



Summary of Risk Management

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1. Introduction

Managed Accounts Holdings Limited ABN 34 128 316 441 ('MGP') is a holding company of companies, and in particular a financial services business carried out by Investment Administration Services Pty Limited ABN 86 109 199 108 which trades as 'managedaccounts.com.au'.

MGP and its controlled companies together are referred to as the Group in this Policy.

Investment Administration Services ('IAS'), as the holder of Australian Financial Services Licence ('AFSL') No. 284316, must have adequate risk management systems.¹

2. Risk Management

In AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines, 'Risk' is defined as the chance of something happening that will have an impact on the objectives. Risk may have a positive or negative impact.

A risk is often characterised in terms of an **event** or circumstance and the **consequences** that may flow from it. Risk is often measured in terms of a combination of the consequences of an event and the associated **likelihood**.

'Every business takes risks to operate and grow, and needs to managed those risks to do so. Risk management is not about eliminating risk. It is about controlling risks to increase the likelihood of meeting business objectives.'²

Risk management is the process of systematically identifying, analysing, assessing, treating, monitoring and communicating risks associated with business activities in a way that will avoid or minimise losses and maximise opportunities.

3. Responsibilities

The Board is responsible for:

- ensuring the Company has effective systems in place to identify, assess, monitor and manage risks MGP;
- informing stakeholders of any material change to the risk profile of the Company (in accordance with MGP's disclosure obligations); and
- ensuring internal controls and arrangements are adequate for monitoring compliance with laws and regulations, as applicable to MGP.

To assist them, the Board has established:

- a Risk & Compliance Committee, structured in consideration of the ASX Corporate

¹ Section 912A(1)(h) of the Act

² CP 204: Risk management systems for responsible entities

Governance Council's Guidelines;

- reporting mechanisms from management responsible for the investment and administrative operations of the Group (as part of the Risk Management Framework); and
- a certification process for the preparation and release of the Company's and Group's annual financial reports.

4. Board Risk & Compliance Committee

The Risk & Compliance Committee assists the Board with its responsibilities relating to risk management, control systems, accounting and reporting practices, and ensuring the independence of the Company's external auditors.

The Risk & Compliance Committee is comprised of two directors of the Board. Regular attendees at meetings of the Committee include the Chief Executive Officer. Other parties may be requested to attend meetings as requested by the Committee.

The Risk & Compliance Committee operates in accordance with a Charter, which outlines its structure and responsibilities.

Under its Charter, the Risk & Compliance Committee is required to review the Risk Management Framework at least annually to seek assurance it is both sound and effective.

5. Risk Management Framework

The Group has implemented a Risk Management Framework based on the standard which comprises:

- a systematic process for the identification, assessment, treatment and monitoring of risks;
- Risk Profiles which describes the risks facing the business activities within the Group and the key controls surrounding those risks;
- consultation to ensure personnel are involved with the development and maintenance of Risk Profiles;
- integrated risk management in decision-making and operational practices; and
- training to improve awareness of risks and management techniques.

The Risk Profiles are formally reviewed at least annually by management, and presented to the Risk & Compliance Committee.

The Compliance Manager is responsible for the co-ordination and continued improvement of the Framework. The Framework is reviewed annually, with results reported to the Company's Risk & Compliance Committee.

The Group also has the following in place to ensure a strong control environment:

- organisational structure and defined management responsibilities;
- delegated limits of authority;

- policies and procedures which are available to personnel;
- regular internal review, including a management committee and a compliance function;
and
- a business recovery plan, aimed at preventing significant disruptions to the business.

MGP does not have material exposure to environmental and social sustainability risks. MGP's revenue is sensitive to movements in equity markets as significant proportion of client funds are subject to equity market exposure.