



ASX Release Date: Wednesday 30 May 2018

## Conference Presentation

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Attached is a presentation to be given by David Heather, the Chief Executive Officer of Managed Accounts Holdings Limited (ASX: MGP), today at the Shaw and Partners Emerging Leaders Conference.

### Contact

David Heather  
Chief Executive Officer  
(02) 8006 5900  
[david.heather@managedaccounts.com.au](mailto:david.heather@managedaccounts.com.au)

Don Sharp  
Executive Chairman  
0419 632 315  
[don.sharp@managedaccounts.com.au](mailto:don.sharp@managedaccounts.com.au)

# Shaw and Partners Emerging Leaders Conference Presentation

30 May 2018



# Disclaimer

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# Disclaimer (continued)

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# Introduction

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## DON SHARP (EXECUTIVE CHAIRMAN)

- Co-founder of Managed Accounts, Don previously co-founded Bridges Financial Services which established, the Portfolio Service, one of the first investment platform solutions in Australia
- Qualified accountant and Executive Chairman of Integrated Payment Technologies Limited (ASX: IP1)
- Former Chairman of Investors Mutual, Global Value Investors, and Premium Investors Limited (ASX: PRV) and a former Director of Countplus Limited (ASX: CUP) and Treasury Group Ltd (ASX: TRG)



## DAVID HEATHER (CHIEF EXECUTIVE OFFICER)

- Over 28 years experience in the Australian financial services industry
- Previously held executive roles at Permanent Trustee, Trust Company and Aegis in Distribution, Custody, Operations, Information Technology, Investment Administration and Managed Accounts
- Joined Managed Accounts in 2008 as Head of Distribution and in 2014 was appointed Chief Executive Officer

# Evolution of the Business

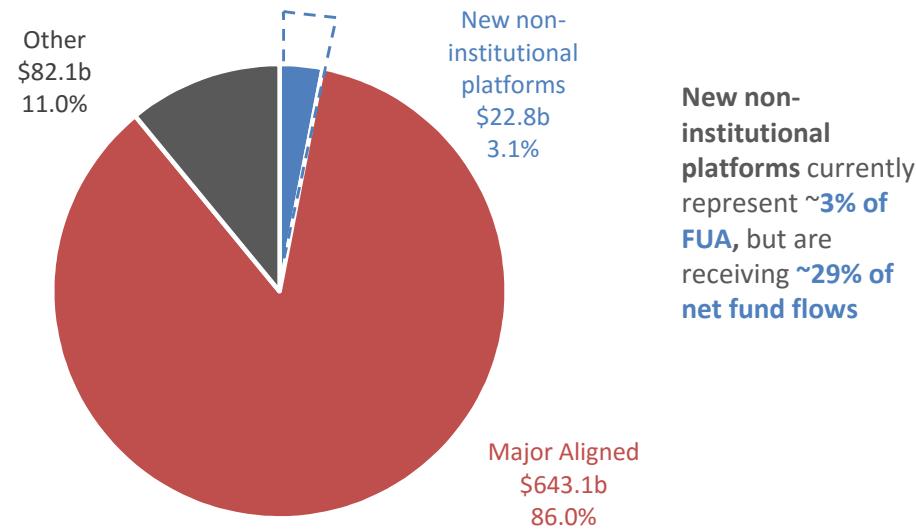
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- Established in 2004
- ASX listed entity, Managed Accounts Holdings Limited (ASX: MGP) from June 2014 as a specialist custodial managed account provider for financial advisory firms
- Acquired 100% of the shares in Linear in November 2017 and now provide solutions to some of Australia's leading stockbrokers, wealth managers, in addition to investment managers and financial advisory firms
- Now have the ability to deliver a wrap, SMA and managed account solution using multiple custodians or via non-custodial using its ASX Participant status

# Industry Drivers

The Company is well positioned to benefit from continued growth in superannuation inflows, increased growth in the independent platform segment and increasing adoption of managed accounts.

## Platform Market Size ~\$750b<sup>(1)</sup>



- FoFA and increased regulation driving shift away from aligned advice models
- Advisers increasingly obtaining own AFSL and moving FUA onto independent platforms

(1) Strategic Insights. Analysis of Wrap, Platform and Master Trust Managed Funds at March 2017

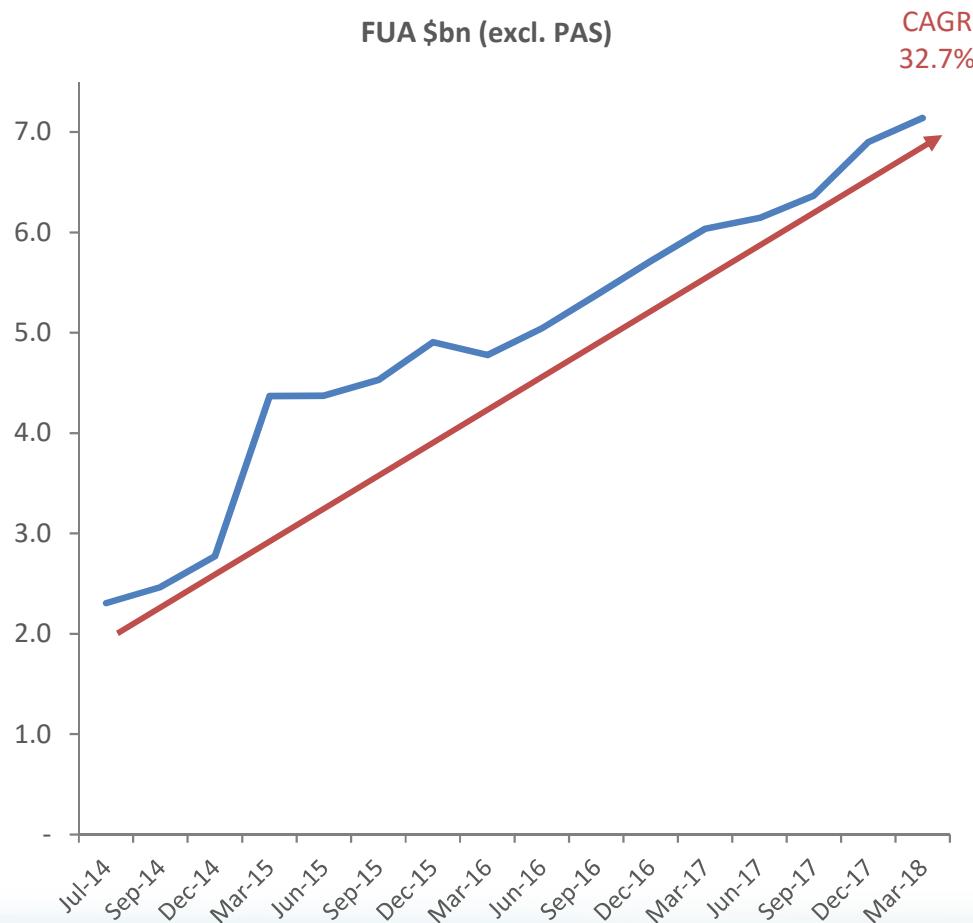
# Enhancing Products and Services

The Company has a comprehensive product and service offering to service stockbrokers, private wealth managers, independent financial advisory firms (IFAs), investment managers and institutions to enable the efficient management of client portfolios.

Capability	Development	Objective
Portfolio Administration Service (PAS)	✓	<ul style="list-style-type: none"><li>Investment in technology and ASX participation implementation to service non-ASX participants</li></ul>
Super	✓	<ul style="list-style-type: none"><li>Well advanced in the acquisition of a Registrable Superannuation Entity (RSE) and implementation of related governance and software</li></ul>
Wrap	✓	<ul style="list-style-type: none"><li>Process and technology in place, broadening of investment menu, pricing and new PDS</li></ul>
SMA	✓	<ul style="list-style-type: none"><li>Broadening of investment menu, pricing and new PDS</li></ul>
Managed Accounts	✓	<ul style="list-style-type: none"><li>Investment in technology and ASX participation implementation to offer HIN based managed account solution, rollout of international capability</li></ul>
Institutional Solutions	✓	<ul style="list-style-type: none"><li>Investment in technology</li></ul>

# Funds Under Administration (FUA)

The transformative merger of Linear and MGP has created a merged entity that has grown Funds under Administration (FUA) to \$12.83 billion with \$7.14 billion FUA earning revenue on a % FUA basis.



Capability	Revenue Stream	FUA
Pre-Merger MGP MDA and Super Services	Fees as % of FUA	\$2.40bn
All Linear Services except for the Portfolio Administration Service (PAS)	Fees as % of FUA	\$4.74bn
Portfolio Administration Service (PAS)	Fees per Account	\$5.69bn
<b>Total</b>		<b>\$12.83bn</b>

- Pre-merger MGP has achieved 22.9% CAGR
- Pro forma Linear % of FUA services<sup>(1)</sup> has grown at 39.5% CAGR
- The PAS (fees per Account) FUA has grown at 136% CAGR on a pro forma basis<sup>(1)</sup>

(1) Pro forma basis assumes Linear was owned as at Jul-14

# Net Flows

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*Post merger, MGP has achieved quarterly net flow growth. This is expected to further increase through a combination of the investment in sales resources and an expanded and enhanced suite of products and services.*

Capability	31 December 2017 Quarter Net Flows	31 March 2018 Quarter Net Flows
Pre-Merger MGP MDA and Super Services	\$113.6m	\$55.3m
All Linear Services except for the Portfolio Administration Service (PAS)	\$74.8m <sup>(1)</sup>	\$182.5m
<b>Total</b>	<b>\$188.4m<sup>(2)</sup></b>	<b>\$237.8m</b>

(1) Flows were for the period 16 November 2017 to 31 December 2017

(2) Linear flows in this total were for the period 16 November 2017 to 31 December 2017

# Integration Update

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*Integration continues to progress well. The Executive Team continues to be finalised, new product initiatives are underway, a relationship management model continues to be rolled out to clients and staff are actively engaged through all aspects of the integration process.*

- Executive Team continues to be finalised with CFO recruitment well advanced
- Product and service initiatives including wrap implementation and super implementation on track
- Relocation completed in early May 2018 with new office and technology fit-out to better match business requirements
- Relationship management model continues to be implemented across the Linear client base using centralised Distribution and Relationship Management team
- Linear staff actively engaged through the integration process with no resignations as a result of the merger

# Synergy Update

MGP is on track to deliver the previously mentioned full run-rate pre-tax cost synergies of \$3.5 million per annum by the end of FY19<sup>(1)</sup>.

Target annual pre-tax cost synergies \$3.5 million <sup>(1)</sup>	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="background-color: #e0eef6; width: 15%;">Executive function</td><td style="padding: 5px;"><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></td></tr><tr><td style="background-color: #e0eef6;">Occupancy costs</td><td style="padding: 5px;"><ul style="list-style-type: none"><li>• Relocation complete early May 2018. Annualised total reduction in occupancy costs of \$400,000 from June 2018</li></ul></td></tr><tr><td style="background-color: #e0eef6;">Service provider management</td><td style="padding: 5px;"><ul style="list-style-type: none"><li>• Review completed of all service providers for rationalisation opportunities. \$500,000 synergies achieved with action plan in place to achieve a further \$600,000</li></ul></td></tr><tr><td style="background-color: #e0eef6;">Centralised functions</td><td style="padding: 5px;"><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></td></tr><tr><td style="background-color: #e0eef6; height: 20px;"></td><td style="height: 20px;"></td></tr><tr><td style="background-color: #e0eef6;">Technology synergies</td><td style="padding: 5px;"><ul style="list-style-type: none"><li>• Optimal technology solution review complete and being assessed by IT consulting firm</li></ul></td></tr><tr><td style="background-color: #e0eef6; height: 20px;"></td><td style="height: 20px;"></td></tr><tr><td style="background-color: #e0eef6;">Revenue synergies</td><td style="padding: 5px;"><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></td></tr><tr><td style="background-color: #e0eef6; height: 20px;"></td><td style="height: 20px;"></td></tr></table>	Executive function	<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>	Occupancy costs	<ul style="list-style-type: none"><li>• Relocation complete early May 2018. Annualised total reduction in occupancy costs of \$400,000 from June 2018</li></ul>	Service provider management	<ul style="list-style-type: none"><li>• Review completed of all service providers for rationalisation opportunities. \$500,000 synergies achieved with action plan in place to achieve a further \$600,000</li></ul>	Centralised functions	<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>			Technology synergies	<ul style="list-style-type: none"><li>• Optimal technology solution review complete and being assessed by IT consulting firm</li></ul>			Revenue synergies	<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>		
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(1) Excludes one-off implementation costs and potential technology cost synergies and incremental revenue streams that may be generated by the Company following integration.

# Outlook

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*MGP is forecasting increasing profitability in FY19 as the merger benefits become fully realised.*

- The Company provides guidance for FY18 underlying EBITDA of \$1.5 - \$2.3 million
- The Company maintains its underlying EBITDA guidance for FY19 in range of \$7.5 - \$8.5 million
  - Full run rate synergies of \$3.5 million from the Linear transaction expected to be achieved in 2H FY19
  - Excludes any transaction or integration costs
  - Assumes all Linear development costs are expensed
  - Assumes no inclusion of amortisation of Linear software or Linear client contracts and costs of acquisition
- Key areas of management focus include:
  - Retention of existing key clients through continuous improvements in delivery and relationship management
  - Execute integration program to achieve identified synergies
  - Increased revenue from existing client base and developing new relationships from expanded capability and scale
  - Determine optimal technology solution and identify and achieve any additional cost synergies

