

Dear Shareholder

Please find attached details of your dividend for the half year ended 30 June 2018.

Magellan had a successful financial year with average funds under management increasing by 29% to \$59.0 billion and profit after tax (excluding the one-off Magellan Global Trust net offer costs and non-cash amortisation) increasing by 37% to \$268.9 million. A summary of the results for the year ended 30 June 2018, which was lodged with the ASX on 9 August 2018, is set out over the page.

During the year, the Board of Directors undertook a review of the ongoing capital requirements of Group and as a result revised the dividend policy to increase the payout ratio. The Directors believe Magellan has a very strong balance sheet and sufficient capital to support the ongoing growth of the business and seed future new initiatives.

The revised dividend policy is to pay Interim and Final Dividends of 90% to 95% of the net profit after tax of Magellan's Funds Management business (excluding performance fees). Previously this payout ratio was set at 75% to 80%.

In addition to the Interim and Final Dividends, Magellan will also pay an annual Performance Fee Dividend, alongside the Final Dividend, of 90% to 95% of the net crystallised performance fees after tax. Previously this payout ratio was set at 0% to 100%.

The revised policy will increase the payout of dividends by approximately 20%.

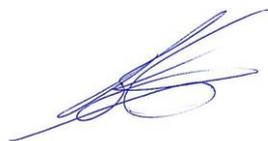
In respect of the half year to June 2018, the Directors have declared a total dividend of 90.0 cents per share, fully franked, to be paid on 27 August 2018. The dividend payment comprises:

- A Final Dividend of 75.1 cents per share (inclusive of a top up amount of 8.4 cents per share to align the previously paid Interim Dividend to the new dividend policy); and
- A Performance Fee Dividend of 14.9 cents per share.

The payment of dividends by the Group will continue to be subject to corporate, legal and regulatory considerations. Furthermore, the combination of the new higher payout ratio and our current average tax rate of approximately 22% (due to the benefit of Magellan's lower taxed Offshore Banking Unit) will mean that future dividends are likely to be partially franked.

A copy of our 2018 Annual Report can be found on our website, which we encourage you to read as it sets out key details about the Group. Likewise, we also encourage you to read our Fund Reports and Investor Letters which provide valuable insight into our investment strategies and portfolio managers' thoughts. These can all be found at: www.magellangroup.com.au.

Thank you for your ongoing interest and support of Magellan Financial Group Limited. Our Annual General Meeting this year will be held on Thursday 4 October 2018. We hope to see you there.



Brett Cairns
Executive Chairman
27 August 2018

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 \$70 billion of funds under management at 31 July 2018 across its global equities, global listed infrastructure and Australian equities strategies for retail, high net worth and institutional investors and employs over 120 staff globally. Magellan is listed on the Australian Securities Exchange (ASX Code: MFG) and has a market capitalisation of approximately \$4.8 billion. Further information can be obtained from www.magellangroup.com.au.

ASX RELEASE DATED 9 AUGUST 2018:

Magellan Financial Group Limited Final results for the period ended 30 June 2018

- **Profit after tax before MGG offer costs and non-cash amortisation up 37% to \$268.9 million**
- **Total dividends up 57% to 134.5 cents per share**
- **New dividend policy increases ongoing payout ratio by 20% to 90-95%**
- **\$35 billion of value creation for our clients and shareholders since 2006**

Magellan Financial Group Limited ('Magellan') today announced after-tax profit (excluding the one-off net offer costs of the Magellan Global Trust and non-cash amortisation) increased by 37% to \$268.9 million for the 12 months to 30 June 2018.

The board has revised the dividend policy to increase the payout ratio to 90-95% of the funds management business net profit after tax from the prior payout of 75-80%. This represents approximately a 20% increase in the dividend payout ratio moving forward. The change in dividend policy follows a board review of the ongoing capital requirements of the Group and reflects Magellan's very strong balance sheet and sustainable cash flows which are sufficient to support the business and its numerous organic growth opportunities.

The total dividends for the 2018 financial year of 134.5 cents per share represent a 57% increase over the total dividends for the prior year. The Final Dividend and Performance Fee Dividend which total 90.0 cents per share (fully franked) will be payable to shareholders on 27 August 2018 in accordance with our policy to pay dividends promptly.

| Results summary | FY2018 | FY2017 | Change |
|--|--------|--------|--------|
| Average funds under management (\$ billions) | 59.0 | 45.7 | 29% |
| Profit after tax (\$ millions) | 211.8 | 196.2 | 8% |
| Profit after tax before MGG offer costs and amortisation (\$ millions) | 268.9 | 196.2 | 37% |
| Diluted earnings per share (cents per share) | 122.0 | 114.1 | 7% |
| Diluted earnings per share before MGG offer costs and amortisation (cents per share) | 154.9 | 114.1 | 36% |
| Total Dividends (cents per share) (fully franked) | 134.5 | 85.6 | 57% |

Hamish Douglass, Magellan's CEO and Chief Investment Officer, said: "The 2018 financial year has been an extremely busy and productive year for Magellan. During the year, we completed the \$1.57 billion initial public offering of the Magellan Global Trust, the largest closed end fund raising in Australian history, and made two strategic acquisitions: Frontier Partners in the United States and Airlie Funds Management, a leading Australian funds management business."

"Magellan's profit after tax before the one-off net offer costs of MGG and non-cash amortisation grew 37% to \$268.9 million."

"I am extremely proud that, since Magellan was founded in 2006, \$35 billion of value has been created for our clients and shareholders who have entrusted Magellan to manage money on their behalf."

"Given Magellan's strong balance sheet and financial strength we are pleased to be in a position to increase Magellan's dividend payout ratio to 90-95% of funds management profits. This represents a 20% increase in the ongoing cash dividend payout. This is consistent with our ongoing focus on shareholder value."