

ASX Release Date: 30 April 2018

## March 2018 Quarterly Business Update

### Highlights

- Merger with Linear successfully completed with the integration process on track and merger synergies continuing to be realised against plan
- Combined group net inflows of \$237.8m for the quarter ended 31 March 2018
- Combined group Funds under Administration (FUA) as at 31 March 2018 exceeds \$12.8 billion
- Stockbroking strategy execution on track
- Wrap strategy execution on track

Managed Accounts Holdings Limited (ASX: MGP, The Company) one of Australia's leading managed account and investment administrators, provides an update on the Company's activities and business for the three months ending 31 March 2018.

MGP CEO David Heather commented, "This quarter was the first full quarter for reporting following the merger with Linear Financial Holdings Pty Ltd (Linear). It is pleasing to see strong flows for the quarter and growth in Funds under Administration whilst we continue the integration process. In addition, we continue to recruit quality people into budgeted roles to support new initiatives and growth and complement the existing team who are supportive of the new initiatives being put in place. Management is pleased with performance over the quarter and look forward with the expectation to continue delivering synergies."

### Strong Group Quarterly Net Inflows and Funds Under Administration (FUA) Growth

Net inflows for the combined group for the March 2018 quarter were \$237.8m. This is the first full quarter for net inflow reporting. Net inflows were a combination of organic net inflows from existing clients and the transition of new clients from other platforms following clients going live with new arrangements. In addition, there were 27 net new accounts into the Portfolio Administration Service (PAS) during the quarter.

Funds Under Administration grew to \$12.83bn as at 31 March 2018.

| Capability  | Revenue Stream            | Inflows         | Net New Accounts | FUA              |
|---|---------------------------|-----------------|------------------|------------------|
| Pre-Merger MGP MDA and Super Services                                     | Fees as percentage of FUA | \$55.3m         | N/A              | \$2.40bn         |
| All Linear Services except for the Portfolio Administration Service (PAS) | Fees as percentage of FUA | \$182.5m        | N/A              | \$4.74bn         |
| Portfolio Administration Service (PAS)                                    | Fees per Account          | N/A             | 27               | \$5.69bn         |
| <b>Total</b>  |                           | <b>\$237.8m</b> |                  | <b>\$12.83bn</b> |

There remains significant FUA suitable for transition across all products and services from existing clients.

### **Executive Team Additions**

Following on from the merger, the CEO, David Heather continues to finalise the Executive Team. This includes the filling of budgeted positions in the pre-merger MGP business which were not filled when it was apparent that the merger transaction would complete.

Kobie Turner was appointed as Head of Product in March 2018, as announced to the market in the half year results presentation. Kobie has over 18 years' experience in the financial services industry across Operations, Sales and Project Management.

The recruitment process has commenced for a Chief Financial Officer (CFO) who will be based in Melbourne and will be responsible for overseeing the Finance functions across the group.

The preferred candidate for the Chief Operating Officer (COO) has been selected. A process is in progress for the implementation of this arrangement which includes meeting visa requirements.

### **Stockbroking Market Strategy**

The Company previously flagged its expanded capability to deliver functionality to ASX Participants and non-ASX Participants. This includes the ability for non-ASX Participants' clients to be sponsored by MGP and trade through their broker of choice.

Following the recruitment of Richard Carr to drive business development in this channel in January 2018, the pipeline of potential opportunities is developing in line with expectations.

To support the delivery of this strategy, Craig Semmens commenced in a Head of Operations role in early April 2018. Based in Melbourne, Craig has over 30 years' experience in broking, with a strong broking operations and compliance focus across many of the leading broking houses in Australia. Craig also led the Lonsec business over several years which at that time delivered research and broking solutions to a number of independent financial advisory firms.

### **Wrap Strategy**

The Company has previously flagged its intention to rollout a Wrap solution to the market in the September 2018 quarter, with this strategy being driven by the Head of Product and Head of Distribution.

Internal processes and technology is in place to deliver this strategy with fund manager discussions and disclosure documents the principal key tasks to complete. Fund manager discussions are progressing in line with expectations with disclosure documents to be completed over the next month.

### **Pre-Merger Managed Accounts Funds Memorandum of Understanding (MoU)**

On 26 September 2017, MGP released an announcement to the market to explain the MDA and Superannuation Service Implementation Process. This update should be read in conjunction with this announcement.

The project to implement a solution for the Private Wealth Manager within the Linear capability is in progress with specific development necessary to meet the Private Wealth Manager's amended requirements. This is now expected to be completed later this year. The Private Wealth manager requires all requirements to be in place before they will consider transitioning clients to the Linear capability.

MGP also flagged to the market in September 2017 that a MoU had been signed with Shaw and Partners. MGP continues to be in ongoing discussions with Shaw and Partners to understand their specific needs and match up to potential solutions.

## Synergy Update

The Company has previously flagged to the market that the merger process is expected to result in the delivery of \$3.5m in synergies through the merger integration process. Current status is outlined below.

|  |                                    |   |
|--|------------------------------------|---|
| Target annual pre-tax cost synergies \$3.5 million | <b>Salaries</b>                    | <ul style="list-style-type: none"> <li>Salary synergies identified were \$1,978,000. To date, savings realised have been \$1,618,000 inclusive of executive costs. Further synergies of \$360,000 have been identified with the timing of these to be determined</li> </ul>   |
|  | <b>Occupancy costs</b>             | <ul style="list-style-type: none"> <li>Business relocation occurring in early May 2018. Annualised total reduction in occupancy costs of \$400,000 from June 2018</li> </ul>  |
|  | <b>Service provider management</b> | <ul style="list-style-type: none"> <li>Review completed of all service providers for rationalisation opportunities. Action plan in place to achieve \$1.1m in synergies</li> </ul>  |
|  | <b>Centralised functions</b>       | <ul style="list-style-type: none"> <li>Linear and MGP staff integrated with Executive Team determining optimised use of resources whilst ensuring no loss of service or delivery to the client</li> </ul>   |
| Not included in above target synergies             | <b>Technology synergies</b>        | <ul style="list-style-type: none"> <li>Optimal technology solution review commenced in early April 2018</li> </ul>  |
|  | <b>Revenue synergies</b>           | <ul style="list-style-type: none"> <li>Discussions have identified cross sell opportunities to existing Linear clients. These will be quantified as realised</li> <li>Addition of Linear international capability to pre-merger MGP clients target go live in Q4FY18</li> <li>Addition of MGP MDA capability to Linear administration target go live in Q4FY18</li> </ul> |

## Contact

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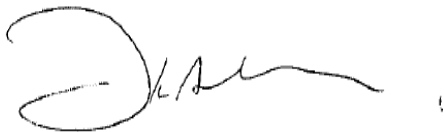
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### About Managed Accounts Holdings Limited

Managed Accounts Holdings Limited is a specialist provider of investment administration services with a specialisation in managed accounts. Established in 2004, it provides superior administration and technology solutions to some of Australia's leading stockbrokers, wealth managers, and financial advisory firms. Following the merger with Linear Financial, Managed Accounts is responsible for funds under administration of approximately \$13 billion.

### Authorised by:



**Don Sharp**  
Chairman  
Managed Accounts Holdings Limited