

Presentation for Annual General Meeting

12 October 2017



Disclaimer

Summary information

This presentation contains summary information about Managed Accounts Holdings Limited (Company) (ASX: MGP) and its activities as at the date of presentation. The information in this presentation is of a general nature and does not purport to be complete or contain all information that a prospective investor should consider when evaluating an investment decision in the Company or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (Corporations Act). This presentation should be read in conjunction with the Company's other periodic news releases or ASX disclosure documents as available from time to time.

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Section: 1

MGP Snapshot



MGP Snapshot



19.8% increase in
Normalised NPBT of
\$1,466,519



Company revenue up
25%



Funds Under
Administration (FUA)
OVER
\$2.1 Bn



Annual unfranked dividend of
\$0.008



FUA growth of
for the 2016/17 financial year
17.4%



Rollout of **twelve**
Superannuation Services



Reinvestment
in Distribution resources



**Successful
implementation**
of Enhanced Cash Solution



**ASX
Sponsorship**
and Settlement approval



Now
as a Managed Accounts and
Administration Provider
Positioned

Updated Dividend Policy

- In FY17 MGP shareholders received unfranked dividends of 0.8 cents per share
- Due to the Company's growth plans it announces the suspension of dividends going forward
- This decision to be reviewed after FY18 results are announced

Growth

MGP's intends to drive growth both organically and inorganically.

Organic

- MGP recently re-invested in its sales team to drive to new business growth
 - Recently appointed Head of Distribution and Marketing
 - Additional Business Development resources
- Strong pipeline of new clients including:
 - Previously announced MoU with significant independent private wealth manager who represents \$3.0 billion
 - Newly signed MoU with Shaw and Partners. Shaw has ~\$2.5 billion funds under advice that is suitable for a platform solution

Acquisition

- Consolidation is a critical market initiative and MGP has committed to be a driver of change
- Several unlisted peers are unprofitable or borderline profitable due to lack of scale, sub-optimal operating models and technology to deliver the required solution
- FUA vs profitable FUA compromising some players
- Synergy recognition with improved business model and a 1 plus 1 equals 3 approach

Section: 2

Proposed Transaction with Linear



About Linear



Linear is a leading provider of platform and administration solutions, with an award winning proprietary technology⁽¹⁾ and broad client base.

- Leading provider of platform and administration solutions to the financial services industry in Australia in excess of **\$9.0 billion FUA**
 - 100% growth since July-14
- Delivers its solutions through its own award winning⁽¹⁾ proprietary technology
- Broad client base across the independent financial advisory market, stockbrokers, investment managers and the institutional market
- Forecasting a modest profit in FY2018 on a standalone basis



(1) Linear Financial won the 2014 Investment Trends awards for:

- Online Business Management
- Best Platform SMA Functionality

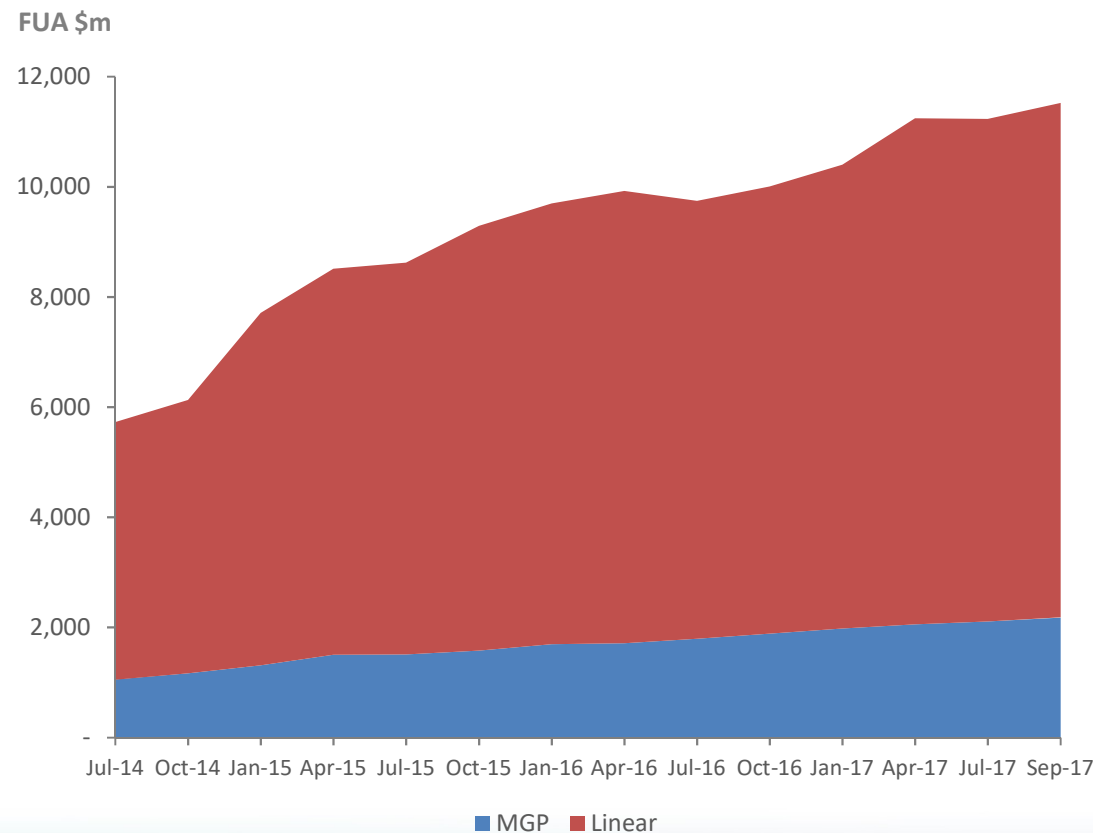
2014 was the last year Linear participated in the Investment Trends awards program.

Proposed Linear Transaction

- MGP has submitted a non-binding conditional proposal to **merge with Linear** for an **enterprise value of \$42.5 million**. This comprises:
 - \$20.5 million set aside to meet third party liabilities
 - consideration to ordinary shareholders comprising:
 - **a minimum of \$14.0 million of MGP scrip consideration** to Linear ordinary shareholders, to be issued at \$0.33 per MGP share, and
 - **up to \$8.0 million of cash consideration** to Linear shareholders
- The transaction is subject to a number of conditions including MGP due diligence in respect of Linear
- It has the unanimous support of Linear's Board
- Linear ordinary shareholders are to receive in excess of 60% of consideration in scrip

Combined FUA

Transformative transaction for both Linear and MGP, with the merged entity to have FUA of \$11.5 billion.





- The combined entity has grown FUA from \$5.7 billion to \$11.5 billion since July 2014
 - MGP growth of \$1.1 billion FUA to \$2.2 billion, 87% growth since July-14
 - Linear growth of \$4.7 billion in FUA to \$9.3 billion, 100% growth since July-14
- Strong historical and pipeline⁽¹⁾ FUA growth despite both MGP and Linear having under invested in sales and distribution
- MGP expanded its sales and distribution capability in May-17 which can be leveraged by the combined group

(1) MGP has a pipeline of FUA growth from MOUs signed with an independent private wealth manager and Shaw and Partners

Strategic Rationale

Linear and MGP's products and services are highly complementary, creating the potential for the merged entity to enhance its product and service offering to existing clients.

Key Products

| Capability |  |  | Combined Group | Description | Distribution Channels |
|---|---|---|----------------|---|--|
| Portfolio Administration (PAS) ⁽¹⁾ | ✗ | ✓ | ✓ | • Investment and tax reporting service | • IFAs • Private Wealth / Stockbrokers |
| Super | ✓ | ✓ | ✓ | • Non-unitised superannuation administration | • IFAs • Private Wealth / Stockbrokers • Investment Managers • Institutions |
| Wrap ⁽²⁾ | ✗ | ✗ | ✗ | • Platforms offering access to approved investment products with reporting | • IFAs • Private Wealth / Stockbrokers • Investment Managers |
| SMA | ✓ | ✓ | ✓ | • Provision of model portfolios where investor owns underlying asset, and reporting | • IFAs • Private Wealth / Stockbrokers • Investment Managers |
| Managed Accounts ⁽³⁾ | ✓ | ✗ | ✓ | • Platform with discretion over investments and trade execution, and reporting | • IFAs • Private Wealth / Stockbrokers • Investment Managers |
| Institutional Solutions | ✗ | ✓ | ✓ | • Sophisticated multi-asset and multi-currency management and reporting solution | • Investment Managers • Institutional - Family Office / Private Bank / Industry Funds & other platforms |

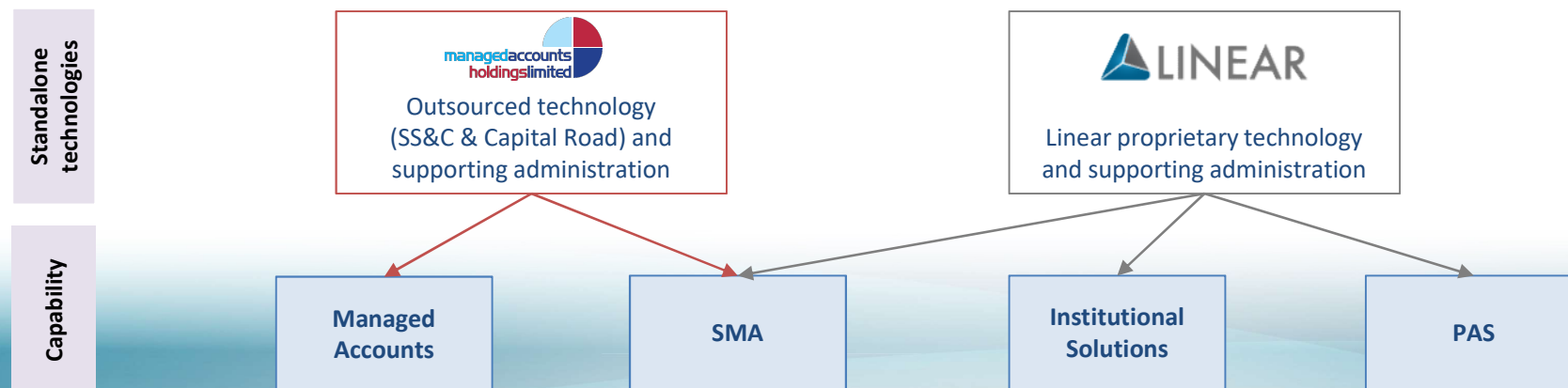
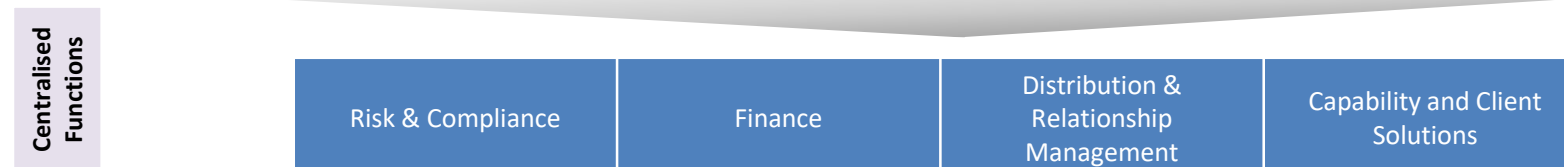
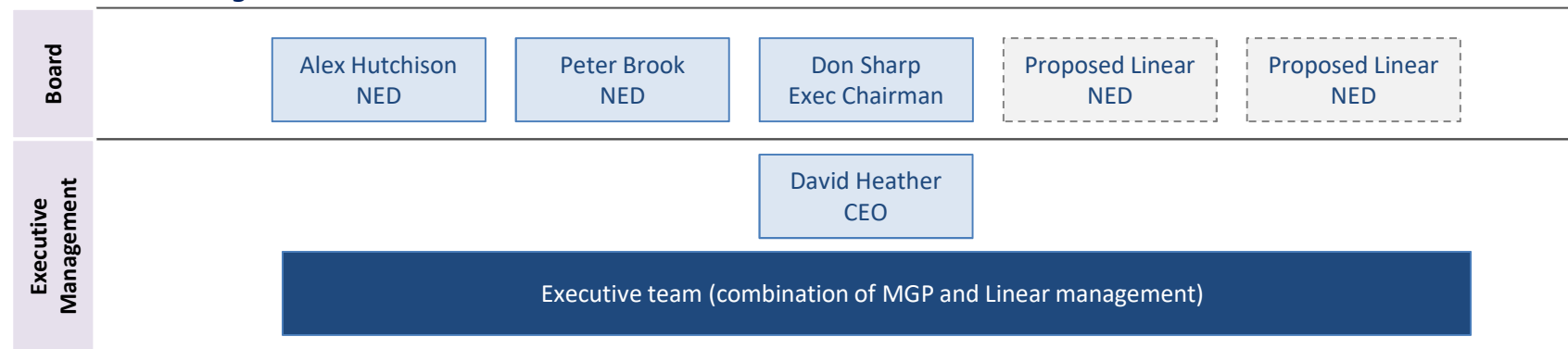
(1) MGP is in the process of launching a Portfolio Administration service as part of its solution toolkit.

(2) MGP and Linear are currently working towards to a Wrap solution.

(3) Typically delivered through a MDA

Post Merger Structure

Standalone operating technologies, serviced by centralised corporate, sales and product functions to support new and existing distribution channels.



Integration

MGP is targeting to deliver full run-rate pre-tax cost synergies of \$3.5 million per annum by the end of FY19, making the transaction double digit EPS accretive on a pro-forma basis⁽¹⁾.

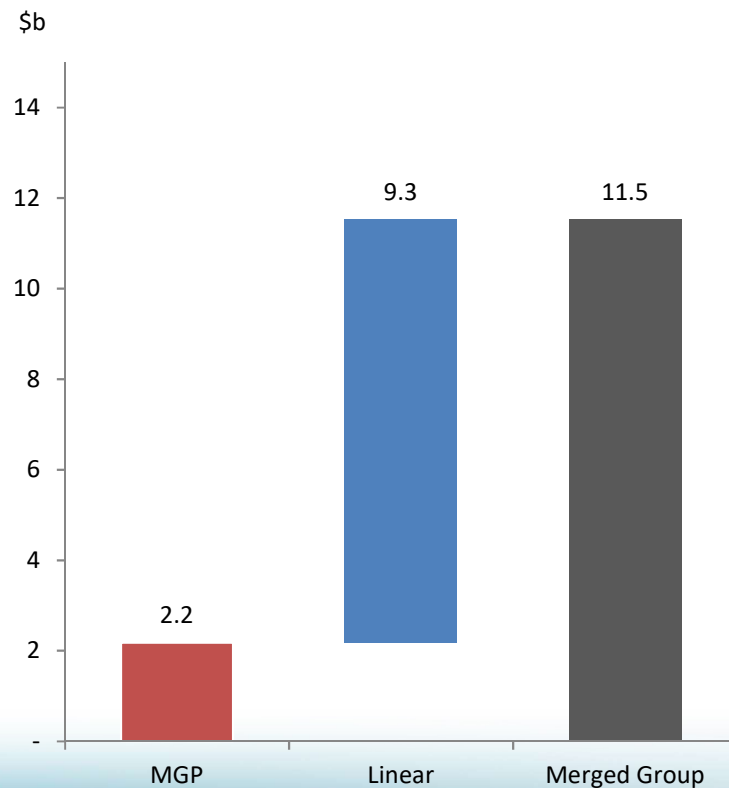
- Best-of-breed approach to integration across all aspects of the business
- Cost synergies of \$3.5 million identified across occupancy costs, service providers and duplicated management
 - Realisation of synergies to be commenced immediately following completion
 - Synergies across occupancy costs and third party service providers to be realised upon contract expiry
 - Full run rate synergies expected to be realised in 2HFY19
- Company to undertake process to identify preferred technology solution without compromising client outcomes
 - Further synergy potential following identification of preferred solution
- Opportunity to cross-sell full product service suite to the combined group's client base and leverage sales resources to target additional revenue
- Additional scale and presence in key markets of Sydney and Melbourne increasing the combined group's competitive position

(1) Excludes one-off implementation costs and potential technology cost synergies and incremental revenue streams that may be generated by the combined group following integration.

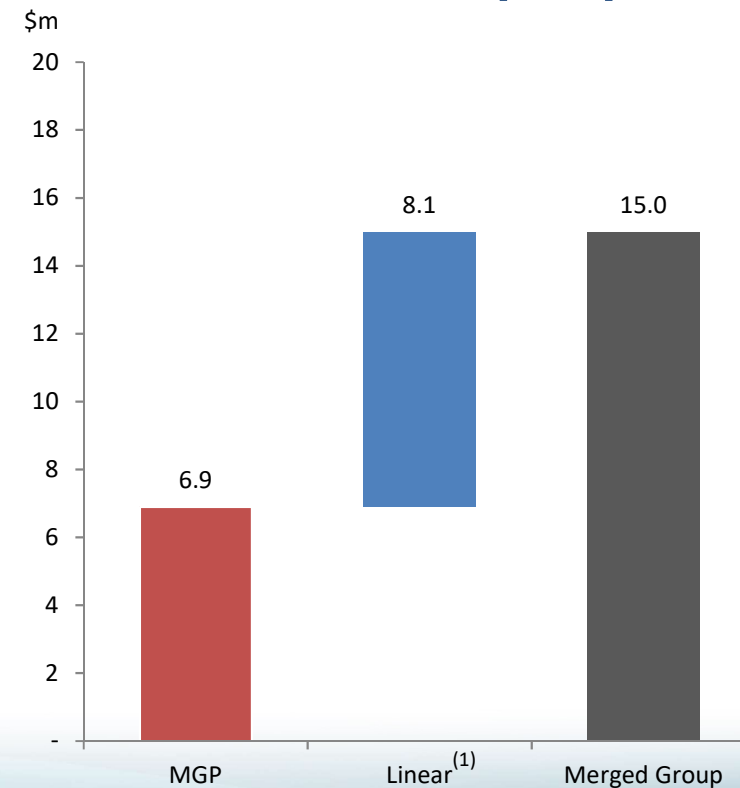
Combined Group

The proposed merger of MGP and Linear is a transformational transaction creating a 'step-change' in FUA and revenue delivering significant operating scale, and an extended suite of products and services.

Proforma FUA



Proforma revenue (FY17)



(1) Updated for final audited accounts.

Section: 3

Other Transaction Details



Proposed Capital Raising

- To support the acquisition of Linear, MGP is seeking to raise \$34.0 million via a Placement
 - Shaw and Partners and Evans and Partners have been appointed to act as Joint Lead Managers
 - Veritas Securities has been appointed as a Co-Lead Manager
- The Placement will be open to Sophisticated and Professional Investors⁽¹⁾ only, noting a significant portion of MGP's existing register meet these requirements and can participate in the Placement
- Shareholders that do not meet the requirements to participate in the Placement as Sophisticated and Professional Investors⁽¹⁾ will have the opportunity to participate in the Share Purchase Plan ('SPP') that the Company is intending to conduct, where existing eligible⁽²⁾ shareholders can elect to invest up to \$15,000 at the Placement Offer price. It is expected to raise an additional \$2.0 million

(1) Sophisticated and Professional investors as defined by Section 708 of the Corporations Act.

(2) Participation in the SPP will be open to shareholders who are registered holders of MGP on the record date of 11 October 2017 and whose registered address is in Australia or New Zealand.

Key Dates

Timetable (indicative only, subject to change)

| Key dates | |
|--------------------------------------|--|
| Wednesday, 11 October 2017 | Dispatch of Managed Accounts notice of meeting |
| On or around Friday, 20 October 2017 | Binding transaction documents executed by Linear shareholders and confirmatory due diligence completed |
| Thursday, 9 November | Managed Accounts shareholder meeting |
| On or around Tuesday, 14 November | Settlement of MGP shares |

Key Conditions

Transaction is subject to due diligence and relevant approvals.

- Key conditions include:
 - Completion of confirmatory due diligence;
 - Linear shareholders execute appropriate binding transaction documentation;
 - Completion of an equity capital raising to fund the cash consideration;
 - No material adverse change to the business, assets or prospects of Linear between now and execution of definitive transaction documents
 - Approval from all relevant regulatory and government bodies, including from the ASX, and receipt of any relevant third party consents; and
 - Approval by the Managed Accounts shareholders of the issue of MGP shares to Linear shareholders and the capital raising.

Key Risks

| Key Risks | Summary |
|-----------------------------|--|
| Acquisition Funding Risk | The cash component of the Acquisition is unfunded, and is intended to be funded via capital raising. There is a risk the Company does not raise sufficient capital to fund the Acquisition. |
| Acquisition Completion Risk | Completion of the Acquisition is conditional on satisfaction of customary conditions and MGP and Linear shareholder approval. There is a risk that the requisite shareholder approval will not be obtained or other conditions satisfied. |
| Integration Risk | Assuming the Linear acquisition completes, substantial effort and cost will be required to integrate the two businesses. The anticipated benefits arising from the acquisition could either not being achieved or achievement being delayed. Anticipated benefits include the cost and revenue synergies outlined on page 17. |
| Regulatory changes | The investment and financial services sector is experiencing significant regulatory change. All of the combined group's product suite and services comply with current laws and regulations, however if legislation and / or policy was changed it could require a redesign of the group's systems to meet these new regulations. |
| Competition | Competitive pressures resulting from activities of current competitors, emergence of new competitors, changing client expectations (including an expansion of fixed price services and reduced tolerance bps charges) or other changes in the competitive landscape could result in loss of key clients, resulting in loss of revenue, and/or margin compression and a corresponding reduction in the group's profitability. |
| Loss of key clients | The group has client relationships with a large number of firms in Australia. The group's revenue is dependent in part upon maintenance and development of these client relationships. Consequently, loss or diminution of these relationships may adversely affect the group's financial performance. |
| Loss of key personnel | Many of the group's key personnel are highly qualified and highly experienced with in-depth industry and client knowledge. Any loss of key personnel may have an adverse impact on the group's client service capabilities and/or financial performance. |

