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MAGELLAN FINANCIAL GROUP LIMITED LAUNCH OF MAGELLAN GLOBAL TRUST

Magellan Financial Group Limited ("Magellan") is pleased to announce it intends to undertake an initial public offering ("Offer") for ordinary units ("Units") in a new ASX-listed investment trust, the Magellan Global Trust.

The Magellan Global Trust will invest in a focussed portfolio of high quality global companies and intends to target a 4% cash distribution yield. Magellan Asset Management Limited ("MAM") will be the investment manager and act as the responsible entity. MAM will draw upon its deep investment expertise in global equities (with over 30 investment analysts), with Hamish Douglass and Stefan Marcionetti acting as the portfolio managers.

The Offer will comprise a priority offer and a broker firm/general public offer. The priority offer is to be made to approximately 250,000 to 300,000 underlying Magellan shareholders and investors in Magellan retail strategies. The priority offer will offer eligible applicants a valuable loyalty reward of additional Units worth 6.25% of the value of Units allotted to them under the priority offer (further details are set out below). The one-off cost of the loyalty reward will be paid for by Magellan.

Magellan will also pay all the costs of the Offer in cash so that the opening cash net asset value per Unit is equal to the application price of \$1.50 per Unit.

Mr Hamish Douglass, CEO and Chief Investment Officer, said today: "We believe that the Magellan Global Trust will be an attractive vehicle for investors making an investment in global equities. We believe that many retail investors value regular cash distributions and this has been missing in many global equity products. We consider that the target 4% cash distribution yield differentiates this offering from many other global equity products."

"We have sought to align the interests of investors with those of Magellan. We are picking up all of the costs of the Offer so that the opening cash net asset value per Unit is equal to the cash paid by investors and we are putting in place an attractive distribution reinvestment plan with a 5% discount in respect of the cash distribution. The amount of the discount will be paid for by Magellan."

"We also deeply value the support we have received from our many investors and shareholders. As a sign of our appreciation we are delighted to offer our supporters a valuable loyalty reward worth 6.25% of the value of Units allotted to them under the priority offer. The full amount of the loyalty reward will be paid for by Magellan."

About the Magellan Global Trust

The Magellan Global Trust will be a closed end investment trust listed on ASX:

- **Investment mandate:** The Magellan Global Trust will invest in a focussed portfolio (15-35 companies) of high quality global companies. The investment mandate will be flexible to enable the Magellan Global Trust to hold up to 50% of the portfolio in cash. It is also intended to manage the currency exposure.
- **Attractive distribution yield:** The Magellan Global Trust will target a cash distribution yield of 4% p.a., paid semi-annually. The first distribution of 3.0 cents per Unit is expected to be paid in January 2018 and the second distribution of 3.0 cents per Unit is expected to be paid in July 2018. A distribution reinvestment plan ("DRP") will be offered on the cash distribution with a discount of 5.0% to the prevailing net asset value per Unit. To ensure the DRP is fair to non-participating Unitholders Magellan has agreed to reimburse the Magellan Global Trust for the value of the discount on Units issued under the DRP.

Priority Offer

As part of the Offer, Magellan will invite Magellan shareholders and investors in Magellan's retail strategies to participate in the Offer on a priority basis ("Priority Offer").

Eligible applicants under the Priority Offer ("Priority Applicants") will be invited to subscribe for Units equivalent to 10% of the value of their investment as either a shareholder in Magellan or an investor in a retail strategy managed by Magellan or \$30,000, whichever is greater.

Each Priority Applicant will receive additional Units ("Loyalty Units") equivalent to 6.25% of the value of Units allotted to the Priority Applicant under the Priority Offer, subject to vesting conditions and other terms to be specified in the product disclosure document ("PDS") being met.

The record date for determining eligibility for the Priority Offer was 1 August 2017.

The features of the Offer are subject to regulatory approval.

The PDS for the Units in the Magellan Global Trust is expected to be lodged with the Australian Securities and Investments Commission ("ASIC") and will be made available in August 2017 ahead of the opening of the Offer. Further details about the Magellan Global Trust and the Offer will be provided once the PDS has been lodged with ASIC. Magellan will also make the PDS available through its website at www.magellangroup.com.au at that time.

All investments carry risks and the PDS will provide details of the risks that may affect an investment in the Magellan Global Trust. The PDS should be read and considered in deciding whether to participate in the Offer or to continue holding Units in the Magellan Global Trust.

Broker Firm Offer and General Public Offer

Investors can also participate in the Offer under a Broker Firm Offer and General Public Offer. MAM has appointed the following firms for the Broker Firm Offer and General Public Offer:

Joint Lead Managers

- Commonwealth Securities Limited
- National Australia Bank Limited
- Ord Minnett Limited
- Taylor Collison Limited

Co-Managers

- Bell Potter Limited
- Forsyth Barr Limited
- JBWere Limited
- Morgans Financial Limited
- Macquarie Equities Limited

Intention of Directors to participate

Directors of Magellan intend to apply for Units under the Offer. Directors have agreed to cap their participation under the Priority Offer, where eligible, to \$100,000. Directors may apply for additional units under the General Public Offer however, consistent with the terms of that Offer, will not be entitled to receive Loyalty Units on applications made under the General Public Offer.

Mr Douglass intends, via a personal investment company, to subscribe for \$20 million worth of Units in the Trust. Mr Douglass intends to subscribe for all of these Units under the General Public Offer and, as such, will not be entitled to receive Loyalty Units.

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About Magellan

Magellan Financial Group is a specialist funds management business established in 2006 and based in Sydney, Australia. Magellan's core operating subsidiary, Magellan Asset Management Limited, manages approximately \$50 billion of funds under management at 31 July 2017 across its global equities and global listed infrastructure strategies for retail, high net worth and institutional investors and employs over 100 staff. Magellan Financial Group Limited is listed on the Australian Securities Exchange (ASX Code: MFG) and has a market capitalisation of approximately \$4.6 billion. Further information can be obtained from www.magellangroup.com.au.

Important Information: Units in the Magellan Global Trust are to be issued by Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946, AFS Licence No 304 301). MAM may vary the timing and terms of, or withdraw the offer for Units in the Magellan Global Trust at any time. No person guarantees the future performance of the Magellan Global Trust, the amount or timing of any return from the Magellan Global Trust, or that the investment objectives of the Magellan Global will be achieved. This statement has been provided for general information purposes and must not be construed as investment advice. It does not take into account the investment objectives, financial situation or particular needs of any particular person. Investors should consider the obtaining professional investment advice tailored to their specific circumstances and should consider the product disclosure statement ('PDS') for the Magellan Global Trust in deciding whether to participate in the offer for Units in the Magellan Global Trust or continue to hold Units in Magellan Global Trust. Once available, the PDS for the Magellan Global Trust will be able to be accessed through www.magellangroup.com.au or can be obtained by calling 02 9235 4888. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any financial products.