

19 February 2015

ASX Limited
 ASX Market Announcements Office
 Exchange Centre
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 SYDNEY NSW 2000

Magellan Financial Group Limited
Interim results for the half year ended 31 December 2014

- **Strong growth in international client business**
- **Funds under management up 35% to A\$31.6 billion**
- **NPAT up 115% to A\$77.4 million**
- **Interim dividend up 125% to 37.1 cents fully franked**

Magellan Financial Group Limited, the international investment management company, today announced an after-tax profit of A\$77.4 million for the six months to 31 December 2014, an increase of 115% over the previous corresponding period. Revenue was up 91% to A\$128.5 million.

The cost-to-income ratio (excluding performance fees) decreased to 26.2% compared with 29.9% in the first half of FY2014, reflecting Magellan's scalable funds management model.

The board has declared a fully franked interim dividend of 37.1 cents per share, payable to shareholders on 9 March 2015 with a record date of 27 February 2015. This is an increase of 125% over the interim dividend in FY2014 and in line with the board's policy of paying dividends of 75%-80% of the net profit after tax of the funds management business.

Results summary	1H2015	1H2014	Increase
Revenue (A\$ millions)	128.5	67.1	91%
Profit before tax (A\$ millions)	103.3	48.4	113%
Profit after tax (A\$ millions)	77.4	36.1	115%
Earnings per share (cents) – diluted	45.3	21.3	113%
Interim dividend (cents) – fully franked	37.1	16.5	125%

Hamish Douglass, Magellan's CEO and Chief Investment Officer, said: 'We are pleased with this result which reflects our relentless focus on our clients, the strong investment performance of our global equities and infrastructure strategies over the long term and the scalability of our business model.'

'We have a well-balanced business with approximately 55% of our funds management revenue (excluding performance fees) generated from our core Australian retail business and 45% from our institutional business. Total funds under management grew by 35% during the half year to A\$31.6 billion from A\$23.5 billion at 30 June 2014; A\$3.7 billion of this increase came from net inflows and A\$4.4 billion from investment performance, which benefited from the lower Australian dollar.

'Particularly pleasing has been the trust placed in Magellan by many overseas institutional clients. At the end of December 2014, we managed A\$19.6 billion for over 60 overseas institutional clients, in addition to managing A\$8.4 billion for Australian retail investors and A\$3.7 billion for Australian and New Zealand institutional clients.

'We are building a global business. The commencement of our own distribution capability in the United States and the establishment of an office in New York underline our commitment to our clients and the increasingly global nature of our business. We are also continuing to invest in our team which expanded to 80 from 69 during the six months to 31 December 2014.

'We believe there is considerable potential to expand our presence in the Australian market, especially among self-managed super funds which are significantly underweight international equities. We are actively pursuing an ASX-listed version of the Magellan Global Fund and believe we will be in a position to launch this in the near future.

'Meanwhile, we have made substantial progress in penetrating the aligned advisory market, entering into arrangements with AMP and BT/Westpac to include Magellan funds on their platforms. We have also strengthened our relationships with investment advisers across Australia, increasing their understanding of our funds and investment strategy.'

Review of Operations

Retail

During the half year, retail funds under management grew by 25% to A\$8.4 billion and contributed 55% of Magellan's funds management revenue (excluding performance fees). This had grown to A\$8.6 billion as at 31 January 2015.

Magellan is experiencing growing interest among financial advisers. The company is well placed to benefit from this trend, with the Magellan Global Fund being on many of the larger platforms and recommended by leading advisory networks. Approximately 8,600 financial advisers, representing an estimated 50% of the financial planning market, are using Magellan funds on behalf of their clients, up from around 7,500 at the end of June 2014.

Institutional

Institutional funds under management grew by 38% to A\$23.3 billion and contributed 45% of Magellan's funds management revenue (excluding performance fees). This had grown to A\$24.6 billion as at 31 January 2015.

Our overseas client base continues to grow as Magellan expands its international presence and reputation. Magellan's high quality, low volatility approach to investing is increasingly considered to be complementary to institutions' other global equities strategies.

At 31 December 2014, funds under management for overseas institutions totalled A\$19.6 billion, an increase of 41% during the half year. This had grown to A\$20.8 billion as at 31 January 2015.

At 31 December 2014, the geographic spread of Magellan's institutional funds under management was approximately United Kingdom (48%), North America (29%), Australia/New Zealand (16%) and other markets (7%).

Investment performance

Magellan's funds continued to perform well during the half year. The Magellan Global Fund returned 18.1% (net of fees) during the period, materially outperforming the MSCI World NTR Index (AUD). This performance was achieved notwithstanding the fund's relatively high cash weighting due to concerns about interest rates and global stock market stability. Over the five years to 31 December 2014, the fund's outperformance was 5.5 percentage points per annum (net of fees).

The Magellan Infrastructure Fund returned 8.9% (net of fees) during the half year period, outperforming the UBS Developed Infrastructure & Utilities NTR Index (AUD hedged). Over the five years to 31 December 2014, the outperformance was 3.7 percentage points per annum (net of fees).

The Magellan High Conviction Fund, launched in June 2013, returned 21.5% (net of fees) for the half year.

Investment Performance for the period to 31 December 2014 ¹	6 Months	1 Year	3 Years p.a.	5 Years p.a.	Since Inception p.a. ²
Magellan Global Fund	18.1%	14.5%	26.3%	17.8%	11.5%
MSCI World NTR Index (AUD)	14.0%	14.7%	24.5%	12.3%	3.5%
Magellan Infrastructure Fund	8.9%	22.4%	18.4%	15.6%	7.6%
UBS Developed Infrastructure & Utilities NTR Index (AUD hedged)	6.2%	22.9%	16.7%	11.9%	5.5%
Magellan High Conviction Strategy	21.5%	19.8%	-	-	34.7%

1 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). Annualised performance is denoted with "p.a." for the relevant period.

2 Inception date for the Magellan Global Fund and the Magellan Infrastructure Fund is 1 July 2007 and the inception date for the Magellan High Conviction Strategy is 1 January 2013.

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 over A\$30 billion of funds under management across its global equities and global listed infrastructure strategies for retail, high net worth and institutional investors and employs 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 our website www.magellangroup.com.au.

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