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22 October 2024

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MAGELLAN FINANCIAL GROUP LTD
2024 AGM CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S ADDRESS

Please find attached the Executive Chairman's Address and Managing Director's Address for the 2024 Annual General Meeting of Magellan Financial Group Ltd.

Authorised by
Marcia Venegas | Company Secretary

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MAGELLAN FINANCIAL GROUP

ANNUAL GENERAL MEETING

22 October 2024

EXECUTIVE CHAIRMAN'S ADDRESS

Thank you for giving me the time to address you all today. I am pleased to report that since I presented to you at last year's AGM, we have made significant progress in restoring stability to the business for our clients, staff and shareholders.

An important part has been the successful implementation of our transitional leadership arrangements, with Sophia Rahmani commencing as Managing Director of our asset management business in May.

We have also resolved the share purchase plan loans for the vast majority our team and, in July this year, completed the conversion of the Magellan Global Fund Closed Class Units into Open Class Units, eradicating the discount between these two classes for our clients.

With these important matters behind us, we have been able to turn our attention to the future of Magellan and our forward-looking growth strategy as we continue our focus on delivering long term excellence to our clients.

We recognise that our clients have a choice of who they trust to manage and protect their wealth, so we were pleased to see FUM flows start to stabilise, with outflows slowing quarter on quarter over the 2024 financial year and funds under management at 30 September 2024 of $38.0 billion which is higher than our average funds under management for FY24 of $36.8 billion.

Whilst this has been supported by the strength of financial markets we have seen, it also reflects early signs of a turn in our FUM profile back towards growth, and has been underpinned by recent client wins. This was especially the case in the institutional channel where we saw inflows of approximately $0.6 billion in the fourth quarter of FY24 and further inflows in July 2024, demonstrating the renewed confidence new and existing institutional clients have in Magellan.

In 2024, the business generated over $19 million in performance fees, primarily a result of strong investment performance in the second half in our Global Equities strategy which returned over 15% in the period – the highest half yearly return since FY21.

Our focus remains on sustaining strong performance across all of our strategies consistently over the long term. This is critical to our ongoing success, adding value to our clients which will, in turn, add value to our shareholders.

Client engagement within our Global Equities and Infrastructure strategies has also improved and our Airlie business continues to go from strength to strength, building momentum with both retail and institutional clients.

We are also pleased with the continued growth of our Associates, with a positive contribution to our net profit after tax of $11.0 million versus a loss of $11.5 million in FY23 - a significant turn around year-on-year.

A major highlight in the year was our announcement in August that Magellan has entered into a strategic partnership with Vinva Investment Management, a high-quality systematic equities investment manager based in Australia.

This is an important development for the future of our business and highlights the embedded strength and attractiveness of our platform to leading investment firms and teams like Vinva. It also highlights the unique pathways available to Magellan for growth through either investment in stakes via our established Associates Business or via wholly owned opportunities.

Both pathways allow investment firms to access and benefit from our strong operations and extensive global distribution platform and demonstrate that Magellan can become a diversified financial service provider of choice and enhance the high-quality product offerings we bring to clients in doing so.

Financial Highlights

Turning now to our financial highlights. Magellan's financial results for the year demonstrated resilience and stability.

The Group's adjusted net profit after tax for the year was $177.9 million, representing a 2% increase on FY23.

While management fees were down 22% for the year at $257.9 million, the contribution from performance fees of $19.2 million, the highest since FY21, supported Group adjusted revenues.

We also saw a strong contribution from Associates, with our share of after-tax profits reaching $11.0 million, a significant increase on the $11.5 million loss of FY23.

In line with the increase in adjusted group net profit, our adjusted diluted earnings per share were also up 3% on FY23, to 98.2 cents per share.

The business maintains substantial financial strength in the form of our robust balance sheet, which as at 30 June comprises $912.2 million in net tangible assets and no debt.

This profitability, strong operating cashflows, and broader balance sheet strength allowed us to pay total dividends to shareholders of 65.1 cents per share.

Our Business

I would like to take a moment now to talk about the resilience and strength of Magellan's business, as it stands today.

Across all parts of the business we have a high-quality team, who are collaborative, dedicated and entrepreneurial. We have a client-first culture and are focused on delivering investment excellence to our clients.

Our operating business, Magellan Asset Management, is anchored by our investment capabilities across Global Equities, Infrastructure, Airlie and now Vinva. These investment capabilities are supported by our highly regarded distribution team, which services retail and institutional clients in Australia and New Zealand, the US, and across the rest of the world.

We have an impressive institutional grade platform, characterised by the culture of operational excellence and the efficiency and scalability of the platform. The platform also has depth with our mutual funds platform in the US and our UCITS platform in Europe. This is all underpinned by a strong risk management framework.

We also have significant inbuilt brand equity, in Australia and offshore, as well as widespread recognition of our strong investment capabilities, and continued value in the long-standing relationships of our people across the market.

Additionally, we also have our Associates – select minority investments in high quality businesses that we believe represent attractive growth areas for Magellan. Our Associates are comprised of Barrenjoey Capital Partners, a full-service Investment Bank, and FinClear Holdings, a provider of financial markets technology and infrastructure services and Vinva, a systematic equities fund manager that I would like to talk about now.

Vinva Investment Management

Turning to Magellan's strategic partnership with Vinva.

As I noted earlier this is a significant step forward in our strategy to diversify the business by attracting high quality investment teams to our business through aligned strategic partnerships that leverage the strong capabilities we already have in our organisation.

Our Strategic Partnership with Vinva represents the coming together of two culturally aligned businesses that are firmly focused on delivering for clients.

We see significant potential for our highly regarded distribution team to distribute Vinva's products to clients globally and to certain retail and wholesale clients in Australia, which we see as a key lever of future growth.

The team at Vinva, led by Managing Director and CIO, Morry Waked, are specialists in systematic equity strategies and have accumulated knowledge investing in global equity markets for over 30 years.

Their strategies are high-quality and insight-driven, investing in the Australian and global market across the risk spectrum, with their product suite including both long-only and long-short strategies. Vinva's investment process and business is underpinned by significant investment in their intellectual property which they continually evolve, as well as a very scalable business platform.

As you can see on this slide, performance in Vinva's key strategies is excellent with strong alpha generation across its Australian Equities and Global Equities strategies.

Since the date of our announcement to enter into a strategic partnership with Vinva, their funds under management has increased approximately $1.6 billion to $23.1 billion, with a leading position in Australian systematic equities, managing approximately $18.1 billion in these products, as well as a growing Global Equities business which currently manages approximately $5.0 billion of FUM and has significant runway for further growth. The majority of Vinva's existing FUM is from Australian based institutional clients.

From a financial perspective, Vinva is highly profitable, and we expect to see an immediate contribution to Magellan's share of after-tax profits from Associates, as well as dividends commencing from the 2025 financial year.

Partnering with Magellan on distribution, will allow Vinva to focus on what they do best, investing for and generating superior returns for clients whilst growing their client base outside of Australia and adding new investment products for existing and new clients.

We are pleased with the relationship that is developing between the teams at Magellan and Vinva, and today, announced the launch of new Vinva products that will be distributed by Magellan in Australia. Sophia will discuss this in more detail later in the presentation.

We envisage this relationship as one based on partnership, alignment and collaboration, where Magellan can bring not only our distribution capabilities, but also access to Magellan's expertise in product innovation, seed capital, and future opportunities for Vinva to leverage the operational excellence of Magellan's support functions.

Vinva is a great example of the high calibre teams and opportunities we can attract to our platform thanks to the quality of our brand, platform and distribution reach.

Other Associates

In addition to Vinva, the other main Associate investments we have are Barrenjoey Capital Partners and FinClear.

We are very pleased with the success Barrenjoey is seeing as it continues to grow market share and deliver strong financial results. As a reminder, Barrenjoey was established only four years ago, and so its achievements in this short period of time are outstanding. With all key businesses now established, Barrenjoey saw revenue growth across all businesses, particularly its Fixed Income business.

In FY24, this resulted in Barrenjoey delivering net profit after tax of $34.7 million, a result of record revenues that were up over 40% and disciplined cost management. The business maintains a strong capital position, well above minimum requirements with 4.89 times at year-end. The strong cash generation within the business has allowed all working capital facilities to be repaid.

Pleasingly the growth in earnings, cash generation and capital, has also allowed Barrenjoey to declare its first dividend totaling $11.0 million of which Magellan will receive its proportionate share.

In the 2024 financial year, FinClear's contribution to Magellan improved as result of revenue growth from a recovery in market trading volumes and contributions from new cash and FX solutions that target the changing needs of their broker clients. The business has a diverse client base with $160 billion of underlying client assets as at 30 September which positions them as a leading provider of financial markets infrastructure with long-term relationships across more than 250 wholesale intermediaries.

After a period of consolidation, they are now looking at cross-selling across their client base to generate revenue growth, and have made significant progress with the establishment of their innovative private company and fund platform, FCX, which expects to be fully operational later this year.

Governance Update

As I noted at last year's AGM, Governance has been a key priority under my Chairmanship.

The Board and I have been focussed on restoring Magellan as one of Australia's leading financial service providers.

A necessary step in setting up Magellan for the future was to ensure that we have the right leadership in place. As I mentioned at the start of my presentation, we have successfully implemented a transitional leadership structure with myself as Executive Chairman; and Sophia Rahmani as Managing Director of our main operating subsidiary, Magellan Asset Management.

We intend to appoint Sophia as Group CEO within 6 months at which point I will return to the role of Non-Executive Chair.

We have also completed the Board renewal process which commenced in November 2022 and was designed to bring a broad range of skillsets required for the future of Magellan.

Our Board renewal process has included my appointment initially as Non-Executive Chair and then as Executive Chair as well as the appointments of David Dixon, Deborah Page AM and Cathy Kovacs as non-executive directors.

Hamish McLennan is retiring from the Board of Magellan Financial Group Ltd at the conclusion of this meeting following nine years of service and we anticipate appointing a new non-executive director in the second half of 2025 after a further review of Board capabilities.

I would like to thank Hamish for 9 years of dedicated service as a non-executive director of Magellan, including stepping in as Non-Executive Chairman at an important time for the company.

Following Hamish's retirement, Deborah Page will be appointed to the position of Deputy Chair at the conclusion of today's AGM.

Remuneration Framework

As you are aware, resolving the Employee Share Purchase Plan legacy issues and finalising and launching our new remuneration framework have been keen key priorities over the past year.

To resolve the share purchase loans held by our staff, we announced additional retention payments in October last year. During the year we saw the total loan balance of current employee loans reduce by 42%, which was reduced further with the retention payments made in September this year. We anticipate that the majority of loans of current employees will close out by September 2025.

The second step has been the design, structure and implementation of our new equity-based remuneration framework for key management personnel and senior management which we announced details of in our Annual Report.

The new remuneration was designed and structured incorporating feedback from shareholders, proxy advisers and our staff. It is comprised of both short-term and long-term components and outcomes based on both qualitative and quantitative measures for key management personnel and senior management from the 2025 financial year.

I believe the new framework sets a strong foundation for the future by incentivising, motivating and retaining our high-quality team and aligning their success to that of our clients and shareholders. Importantly, it addresses the feedback we received from various stakeholders.

You can see on this slide that the new Managing Director's fixed remuneration is set at $850,000, significantly less than the previous CEO and we propose undertaking further benchmarking upon Sophia's formal appointment to the CEO role.

More broadly for the Senior Management Team (including Executive KMPs) we have introduced, from FY25, specific financial and non-financial measures, aligned with our strategy and values. These include:

- financial hurdles relating to Net-Profit After Tax; Earnings Per Share; Investment Performance; FUM Flows, and;
- non-financial metrics relating to People & Culture; Clients; Growth & Risk; Regulatory Management; and ESG.

In terms of the STI entitlements we have increased the deferred proportion for the Executive KMPs as well as other senior managers from 35% to 50% and will deliver these entitlements as restricted equity as opposed to the previous cash entitlements. In terms of FY25 these will vest in 2 equal instalments over two years, increasing to three years from FY26.

We have also introduced a new LTI plan, comprising a three-year performance period and relative TSR performance measure assessed against a group of asset/funds management peers listed on the ASX. This is structured so that there is 0% vesting if our ranking is below the 50th percentile; 50% vesting at the 50th percentile; and 100% vesting at or above the 75th percentile. Board discretion is retained if hurdles are met but payment of entitlements is not in the interest of shareholders.

I can also confirm that no further cash retention awards were provided to Executive KMP or former Executive KMP in FY24, except for current or former KMPs who had an outstanding Employee share loan as part of our firm wide plan to address participants' loan shortfalls.

For broader staff, we have introduced a one-off equity grant of $5,000, in the form of performance rights, as well as an equity matching plan offer to encourage & increase employee share ownership. I was pleased with the number of staff who took up this.

Capital Management Position

Turning now to our capital management position.

We continue to maintain a strong balance sheet and capital base which has provided important protection for the business against the challenges faced in recent years.

If we look to our balance sheet, at 30 June 2024, we had liquid assets of $694 million, comprising cash of $323 million and net fund investments of $371 million.

Following our investment in Vinva, which was funded from existing cash reserves, our cash reserves have decreased by $139 million since the period end.

In September we paid the Final Dividend and Performance Fee Dividend and bonuses to our team.

We continue to deliver strong distributions to our shareholders, as demonstrated by our dividend payments, and our ongoing share buyback program. Our dividend policy remains unchanged, allowing us to continue to pay attractive dividends to shareholders and our on-market share buyback program was extended to April 2025. To date we have bought back approximately 7 million shares since inception of the buyback of which approximately 2 million were bought back in August and September this year at an average purchase price of $9.23.

Taking into account cash movements since 30 June, Magellan's liquid assets positions as at 30 September 2024 is $501 million, comprising cash of $136 million and net fund investments of $365 million.

As I outlined at our Full Year Results in August, as we think about our forward capital requirements, the Board has regard for this capital across a number of uses. As you would expect, we have corporate requirements, which include regulatory capital and capital reserved for commitments and operational risk purposes.

In addition, we maintain a proportion for seed capital, which we think of as capital required to develop and support the growth of funds and strategies on our platform while they begin investing and attracting flows. Looking over the next 12 months we consider our Seed Capital requirements to be approximately $50 million, and have recently approved the addition of $20 million to our Airlie Small Companies Fund following a successful national roadshow as well as an exceptional start to performance since launch in April 2023.

Taking all this together it leaves us with approximately $351 million of Strategic Capital & Stability Buffer.

Our strong capital position has protected the business from the challenges faced in recent years and gives clients the confidence that Magellan has the financial strength and capacity to provide the service level they expect. It also provides shareholders comfort that we will not be driven by short-term decision making and will continue to focus on creating long-term shareholder value. Over time, we anticipate the business will require a lower level of protection.

Importantly, this capital also plays a pivotal role in realising our strategic objectives, which includes continuing to assess strategic growth opportunities for the business, as demonstrated by the strategic partnership with Vinva.

The Board continues to assess strategic growth opportunities, balanced with an active review of capital management and we intend to update shareholders in February 2025 of any proposed changes to our capital management position.

Summary

While we acknowledge the journey ahead, we are encouraged with the progress we are making and believe our business is strategically poised for future growth and to deliver returns for shareholders as a result of the steps we have taken over the past year.

We have strengthened Magellan's governance with completion of our Board renewal program and we now have a highly qualified, focussed and stable Board. We have improved FUM flows, positioning us well for future growth and we have in place a high-quality team across the business which we are looking to expand. Coupled with our institutional grade platform, strong brand and highly regarded distribution function we have significant opportunities to expand capabilities further and leverage growth opportunities both locally and globally that will enable us to diversify our revenue streams.

Our profitable business and financial strength provide us with the firepower to execute on our growth agenda whilst continuing to generate strong cashflows that support the generation of attractive dividends to shareholders.

MAGELLAN FINANCIAL GROUP

ANNUAL GENERAL MEETING

22 October 2024

MANAGING DIRECTOR'S ADDRESS

Thank you, Andrew, for the warm welcome.

It is my absolute pleasure to be speaking to shareholders today and to provide an update on our business.

Funds Under Management

I will start by walking through the movements in funds under management for the year, before turning to the strength of Magellan's platform and distribution reach, and our efforts to execute on the strategic partnership with Vinva.

We concluded the financial year with funds under management of $36.6 billion. The reduction in FUM over the course of the year was driven by net outflows of $5.9 billion and $0.5 billion of distributions, offset by positive investment returns of $3.3 billion. It is noteworthy that the rate of net outflows slowed half on half across our retail and institutional channels, generally with consistent improvements each quarter.

In our retail channel, we continue to see strong momentum with Airlie who just completed a very successful national roadshow attended by nearly 600 advisers. We have received excellent feedback from clients and in 12 months to June 2024, the Airlie Australian Share Fund was in the top 10 of all Australian equity funds for flows.

It is also worth exploring some of the one-off impacts connected with the Magellan Global Fund conversion. In Q3 FY24, we saw retail outflows partly offset by the exercise of MGF Options prior to their expiry on 1 March 2024. The effect of the exercise of the options, where holders benefitted from the 7.5% discount to net asset value at that time, was approximately $0.3 billion of inflows during that period. We completed the conversion in late July and as expected, experienced elevated outflows in Q1 FY25 as a result of that, outflows which were primarily driven by a small number of specialist investors redeeming post conversion, which contributed to a net retail outflow for Q1 of $1.8 billion. We expect the second quarter to be more reflective of the underlying business given the one-off nature of the impacts of the conversion.

We continue to see interest and support for our Global Equity and Global Infrastructure products within their existing client base, and had over 800 adviser attendees to the national roadshow in March. This demonstrates the strong following we have for these strategies, from which we can build.

Institutional client flows are trending in the right direction, and it was encouraging to see positive institutional net flows of $0.6 billion in Q4 FY24 and $0.8 billion in Q1 FY25. These flows came from a win in our Infrastructure business and Airlie securing mandates of $1.4 billion in July. While institutional flows tend to be lumpy, these successes are reflective of the positive momentum we are seeing in the business and the relationships we have with our existing and new institutional clients.

At 30 September 2024, FUM had grown to $38.0 billion and is well-balanced across both asset classes and distribution channels.

Platform Strength

With $38.0 billion of FUM, and a diverse mix of retail and institutional clients globally, Magellan continues to be a prominent financial service provider of scale.

The team is high-quality, with experienced investment personnel, a client-led culture and dedicated teams across the business focussed on delivering investment and operational excellence to our clients. Notably, by demonstrating leading practice in our commitment to responsible investing, Magellan was recognised as a Responsible Investment Leader in 2024 by the Responsible Investment Association Australasia.

We have an institutional grade platform, characterised by its highly regarded distribution function, and high-quality non-investment functions.

Importantly, the continued strength of Magellan's brand amongst clients, consultants and other stakeholders has been evident across the many discussions I have had. We have significant inbuilt brand equity, global awareness and recognition of our investment capabilities, with deep and long-standing relationships across the market.

It is these characteristics that have made Magellan an attractive partner for Vinva, and we now have an exciting opportunity to build on the progress made to date, to bring high quality investment capabilities to our clients, which will ultimately benefit our shareholders.

Distribution Footprint

Turning to our distribution capabilities.

Magellan's distribution platform stands out as a significant asset, characterised by the team's extensive global relationships and reach into major markets.

We have a collaborative, highly experienced and tenured 26-member team with proven ability and a track record of successfully incubating, launching and growing new funds such as the Airlie Australian Share Fund.

For our retail clients in Australia and New Zealand, the team has end-to-end coverage of the retail service model, with dedicated teams to manage adviser, research house and platform relationships.

Importantly, this domestic distribution capability is well positioned to adapt and benefit from the changing industry landscape thanks to its size, widespread geographic coverage in all major Australian cities, and connectivity across the market.

Our accomplished institutional distribution team has strong relationships and access to global investors and consultants as well as enduring relationships with major local institutions.

Internationally we see the U.S. as a key growth market given its size and scale. We are well-placed to strategically leverage and capitalise on our existing distribution infrastructure to penetrate this large market across retail and institutional channels. We are also actively exploring opportunities to deploy capital into expanding the platform's capabilities further, particularly in the retail market.

With our strategic partnership with Vinva, we have a significant opportunity to distribute Vinva's strong performing, innovative systematic equities products to this market and drive growth over time.

Shifting focus now to our rest of world institutional distribution capabilities, which span the UK, Europe, the Middle East and Asia. These markets are covered by Magellan's experienced distribution team, with many strong client relationships. We are looking to continue to invest in our distribution team to cover these markets, as we continue to uncover new distribution opportunities in an increasing number of localities.

Our distribution capabilities remain a key strength of our business, and are a key attraction for high quality investment managers. This is an area of the business we will continue to invest in.

Vinva Mobilisation

Taking a deeper dive into our mobilisation of the Vinva strategic partnership.

Since announcing Magellan's partnership with Vinva we have been working closely with the Vinva team across our business, including to develop an initial product range that will bring Vinva's systematic investment capabilities and its track record of delivering strong investment performance to the Australian retail market.

I am pleased to announce that today we have launched two new Vinva products for the Australian market: the Vinva Australian Equity Fund and the Vinva Global Equity Fund, both of which are long-only systematic equity strategies.

Shortly, we will also launch a third fund: the Vinva Australian Alpha Extension Fund, which is a 130:30 long-short strategy that we hope to make available in November.

Each of these funds provides retail and wholesale investors access to Vinva's investment capabilities and are in areas where we see significant client demand. For those in attendance today, please connect with representatives from Magellan's distribution team and Vinva who are set-up outside to learn more about these new funds.

Our focus for the remainder of FY25 will be to expand on the distribution of these funds across the Australian market, develop second phase funds, which will include a global long-short strategy, and to continue to work with our Distribution teams to open up distribution for Vinva strategies in North America and the rest of the world.

I look forward to updating you on our progress over the next 12 months.

FY25 Priorities

Before I hand back to the Chairman, I'd like to talk about our priorities for the year ahead across our three foundational pillars: Colleagues, Clients and Capabilities.

Within colleagues, we have commenced implementing our new remuneration framework, which is being rolled out to our staff and executive team. We continue to focus on providing targeted training and development to our team, which alongside other holistic well-being initiatives, are aimed at delivering improved employee engagement and performance across the business. We are also adding to our executive team to support the renewed organisational structure and priorities.

We, of course, remain highly focused on delivering outstanding outcomes for our clients and to do so, we must deliver strong investment performance across all our strategies. We are excited about the prospect of broadening our presence in the US market and across the distribution team globally, which represent a significant growth opportunity in coming years.

Finally, a key focus of our attention in the near-term will be the distribution of Vinva's investment products to our client base.

A review of our corporate structure and governance processes is also on the agenda to ensure we are organised effectively and continue to consider what is best practice for our business.

I will now handback to the Chairman.