

Magellan Financial Group Limited 2017 AGM Presentation

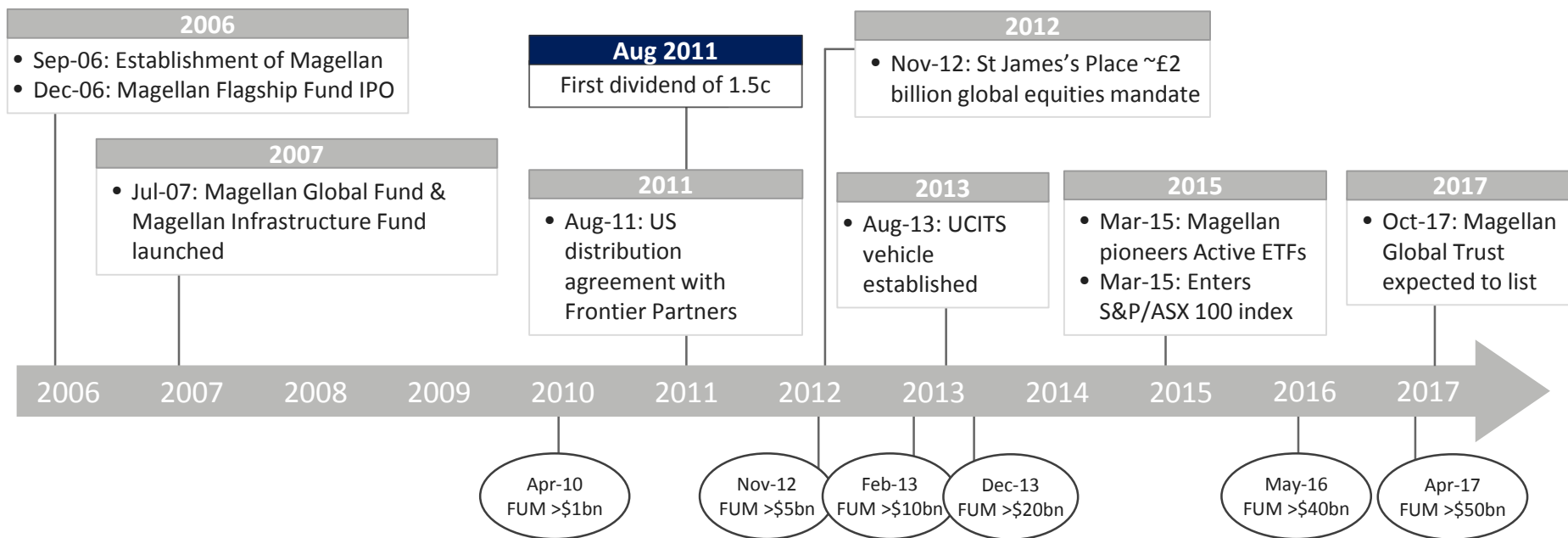
Hamish Douglass | CEO & Chief Investment Officer



Magellan Financial Group

11-year journey

\$1,000 invested in 2007, worth
~\$30,000 today, ~39% p.a.¹



1. Based on investment in recapitalisation in May 2007 at \$0.975 per share, assuming dividends are reinvested and MFF in-specie distribution held.

Magellan Financial Group

Where we stand today

- Sydney-based specialised, long-only global equities and global listed infrastructure fund manager
- \$53.1 billion in funds under management
 - Retail funds under management of \$16.8 billion, with over 250,000 underlying unitholders
 - Institutional funds under management of \$36.3 billion, with over 130 clients¹
- Two business activities:
 - Magellan Asset Management (funds management business)
 - Principal Investments (balance sheet investments)
- Simple and scalable business model
- Offices in Sydney, Melbourne, Brisbane, Perth, Auckland and Newport Beach
- 110 employees

As at 30 September 2017, including Magellan Global Trust.

1. The number of clients include separately managed accounts and institutional investors in local and offshore vehicles.

2017 Highlights

- Strong growth in funds under management and management and services fees:
 - Average funds under management up 16% to \$45.7 billion¹
 - Management and services fee revenue up 15% to \$307.2 million¹
- Underlying profitability before tax and performance fees of the Funds Management business up 15% to \$226.8 million¹
- Continued strong net inflows:
 - Retail: \$1.7 billion
 - Institutional: \$2.3 billion
- Seeding of new institutional low carbon investment strategies which represent the next generation of global equities products for the Group

1. Percentage change relative to the 12 month period ended 30 June 2016.

Business update

Cricket Australia – Domestic Test Series Sponsorship

- 3 year sponsorship with 2 year option
- Significant brand building opportunity
- Attractive target demographics
- Supports our self-directed investor strategy

Launch of Magellan Global Trust

- ASX listed closed end trust
- Raised ~\$1.57 billion
- Attractive 4% target cash distribution yield
- Costs of offer and loyalty bonus of approximately \$84 million to be booked as one off expense in FY18

Magellan Financial Group Final Results

\$ million	30 June 2017	30 June 2016	% change
Management and services fees	307.2	266.6	15%
Performance fees	21.7	48.0	(55%)
Other revenue	9.4	19.2	(51%)
Revenue	338.3	333.8	1%
Expenses	(82.1)	(74.1)	11%
Profit before tax expense	256.1	259.7	(1%)
Profit after tax expense	196.2	198.4	(1%)
Effective tax rate	23.4%	23.6%	
Key statistics			
Profit before tax and before performance fees ¹	234.6	212.3	10%
Diluted earnings per share (cents per share)	114.1	115.5	(1%)
Dividends			
Shares outstanding (millions)	172.1	161.6	6%
Interim and Final Dividends (cents per share, fully franked)	79.9	n/a	
Annual Performance Fee Dividend (cents per share, fully franked)	5.7 ²	n/a	
Total Dividends (cents per share, fully franked)	85.6	89.3	(4%)

1. Adjusts for the current period performance fee impact on revenue and expenses for the 12 month period.

2. Relates to second half only.

Funds Management Business

\$ million	30 June 2017	30 June 2016	% change
Revenue			
Management fees	300.5	258.4	16%
Performance fees	21.7	48.0	(55%)
Services fees	6.7	8.2	(19%)
Interest/other income	0.3	0.6	(50%)
	329.2	315.3	4%
Expenses			
Employee expense	47.3	42.0	13%
US marketing/consulting fees ¹	7.9	7.2	10%
Fund administration and operational costs	8.6	7.1	22%
Information technology expense	3.8	3.6	4%
Marketing expense	3.0	2.8	8%
Occupancy expense	3.2	1.3	147%
Other expense	7.1	7.5	(5%)
	80.9	71.5	13%
Profit before tax	248.3	243.8	2%
Profit before tax and before performance fees²	226.8	196.4	15%

Key Statistics

	30 June 2017	30 June 2016	% change
Average Funds Under Management (\$ billion)	45.7	39.4	16%
Average AUD/USD exchange rate ³	0.7538	0.7284	3%
Average number of employees	104	96	8%
Employee expense/total expense	58.5%	58.8%	
Cost/Income	24.6%	22.7%	
Cost/Income (excl performance fees) ²	26.3%	26.5%	

1. Frontier Partners is entitled to receive 25% of net management fees from Frontier MFG Funds and 20% of management fees from all institutional mandate clients in the US and agreed institutional mandate clients in Canada; 2. Adjusts for the current period performance fee impact on revenue and expenses for the 12 month period; 3. Based on daily average of London 4pm exchange rates over the 12 month period.

Employee summary

Staff	30 June 2017	30 June 2016
Investment team		
Portfolio Managers/Analysts	33	32
Traders	3	3
	36	35
Governance & Advisory	5	4
Distribution	35	30
Risk, Compliance, Legal & Company Secretarial	8	7
Business Support & Control	17	17
Administration	7	7
Total	108	100

- Expect Group staff expense to increase approximately 5-8% in FY18

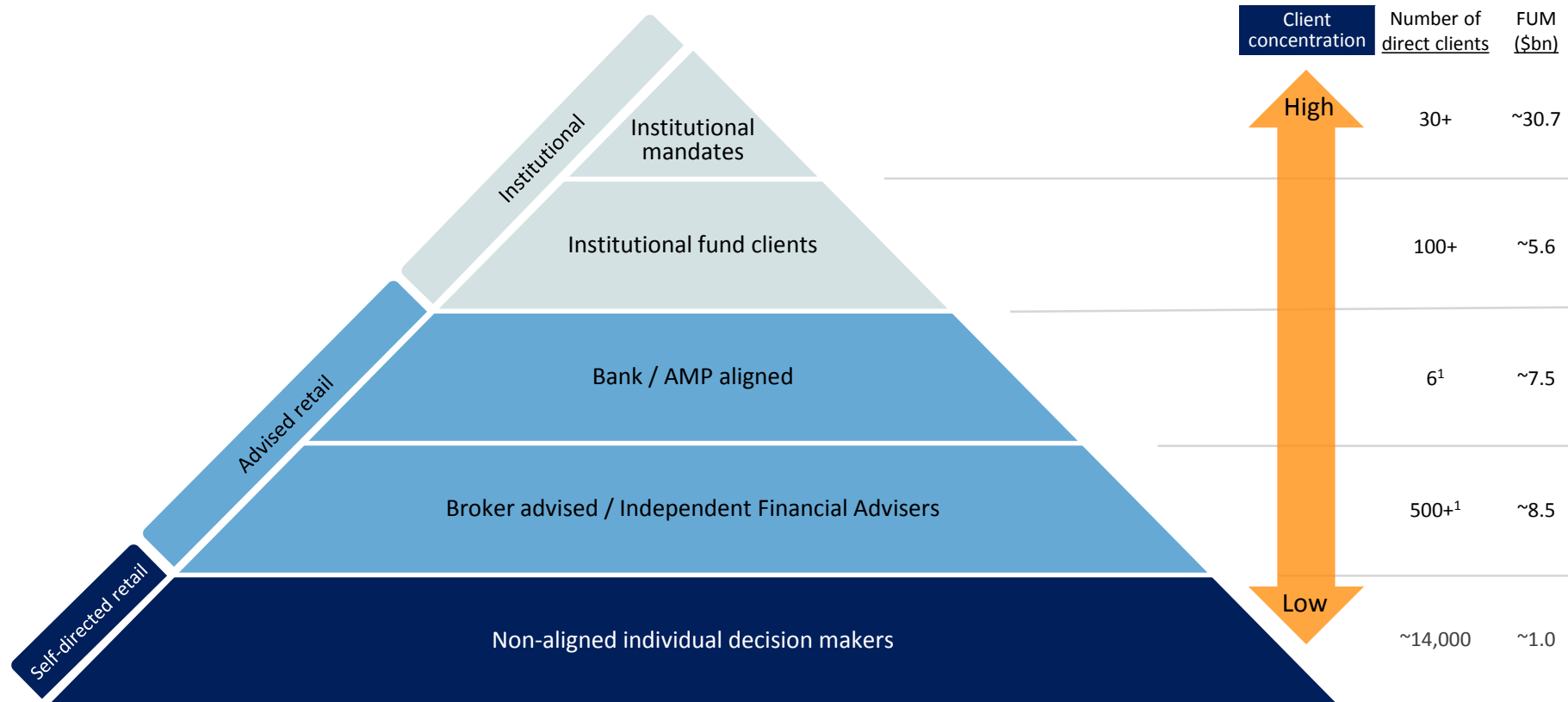


Business Strategy

Three Focused Investment Strategies

Investment Strategy	Portfolio Managers	Description	FUM (A\$bn)
Global Equities	Hamish Douglass Stefan Marcionetti	<ul style="list-style-type: none"> Global Equities, High Conviction, Global Trust Specialised and focused global equity strategy 	44.5
Global Listed Infrastructure	Gerald Stack Ofar Karliner Ben McVicar	<ul style="list-style-type: none"> Select (specialised and focused global listed infrastructure strategy) and Core (enhanced beta strategy) 	8.6
Low Carbon	Dom Giuliano Nikki Thomas Alan Pullen Ted Alexander	<ul style="list-style-type: none"> Three strategies: Global, US, International (ex US) Relatively concentrated portfolios of 30 to 50 securities Low carbon overlay 	nm
			53.1

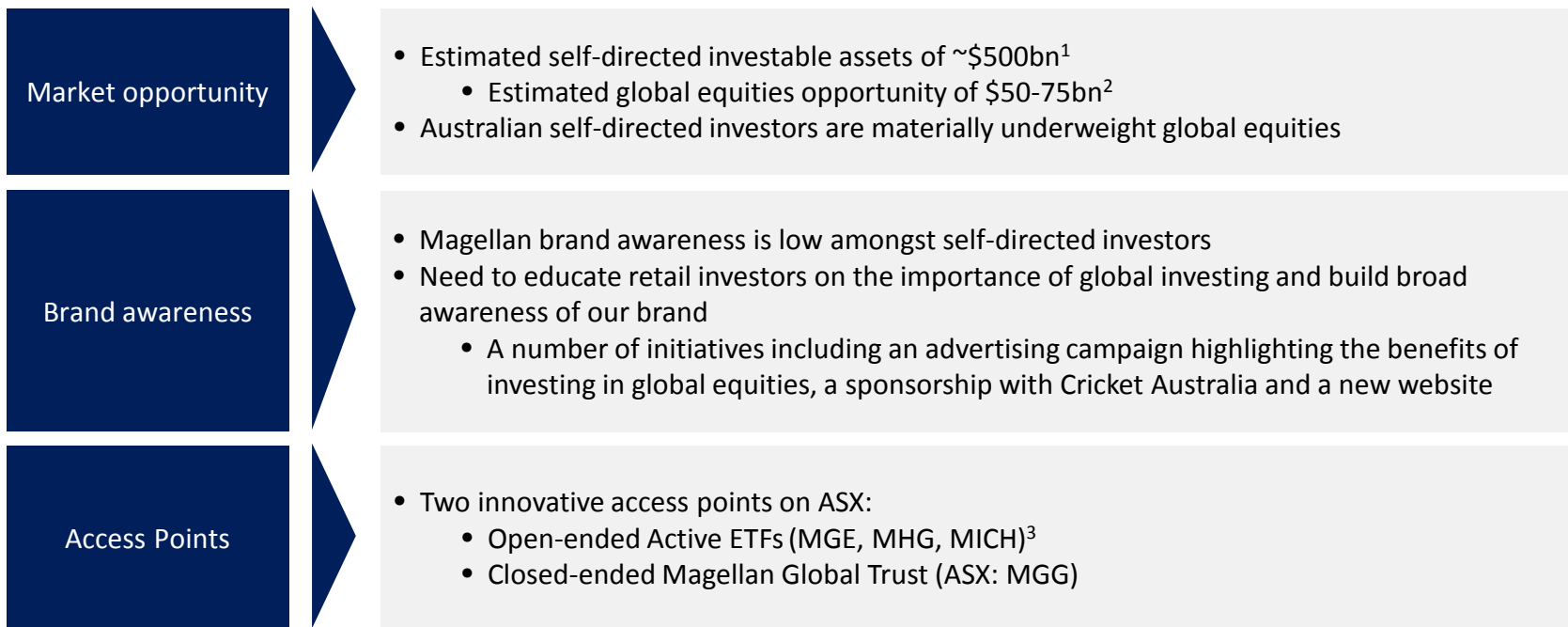
Channels to market



Magellan estimates as at 30 September 2017, including Magellan Global Trust.

¹ Estimated underlying clients of 250,000- 300,000.

Retail Self-directed Strategy

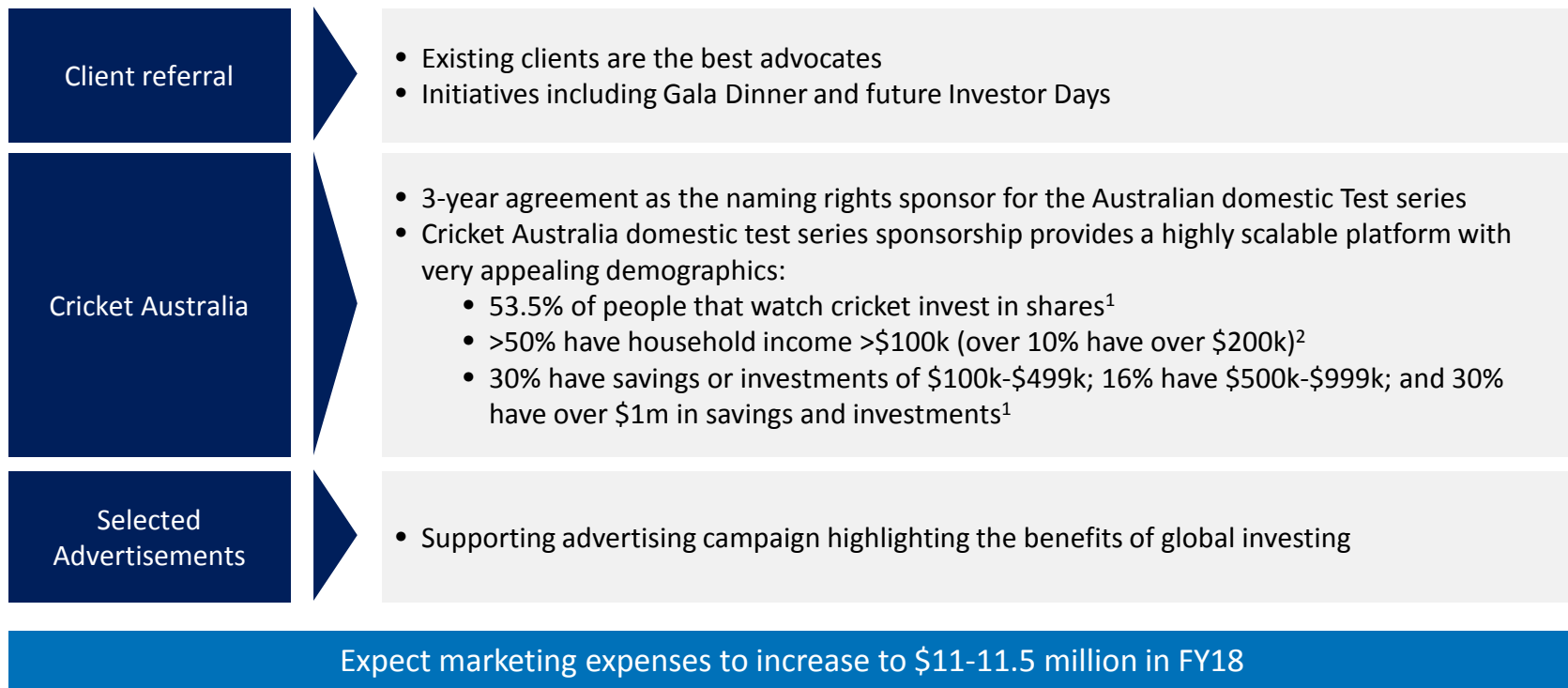


1. Rice Warner Personal Investments Market Projections Report 2014 and Magellan estimates.

2. Assumes 50% allocation to equities and 20-30% equities allocation into global equities.

3. Magellan Global Equities Fund (Managed Fund) (ASX: MGE), Magellan Global Equities Fund (Currency Hedged) (Managed Fund) (ASX: MHG), Magellan Infrastructure Fund (Currency Hedged) (Managed Fund) (ASX: MICH).

Building Brand Awareness



1. Roy Morgan 2012-2016 population study. Note: interest in cricket classified as "watch at least occasionally" or "attend once per year".
2. Cricket Australia Demographic Data.

Magellan Inaugural Gala Dinner

- Inaugural Gala Dinner in Melbourne in February 2017
- Presentation to ~2,000 investors comprising advisers, brokers and their clients
- ‘Where are we headed?’ theme
 - Insights into advances in Artificial Intelligence and technology, Trump and other global macro themes and how the portfolio is positioned
- Replay available on Magellan’s website: <http://www.magellangroup.com.au/videos/>

2017 Gala Dinner Video

'Documentary' Video



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