



**23 August 2016**

**ASX Release**

**MainstreamBPO to acquire New York based hedge fund administrator *Fundadministration, Inc.***

- Continued expansion of MainstreamBPO in North America
- Complements the Group's existing hedge fund administration operations in Hong Kong and Singapore
- Material increase in expected FY17 revenue
- EPS accretive

Fund administration provider MainstreamBPO Limited group (ASX: MAI) is pleased to announce it has executed an agreement to acquire the privately held hedge fund administration business *Fundadministration, Inc.*

*Fundadministration* is a New York based full-service fund administration firm that works with emerging and established hedge fund managers, registered investment advisers and traders. The firm administers 140 funds for 45 clients with funds under administration (FUA) of USD \$5 billion. All of *Fundadministration's* existing staff will join MainstreamBPO with *Fundadministration* CEO, Denise DePaola, to join the Group's executive team and become the CEO of MainstreamBPO's US operations.

**Transaction highlights**

- MainstreamBPO has executed an agreement to acquire 100% of the shares in *Fundadministration*.
- Expected to increase the Group's FUA by 7% to \$94 billion.
- Completion is planned to occur by 30 September 2016.
- Consideration will be funded from a combination of cash and equity.
- Current owners, who are all *Fundadministration* staff, will become MAI shareholders and assume management of MainstreamBPO's US expansion.
- *Fundadministration* revenues are expected to make a substantial contribution to the Group's revenue in FY17.
- Transaction to be earnings accretive.
- Straight-forward integration due to common service offering and technology platform.

The transaction is consistent with MainstreamBPO's growth strategy of expanding into key international fund administration markets following the success of its operations in Hong Kong and Singapore. The Board considers *Fundadministration's* two New York offices in Ronkonkoma (Long Island) and Purchase to be well placed to capitalise on growth opportunities for the Group in the world's largest hedge fund market.

In addition to *Fundadministration's* anticipated material contribution to the Group's expected revenue, further revenue uplift is likely through the expanded service platform and distribution capability of the combined businesses across North America, the Caribbean and Asia.



A smooth integration between the two entities is expected given both businesses offer comparable services on a common technology platform and have an aligned client growth strategy.

The Board believes the transaction's strong strategic rationale is supported by an excellent cultural fit.

MainstreamBPO Chairman and Managing Director Byram Johnston OAM stated "This is a milestone transaction for our Company with substantial strategic benefits for both parties. We are pleased that Denise and her team will join us to grow and increase our hedge fund services. There are strong synergies and like-minded values between our businesses with each focused on delivering high client service levels to our clients."

Commenting on the transaction, *Fundadministration* CEO, Denise DePaola, said "I see this partnership as an opportunity for us to provide greater stability, growth and value added services to our clients and our team. It is a real honor to join the MainstreamBPO family, together we will be able to accomplish amazing things."

**For more information**

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**About MainstreamBPO**

MainstreamBPO is one of the largest independent fund administrators in Australia. The Company provides fund administration, superannuation administration and share registry services for a diversified client base of fund managers and superannuation trustees.

The Company operates three businesses:

- > FundBPO: provides fund administration services for investment managers
- > SuperBPO: provides superannuation administration services for superannuation trustees
- > ShareBPO: provides share registry services for listed companies and exchange-traded funds.

MainstreamBPO has seen exceptional growth since its inception ten years ago. As at June 2016 administration services are provided to over 430 funds with assets in excess of \$88 billion, supporting more than 123,000 investors.

The Company's operations generate predictable revenue streams based on ongoing contracts with clients for the supply of administration services. The Company has a strong competitive position and track record of providing fund services.

MainstreamBPO has operations in Sydney, Melbourne, Singapore, Hong Kong and New York, employing over 120 people.



### **About *Fundadministration***

*Fundadministration* was founded in New York 17 years ago as a boutique fund administrator. Denise DePaola, CEO, joined the Company in 2005 and subsequently acquired the firm in 2013. Since then, the Company has experienced stability and continued growth. Denise built up her team over the years and has successfully implemented PFS-PAXUS software to service the needs of her growing clientele. The Company provides administration services to hedge funds, private equity funds, fund of funds, EB-5 Funds as well as family offices and managed accounts across a variety of asset classes.

In addition to traditional administration, the Company provides:

- > FATCA reporting
- > Anti-money laundering services
- > Registrar and transfer agency services
- > Cash Management
- > Corporate accounting and bookkeeping
- > Financial statement preparation

*Fundadministration* employs seasoned professionals with no turn-over in staff. The average tenure is 8 years with the company and 15 years' industry experience.

The Company is continually recognized in the industry as providing the best service in the business year after year. As such, the clients are loyal and continue to expand their operations with the support of *Fundadministration*.