

16 February 2017

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

Magellan Financial Group Limited
Interim results for the period ended 31 December 2016

- **Average funds under management up 10% to \$42.9 billion**
- **Management and services fee revenue up 10% to \$146.1 million**

Magellan Financial Group Limited ('Magellan'), the international investment management company, today announced an after-tax profit of \$87.0 million for the six months to 31 December 2016. Management and services fees increased 10%, in line with the increase in average funds under management. Performance fees were materially lower this period, resulting in a corresponding decrease in earnings and dividend. Excluding performance fees, underlying profitability increased approximately 9%.

Results summary	1H2017	1H2016	Change
Average funds under management (\$ billions)	42.9	38.8	10%
Management and services fee revenue (\$ millions)	146.1	132.7	10%
Performance fee revenue (\$ millions)	3.6	42.8	(92%)
Profit before tax and before performance fees (\$ millions)	109.5	100.7	9%
Profit after tax (\$ millions)	87.0	109.3	(20%)
Earnings per share (cents per share) – diluted	50.6	63.7	(21%)
Interim dividend (cents per share) – fully franked	38.4	51.3	(25%)

Hamish Douglass, Magellan's CEO and Chief Investment Officer, said: 'Magellan had another successful first half, with growth in management and services fee revenue of 10% to \$146.1 million, reflecting our continued focus on our clients. Performance fees fluctuate materially from period to period and the decrease in performance fees of \$39.2 million resulted in a corresponding decrease in earnings and interim dividend, however the Group's underlying profitability excluding performance fees grew by approximately 9%. The scalability of our core funds management business was reflected in the cost-to-income ratio (excluding performance fees) of 27.1% (27.4% for the six months to 31 December 2015).

'The strength in retail net inflows continued during the period with average monthly retail net inflows of \$207 million per month, compared with \$214 million per month for the six months to 31 December 2015.

'We are pleased with the support of both new and existing institutional clients with net institutional inflows during the period of \$1.8 billion.

'We have made significant progress in our next generation of global equity products, with seeding complete for two of the three new institutional investment strategies. These strategies will leverage Magellan's existing intellectual capital and investment processes and importantly, these strategies will incorporate a low carbon overlay. We believe that managing carbon risk is becoming increasingly important to many institutional investors and asset consultants globally and we are encouraged by the interest shown to date. It will take time for each of these products to build investment performance track records and it is unlikely that any of these products will attract meaningful funds under management for at least 3 to 5 years. We estimate the incremental theoretical capacity of these new strategies at approximately US\$30 billion.'

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 \$45 billion of funds under management at 31 January 2017 across its global equities and global listed infrastructure strategies for retail, high net worth and institutional investors and employs over 100 staff. Magellan is listed on the Australian Securities Exchange (ASX Code: MFG) and has a market capitalisation of approximately \$4 billion. Further information can be obtained from www.magellangroup.com.au.

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