

Magellan Financial Group Limited

2016 AGM Presentation

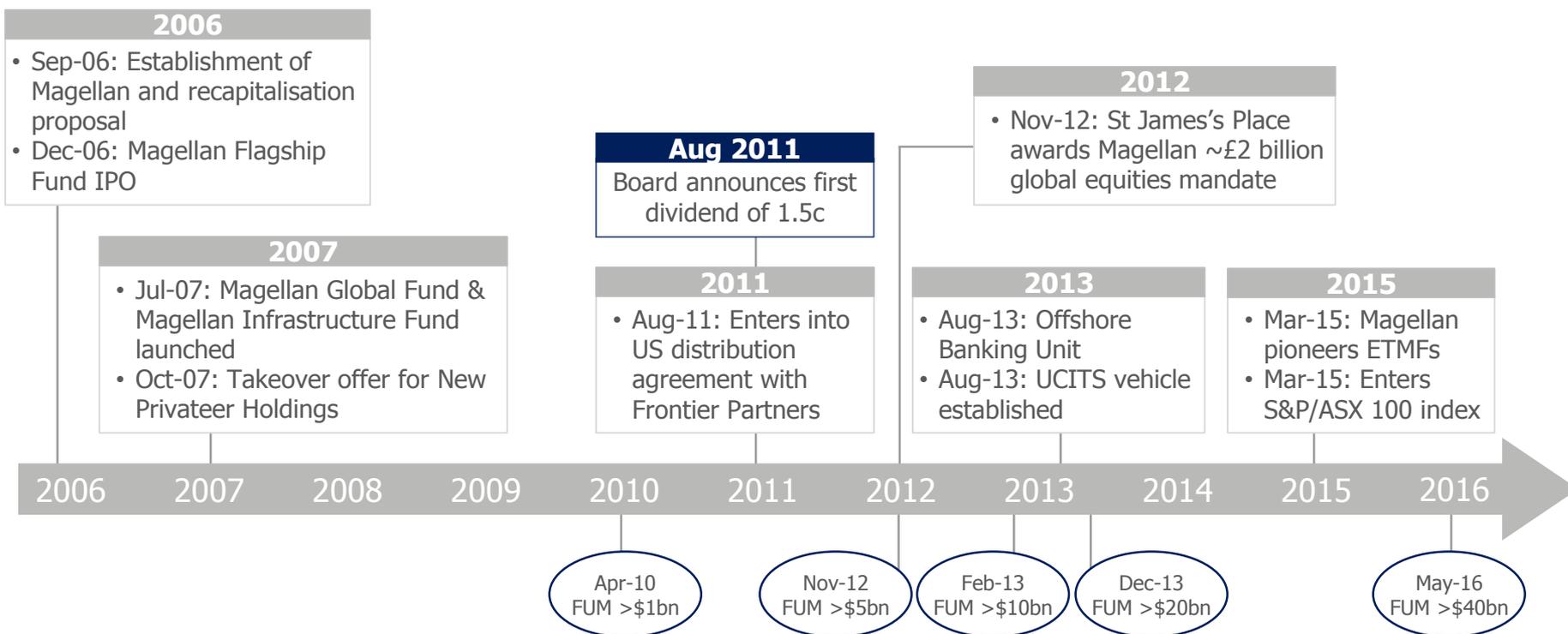
Hamish Douglass | CEO & Chief Investment Officer | 13 October 2016

Magellan Financial Group

10-year journey

[2]

\$1,000 invested in 2007, worth
~\$26,000 today, ~42% p.a.¹



1. Based on investment in recapitalisation in May 2007 at \$0.975 per share, assuming dividends are reinvested and MFF in-specie distribution held

Magellan Financial Group

Where we stand today

[3]

- Sydney-based specialised, long-only global equities and global listed infrastructure fund manager
- \$42.3 billion in funds under management
 - Retail funds under management of \$12.6 billion, with ~250,000 underlying unitholders
 - Institutional funds under management of \$29.7 billion, with over 110 clients¹
- Two business activities:
 - Magellan Asset Management (funds management business)
 - Principal Investments (balance sheet investments)
- Simple and scalable business model
- Offices in Sydney, Melbourne, Brisbane, Perth, Auckland, New York and Newport Beach
- 109 employees

As at 30 September 2016

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



Magellan Financial Group

Four priorities for the future

[4]

1 Investment excellence and relentless focus on our clients

2 Scaling Australian retail business

- Leveraging retail distribution and brand
- Leveraging listed funds platform

3 Three new related global equities products

- Primarily targeted towards international institutional investors
- Developing Portfolio Managers and investment processes to reduce risk

4 Public policy institute

- Development of an independent think tank focused on a specific public policy need

Magellan Financial Group 2016 results

[5]

- For the year ended 30 June 2016:
 - Net profit after tax \$198.4 million, 14% increase¹
 - EPS (diluted) of 115.5 cents per share, 13% increase¹
 - Dividends (interim & final) of 89.3 cents per share fully franked, 19% increase¹
- As at 30 June 2016:
 - Strong balance sheet with net assets of \$355.4 million, 17% increase²
 - \$40.5 billion in funds under management, 11% increase²
 - 101 total staff, 11% increase²
 - Fully diluted NTA per share \$2.07 cents (30 June 2015: \$1.78)

1. Percentage change relative to the 12 month period ended 30 June 2015.

2. Percentage change relative to 30 June 2015.

Magellan Financial Group 2016 results (cont.)

[6]

\$ million	30 June 2016	30 June 2015	% change
Management, performance and services fees	314.6	254.3	24%
Other revenue	19.2	30.6	(37%)
Revenue	333.8	284.9	17%
Expenses	(74.1)	(54.6)	36%
Profit before tax expense	259.7	230.3	13%
Profit after tax expense	198.4	174.3	14%
Effective tax rate	23.6%	24.3%	
Key statistics			
Diluted earnings per share (cents per share)	115.5	101.8	13%
Dividends (interim and final) (cents per share, fully franked)	89.3	74.9	19%

Funds Management Business

[7]

\$ million	30 June 2016	30 June 2015	% change
Revenue			
Management fees	258.4	203.5	27%
Performance fees	48.0	43.4	11%
Services fees	8.2	7.9	5%
Interest/other income	0.6	1.1	(45%)
	315.3	255.9	23%
Expenses			
Employee expense	42.0	31.2	35%
US Marketing/consulting fees ¹	7.2	5.5	31%
Fund administration and operational costs	7.1	5.9	19%
Information technology expense	3.6	2.3	57%
Foreign and withholding taxes	2.1	0.0	nm
Occupancy expense	1.3	0.9	50%
Other expense	8.3	6.8	22%
	71.5	52.6	36%
Profit before tax	243.8	203.3	20%

Key Statistics

	30 June 2016	30 June 2015	% change
Average Funds Under Management (\$ billion)	39.4	31.0	27%
Average AUD/USD exchange rate ²	0.7284	0.8368	
Avg. number of employees	96	80	20%
Employee expense/total expense	58.8%	59.4%	
Cost/Income	22.7%	20.6%	
Cost/Income (excl performance fees)	26.7%	24.8%	

1. Frontier Partners is entitled to receive 25% of net management fees from Frontier MFG Funds and 20% of management fees from all institutional mandate clients in the US and agreed institutional mandate clients in Canada.

2. Based on daily average of London 4pm exchange rates over the 12 month period.

Employee Summary

[8]

Staff	30 June 2016	30 June 2015	30 June 2014
Investment team			
Portfolio Managers/Analysts	33	29	22
Traders	3	3	2
	36	32	24
Governance & Advisory	4	4	1
Distribution ¹	30	21	15
Risk, Compliance & Company Secretarial	4	5	3
Business Support & Control ¹	20	23	18
Administration	7	6	8
Total	101	91	69

- Largely completed build out of Investment Team
- Planning additional hires in other business areas in 2016/17
- Establishing a public policy institute in 2016/17
- Expect Group staff expense to increase approximately 15-18% in 2016/17 financial year

1. Partly reflects divisional transfer of the Performance & Reporting team from Business Support & Control to Distribution in 2H16.

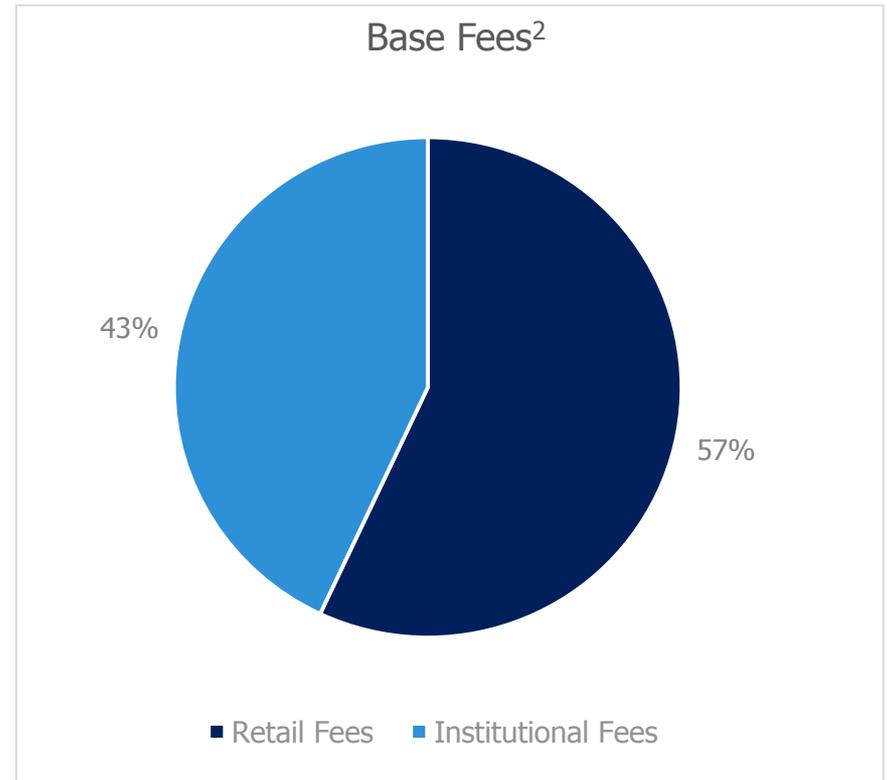
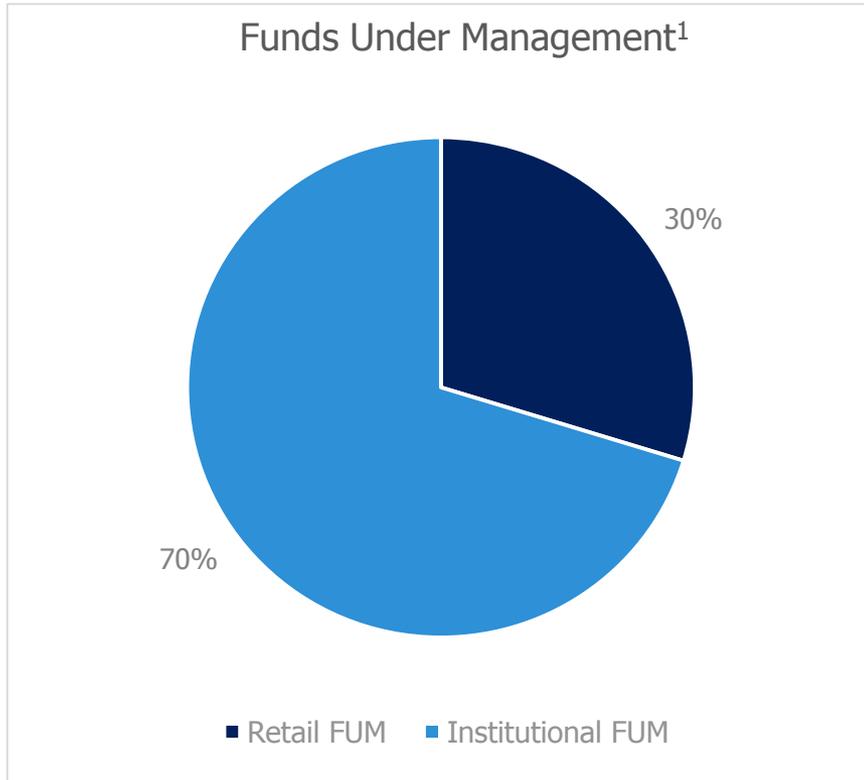
Funds Under Management Summary

[9]

	30 Sep 2016	30 June 2016	30 June 2015
\$ million			
Retail	12,637	12,041	9,809
Institutional			
- Australia/NZ	4,465	4,415	3,871
- North America	9,583	9,145	8,462
- Rest of World	15,625	14,894	14,239
	29,673	28,454	26,572
Total FUM	42,310	40,495	36,381
%			
Retail	30%	30%	27%
Institutional			
- Australia/NZ	11%	11%	11%
- North America	22%	22%	23%
- Rest of World	37%	37%	39%
	70%	70%	73%
Total FUM	100%	100%	100%
Breakdown of FUM			
- Global Equities	84%	83%	85%
- Global Listed Infrastructure	16%	17%	15%
FUM subject to Performance Fees	38%	38%	37%

Well-balanced business

[10]



Notes

1. FUM split is as at 30 June 2016.
2. Base Fees are Management and Services fees for the 12 months to 30 June 2016 and excludes Performance fees.

Retail business – three channels to market

[11]

Independent financial advisers

- Relationships with over 500 firms¹

Bank/AMP aligned

- Strong relationships and representation with 4 of the top 6 major firms, with approximately 6,800 aligned advisers
- Separate versions of the Magellan Global Fund available at Commonwealth Bank, BT/Westpac and AMP
- Launch of replica version of the Magellan Infrastructure Fund on the Colonial First State platform in May 2016

Self-directed / broker advised

- >\$700 million of FUM across three Exchange Traded Managed Funds
 - >13,500 unitholders, >60% SMSFs
- Inflows have been largely incremental to the business
- ~40 stockbroking firms across Australia are using these funds

>13,000 financial advisers using Magellan products
~250,000 underlying unitholders of Magellan products

1. Includes dealer groups that have more than \$200,000 funds under management with Magellan.

Retail Business

Funds Under Management and Net Inflows

[12]

- Total Retail FUM was \$12.0 billion at 30 June 2016 (30 June 2015: \$9.8 billion)
- Total Net Retail Inflows for 12 months to 30 June 2016: \$2.3 billion (12 months to 30 June 2015: \$1.4 billion)

Average Monthly Retail Net Inflows

Financial Year Ending	Retail Global Strategy ¹ (\$ million)	Retail Global Listed Infrastructure Strategy ² (\$ million)	Total Retail (\$ million)
2013	140.9	8.2	149.1
2014	163.0	14.5	177.5
2015	103.8	16.4	120.2
2016	164.3	30.5	194.8
1Q2017	201.9	90.3	292.2

1. The retail component of the Global Equity strategy includes Magellan Global Fund (retail portion), Magellan High Conviction Fund, Magellan Global Fund (Hedged) (retail portion), Magellan Global Equities Fund (quoted fund), Magellan Global Equities Fund (Currency Hedged) (quoted fund) and retail separately managed accounts for the Global Equity strategy

2. The retail component of the Global Listed Infrastructure strategy includes Magellan Infrastructure Fund (retail portion), Magellan Infrastructure Fund (Unhedged) (retail portion) and retail separately managed accounts for the Global Listed Infrastructure strategy

Note: Historical figures exclude MFF

Magellan National Adviser Briefing 2016

[13]

- National adviser roadshow across Sydney, Melbourne, Canberra, Brisbane, Perth, Adelaide and Auckland
- 'Are we there yet?' theme
 - Insights into technological disruption and what will shape investing in the coming decade and thereafter
- One of the best attended adviser roadshows in Australia
 - Attended by >2,400 delegates, including 186 by live web stream
- Enhancement of reputation for education
- Replay available on Magellan's website: www.magellangroup.com.au/videos/

Magellan National Adviser Briefing 2016

Adviser feedback

[14]

"Very thought provoking and great to see Hamish and the team are thinking about this in making investment decisions for our clients funds."

"Opened my eyes to areas I haven't thought about. Glad you guys are looking forward so that I can keep looking after clients."

"A great thought provoking and informative presentation of an important thematic in the investing universe now and into the future."

"...It gave some history and education to the development of computing/A.I. and some interesting thought to where it would head giving basis for the choice of trend. Something we can communicate to clients."

Magellan National Adviser Briefing 2016

'Documentary' Video

[15]

GLOBAL ADVISER ROADSHOW 2016

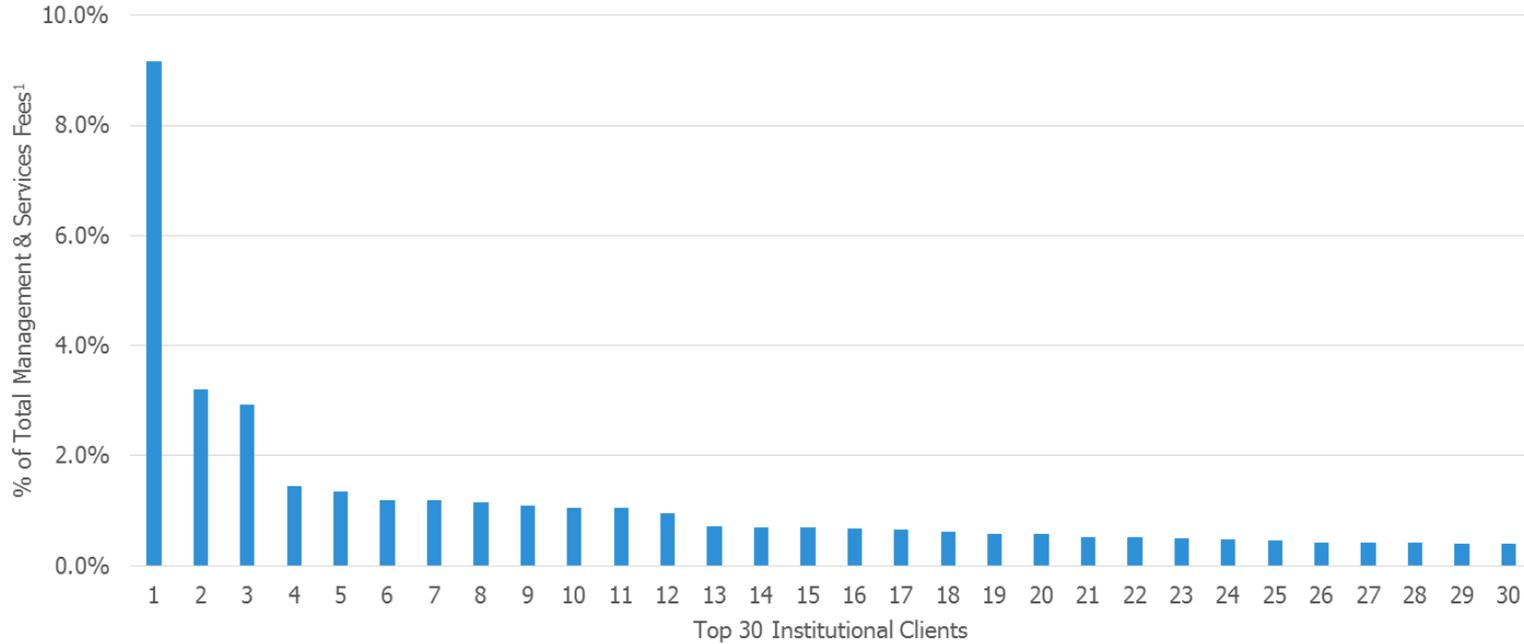
Institutional Business

[16]

- Total institutional FUM was \$28.4 billion at 30 June 2016
(30 June 2015: \$26.6 billion)
 - Global equities \$22.8 billion
 - Global listed infrastructure \$5.6 billion
- More than 110 institutional clients¹ at 30 June 2016
- Total net institutional inflows for 12 months to 30 June 2016: \$1.8 billion
(12 months to 30 June 2015: \$3.8 billion)
- Pleased with the quality and depth of our pipeline of potential new business and confident we will see solid institutional interest in our global equities and global listed infrastructure capabilities over time
- Intend to seed then launch 3 new global equities related strategies over the next 12-18 months
 - Unlikely to attract meaningful funds under management for at least 3-5 years

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

Institutional Client Diversity



Cumulative Total Management and Services Fees¹

Top Institutional Clients	5	10	20	30
%	18	24	31	36

1. Management and Services fees for the 12 months to 30 June 2016 for separately managed accounts and institutional investors in local and offshore vehicles. Excludes Performance fees.

Important Information

[18]

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