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MAGELLAN ASSET MANAGEMENT LIMITED

PRESENTATION IN RELATION TO RESTRUCTURE PROPOSAL

Please see attached a presentation regarding the proposal by Magellan Asset Management Limited to restructure three of its existing Global Equities retail funds as announced to ASX on 3 August 2020.

Authorised by

Marcia Venegas | Company Secretary

Global Equities fund restructure

August 2020



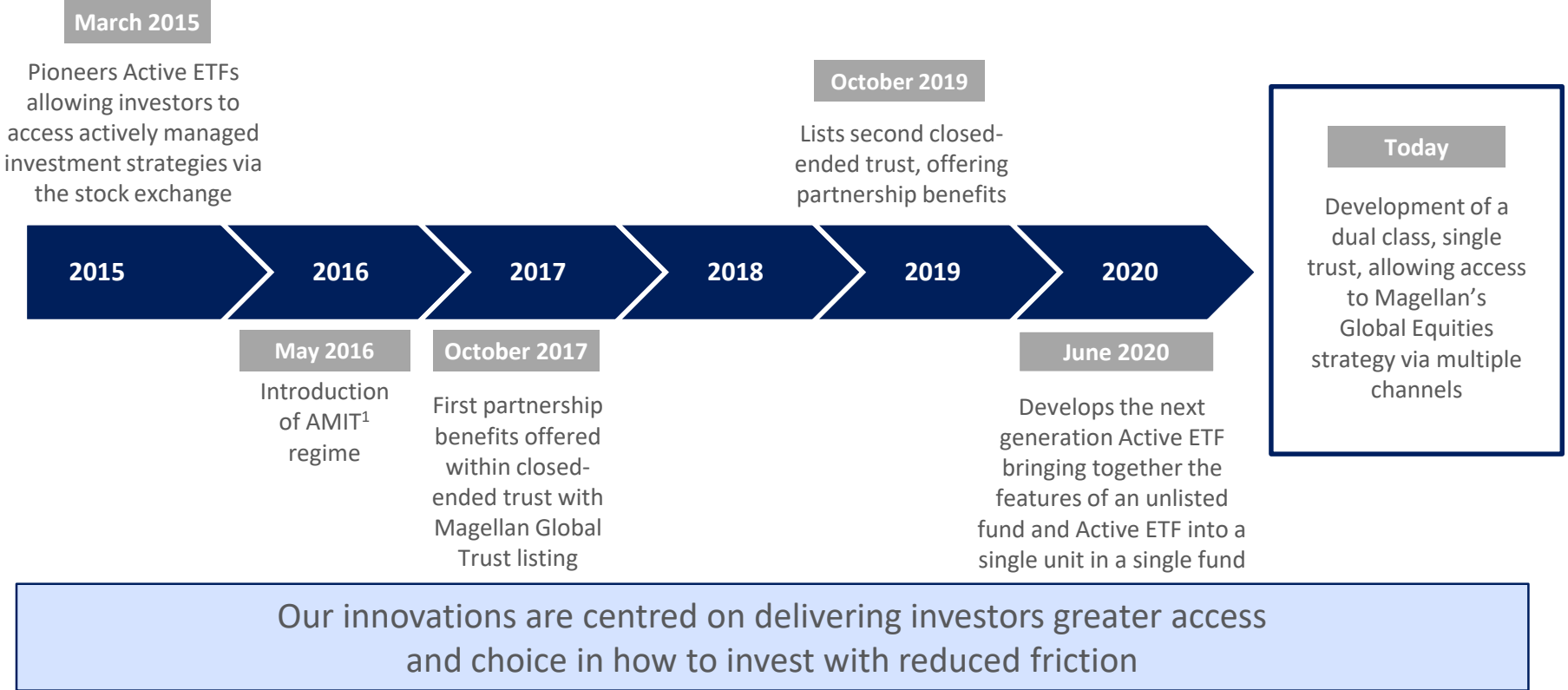
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Introduction

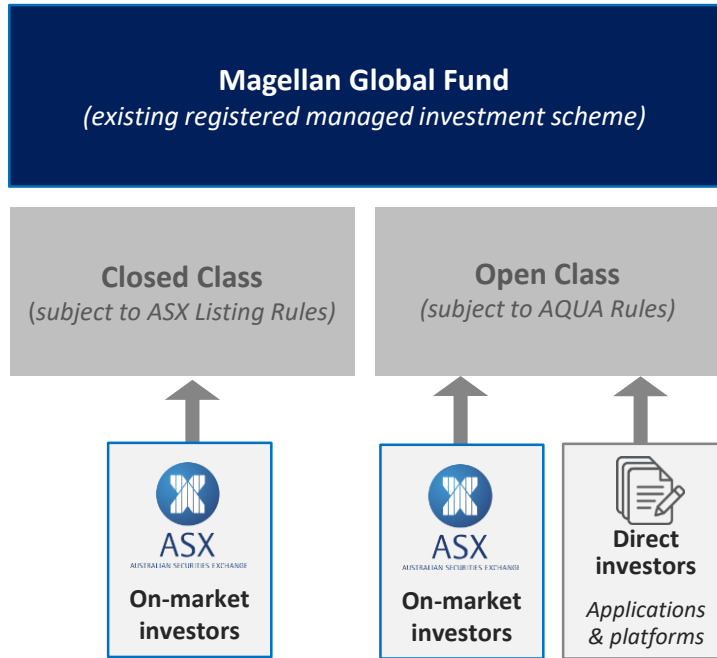
- Magellan Asset Management (“MAM”) has announced a proposed restructure of three Global Equities retail funds into a single trust that has two unit classes – Closed Class & Open Class
- The restructure will involve:
 - A unitholder vote to amend the Magellan Global Fund’s (“MGF”) constitution to facilitate the restructure
 - Two separate trust schemes with MGF making an offer to acquire 100% of the units in Magellan Global Equities Fund (“MGE”) and Magellan Global Trust (“MGG”) on a NAV-for-NAV basis
 - MGF’s new Closed Class Units to be listed and subject to Listing Rules and Open Class Units to be quoted subject to the AQUA Rules
- Post implementation, MGF intends to undertake a 1-for-4 entitlement offer and issue of bonus options:
 - All discounts will be funded by Magellan Financial Group
- The restructure is subject to approval by ASX, ASIC, the Courts and unitholders of MGF, MGE & MGG
- Working towards unitholder meetings in Q4 2020

The journey to today



1. Attribution Managed Investment Trust

MGF post restructure



- Constitution of MGF to be amended to provide for two unit classes – Closed Class and Open Class
- Familiar regulatory frameworks apply to the operation of each unit class:
 - ASX Listing Rules apply to Closed Class
 - ASX AQUA Rules apply to Open Class
- The Open Class will allow investors to access on ASX or apply / redeem directly off market with the Responsible Entity (single unit model)
- Unit classes managed to ensure that activities in one unit class do not impact the other unit class

Trust features summary

Magellan Global Fund		
	Closed Class	Open Class
Access	ASX (Official List / Listing Rules)	ASX (AQUA Rules) Direct applications/redemptions off market with RE
Responsible Entity and Investment Manager	Magellan Asset Management Limited	
Investment mandate	Global Equities strategy (i.e. identical for both unit classes)	
NAV / Unit Pricing	A NAV per Unit will be calculated for each unit class	
Distributions	Target cash distribution yield of 4% p.a. paid semi-annually	
Disclosure / transparency	Replicates MAM's existing LITs and Active ETFs: <ul style="list-style-type: none"> ▪ <i>Daily NAV per Unit by 9.30am for each unit class</i> ▪ <i>Intra-day indicative NAV (iNAV) for each unit class</i> ▪ <i>Monthly fund factsheets with Top 10 holdings with investment performance (post fees) calculated for each class</i> ▪ <i>Portfolio disclosed quarterly with two-month delay</i> 	
Fees	Fee structure identical across each class in MGF	
Capital management	Ability to conduct on-market buyback ¹	Provision of liquidity by MGF
DRP	Units issued at 7.5% discount to the Closed Class NAV per Unit <i>(Discount to be funded by Magellan Financial Group)</i>	Units issued at the Open Class NAV per Unit

1. Subject to MAM Board approval and Listing Rules

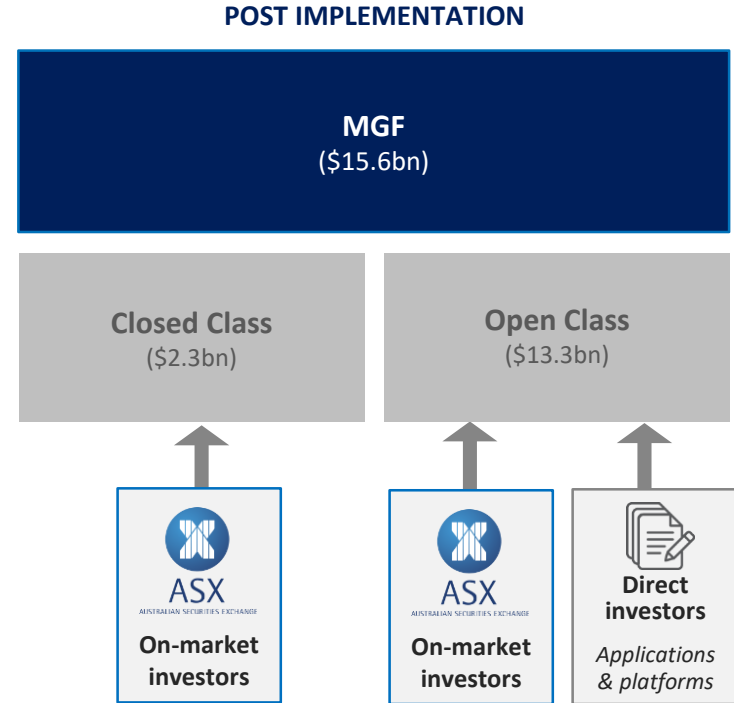
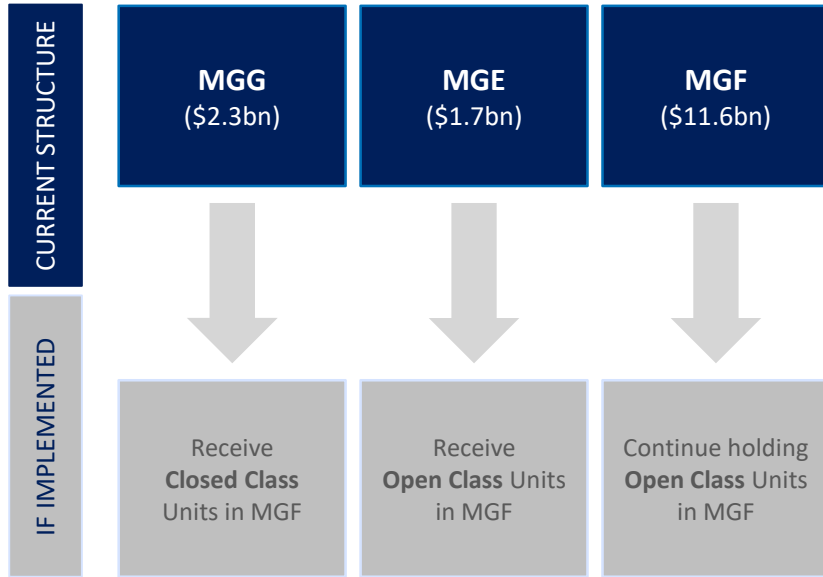
Key investor benefits

- Greater flexibility in entering and exiting the Open Class Units
- Greater liquidity in the Open Class Units
- Enhanced transparency for all unitholders with units traded on ASX and identical disclosure across unit classes
- Potential for improved secondary trading market in Closed Class Units - establishing open and closed-ended unit classes over the same investment portfolio removes “basis risk” between the two unit classes
- Offering Global Equities strategy via one trust with different access points, rather than a separate trust for each access point
- Opportunity to receive partnership benefits

Restructure key terms

- Unit-for-unit with exchange ratio on a NAV-for-NAV basis
- Investors will have an equivalent unit in MGF, both in value and fundamental rights
- Members of each fund are required to approve resolutions to effect the restructure
- Member meetings expected to be held in Q4 2020. A notice of meeting and explanatory memoranda will be sent to unitholders in advance of the meetings which will include an Independent Expert's Report
- All transaction costs to be paid by Magellan Financial Group, not the trusts or unitholders

MGF post restructure



Actual funds under management will change over time and the amount may be more or less at the time of implementation

Entitlement offer & option issue

Entitlement offer plus attached bonus option made to all MGF unitholders

- MGF is committing to undertake an entitlement offer, subject to implementation of the restructure and certain regulatory approvals
- Entitlement of \$1 of Closed Class Units for every \$4 of MGF units (Closed Class and Open Class)
- Offer price set at the NAV per Closed Class Unit on or around the allotment date
 - Successful applicants will receive partnership benefits in the form of additional Closed Class Units worth 7.5% of their subscription
 - Successful applicants will also receive one (1) Bonus Option for each Closed Class Unit issued
- Magellan Financial Group will fund the partnership benefits to minimise dilution
- Timetable expected to commence January 2021
- Further details will be in the explanatory memoranda and a PDS to be prepared for the Offer

Bonus options to Closed Class unitholders

- Closed Class unitholders will be eligible to receive one (1) bonus option for every two (2) Closed Class Units held on the record date
- Record date to be set, subject to ASX approval, on or around the allotment date of new Closed Class Units issued under the entitlement offer

No transaction costs

- All transaction costs to be paid in full by Magellan Financial Group

The Entitlement Offer and issue of bonus options are subject to the successful implementation of the Restructure and regulatory approvals. A product disclosure statement ('PDS') will be lodged with ASIC by Magellan Global Fund, as issuer, and made available to Eligible MGF Unitholders at the time the Entitlement Offer is expected to be made in January 2021. Once available, Eligible MGF Unitholders will need to consider the PDS in deciding whether or not to subscribe for Closed Class Units and options in the Magellan Global Fund. Record dates for participation will be set, in consultation with the ASX, at the time the Entitlement Offer is formally undertaken.

Key option terms

- Exercise ratio: one (1) Closed Class Unit to be issued on exercise
- Exercise price equal to 92.5% of the prevailing NAV per Closed Class Unit at the time of exercise
- Daily exercise, commencing after an initial exercise hold period with expiry three years from issue date
- Quoted on ASX (subject to ASX approval)
- Magellan Financial Group to pay the 7.5% discount to the prevailing NAV per Closed Class Unit on exercise

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Illustrative example of restructure, entitlement offer and bonus options

With \$10,000 invested in...	Under the proposed restructure they will...	Entitlement offer plus attached option <i>(assuming unit balance of \$10,000 on the Calculation Date)</i>	Bonus Options
MGF	Continue to hold \$10,000 MGF units (Open Class Units)	Entitlement to subscribe for \$2,500 of Closed Class Units	Not eligible <i>(unless they buy Closed Class Units prior to the record date)</i>
MGE	Receive \$10,000 of Open Class Units in MGF	+ \$187.50 of additional units funded by Magellan (i.e. 7.5%)	Not eligible <i>(unless they buy Closed Class Units prior to the record date)</i>
MGG	Receive \$10,000 of Closed Class Units in MGF	+ 1 Bonus Option for every Closed Class Unit issued under the Offer	1 Bonus Option for every 2 Closed Class Units held <i>(Must hold units on the record date)</i>

This is an illustrative example only and it is not a forecast. This example assumes that unitholders are on the relevant unit register on the relevant record dates and that, in relation to the entitlement offer, they have submitted valid subscriptions. Additionally, the example assumes that all necessary unitholder approvals, regulatory approvals and judicial advices have been obtained.

Summary

- MAM has announced a restructure that is expected to deliver benefits to investors in MGF, MGG and MGE
- Directors have recommended the restructure to unitholders*
- Explanatory memoranda to be sent to unitholders ahead of unitholder meetings in Q4 2020
- Restructure implemented shortly thereafter
- Capital raising timetable expected to commence in January 2021
- Implementation of the restructure remains subject to a number of conditions, including regulatory approvals from ASIC and the ASX, Court approval, approval by unitholders in the relevant funds at a meeting of unitholders and delivery of independent expert's reports

* In the absence of a superior proposal and subject to the recommendation of the Independent Expert in the Independent Expert Report.

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