

September 2017 Quarterly Business Update

Highlights

- MGP executes a Memorandum of Understanding with Shaw and Partners
 - Quarterly net inflows of \$39.8m for the quarter ended 30 September 2017
 - Funds under Administration (FUA) passes \$2.2 billion
 - New MoU pipeline increases by approximately 40% following re-positioning of Distribution and Relationship Management resources
 - ASX Participant ready for launch following ASIC approval of required Australian Financial Services License (AFSL) change
 - MGP and Linear announce intention to merge to create administration and managed account business administering FUA over \$11 billion
 - MGP Board suspends payment of dividend until end of 2017/18 Financial Year to enable cash to be used to support Linear merger and growth initiatives
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New MDA Service Sign-ups

During the September 2017 quarter, MGP executed a Memorandum of Understanding¹ with Shaw and Partners to explore partnering to deliver managed accounts solutions to Shaw and Partners' clients. Shaw and Partners has in excess of \$2.5 billion in funds under advice that is suitable for a solution that can be provided by MGP.

Current live MoU's represent in excess of \$5.5 billion in funds under advice that is suitable for a solution that can be provided by MGP².

Quarterly Net Inflows

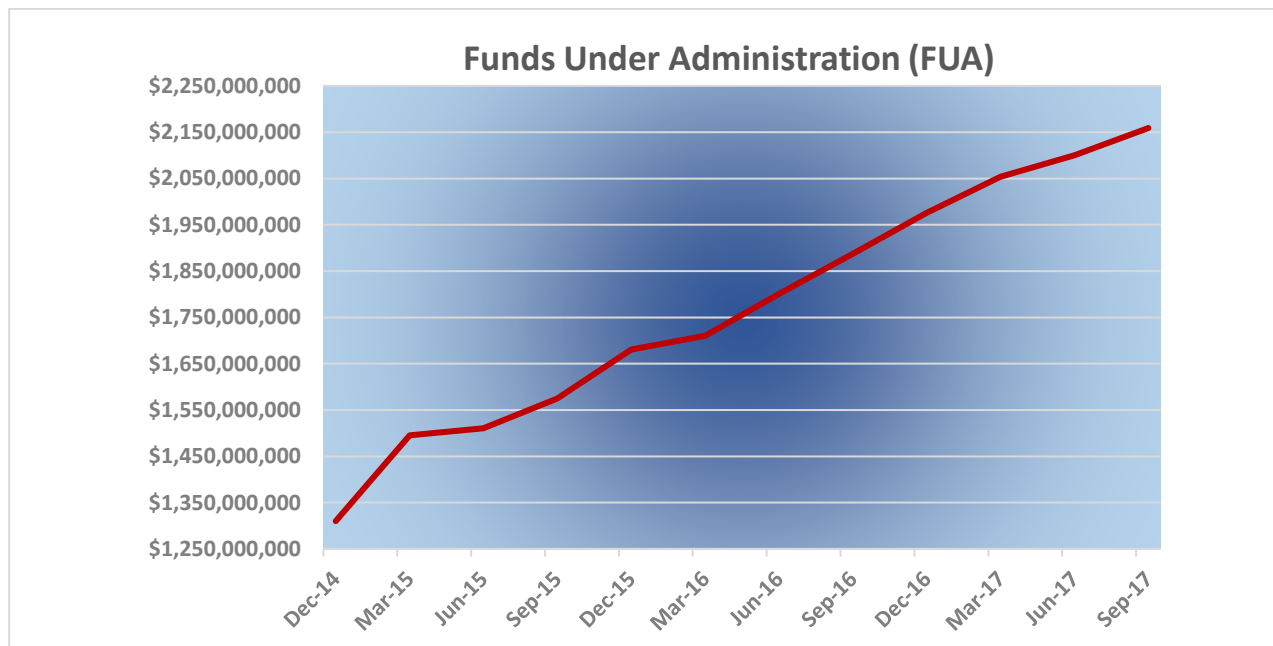
Net inflows for the September 2017 quarter were \$39.8m. There remains significant FUA suitable for investment in the MDA Service, the Superannuation Service and in administration services which can use the ASX Sponsorship and Settlement capability.

Increase in Funds under Administration (FUA)

FUA grew during the September quarter rising to \$2.163bn as at 30 September 2017. The chart below highlights FUA growth and the continued upward trajectory. As at 27th October 2017, FUA had reached \$2.203bn.

¹ Refer to ASX Announcement dated 26 September 2017 for an explanation of the Memorandum of Understanding concept for MGP.

² Refer to ASX Announcement dated 26 September 2017 for an explanation of the Memorandum of Understanding concept for MGP.



Re-positioning of Distribution and Relationship Management Resources

Following the appointment of Tony Nejasmic as Head of Distribution and Marketing late in the June 2017 quarter, a number of changes have been implemented to the approach used to interact with current and prospective clients to ensure Business Development Managers (BDMs) spend the majority of their time building and converting the pipeline of prospective client leads. Over the quarter, the prospective MoU pipeline has increased by 40%, with the quality of the pipeline also significantly enhanced as the pipeline has been reviewed and cleansed to remove clients that have been determined as unlikely to progress. It should be noted that this pipeline excludes the MoU's with Shaw and Partners and the previously disclosed \$3 billion independent private wealth manager.

MGP has also expanded the capability of its Training and Relationship Managers (TRMs). The TRMs will focus on delivering increased FUA flow from existing users as well as promoting MGP's wider suite of services (including the Enhanced Cash solution) to MGP's existing client base.

ASX Participant Status

During the quarter, the ASX Participant capability has received significant interest despite having not been formally launched. This interest has come from existing MGP clients who are seeking to have MGP provide an extended range of services to enable administration of clients that are not in the MDA Service, but also from new clients who are seeking to access a HIN (Holder Identification Number) based Managed Account Service.

With ASIC having approved the required change in conditions, MGP can now seek to migrate this interest to live arrangements.

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 September 2017, there were 37 live MDA Services with 2 MDA implementations in progress. As part of the renewed Sales and Relationship focus outlined above, relationships were terminated with 4 smaller providers due to non-performance. These terminations have had an immaterial impact on FUA due to the very small amounts involved.

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	14
Recent Live*	MDA Service in place and recently live with transition of Licensee clients recently commenced	1
Build	MDA Service Implementation in progress	2

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

Rollout of Superannuation Services

MGP continues to work diligently with the Trustee to roll out Superannuation Services with 14 Licensees live at the end of September 2017. MGP expects to continue to roll out further Superannuation Services in the first half of the 2018 financial year.

Merger with Linear Financial Holdings Pty Ltd

On 26 September 2017, MGP announced that it was in advanced discussions to merge with Linear Financial Holdings Pty Ltd (Linear) by acquiring 100% of the ordinary shares in Linear, with the expected FUA of the combined entity to be over \$11 billion. MGP will continue to update the market on the status of the transaction.

Dividend

As announced on 12 October 2017, due to the proposed merger with Linear and resultant cash requirements to support the growth strategy of the merged entity, the Board of MGP has suspended the payment of dividends and will review this position at the end of the 2017/18 Financial Year.



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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