

31 March 2022

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Magellan Financial Group Ltd Bonus Issue of Options to Shareholders

The Directors of Magellan Financial Group Ltd ("Magellan or Group") are pleased to announce that the Board has resolved to proceed with a pro rata non-renounceable bonus issue of options ("Options") to eligible shareholders for nil consideration ("Bonus Issue"). The intention to progress with a Bonus Issue was previously announced at Magellan's Interim Results Briefing on 18 February 2022 as part of Magellan's capital management strategy.

Eligible shareholders will receive one (1) Option for every eight (8) shares held at 5:00pm (AEST) on 7 April 2022 ("Record Date"). Each Option will provide shareholders with the right, but not the requirement, to purchase one Magellan share at an exercise price of \$35.00 per Option, expiring on 16 April 2027.

An application will be made to ASX for the Options to be quoted. The Options are expected to commence trading on the ASX under the code "MFGO".

Mr Hamish McLennan, Magellan's Chairman, said: "We believe the bonus issue of options at no cost to shareholders, and the \$35.00 exercise price and 5 year term, provides a potential source of value for our shareholders. Today's announcement is one of a number of significant capital management initiatives recently announced that we believe are attractive to shareholders."

The Options are expected to be issued to eligible shareholders on 14 April 2022 and a Prospectus and Option Exercise Form will be distributed to option holders on or around 21 April 2022. Eligible shareholders are not obliged to take any action in relation to the Bonus Issue.

The indicative timetable for the Bonus Issue is as follows:

Key Dates	
Prospectus lodged with ASIC	Thursday, 31 March 2022
Record Date to determine entitlements under the Bonus Issue	Thursday, 7 April 2022
Expected issue and entry of Options on the register of Option holders	Thursday, 14 April 2022
Normal trading of Options commences on ASX	Tuesday, 19 April 2022
Prospectus and Option Exercise Form (including holding statement) sent to eligible shareholders	Thursday, 21 April 2022

Expiry Date for Options	5:00 pm (Sydney time), 16 April 2027
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The above dates (except the date of the Prospectus) are subject to change and are indicative only. Magellan reserves the right to amend this indicative timetable subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules.

Full details of the Bonus Issue are available in the prospectus which has been provided as an appendix to this announcement.

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 \$69.1 billion of funds under management at 11 March 2022 across its global equities, global listed infrastructure and Australian equities strategies for retail, high net worth and institutional investors and employs approximately 140 staff globally. Magellan is listed on the Australian Securities Exchange (ASX Code: MFG). Further information can be obtained from www.magellangroup.com.au.

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ACN 108 437 592

Bonus Issue Prospectus

Pro rata non-renounceable bonus issue of one (1) Option for every eight (8) Shares held by each Eligible Shareholder recorded on the Company's share register on the Record Date of 7 April 2022.

No application monies are payable for the grant of Options

Important information:

This Prospectus under section 713 of the Corporations Act contains important information for you as a Shareholder and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course of action you should follow, please consult your legal, financial or other professional adviser immediately.

Not for release to US wire services or distribution in the United States except by the Company as it may determine in its sole discretion.

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1. Important Notices

Lodgement and listing

This Prospectus is dated 31 March 2022 and was lodged with the Australian Securities & Investments Commission ('ASIC') on that date. Neither ASIC, Australian Securities Exchange ('ASX') nor their respective officers take responsibility for the contents of this Prospectus or the merits of the investment to which it relates. This Prospectus expires on the date which is 13 months after the date of this Prospectus and no Options will be issued on the basis of this Prospectus after that date.

This Prospectus is issued by Magellan Financial Group Ltd ACN 108 437 592 ('Company'). This Prospectus is a transaction-specific prospectus for an issue of Options to acquire continuously quoted securities (as defined in the Corporations Act). The content of this Prospectus has been prepared in accordance with section 713 of the Corporations Act and does not contain the same level of disclosure as an initial public offering prospectus and may not contain, by itself, all information relevant to a decision to invest in the Company. In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that ASX maintains a database of publicly disclosed information about the Company and certain matters may reasonably be expected to be known to investors and their professional advisers whom shareholders and potential investors may consult.

The Company will apply for quotation of the Options on ASX within seven days following the lodgement of this Prospectus with ASIC. If ASX does not grant permission for the Options to be quoted within three months after the date of this Prospectus (or any longer period permitted by law), the Options will not be issued or, if any Options have been issued, the issue will be void.

Not investment or financial product advice

The information provided in this Prospectus is not investment, financial product, legal, taxation or other advice and has been prepared without taking into account your particular objectives, financial situation or needs (including tax issues) as an investor. The Company does not provide financial product advice in respect of its securities or any other financial products and is not licensed to do so.

You should carefully read the whole of this Prospectus and consider all of the risk factors that could affect the performance of the Options or underlying Shares or the Company in light of your own particular objectives, financial situation and needs before deciding whether to exercise the Options. If you have any questions, you should contact your financial or other professional adviser for advice. Some of the risk factors that you should consider are set out in section 6 of this Prospectus. There may be additional risk factors in addition to these that should be considered in light of your personal circumstances.

This Prospectus is only relevant for investors with respect to the Options and should not be used for any other purpose.

No representations other than this Prospectus

No person is authorised to give any information or to make any representation in connection with the Bonus Issue which is not contained in this Prospectus. You should rely only on information in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by the Company in connection with the Bonus Issue. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

Restrictions on distribution

This Prospectus does not constitute an offer, invitation or issue in any place in which, or to any person to whom, it would not be lawful to make such offer, invitation or issue. No action has been taken to register or qualify the Options in any jurisdictions outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of

this Prospectus should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For more information see Section 7.5.

This Prospectus may not be distributed in the United States except by the Company as it may determine in its sole discretion. The Options have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Options may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Forward looking statements

Certain statements in this Prospectus relate to the future. These forward looking statements which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of the Company, its directors and management including any further impacts of COVID-19 on the Company’s continued trading and operations.

These forward looking statements are not guarantees of future performance. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward looking statements include, among others, the risk factors described in this Prospectus in section 6, and other unknown risks and uncertainties, many of which are beyond the control of the Company. Forward looking statements should, therefore, be construed in light of such risk factors and reliance should not be placed on forward looking statements. Deviations as to future conduct, results, performance and achievements are both normal and to be expected. Unless otherwise indicated forward looking statements relate to the beliefs, expectations or intentions of the Company (and no other person) as at the date of this Prospectus.

Disclaimer

None of the Company, its directors or any other person connected with the Bonus Issue makes any representation or gives any assurance or guarantee that the Exercise Price of the Options will be equal to or less than the price of the Shares during the period between the date of issue of the Options and the Expiry Date or that an Option holder will be able to find a willing buyer for their Options if they decide to sell them.

Electronic Prospectus and availability of Prospectus and Terms of Option

This Prospectus may be viewed online at www.asx.com.au and www.magellangroup.com.au. Persons who access the electronic version of this Prospectus should ensure they download and read the entire Prospectus.

A paper copy of this Prospectus will be available free of charge until the expiry of this Prospectus by contacting the Company’s Share Registrar, Boardroom Pty Limited, on 1300 005 016 (from within Australia) or +61 2 9290 9600 (from outside Australia).

Privacy

Please read the privacy information located in section 9.11 of this Prospectus. By submitting an Option Exercise Form you consent to the matters outlined in that section.

Defined terms and glossary

Certain abbreviations and other defined terms used throughout this Prospectus have defined meanings which are set out in section 10 of this Prospectus.

2. Letter from the Chairman

31 March 2022

Dear Shareholder,

On behalf of the Board of Magellan Financial Group Ltd, I am pleased to advise you that the Board has resolved to proceed with a one (1) for eight (8) pro rata non-renounceable bonus issue of Options ('**Bonus Issue**') to Eligible Shareholders as described in this Prospectus. The Options are expected to be listed on the ASX under the code "MFGO".

The Company is undertaking the Bonus Issue as part of a number of capital management initiatives announced to the ASX on 18 February 2022. The Bonus Issue is intended to provide a potential source of value for our shareholders and may also benefit shareholders as we intensify our focus on our core funds management businesses.

Eligible Shareholders do not need to take any action in order to receive these Options. No application money is payable for the grant of the Options.

All Eligible Shareholders will be entitled to receive one (1) Option for every eight (8) Shares held by them on the register at 5:00pm (Sydney time) on the Record Date, being 7 April 2022. It is expected that approximately 23,214,126¹ Options will be issued under the Bonus Issue.

Each Option gives the holder the right to acquire one (1) Share and is exercisable at \$35.00 per Option at any time prior to the Expiry Date, being 5.00pm (Sydney time) on 16 April 2027. If the maximum number of Options issued under this Prospectus is subsequently exercised, the Company will raise approximately \$812 million. Capital raised through the exercise of Options will be used to strengthen the Company's balance sheet and provide flexibility to support its future growth.

Full details and conditions of the Bonus Issue are set out in this Prospectus. You should read this entire Prospectus carefully, including the key risks that are summarised in section 6, and if you have any questions, you should contact your legal, financial or other professional adviser for advice.

Yours faithfully,



Hamish McLennan

Chairman

¹ This figure assumes that all Shares on issue as at the date of this Prospectus are held by Eligible Shareholders. The precise number of Options to be issued will be subject to rounding.

3. Important Dates

Important Date	
Prospectus lodged with ASIC	31 March 2022
Prospectus and Appendix 3B lodged with ASX	31 March 2022
Shares trade ex-bonus Option entitlements	6 April 2022
Options commence trading on a deferred settlement basis	6 April 2022
Record Date to determine entitlements under the Bonus Issue	5:00 pm (Sydney time), 7 April 2022
Expected issue and entry of Options on the register	14 April 2022
End of deferred settlement trading	14 April 2022
Normal trading of Options commences on ASX	19 April 2022
Prospectus and Option Exercise Form (including holding statement) sent to Eligible Shareholders	21 April 2022
Option exercise period	Issue date to 16 April 2027
Expiry Date for Options	5:00 pm (Sydney time), 16 April 2027

The above dates (except the date of this Prospectus) are subject to change and are indicative only. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the Listing Rules.

4. Bonus Issue Overview

Question	Answer	More Information (Section)
What is the Bonus Issue?	Eligible Shareholders will receive one (1) Option for every eight (8) Shares held by them at 5:00pm (Sydney time) on the Record Date of 7 April 2022.	7.1
Who is the issuer of the Options and this Prospectus?	Magellan Financial Group Ltd (ACN 108 437 592) is the issuer of the Options and this Prospectus.	5
Who is an Eligible Shareholder?	Eligible Shareholders are registered holders of Shares as at 5:00pm (Sydney time) on the Record Date with a registered address in Australia, New Zealand, Canada (Ontario), Singapore, Hong Kong or any other jurisdiction in which the Company determines, in its sole discretion, it is reasonable to make the offer of Options having regard to applicable laws and ASX Listing Rule 7.7.1(a).	7.5
What do Eligible Shareholders need to do to receive their Options?	Eligible Shareholders do not need to do anything to receive Options under the Bonus Issue.	n.a
How many Options will be issued?	<p>There will be approximately 23,214,126 Options issued (subject to rounding). This assumes that all Shares on issue as at the date of this Prospectus are held by Eligible Shareholders.</p> <p>In the calculation of any entitlement, fractions will be rounded up to the nearest whole number.</p> <p>Eligible Shareholders will receive a holding statement setting out the number of Options issued to them from the Company's Share Registrar, Boardroom Pty Limited.</p>	7.1
Is an amount payable upon issue of the Options?	As the Options are being issued as part of a bonus issue, nothing is payable upon issue of the Options and no funds will be raised by the Company unless and until the Options are exercised.	7.2
What is the maximum amount of money that could be raised if all Options are exercised?	A maximum of \$812 million would be raised if all Options referred to above are exercised.	8
How does the Company intend to use the proceeds raised through the	Capital raised through the exercise of Options will be used to strengthen the Company's balance sheet and provide flexibility to support its future growth.	n.a

exercise of the Options?		
Will the Options be quoted on ASX?	<p>The Company intends that the Options will be quoted on ASX and will apply to ASX for quotation within seven (7) days of the date of this Prospectus.</p> <p>The Options are expected to be listed on ASX under the code "MFGO".</p>	7.2
Are the Options transferable?	<p>The Options are transferable which means that Option holders who do not wish to exercise some or all of their Options may sell or otherwise transfer their Options on ASX once the Options are listed. There is no guarantee that holders will be able to sell their Options or that they will receive a particular price.</p>	7.2
When can the Options be exercised?	<p>The Options are exercisable at any time from their date of issue until the Expiry Date, being 5:00pm (Sydney time) on 16 April 2027.</p>	7.2
When do the Options expire?	<p>The Options expire on the Expiry Date being 5:00pm (Sydney time) on 16 April 2027.</p>	7.2
What is the Exercise Price of the Options?	<p>Each Option allows the holder to acquire one (1) Share at an Exercise Price of \$35.00 per Option.</p>	7.2
How do Option holders exercise their Options?	<p>If you would like to exercise some or all of your Options you can do so on any Business Day prior to, and including, the Expiry Date by completing the Option Exercise Form and paying \$35.00 per Option to the Company via the payment methods set out in the Option Exercise Form.</p>	7.2
Can Option holders exercise part of their Option holding?	<p>Yes, however, the minimum number of Options that can be exercised each time is the lower of (a) 100 Options and (b) all the Options held by the Option holder.</p>	7.2
What rights are attached to Shares issued on exercise of the Options?	<p>Shares issued on exercise of Options rank equally with other issued Shares of the Company and will be governed by the Constitution, the Corporations Act and the Listing Rules. The rights attaching to each Share include the right to vote at a general meeting of Shareholders (whether present in person, casting votes online or by any representative, proxy or attorney) and the right to receive dividends. Shares issued upon the exercise of Options will only participate in a future dividend or other shareholder action if such Shares have been issued on or prior to the applicable record date for determining entitlements.</p>	7.4
Key risks	<p>Eligible Shareholders should be aware that dealing in and exercising Options involves various risks. There are general risks associated with owning securities in publicly listed companies as well as risks specifically related to the</p>	6

Company. The price of securities can go down as well as up due to factors outside the control of the Company.

The key risks associated with an investment in the Company are set out in section 6 of this Prospectus and include the following:

- **General investment risks:** The Group's investments, including those held on behalf of its clients, are exposed to a range of risks which may adversely affect the companies and markets in which the Company invests. These risks include volatility in global securities markets, economic risks, currency risks, interest rate risks, changes in government, fiscal, monetary and regulatory policies (including in relation to the COVID-19 pandemic), changes in accounting standards, global geo-political events and hostilities including acts of terrorism, changes in investor perceptions and environmental, social and governance risks.
- **Loss of key personnel:** The loss of the Group's key personnel may affect the Company's ability to execute its investment strategies, result in material client redemptions or give rise to an inability to attract new funds under management. This may have a materially adverse impact on the value of the Company's business.
- **Investment Performance Risk:** The Group's assessment of the intrinsic worth of an investment held in client portfolios may be incorrect, the relevant investment objective may not be achieved, and the market may continue to value the securities within the portfolios at prices materially different to the Group's assessment from time to time. This may result in the poor performance of the investment strategies that the Group manages which may result in reduced or no performance fees and lower management fees, client redemptions, inability to attract new clients and may curtail potential future investment products.
- **Reduced ability to retain and attract investors or clients:** With the exception of investors of closed class units in the Magellan Global Fund (ASX: MGF), the Group's funds and institutional mandates provide investors with the ability to redeem or reduce their investment or to terminate investment mandates, as applicable. Any such redemptions or terminations would reduce the Group's funds under management and, therefore, the level of management and performance fees earned. A reduced ability, or inability, to attract new investors or clients for its existing investment strategies or for new strategies, will reduce the Group's ability to grow fee revenue, and/or offset redemptions.
- **Competition risks:** The funds management industry is highly competitive. Actions of current or future competitors may result in loss of funds under

	management, reduction in management and performance fee revenue, reduced earnings margins or lower market share, and may have a material adverse impact on the Company's financial performance and growth prospects.	
How can further information be obtained?	<p>Please contact the Company's Share Registrar, Boardroom Pty Limited on 1300 005 016 (from within Australia) or +61 2 9290 9600 (from outside Australia) if you have questions relating to the Bonus Issue. Alternatively, please contact your legal, financial or other professional adviser.</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your legal, financial or other professional adviser.</p>	n.a

The above table is a summary only. This Prospectus should be read in full before making any decisions in relation to the Options, including whether or not to exercise your Options.

5. Overview of the Company

5.1 Overview

The Group is a specialist fund manager that has four core investment strategies – Global Equities, Global Listed Infrastructure, Sustainable and Australian Equities (via Airlie Funds Management). The Group manages these strategies on behalf of retail investors in Australia and New Zealand and institutional investors located in Australia and around the world.

The Group's funds management activities are its core business and is the driver of the Company's revenues, profitability and, therefore, dividends paid to shareholders. The primary component of the Company's revenues is the management fees that it earns on the investment strategies the Group manages for clients. Management fees are based on funds under management ("FUM") and thus management fee revenue will be driven by the Group's FUM. Changes in FUM itself are driven primarily by investment performance and also by client inflows, outflows and distributions. From time to time the Group may also earn performance fees if its funds and mandates achieve certain performance hurdles. Performance fees are lumpy and do not occur evenly from period to period.

The Company invests a meaningful portion of its capital in its investment strategies alongside clients through a fund investments portfolio. It has also made selective investments directly on its balance sheet external to its funds that meet a number of key criteria and that the Company anticipates over time will add to its intellectual capital, provide meaningful diversification and optionality, and generate attractive returns for shareholders.

5.2 Recent developments

Employee Option Issue

The Company is establishing an employee share option scheme under which it expects to issue up to 10,000,000 unlisted options to employees of the Group for nil consideration ("Employee Option Issue")². Options issued under the Employee Option Issue ("Employee Option") will have materially the same terms as the Bonus Options (as set out in section 7.2) and are summarised below:

Entitlement	Each Employee Option entitles the registered holder(s) of the Employee Option to subscribe for, or be issued with, transferred or allocated one fully paid Share at an exercise price of \$35.00 in accordance with the Employee Option terms.
Vesting	The Employee Options will be subject to vesting conditions (to be set out in the employee share option scheme) which will include remaining an officer, employee, contractor or consultant (as applicable) of the Group up to 5.00pm AEST on 1 September 2024.
Transfer	Subject to limited exceptions, the Employee Options are not transferable.
Expiry	An Employee Option will expire at 5.00pm (Sydney time) on 16 April 2027. Any Employee Option not exercised on or before that time will automatically lapse.
Exercise	Subject to compliance with the Company's securities trading policy or as otherwise determined by the Board, a vested Employee Option may be exercised by delivery to the Company of a duly completed Employee Option exercise form, together with payment to the Company of \$35.00 per Employee

² The Company may determine to issue fewer than 10,000,000 Employee Options at the closing date set out in the prospectus for the Employee Option Issue. If the Company does not issue 10,000,000 Employee Options at the closing date set out in the prospectus for the Employee Option Issue, it reserves the discretion to make supplementary offers of the residual amount to eligible employees.

	<p>Option being exercised. Alternatively, a vested Employee Option may also be exercised without any cash payment being made, by the holder electing to satisfy the requirement to pay the exercise price by setting off the total applicable exercise price amount of the Employee Options against the number of Shares of equivalent value which they are entitled to receive on exercise subject to the Employee Option terms.</p> <p>Employee Option holders can exercise part of their Employee Option holding. However, the minimum number of Employee Options that can be exercised each time is the lower of: (a) 100 Employee Options and (b) all the Employee Options held by the Employee Option holder.</p>
Issue of Shares	The Company must issue or transfer to the Employee Option holder one Share on exercise of an Employee Option within 10 Business Days of the date on which an Employee Option exercise took effect. Shares so issued will rank equally with other issued Shares of the Company from the date of issue.
Dividend Entitlement	Employee Options do not carry any dividend entitlement until they are exercised and Shares are allotted.
Voting Rights	The Employee Options do not confer on the holder a right to receive notices of general meetings (except as may be required by law), nor any right to attend, speak at or vote at general meetings of the Company.
Participating Rights	An Employee Option holder may only participate in new issues of securities to holders of Shares in the Company if the Employee Option has been exercised and Shares allotted in respect of the Employee Option before the record date for determining entitlements to the issue.
Adjustments, Reconstructions and Alterations of Capital	The Employee Options will be subject to the same provisions with respect to adjustments for reconstructions and alterations of capital that apply to the Bonus Options (refer to section 7.2).
Change of control	If a change of control event occurs, or the Board determines such event is likely to occur, the Board may in its absolute discretion determine the manner in which any or all of the Employee Options will be dealt with.
Forfeiture	Unless otherwise determined by the Board, Employee Options will be forfeited if the officer, employee, contractor or consultant (as applicable) ceases to be employed or otherwise engaged by the Group.
Unquoted	The Employee Options will not be quoted on ASX.
ASX Listing	<p>The Company must make an application for quotation of Shares issued on exercise of the Employee Options on ASX in accordance with the Listing Rules.</p> <p>A prospectus for the Employee Option Issue will be lodged with ASIC and ASX once finalised. This is expected to occur on or around 31 March 2022.</p> <p>Further information about the Company is set out in the documents specified in section 9.1.</p>

Further information about the Company is set out in the documents specified in section 9.1.

5.3 Share Price

The highest, lowest and last recorded market sale prices of the Company's Shares in the last 3 months prior to the date of this Prospectus are:

	Price	Date
Highest	\$21.70	18 February 2022
Lowest	\$13.86	15 March 2022
Last	\$16.29	30 March 2022

Investors should note that past performance is not necessarily an indicator of future performance.

6. Risk Factors

Investors should be aware that dealing in and exercising Options involves various risks. There are general risks associated with owning securities in publicly listed companies as well as risks specifically related to the Company. The price of securities can go down as well as up due to factors outside the control of the Company.

Some of the key factors which may affect the future earnings of the Company, the market price of its Shares and the price at which the Options may trade include:

6.1 Risks relating to holding Options

(a) ASX liquidity

The liquidity of trading in Options on the ASX may be limited at times and may affect an Option holder's ability to buy or sell Options.

(b) Share price

The Share Price may not exceed the Exercise Price of the Options during the exercise period. In such circumstances an Option holder is likely to let the Options lapse without any value being realised.

(c) Timing of receipt of Shares on exercise of Options

The Company must issue or transfer to the Option holder one (1) Share on exercise of an Option within 5 Business Days of the date on which the Option exercise took effect. There is a risk that the Company's Share price may fall below the Exercise Price during the period between exercise of the Option and issue or transfer of Shares. In addition, where an Option holder exercises an Option within 5 Business Days of a record date for a future dividend or other corporate action undertaken by the Company, there is a risk that the Option holder may not be issued or transferred Shares until after the relevant record date for determining entitlements has passed and will therefore be unable to participate in the future dividend or other corporate action.

6.2 General risks regarding the Company and the industry in which it operates

(a) Attracting and retaining employees

The Group relies on its ability to attract, train and retain highly skilled employees, portfolio managers and investment professionals to generate future earnings and returns. If the Group is unable to attract and retain such employees, this may adversely impact its ability to execute its investment strategies, attract and retain clients and retain and grow funds under management.

(b) Changes in Regulation risk

There is a risk that a change in legislation or regulations governing a security, sector or financial market could have an adverse impact on the Group or the funds and institutional mandates managed by the Group. A change in legislation or regulations can increase the costs of operating the Group's business and/or change the competitive landscape and result in a loss of profits to the Company.

(c) Client concentration risk

Whilst the Company views the Group's business as well diversified by reference to its clients, it is possible that the loss of a small number of clients could have a meaningful impact on the revenue and profitability of its business.

(d) Competition risks

The funds management industry is highly competitive, with a significant number of existing investment professionals and new companies regularly developing new products and establishing funds management businesses. Actions of current or future competitors may

result in loss of funds under management, reduction in management and performance fee revenue, reduced earnings margins or lower market share, and may have a material adverse impact on the Group's financial performance and growth prospects.

(e) **Coronavirus risk**

The impact of COVID-19 in the countries and markets in which the Group operates or invests on behalf of its clients remain susceptible to economic recessions or downturns which could cause a material contraction in the markets and sectors in which the Group operates or invests. These economic disruptions could have a material adverse impact on the Company's operating and financial position and performance, as well as affect the price of the Company's Shares and the Options.

COVID-19 has resulted in significant market falls and volatility including in the prices of securities trading on ASX and on other foreign securities exchanges. Many of the risks highlighted in this Section 6 are likely to be heightened due to the impacts of the COVID-19 pandemic. There is continued uncertainty as to the further impact of COVID-19 including in relation to governmental action, potential taxation changes, work stoppages, lockdown, quarantines, travel restrictions, vaccine efficacy and availability and the impact on the global economy and share markets.

(f) **Counterparty and credit risk**

There is a risk that the Company may incur a loss arising from the failure of another party to a contract to meet its obligations. Counterparty risk arises primarily from investments in cash, derivatives and currency transactions. Substantial losses could be incurred if a counterparty fails to deliver on its contractual obligations including as a result of its bankruptcy.

(g) **Cybersecurity risk**

There is a risk that the Company's business could be materially adversely impacted as a result of a cybersecurity attack such as a cryptolocker or denial of service attack. The Group could also experience a data leakage of sensitive client and proprietary information as a result of an attack or due to human error. Such events could result in a financial loss, loss of clients, reputational damage and a loss of funds under management which could materially and adversely impact the value of the Group's business.

(h) **Economic conditions**

The operating and financial performance of the Group is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and exchange rates and government fiscal, monetary and regulatory policies. A prolonged deterioration in domestic or general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on the financial performance of the Group's business.

(i) **Foreign currency risk on the Company's earnings**

Foreign currency risk is the risk that the fair value or cash flows arising from revenues, a financial commitment or recognised asset or liability will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign currency risk on:

- cash and term deposits denominated in foreign currency;
- investments denominated in foreign currency along with their respective distributions received/receivable and outstanding settlements/payments for purchases or sales of equities;
- management and performance fees receivable denominated in a foreign currency;
- payables denominated in a foreign currency namely supplier invoices and firm commitments; and

- translation of the revenues and expenses and the fair value of assets or liabilities of US based foreign subsidiaries.

(j) **General investment risks**

As a global investor, the Group's investments, including those held on behalf of its clients, are exposed to a range of risks including volatility in global securities markets, economic risks, currency risks, interest rate risks, changes in government, fiscal, monetary and regulatory policies (including in relation to the COVID-19 pandemic), changes in accounting standards, global geo-political events and hostilities including acts of terrorism, changes in investor perceptions and environmental, social and governance risks, all of which may adversely affect the companies and markets in which the Group's invests.

(k) **Investment performance risk**

The performance of the Group in providing its investment management services is dependent on its expertise, the level of research it undertakes and ultimately the outcomes of its investment decisions. The Group's assessment of the intrinsic worth of an investment held in client portfolios may be incorrect, the relevant investment objective may not be achieved, and the market may continue to value the securities within portfolios at prices materially different to the Company's assessment from time to time, which may result in the poor performance of the investment strategies that the Company manages.

Sustained periods of poor performance, poor investment decisions and/or unfavourable market movements may result in reduced or no performance fees and lower management fees, client redemptions, inability to attract new clients and may curtail potential future investment products.

(l) **Information technology risk**

The Group is dependent upon the information technology software and hardware used in its business. If any of the Group's business operations or systems, or those of its outsourced service providers, are damaged or disrupted, the Group could suffer financial loss, incur liability to clients, experience regulatory issues or damage to its reputation.

(m) **Litigation risk**

The Group may be exposed to litigation from time to time by third parties such as clients, shareholders or regulators related, but not limited to, professional negligence, investment losses or product liability claims. To the extent that the costs of such litigation are not covered by insurance policies, these may have a material adverse impact on the financial performance or position of the Company.

(n) **Liquidity risk**

The Company may encounter difficulty in meeting obligations associated with its financial liabilities on their due dates and may be forced to sell financial assets at a value which is less than they are worth in order to fund these liabilities.

(o) **Loss of key personnel**

Loss of key personnel may affect the Group's ability to execute its investment strategies, result in material client redemptions or give rise to an inability to attract new funds under management. This may have a materially adverse impact on the value of the Company's business. As at the date of this Prospectus, Hamish Douglass, the Company's Chief Investment Officer, is on a medical leave of absence and there is no set date for his return to the Company. Chris Mackay, the Company's inaugural Chairman and Chief Investment Officer from inception in 2006 to 2012 will oversee the portfolio management of the Group's global equity retail funds and global equity institutional mandates.

(p) **Product concentration risk**

As at 11 March 2022, the Group managed \$69.1 billion in funds under management across four key investments strategies: Global Equities, Global Listed Infrastructure, Sustainable and

Australian Equities. There is a risk that adverse stock market movements, poor investment performance or client redemptions from funds or mandates associated with a specific investment strategy could have a material adverse impact on the revenue and profitability of the Group.

(q) **Reduced ability to retain and attract investors or clients**

With the exception of investors of closed class units in the Magellan Global Fund (ASX: MGF), the Group's funds and institutional mandates provide investors with the ability to redeem or reduce their investment or to terminate investment mandates, as applicable. Any such redemptions or terminations would reduce the Group's funds under management and, therefore, the level of management and performance fees earned.

A reduced ability, or inability, to attract new investors or clients for its existing investment strategies or for new strategies, will reduce the Group's ability to grow fee revenue, and/or offset redemptions.

(r) **Regulatory compliance risk**

As a global investor, the Group is subject to extensive legislation, regulation and supervision by a number of regulatory bodies in multiple jurisdictions. There is a risk that the Group or its products and services do not comply with all legislative and regulatory requirements applicable to the Group.

(s) **Reputational risk**

Damage to the Group's reputation may adversely impact its ability to attract and retain clients. This may occur as a result of, amongst other things:

- a failure to address actual, potential or perceived conflicts of interest;
- a regulatory breach or incident;
- employee misconduct;
- litigation against the Company; and
- action or inaction that could be perceived by clients, consultants, service providers or regulators to be inappropriate, unethical or inconsistent with regulatory requirements.

(t) **Securities price risk**

There are general risks associated with an investment in the share market. As such, the value of the Company's Shares and Options may rise or fall, depending on the financial position and operating performance of the Company and other factors, including negative sentiment towards the Company and brand damage associated with negative media attention and press coverage. Further, the market price of the Company's Shares and Options will fluctuate due to various factors, many of which are non-specific to the Company, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geo-political events, wars and hostilities and acts of terrorism, investor perceptions and volatility in global markets. In the future, these factors may affect the price at which an Option holder is able to sell their Options (or Shareholders sell their underlying Shares). This may result in the market price received for the Shares issued upon the exercise of Options being less than the price that an Option holder paid to exercise their Options.

(u) **Service provider risk**

The Group relies on a number of service providers to provide operational and administrative functions for its funds and institutional mandates. Failure of a key service provider to deliver services to the Group in accordance with its contractual obligations may result in a financial loss or loss of clients resulting in a loss of funds under management.

(v) Strategic risk

Poor strategic decisions or an inability to execute strategic decisions effectively may adversely impact the revenue and profitability of the Group. As part of the Group's corporate strategy, the Group may establish new investment strategies, funds or businesses in the future, which may introduce additional risks and uncertainty into the business and which may adversely impact its value.

(w) Taxation risk

Future changes in taxation legislation in Australia and in other jurisdictions, including changes in interpretation or application of the law by the courts or taxation authorities in Australia or other jurisdictions, may impact the Company's earnings or its future tax liabilities or may affect taxation treatment of an investment in the Company's securities, or the holding or disposal of those securities. As previously announced to Shareholders, the *Treasury Laws Amendment (2021 Measures No. 2) Bill 2021* became law in September 2021 and abolishes the offshore banking unit regime. This will remove the concessional tax rate of 10% applying to certain income and expenses of the Company's main operating subsidiary, Magellan Asset Management Limited, from 1 July 2023. This change is likely to result in the Company paying higher income tax in Australia and increase the franking credits available to shareholders.

(x) Trading risk

The Group may suffer financial loss or reputational damage or, may lose clients leading to a reduction in funds under management as a result of a trading (or related) error.

(y) Unit pricing risk

The Group acts as the responsible entity to several registered and unregistered managed investment schemes ("funds") in Australia. As such, the Group bears the risk of any unit pricing error made in the calculation of unit prices on behalf of these funds. An incorrect unit price may result in a material financial loss to the fund(s) or the underlying investors and may lead to a loss of funds under management. The Group may be required to compensate the fund(s) or investors for material losses resulting from unit pricing errors.

If you do not exercise the Options, because you sell those Options on-market, allow those Options to expire without being exercised, or do not receive Options because you are an overseas Shareholder in a jurisdiction where the offer is not being made, and other Option holders exercise their Options, your shareholding will be diluted.

The above list of risk factors is not exhaustive. The above risks, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of an Option issued under this Prospectus and any Share which is issued as a result of the exercise of an Option. Therefore, no assurances or guarantees of future profitability, distributions, payment of dividends, returns of capital or performance of the Company or its securities can be provided by the Company.

If you have doubts as to whether you should exercise your Options and acquire Shares, you should consult with your legal, financial or other professional adviser immediately.

7. Terms of the Bonus Issue

7.1 The Bonus Issue

The Bonus Issue is a one (1) for eight (8) bonus issue of Options exercisable at \$35.00 per Option. No funds will be raised from the issue of the Options. If all Options issued under this Prospectus are subsequently exercised, the Shares issued would raise approximately \$812 million. The Bonus Issue is made to all Eligible Shareholders registered at 5.00pm (Sydney time) on the Record Date. The total number of Options which may be issued is approximately 23,214,126, subject to rounding. In the calculation of any entitlement, fractions will be rounded up to the nearest whole number.

You do not need to take any action to receive the Options. You will be sent a copy of this Prospectus, which will enclose an Option holding statement that will state the number of Options issued to you.

If you would like to exercise your Options you can do so on or before the Expiry Date by completing an Option Exercise Form and paying the full amount of the Exercise Price. The Option Exercise Form outlines the available Exercise Price payment methods. Your completed Option Exercise Form should be returned to the Share Registrar, Boardroom Pty Limited. A combined Option Exercise Form and Option holding statement will be despatched to Option holders at the same time.

7.2 Rights Attaching to Options

The terms and conditions of the Options are set out below:

Entitlement

Each Option entitles the registered holder(s) of the Option to subscribe for one fully paid Share at the Exercise Price in accordance with these terms. In the calculation of any entitlement, fractions will be rounded up to the nearest whole number.

Register

The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act.

Transfer/Transmission

The Bonus Options are transferable in whole or in part, subject to applicable requirements of the Constitution, the Corporations Act and the Listing Rules.

Expiry

An Option will expire on the Expiry Date. Any Option not exercised on or before the Expiry Date will automatically lapse.

Exercise

An Option may be exercised by delivery to the Company of a duly completed Option Exercise Form, signed by the registered holder(s) of the Option, together with payment to the Company of \$35.00 per Option being exercised.

An Option may be exercised on any Business Day from the date of grant of an Option to the Expiry Date (inclusive), but not thereafter.

An exercise of Options is only effective when the Company has received a duly completed Option Exercise Form and the full amount of the Exercise Price in cleared funds. The Option Exercise Form outlines the available Exercise Price payment methods.

Option holders can exercise part of their Option holding. However, the minimum number of Options that can be exercised each time is the lower of: (a) 100 Options and (b) all the Options held by the Option holder.

Issue of Shares

The Company must issue to the Option Holder one Share on exercise of an Option within 5 Business Days of the date on which an Option exercise took effect. Shares so issued will rank equally with other issued Shares of the Company from the date of issue.

Dividend Entitlement

Options do not carry any dividend entitlement until they are exercised. Shares issued upon the exercise of Options will only participate in a future dividend or other shareholder action if such Shares have been issued on or prior to the applicable record date for determining entitlements.

Voting Rights

The Options do not confer on the holder a right to receive notices of general meetings (except as may be required by law), nor any right to attend, speak at or vote at general meetings of the Company.

Participating Rights

An Option holder may only participate in new issues of securities to holders of Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue.

Adjustments

If between the date of issue and the date of exercise of an Option the Company makes one or more rights issues (being a pro-rata issue of Shares in the capital of the Company that is not a bonus issue), the Exercise Price of Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NP = OP - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- NP** = the new Exercise Price of the Option;
- OP** = the old Exercise Price of the Option;
- E** = the number of Shares into which one Option is exercisable;
- P** = the average market price per Share (weighted by reference to volume) recorded on ASX during the five (5) trading days ending on the day before the ex-rights date or ex-entitlements date (excluding special crossings and overnight sales);
- S** = the subscription price for Share to be issued under the pro rata Issue;
- D** = the amount of any dividend due but not yet paid on the existing Shares (except those securities to be issued under the pro rata issue);
- N** = the number of existing Shares with rights or entitlements that must be held to receive a right to one new security under the pro rata issue.

No change will be made to the number of Shares to which the Option holder is entitled upon exercise of the Option as a result of the rights issue adjustment above.

If the Company makes a bonus issue of Shares, the number of Shares issued on exercise of each Option will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue of Shares. No change will be made to the Exercise Price.

Reconstructions and Alterations of Capital

Any adjustment to the number of unexercised Options and the Exercise Price under a re-organisation or alteration of the Company's share capital must be made in accordance with the Listing Rules applying to a reorganisation or alteration of capital at the time of the reorganisation or alteration.

ASX Quotation of the Options

Within seven (7) days after the date of this Prospectus, the Company will apply to ASX for the Options to be quoted on ASX. If ASX does not give permission for quotation of the Options within three (3) months after the date of this Prospectus (or any later date permitted by law), none of the Options will be issued and if any have been issued, the issue will be void, unless ASIC grants an exemption permitting the issue. It is expected that quotation of the Options will initially be on a deferred settlement basis.

ASX Listing

The Company must make an application for quotation of Shares issued on exercise of the Options on ASX in accordance with the Listing Rules.

7.3 Bonus Issue and Allotment of Options

No Options or other securities will be issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date that is 13 months after the date of this Prospectus.

It is currently anticipated that the issue of Options will occur on 14 April 2022. Holding statements in relation to the Options will be despatched to Eligible Shareholders with this Prospectus.

It is the responsibility of Eligible Shareholders to determine their allocation prior to trading in the Options. Eligible Shareholders who sell any Options before they receive their holding statements will do so at their own risk.

7.4 Rights Attaching to the Shares on Exercise of the Options

The rights attaching to any Shares issued upon exercise of the Options will be governed by the Constitution, the Corporations Act and the Listing Rules.

Shareholders have the right to obtain a copy of the Constitution, free of charge, from the Company. To obtain a copy of the Constitution please contact the Company Secretaries on +61 2 9235 4888.

The rights attaching to each Share include:

- (a) the right to vote at a general meeting of Shareholders (whether present in person, voting online or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share in respect of which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (b) the right to receive dividends, according to the amount paid up on the Share; and
- (c) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution.

Shares issued upon the exercise of Options will only participate in a future dividend or other shareholder action if such Shares have been issued on or prior to the applicable record date for determining entitlements.

Subject to the Corporations Act and the Listing Rules, Shares are fully transferable and are quoted on ASX.

The Constitution may be varied with the approval of Shareholders in a general meeting by special resolution.

7.5 Overseas Shareholders

This Prospectus does not constitute an offer of Options in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Options may not be issued to persons, in any country outside Australia except to the extent permitted below.

New Zealand

The Options are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Canada (Ontario province only)

This Prospectus constitutes an offer of Options in the Canadian province of Ontario (the "Province") where existing shareholders of the Company are resident. This Prospectus is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Province.

No securities commission or other authority in the Province has reviewed or in any way passed upon this Prospectus, the merits of the Options and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Province with respect to the offering of Options and Shares or the resale of such securities. Any person in the Province lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province.

Any resale of the Options or the Shares in Canada must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with an exemption from prospectus requirements. Such resale restrictions do not apply to a first trade in a security (such as Options and Shares) of a foreign issuer (such as the Company) that is not a reporting issuer in Canada and that is made through an exchange or market outside of Canada (such as ASX).

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Hong Kong

WARNING: The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

Singapore

This Prospectus and any other materials relating to the Options and the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document relating to the Options and the Shares may not be issued, circulated or distributed, nor may the Options or Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This Prospectus has been given to you on the basis that you are an existing holder of the Company's Shares. If you are not such a shareholder, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the Options or the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Options or Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Nominees and Custodians

Nominees and custodians may not distribute this Prospectus, and may not permit any beneficial shareholder to participate in the Offer, in any jurisdiction outside Australia, the Canadian province of Ontario, New Zealand and Singapore except, with the consent of the holders resident in certain other countries where the Company may determine it is lawful and practical to make the Offer.

Acknowledgments

By receiving this Prospectus, a shareholder will be deemed to acknowledge and agree that such shareholder:

- (a) is located in Australia, the Canadian province of Ontario, Hong Kong, New Zealand or Singapore or any other jurisdiction in which the Company determines, in its sole discretion, it is reasonable to make the offers of Options having regard to applicable laws and ASX Listing Rule 7.7.1(a);
- (b) is not in the United States (except by the Company as it may permit in accordance with the preceding clause) or acting for the account or benefit of a person in the United States;
- (c) understands that the Options, and the underlying Shares, have not been, and will not be, registered under the US Securities Act and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws; and
- (d) has not sent, and will not send, this Prospectus or any other materials relating to the Options to any person in the United States or elsewhere outside Australia, Canada (Ontario), New Zealand and Singapore.

7.6 Taxation

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of being granted or exercising Options under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of all Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in respect of the Bonus Issue. Shareholders should consult their own professional tax adviser in connection with the taxation implications of the Bonus Issue.

7.7 Directors' Discretion

The Directors may at any time decide to withdraw this Prospectus or, subject to applicable law, amend the terms of the Bonus Issue.

8. Effect of the Bonus Issue

No funds will be raised by the Bonus Issue. The Bonus Issue is not expected to have a material impact on the Company's financial position other than the decrease in cash reserves of approximately \$740,000 resulting from the expenses of the Bonus Issue as set out in section 9.7.

The capital structure of the Company as at the date of this Prospectus and on completion of the Bonus Issue is set out below.

	As at the date of this Prospectus	On completion of the Bonus Issue
Shares on issue	185,713,004	185,713,004
Option issued under the Bonus Issue	-	23,214,126
Employee Options issued under the Employee Option Issue*	-	10,000,000 ³

* See sections 5.2 and 8.1 below for further disclosure in relation to the proposed issue of Employee Options to Group employees.

The Directors intend to apply any funds raised on the exercise of any Options to strengthen the Company's balance sheet and provide flexibility to support its future growth.

If all of the Options under the Bonus Issue are exercised on or before the Expiry Date, the effect on the Company would, based on the number of Shares on issue as at the date of this Prospectus and assuming no other changes to the Company's capital structure or financial position during that period, be as follows:

- (a) the current number of Shares on issue would increase by approximately 23,214,126 Shares to approximately 208,927,130 Shares; and
- (b) the cash reserves of the Company would increase by approximately \$812 million.

There is no guarantee that any Options will be exercised or that those funds will be raised.

If all of the Employee Options issued to Group employees are exercised, the Shares on issue would increase by a further approximately 10,000,000 Shares and the cash reserves of the Company would increase by approximately \$350 million. There is no guarantee that the Employee Options issued to Group employees will be exercised or that those funds will be raised. At the time of exercise, a holder of an Employee Option may elect to satisfy the requirement to pay the exercise price by setting off the total applicable exercise price amount against the number of Shares of equivalent value which they are entitled to receive. If Employee Options are exercised in this manner, this will result in a lower number of Shares being issued by the Company and no increase to its cash reserves.

8.1 Unaudited pro-forma statement of financial position

To illustrate the effect of the Bonus Issue and exercise of Options on the Company, the Company's pro-forma statement of financial position as at 31 December 2021 is set out below.

The pro-forma statement of financial position is adjusted only for completion of the Bonus Issue, the Employee Option Issue and the exercise of options (assuming all 23,214,126 Options issued in connection with the Bonus Issue and 10,000,000 Employee Options issued in connection with the

³ This table assumes 10,000,000 Employee Options will be issued. The Company may determine to issue fewer than this amount at the closing date set out in the prospectus for the Employee Option Issue. The exact number of Employee Options that are issued will be notified to the ASX following their issue. If the Company does not issue 10,000,000 Staff Options at the closing date set out in the prospectus for the Employee Option Issue, it reserves the discretion to make supplementary offers of the residual amount to eligible employees.

Employee Option Issue are exercised at the Exercise Price of \$35.00, but before costs and expenses).

The pro-forma financial information in this section is based on the Company's interim report for the half year ended 31 December 2021. It has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards ('AAS').

The pro-forma financial information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

	31 Dec 2021 \$'000	Exercise of Options issued under Bonus Issue \$'000	Exercise of options issued under Employee Option Issue* \$'000	Pro-forma as at 31 Dec 2021 \$'000
Current assets				
Cash and cash equivalents	291,468	812,494	350,000	1,453,962
Loans and receivables	117,485			117,485
Other current assets	4,768			4,768
Total current assets	413,721			1,576,215
Total assets	1,329,532			2,492,026
Current liabilities				
Payables	29,352			29,352
Financial liabilities	165,220			165,220
Other current liabilities	13,792			13,792
Total current liabilities	208,364			208,364
Total liabilities	224,971			224,971
Net assets	1,104,561			2,267,055
Equity				
Contributed equity	679,841	812,494	350,000	1,842,335
Reserves	387,361			387,361
Retained earnings	37,359			37,359
Total equity	1,104,561			2,267,055

* The impact from the exercise of Employee Options has been prepared on the basis that all Employee Options are exercised by payment of the exercise price of \$35.00 by the holder of the Employee Option. If Employee Options are exercised without payment, by the holder electing to set off the total applicable exercise price amount of the Employee Options against the number of Shares of equivalent value which they are entitled to receive on exercise, this will result in a lower number of Shares being issued by the Company and no increase to its cash reserves. The number of Shares that will be issued will depend on the proportion of employees that elect to exercise Employee Options without payment and the market value of Shares as calculated at that time in accordance with the Employee Option terms.

9. Additional Information

9.1 Reporting and Disclosure Obligations

The Company is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require the Company to:

- (a) prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a Directors' statement and report and an audit or review report; and
- (b) immediately notify ASX of any information concerning the Company of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in the Company, subject to certain limited exceptions including in relation to confidential information.

Copies of documents lodged with ASIC in relation to the Company may be obtained from or inspected at an office of ASIC.

As a company listed on ASX, the Company is subject to the Listing Rules which require (subject to certain exceptions) immediate disclosure to the market of any information concerning the Company of which it becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. Information that is already in the public domain in relation to the Company has not been reported in this Prospectus other than that which is considered necessary to make the transaction contemplated by this Prospectus complete. Copies of documents lodged with ASX in relation to the Company may be downloaded from ASX or the Company's website.

The Company will provide a copy of the following documents free of charge to any person who requests them in the period starting from the date of this Prospectus and ending on the Expiry Date:

- the annual financial report of the Company for the year ended 30 June 2021 being the annual financial report most recently lodged with ASIC; and
- any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC, being the following documents:

Date	Description of ASX announcement
17 August 2021	Final Results for the year ended 30 June 2021
17 August 2021	Appendix 4G and Corporate Governance Statement
17 August 2021	Dividend / Distribution – MFG
17 August 2021	MFG Dividend Reinvestment Plan Rules
17 August 2021	FY21 Results Briefing Reminder
17 August 2021	FY21 Results Presentation
25 August 2021	Notice of initial substantial holder from MFG
6 September 2021	Funds Under Management – August 2021
9 September 2021	Dividend Reinvestment Plan Underwrite
15 September 2021	Change of Director's Interest Notice – John Eales
21 September 2021	Information about 2021 Annual General Meeting / Proxy Form
23 September 2021	2021 Final Dividend Chairman's Letter
27 September 2021	Update – Dividend/Distribution – MFG
27 September 2021	Update – Dividend/Distribution – MFG

Date	Description of ASX announcement
29 September 2021	Change of Director's Interest Notice – Paul Lewis
29 September 2021	Change of Director's Interest Notice – Brett Cairns
30 September 2021	Application for quotation of securities – MFG
1 October 2021	Retirement of Paul Lewis MBE as Non-Executive Director
1 October 2021	Change of Director's Interest Notice – Brett Cairns
1 October 2021	Change of Director's Interest Notice – John Eales
1 October 2021	Change of Director's Interest Notice – Karen Phin
4 October 2021	Change of Director's Interest Notice – Paul Lewis
6 October 2021	Funds Under Management – September 2021
6 October 2021	Cleansing Statement
7 October 2021	Final Director's Interest Notice – Paul Lewis
20 October 2021	Change of Director's Interest Notice – Brett Cairns
20 October 2021	2021 AGM 21 October 2021 – Registration Information
20 October 2021	Appointment of John Eales AM as Chair of R&N Committee
21 October 2021	2021 AGM Chairman's Address
21 October 2021	2021 AGM CEO's Presentation
21 October 2021	2021 AGM – Results of Meeting
22 October 2021	Notice of initial substantial holder from MFG
4 November 2021	Funds Under Management – October 2021
10 November 2021	Change of Director's Interest Notice – Karen Phin
12 November 2021	Notice of initial substantial holder from MFG
15 November 2021	Change of Director's Interest Notice – Brett Cairns
15 November 2021	Key Dates for 2022
17 November 2021	Notice of ceasing to be a substantial holder from MFG
23 November 2021	Application for quotation of securities – MFG
23 November 2021	Application for quotation of securities – MFG
23 November 2021	Application for quotation of securities – MFG
29 November 2021	Change of Director's Interest Notice – Colette Garnsey
6 December 2021	Funds Under Management – November 2021
6 December 2021	Resignation of CEO and Appointment of Interim CEO
8 December 2021	Statement from Alexandra and Hamish Douglass
8 December 2021	Final Director's Interest Notice – Brett Cairns
17 December 2021	Pause in Trading
17 December 2021	Trading Halt
20 December 2021	St James's Place Mandate

Date	Description of ASX announcement
23 December 2021	Video update from Chief Investment Officer and Chairman
7 January 2022	Funds Under Management – December 2021
12 January 2022	Notice of ceasing to be a substantial holder from MFG
21 January 2022	Change of Director's Interest Notice – Karen Phin
21 January 2022	Change of Director's Interest Notice – Robert Fraser
21 January 2022	Change of Director's Interest Notice – John Eales
21 January 2022	Change of Director's Interest Notice – Hamish Douglass
24 January 2022	Change of Director's Interest Notice – Hamish McLennan
25 January 2022	Response to Appendix 3Y Query
28 January 2022	Notice of change of interests of substantial holder from MFG
7 February 2022	Funds Under Management – January 2022
7 February 2022	Hamish Douglass – Medical Leave of Absence
11 February 2022	Funds Under Management Update
11 February 2022	Notice of Half Year Results Briefing
11 February 2022	Global Equities Webinar
18 February 2022	Appendix 4D and 2022 Interim Results
18 February 2022	2022 Interim Results Announcement
18 February 2022	2022 Interim Results Briefing
18 February 2022	Dividend / Distribution – MFG
18 February 2022	Suspension of Dividend Reinvestment Plan
23 February 2022	Notice of change of interests of substantial holder from MFG
25 February 2022	Funds Under Management Update
8 March 2022	2022 Interim Dividend CEO (Interim) Letter
10 March 2022	Change of interests of substantial holder from MFG
14 March 2022	Funds Under Management Update
16 March 2022	Notification of buy-back - MFG
16 March 2022	On-Market Share Buy-Back
21 March 2022	Resignation of director from MFG Board – Hamish Douglass
21 March 2022	Final Director's Interest Notice
31 March 2022	Staff Engagement & Retention Program

This Prospectus is issued pursuant to Section 713 of the Corporations Act. This enables listed disclosing entities to issue a prospectus with more limited disclosure than would be required of a full-form prospectus where the Company has been a listed disclosing entity for a period of at least 12 months.

9.2 Interests of Directors in the Company

As at 30 March 2022, the number of Shares in which Directors and their Associates have a Relevant Interest is as follows:

Director	Shares*
Hamish McLennan	105,248
Robert Fraser	500,000
John Eales, AM	80,854
Colette Garnsey, OAM	30,740
Karen Phin	89,569

*The number of Shares does not include any Shares that may be issued on exercise of Options that are received under the Bonus Issue by the Directors and their Associates.

The Directors and their Associates (who currently hold Shares) will receive the same entitlement to the Options as all other Shareholders under the Bonus Issue. Refer to section 8 for the capital structure of the Company.

9.3 Directors' Remuneration

The Company's Directors were remunerated by the Company and received the following amounts for the financial year ended 30 June 2021:

Independent Non-Executive Directors	Remuneration
Hamish McLennan	\$109,103
Robert Fraser	\$139,688
John Eales, AM	\$111,728
Colette Garnsey, OAM ^(A)	\$48,384
Karen Phin	\$95,673
Paul Lewis, MBE ^(B)	\$82,400

^(A) Colette Garnsey, OAM was appointed on 30 November 2020 and her remuneration shown in the table above reflects remuneration from her appointment until 30 June 2021.

^(B) Paul Lewis resigned on 30 September 2021 and his remuneration is shown for the full year ended 30 June 2021.

Executive Directors	Remuneration
Brett Cairns ^(C)	\$2,522,898
Hamish Douglass ^(D)	\$5,357,263

^(C) Brett Cairns resigned on 6 December 2021 and his remuneration is shown for the full year ended 30 June 2021.

^(D) Hamish Douglass resigned as a director on 19 March 2022 and his remuneration is shown for the full year ended 30 June 2021.

Other than as set out in this Prospectus, no Director of the Company holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- the Bonus Issue; or

- any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Bonus Issue.

Other than as set out in this Prospectus, no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given, or agreed to be given to any Director or proposed Director of the Company:

- to induce a person to become, or qualify as, a Director of the Company; or
- for services provided by a Director or proposed Director of the Company in connection with the formation or promotion of the Company or the Bonus Issue.

9.4 Interests of Professionals

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the time of lodgement of this Prospectus with ASIC, or has held in the two (2) years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- the Bonus Issue; or
- any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Bonus Issue,

nor has anyone paid or agreed to pay or given or agreed to give any benefit to such persons in connection with the formation or promotion of the Company or the Bonus Issue.

Allens acted as Australian legal adviser to the Company in relation to the Bonus Issue. The Company has paid or agreed to pay an amount of approximately \$30,000 (plus disbursements and GST) up to the date of this Prospectus in respect of those services. Further amounts may be paid to Allens in accordance with its normal time-based charges.

9.5 Legal Proceedings

The Company is not and has not been, during the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings which have had or may have a significant effect on the financial position of the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

9.6 Investor Considerations

If you are in doubt as to the course of action you should follow or the matters contained in this Prospectus, you should seek advice from a legal, financial or other professional adviser immediately.

The potential tax effects relating to the Bonus Issue will vary between Shareholders. Shareholders should consider the possible tax consequences of participating in the Bonus Issue by consulting a professional tax adviser.

9.7 Expenses of the Bonus Issue

Expenses of the Bonus Issue including ASIC and ASX fees, share registry costs, printing costs and professional costs are estimated to be approximately \$740,000.

9.8 ASIC Instruments

The Bonus Issue is made pursuant to ASIC Corporations (Exposure Period) Instrument 2016/74 which exempts the Company from complying with section 727(3) of the Corporations Act to the extent that section prohibits the Company from issuing Options in the seven-day period after the date of lodgement of this Prospectus with ASIC.

The Bonus Issue is also made pursuant to ASIC Corporations (Application Form Requirements) Instrument 2017/241 which exempts the Company from complying with section 723(1) of the

Corporations Act to the extent that section only permits an issue of Options in response to an application form included in or accompanied by a disclosure document.

9.9 Consents

Boardroom Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Share Registrar of the Company in the form and context in which it is named.

Allens has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Australian legal adviser to the Company in the form and context in which it is named.

Neither Boardroom Pty Limited or Allens:

- (a) has authorised or caused the issue of this Prospectus;
- (b) has made, or purported to have made, any statement in this Prospectus, except this section; and
- (c) assumes responsibility for any part of this Prospectus except for statements in this section.

Each of these entities to the maximum extent permitted by the law, disclaim any responsibility or liability for any part of this Prospectus other than a statement included in this section.

9.10 Statement of Directors

Each Director of the Company has given and has not withdrawn their consent to the issue of this Prospectus and to its lodgement with ASIC under the Corporations Act.

9.11 Privacy

The Company will collect the personal information contained in an Option Exercise Form (which includes your name, address, telephone number, email address, details of your Options or shareholding, including any joint holders, and your request to exercise the Options). The Company collects information about each Option holder that submits an Option Exercise Form for the purposes of processing the Option Exercise Form and, if the application for the exercise of Options is successful, to administer the Option holder's holding of Shares in the Company.

By submitting an Option Exercise Form, each Option holder agrees that the Company may use the information provided by an Option holder on the Option Exercise Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registrar, the Company's agents and third party service providers, including mailing houses and professional advisors, and to the ASX and governmental or regulatory authorities. In addition to disclosing your personal information to these entities, the Company may also disclose your information to any joint holder of your Options or Shares and to other parties authorised by you (such as a licensed financial adviser, dealer group or service provider).

If an Option holder becomes a Shareholder, the Corporations Act requires the Company to collect and include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements. If you do not provide the information required on the Option Exercise Form, the Company may not be able to accept or process the exercise of your Options.

The Company's privacy policy is available on its website at www.magellangroup.com.au and provides more information on:

- how the Company stores and uses, and how you may access and correct, your personal information;

- how you can lodge a complaint regarding the Company's handling of your personal information; and
- how the Company will handle any complaint.

If you would like any further information about the Company's privacy practices, please contact the Company's Privacy Officer as follows:

Post: Level 36, 25 Martin Place, Sydney, New South Wales, 2000
Tel: + 61 2 9235 4888
Email: privacy@magellangroup.com.au

9.12 Governing Law

This Prospectus, the issue of Options and the contracts that arise from the exercise of the Options in accordance with the terms of the Bonus Issue are governed by the laws of New South Wales and each Eligible Shareholder and their transferees submit to the non-exclusive jurisdiction of the courts of New South Wales.

10. Definitions and Interpretation

10.1 Defined Terms

In this Prospectus:

ASIC means the Australian Securities & Investments Commission.

Associate has the same meaning as in the Corporations Act.

ASX or Australian Securities Exchange means ASX Limited ACN 008 624 691 or the securities exchange operated by ASX Limited.

Bonus Issue means the issue of approximately 23,214,126 Options to Shareholders under this Prospectus.

Business Day has the meaning given in the Listing Rules.

Company means Magellan Financial Group Ltd ACN 108 437 592.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act (2001)*(Cth).

Directors or Board means the directors of the Company.

Eligible Shareholder means a Shareholder as at 5:00pm (Sydney time) on the Record Date with a registered address in Australia, New Zealand, Canada (Ontario), Singapore, Hong Kong or any other jurisdiction in which the Company determines, in its sole discretion, it is reasonable to make the offer of Options having regard to applicable laws and ASX Listing Rule 7.7.1(a).

Expiry Date means the expiry date of the Options, being 5.00pm (Sydney time) on 16 April 2027.

Exercise Price means the amount payable to the Company by the Option holder upon exercise of an Option, being thirty-five dollars (\$35.00).

Group means the Company and each of its subsidiaries.

Listing Rules means the listing rules of ASX.

Option means an option to acquire a Share granted pursuant to this Prospectus.

Option Exercise Form means the option exercise form sent to Eligible Shareholders with this Prospectus.

Option holder means a registered holder of an Option.

Prospectus means this prospectus, as modified or varied by any supplementary document issued by the Company and lodged with ASIC from time to time.

Record Date means 7 April 2022.

Relevant Interest has the meaning set out in the Corporations Act.

Share means a fully paid ordinary share in the Company.

Shareholder means a registered holder of a Share.

Share Registrar means Boardroom Pty Limited ACN 003 209 836.

10.2 Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- (a) words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- (b) the singular includes the plural and vice versa;

- (c) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- (d) a reference to any gender includes both genders;
- (e) a reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- (f) a reference to “dollars” or “\$” is to Australian currency; and
- (g) in this document, headings are for ease of reference only and do not affect its interpretation.

11. Corporate Directory

Directors

Hamish McLennan
Robert Fraser
John Eales, AM
Colette Garnsey, OAM
Karen Phin

Company Secretaries

Marcia Venegas
Mariana Kolaroski

Registered Office

Level 36, 25 Martin Place
Sydney NSW 2000
Telephone: +61 2 9235 4888
Fax: +61 2 9235 4800
Email: info@magellangroup.com.au

Share Registrar

Boardroom Pty Limited
Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000
Telephone: 1300 005 016 (from within Australia) or +61 2 9290 9600 (from outside Australia)
Fax: +61 2 9279 0664
Email: magellan@boardroomlimited.com.au

Legal Advisor

Allens
Level 28, Deutsche Bank Place
126 Phillip Street, Sydney NSW 2000

Securities Exchange Listing

Australian Securities Exchange (ASX)
ASX code: MFG

Website

www.magellangroup.com.au