

20 October 2022

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

2022 AGM CEO's Presentation

Please find attached the CEO & Chief Investment Officer's speech and presentation for the 2022 Annual General Meeting of Magellan Financial Group Limited ("Magellan").

Authorised by

Marcia Venegas | Company Secretary

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**CEO & Chief Investment Officer's Address
to the 2022 Annual General Meeting
Thursday 20 October 2022**

Thank you, Hamish and thanks to everyone for attending the meeting today. I have now been at Magellan for three months and today I would like to provide shareholders with an update on my thoughts and observations of Magellan over this period and how I see the business developing in the coming years.

I would like to start by briefly discussing the changes announced earlier this week with respect to the leadership of our investment team. This involved formalising my role within the team as Chief Investment Officer (CIO) and the appointment of Gerald Stack as Deputy CIO – this is part of the process of evolution and best positions the organisation to deliver investment performance to clients, particularly in the Global Equities strategy where performance has wavered.

The appointments of myself and Gerald to the roles of CIO and Deputy CIO has enabled Chris Mackay to step back from his oversight role. I would like to personally thank him for supporting me and guiding the investment team during the transition period and working closely with the portfolio managers during this time. His involvement was additive to both the team and portfolio, and he continues to be available as an important part of the Magellan family.

My role as CIO is not as a portfolio manager, but rather I am there to think more broadly about where the world and our clients are evolving toward and shape our investment capability to address this. I will aim to ensure effective, accountable, and well organised processes, drive excellence in portfolio construction and risk management, and empower our team of portfolio managers and research analysts by providing them with the right resourcing and tools and removing every distraction possible so they can give maximum focus to performance. Gerald, as Deputy CIO, will be focused on getting the team to work more efficiently, collaborate more and generate investment ideas faster and wider than previously.

These changes have been communicated to our clients and we will continue engaging them, as well as other key stakeholders such as the research houses, to address their questions in the coming weeks. Having sat on the client side of the table for many years, what I know is that when outcomes haven't been up to standard, change is something clients expect. They want it to be deliberate and designed to address performance and that's what these changes are. They will improve collaboration, information flow and efficiency which, I believe, will in time show through consistent performance.

Before I start my presentation, I would like to talk to Magellan more broadly. In my short time here, I can say with conviction that, despite the travails of the last year, Magellan has quality attributes, outstanding people, and has strong foundations to support the future growth we plan to deliver.

I am bullish active management. The next 10 years will not be like the last. Inflation exists again and its persistence means central banks are no longer in sync and this is creating cycles – monetary policy cycles are back. Further, the long cycle of globalisation is showing signs of reversal, and the calm environment for geopolitics would seem to be shifting to one of competition, and in some cases conflict.

This is not an environment where a rising tide lifts every boat. Uncertainty drives opportunity for active managers. It impacts company costs and profit outcomes and will drive dispersion, and it is the environment where thoughtful, long term and deeply researched investing will be rewarded.

Pillars of Strength

On to those foundations, the core asset of any investment business is its people, and Magellan has long tenured and high-quality staff. The majority are aligned as shareholder owners and have immense pride in what they do and care for our clients.

Magellan's research capability is driven by experienced investment staff. We focus on deeply researching and understanding the companies we invest in, and the context of the macro world they operate in. With this long term focus we stretch our gaze beyond the horizon of most investors.

This research strength is the foundational building block of the portfolio construction process, which is executed within a disciplined framework and careful risk management – turning great companies into portfolios that outperform.

Magellan has over the years invested heavily and wisely in both operational support and product innovation. Collectively these teams deliver excellence in risk, operations, compliance, legal and product management which allow the investment teams to focus on portfolio management and performance. These teams, together with Distribution & Marketing, are the backbone of Magellan's success.

Our distribution and marketing team is market leading and well known. There would be few advisers and clients in the retail investment sector in Australia with whom the team haven't spoken or had coffee with – and it is these personal relationships that the team foster and nurture that grew Magellan to over A\$100 billion in funds under management, along with the institutional team both here and the USA.

And I believe they can do it again.

Investment Capabilities – State of Play

Magellan continues to have significant scale across its three primary strategies, but performance in our Global Equities strategies in the last two years has not been to our normal high standard. This is where I am taking action.

We will leverage Gerald Stack's ability to manage and develop great investors. We are excited to bring his skill set to the Global Equities analyst team with a view to optimising analyst engagement, but also the engagement between the analysts and our portfolio managers. When we get this right, the team dynamic, where we get much more as a collaborative group than we do as individuals, can emerge. I am a huge believer in the qualities of teams, exchanging ideas and building on each other's experience to achieve excellence.

On the portfolio side, I have been pleased with what I see in terms of process, in particular the decision making and outcomes of the last six months under the management of Nikki Thomas and Arvid Streimann. Across our range of global equities strategies, I am consolidating portfolio management responsibilities into the hands of the portfolio managers I see as having the right combination of experience and capabilities such as in sustainability & ESG – these are Arvid, Nikki, Dom Giuliano, Alan Pullen and Elisa Di Marco. As CIO, I will support this team by putting in place the right data and tools that produce the feedback necessary for continuous improvement.

The infrastructure strategy, headed by Gerald Stack, is in great shape – as I've mentioned he has built an outstanding investment capability, and developed a long-tenured and high-quality team. This team already shares portfolio management duties with Gerald, which do not change, and the strength of this group allows Gerald to broaden his responsibilities as Deputy CIO. The strategy itself remains one of the best of its kind globally, with their domain expertise setting the stage to grow.

The Airlie Australian equities business joined Magellan 5 years ago. Airlie is a team and business going from strength to strength, continuing to deliver strong investment returns in a variety of environments.

It is also a success story of integration, where the strong business established by John Sevier, built up by he and Matt Williams, and now with Emma Fisher rising as a portfolio manager as well, has found a home at Magellan. This has been a home where their investment team and approach has thrived while benefiting from the operational support capabilities of Magellan, as well as distribution outlets to new client segments such as the retail launch of the Airlie Australian Share Fund.

Magellan Distribution & Marketing

Our Distribution and Marketing capability is the conduit for us to connect with our clients – and it is not just for sales and service, but these partnerships and relationships are what drive our thinking as to how best to evolve to meet their needs. This is a core capability and at the heart of Magellan.

The 35-member team, which includes our distribution business Frontier in the United States, collectively nurture relationships with over 80 institutional clients globally, and 9,000 advisers in the local retail space, with over 500,000 direct and indirect investors.

Funds growth is underpinned by this team, and we will resource and grow it as required over time. The organisation that Frank Casarotti has cultivated and grown from the early days of Magellan is strong and deep, and there are several people who have been with him throughout. I am more than confident

that when the time eventually comes for Frank to retire that the robust succession plan he has put in place will make this transition seamless.

Magellan Strategies – Growth

From our three primary investment capabilities there are several opportunities for near term growth.

Core Series

The Core Series format, which began with the Core Infrastructure process developed many years ago, has huge potential. Each version of the Core Series represents the broadest exposure to the Magellan research engine, companies that meet our quality definition – sustainable earnings moats, great management teams – and that meet the bar set by our deep fundamental research work. This forward-looking research lens is differentiated, high quality, and worth a premium over systematic indices.

With clear space and marketing focus, I believe clients will see the value in this approach and this will be a scalable growth area.

Energy Transition

The 'energy transition' – the process of shifting the world's economy to dramatically lower carbon intensity, is a multi-decade cycle with enormous capital requirements, huge disruption potential and, importantly, significant opportunity.

Magellan has years of investment research in infrastructure and sustainability as applied to energy, climate risk and disruption. This is an ideal platform on which to expand our capability to invest in companies that are positioned to benefit from the transformational growth opportunities arising from the energy transition and have the capacity to deliver tangible environmental impact.

This strategy, through investing in companies that exhibit exceptional quality metrics, will support our clients to invest for positive impact and meet their various commitments to invest in a sustainable manner.

Small Cap Aussie Equities

Small cap equities in Australia is an area where high quality managers can generate consistent outperformance and are in demand. The Airlie team has some pedigree in this area and certainly in the Australian market. Smaller companies are already available, and invested in by Airlie, so expanding in this area has great synergy.

New Capabilities

Magellan will grow beyond our three core capabilities. We will be looking for opportunities to invest in experienced, quality teams and capabilities in equities and we believe we can replicate the integration success of Airlie. As time moves forward and we are again delivering client outcomes through

performance, we will look toward areas like private markets as allocation to this segment is growing in our clients' portfolios. Where we can and where it makes sense, we will grow alongside their needs.

We will be disciplined in our approach to this. Any investment or acquisition we make in time will be strategic and scalable, fit alongside our existing funds management business and deliver synergies in order to drive shareholder value. As well as focusing in areas consistent with our client portfolio needs, we will importantly focus on our capacity to deliver the value proposition to those teams and to our clients and thus creating value for shareholders.

Magellan in five years

Through growth of our existing strategies and new products, I believe we will be a fund manager of global scale once more with over A\$100 billion of funds under management after five years. This will not be growth for the sake of growth. It will be considered growth, driven by creating long-term shareholder value. We have a strong balance sheet and capacity to execute this, while continuing with the existing on-market buyback programme and pay dividends.

This growth will also be more diversified, as we expand our range of capabilities, we will be less dependent on our global equities business.

I will look to leading indicators and market trends and we will take signal from our clients as we do this, positioning Magellan in areas that will be growing allocations of our client's portfolios, and are supported by industry tailwinds.

We will invest in our relationships to maintain our position as a partner of choice for the Australian wealth industry, maintaining and growing the well of commitment and support from our adviser partners.

We will invest in ensuring that we can bring our more diverse offerings to global institutions and create value-added partnerships that sustain in a competitive environment.

This strategy, and a continued focus on how we deliver performance in every area, will be the ultimate driver of attractive returns for our shareholders.

FY2023 Priorities

So that is what Magellan will look like in 5 years, but I'm sure you will be interested in our more immediate activities in FY2023.

Platform

To facilitate growth and diversification, over time we will expand our distribution team, particularly in Europe and the US, and deepen the specialist product capability to support a wider range of product. We are reaffirming our Funds Management business cost guidance for FY2023. We are driving for efficiency in the business, and activity for this year will be done within the existing platform and team.

Product

Part of near-term growth will come from the redirected efforts toward the Core Series and the launch of the Energy Transition strategy. We will also embed the outstanding capability within ESG we have developed and refined over the 15 years deeper, across all client solutions and the organisation. My key focus as CIO is to improve performance.

People

As I mentioned at the beginning, our people are our most valued asset. We are a people business and I want a culture that drives high performance and career development. To get this right, I will need to directly align employees with the outcomes of both clients and shareholders. This will include a long-term incentive plan that aligns them to the long-term strategic objectives of the business that I have outlined today. I want teams that think long term and are committed to Magellan now and the Magellan in five years. This also includes a focus on employees' experience through revisiting our values and culture. It is together as a team that we will succeed in driving Magellan forward and growing again.

In closing, I want to assure you my focus is on fixing performance and positioning Magellan to grow.

Thank you, I will now hand back to the Chair. I look forward to interacting with you and answering your questions during the Q&A.

David George

CEO & Chief Investment Officer

Magellan Financial Group Limited

2022 AGM Presentation

David George | CEO & Chief Investment Officer



Pillars of Strength



People & Culture

Passionate team with an ownership mindset. Immense pride in the shared success of Magellan and our clients



Operational Support

Established and scalable operating platform supported by expertise of legal, ops, risk and compliance teams



Research Engine

Intensive bottom-up stock analysis and industry research overlaid with broad and detailed macro insights



Product Innovation

Proven innovation capability paves the way for investment in new products that deliver on client needs



Investment Expertise

Rigorous portfolio construction and risk discipline by experienced leadership team



Distribution & Marketing

Market leading. Strong and deep team with outstanding multi-channel connectivity and relationships

Global presence with offices in Australia, New Zealand & USA

Strong alignment with clients & shareholders

Investment Capabilities - State of Play

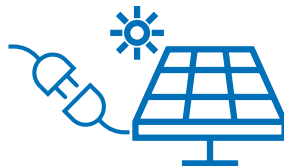
FUM \$50.9bn

GLOBAL (\$26.1bn)



- Large team, great pedigree
- Central research engine, drives process and idea generation
- Right PMs leading the portfolios
- Long term outlook
- Focus on high quality global companies

INFRASTRUCTURE (\$16.8bn)



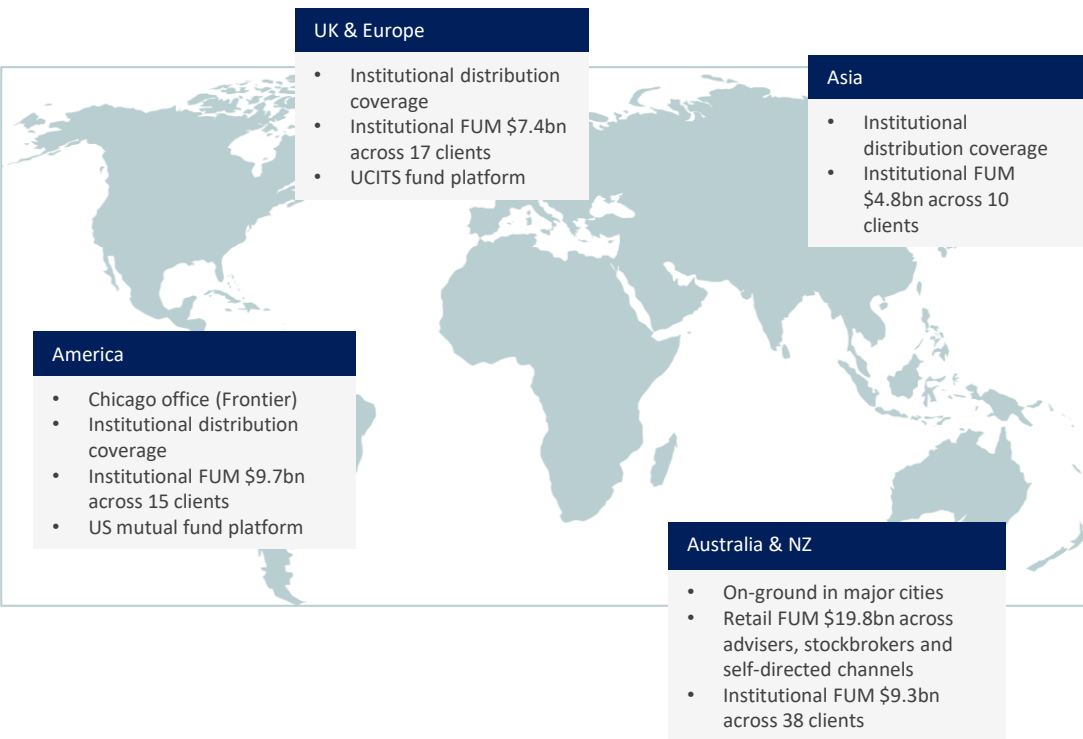
- Well established team, long track record
- Proprietary definition of investment grade infrastructure
- Excellent reputation
- One of the very best capabilities in the market
- Primed for growth

AIRLIE (\$8.0bn)



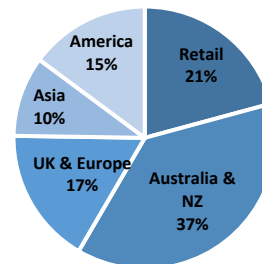
- Outstanding team
- High performance
- Fund manager of the year
- Promising retail growth trajectory
- Integration success story

Magellan Distribution & Marketing

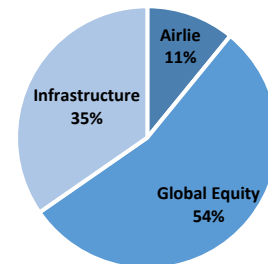


- Global reach into major markets
- Collaborative ~35 member team with proven ability
- Standout Australian retail team with multi-channel coverage
 - ~9,000 financial planner & stockbroking relationships
 - +500,000 direct & indirect investors
- Accomplished institutional team with access to global investors and consultants
- Frontier business in US
- FUM balanced across Retail (39%) and Institutional (61%) client base

Client account mix¹



by strategy¹



Source: Magellan. FUM and client numbers as at 30 September 2022

1. Based on the number of client accounts and retail funds

Magellan Strategies – Growth



1. As at 30 June 2022

Magellan in five years



Fund manager of scale with >\$100bn in funds under management

Diversified product mix

Attractively positioned in growing segments with growing client demand

Partner of choice of Australian wealth industry

Strengthened global institutional relationships

Attractive returns for shareholders

FY23 Priorities

| | |
|-----------------|--|
| Platform | <ul style="list-style-type: none">• Deepen specialist product distribution capability to support a diverse range of client demanded product• Deliver cost and capital efficiency across the business• Reaffirm Funds Management business operating expenses in the range of \$125-\$130 million for FY23 |
| Product | <ul style="list-style-type: none">• Improve Performance• Relaunch Core Series• Launch Energy Transition strategy• Embed existing ESG capabilities deeper across client solutions and the organisation |
| People | <ul style="list-style-type: none">• Implement a new Accountability & Alignment model incorporating both client and organisation outcomes• Review long-term incentives to ensure staff aligned to strategic objectives, performance and shareholder outcomes• Enhance career development and career progression paths to enrich employee experience |

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