

# Magellan Financial Group

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## Interim Results Briefing Half year ended 31 December 2024

Andrew Formica | Executive Chairman

Sophia Rahmani | CEO-Elect

Michelle Mutchnik | Interim CFO



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FINANCIAL GROUP

# Agenda

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# 1H25 overview

Andrew Formica | Executive Chairman



# 1H25 highlights

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- 1
●
CEO transition finalised and executive appointments made<sup>1</sup>, strengthening foundation for growth
  
- 2
●
Performance fees of \$6.1m for the half (1H24: \$0.1m)
  
- 3
●
Earnings diversification from strategic partners, Barrenjoey and Vinva strong first half
  
- 4
●
Vinva partnership progressing well, expanding opportunities with new clients and channels
  
- 5
●
Employee engagement continues to improve, up 12 points to 64%<sup>2</sup>

[1] Announced 30 January 2025 and 20 February 2025. [2] Compared with 1H24.

# Strong foundation for growth

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## Focused group

covering investment  
management and specialist  
financial services

## 100 employees

as at 31 December 2024

## Global distribution

spanning Australia, NZ,  
North America and EMEA

## \$927 million

Net Tangible Assets (\$5.17 per  
share)

## No debt

Total liabilities of \$70.9  
million

## 26.4 cps

interim dividend for 1H25

# Investment management update

Sophia Rahmani | CEO-Elect



# 1H25 investment management update

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**1** ● Global distribution platform strength; Head of UK and EMEA Distribution appointed January 2025

**2** ● Capability diversification; three new Vinva funds launched

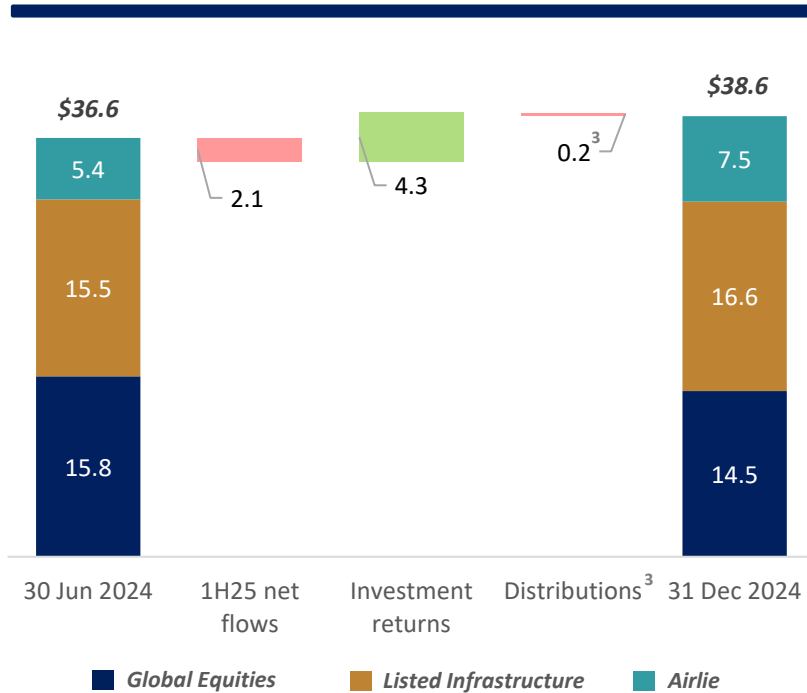
**3** ● Investment team changes, portfolio management team updates

**4** ● Assets under management steady at \$38.6 billion

**5** ● National adviser roadshow held October 2024, attracted more than 600 attendees

# Assets under management

Assets under management<sup>1,2</sup> "AUM" (\$ billion)



## Global Equities

- Net outflows of ~\$2.8 bn for 1H25, ~\$2.4 bn from retail channel, of which \$1.2 bn related to MGF conversion
- Investment returns of \$1.7 bn for the half
- Retail book represents 80% of AUM

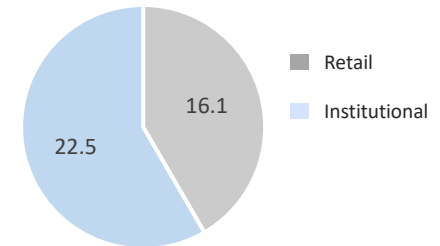
## Listed Infrastructure

- Net outflows of ~\$1 bn in 1H25
- Investment returns of ~\$2.2 bn AUM for the half

## Airlie

- Net inflows of \$1.7 bn, including \$0.2 bn from retail
- Investment returns of ~\$0.4 bn for 1H25

## Retail vs. Institutional AUM (31 Dec 2024) (A\$ billion)

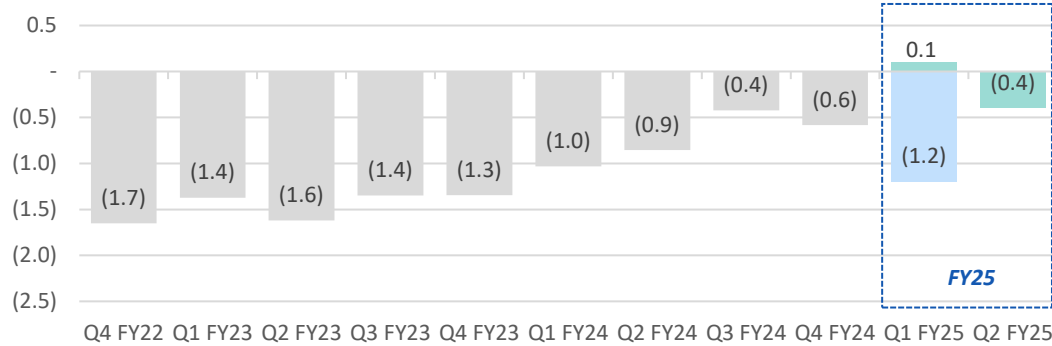


[1] For full breakdown of net flows, investment performance and distributions by investment strategy see the Performance Overview in the 1H25 Interim Report. [2] Totals may not add up due to rounding. [3] Excludes distributions for end of 2024 year announced in January 2025 of approx. \$0.6 billion.



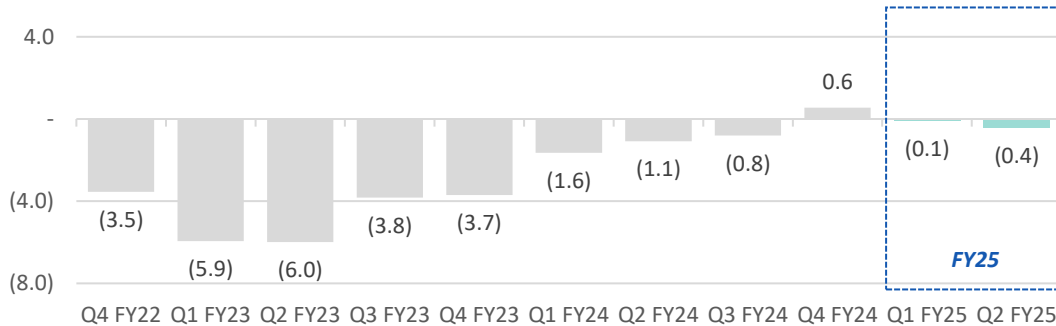
# Quarterly net flows

## Retail Flows (A\$ billion)



- \$1.2 bn outflows in Q1 FY25 due to MGF conversion

## Institutional Flows (A\$ billion)



- Continued stabilising of flows through H125

■ 1H25 net flows (ex MGF conversion)

■ Outflows related to MGF conversion

# Fund performance

## Global Equities

## Listed Infrastructure

## Airlie

As at 31 December 2024	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	Since inception (% p.a.) <sup>1</sup>
<b>Magellan Global Fund</b>	29.62	10.05	9.71	11.66
Excess return on benchmark	(1.16)	(2.14)	(4.32)	2.79
<b>Magellan Global Opportunities Fund</b>	30.67	13.49	-	13.50
Excess return on benchmark	(0.11)	1.30	-	1.30
<b>Magellan High Conviction Trust</b>	28.30	7.69	8.29	9.55
<b>Magellan Infrastructure Fund</b>	6.56	1.22	1.09	6.79
Excess return on benchmark	(11.01)	(5.96)	(3.18)	1.06
<b>Airlie Australian Share Fund</b>	7.09	5.41	10.30	10.26
Excess return on benchmark	(4.35)	(2.00)	2.24	1.40
<b>Airlie Small Companies Fund</b>	14.15	-	-	15.19
Excess return on benchmark	5.79	-	-	7.39

- Investment performance remains key focus
- All flagship strategies outperforming benchmarks since inception

[1] Inception date for the Magellan Global Fund and Magellan Infrastructure Fund is 1 July 2007; the inception date for Airlie Australian Share Fund is 1 June 2018; the inception date for the Magellan High Conviction Trust is 11 October 2019; the inception date for the Magellan Global Opportunities Fund is 1 January 2022; and the inception date for the Airlie Small Companies Fund is 4 April 2023. 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.

# Strategic partners

Andrew Formica | Executive Chairman



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# Barrenjoey Capital Partners

## 1H25 business update

- All key business lines recorded revenue increases vs PCP, resulting in overall group revenue up 20%
- Revenue increases coupled with cost control delivered a 2.4x increase in NPAT vs PCP
- Continued cash generation supports strong liquidity, regulatory capital position and commencement of dividends
- Hong Kong office opened, further enhancing global distribution and building on the opening of an Abu Dhabi Global Markets office
- Continuing investment in client facing capability in sectors including Bio-tech, Structured Credit, Financing and Technology
- First staff engagement survey result puts Barrenjoey in Financial Services top decile
- Independent board appointment of Dr. Philip Lowe, former Reserve Bank Governor, joining Independent Chairman David Gonski and Kelly O'Dwyer

## Strong momentum

- Barrenjoey now represented on New Zealand and all Australian state and government debt issuance panels
- Outstanding results in the 2024 Peter Lee Associates survey<sup>1</sup>, with Barrenjoey ranked number one for Research (#1 in 15 sectors, Top 3 in 21 sectors), Equities Sales and Trading

Note: All percentages quoted against prior corresponding period (1H24). Comparisons are 1H25 figures compared with prior corresponding period, 1H24. [1] 2024 Peter Lee Associates Coalition Greenwich Survey (All Investors).

# Vinva Investment Management

## 1H25 business update

- Strong 1H financial result driven by exceptional performance
- Three Vinva funds launched by MFG which will target the ANZ retail market:
  - Vinva Global Equity Fund (*long only*)
  - Vinva Australian Equity Fund (*long only*)
  - Vinva Australian Alpha Extension Fund (*long/short*)
- Transition of Vinva Global Alpha Extension Fund (*long/short*) expected to be completed in 2H25
- Strong client interest in Vinva’s capabilities and early positive signs that strategic partnership is delivering tangible benefits
- Positive ratings from local and global research consultants across product range

## Partnership objectives

### FY25

*Vinva's existing momentum with their own relationships driving significant growth*



### FY25-27

*Grow Vinva’s retail Australian market presence through MFG’s core client relationships*



### FY27-29

*Buildout of Vinva’s global brand presence and client network, with initial focus on North America, Middle East and Europe*

# FinClear Holdings

## Strong growth across key metrics

- Funds under administration (FUA) at \$170 billion with 1.4 million investor client accounts
- Leading market provider servicing over 30% of all brokers in Australia and almost all of the major FinTech providers

## New products

- FX product live, full platform launch expected in March 2025
- Complements existing cash management capability servicing the superannuation industry
- Multi-currency cash hub in beta and expected to launch 2H25

## FCX

- Unique private market and settlement facility
- Licences granted and in the final stages of satisfying licence conditions
- Strong engagement for FCX solutions across an array of corporates, pipeline of clients ready to run liquidity events
- Unlisted fund liquidity solution with identified PE and fund admin partners

# Group financials

Michelle Mutchnik | Interim CFO



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# 1H25 financial results<sup>1</sup>

1	●	<b>Group adjusted net profit after tax<sup>2</sup></b> \$84.1 million		(10%)
2	●	<b>Investment management business expenses</b> \$51.6 million		
3	●	<b>Performance fees</b> \$6.1 million, up from \$0.1 million		large
4	●	<b>Share of after tax profit of strategic partners<sup>3</sup></b> \$11.4 million		271%
5	●	<b>Adjusted diluted earnings per share</b> 46.8 cents per share		9%

[1] Comparisons are with prior corresponding period, 1H24. [2] Adjustments are made for strategic, non-recurring, non-cash or unrealised items. [3] Adjusted for tax and net gain/(loss) on dilutions of associates.



# Reported earnings

\$ million	31 Dec 2024	31 Dec 2023	% change
Management and services fees	121.6	130.3	(7%)
Performance fees	6.1	0.1	nm%
Other revenue and income	32.2	52.4	(39%)
<b>Adjusted revenue and other income</b>	<b>159.9</b>	<b>182.8</b>	<b>(12%)</b>
Adjusted expenses	(53.4)	(53.9)	(1%)
<b>Adjusted net profit before tax</b>	<b>106.6</b>	<b>128.9</b>	<b>(17%)</b>
Adjusted tax expense	(33.9)	(38.4)	(12%)
Share of after tax profit/(loss) of associates	11.4	3.1	271%
<b>Adjusted net profit after tax</b>	<b>84.1</b>	<b>93.5</b>	<b>(10%)</b>
Net benefits/(expenses) related to MGF Options <sup>1</sup>	-	22.1	nm
Transaction costs related to strategic initiatives	(0.3)	(0.1)	nm
Amortisation of intangible assets	(0.7)	(0.7)	nm
Net non-cash remeasurement of share purchase loans	(0.0)	1.7	nm
Non-cash employee share option expense	(0.6)	(1.5)	nm
Loss on dilutions and disposals of associates	(1.2)	0.1	nm
Net unrealised change in fair value of financial assets & liabilities	12.7	(11.1)	nm
<b>Statutory net profit after tax</b>	<b>94.0</b>	<b>104.1</b>	<b>(10%)</b>
<b>Key statistics</b>			
Diluted EPS (cents per share)	52.3	57.4	(9%)
Adjusted diluted EPS (cents per share)	46.8	51.6	(9%)
Interim dividends (cents per share)	26.4	29.4	(10%)
Franking	85%	50%	

- Performance fees of \$6.1 million, mainly due to crystallised fees from the High Conviction Strategy
- Other revenue and income includes dividends and distributions, interest income and realised capital gains
- Group adjusted expenses held flat at \$53.4 million
- Contribution from associates continued to increase to an after-tax profit of \$11.4 million
- Adjusted net profit after tax down 10% to \$84.1 million
- MGF Options activity has now finalised, no further changes to financial liabilities on balance sheet (now nil)
- Diluted EPS of 52.3cps, down 9% in line with decrease in adjusted net profit after tax
- Effective tax rate of 29.6%
- Interim dividends of 26.4cps, 85% franked

Note: May not add due to rounding. Adjusted financial measures are adjusted for strategic, non-recurring, non-cash or unrealised items (refer to section 3.1 of the Directors' Report and note 2 in the financial statements for the breakdown of these items). [1] Reflects the change in value of the obligation associated with the Magellan Global Fund ("MGF") Options as well as the cost of the on-market purchase of MGF Options ("MGFO") by the Group.

# Investment Management business

\$ million	31 Dec 2024	31 Dec 2023	% change
<b>Revenue</b>			
Management fees	121.0	129.7	(7%)
Performance fees	6.1	0.1	nm
Services fees	0.6	0.6	nm
Other revenue and income	2.1	0.9	nm
	<b>129.8</b>	<b>131.2</b>	<b>(1%)</b>
<b>Expenses</b>			
Employee expenses	34.5	34.1	1%
Other expenses	17.1	17.2	(1%)
	<b>51.6</b>	<b>51.3</b>	<b>1%</b>
<b>Profit before tax</b>	<b>78.2</b>	<b>79.9</b>	<b>(2%)</b>
<b>Profit before tax and before performance fees<sup>1</sup></b>	<b>72.1</b>	<b>79.9</b>	<b>(10%)</b>

## KEY STATISTICS

	31 Dec 2024	31 Dec 2023	% change
Average AUM (\$ billion)	38.1	36.9	3%
Average base management fee <sup>2</sup> (bps)	63	70	(10%)
Average AUD/USD exchange rate	0.6612	0.6536	1%
Average number of employees	103	111	(7%)
Employee expense/total expense	66.9%	66.4%	
Cost/Income	39.7%	39.1%	
Cost/Income (excl performance fees) <sup>1</sup>	41.7%	39.1%	

- Represents the core operating business that drives profits and dividends
- Profit before tax down 2%, driven by reduced management fees, offset by increase in performance fees
- Decrease in average base management fee to 63bps stemming from changes in total fund and margin mix
- Average AUM increase of 3% reflects steadying outflows offset by positive net performance
- Employee expenses largely flat, average number of employees reduced to 103 over the half
- Cost to income ratio (excluding performance fees) of 41.7%
- On track to meet FY25 expense guidance of \$105-\$110 million, reflecting continued discipline in the management of costs

# Investments in funds and strategic partners

\$ million	31 Dec 2024	30 Jun 2024	% change
<b>Net fund investments<sup>1</sup></b>	<b>393.0</b>	<b>371.1</b>	<b>6%</b>
Net Fund Investments per share (\$) <sup>2</sup>	2.19	2.05	7%
<b>Carrying value of investments in strategic partners</b>	<b>305.5</b>	<b>160.0</b>	<b>91%</b>
<b>Share of strategic partners' profits<sup>3</sup></b>	<b>12.3</b>	<b>2.8</b>	<b>343%</b>

- Net fund investments grew 6% to \$393 million reflecting positive investment performance and additional investment into Airlie Small Companies Fund, offset by withdrawals on the closure of certain funds
- Over 1 year the portfolio returned 25.1% and has returned 11.1% since inception<sup>4</sup>
- The carrying value of strategic partners on the Group's balance sheet increased primarily as a result of the \$138.9 million investment in Vinva
- The share of after-tax strategic partners' profits grew strongly, up 343% to \$12.3m (\$11.4m after tax on undistributed profit)
- Barrenjoey's contribution increased to reflect a strong 1H25 result
- FinClear saw a marginal reduction in its loss
- Vinva contributed from August 2024

[1] Net of deferred tax, which arises from changes in the fair value of financial assets offset by the deferred tax asset relating to unused tax losses. [2] Based on 179,111,184 ordinary shares on issue at 31 December 2024 (30 June 2024: 180,746,328 ordinary shares). [3] Share of associate net profit after tax and any adjustments made to align with MFG accounting policies. [4] Return excludes previous investment in MFF Capital Investments Limited, with inception date of 1 July 2007.

# Strategy and capital management update

Sophia Rahmani | CEO-Elect



# Key industry trends and opportunities

1

Shift from product to service; increased demand for customised client solutions

2

Consolidation and efficiency initiatives to address ongoing fee pressure and margin compression

3

Wholesale and retail active-to-passive flows have abated; active-to-active churn remains elevated<sup>1</sup>

4

Private markets now drive nearly half of industry revenue; reshaping opportunity mix and client demand<sup>1</sup>



## MFG solutions



Deeper relationships, with broader delivery capabilities



Client oriented engagement models, focused on solving their problems; selective on how we grow, and with whom



Differentiated, high-quality investment management capabilities and product innovation

In a challenging market we still see opportunity

# Snapshot of MFG

## Investment management

## Specialist financial services

	MAGELLAN GLOBAL EQUITIES	MAGELLAN GLOBAL LISTED INFRASTRUCTURE	Airlie Funds Management	vinva SYSTEMATIC INVESTMENT MANAGEMENT	Barrenjoey <sup>o</sup>	FinClear
Business focus	Global equities	Listed infrastructure	Australian equities	Systematic equities	Investment banking	Settlement / clearing
Ownership	100%	100%	100%	29% <sup>1</sup>	36% <sup>2</sup>	16%
FY24 revenue <sup>3</sup>	\$173m	\$69m	\$15m	← \$427m / \$141m <sup>4</sup> →		
1H25 revenue <sup>3</sup>	\$78m	\$33m	\$10m	← \$270m / \$89m <sup>4</sup> →		

## Profit contribution<sup>5</sup>



Increasing earnings diversification across investment management and specialist financial services

[1] MFG is able to exercise its voting rights proportionally within a subset of shareholders up to a maximum of 25% of voting power in aggregate. [2] Barrenjoey economic interest of 36% (4.99% voting interest). [3] Magellan Global, Infrastructure and Airlie revenue reflects management fees only. [4] Revenue figures are presented on both a 100% and ownership adjusted basis and reflect revenue and other income. Note Vinva was not a strategic partner in FY24, however their revenue is included in the FY24 figures for illustration purposes. [5] Calculations are based on MFG's non-IFRS adjusted net profit after tax and MFG's proportionate share of associates' after-tax profits, adjusted for tax on undistributed associate earnings.

# From traditional investment manager to trusted financial group

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## Core foundation

Firmly anchored in investment management while expanding capabilities to serve evolving client needs



## Industry pioneer

Leading innovator in Australia's dynamic financial services landscape



## Strategic partnerships

Long-term partner, cultivating deep relationships with high-quality businesses



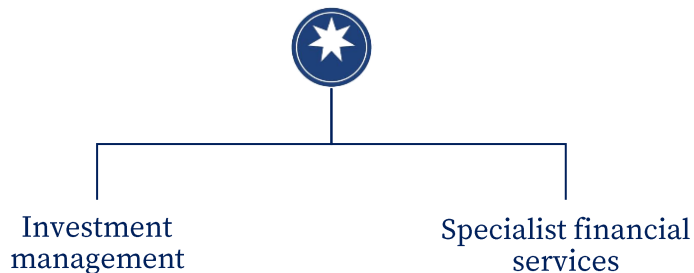
## Enhanced capabilities

Expanded toolkit tied to service solutions enabling revenue growth and diversification

# Strategic partnerships

## Investment philosophy

*Targeted investments in high-quality businesses that complement our core capabilities. Focus on adjacent services that serve existing clients, position us for future growth and generate strong capital returns*



## Vinva | strategic rationale

- ✓ High-quality investment manager with strong long-term investment performance
- ✓ Significant growth potential across strategies that align with MFG's distribution and platform strengths
- ✓ Opportunity to develop and introduce new solutions to our clients
- ✓ Potential to deliver strong capital returns and earnings diversification
- ✓ Continued alignment with Vinva team, which is majority employee owned and controlled
- ✓ Cultural alignment with both businesses focused on delivering for clients

Vinva partnership blueprint – strategic investments that drive mutual growth



# Delivering successful partnerships



## Experienced team

Track record of identifying and prosecuting compelling opportunities



## Tailor incentives to drive growth

Alignment through design of ownership, incentive and remuneration frameworks



## Trust and confidence

Sought after and reliable partner, valued for our integrity; Limit 'internal' competition – fewer, deeper partnerships



## Supportive capital

Long-term partner, flexible investment, operating and seed capital solutions, without forced exit timelines



## Preservation of autonomy

Flexible approach allows partners to maintain unique culture and value proposition for clients



## Strong distribution platform

Established distribution and operating footprint with proven capabilities



We drive success across the continuum of ownership structures

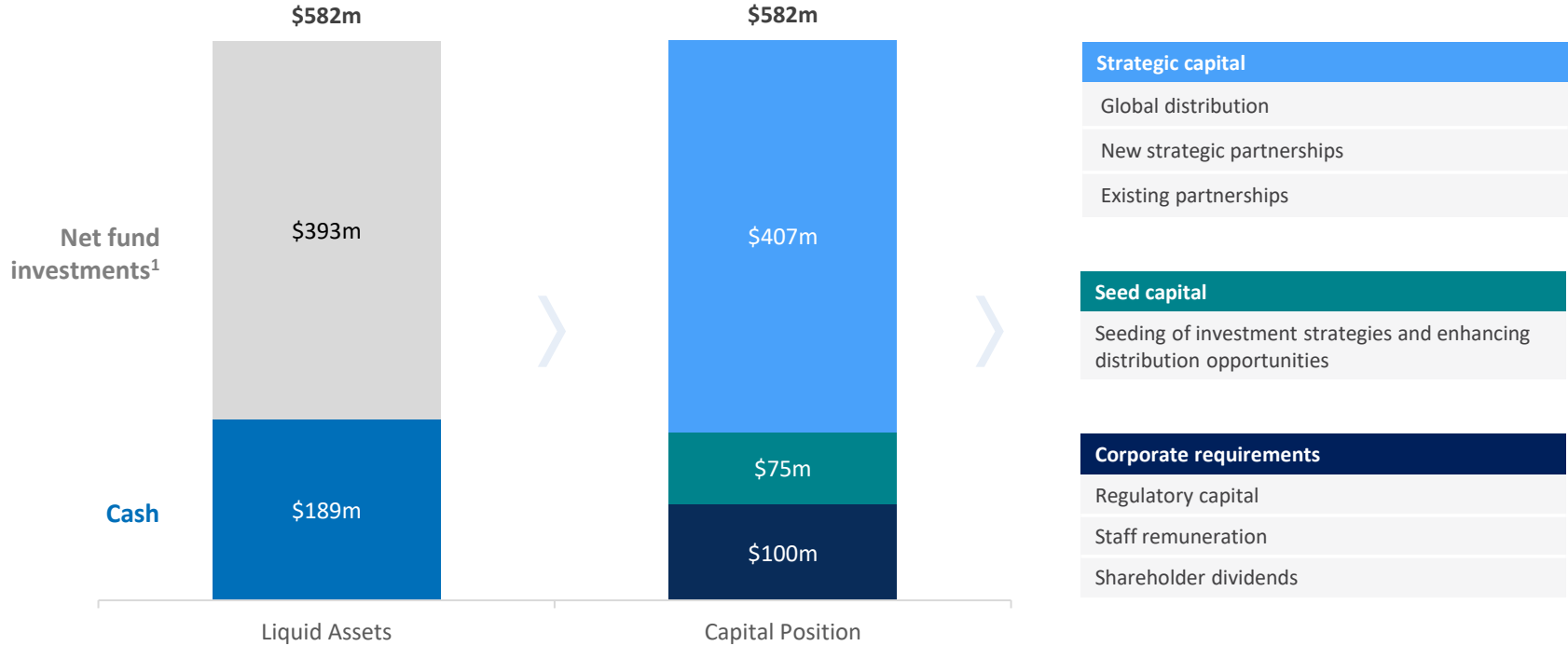
# Capital management update

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- The Board has undertaken a review of the ongoing capital requirements of MFG to execute its strategic growth objectives and has concluded:
  - There is an ongoing capital requirement to support growth initiatives
  - Cash and fund investments will continue to be recycled to support the future business growth
  - Having acquired 6.9 million MFG shares for \$70.6 million, no further purchases of MFG shares are expected to be made under the on-market buy-back
  - While MFG’s historical return on deployed capital has exceeded Board requirements, the Board will continue to assess MFG’s capital position and its strategic capital requirements over time
- Led by the incoming CFO, we will complete our capital management review, including our portfolio management approach and dividend policy to ensure they support our strategic objectives. An update will be provided to shareholders at the FY25 full year results

Continued deployment of strategic capital is fundamental to supporting MFG’s growth objectives

# Strategic capital position



MFG maintains a strong capital position to support operational and strategic initiatives

Note: data as at 31 December 2024. [1] Net of deferred tax, which arises from changes in the fair value of financial assets.

# 2H25 priorities

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## Clients

- Continue focus on long-term investment performance across strategies
- Capitalise on expanded capability set and product delivery, including Magellan Global Opportunities, Airlie Small Companies, Vinva and managed account share classes
- Embed global distribution capabilities
- Focus on continuing to deliver for infrastructure clients

## Colleagues

- Embed new executive hires and leadership team
- Progress investment team recruitment
- Continue to improve staff engagement
- Complete Board skills review and commence search for additional MFG non-executive director

## Strategy

- Evolve MFG brands to reflect the breadth of our capabilities and our strategy
- Maintain strong cost discipline
- Complete portfolio management and dividend policy review to support strategic objectives
- Continue to evaluate strategic growth opportunities across investment management and specialist financial services

Q&A



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Phone: +61 2 9235 4888

