

Magellan Financial Group Limited
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14 August 2014

ASX Limited
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Exchange Centre
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SYDNEY NSW 2000

MAGELLAN FINANCIAL GROUP LIMITED

2014 FULL YEAR RESULTS BRIEFING

Attached is a copy of the presentation for the Magellan Financial Group Limited (MFG) 2014 Final Results Briefing.

As announced on 4 August 2014, MFG will hold a briefing for analysts and investors at 11:00 am on Friday, 15 August 2014 in the Press Room, The Radisson Blu Hotel, 27 O'Connell Street, Sydney New South Wales.

MFG's Chief Executive Officer, Hamish Douglass, will present at the briefing.

If you would like to attend the briefing in person please RSVP via email at the following address:
fiona.winet@magellangroup.com.au.

Analysts and investors unable to attend the meeting in person are invited to participate in the briefing via teleconference. A question and answer session will be available via teleconference at the end of Mr Douglass' presentation.

Teleconference Details:

Day: 15 August 2014

Time: 11:00am (Sydney Time)

Phone Number:

Australia – 1800 908 299 or 1800 455 963

New Zealand – 0800 452 795

United Kingdom – 0800 051 1453

United States & Canada – 1855 624 0077

International – +61 2 9007 8048

Conference ID: **853733**

A replay of the teleconference will be available up to 30 days after the presentation. This replay can be accessed via MFG's website at www.magellangroup.com.au

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Magellan Financial Group Limited

2014 Final Results

Hamish Douglass | Chief Executive Officer | 15th August 2014

Magellan Financial Group Overview

[2]

- For the year ending 30 June 2014:
 - Net profit after tax \$82.9 million, 71% increase¹
 - EPS of 48.9 cents per share, 67% increase²
 - Dividend (interim & final) of 38.3 cents per share, 78% increase³
- As at 30 June 2014:
 - Strong balance sheet with net assets of \$206.6 million, 35% increase
 - \$23.5 billion in funds under management, 60% increase
 - 69 total staff, 19% increase

¹ Excludes gain on the in-specie distribution as a result of the disposal of the Group's investment in MFF in February 2013.

Including the gain represents 25% increase from \$66.6 million NPAT at 30 June 2013.

² Fully diluted and excludes the gain on the in-specie distribution. Including the gain represents 22% increase from 40.0 cents per share EPS at 30 June 2013.

³ Excludes the in-specie distribution representing 9.16 cents per share in the year ended 30 June 2013. Including the distribution represents 25% increase.

Magellan Financial Group Overview

Continued

[3]

- Two business activities
 - Magellan Asset Management (Funds Management Business)
 - Principal Investments
- Continuing dividend policy 75%-80% of underlying profit of funds management segment¹
- Final dividend payment date brought forward 1 month (1 Sept 2014)
- Offshore Banking Unit (OBU)
 - Declared an OBU on 31 July 2013
 - Assessable offshore banking income subject to a concessional tax rate of 10%. (under current legislation)
 - Effective tax rate for the 12 months to 30 June 2014 is 24.9%
 - Offshore institutional global equity FUM is 60% of Total FUM at 30 June 2014 and 32.0% of management fees for the year ended 30 June 2014.

¹ Subject to available franking credits and corporate, legal and regulatory considerations.

Funds Management Business

[4]

\$ million	30 June 2014	30 June 2013	% change
Revenue			
Management fees	132.6	56.0	137%
Performance fees	2.1	28.5	(93%)
Service fees	3.9	-	n/a
Consulting fees ¹	-	1.2	n/a
Interest/other income	0.5	1.1	(53%)
	139.1	86.8	60%
Expenses			
Employee expense	23.6	17.4	35%
US Marketing/consulting fees ²	3.1	1.6	96%
Other expense	9.9	6.2	60%
	36.6	25.2	45%
Profit before tax	102.5	61.6	66%

Key Statistics

	30 June 2014	30 June 2013	% change
Average Funds Under Management (\$billion)	19.1	9.4	104%
Avg. Number of Employees	64	51	25%
Employee expense/total expense	64.4%	69.1%	
Cost/Income	26.3%	29.0%	
Cost/Income (excl performance fees)	26.7%	43.2%	

¹ The arrangement under which consulting fees are received expired on 30 June 2013.

² Pursuant to the agreement, Frontier Partners is entitled to receive 25% of net management fees from Frontegra MFG Funds and 20% of management fees from institutional mandate clients in North America.

Funds Under Management Summary

[5]

	31 July 2014	30 June 2014	30 June 2013	30 June 2012
\$ million				
Retail	6,629	6,693	4,542	1,750
Institutional				
- Australia/NZ	3,006	2,889	2,424	1,924
- North America	4,915	4,690	2,891	306
- Rest of World	10,233	9,241	4,838	26
	18,154	16,820	10,153	2,256
Total FUM	24,783	23,513	14,695	4,006
%				
Retail	27%	28%	31%	44%
Institutional				
- Australia/NZ	12%	12%	16%	48%
- North America	20%	22%	20%	7%
- Rest of World	41%	40%	33%	1%
	73%	72%	69%	56%
Total FUM	100%	100%	100%	100%
Breakdown of Funds Under Management (\$ million)				
- Global Equities	20,529	19,443	12,088	2,357
- Infrastructure Equities	4,254	4,070	2,607	1,649

Funds Under Management Capacity

[6]

- Current theoretical capacity of the Global Equity and Infrastructure strategies is US\$50 billion¹
 - Global Equities US\$40 billion
 - Infrastructure US\$10 billion
- Theoretical capacity is not static and should be approximately indexed to changes in world equity markets over time.

For example²: if world equity markets increased by 7% p.a. over the next 5 years, our theoretical capacity should increase to approximately US\$70 billion.

¹ The capacity numbers are purely theoretical and should in no way be taken as a forecast or indication as to the level of funds under management that Magellan may have in the future.

² This example is for illustrative purposes only and should not be construed as a forecast.

Employee Summary

[7]

	30 June 2014	30 June 2013	30 June 2012
Investment			
Professional	24	22	14
Administration	2	2	2
	26	24	16
Distribution			
Professional	15	14	12
Administration	3	1	1
	18	15	13
Business Support & Control			
Professional	22	17	13
Administration	3	2	2
	25	19	15
Total	69	58	44

- Expect staff expense to increase 30-35% in 2014/15 financial year
- Plans to increase size of Investment team

Retail Business

FUM and Net Inflows

[8]

- Total Retail FUM is \$6.7 billion at 30 June 2014 (30 June 2013: \$4.5 billion)
- Total Net Retail Inflows for the year to 30 June 2014: \$2.1 billion (year to 30 June 2013 was \$1.8 billion)
- Average Monthly Retail Net Inflows:

Financial Year Ending	Magellan Global Fund ¹ (\$million)	Total Retail (\$million)
2008	1.1	2.8
2009	4.1	6.8
2010	14.8	18.1
2011	32.0	37.0
2012	50.4	54.3
2013	140.8	148.5
2014	154.1	177.5

¹ Includes Colonial First State Magellan Global Option from April 2011

Retail Business

New Funds Update

[9]

- Three new funds launched for Australian and New Zealand Investors on 1 July 2013
 - Magellan Global Fund (Hedged)
 - Magellan Infrastructure Fund (Unhedged) and
 - Magellan High Conviction Fund.
- Magellan High Conviction Fund
 - Unconstrained, highly concentrated, high quality global equity strategy
 - FUM at 30 June 2014 is \$129 million.

Retail Business

Investment Performance for the period to 30 June 2014

[10]

	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (% p.a.)
Magellan Global Fund (\$A)	11.7	22.7	16.6	9.7
MSCI World NTR Index (\$A)	20.3	16.6	11.5	1.9
MSCI World Minimum Volatility NTR Index (\$A)	11.9	15.9	10.3	2.9
S&P 500 TR Index (\$A)	20.8	21.6	15.2	4.6
Dow Jones Industrials TR Index (\$A)	12.1	18.4	14.2	4.5
Magellan Infrastructure Fund (\$A)	22.0	15.6	18.7	6.8
UBS Dev Infra & Utilities NTR Index Hedged (\$A)	24.6	14.4	13.8	5.0
Magellan High Conviction Strategy (\$A)	16.2	-	-	30.6

Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Inception date for the Magellan Global Fund and Magellan Infrastructure Fund is 1 July 2007 and the Magellan High Conviction Strategy is 1 January 2013.

Source: MSCI, UBS, Bloomberg, Magellan Asset Management

Retail Business

Investment Performance Observations

[11]

Observations of the Magellan Global Fund performance, net inflows, adviser support:

- Near top of peer group over 3 and 5 years
- Designed as a quality / low volatility product - lower volatility investments have substantially underperformed world equity markets
- Performing in line with objectives 9%p.a. net of fees
- Historical tracking error to MSCI World NTR Index is approx. 7.9%
- Likely to underperform standard equity indices in strong up markets and outperform in adverse market environments – adviser community and clients understand this
- Adviser support continues to build, the number of advisers using the Fund has increased from approximately 5,600 to 7,500 over the last year
- Substantial progress penetrating the bank/AMP aligned advice markets

Global Equity Peer Comparison

Investment Performance for the period to 30 June 2014 in USD

	1 year (%)	3 years (% p.a.)	5 years (% p.a.)
Magellan Global Equity	16.8	19.7	22.2
Artisan Global Value	25.2	18.7	21.1
Independent Franchise Partners Global Equity	21.2	15.8	20.8
Cedar Rock Capital	22.4	14.8	20.5
BLS Global Equities	16.3	13.4	19.6
MFS Global Concentrated Equity	23.5	15.2	19.5
Cantillon Global Equity	19.0	14.9	19.5
Morgan Stanley Global Franchise	17.8	13.4	18.7
Vontobel Global Equity	19.0	14.4	17.7
Burgundy Global Equity	20.8	13.5	15.4
Veritas Global Focus	21.9	11.0	15.1
First Eagle Global Value	19.1	10.7	15.0
Walter Scott Global Equity	18.9	11.9	14.6
Peer Average	20.1	14.4	18.4
MSCI World Net TR (USD)	24.0	11.8	15.0
MSCI World Quality Net TR (USD)	23.5	13.6	16.3
MSCI World Min Volatility Net TR (USD)	15.4	11.1	13.8

Returns are before fees and denoted in US dollars.

Source: MSCI, Magellan Asset Management

Distribution Opportunities

[13]

Two new distribution channels:

- Bank/AMP aligned advice markets
 - Substantial progress over the last 3-6 months
 - Expect to gain traction in these channels over the coming year
- Self directed self managed superannuation
 - Working on an ASX listed version of the Magellan Global Fund

Institutional Business

[14]

- Total institutional FUM is \$16.8 billion at 30 June 2014 (30 June 2013:\$10.1 billion)
 - Global equities \$13.2 billion
 - Infrastructure \$3.6 billion
- More than 80 institutional clients¹ at 30 June 2014
- Net inflows for the year ended 30 June 2014 is \$5.0 billion
- Australia/New Zealand:
 - FUM is \$2.9 billion at 30 June 2014 (30 June 2013: \$2.4 billion)
- North America:
 - FUM is \$4.7 billion at 30 June 2014 (30 June 2013: \$2.9 billion)
 - Net inflows of \$1.7 billion for the year to 30 June 2014
 - Canada is a priority market moving forward - \$0.7 billion at 30 June 2014

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

Institutional Business

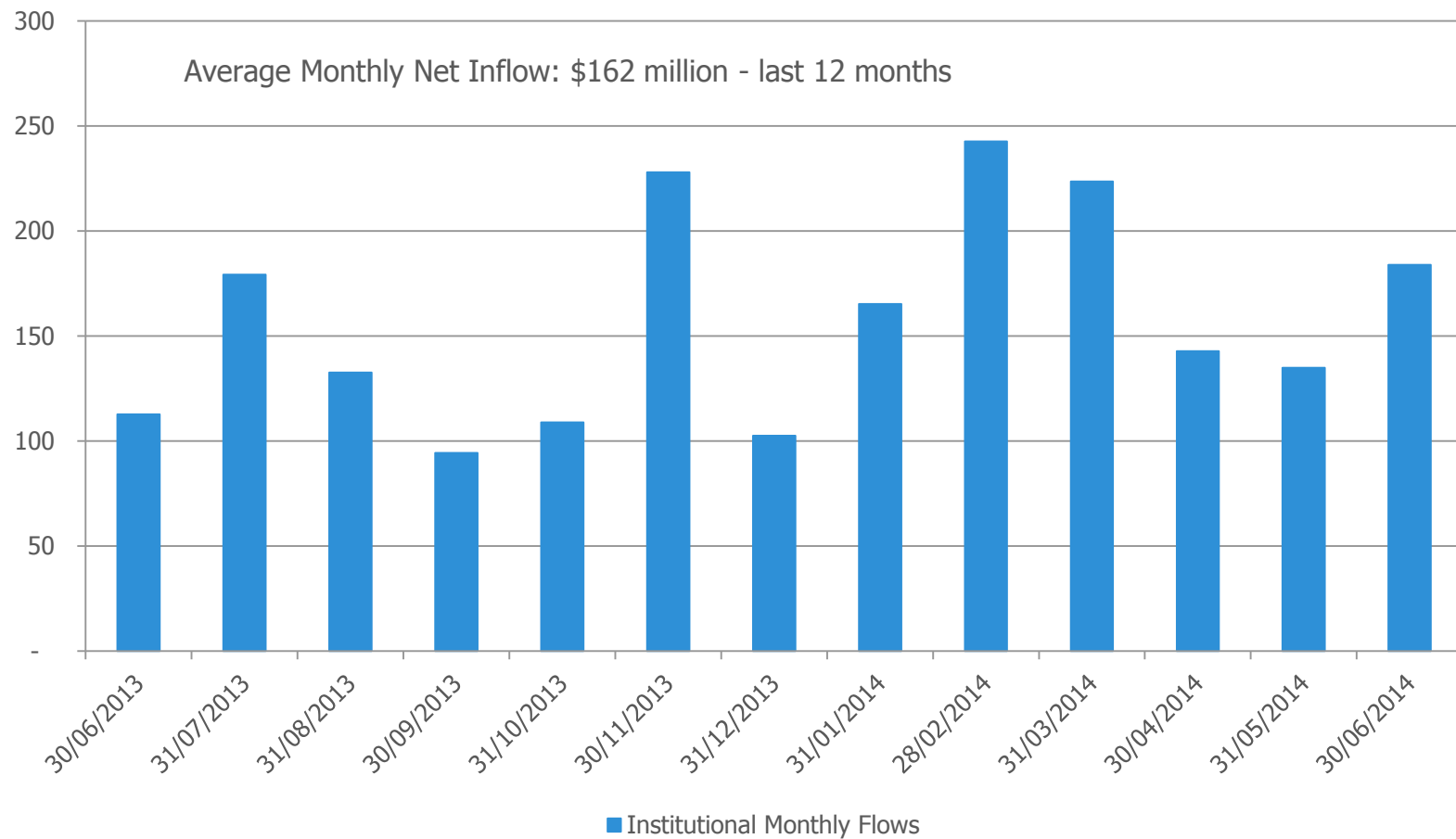
Continued

[15]

- United Kingdom:
 - FUM is \$7.9 billion at 30 June 2014 (30 June 2013: \$4.8 billion)
 - Net inflows of \$2.5 billion for the year to 30 June 2014
 - St. James's Place continues to grow, \$4.8 billion at 30 June 2014 (30 June 2013: \$3.7 billion)
 - UK Core Infrastructure Fund strong inflows with FUM of \$2.2 billion at 30 June 2014 (30 June 2013: \$1.0 billion)
 - MFG Global Fund (a UCITS fund offered to institutional clients), client inflows commencing from October 2013, \$1.2 billion at 30 June 2014

Institutional Business

Regular Monthly Institutional Net Inflows - Global Equity¹



¹ Separate accounts with regular monthly inflows which Includes St James's Place, Frontegra MFG Global Equity Fund (a US Mutual Fund), MFG Global Fund (UCITS) and 3 other undisclosed accounts. The flows excludes the first month during initial seeding.

Principal Investments

[17]

- Principal Investments include investments in Magellan Funds, listed shares, a small number of unlisted investments and surplus cash after allowing for the Group's working capital requirements.
- Board set a pre-tax hurdle 10% p.a. (over business cycle) for the Principal Investments.

Investment Returns:

Time Period	Return
1 Year to 30 June 2014	13.1%
3 Years to 30 June 2014 p.a.	23.3%
5 Years to 30 June 2014 p.a.	18.7%
1 July 2007 to 31 Dec 2013 p.a. ¹	8.5%
1 Jan 2007 to 31 Dec 2013 p.a.	5.0%

¹ Return excludes investment in Magellan Flagship Fund Ltd.

Principal Investments (continued)

[18]

Investment (\$ million)	30 June 2014	30 June 2013
Cash	0.3	0.4
Magellan Unlisted Funds ¹	115.5	73.1
Listed shares	10.1	21.6
Listed subordinated bank notes	-	4.3
Other ²	3.5	2.8
Total	129.4	102.2
Deferred tax liability ³	(9.7)	(7.9)
Payables – outstanding settlements	-	(8.8)
Net principal investments	119.7	85.5
Net principal investments per share (cents) ⁴	70.9	52.6

1. Magellan Unlisted Funds includes the Magellan Global Fund, Magellan Infrastructure Fund, Magellan Global Fund (Hedged), Magellan Infrastructure Fund (Unhedged), Magellan High Conviction Fund and the Frontegra MFG Funds.

2. Other comprises distributions receivable and unlisted funds and shares.

3. Deferred tax liability arising from changes in the fair value of financial assets and net capital losses carried forward.

4. Based on the aggregate of 158,842,157 ordinary shares on issue at 30 June 2014 and 10,119,516 ordinary shares being the ordinary shares into which the 10,200,000 Class B Shares would be entitled to convert at 30 June 2014. At 30 June 2013, it is based on 152,782,876 ordinary shares and 9,732,697 ordinary shares into which the 10,200,000 Class B Shares would have been entitled to convert at 30 June 2013

Important Information

[19]

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