

25 February 2015

ASX Limited
ASX Market Announcements Office
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MAGELLAN PIONEERS NEW CLASS OF EXCHANGE TRADED MANAGED FUNDS (ETMFs)

- **New fund offers investors access to Magellan's global equities expertise in an ASX-quoted format**
- **Creates a simple solution to help SMSF and retail investors diversify their portfolios**
- **ETMFs set to become fastest growing segment of funds management industry**

Magellan Financial Group Limited ('Magellan'), the international investment management company, announced today that it is launching an ASX-quoted version of its successful unlisted Magellan Global Fund, which has returned over 18% per annum net of fees over the past five years. The new Magellan Global Equities Fund ('the Fund') will be quoted on the ASX AQUA platform on 5 March 2015 under the ticker **MGE**.

The Fund is at the forefront of a new class of exchange traded managed funds which are currently being pursued by fund managers around the world. Its features and benefits include:

- Ability to buy and sell units on the ASX and settle via CHESS, avoiding the administrative complexities associated with investing in unlisted funds;
- Access to live and transparent market pricing, which is unavailable for unlisted funds;
- Active management, unlike exchange traded funds (ETFs) which are passively managed or index linked;
- More efficient pricing and higher liquidity than listed investment companies; and
- A tight price range around net asset value, with the Fund acting as market maker and assisting with providing liquidity.

Hamish Douglass, Magellan's CEO and Chief Investment Officer, said: 'We believe the Magellan Global Equities Fund is at the leading edge of exchange traded managed funds with a disclosure regime that balances investors' need for transparency, with fund managers' need to protect their intellectual property, and investors' desires to transact in real time. This has been regarded as the 'holy grail' by fund managers globally, who have watched the rapid growth of ETFs but have been reluctant under previous regulatory requirements to disclose their portfolio details on a daily basis.

'The success of the current generation of ETFs globally points to the likely rapid growth in the next generation of ETMFs as the needs of investors, regulators and fund managers find an appropriate equilibrium.

'The Magellan Global Equities Fund will provide Australian investors with a new and simple way to gain exposure to Magellan's successful high quality, low volatility actively managed global equities strategy. It will give them access to live market pricing and the ability to buy and sell the Fund's units in the secondary market in the same way, and with the same ease, as any ASX-listed security.'

Magellan's Executive Chairman, Dr Brett Cairns said, 'We believe our new Fund will be particularly attractive to the large and growing self-managed superannuation fund (SMSF) sector allowing them to better balance their asset allocations.

'The SMSF sector now has over A\$560 billion of funds under management and recent data from the Australian Taxation Office highlights that SMSF trustees (and retail investors alike) are too reliant on Australian equities and cash, arguably as a result of the ease of access to these asset classes. This low weighting in international securities consequently reduces their options for capital growth and diversification. Many of these investors typically do not invest in unlisted funds due to the extra burden of the application process and lack of live market pricing.

'The Fund reflects investors' increasing demand for exchange traded products, and being open-ended will enable investors to invest in an actively managed fund without the liquidity and pricing issues often associated with closed-ended listed investment companies.

'ETFs are the fastest growing segment of the global funds management market; their funds under management have grown by an average of 24% per annum over the past 10 years and currently total US\$2.8 trillion. Actively managed ETFs, which are predominately in fixed income, account for less than 1% of assets under management of ETFs globally which we believe reflects existing overseas disclosure regimes. In our view, it is likely that the next generation of ETMFs will solve the disclosure issue and experience rapid growth in the coming years,' said Dr Cairns.

The new Magellan Global Equities Fund will be an ASX-quoted version of Magellan's successful unlisted Magellan Global Fund. The Magellan Global Fund currently has funds under management of more than A\$7 billion and has returned more than 18% per annum net of fees over the past five years, outperforming its benchmark by 4.6 percentage points.

Magellan will seed the new fund with A\$50 million.

Magellan Global Equities Fund market briefing

Magellan will be holding a market briefing at 12.15pm (for a 12.30pm start) on Wednesday, 4 March 2015 at the Radisson Blu Hotel, 27 O'Connell Street, Sydney, New South Wales.

Magellan's CEO and Chief Investment Officer, Hamish Douglass, will present at the briefing. A question and answer session will follow.

If you are unable to attend the briefing in person, the presentation will also be available via a live audio webcast as well as teleconference.

Please [register here](#) or use the following before 5pm Tuesday 3rd, March 2015 for both the briefing and the audio webcast:

http://events.magellangroup.com.au/MGEF_Launch

Should you wish to participate via teleconference, please use the following dial-in details:

Dial-in numbers:

From Australia: 1800 558 698

From Overseas: [click here](#) or use the following link for country selection:

http://events.magellangroup.com.au/Overseas_Dial_In_Details

Conference ID: 306553

A video recording of the briefing will be available on Magellan's website at www.magellangroup.com.au in the days following the briefing.

About the Magellan Global Equities Fund

The Magellan Global Equities Fund's investment objective is to achieve attractive risk-adjusted investment returns over the medium to long-term, whilst minimising the risk of permanent capital loss.

The investment process involves intensive bottom-up stock analysis, industry research and macroeconomic analysis, overlaid with a rigorous portfolio construction and risk discipline.

The Fund will invest in a portfolio of between 20 and 40 high-quality global equity stocks. It has the ability to manage equity market risk by holding up to 20% of its net assets in cash. Currency exposure is not hedged.

About Magellan

Magellan Financial Group ("Magellan") is a specialist funds management business established in 2006 and based in Sydney, Australia. Magellan's core operating subsidiary, Magellan Asset Management Limited, manages over A\$33 billion of funds across its global equities and global listed infrastructure strategies for retail, high net worth and institutional investors and employs over 80 staff.

Magellan is listed on the Australian Securities Exchange (ASX Code: MFG) and has a market capitalisation of over A\$3 billion. Further information can be obtained from www.magellangroup.com.au.

Investment Performance for the period to 31 January 2015 ¹	1 Year	3 Years p.a.	5 Years p.a.	Since Inception p.a.
Magellan Global Fund	20.2%	28.9%	18.3%	11.7%
MSCI World NTR Index (AUD)	19.9%	25.2%	13.7%	3.9%

1. The historical performance data shown above relates to the Magellan Global Fund ('MGF') only. It is not the historical or back-tested performance data of the Magellan Global Equities Fund ('MGEF'). It represents the past performance of MGF and is not a guarantee of the future performance of either MGF or MGEF. As MGF and MGEF are modelled on the same underlying investment portfolio, philosophy and strategy, the historical performance data is provided strictly for illustrative purposes only.

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