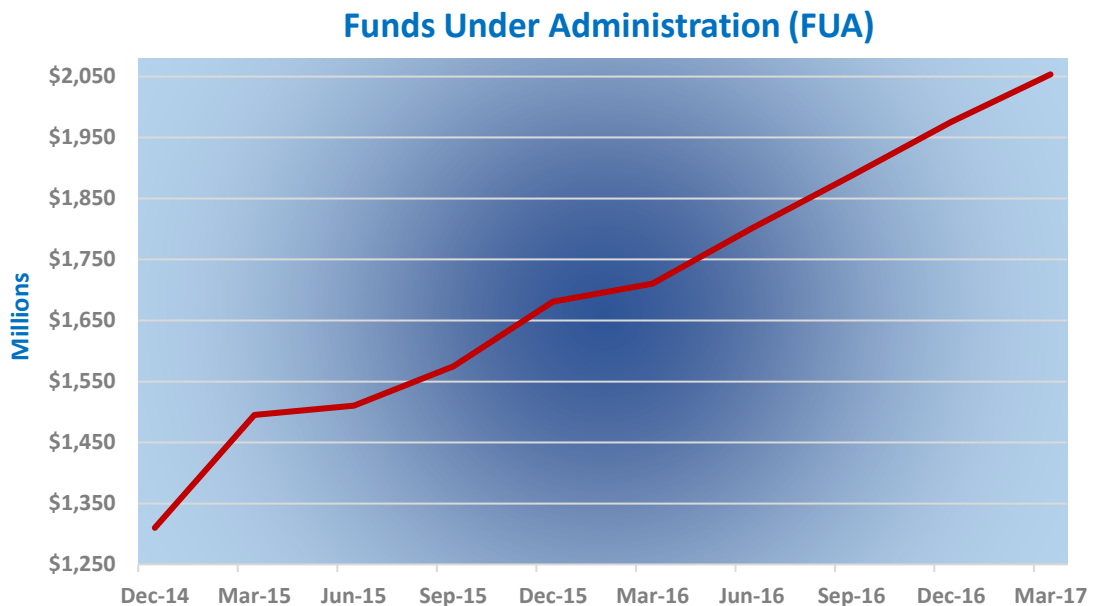
MGP has received notification from the Australian Securities Exchange (ASX) that MGP's wholly owned subsidiary, Investment Administration Services Pty Limited has been approved to be a Sponsorship and Settlement Participant in CHESS, subject to the lodgment of ASX bonds. The bond lodgment process will be finalised in May.

As well as underpinning a non-custodial Managed Discretionary Account (MDA) solution to the market, this capability will also enable MGP to extend its Solutions Toolkit.

The MGP Solutions Toolkit, which is made up of MGP's administration capability, MDA and custodial licensing, recently enhanced cash solution and the ASX Sponsorship and Settlement Participation will enable MGP to provide an extended range of services to both the intermediated and institutional markets.

Funds under Administration (FUA) surpasses \$2bn milestone

FUA surpassed the \$2bn milestone in the March quarter with FUA as at 31 March 2017 being \$2.056bn. The chart below highlights FUA growth and the continued upward trajectory. Further inflows combined with new product initiatives continue to drive profit margin as MGP benefits from increased scalability of its business operating model. As at 15 May 2017, FUA had reached \$2.115bn.



Quarterly Net Inflows

Net inflows for the March 2017 quarter were \$37m.

Flows for the quarter were lower than anticipated. Advice was not being written as quickly as expected from new MDA Services, and the rollout of new Superannuation Services continued to be slower than expected. Improvements in net inflows will be key focus of the Head of Distribution and Marketing on commencement at the end of May.

The net inflow pipeline remains strong despite these issues.

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 March 2017, there were live MDA Services with 45 Licensees, with 4 MDA implementations in progress.

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	23
In Transition	MDA Service in place and transition of Licensee clients actively in progress	18
Recent Live*	MDA Service in place and recently live with transition of Licensee clients recently commenced	4
Build	MDA Service Implementation in progress	4

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

During the quarter, one Licensee was implemented to a live status. When a new 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 FUM – whether small or large.

In addition, longer established Licensees may also make acquisitions and integrate those acquisitions into their MDA and Superannuation Services. This was evident with another Mature Licensee successfully completing an acquisition of a wealth management practice with over \$150m in FUA. It is anticipated that this FUA will begin to flow into the MDA Service in coming months.

Rollout of Superannuation Services

MGP continues to work diligently with the Trustee to rollout Superannuation Services with four Licensees having gone live after the end of the March quarter. MGP will be continuing to roll out further Superannuation Services in the June FY17 quarter.

Technology Strategy

Agreements have been executed to partner with specialist technology firm Capital Road, to outsource technology development. The first phase of the partnership is to replace MGP's existing internally developed user interface – transforming the user experience of both advisers and clients. MGP and Capital Road are also developing a Technology Roadmap to match the Strategic Roadmap for MGP which will be used by Capital Road to build and implement MGP's future technology requirements to complement the existing SS&C outsourced technology arrangement.

With both the Capital Road and SS&C arrangement linked to revenue, future technology development will not require MGP to fund internal IT development resources and reduce the need for future capital expenditure for technology enhancements that are within the Technology Roadmap.



Quarterly Dividend Declared

The Board of MGP is pleased to declare a quarterly dividend payment of \$0.002 per share payable on 23rd May 2017. Based on a share price of \$0.28* (as at close of ASX trading 18 May 2017), this represents an unfranked yield of 2.86%.

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About Managed Accounts Holdings Limited

Managed Accounts Holdings Limited is listed on the Australian Securities Exchange (ASX: MGP) and is a financial services company established in 2004. Its focus as a non-conflicted specialist managed account provider allows it to create, operate and administer customised managed discretionary account solutions for a growing number of Australia's leading financial advisers, Australian Financial Services Licensees and fund managers. For further information, please visit: www.managedaccounts.com.au