

26 February 2021
ASX Release

US hedge subsidiary settlement agreement receives Court approval

Mainstream Group Holdings Limited (“Mainstream” or “Company”, ASX: MAI) gives notice that its US hedge fund administration subsidiary, Fundadministration, Inc. (“Fundadministration”, NY State ID 2436235), has received Court approval to reach a settlement with no admission of liability (the “Settlement”) following discussions regarding potential claims.

The potential claims that led to the Settlement relate to a legacy client of Fundadministration. Mainstream acquired Fundadministration in September 2016.

Fundadministration was not aware of any fraudulent conduct by the former client and has assisted United States law enforcement authorities on this matter. No accusations, allegations or claims of wrongdoing against Fundadministration or Mainstream have been brought by US authorities following their detailed investigations.

Fundadministration has entered into the Settlement with a Court appointed receiver of the former client and agreed to pay US\$3.950 million (US\$3.555 million of settlement and US\$0.395 million of the Receiver’s legal costs). Under the terms of the Settlement, there will be no further recourse against Mainstream or any of its subsidiaries, including Fundadministration. The United States District Court approved the Settlement terms on 25 February 2021 (US time) / 26 February 2021 (Australia time) and the settlement amount is due for payment within 5 business days of that date.

The Deed of Settlement is confidential on both sides except for disclosure to relevant legal, regulatory, tax, financial or insurance advisors or authorities. The material terms of the Settlement have been disclosed in this market release under ASX Listing Rule 3.1.

The Board determined that the Settlement was in the best interests of Mainstream and its shareholders to avoid a potentially long and expensive US legal proceeding and instead focus on further corporate growth and margin expansion plans.

As previously advised, Mainstream will fund US\$1 million of the Settlement from its cash reserves with the balance to be drawn from Mainstream’s debt facility. The Settlement is not expected to materially impact the Company’s ability to achieve its FY21 earnings guidance.

Authorisation

This ASX Announcement has been authorised by Mainstream’s Board of Directors.

For more information

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About Mainstream

Mainstream Group Holdings Limited (ASX: MAI) provides fund and superannuation administration services underpinned by investment in people, processes and technology.

As at December 2020, Mainstream provides administration services to 1,202 funds and more than 157,000 investors with funds under administration of AUD \$224 billion.

Mainstream employs 305 people, with operations in Australia, Singapore, Hong Kong, the United States, the Isle of Man, Malta, Ireland and the Cayman Islands.

For more information, please visit: www.mainstreamgroup.com.