

# Magellan Financial Group

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## 2024 Annual General Meeting

Andrew Formica | Executive Chairman  
Sophia Rahmani | Managing Director, Magellan Asset Management



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# 2024 AGM Presentation

Andrew Formica | Executive Chairman



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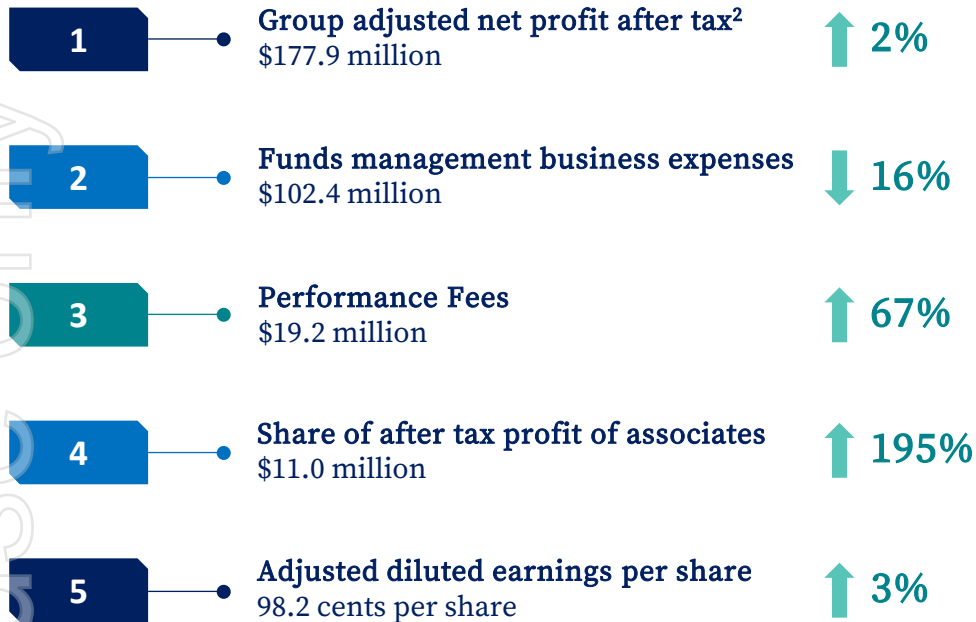
# FY24 Highlights

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- 1 Stability restored and transitional leadership arrangements implemented
- 2 Employee share purchase plan loans substantially resolved and conversion of Magellan Global Fund (Closed Class) completed
- 3 Net flows stabilising; institutional inflows of \$0.6bn in Q4 FY24 and further inflows in July 2024
- 4 Performance fees of \$19.2m generated in the year, primarily from Global Equities strategy – highest since FY21
- 5 Improved client engagement in Global Equities and Infrastructure; engagement with Airlie remains strong
- 6 Significant growth in contribution from associates, with MFG's share of NPAT<sup>1</sup> of \$11.0m (FY23: loss of \$11.5m)
- 7 Announced strategic partnership with Vinva Investment Management, in line with our strategy of bringing high-quality investment capabilities to our clients<sup>2</sup>

[1] Net profit after tax. [2] Announced 15 August 2024.

# Financial Highlights<sup>1</sup>



**\$912.2 million**

*Net Tangible Assets (\$5.05 per share)*

**No debt**

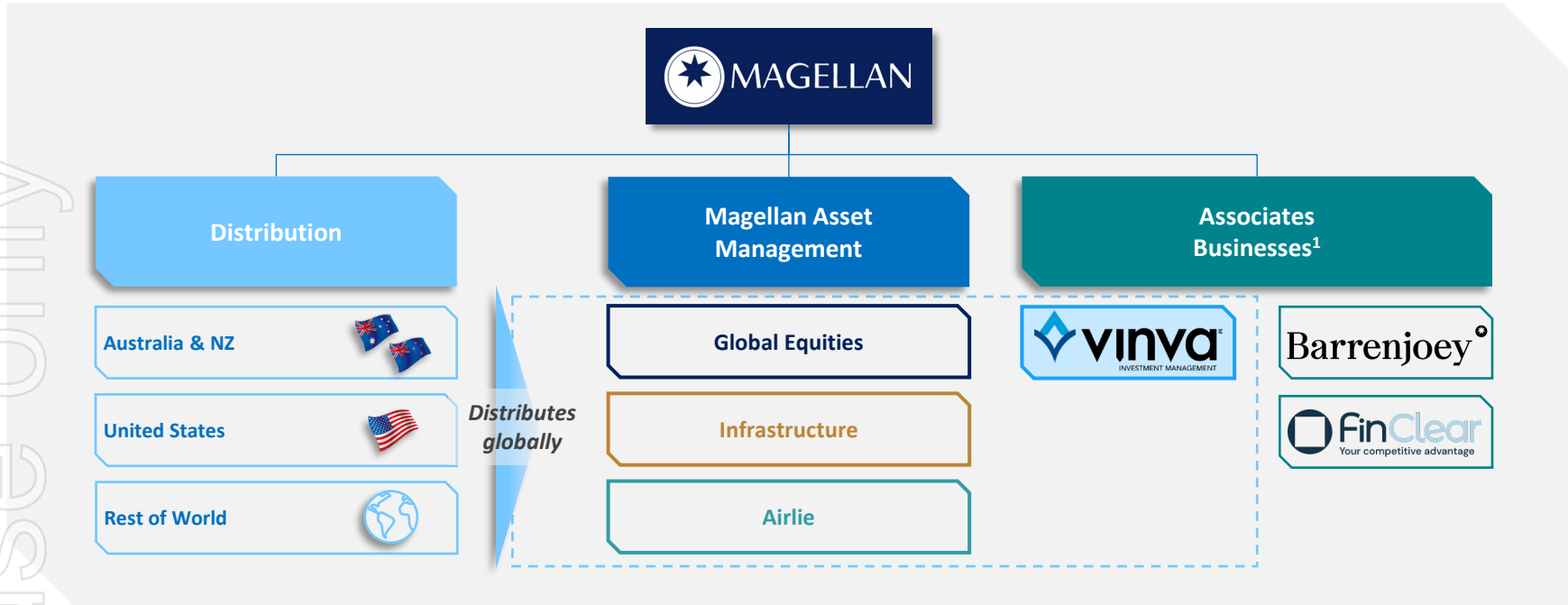
*Total liabilities of \$69.7 million down 71%*

**65.1 cps**

*Total dividends for the financial year*

[1] Comparisons are FY24 figures compared to prior corresponding period, FY23. [2] Adjustments are made for strategic, non-recurring, non-cash or unrealised items.

# Our Business



**Magellan is underpinned by our institutional grade platform**

[1] As at 30 September 2024, Vinva economic interest of 29%; Barrenjoey economic interest of 36% (4.99% voting interest); FinClear economic interest of 16% excluding the impact of any potential dilution arising from unexercised issued options.

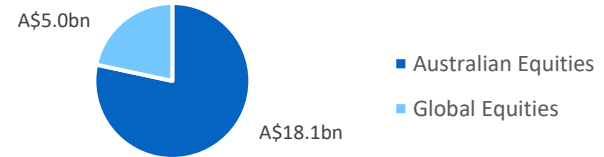
# Vinva Investment Management

## About Vinva Investment Management (Vinva)

- Global investment management firm founded in Australia in 2010
- Pioneer in systematic equity strategies, specialising in long-only and long-short strategies across Australia and global equity markets
- Since the announcement of our strategic partnership with Vinva, funds under management has increased approximately \$1.6bn to \$23.1 billion
- Led by Managing Director and CIO, Morry Waked, and supported by 28 experienced professionals
  - Prior to establishing Vinva, Morry Waked was Global CIO of active equities at BGI with responsibility for \$300bn in global equities
- Members of the Investment Team have a high level of co-tenure, some having worked over 20 years together
- Significant intellectual property within the business, developed over decades investing in global equity markets

- Equity specialists
- Systematic process
- Performance-focused
- Advanced technology
- Insight-driven
- Experienced team

## Funds Under Management<sup>1</sup> (A\$bn)



## Investment Performance – Key Strategies<sup>2,3</sup>

As at 30 September 2024 (% p.a.)	1 year	3 years	5 Years	SI
<b>Australian Equity Long Only</b>	23.27%	8.18%	8.50%	10.60%
S&P/ASX300	21.69%	8.13%	8.30%	9.97%
Excess	<b>1.58%</b>	<b>0.05%</b>	<b>0.21%</b>	<b>0.63%</b>
<b>Australian Equity Alpha Extension (130/30)</b>	29.46%	9.92%	8.48%	10.60%
S&P/ASX300	21.69%	8.13%	8.30%	8.49%
Excess	<b>7.77%</b>	<b>1.79%</b>	<b>0.19%</b>	<b>2.11%</b>
<b>Global Equity Long Only</b>	27.44%	-	-	25.34%
MSCI ACWI ex-Aus ex-Tob ex-CW	22.66%	-	-	21.18%
Excess	<b>4.77%</b>	-	-	<b>4.16%</b>
<b>Global Equity Alpha Extension (120/20)</b>	31.96%	17.35%	-	21.57%
MSCI World ex-Aus ex-Tob ex-CW	23.31%	10.66%	-	14.29%
Excess	<b>8.65%</b>	<b>6.69%</b>	-	<b>7.28%</b>

*The Vinva team have a track record of delivering alpha for clients*

[1] FUM as at 17 October 2024. [2] Net of fees. [3] Past performance is not necessarily an indicator of future performance.

# Other Associates

## Barrenjoey<sup>o</sup>

- Profitable with FY24 NPAT of \$34.7m following record revenues up over 40%
- All key businesses established with revenue growth recorded across all business lines and particularly Fixed Income
- Disciplined cost management with operating expenses only up 4%
- Strong capital position – well-above minimum required with 4.89x at year-end
- Strong cash generation allowing all working capital facilities to be repaid
- Following the strong financial performance in FY24, Barrenjoey declared its first dividend totalling \$11.0m

*A full-service investment bank, empowering clients with innovative and globally connected financial solutions*



- Diverse client base with \$160 billion of underlying client assets<sup>1</sup>
- Solid revenue growth from recovery in market volumes and new cash and FX solutions that meet the changing needs of brokers
- System rationalisation in June 2024 expected to deliver material cost efficiencies
- Strong capital position
- FCX expected to be fully operational H1 FY25 with a licenced trading, clearing and settlement venue for private companies and funds

*An independent technology and financial markets infrastructure provider for both listed and private markets*

[1] As at 30 September 20224.

# Governance Update

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- Implementation of transitional leadership arrangements
  - Andrew Formica as Executive Chair
  - Sophia Rahmani as Managing Director of Magellan Asset Management Limited (main operating subsidiary)
- Intend to appoint Sophia Rahmani as Group CEO within 6 months
  - Intention is for Andrew Formica to return to Non-Executive Chair at this time
- Renewed and stable board
- Hamish McLennan retiring from the Board of Magellan Financial Group Limited at the conclusion of this meeting following nine years of service
- Debbie Page AM will be appointed deputy Chair at the conclusion of the AGM
- New Non-Executive Director expected to be hired in 2H 2025 following a review of Board skills



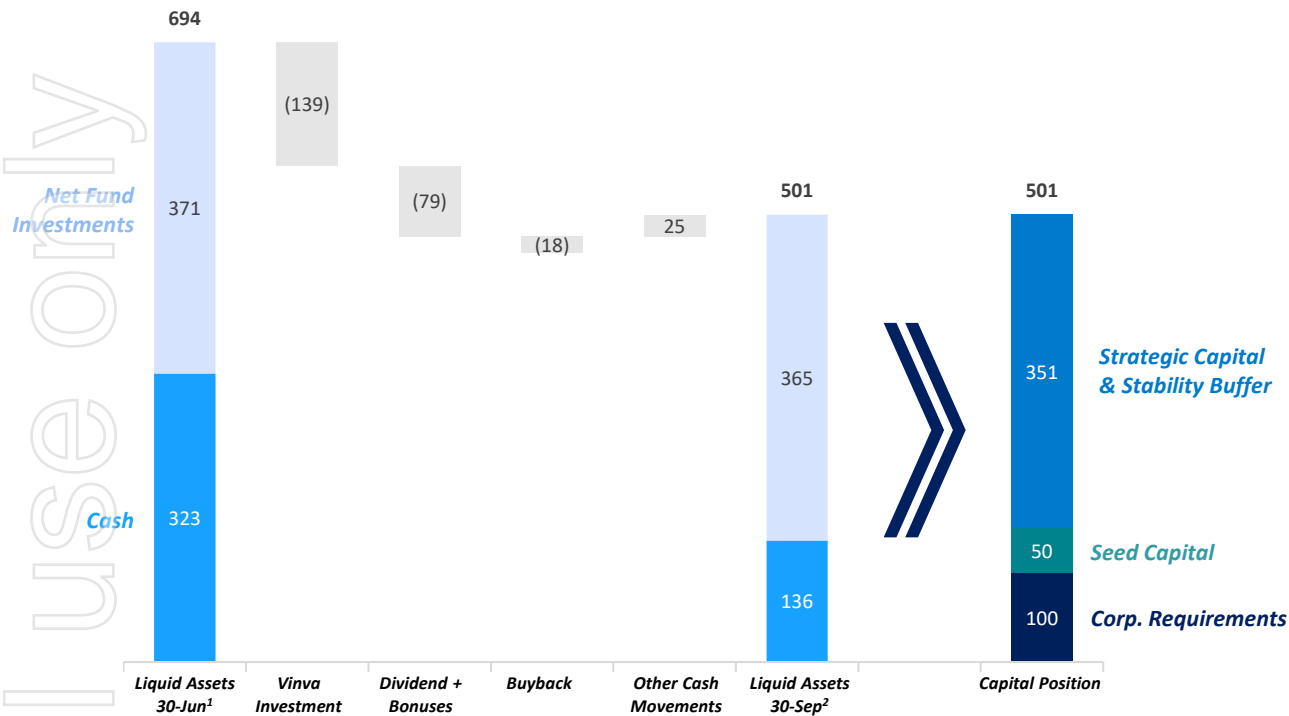
# Remuneration Framework

- Employee Share Purchase Plan (ESPP) Loans resolved for vast majority of current employees by September 2025 following October 2023 announcement of additional retention payments
- New remuneration framework encompassing feedback from shareholders & proxy advisers

Feedback Area	Response
CEO fixed pay was above ASX-listed peers	<ul style="list-style-type: none"> <li>New Managing Director’s fixed remuneration set at \$850k, significantly less than previous CEO</li> <li>Further benchmarking to be undertaken on appointment to CEO</li> </ul>
STI outcomes did not appear to align with financial performance of shareholder experience	<ul style="list-style-type: none"> <li>Introduction (from FY25) of specific financial (50% weighting) and non-financial (50% weighting) measures for the Senior Management Team (including Executive KMP), aligned with our strategy and values                             <ul style="list-style-type: none"> <li>Financial: NPAT; EPS; Investment Performance; FUM Flows</li> <li>Non-financial: People &amp; Culture; Clients; Growth &amp; Risk; Regulatory Management; ESG</li> </ul> </li> <li>STI deferral for Senior Management Team (including Executive KMP) to increase from 35% to 50% and delivered in MFG restricted equity (previously cash). FY25 to vest in 2 equal instalments over 2 years (increasing to 3 years from FY26)</li> </ul>
Absence of an equity-based LTI scheme linked to longer-term company performance and returns	<ul style="list-style-type: none"> <li>Introduction of an LTI plan, comprising 3-year performance period and rTSR performance measure assessed against a group of asset/funds management peers listed on ASX                             <ul style="list-style-type: none"> <li>0% vesting below 50th percentile; 50% vesting at the 50th percentile; 100% vesting at or above the 75th percentile</li> <li>Board discretion retained if metrics met but not in the interest of shareholders</li> </ul> </li> <li>Other measures considered but not appropriate at this stage. To be reviewed over time including the addition of a second performance measure</li> </ul>
Questions regarding cash retention awards	<ul style="list-style-type: none"> <li>No further cash retention awards provided to Executive KMP or former Executive KMP in FY24 (except for current or former KMP’s who had an outstanding ESPP loan as part of firm wide plan to address loan shortfall)</li> </ul>

- For broader staff, introduced a one-off equity grant of \$5,000 (in form of performance rights) and an equity matching plan to encourage & increase employee ownership

# Capital Management Position



- Strategic Capital & Stability Buffer has protected the business from recent challenges
- Over time, anticipate a lower level of Stability Buffer will be required, as the business becomes more resilient and impacts of initiatives such as the Magellan Global Fund conversion dissipate
- Continue to have a strong dividend policy and recently extended buyback to April 2025
  - ~7 million shares bought back since inception, with ~2 million bought back in August and September 2024
  - ~3 million share remaining under buyback as at 30 September
- Board approved increase in seed funding for the Airlie Small Companies Fund to \$20m reflecting heightened investor interest following successful October roadshow
- Board continues to assess strategic growth opportunities, balanced with active review of capital management
  - Intend to update shareholders in February 2025

# 2024 AGM Presentation

Sophia Rahmani | Managing Director, MAM



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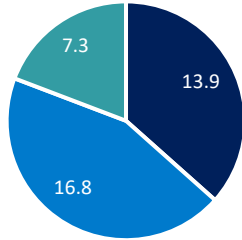
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# Funds Under Management

## Funds Under Management (A\$bn)<sup>1</sup>

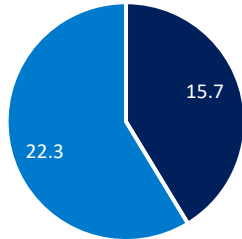
### Asset Class

- Global Equities
- Infrastructure
- Airlie



### Retail vs. Institutional

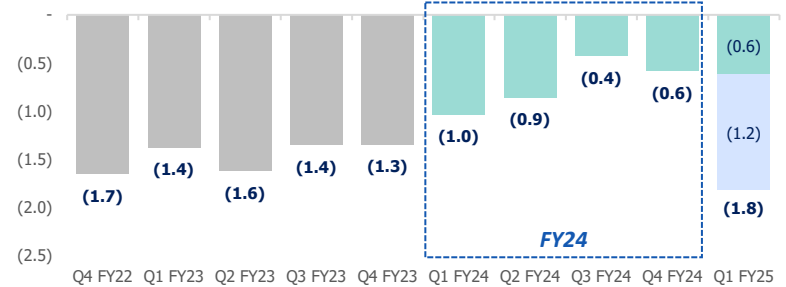
- Retail
- Institutional



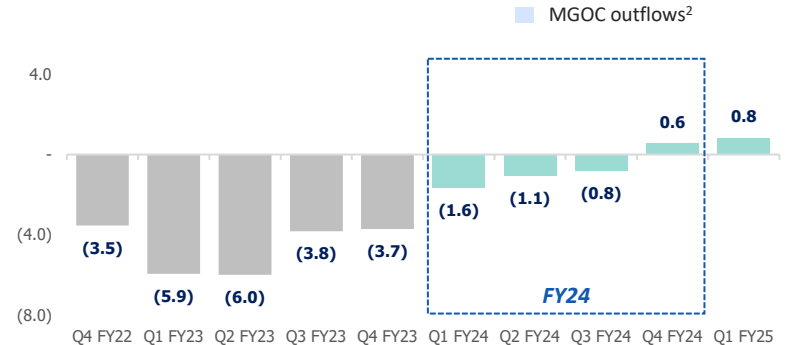
**Total FUM of \$38.0bn**

## Quarterly Net Flows

### Retail Flows (A\$ billion)



### Institutional Flows (A\$ billion)



[1] As at 30 September 2024. [2] As announced at the FY24 financial results.

# Magellan's Platform Strength



## High Quality Team

- ✓ High quality team across the business
- ✓ Collaborative, dedicated & entrepreneurial
- ✓ Focused on delivering investment excellence to our clients



## Institutional Grade Platform

- ✓ Culture of operational excellence
- ✓ Efficient and scalable platform, with reach
- ✓ Underpinned by strong risk management and compliance



## Brand Strength

- ✓ Significant brand equity
- ✓ Recognised for strength in investment capabilities
- ✓ Long-standing relationships

# Magellan's Distribution Footprint

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**UK & Europe**

- Institutional FUM \$4.5bn across 6 clients<sup>1</sup>
- UCITS fund platform

**Asia**

- Institutional FUM \$5.1bn across 4 clients<sup>1</sup>

**America**

- Chicago office
- Institutional FUM \$4.7bn across 10 clients<sup>1</sup>
- US mutual fund platform

**Australia & NZ**

- On-ground in major cities
- Retail FUM \$15.7bn across advisers, stockbrokers and self-directed channels
- Institutional FUM \$8.0bn across 14 clients<sup>1</sup>

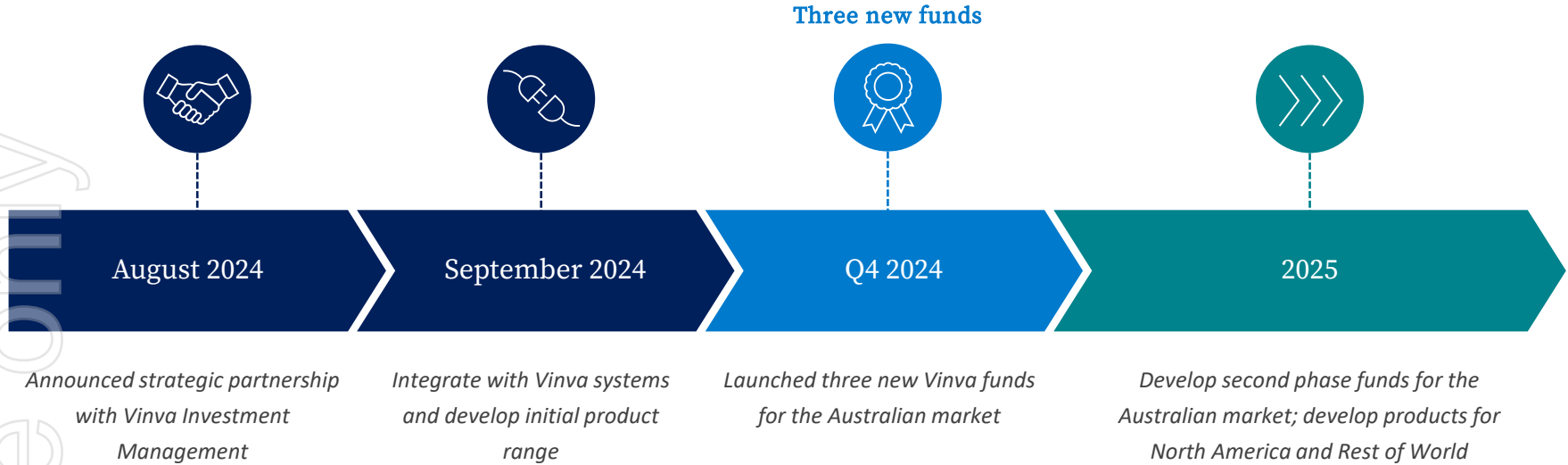
## Distribution Capabilities

- ✓ Global reach into major markets
- ✓ Collaborative 26-member team with proven ability
- ✓ Track record of successfully incubating and launching new funds (e.g. Airlie Australian Share Fund)
- ✓ Accomplished institutional distribution team with access to global investors and consultants
- ✓ Standout Australian retail distribution platform with multi-channel coverage and physical presence in all major cities
- ✓ Diverse customer base with low customer concentration

**Highly regarded distribution and marketing team with strong international distribution coverage**

[1] Based on the number of client separate accounts and funds. FUM and client details presented as at 30 September 2024.

# Vinva Mobilisation



<b>Today</b>	<p><b>Vinva Australian Equity Fund</b></p> <p><b>Vinva Global Equity Fund</b></p>
<b>Coming soon</b>	<p><b>Vinva Australian Alpha Extension Fund</b></p>

# FY25 Priorities

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## Colleagues

- Implement and finalise Remuneration Framework
- Targeted training and development of staff
- Improve employee engagement
- Strengthen leadership team and embed new organisational structure

## Clients

- Maintain strong investment performance across strategies
- Strengthen distribution capabilities globally

## Capabilities

- Commence distribution of Vinva investment strategies to clients
- Undertake corporate and governance review



# Summary and Q&A

**Andrew Formica | Executive Chairman**



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# Summary

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- ✓ Strengthened governance with renewed and stable board
- ✓ Well positioned for growth following stabilisation of FUM flows
- ✓ High quality team across the business, an institutional grade platform and strong brand
- ✓ Highly regarded distribution function with opportunities to expand capabilities further
- ✓ A range of strategic growth opportunities on the horizon – locally and globally
- ✓ Profitable and financial strength to execute strategic growth agenda
- ✓ Continue to generate strong operating cash flows supporting attractive dividends to shareholders
- ✓ Diversification of revenue underway

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