

ASX Release Date: 12 November 2018

September 2018 Quarterly Business Update

Highlights

- Acquisition of Aracon Superannuation Pty Ltd
- Combined group Funds under Administration (FUA) as at 30 September 2018 was \$13.77 billion
- Combined group gross inflows of \$516.6m for the quarter ended 30 September 2018
- Combined group net inflows of \$135.8m for the quarter ended 30 September 2018
- Re-brand of business, super and non-super wrap to be launched in first quarter 2019
- Release of technology enhancements to advisers and clients following on from release of Technology Strategy to the market

Managed Accounts Holdings Limited (ASX: MGP or 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 30 September 2018.

MGP CEO David Heather commented, *"This quarter has seen a continuation of the integration process with Linear Financial Holdings Pty Ltd (Linear) with the Technology Strategy communicated to the market in early October. It was pleasing to complete the acquisition of Aracon Superannuation Pty Ltd to underpin our growth strategy in superannuation. Though flows are not yet where we would like them to be, improved inflows for the quarter compared to June 2018 was a positive sign. It was also pleasing to see the rollout of new technology initiatives during the quarter being well received, with advisers and clients able to access an improved online reporting experience including annual and taxation reporting."*

Group Quarterly Inflows and Funds Under Administration (FUA) Growth

Combined group FUA as at 30 September was \$13.77 billion.

Gross inflows for the September 2018 quarter were \$516.6m, up from \$486.2m for the June quarter 2018. Net inflows for the September 2018 quarter were \$135.8m, up from \$56.7m in the June quarter.

In addition, there were 27 net new accounts into the Portfolio Administration Service (PAS) during the September 2018 quarter.

This is outlined in the table below.

Capability	Revenue Stream	Net Inflows	Gross Inflows	Net New Accounts	FUA
Pre-Merger MGP MDA and Super Services	Fees as percentage of FUA	\$21.2m	\$107.8m	N/A	\$2.52bn
All Linear Services except for the Portfolio Administration Service (PAS)	Fees as percentage of FUA	\$114.6m	\$408.8m	N/A	\$5.20bn

Portfolio Administration Service (PAS)	Fees per Account	N/A	N/A	27	\$6.05bn
Total		\$135.8m	\$516.6m		\$13.77bn

It was pleasing to see two Memoranda of Understanding have been executed with advisory firms to implement a managed account solution with inflows and FUA uplift from these firms expected to commence in late first quarter 2019.

Superannuation Growth Strategy

As announced to the market on 1 November, MGP has successfully completed the acquisition of 100% of the shares in Aracon Superannuation Pty Ltd (Aracon), an existing Registrable Superannuation Entity (RSE).

Aracon currently oversees a \$300m Fund, with this to be transitioned to MGP from external service providers. The date for this transition is not yet determined with the transition dependent on the reconstruction of the Fund from a unitised to non-unitised structure over coming months.

The acquisition will underpin the Company's growth strategy in superannuation and will enable MGP to deliver an upgraded superannuation solution to its financial planning, stockbroking and institutional client base.

MGP is looking to supplement the Aracon acquisition with additional member administration capability and this may result in another acquisition in the short term.

Brian Stieg has been appointed as the Head of Trustee Office to deliver an integrated superannuation solution, leveraging existing MGP risk and compliance, product and administration functions. Brian is well versed in the responsibilities of the trustee and a shared service model, with over 30 years' experience in superannuation including senior superannuation roles with Diversa, CCSL and IOOF Trustees.

Rebrand Strategy

The Company has had a project underway over the quarter to re-brand the business, as part of the integration of the Linear business.

A new brand for the Group and each of its products and services has been finalised and will be rolled out in first quarter 2018.

Wrap Strategy

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

With the completion of the Aracon acquisition, the rollout can now incorporate a superannuation version of the Wrap which is needed to complete the Wrap offering.

The Wrap solution is expected to be rolled out in the first quarter of 2019 incorporating both a superannuation and non-superannuation offer and new branding.

Technology Strategy

Following a review and endorsement of its strategy by a global accounting and consulting firm, the Company has moved to the next stage of a comprehensive technology overhaul that will deliver an enhanced experience for advisers and clients whilst enhancing internal efficiencies. This was announced to the market on 4 October 2018.

Existing clients and advisers using Pre-Merger MGP MDA and Super Services have seen the first tangible benefits of the overhaul with the first phase of an upgraded front end being made available in October 2018. The initial enhancements include the following, with releases of new functionality to occur on a regular basis:

- New look and feel with efficient workflow and design
- Functionality rich adviser and client dashboards with responsive design to provide any PC, tablet or Smartphone access
- Extended views including family account viewing

During the quarter, the Company also released enhancements to provide internal staff and advisers with tools to better manage the production of client annual and taxation reports for all Linear Services including the PAS. This has resulted in significant improvements in the timing of delivery, with advisers also able to view online the status for their clients throughout the process.

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.

Synergies have been largely achieved with the remaining synergies focussed on service provider rationalisation and cost improvement. It is the Company's intention to implement the changes necessary to take advantage of these synergies by the end of June 2019.

This release contains forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in this release including, amongst others, changes in general economic and business conditions, regulatory environment, results of advertising and sales activities, competition, and the availability of resources. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release. Except as required by law, the Company assumes no obligation to update or correct the information in this release. To the maximum extent permitted by law, the Company and its subsidiaries and officers do not make any representation or warranty as to the likelihood of fulfilment of any forward-looking statements and disclaim responsibility and liability for any forward-looking statements or other information in this release. This release should be read in conjunction with the Company's other ASX announcements and releases.

Contact

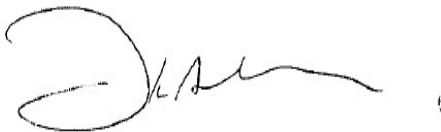
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About Managed Accounts Holdings Limited

Managed Accounts Holdings Limited is a specialist provider of investment administration services with a specialisation in managed accounts. Established in 2004, it provides 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 \$13.5 billion.

Authorised by:



Don Sharp
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