





# Mainstream Group Holdings (ASX: MAI)

Mainstream global  
leadership team  
presentation to  
institutional  
investors

23 October 2017



## Mainstream presenters

Name		Position	Key experience
	<b>Martin Smith</b>	<b>Group CEO / CEO, Asia-Pacific</b>	<ul style="list-style-type: none"><li>- Founder and director of MAI with 25 yrs + accounting, consulting and business leadership experience</li></ul>
	<b>Nick Happell</b>	<b>CEO, Fund Services Australia</b>	<ul style="list-style-type: none"><li>- Promoted from within MAI to manage Australia's fund administration, unit registry and middle office functions</li></ul>
	<b>Denise DePaola</b>	<b>CEO, Americas</b>	<ul style="list-style-type: none"><li>- Prior owner of <i>Fundadministration, Inc</i> in USA with 20 yrs+ public accounting and the alternative investments</li></ul>
	<b>John McCann</b>	<b>CEO, Europe &amp; Cayman Islands</b>	<ul style="list-style-type: none"><li>- Founder and prior owner of Trinity Fund Administration (Ireland and Cayman) with 30 yrs+ global financial services experience</li></ul>



# Agenda

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# Business update

**Martin Smith**  
Chief Executive Officer,  
Mainstream Group Holdings



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## Key themes for today

1. Expanded leadership team with global expertise
2. Well positioned in key fund jurisdictions
3. Acquisitions have created strong platform for growth
4. Rebranding brings global offering to life and unlocks new sales opportunities
5. Local, flexible offering with global reach
6. Replicate Australian business development success in other regions



# Comprehensive global services for our clients

Providing fund administration services in markets with \$31 trillion investment assets

**A\$123 billion**



funds under administration (FUA)

**719 funds**



# funds

**105,000**



# investors

**217**



# employees



**Investment fund assets (excluding fund-of-funds), \$US billion<sup>1</sup>**

1. Australian Trade and Investment Commission "Australia's Managed Funds 2017 Update" (April 2017), page 2, and Cayman Islands Monetary Authority "2015 Investments Statistical Digest", page 2. Note: Circles are not to scale. Refers to home domiciled funds except Hong Kong and the Cayman Islands which include home and foreign-domiciled funds. Fund of funds are not included except for Luxembourg and the Cayman Islands. Australia only includes consolidated assets of domestic collective investment institutions.

# Scalable business model supporting investor vehicle of choice

## INVESTMENT MANAGER



Front office

Middle and back office

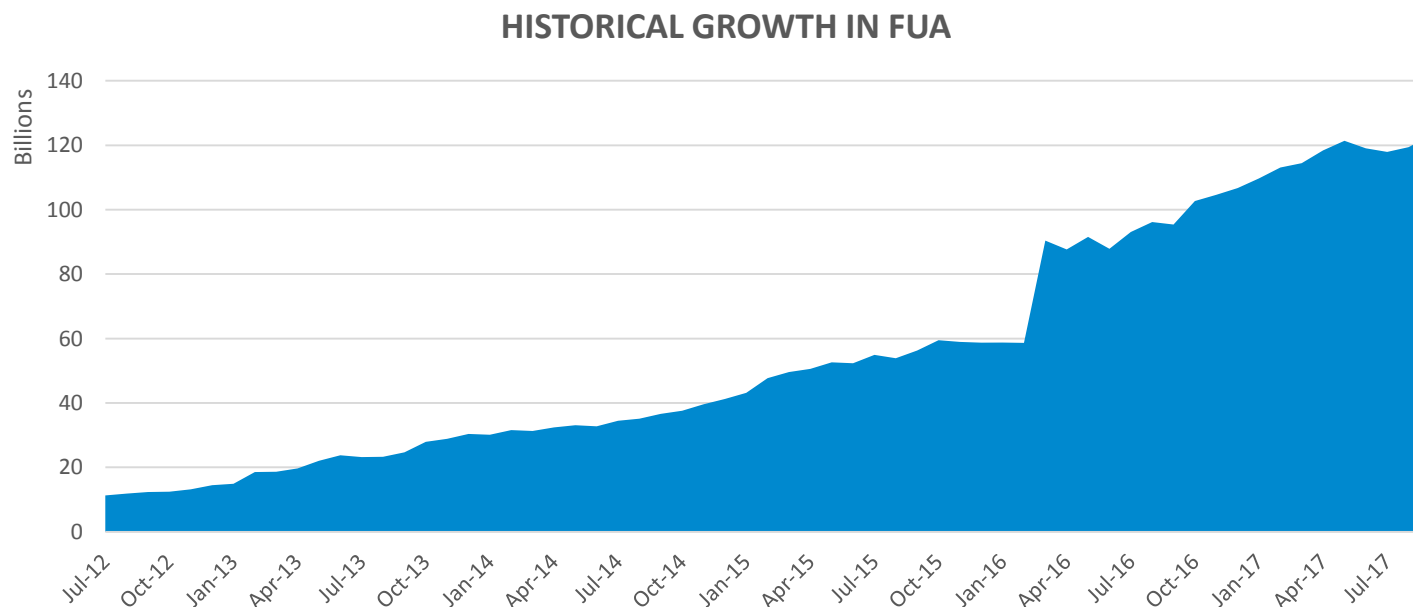


- Fund accounting
- Investment administration
- Investor centre
- Middle office
- Corporate services

# Funds under administration (FUA) sets another record

## September 2017 quarter:

- › Record levels of FUA at A\$123 billion\*
- › Surpassed 100,000 investors under administration for first time
- › 719 funds administered globally, up from 449 funds as at Sept 2016 (↑60% YoY)
- › Strong FUA pipeline from new fund launches and acquisitions completing this quarter



\* Excludes Corporate Services

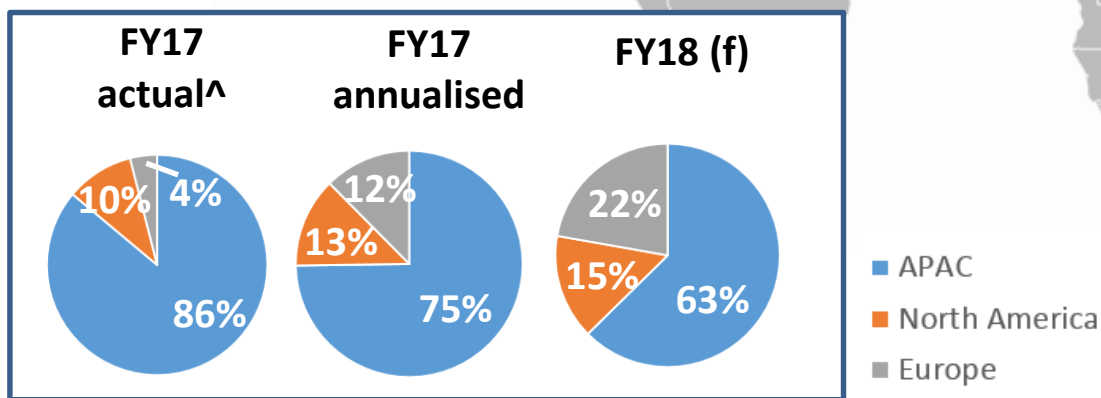


# Diversified revenue across global markets

## Group offices



## Revenue by region



<sup>^</sup> The Group had operations in North America for nine months and Europe for seven months during FY17.

# Our new global reporting structure

Complementary service lines across 8 strategically important fund jurisdictions



# Global leadership team adding experience and capability

## Asia-Pacific



**Martin Smith**  
Group CEO /  
CEO, Asia-Pacific



**Nick Happell**  
CEO, Mainstream Fund  
Services Australia



**Michael Houlihan**  
CEO, Mainstream  
Superannuation Services,  
Australia



**Amy Lau**  
Country Manager,  
Hong Kong



**John Davis**  
Country Manager,  
Singapore

## Europe & Cayman



**John McCann**  
CEO, Europe



**Richard Bolton**  
Country Manager,  
Isle of Man



**Malcolm St John**  
Country Manager,  
Malta



**Angela Nightingale**  
Country Manager,  
Cayman Islands

## Americas



**Denise DePaola**  
CEO,  
Americas

# Australia update

**Nick Happell**  
Chief Executive Officer,  
Mainstream Fund Services Australia

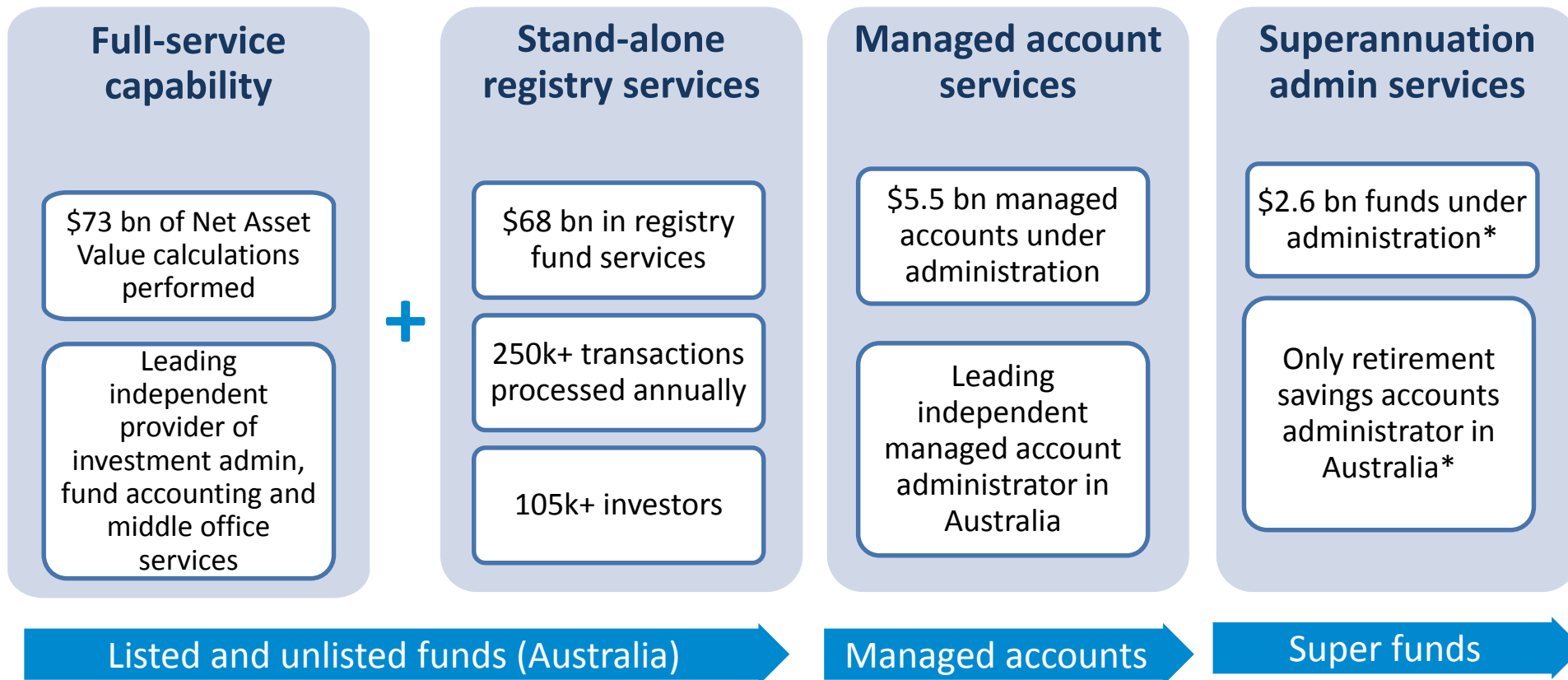


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# Services overview - Mainstream Fund Services, Australia

Proven market leader in independent fund administration



\* Subject to completion of IRESS transaction.

## Business snapshot – Mainstream Fund Services, Australia

<b>Former name:</b>	FundBPO
<b>Offices:</b>	- Sydney - Melbourne
<b>Regulated by:</b>	ASIC (Australian Financial Services licence holder)
<b>Market size:</b>	A\$2.8 trillion, 300 managers: global managers, large domestic financial institutions and boutiques
<b>Founded:</b>	2006
<b># of employees:</b>	125 (Corporate, Fund Services and Superannuation Services)
<b>Compete with:</b>	Global custodians and administrators, Link Fund Solutions, OneVue
<b>How we meet clients' needs:</b>	Unit registry offering (proprietary web portal, workflow, AML), agile and affordable full service custody and administration model for boutiques, client service/satisfaction

# Current growth drivers - Mainstream Fund Services, Australia

## 1. Continued growth in core business

- Australia's investment management assets growing at 10% p.a. since 1992
- Continued inflows from key clients into unlisted trusts and mandates

## 2. Launch of new listed products

- Demand for independent specialist administration services
- Ability to offer niche administration solutions to new and existing clients unmatched in the market
- 4 active ETFs going live this quarter
- Listed investment trust went live this month
- Agility and speed to market keep us ahead of the competition

## 3. Cross border opportunities

- Proportion of existing Australian client base use another administrator offshore
- Opportunity to offer global solution
- Consolidated account management with relationship pricing

## 4. Leverage Technology

- \$2.2m on capital expenditure and \$3.4m on IT costs on initiatives such as workflow automation and compliance with legislation in FY17
- Renegotiated IT contracts create scale and fix costs for medium term

## 5. Improve Margin

- Australia has most transactions and complexity due to daily fund pricing
- YoY increase in registry transaction automation (↑24%)
- Further improvement expected in FY18 as proprietary/custom build technology deployed across clients
- Utilise global processing centres for commoditised back of house tasks and "follow the sun" processing

# Asia update

**Martin Smith**  
Chief Executive Officer,  
Asia



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# Services overview - Mainstream Fund Services, Asia

Boutique provider backed by ASX listed parent

## Full-service capability

Leading independent provider of fund launch and onboarding support, investment administration, fund accounting and transfer agency services

Funds price monthly, billed quarterly in USD

Fastest growing segment in Group

Hedge funds, private equity, property funds

## Business snapshot – Mainstream Fund Services, Asia

<b>Former name:</b>	FundBPO
<b>Offices:</b>	- Hong Kong - Singapore
<b>Regulated by:</b>	Fund administrators are unregulated
<b>Market size:</b>	US \$0.9 Trillion (Hong Kong) US \$1.5 Trillion (Singapore)
<b>Founded:</b>	2012
<b># of employees:</b>	30
<b>Compete with:</b>	Maples Fund Services, bank based fund administrators
<b>How we meet clients' needs:</b>	Service quality and flexibility, tailored services, local working teams, affordable full service administration model

# Current growth drivers - Mainstream Fund Services, Asia

## 1. Fund launches and onboarding

- New funds from existing clients
- Active referral network from counterparties
- Significant inflows from key clients

## 2. Significant growth in Singapore and Hong Kong businesses

- Anticipate 50% of revenue to be from global operations by FY18.
- Singapore and HK experiencing similar growth to core business five years ago.

## 3. Cross border opportunities

- Cross sell services as global footprint grows
- Servicing Australian hedge and private equity clients

# Americas update

**Denise DePaola**  
Chief Executive Officer,  
Americas



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## Market overview - USA

- › US market sentiment positive
- › Market opportunity is huge
  - › World's largest hedge fund market with over 5,000 funds in target market
- › Serving hedge and looking to expand into PE and potentially mutual funds
- › Full-service offering with cross sell opportunities now we have Cayman operations
- › Historically growth rate 15% and we expect this to be maintained and improved with group synergies

## Business snapshot – Mainstream Fund Services, USA

<b>Former name:</b>	<i>Fundadministration, Inc</i>
<b>Offices:</b>	New York (Long Island and Westchester County)
<b>Market size:</b>	US\$ 18.9 Trillion
<b>Regulated by:</b>	Fund administrators are not regulated
<b>Founded:</b>	1999
<b># of employees:</b>	16
<b>Compete with:</b>	SS&C, NAV Consulting, US Bank Corp, Apex, Opus, AFA, Gemini
<b>How we meet clients' needs:</b>	Hands-on service from long serving professionals, quality technology, leveraging relationships with service providers, problem solving and consultative approach

# Current growth drivers - Mainstream Fund Services, USA

## 1. Leveraging global platform

- Ability to capture Registered Office and Corporate Secretary work on Cayman funds
- Ability to service UCITS and European regulated funds
- Asia/Australia presence for US managers looking to target investors and investments there
- Underpinned by global branding

## 2. Listed credentials

- Increased sale opportunities being part of listed group
- Impressive size and governance but still boutique in feel
- 'Check the box' due diligence process
- Transparency and licensing well received

# Europe and Cayman update

**John McCann**  
Chief Executive Officer,  
Europe & Cayman Islands



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## Market overview – Europe and Cayman Islands

- › Ireland is leading fund administration centre for hedge funds.
  - › Over 40% of global / 70% of EU hedge fund assets are serviced in Ireland
- › Brexit poses both risks and opportunities
- › Approximately 25% of global hedge funds launch through Cayman
- › Competitive advantage for combined Mainstream operations
- › Leverage acquisition network and service provider referrals
- › Target clients
- › Full service offering: fund administration and corporate services

## Business snapshot – Mainstream Fund Services, Europe and Cayman

<b>Former name:</b>	Trinity Fund Administration / Galileo Fund Services / Alter Domus Hedge Fund Services
<b>Offices:</b>	Europe: Dublin (Ireland), Douglas (Isle of Man), Sliema (Malta) Cayman Islands: George Town
<b>Market size:</b>	Ireland: US\$ 2.1 Trillion Cayman: US\$ 5.7 Trillion
<b>Regulated by:</b>	Central Bank of Ireland, Isle of Man Financial Services Authority, Malta Financial Services Authority, Cayman Islands Monetary Authority
<b>Founded:</b>	1994+
<b># of employees:</b>	46
<b>Compete with:</b>	Apex, Custom House and other boutiques alongside larger institutions such as CITCO and SS&C.
<b>How we meet clients' needs:</b>	High quality services that are cost effective and managed by experienced and knowledgeable staff, flexible and agile approach

## Current growth drivers – Mainstream Fund Services, Europe and Cayman

### 1. Cross-jurisdictional marketing initiatives

- Leverage Mainstream global network to cross-sell services
- Being part of Group opens many previously closed avenues of referrals
- New fund launches from existing clients
- Ability to consolidate existing client relationships across jurisdictions

### 2. Listed credentials

- Governance and transparency of listed parent well received
- Perceived reduction in counterparty risk
- Increased likelihood of being short listed for larger proposals

### 3. Follow-the-sun processing

- Pilot project for financial statement production underway in Malta for select Australian clients
- Opportunity to preserve margin but improve client service levels

# Conclusion

**Martin Smith**  
Chief Executive Officer,  
Mainstream Group Holdings

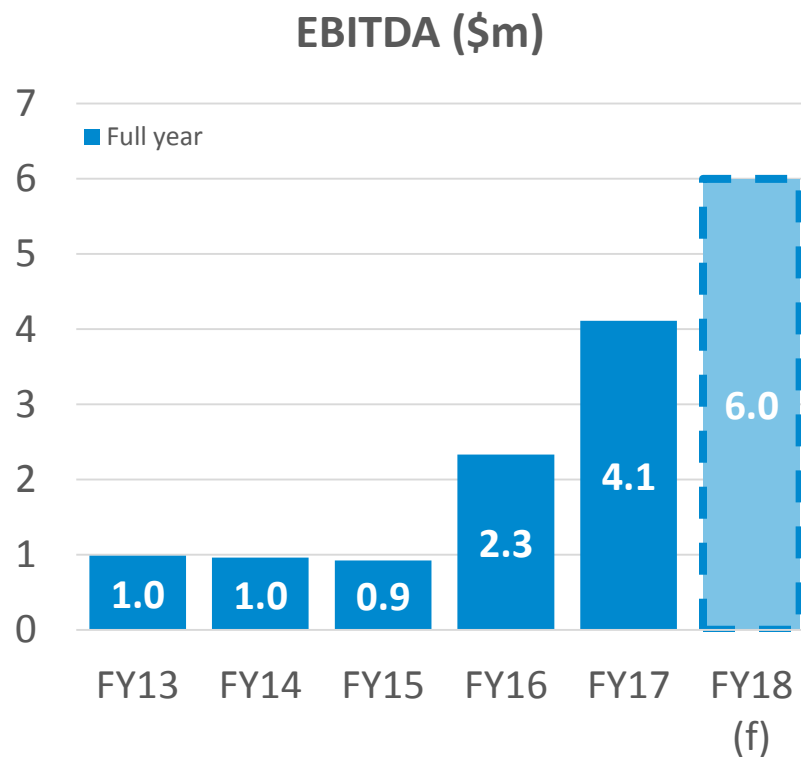
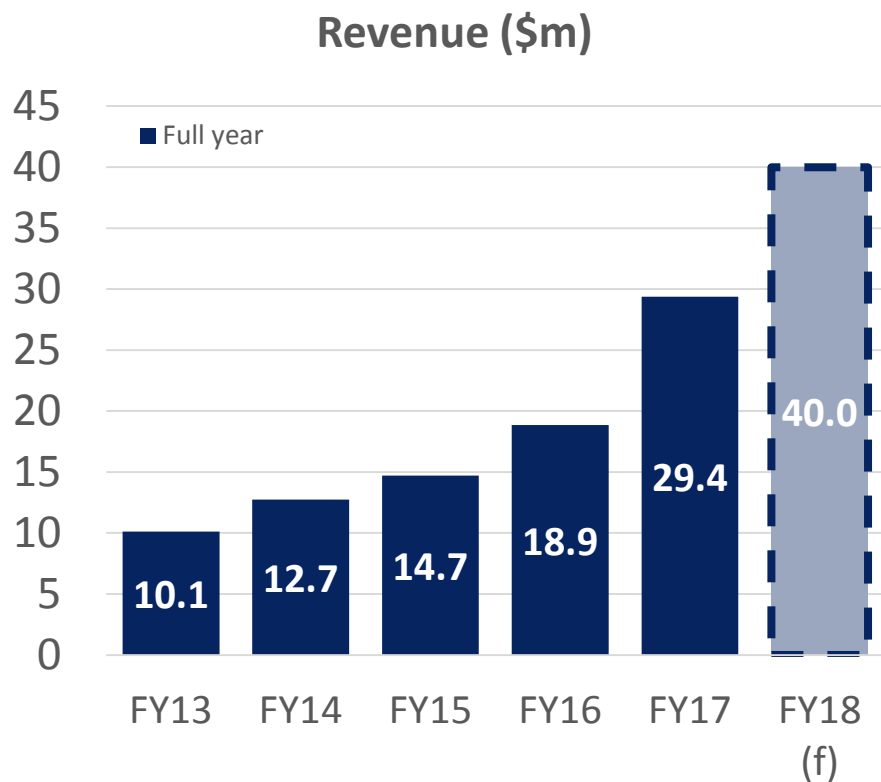


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# 5 year revenue and EBITDA growth and forecast

On track to deliver FY18 revenue and EBITDA guidance



## Summary

- › Now in 8 countries with \$123 billion in funds under administration
- › Focused on long term growth and support of our clients' administration needs across markets
- › Significant new business opportunities under global operating model and senior leadership team
- › Strong synergies and shared values amongst acquired businesses
- › Rebranding unlocks potential of global client relationships and referrals
- › FUA and revenue predicted to continue to grow at current levels

## Path to building \$60m revenue enterprise

1. Invest in business development (Hong Kong, New York and London)
2. Cross-sell services of Cayman platform, super umbrella platform and managed accounts platform
3. Dedicate resources to target ~\$30bn prospect fund managers
4. Leverage cross-border referrals
5. Tap into ~200 existing clients in markets we now operate in
6. Build European UCITS / Non UCITS platform
7. Continue to grow managed accounts platform
8. Extend Australian Trustee and Banking partnerships to global offering

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