

# Investor Presentation

Tuesday 27 November 2018



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All financial information in this presentation is in Australian dollars (\$) or AUD unless otherwise stated. Investors should note that this presentation may contain pro forma historical and forward looking financial information. The pro forma and forward looking financial information and the historical information, provided in this presentation is for illustrative purposes only and is not represented as being indicative of the Company's views on its future financial condition and/or performance.

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## **DAVID HEATHER (CHIEF EXECUTIVE OFFICER)**

- Over 29 years experience in the Australian financial services industry
- Previously held executive roles at Permanent Trustee, Trust Company and Aegis
- Significant experience in Private Client Operations, Custody, Information Technology, Investment Administration, Product Development and Sales
- Joined Managed Accounts in 2008 as Head of Distribution and in 2014 was appointed Chief Executive Officer

## Platform Reporting

### Our Administration

Valuation  
Transactions  
Performance  
Tax

Portfolio Rebalancing  
Trading and Settlements  
Income and Corporate Events

Assets in your name  
Assets in custody  
Execution through any broker

Accountant

Adviser

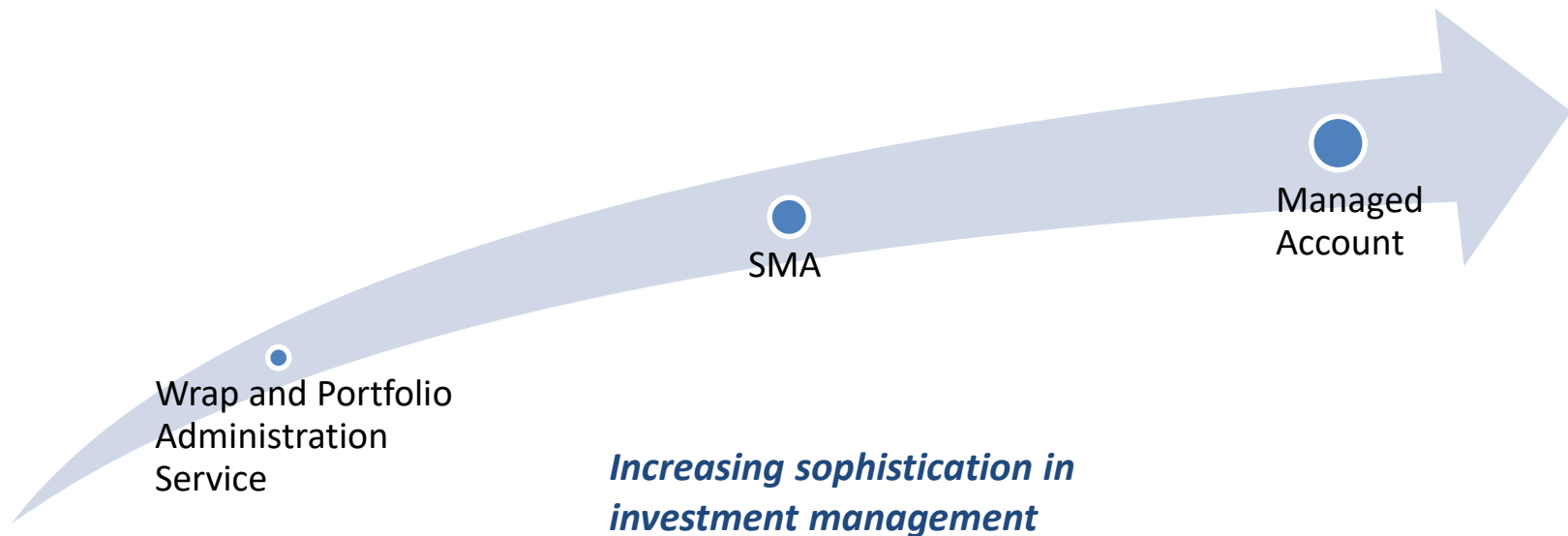
You

### Any Asset

Cash, Term Deposits,  
Bonds, Listed  
Securities, Managed  
Funds

Multi currency  
Global markets  
Range of investment  
managers

# Investment Platform Provider with a range of Products and Services



Wrap	SMA	Managed Account
<ul style="list-style-type: none"> <li>• Financial product supermarket to access approved investment products</li> <li>• Reporting service</li> <li>• Administration and reporting orientation, no investment management</li> </ul>	<ul style="list-style-type: none"> <li>• Model portfolio implementation approach</li> <li>• Limited / no discretion available in the investment management process</li> <li>• Restricted range of investments can be supported</li> </ul>	<ul style="list-style-type: none"> <li>• Sophisticated discretionary portfolio management akin to institutional investment management solution</li> <li>• Broader range of investments supported</li> </ul>

# Users of our Products and Services and Drivers for Use

Independent Financial Advisory Firms (IFAs) / Dealer Groups	<ul style="list-style-type: none"><li>• Independently owned boutique advisory firms</li><li>• New business model - margin replacement and efficiency drivers</li></ul>
Private Wealth Managers / Stockbroking firms	<ul style="list-style-type: none"><li>• Shift from brokerage model to FUA model – ongoing convergence of the traditional stockbroker model with the financial planning/ wealth management model and conversion from brokerage to annuity revenue streams</li></ul>
Investment Managers	<ul style="list-style-type: none"><li>• New managers choosing not to adopt unitised structures - seeking to access wholesale and retail investors directly through mandates</li><li>• Existing managers needing to implement to access flows</li></ul>
Institutions	<ul style="list-style-type: none"><li>• Private banks, smaller platform providers, family offices, industry funds and other institutional investors</li><li>• Outsource vs own technology and administration strategy</li></ul>

# Continued Business Evolution to Grow and Expand Revenue Streams

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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
- Migration of the business to a leading provider of investment administration solutions with a specialisation in managed accounts
- ASX approval in October 2017 to become a participant in CHES
- Acquired 100% of the shares in Linear in November 2017 and now provide solutions to Australia's leading stockbrokers, wealth managers, in addition to investment managers and financial advisory firms
- Acquired 100% of the shares in Aracon Superannuation Pty Ltd in October 2018 and can now offer superannuation solutions to its client base
- Now have the ability to deliver multi market, multi currency, multi custodian administration for superannuation and non-superannuation

# Diversified Revenue Streams Across Substantial Funds Administered

	\$7.72bn of FUA Fees charged as percentage of FUA			\$6.05bn of FUA Fees per Acct
Consulting Fees	Administration Fees	Transaction Fees	Cash Margin	PAS Fees
For new service implementations (IP / project management / implementation cost recovery) Due diligence fees	Assets under administration, basis points charged with tiering for larger clients	Trading of assets, typically fixed cost per trade per client	Cash administration, basis points charged	Portfolio reporting services, fees charged on a per account basis

Note: Funds Under Administration as at 30 September 2018 was \$13.77bn



# Headline FY18 Financials

	FY18	FY17	Δ
FUA	\$13.1b	\$2.1b	524%
Revenue	\$15.1m	\$6.9m	120%
Underlying EBIDTA <sup>(1)</sup>	\$2.9m	\$1.5m	95%
<i>EBITDA %</i>	<i>22.1%</i>	<i>20.3%</i>	
NPAT	(\$2.5m)	\$0.7m	<i>nm</i>

- EBITDA increase to \$2.87m (FY17 \$1.4m) exceeding company forecast of \$1.3 - \$2.5m
- Revenue and expenses reflect contribution from Linear from merger on 16 November 2017
- Operating expenses reflect an investment in sales and compliance resources to support future growth
- NPAT includes amortisation of Linear software and Linear client value being written off over 5 years
- NPAT includes \$1.69m discontinued software development write off and \$0.25m write of leasehold improvements
- The Company remains debt free and willing to look for further acquisitions to complement existing capability

(1) Excludes one off acquisition costs and share option scheme expense

# Growth Drivers from Expanding Capability and Industry Change

## Superannuation

- Acquisition of Aracon Superannuation enables MGP to develop its own superannuation product, reduce costs to the retail client and increase margin from FUA invested in superannuation

## Open Broking

- MGP's ASX capability enables an "open broking" model enabling a client to have their stocks held by MGP and to trade through any broker

## Stockbrokers

- Stockbrokers are seeking a global equities solution and MGP has a leading global equities solution across the investment platform market

## Post Royal Commission Environment

- Adviser migration from banks and bank aligned firms to independence and potential industry restructure will likely result in FUA shifts to independent players

