

ASX Announcement  
Date of Release: 29 April 2016

## March 2016 Quarterly Update

### Quarter Highlights

- ✚ FY16 Earnings Guidance
- ✚ Funds Under Administration (FUA) as at 31 March 2016 of \$1.710bn
- ✚ Quarterly net inflows of \$55m for the quarter ended 31 March 2016
- ✚ Memoranda of Understanding executed with four (4) Licensees in the quarter to implement new MDA Services
- ✚ Memoranda of Understanding executed with five (5) Licensees to implement an MDA like Personal Superannuation Service with expected rollout in June quarter
- ✚ Three (3) new MDA Services went live late in March quarter
- ✚ MGP well placed to service Licensees impacted by ASIC changes to MDA legislation to be announced before October 2016

### FY16 Earnings Guidance

The Board has reviewed its full year internal forecasts. A continuance of current market conditions will likely result in Net Profit Before Tax (NPBT) for the 2016 financial year to be in the range of \$1,250,000 – \$1,400,000, assuming that implementation fees from potential new Services in negotiation are earned for the financial year. This result is expected to be at least a 54% increase on the prior year NPBT.

### Quarterly net inflows

The March quarter saw net inflows of \$55m across the Licensee client base. This was mainly through organic growth of longer established Licensees, as inflows from recently implemented MDA Services for Licensees gradually gains momentum due to clients having to be advised on.

As highlighted in previous announcements, when a new MDA Service is rolled out to a Licensee, it requires an advice process to be undertaken with clients ensuring the MDA is suitable for their circumstances. As a result, MGP will begin to see further FUM being transitioned in from the eight (8) MDA Services that have gone live this financial year to date and for whose Funds Under Advice represents over \$1 billion.

The number of live Managed Account services now stands at 41 and they fall into the following categories;

	Number of Licensees
- Established Services	33
- Recently established Services transitioning client base	8

MGP anticipates five (5) new MDA Services to go live in the June quarter which will benefit future FUM inflows into MGP.

In addition, MGP expects five (5) MDA like Personal Superannuation Services to go live prior to 30 June 2016 which will benefit future FUM inflows into MGP.

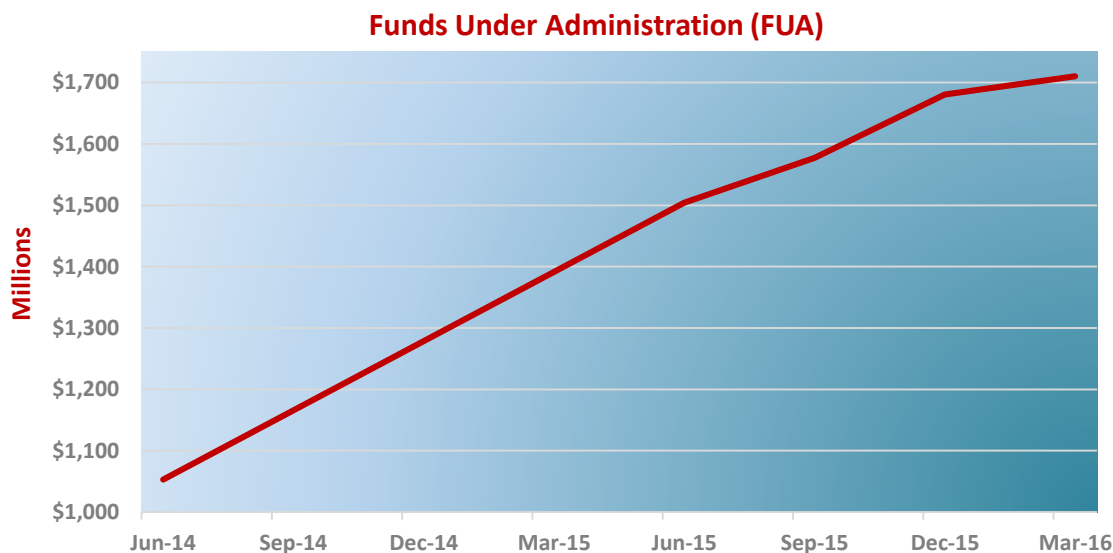
The known available Funds under Advice of the Licensee firms who have a live MDA Service currently represents over \$5 billion.

In addition, the known available Funds under Advice of existing Licensee firms suitable for an MDA like Personal Superannuation Service expected to go live in the June quarter represents over \$800m.

### Funds under Administration (FUA)

As a result of net inflows and continuing volatile market conditions for the March quarter, FUA was \$1.710bn as at 31 March 2016.

The chart below highlights FUA growth for the period June 2014 to March 2016.



As highlighted in the Quarterly net inflows, significantly increased numbers in new MDA Services and Personal Superannuation Services is expected to see continued FUA growth in the June 2016 and subsequent quarters.

### New MDA Service sign-ups for the March quarter

MGP executed Memoranda of Understanding with four (4) firms during the quarter, two (2) Licensees with total Funds under Advice of over \$200m and two (2) specialist Diversified Income Investment Managers.

The Diversified Income Investment Managers are implementing an MDA Service to deliver a transparent solution to their wholesale and retail client base in lieu of managed funds, and is recognition of MGP's superior technology capability and investment operations experience to deliver managed account solutions in investment instruments that are not widely supported by traditional Wrap and other managed account providers.

This takes the number of MDA MoU's executed for the financial year to ten (10).

### **New MDA Services implemented in the March quarter**

MGP is pleased to see three (3) new MDA Services go live in the March quarter. The FUA transition of these firms (which have advised Funds under Advice of over \$500m) will add to the organic growth from longer established Licensees, acquisitions by existing Licensees and growth from recently implemented Services.

MGP is on track to have between 45 and 50 live Services by 30 June 2016.

### **New Managed Discretionary Account like Personal Superannuation Service**

More than 70% of existing Licensees with a current MDA Service have expressed an interest in implementing a Personal Superannuation Service.

The enhanced solution enables Licensees to implement a customised MDA like Personal Superannuation Service with the Licensees' own investment strategies reflected in a Personal Superannuation Product Disclosure Statement (PDS) including where required, the ability for tactical asset allocation to be managed through the investment strategies.

MGP has now executed Memoranda of Understanding with five (5) Licensees to implement the enhanced Personal Superannuation Service, with eight (8) Memoranda of Understanding under consideration.

### **MDA regulatory changes announcement by ASIC**

ASIC has communicated that it will be announcing the final outcomes of the MDA legislative review which was originally announced in March 2013. This announcement must be made by October 2016, when the existing MDA legislation 'sunset clause' expires.

Since the announcement in 2013, MGP has seen interest from Principals of a large number of boutique MDA Operators including brokers operating a non-custody MDA Service, and Licensees offering Limited MDA services (unlicensed MDA services) to their investor base. They are acutely aware of the proposed changes and the impacts these will have on their business, and are seeking to form partnerships with a leading MDA Administrator and Operator who will be able to satisfy their requirements. MGP is in discussion with a number of MDA Operators to provide a solution to service their needs which might include non-custody.

MGP is well positioned in the marketplace as a leading MDA provider and in assisting other MDA Operator licensees and Licensees offering Limited MDA Services to migrate their business model to meet any requirements ASIC implements.

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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 using best-of-breed technology and custodian. For further information, please visit: [www.managedaccounts.com.au](http://www.managedaccounts.com.au)