

With our focus on financial year end, May just swept right on past. Add many other exciting projects and the outcome? The May edition of this newsletter has pushed through to June...

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 you are aware, last December New Zealand's longest established private equity firm, Pencarrow Private Equity (Pencarrow) took a 50 per cent stake in MMC via a new investment vehicle.

Despite the purchase, it has been business as usual at MMC with day-to-day operations continuing as previously. The opportunity with Pencarrow was pursued as a growth initiative.

Pencarrow have two seats on the MMC board, filled by Philippa Weston and Nigel Bingham, adding further depth and new insights as we continue to develop our growth strategy. A fifth, independent chair of the board is being actively sought.

As at 31 May 2017 MMC have 26 clients with FUA of over **\$31 billion**. We calculate 222 unit prices daily, maintain 50,392 investor/member accounts for 68,518 investments and have 48 staff members.

Business Development

Since November last year we have concentrated on:

- Enhancements have been made to the KiwiSaver registry to streamline processes for existing clients and prepare for future growth.
- A much-improved phase 2 of our investor web portal has been released and our first clients are live and providing access to investors.
- Many clients are now accessing their PIR returns and portfolio volatility reports via NeXus. Example look through FMC holdings reports have also been provided to a number of clients for feedback.
- The tax year end reporting was run for over 50,000 investors/members.
- Draft financial statements for 143 funds have been delivered to clients for audit.

Through to this November our activity will focus on:

- 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.
- All registry clients will be separated into their own unique databases, providing scale and allowing for changes and improvements at a client level.
- The investor web portal will be released to further clients to provide access to their investors.
- A second, much shorter summary survey will be undertaken with clients.
- The offering of full custodial services will be implemented.

Regulatory & Legislative Environment

FEEDBACK SUBMISSIONS

During March MMC liaised with the FMA on a financial reporting **class exemption to remove the requirement for preparing scheme financial statements**. The FMA talked to the Companies Office who confirmed that it would not reject separate fund financial statements for the 31 March 2017 year end. A consultation paper was released by the FMA in May which MMC responded to on 1 June also encouraging clients to make their own submissions before the deadline of 9 June. The FMA aims to finalise the proposal and have any exemptions in force by mid to late July.

On 5 May MMC submitted to the FMA on their consultation paper '**KiwiSaver annual statements – calculation of total fees (in dollar values)**' recommending a CPU method. This follows up various feedback that MMC have provided over the last eight months to initially the MBIE and then the FMA. Then on 8 May the FMA announced its decision on the methodology for KiwiSaver fee disclosure adopting CPU as its preferred method. KiwiSaver providers can use either method but this will be reviewed within 5 years. The final notice adopting the TAFC and CPU methods is to be published following the consultation process on the precise wording of the methodology notice – MMC again submitted on this on 21 June.

AEOI

Despite New Zealand having committed to commencing Common Reporting Standard (CRS) obligations for Automatic Exchange of Financial Account Information in Tax Matters (AEOI) from 1 July 2017, there has

been no update from the IRD since the provision of the draft guidance in December – feedback was to be received by 28 February.

MMC's system, NeXus, already has the necessary fields to record any foreign investor static data but clients need to be thinking about the capture of any additional information including required changes to application forms. (It is expected that KiwiSaver funds will be excluded, as is the case for FATCA.)

Succession Planning

Over the past few years, Robert Moss has been gradually pulling back from daily operational and management responsibilities.

As MMC are evolving and changing, so too are the parts that the directors and senior management team are playing.

Robert is continuing in his role at MMC as Managing Director focused on key strategic opportunities and the development of the business.

Tom Reiher has taken on the title of Chief Executive Officer and is running MMC on a day to day basis. He oversees the operation of the business in accordance with our strategic plan, setting priorities and ensuring that resources are both adequate and appropriately employed.

Tom is helped by a team of senior managers (the Leadership Team): Paul Bishop; Chris Watson; Craig Richardson; Portia Martin; Nicola Tait; and Leigh Ryland. Each Monday morning the Leadership Team meets with Robert and Tom to review the previous week's activities and to discuss key issues and any initiatives for the week ahead.

The above senior managers are supported by a Unit Pricing Manager, a Settlements Manager, a Development Operations Manager and various team leaders in leadership roles across the business.

Investor Web Portal

During 2016 we developed phase 1 of the portal. Although never released, it proved invaluable for client demonstrations (to gather feedback and comments) and to serve as the prototype for our vastly refined and improved phase 2.

Delivered to investors via a link on the client's website, the portal has been developed with MMC branding but can be "skinned" with the client's own logo and colours for release. Further customisation and flexibility is provided by the ability to turn off and on various functionality. It has been designed to be fully responsive for use on any desktop or tablet device with responsiveness on smart phones to follow.

Our first two clients are now live with the portal released to their investors. We are in the process of preparing for the release of a third and hope to add even more clients in the next month or so.

For those clients who prefer to develop their own web portal, we also have a comprehensive suite of investor information that can be delivered via API. These have been available since launch of our KiwiSaver registry services late last year and we continue to update and improve the completeness of data provided.

Introducing...

Alex Robertson has been with MMC in the Client Services and Marketing team since February.

Alex joins us after 3 years at JBWere Private Wealth and a working holiday playing hockey overseas in Cordoba, Argentina. From the UK originally, Alex worked for a private client stockbroker and is an Associate of the Chartered Institute of Securities and Investment UK.



Alex's responsibilities at MMC include:

- Assisting clients with support services;
- Liaising on operational issues;
- Assembling service review and follow up meeting notes;
- Attending service review meetings;
- Following up action items; and
- Supporting client services and marketing projects.

Outside of work, Alex likes to compete in a number of sports including hockey and triathlons. He is also a certified UK Athletics Coach.

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)