

Having started 2016 at an excited pace, the rest of the year has continued to accelerate away... leaving us all to hang on for the ride through to year end. There is also the fast approaching deadline of transitioning to the requirements of the FMC Act 2013 by 1 December 2016 for managed investment schemes.

In this issue of our six monthly newsletter we will be:

- Measuring MMC's activity and growth with a snapshot of numbers;
- Summarising any business development initiatives in progress;
- Providing a 'heads up' on changes to the New Zealand regulatory and legislative environment; and
- Sharing various other 'goings-on' from both sides of the MMC office walls.

MMC

As at 31 October 2016 MMC have 26 clients with funds under administration of over \$27.5 billion. We are calculating 205 unit prices each day and have 44 staff members.

MMC have experienced incredible growth of late. Although we have looked to manage this expansion by automation and further process efficiencies wherever possible, you will see above a noticeable increase in the number of MMC staff.

Business Development

Since May this year we have concentrated on launching KiwiSaver registry, developing phase 1 of our investor web portal, assisting clients with licence applications and FMC reporting requirements and liaising with Calastone on fund transaction processing.

- MMC's new KiwiSaver registry went live with the launch of Simplicity in August and the transition of Generate in September.
- The investor web portal was made available for our first client who is trialing it at present with a select group of investors.
- MMC are now calculating PIR performance returns and portfolio volatility measures for many clients and assisting with asset reporting.
- Automated processing of wrap transactions via Calastone's platform was released for Aegis and FNZ.

Through to next May our activity will focus on streamlining KiwiSaver registry, increasing access to the investor web portal, releasing phase 2 of our investor web portal, continuing to assist clients with FMC reporting requirements and working on other key IT projects.

- Enhancements will be made to the KiwiSaver registry to streamline processes for existing clients and prepare for future growth.
- The investor web portal will be made available to a greater number of clients.
- Phase 2 of the investor web portal will be released with further investment breakdowns, access to archived documents and transactional functionality. Onboarding will be part of phase 3 and delivered at a later date.
- FMC reporting tools will continue to be developed and refined to assist clients.
- The NeXus infrastructure will be upgraded.
- Registry data and APIs will be data warehoused.
- Registry clients will be separated into unique databases.

Regulatory & Legislative Environment

UNIT PRICING ERROR GUIDANCE

With a lot of concern amongst managed fund providers on what constitutes a material pricing error, MMC were instrumental in pulling together a discussion group of outsource fund administrators, managers and in-house administrators and supervisors.

As a result of the discussions, a draft document was put together with the aim that it would be adopted by the Trustees Corporations Associations (TCA) as an industry guideline. The FMA were also consulted and responded informally with a preference for guidance to come from the supervisors rather than the regulator.

In line with MMC's Error Reporting and Compensation Policy, the document sets out that all unit pricing errors greater than or equal to 0.05% for cash funds and 0.30% for other funds are considered as material and are to be reported to supervisors as soon as reasonably practicable.

The document currently sits with the supervisors (via the TCA) but they are starting to circulate it to clients with an understanding that they will formally implement the guidelines in due course.

CHANGES TO ANNUAL STATEMENTS

MMC have met with the MBIE and provided some feedback on their discussion document, particularly in regard to additional fee calculations and the timing of their introduction into annual statements.

The general comment to date is that the timeline is too tight.

At this stage the discussion document only covers KiwiSaver, superannuation and workplace savings schemes but it may only be a matter of time until these changes are applied much wider.

Key IT Projects

There is often a lot of development and system work going on behind the scenes at MMC in the technology space. With three fairly large and key projects underway at present, and due to be completed within the next six months, we thought it useful to provide more detail.

INFRASTRUCTURE UPGRADE

Significant architectural changes are being made to NeXus to ensure the system is 'Cloud' ready. These changes will also result in an inherently faster system with improved connection points throughout. (In layman terms it is like upgrading your house with new plumbing and wiring!)

DATA WAREHOUSING

With the release of the investor web portal, we are warehousing the registry data and APIs for investors. This ensures that the data is a clean snapshot as opposed to real time, NeXus is not slowed down by increased investor activity and that investor access is uninterrupted by regular system maintenance.

REGISTRY SEPARATION

We will be separating all registry clients into their own unique databases. Firstly, this provides scale. As a client grows, and their number of investors increase, it will not have any performance impact on either MMC internally or other clients. Secondly, it will allow for changes and enhancements at a client level that do not need to be implemented across the board.

Client Survey Results

A big thank you to those clients that participated in the interviews with insight agency, TRA. The findings of the survey will be included in a report to be sent to all clients within the next couple of weeks but we wanted to briefly focus on a couple of points of feedback.

The majority of our clients now have access to our system, NeXus, via the web portal. NeXus is the internal system that we use so we understand that it may not be that intuitive to you. If you would like some training on either the fund accounting / unit pricing or registry functionality we are happy to provide this. Also, with providing access to NeXus, we assumed that clients would prefer to run their own reports. If you would like MMC to do this instead, we can pipeline your reports as a regular job to be automatically emailed or SFTP'd to you.

Please contact Nicola to arrange any training or the running of reports.

Introducing...

Craig Richardson has been working with MMC since our inception. Originally as a casual IT contractor, Craig finally took a full time



contract position in April 2011 and then became our Chief Technology Officer (CTO) in October 2012.

With a team of seven reporting to him (six developers and one report writer), Craig's responsibilities as CTO include:

- Overseeing the IT direction of MMC including system architecture, development processes and product selection, where required;
- Liaising with the executive and senior management team on business requirements and solution design;
- Co-ordinating all IT project work including setting priorities, allocating development and testing resources, implementing timeframes and monitoring the review and release;
- Reporting to the board for key projects, where required; and
- Recruiting and managing the IT team, providing ongoing training and encouraging personal development.

Craig's approach to his role and his team is to foster free-thinking – to be able to look outside the square and come up with new and innovative solutions. It is this attitude, which is applied across the business, that enables MMC to stay ahead of the game!

Contact Us

If you would like to discuss or obtain further information about anything featured in this newsletter, please feel free to contact us on:

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“Do what you do best and outsource the rest”

Tom Peters (management guru)