

2 July 2018

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Executive Remuneration

Hamish Douglass – Chief Executive Officer & Chief Investment Officer

Magellan Financial Group Limited ('MFG') advises that a replacement Executive Employment Agreement ('**Agreement**') has been negotiated and agreed between Magellan Asset Management Limited (a controlled entity of MFG) and Mr Hamish Douglass.

The replacement Agreement was executed by the parties on 2 July 2018 and will have effect from 1 July 2018 for a three year period.

The revised remuneration structure more fully aligns Mr Douglass' compensation with the interests of clients in the global equity strategy and is summarised below:

Fixed remuneration	<ul style="list-style-type: none">• Fixed \$2,500,000 per annum, inclusive of superannuation
Variable remuneration	<ul style="list-style-type: none">• Up to 200% of fixed remuneration based on the performance of the Group's Global Equity strategy over a three year period• The performance metrics and weightings are unchanged from the previous year• Variable remuneration is payable in 36 equal monthly instalments

Mr Douglass' fixed remuneration has been revised to a fixed dollar amount of \$2,500,000 per annum from the previous amount which was calculated as a percentage of 1.5% of the average 3 year pre-tax profits of the funds management business. His variable compensation has been revised from up to 100% to up to 200% of the fixed remuneration. There is also a cap on the maximum total annual remuneration of \$7,500,000 for the next three years, compared with no cap previously.

The Board considers that the revised remuneration arrangement is fair and is in the interests of both clients in the global equity strategy and shareholders of the Company. The revised structure:

- substantially lowers the fixed remuneration amount compared with the amounts expected to be paid over the contract period under the previous percentage of profit based arrangement;
- puts a greater percentage of total remuneration at risk through the increase to the variable component; and
- is expected to reduce the total remuneration payable and also caps the total remuneration amount for the next three years.

For further information, please contact:

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