

ASX Announcement

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## September 2016 Quarterly Update

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### Quarter Highlights

- MDA regulatory changes announced by ASIC
  - Unaudited FY17 first quarter earnings up 48% on FY16
  - Funds Under Administration (FUA) of \$1.887bn as at 30 September 2016
  - Memoranda of Understanding executed with two (2) Licensees to implement a new MDA Service in the September 2016 quarter
  - Quarterly net inflows of \$54m for the quarter ended 30 September 2016
  - Eleven (11) Superannuation Services in the final stages of completion prior to launch
  - Memoranda of Understanding executed with three (3) Licensees to implement a Superannuation Service in the September 2016 quarter
  - Enhanced Cash solution implemented for clients
  - Quarterly Dividend declared for the September 2016 quarter
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### MDA Regulatory Changes Announced by ASIC

ASIC announced the final outcomes of the MDA legislative review on 29 September 2016.

The announcement was in line with MGP expectations with the removal of the ability for Licensees to offer Limited MDA Services and a number of operational changes to the way that MDA Services are provided. Licensees currently offering Limited MDA Services have a 2 year timeframe to either obtain MDA licencing themselves or to partner with a provider who has the necessary licencing.

As highlighted in previous announcements, MGP is well positioned in the marketplace as a leading MDA provider to assist Licensees offering Limited MDA Services to migrate their business model to a compliant business model, with the non-custodial solution well advanced to be available in early 2017.

ASIC did not introduce increased capital requirements for MDA providers but did indicate that this will be considered in a further review to be undertaken in 2018.

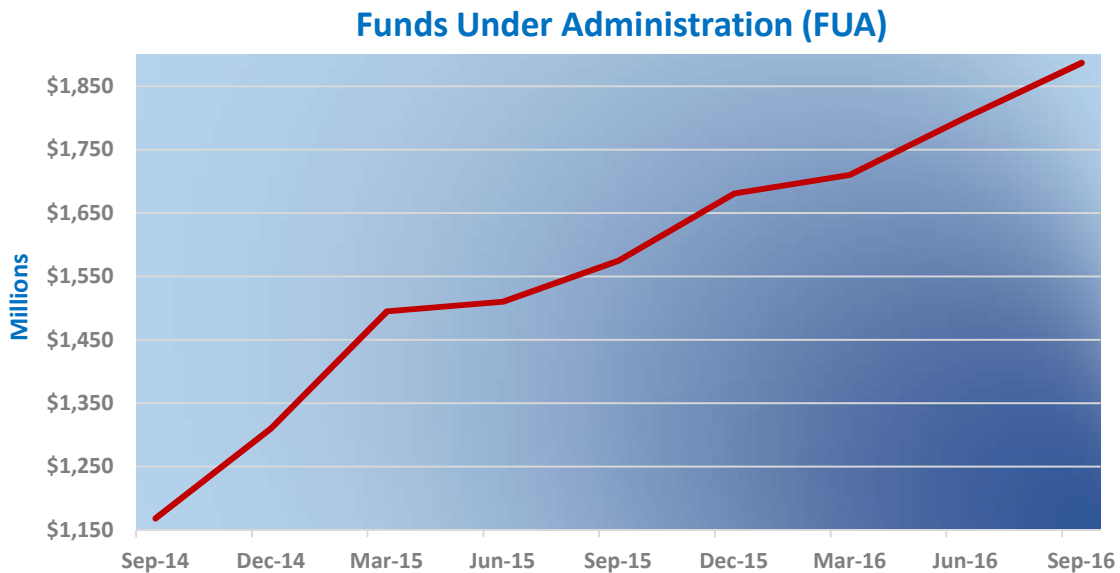
A recent interview with MGP CEO, David Heather on the MDA regulatory changes and the impacts on MGP was announced to the ASX on 28 October, 2016. The interview can be viewed via the following link:  
<http://www.managedaccounts.com.au/LatestNews/MediaCentre/tabid/4386/Default.aspx>

### FY17 First Quarter Earnings Update

The company confirms that unaudited Net Profit Before Tax (NPBT) for FY17 was an increase of 48% on the NPBT for the same period in FY2016. This increase is as a result of a combination of new product initiatives which have increased margins and the scalability of the operating model.

### Funds under Administration (FUA)

FUA as at 30 September 2016 was \$1.887bn. The chart below highlights FUA growth for the two years to September 2016.



### New MDA Service Sign-ups

MGP executed Memoranda of Understanding (MoU) with 2 Licensees during the September 2016 quarter. Once these Services are implemented in early 2017, they are expected to commence generating FUA of over \$100m.

### 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 2016, there were live MDA Services with 43 Licensees. MDA Services with 1 Licensee was near live as at end of September 2016.

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	24
In Transition	MDA Service in place and transition of Licensee clients actively in progress	12
Recent Live*	MDA Service in place and recently live with transition of Licensee clients recently commenced	7
Build	MDA Service Implementation in progress	3

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

### **Quarterly Net Inflows**

Net inflows for the September 2016 quarter were \$54m.

Net inflows are obtained through a combination of organic growth of Licensees in the Mature phase and inflows from Licensees in the In Transition and Recent Live phases. When a new Service is rolled out to a Licensee, advisers of the Licensee are required to undertake an advice process with clients.

In addition, longer established Licensees may also make acquisitions and integrate those acquisitions into their MDA and Superannuation Services.

Flows for the quarter were in line with expectations, with increases in flows expected to occur this quarter as MDA Services that have recently gone live start to generate flows and Superannuation Services for a number of firms are rolled out.

### **Rollout of Superannuation Services**

MGP was appointed as an Investment Manager and Asset Consultant by a superannuation trustee in June 2016.

As a result of these appointments, MGP has been working through the implementation of Superannuation Services for 11 Licensees with the majority of these to be rolled out over the next 2 months.

### **New Superannuation Service Sign-ups**

MGP executed Memoranda of Understanding (MoU) with 3 Licensees during the September 2016 quarter. These are expected to be rolled out in the first quarter of 2017.

### **Enhanced Cash Solution**

During the quarter, MGP implemented an enhanced cash solution for its clients. This provides clients with a superior cash rate to other managed account and platform providers, enabling MGP to increase FUA by attracting cash currently held outside of the Managed Account solution. This is expected to deliver FUA and profit margin improvement during the remainder of FY17.

### **Quarterly Dividend Declared**

The Board of MGP is pleased to declare a quarterly dividend payment of \$0.002 per share payable on 22<sup>nd</sup> November 2016. Based on the current share price of \$0.30 (as at close of ASX trading 31<sup>st</sup> October 2016), this represents an unfranked yield of 2.67%.



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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)