

Magellan Financial Group Limited

2015 AGM Presentation

Hamish Douglass | CEO & Chief Investment Officer | 16 October 2015

Magellan Financial Group Overview

[2]

- For the year ended 30 June 2015:
 - Net profit after tax \$174.3 million, 110% increase¹
 - EPS (diluted) of 101.8 cents per share, 108% increase¹
 - Dividends (interim & final) of 74.9 cents per share fully franked, 96% increase¹
- As at 30 June 2015:
 - Strong balance sheet with net assets of \$303.4 million, 47% increase²
 - \$36.4 billion in funds under management, 55% increase²
 - 91 total staff, 32% increase²
 - Fully diluted NTA per share \$1.78 cents (30 June 2014: \$1.24)
- As at 30 September 2015:
 - \$38.7 billion in funds under management
 - 99 total staff

¹Percentage change relative to the 12 month period ended 30 June 2014.

²Percentage change relative to 30 June 2014.

Magellan Financial Group Overview (cont.)

[3]

\$ million	30 Jun 2015	30 Jun 2014	% change
Management, performance and services fees	254.3	138.6	83%
Other revenue	30.6	9.5	222%
Revenue	284.9	148.1	92%
Expenses	(54.6)	(37.6)	45%
Profit before tax expense	230.3	110.5	108%
Tax expense	(56.0)	(27.5)	103%
Profit after tax expense	174.3	82.9	110%
Effective tax rate	24.3%	24.9%	
Key Statistics			
Earnings per share (cents per share)	109.2	53.3	105%
Diluted earnings per share (cents per share)	101.8	48.9	108%
Dividends (interim and final) (cents per share, fully franked)	74.9	38.3	96%

Magellan Financial Group Overview (cont.)

[4]

- Two business activities
 - Magellan Asset Management (Funds Management Business)
 - Principal Investments
- Offshore Banking Unit (OBU)
 - Assessable offshore banking income subject to a concessional tax rate of 10% (under current legislation)
 - Effective tax rate for the 12 months to 30 June 2015 is 24.3%

Funds Management Business

[5]

\$ million	30 Jun 2015	30 Jun 2014	% change
Revenue			
Management fees	203.5	132.6	53%
Performance fees	43.4	2.1	nm
Services fees	7.9	3.9	100%
Interest/other income	1.1	0.5	115%
	255.9	139.1	84%
Expenses			
Employee expense	31.2	23.6	32%
US Marketing/consulting fees ¹	5.5	3.1	76%
Other expense	15.9	9.9	61%
	52.6	36.6	44%
Profit before tax	203.3	102.5	98%

Key Statistics

	30 Jun 2015	30 Jun 2014	% change
Average Funds Under Management (\$billion)	31.0	19.9	55%
Average AUD/USD exchange rate ²	0.8368	0.9182	
Avg. number of employees	80	64	25%
Employee expense/total expense	59.4%	64.4%	
Cost/Income	20.6%	26.3%	
Cost/Income (excl performance fees)	24.8%	26.7%	

¹ Pursuant to an agreement, Frontier Partners is entitled to receive 25% of net management fees from Frontier MFG Funds and 20% of management fees from institutional mandate clients in North America.

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

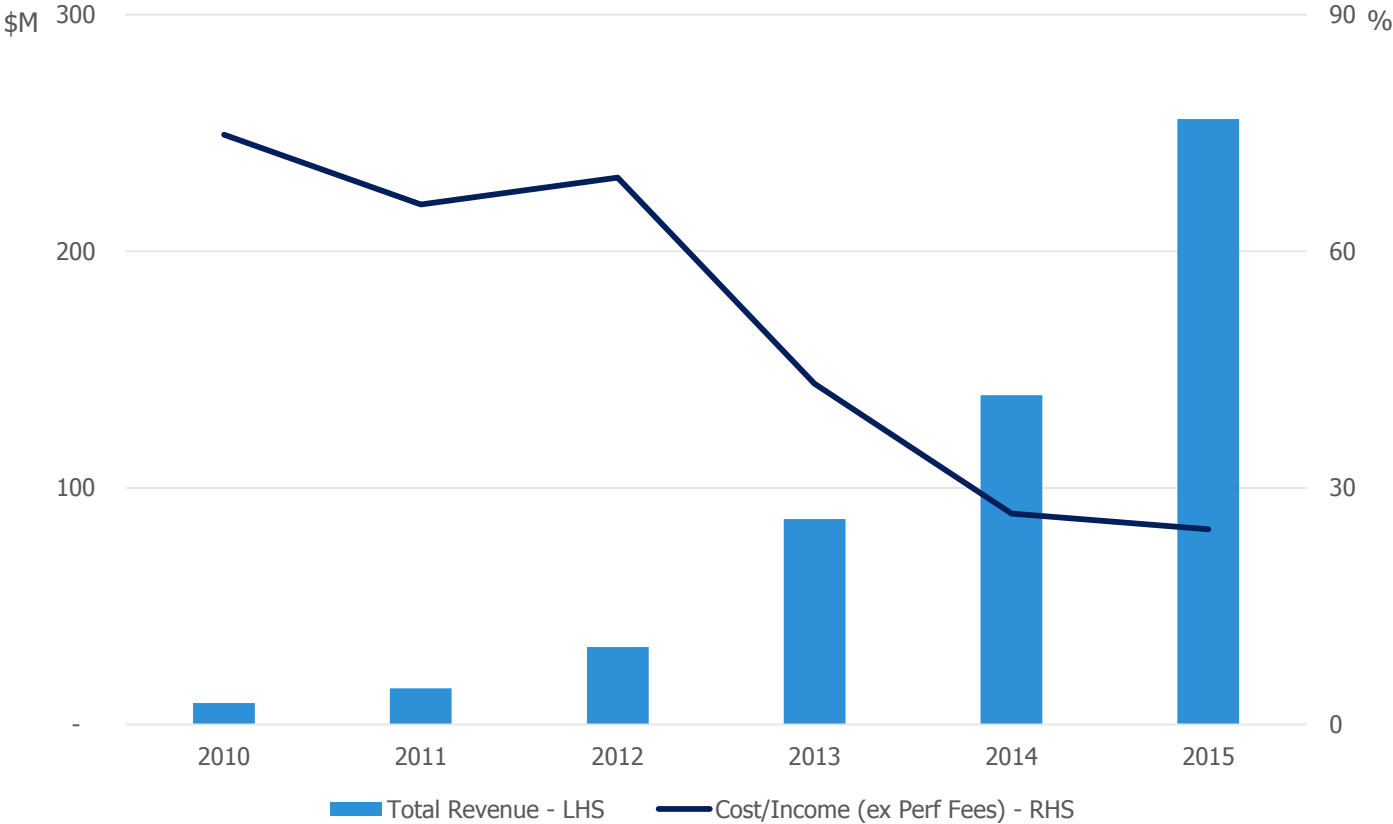
Funds Under Management Summary

[6]

	30 September 2015	30 June 2015	30 June 2014
\$ million			
Retail	10,648	9,809	6,693
Institutional			
- Australia/NZ	3,534	3,871	2,889
- North America	9,443	8,462	4,690
- Rest of World	15,085	14,239	9,241
	28,062	26,572	16,820
Total FUM	38,710	36,381	23,513
%			
Retail	28%	27%	28%
Institutional			
- Australia/NZ	9%	11%	12%
- North America	24%	23%	20%
- Rest of World	39%	39%	40%
	72%	73%	72%
Total FUM	100%	100%	100%
Breakdown of Funds Under Management (\$ million)			
- Global Equities	32,877	31,015	19,443
- Infrastructure Equities	5,833	5,366	4,070

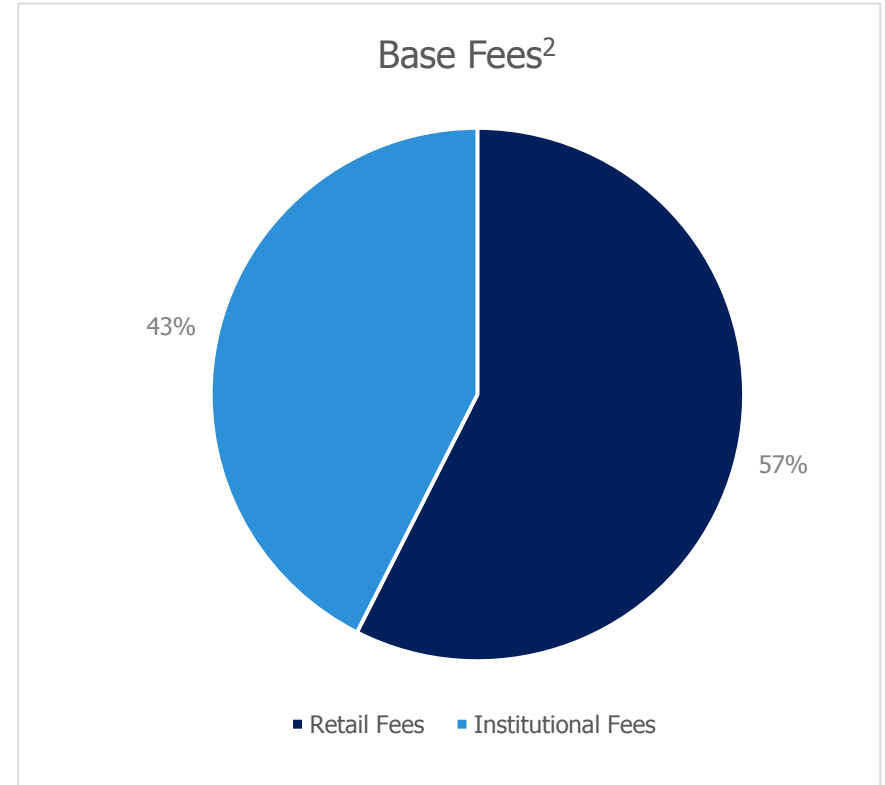
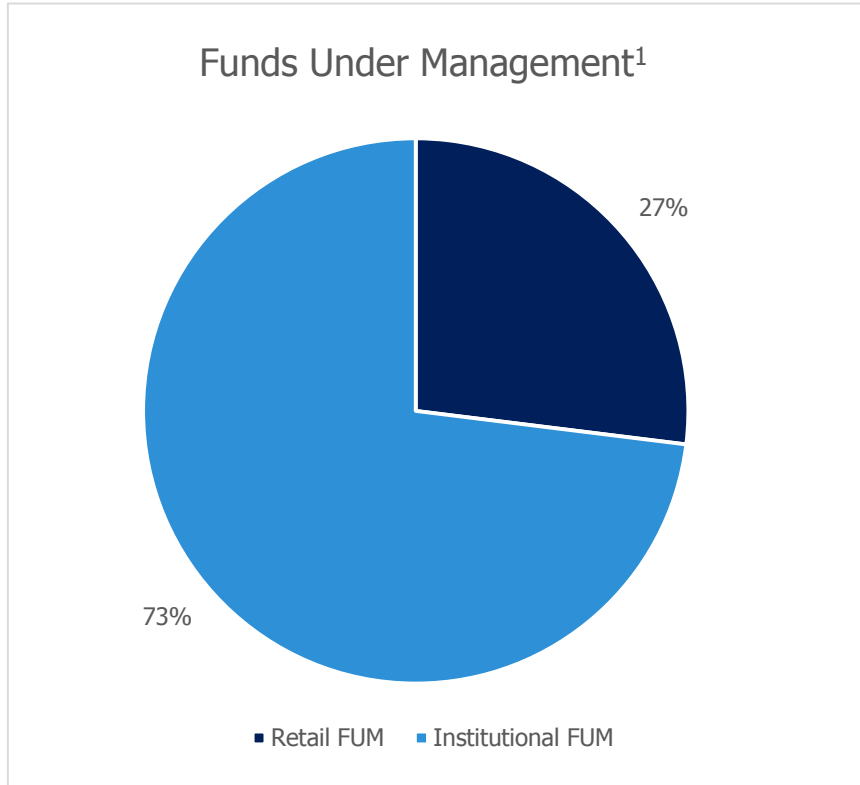
Scalable Business Model

Funds Management Business



Well-balanced business

[8]



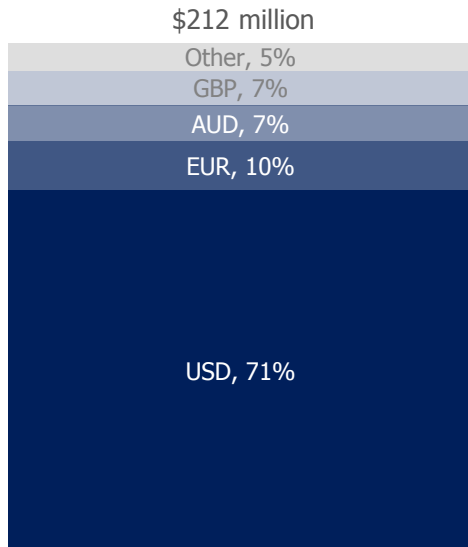
¹ FUM split is as at 30 June 2015.

² Base Fees are Management and Services fees for the 12 months to 30 June 2015 and exclude Performance fees.

Funds Management Revenue and Expense by Currency [9]

- Majority of revenues are generated from USD investments
- Majority of operating expenses are incurred in AUD

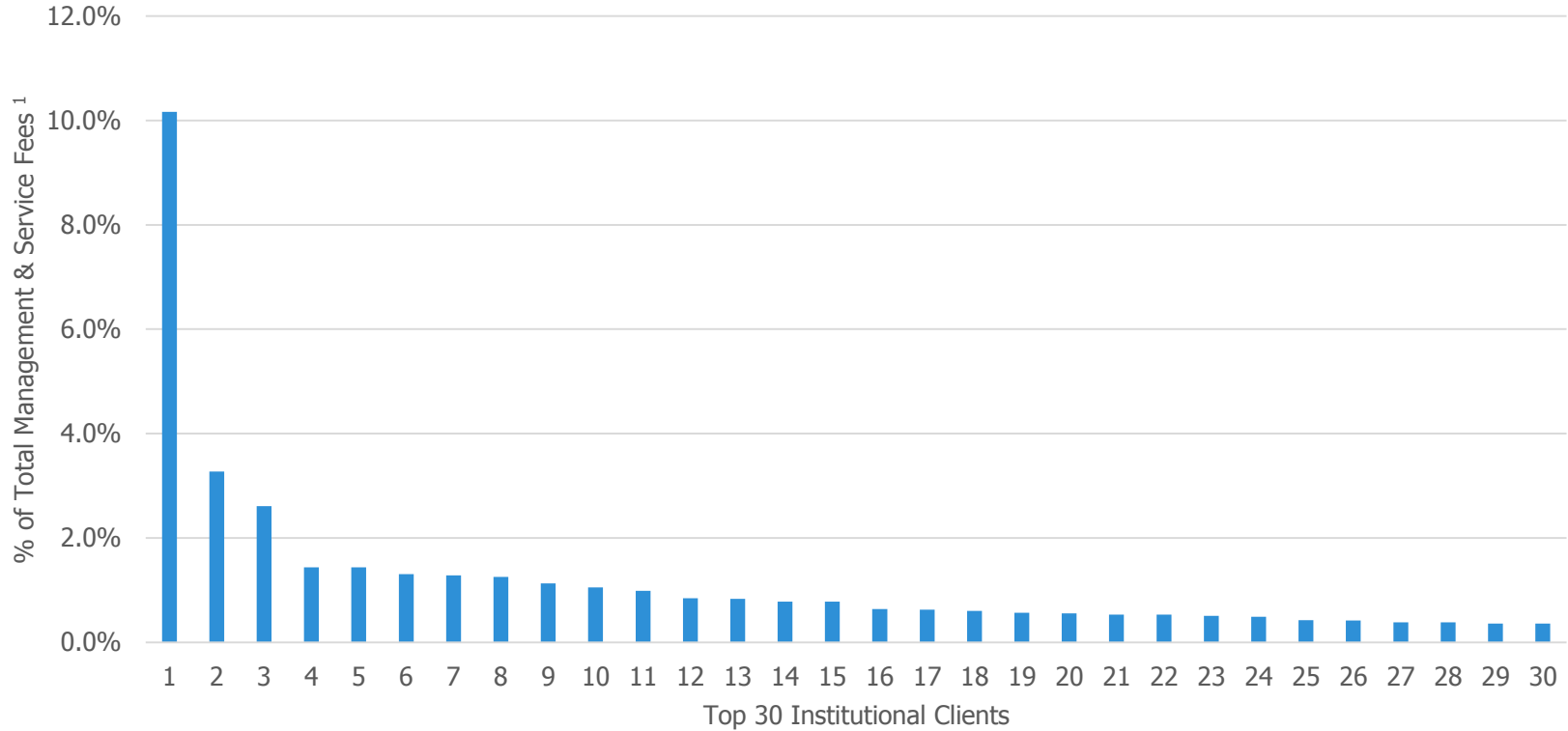
Funds Management Revenue
(excl. performance fees)



Funds Management Expenses



Institutional Client Diversity



Cumulative Total Management and Services Fees¹

Top Institutional Clients	5	10	20	30
%	19	25	32	37

¹ Management and Service fees for the 12 months to 30 June 2015 for separately managed accounts and institutional investors in local and offshore vehicles. Excludes Performance fees.

Employee Summary

[11]

Staff	30-Sep-15	30-Jun-15	30-Jun-14
Investment team			
Portfolio Managers/Analysts	33	29	22
Traders	3	3	2
	36	32	24
Governance & Advisory ¹	4	4	1
Distribution	24	21	15
Risk, Compliance & Company Secretarial	4	5	3
Business Support & Control	24	23	18
Administration	7	6	8
Total	99	91	69

- Expect staff expense to increase approximately 30 - 35% in 2015/16 financial year

¹ Includes Brett Cairns, Executive Chairman, effective 1 January 2015.

Retail Business – well positioned to grow

[12]

Well positioned to benefit from compulsory superannuation trends:

- Independent Financial Advice firms
 - Relationships with over 500 firms¹
- Bank/AMP aligned advice markets
 - 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
 - At 1 August 2015, represented in over 120 model portfolios across Commonwealth Bank, BT/Westpac and AMP

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

Retail Business – well positioned to grow (cont.)

[13]

- ASX quoted funds
 - Magellan Global Equities Fund (MGE) launched in March 2015
 - Magellan Global Equities Fund (Currency Hedged) (MHG) launched in August 2015
- Strong Adviser Support
 - Total advisers using Magellan Global Fund¹ has increased from approximately 7,500 to 9,500 over the last 12 months
- Highly experienced team
 - 11 account managers in Sydney, Melbourne, Brisbane and Auckland

¹Includes Magellan Global Fund, Colonial First State Magellan Global Fund Option, Magellan Global Fund (Hedged) and Magellan Global Equities Fund.

Retail Business

Funds Under Management and Net Inflows

[14]

- Total Retail FUM up by 47% to \$9.8 billion at 30 June 2015 (30 June 2014: \$6.7 billion)
- Total Net Retail Inflows for the year to 30 June 2015: \$1.4 billion (year to 30 June 2014: \$2.1 billion)
- Total Retail FUM is \$10.6 billion at 30 September 2015
- Average Monthly Retail Net Inflows:

Financial Year	Retail Global Strategy ¹ (\$million)	Total Retail (\$million)
2008	1.1	2.8
2009	4.1	6.8
2010	14.8	18.1
2011	32.0	37.0
2012	50.4	54.3
2013	140.8	148.5
2014	162.2	177.5
2015	104.9	120.2
1Q 2016	181.5	198.7

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

Institutional Business

[15]

- Total institutional FUM up 58% to \$26.6 billion at 30 June 2015 (30 June 2014: \$16.8 billion)
 - Global equities \$21.9 billion (82%)
 - Infrastructure \$4.7 billion (18%)
- More than 100 institutional clients¹ at 30 June 2015
- Net inflows for the year to 30 June 2015 of \$3.8 billion (year to 30 June 2014: \$5.0 billion)
- Closed Global Equity strategy to new separate accounts on 31 October 2014 and closed US mutual fund for new clients on 31 December 2014
- Launched Global Plus strategy including launch of US mutual fund in March 2015
- Total institutional FUM is \$28.1 billion at 30 September 2015
 - Global equities \$23.0 billion
 - Infrastructure \$5.1 billion

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

Update on Investment Performance

For the periods to 30 September 2015

[16]

	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (% p.a.) ¹
Magellan Global Fund (\$A)	27.5	26.0	21.2	12.2
MSCI World NTR Index (\$A)	18.3	23.8	15.5	4.3
Magellan Infrastructure Fund (\$A)	14.8	16.3	15.4	7.6
Global Infrastructure Benchmark (\$A) ²	2.1	12.3	10.6	4.4
Magellan High Conviction Strategy (\$A)	23.2	-	-	28.3

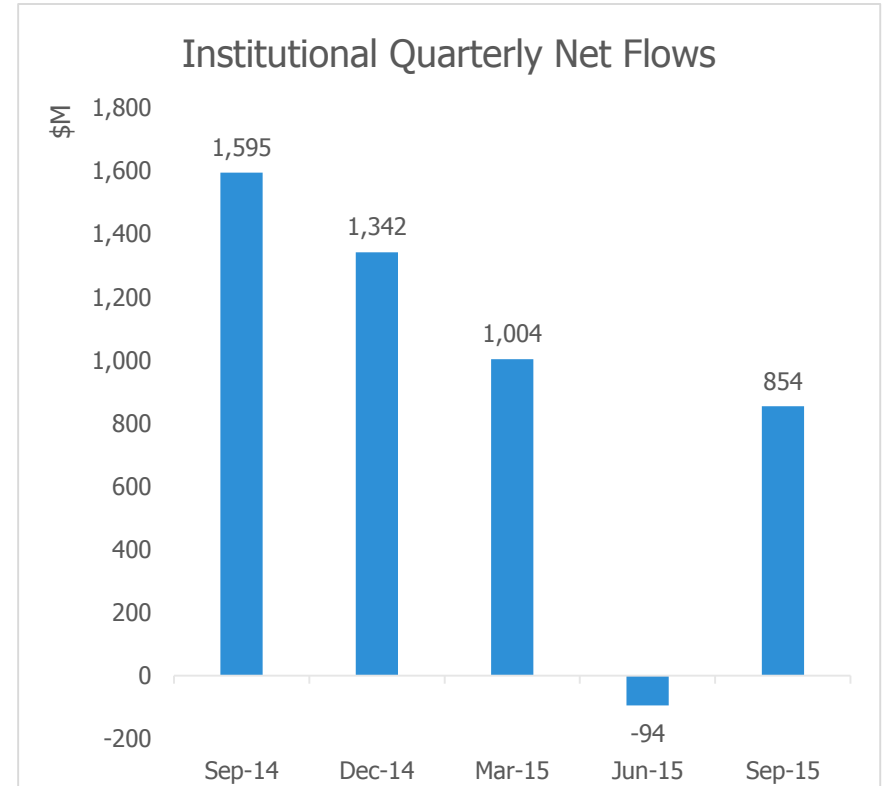
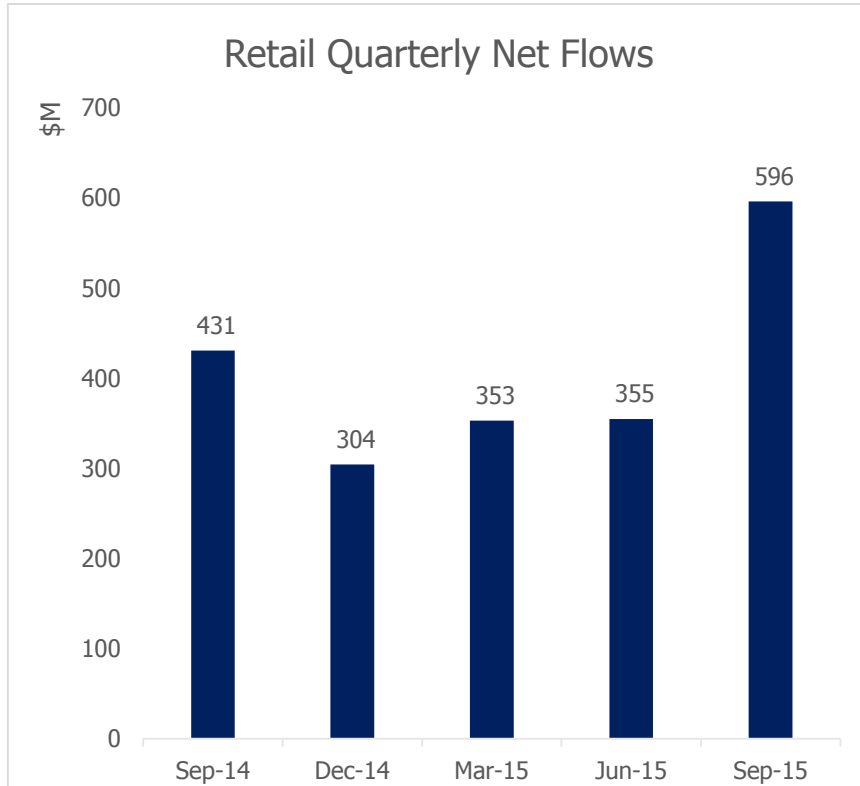
¹ Inception date for the Magellan Global Fund and Magellan Infrastructure Fund is 1 July 2007 and the Magellan High Conviction Strategy is 1 January 2013. ² The Global Infrastructure benchmark is comprised of the following: from inception to 31 December 2014 the benchmark is UBS Developed Infrastructure and Utilities NTR Index (AUD Hedged) and from 1 January 2015 onwards, the benchmark is the S&P Global Infrastructure NTR Index (AUD Hedged).

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). Source: MSCI, UBS, S&P, Bloomberg, Magellan Asset Management Limited.



Update on Net Flows

Quarterly Net Flows to 30 September 2015



Important Information

[18]

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