

The year having slipped away on us, our May edition was set aside and we skip straight to December. With a successful year for ourselves and our clients alike, we will all be looking forward to a well-deserved break...

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

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

MMC

MMC have undergone some structural changes as we rearrange our resources to support both the growth we have experienced of late and for the future. We have separated some functions to enable further specialisation and clarity in roles and created more direct reporting lines. The new structure supports clearer internal communications and better collaboration and knowledge sharing both within and across MMC teams.

An Executive Leadership Team (ELT) has also been put in place. Reporting to MMC's Chief Executive Officer, Tom Reiher, the team consists of: Chris Watson, MMC's newly appointed Chief Operating Officer; Craig Richardson, Chief Information Officer; Nicola Tait, Chief Relationship Officer; and Leigh Ryland, Chief Risk Officer.

The ELT is supported by Scott McKelvie, newly appointed Head of Registry (ex Head of Unit Pricing), and Tracy Farrell, Head of Settlements & Custody. The Head of Unit Pricing is yet to be appointed (in the meantime, Chris Watson will be providing support to the team).

As at 30 September 2018 MMC have 28 clients with FUA of over **\$45 billion**. We calculate unit prices for over 250 investment funds, maintain 115,000 investor / member accounts for 150,000 investments and have 62 staff members.

Business Development

Since December last year we have focused on registry system changes, releasing investor facing technology, surveying clients and offering full custodial services.

- The functionality for separating registry clients into their own unique databases, providing scale and allowing for changes and improvements at a client level, has been built.
- The automated onboarding process is being used by MMC internally and by a number of clients.
- The MMC investor web portal was released to five further clients, along with the accompanying advisor portal, to provide access to their investors.
- A second, much shorter summary survey was undertaken with clients.
- Custodial services were implemented with three clients.

Through to next May our activity will concentrate on moving to the Cloud, widening the offering of custodial services, further registry process automation and data management.

- To take advantage of the benefits of being in the Cloud, MMC are looking to move all remaining fund and investor / member information.
- Custodial services will be offered to further clients and across a wider range of funds for existing custodial clients.
- We will be working with other industry participants on automation initiatives for KiwiSaver transfers.
- Our automated onboarding process is to be developed into a full registry management tool, starting with static data changes being received by API.
- We are engaging with consultants to undertake a review of our data, to provide insights and help position ourselves for further automation and enhancement opportunities.

Regulatory & Legislative Environment

CHANGES TO THE COLLECTION AND USE OF INVESTMENT INCOME INFORMATION

In addition to the current filing requirements of IR 852s, more detailed investment income information must be provided to the Inland Revenue.

The requirement to report more frequently and provide additional information is optional from 1 April 2019 and mandatory from 1 April 2020. MMC are aiming to opt in around September 2019.

CHANGES TO ANNUAL STATEMENTS

MMC have been liaising directly with KiwiSaver clients regarding the inclusion of management and performance fee CPUs in their ISI files.

If any Unit Trust clients would also like to include these additional fields, please contact us to discuss.

With the MBIE looking to add retirement savings and income projections to KiwiSaver annual statements, MMC submitted feedback on the discussion document back in July. We have heard nothing further since.

Registry Data Cleanse

To support the distribution of year-end tax packs MMC are conducting a review of investor / member data and implementing a few new rules to ensure consistency across our client base, thus allowing statements and certificates to be populated efficiently and accurately.

We have already been in touch with a number of Registry clients, providing an investment and beneficiary extract, and will continue to engage with others in the lead up to tax year end.

Moving to the Cloud

The benefits of being in the Cloud are:

- Highly scalable infrastructure;
- Ability to meet processing demands;
- Making the most of the best security and availability; and
- Tapping into advanced metrics and analytics.

Our first two clients' fund and investor / member information was moved to the Cloud two and a half years ago, and we have continued to add another ten clients since as access to MMC's APIs and investor portal has been provided.

We hope to have completed the move for all clients within the next six months.

Client Survey

A big thank you to those clients that participated in the phone conversations with Simon Taylor way back in February. Once again we found the feedback incredibly interesting and useful, and it continues to support our plan to repeat the process on a regular basis. We had promised to provide a report of the findings to clients in April but, without wishing to hide behind excuses, this was one of MMC's communications that we let slide this year because of both Nicola's fight with cancer and the changes that our business has undergone of late.

In recent years our business has grown rapidly, alongside increased regulatory requirements, and continues to do so (just like your own businesses!). During this period of change, we want to ensure that we are protecting our strengths – accurate, consistent and reliable service delivery complying with NZ specific regulatory and legislative requirements – at the same time as future proofing for further growth and regulation.

The structural changes that MMC have undergone (including the addition of an ELT), increased business resources and new services and development will help us achieve the above.

These link to the feedback from clients, received via the survey and directly as we experienced the odd growing pain, and staff members as a result of an internal 360 degree review.

We now feel that we are in a position of strength, re-structured for past and present growth, to ensure that the expectations of both our external and internal partners are met.

Introducing...

Our new Head of Registry, Scott McKelvie.

Scott joined MMC from PricewaterhouseCoopers in 2007. Starting life at MMC as a funds administrator, in more recent years Scott has led the Unit Pricing team.

Scott has a long list of accounting and financial services experience, including: reconciliations; fund accounting; unit pricing; performance measurement; unit trust PIE registry; process improvement and efficiency; system testing; and client reporting.



With a decade's worth of knowledge of our business and our clients alike, and his wide skill base, Scott looks set to continue to shine in his new position.

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)