

# Magellan Financial Group Limited

2023 Annual General Meeting



# Governance & People



## Governance

- Executive Chair role for interim period whilst Board undertakes search for a new CEO
- Board renewal program now concluded with the appointment of four new directors to the Board
  - Board comprises five Non-Executive directors and Executive Chair following AGM
- Investment management, financial services, private markets, technology & acquisitions experience and broad skillsets added to the Board
- Current Board composition balances renewal and fresh perspectives with retention of corporate knowledge
- Gender diversity in line with target of 33% for non-executive directors

## People

- Focused on retaining, attracting and incentivising employees to deliver excellence for clients and thus shareholder outcomes
- Recently announced additional retention payments of approximately \$7.7 million to be paid to current employees with Employee Share Purchase Plan (ESPP) Loans, which will close out these loans for the vast majority of staff by September 2025
- New Employee Accountability and Alignment model to be implemented by 30 June 2024 to ensure employees are aligned to delivering shareholder outcomes and we establish Magellan as a home for exceptional talent
- Successful launch of new Magellan values – Our People... Put Clients First; Take Ownership; Are Authentic; Succeed Together

# Business Update



## Key Metrics

- Funds under management of A\$34.3 billion as at 31 October 2023
- Profit before tax and before performance fees of the Funds Management business of \$212.3 million in FY23
- Adjusted net profit after tax for the group of \$174.3 million in FY23
- Adjusted diluted earnings per share (EPS) of 95.5 cents per share in FY23
- Total ordinary and special dividends in FY23 of 116.7 cents per share (franked at 85%), comprising ordinary dividends of 86.7 cents per share and special dividend of 30.0 cents per share
- FY24 expense guidance of \$97.5-\$102.5 million for Funds Management business

## Financial Strength

- Strong balance sheet with \$945.3 million comprising cash, financial assets and investments in associates as at 30 June 2023<sup>1</sup> and no debt
- \$186.6 million net cash flow from operating activities in FY23
- Committed to disciplined capital management whilst recognising that our strong balance sheet provides strategic flexibility and optionality
- Will continue to review the company's capital requirements in line with objectives of ensuring capital efficiency and delivering attractive sustainable returns to shareholders

[1] Before final dividends and special dividends paid September 2023

# Business Update (cont.)



## Investment Performance

As at 31 October 2023	1 year (%)	5 Years (% p.a.)	Since Inception (% p.a.) <sup>1</sup>
<b>Magellan Global Fund</b>	12.46%	7.41%	10.43%
MSCI World NTR Index (\$A)	11.58%	10.74%	7.34%
Excess	0.88%	(3.33%)	3.09%
<b>Magellan Infrastructure Fund</b>	(3.73%)	2.23%	6.24%
Infrastructure Benchmark (\$A) <sup>2</sup>	(4.46%)	3.21%	4.45%
Excess	0.73%	(0.98%)	1.79%
<b>Airlie Australian Share Fund</b>	3.37%	9.83%	8.51%
S&P/ASX 200 Accum. Index	2.95%	7.18%	6.31%
Excess	0.42%	2.65%	2.20%

<sup>1</sup> Inception date for the Magellan Global Fund and Magellan Infrastructure Fund is 1 July 2007 and the inception date for Airlie Australian Share Fund is 1 June 2018.

<sup>2</sup> The 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.

# Magellan's DNA



## Magellan's DNA

- Magellan has a long history of innovation and entrepreneurial spirit as an organisation. For example:
  - One of the first fund managers in Australia to offer a Global Equities Strategy
  - Pioneering the launch of the Active ETF in 2015
  - Foundational investor in Barrenjoey Capital Partners
- This embedded culture of innovation and entrepreneurialism will play a critical role in our future growth

## Industry Opportunity

- Globally, the funds management industry has not substantially changed for many years
- Technology will disrupt the industry from investment processes to how we interact with clients and how funds management businesses operate
- Magellan has an opportunity to embrace its culture of innovation to take advantage of this changing landscape in funds management and provide intelligent solutions for our clients

# Strategic Vision



## Purpose & Ambitions

- Enduring role for active management in the industry
- Our purpose as an active fund manager is to:
  - Protect and grow the wealth of our clients; and
  - Invest in areas and allocate capital to businesses that build a better world for society and the planet we live in
- To be successful, we need to focus on being a client-led organisation
- Magellan should be the home for the best investment talent, which in turn, will allow us to deliver strong outcomes for our clients through outperformance

## Investing in Attractive Areas of Growth

- Build upon existing investment talent in the business through hiring the best talent in the market and acquiring investment boutiques – cultural alignment and strategic intent is key
- Look to attractive asset classes that can leverage our distribution and operational platform to deliver on client objectives and growth
- Be guided by global trends and opportunities, such as technology, disruption, social and demographic shifts, and climate change

# Immediate Priorities



## Clients

- Restore trust, confidence and value to Magellan's clients
- Develop proposal for Magellan Global Fund conversion of Closed Class Units into Open Class Units
- Sales effort on products that offer a compelling proposition to clients
- Build upon and deliver existing ESG commitments and objectives

## Colleagues

- Embed Magellan values into organisation
- Work with senior management team to implement best practices across whole organisation, and commit to continuous learning to ensure our people are at the forefront of the industry
- Align employee value proposition to client and shareholder outcomes through implementation of Employee Accountability and Alignment Model by 30 June 2024

## Capabilities

- Enhance global distribution footprint
- Acquire and incubate new strategies in attractive areas of the market, where we think our clients will be looking in 3 to 5 years' time
- Introduce Strategic Product Committee comprising senior leaders from distribution, investment and corporate
- Review governance structures
- Implement operational and investment efficiencies through technology

[www.magellangroup.com.au](http://www.magellangroup.com.au)  
Phone: +61 2 9235 4888

