

ASX Release Date: 31 January 2019

December 2018 Quarterly Business Update

Highlights

- Acquisition of DIY Master Pty Ltd – a superannuation administrator
- Group Funds under Administration (FUA) as at 31 December 2018 was \$13.22 billion
- Retail Client Gross inflows of \$188.7m and Net Inflows of \$50.3m for the quarter ended 31 December
- Institutional Client Gross inflows of \$346.5m and Net Inflows of -\$23.8m for the quarter ended 31 December
- New strategic staff appointments add capability to the Distribution and Executive teams

Managed Accounts Holdings Limited (ASX: MGP or the Company) and its subsidiaries (the Group), one of Australia's leading independent platform providers and investment administrators with a specialisation in managed accounts, provide an update on the activities and business of the Group for the three months ending 31 December 2018. The Group provides platform, administration and technology solutions to some of Australia's leading stockbrokers, wealth managers, and financial advisory firms.

"The December quarter saw the execution and completion of the purchase of superannuation administrator DIY Master Pty Ltd (DIY). Coupled with the acquisition of the Aracon Trustee business as outlined in the September quarter report, this now enables the Group to offer an end to end superannuation solution encompassing trustee services, member administration and investment management. The Group is now able to offer both comprehensive investment and superannuation solutions to clients of the Group as well as existing clients of both Aracon and DIY. It is planned that the services of both Aracon and DIY are to be offered independently to the broader market including those with their own investment administration services," the Group's chief executive David Heather commented.

Group Quarterly Inflows and Funds Under Administration (FUA) Growth

From the December 2018 quarter onwards, the Quarterly report will show a distinction between Retail Client inflows, which are Full Service Clients, and Institutional clients where the business provides Administration only and has no input as to flows. Previous Quarterly announcements did not include any flows (Gross and Net) for the Portfolio Administration Service (PAS). From this announcement onwards, PAS flows will be recorded within the Institutional Client flows below.

Group FUA as at 31 December was \$13.22 billion.

Retail Client (Full Service) Gross inflows for the December 2018 quarter were \$188.7m, down from \$210.6m in the September quarter and Net Inflows were \$50.3m, up from \$34.3m in the September quarter.

Institutional Client (Administration Fee Only) Gross inflows for the December 2018 quarter were \$346.5m, down from \$369.0m in the September quarter and Net Inflows were -\$23.8m, up from -\$36.0m in the September quarter.

Negative market sentiment throughout much of the quarter as well as the continuing repercussions from the Hayne Royal Commission into Financial Services continued to impact on the financial advice market. Advisers are waiting for the Royal Commission report (due on 1 Feb 2019 and expected to be released to the public on 4 Feb 2019) to be released and assessing any impact this may have on their business including

the reaction from both political parties. As such, advisers are reticent to make any major decisions in advance of the Commission report.

As part of the Group's forthcoming new branding, explained in more detail below, we will be addressing the key issues of the Royal Commission and the effect on our clients.

Capability	Gross Inflows	Net Inflows	FUA
Retail Clients (Full Service)	\$188.7m	\$50.3m	\$4.61Bn
Institutional Clients (Administration Fee only)	\$346.5m	-\$23.8m	\$8.61Bn
Total			\$13.22Bn

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

Group Acquires Administrator to Extend Superannuation Capability

The Group announced to the ASX on 19 December 2018 that it had successfully completed the acquisition of 100% of the shares in DIY Master Pty Ltd, a superannuation administrator and promoter. DIY's capability is well known to the Group, given the firm's association over the past ten years.

The acquisition of DIY initiates the Group's entry into the superannuation administration segment, continuing the Company's strategy to broaden its capability across both superannuation and non-superannuation administration solutions. DIY will continue to provide outsourced superannuation administration to its existing client base unhindered and will continue to seek to expand this capability under the existing management.

It is intended that the Group will be able to deliver an integrated superannuation solution to its financial planning, stockbroking and institutional client base, via Aracon Superannuation Pty Ltd (Aracon), its investment platform capability through the Group and DIY's superannuation administration capability.

In addition, we will continue to offer trustee and /or administration services to the existing clients of Aracon and/or DIY as well as seeking to attract further clients, including those with their own investment administration services.

The Aracon Board has been structured as independent of the MGP board by having only independent Directors of MGP on its board, Pamela McAlister and Peter Brook. Both of these Directors have had extensive experience in superannuation including Mercer and Pillar respectively and are being joined by Aracon's existing independent Directors to ensure the continuing independence of the Trustee business.

New Strategic staff appointments add capability to the Distribution and Executive teams

During the quarter and in the first few weeks of January 2019, the Group made a number of chiefly internal appointments that added further capability to its Distribution and Executive teams.

The new appointments include:

- Pamela Wilson as Group Chief Operating Officer - Mrs Wilson, who has been with Group since July 2015, has previously held Senior Business Analyst and Acting Head of IT positions. Mrs Wilson has over 28 years' experience in the financial services industry spanning across custody, registry, managed accounts, investment research, wraps and superannuation.

- Neil Pattinson as Business Development Manager for New South Wales/Queensland - Mr Pattinson has been promoted to the role of Business Development Manager for NSW/QLD effective 1 January 2019. Mr Pattinson has been with Group for over 10 years where he held the role of Head of Operations & Adviser Services and most recently NSW/QLD Relationship Manager.
- Mia Zhou as Group Financial Accountant - Ms Zhou has been with Group for over 5 years. She is a qualified CPA and has extensive experience managing the Group's board and ASX reporting as well as audit requirements.
- Gloria Saliba as Head of People and Culture - Ms Saliba has joined MGP as Head of People and Culture. She brings over 20 years' experience in the human resources space where she has developed best practice frameworks for both Australian and Asia Pacific financial services organisations. Ms Saliba is already making a significant difference to the Group's culture.
- Mark Pozzi announced his resignation as Chief Financial Officer in late December after only four months in the position. The Group is conducting a search using the services of specialist recruitment firm to undertake a search on its behalf for a high quality CFO with experience in the financial operations of investment administration.
- Don Sharp, who was previously a CFO since the Group listed as part of his Executive duties, will resume this role until a suitable replacement CFO is found.

Re-Branding of the combined Linear and MGP Business

Subject to the release of the Royal Commission findings, the Group intends to release its new branding in mid-February 2019.

The new brand will link all the products in the Group under a common name followed by the name of the product or service such as ABC Managed Account or ABC Brokering Service where ABC is a proxy for the new name.

It is intended that the ASX listed company will be rebranded with a new name (subject to shareholder approval) including a new ASX code.

Contact

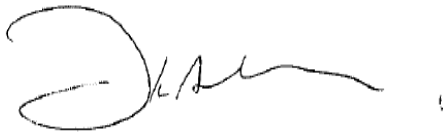
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About Managed Accounts Holdings Limited

Managed Accounts Holdings Limited is one of Australia's leading independent platform providers and investment administrators with a specialisation in managed accounts. Established in 2004, it provides platform, 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 over \$13.2 billion.

Authorised by:



Don Sharp
Chairman
Managed Accounts Holdings Limited