managedaccounts holdingslimited

ASX Announcement
Date of Release: 21 January 2016

December 2015 Quarterly Update

Highlights

- Quarterly net inflows of $71m for the quarter ended 31 December 2015
- Funds Under Administration (FUA) as at 31 December 2015 of $1.695bn
- Memoranda of Understanding executed with an additional three (3) Licensees to implement new MDA Services with Funds Under Advice in excess of $200m
- Rollout of two (2) MDA Services for Licensees with Funds Under Advice exceeding $300m
- Enhanced Retail Superannuation progress
- Heads of Agreement executed with major institution for enhanced Cash solution
- Expanded resourcing to match business growth

Quarterly net inflows

The December quarter saw net inflows of $71m across the Licensee client base through organic growth of longer established Licensees and clients transitioning into recently implemented services for new Licensees. This was slightly lower than the September quarter as the transition of clients into recently implemented services for new Licensees were slower than expected.

It is expected that there will be ongoing net inflow growth during the year as additional clients are transitioned into MDA services implemented in the September and December quarters, new MDA Services are rolled out for those firms that have executed a Memoranda of Understanding and new Retail Superannuation Services are rolled out over coming months.

Funds under Administration (FUA)

Despite continued volatile conditions in equity markets, MGP maintained strong support from existing and new clients with FUA reaching $1.695bn as at 31 December 2015.

Net inflows for the six months to 31 December 2015 of $182m underpinned the majority of increase in FUA from 30 June 2015 to 31 December 2015.

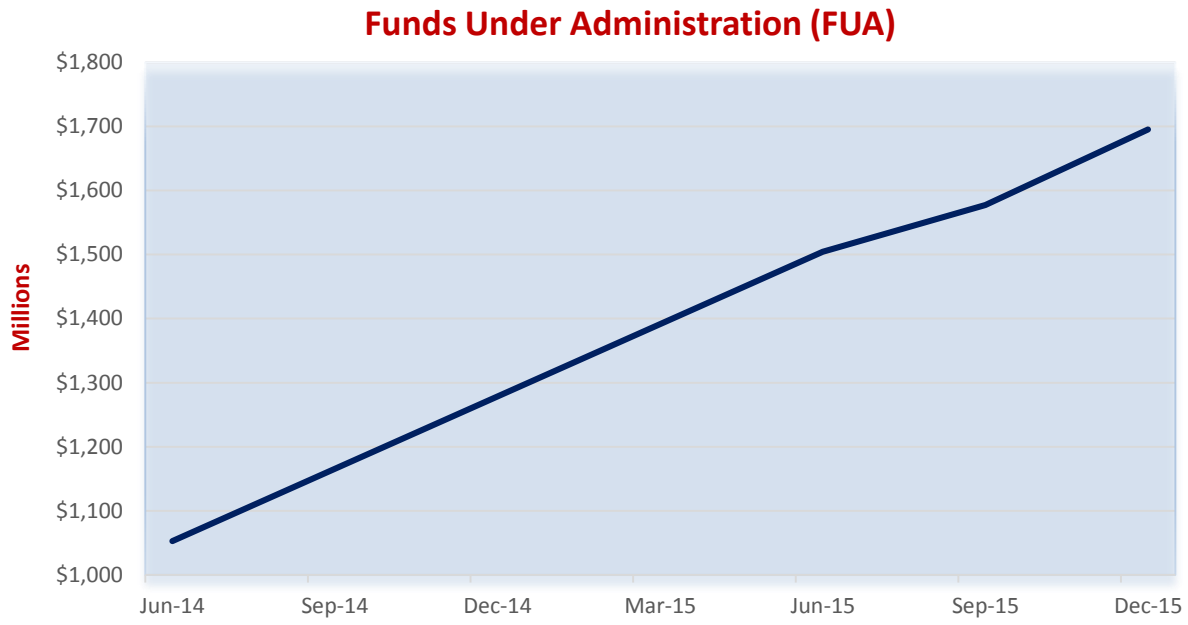
Despite little FUA growth from market performance, total revenues have been in line with expectations as some revenues such as transaction fees are not correlated to market FUA.

The Chart below highlights FUA growth for the period June 2014 to December 2015.

For personal use only

managedaccounts holdingslimited

For personal use only



New MDA Service sign-ups for the December quarter

The business model of MGP takes on an approach of building and implementing customised Managed Account Services and Retail Superannuation Services for each new Licensee with applicable fees.

MGP executed Memoranda of Understanding with three (3) new Licensees with total Funds under Advice of over $200m across these Licensees.

This reflects a very strong first half of the financial year for MGP with six (6) Memoranda of Understanding having been executed for the six months to 31 December 2015. Once live, these new Licensees will enable MGP to continue to accelerate FUA growth as these new Services are implemented and clients suitable for the MDA Service are transitioned from incumbent administration arrangements to the MDA Service.

New MDA Services implemented in the December quarter

MGP is pleased to see two new MDA Services launched in the December quarter. The FUA transition of these firms (which have advised Funds under Advice of over $300m) will add to the organic growth from longer established Licensees, acquisitions by existing Licensees and growth from recently implemented Services.

This now takes the number of live Services in the marketplace to thirty eight (38).

managedaccounts holdingslimited

For personal use only

Pipeline of Licensees to use MGP

There are a further eleven (11) implementations in progress with several near completion. These firms represent Funds Under Advice of over $2bn.

In addition, MGP continues to have a strong pipeline of new business opportunities which are in advanced discussions and seeking to convert to Memoranda of Understanding stage.

Retail Superannuation Solution

As flagged in past updates to the market, MGP has been reviewing its Retail Superannuation capability in conjunction with a number of parties. As part of this review, MGP has determined that an enhanced Retail Superannuation solution is required by the market and this is in the final stages of completion.

The enhanced solution will enable Licensees to implement a customised Retail Superannuation solution with the Licensees' own investment strategies reflected in a Retail Superannuation Product Disclosure Statement (PDS) including where required, the ability for tactical asset allocation to be managed through the investment strategies. This is particularly important given the real return strategies adopted by a number of advisory firms and thus the requirement to have zero allocation to some asset classes at points in time. In addition, the Licensee will be able to manage their own portfolios and execute equity trades via their broker/s of choice.

By offering both a MDA Service and a Retail Superannuation solution, MGP can provide the capability for a Licensee to provide investment management capability across its client base, providing significant benefits to the client, improving efficiency for the Licensee and maximising the potential for inflows into MGP.

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

MGP will further update the market once the final arrangements have been implemented.

Enhanced Cash solution

As part of the Project Excellence initiatives highlighted in past updates to the market, MGP has executed a Heads of Agreement in the December quarter with one of the four major banks to implement a new Cash solution for the MDA client base.

This will result in retail investors obtaining an attractive cash rate and potentially greater functionality than that currently available which will provide better outcomes for the client and the Licensees using MGP's services and potential revenue for MGP.

MGP will further update the market once the final arrangements have been implemented.

managedaccounts holdingslimited

For personal use only

Resourcing

The ongoing growth and support of MGP by the independent financial advisory (IFA) market has resulted in MGP investing in two (2) additional staff in the December quarter to implement new MDA Services and manage existing relationships. This will ensure that new Services are implemented in the quickest possible timeframe and existing clients have sufficient resources to ensure a continuous high level of adviser service.

For further information please contact:

David Heather
Chief Executive Officer
Managed Accounts Holdings Limited
Mobile: 0418 439 570

Don Sharp
Executive Chairman
Managed Accounts Holdings Limited
Mobile: 0419 632 315

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