

13 August 2019

 ASX Limited
 ASX Market Announcements Office
 Exchange Centre
 20 Bridge Street
 SYDNEY NSW 2000

Magellan Financial Group Limited
Full year results for the period ended 30 June 2019

- **Average funds under management up 28% to \$75.8 billion**
- **Adjusted net profit after tax up 35% to \$364.2 million**
- **111.4 cents per share dividend declared for six months to 30 June 2019, up 24%**
- **Total dividends for the year up 38% to 185.2 cents per share**
- **Announces launch of Magellan High Conviction Trust**
- **Announces \$275 million institutional share placement**

Magellan Financial Group Limited ("Magellan") today announced adjusted after-tax net profit¹ increased by 35% to \$364.2 million for the 12 months to 30 June 2019. For the six months to 30 June 2019, the board has a declared a dividend of 111.4 cents per share (franked at 75%), comprising a final dividend of 78.0 cents per share and a performance fee dividend of 33.4 cents per share. The final and performance fee dividends will be payable to shareholders on 29 August 2019 in accordance with our policy to pay dividends promptly. Total dividends for the 2019 financial year increased by 38% to 185.2 cents per share.

Results summary	FY2019	FY2018	Change
Average funds under management (\$ billions)	75.8	59.0	28%
Net profit after tax (\$ millions)	376.9	211.8	78%
Adjusted net profit after tax (\$ millions)	364.2	268.9	35%
Diluted earnings per share (cents per share)	213.1	122.0	75%
Adjusted diluted earnings per share (cents per share)	205.9	154.9	33%
Total dividends (cents per share)	185.2	134.5	38%

Brett Cairns, CEO, said: "It has been a successful year for Magellan. Strong investment performance has led to a 28% increase in average funds under management and as at 30 June 2019, Magellan managed \$86.7 billion on behalf of our clients. Strong growth in average funds under management led to a 22% increase in management and services fees to \$472.5 million and a 35% increase in adjusted net profit after tax to \$364.2 million."

¹ Adjusted for non-cash items (amortisation expense and unrealised gains/losses on Principal Investments) and transaction costs related to strategic initiatives (including Magellan Global Trust net offer costs, Magellan Global Trust UPP costs and Magellan Global Trust DRP discount funding costs (current year only)).

Launch of Magellan High Conviction Trust

Magellan also today announced the initial public offering of the Magellan High Conviction Trust, an ASX-listed investment trust ("Offer"). The Magellan High Conviction Trust will invest in Magellan's eight to 12 best ideas and will replicate a proven investment strategy that has returned 16.6% per annum net of fees since inception on 1 July 2013 to 31 July 2019².

The Offer will proceed via a priority offer to underlying investors in Magellan, the Magellan Global Trust and the Magellan High Conviction Fund and a wholesale/general public offer. Under the priority offer and subject to the terms of the Offer, eligible applicants can apply for up to \$50,000 of units and may receive a loyalty reward of additional units ("Loyalty Units") worth 7.5% of the value of the units allotted to them under the priority offer. In addition, applicants under the wholesale/general public offer may receive additional units ("IPO Foundation Units") worth 2.5% of the value of the units allotted to them.

The one-off costs of these Loyalty Units and IPO Foundation Units and all costs of the Offer will be paid for by Magellan.

Brett Cairns, CEO, said today: "We are excited about making Magellan's High Conviction strategy available to investors via an ASX-listed investment trust. The strategy has an outstanding track record having delivered 16.6% per annum net of fees since its inception over 6 years ago and I believe it is a high quality option for investors seeking global diversification."

Magellan is not appointing a broker syndicate and is not paying any fees or commissions to brokers or advisers to handle the raising.

Hamish Douglass, Magellan's Chairman and Chief Investment Officer, said today: "We are addressing potential concerns regarding conflicted remuneration by proceeding without appointing a broker syndicate or paying any fees or commissions to any brokers or advisers to handle the Offer. Instead, Magellan is offering directly to investors who subscribe for units in the Offer the right to receive additional units worth either 7.5% or 2.5% of their allotment depending if they subscribe under the priority offer or wholesale/general public offer. The full cost of the additional units and costs of the Offer will be borne by Magellan. We hope that investors will find the Offer attractive."

"We believe the unique Offer structure is a win-win outcome for investors that participate in the raising and for Magellan shareholders. Investors will receive valuable additional units in the Magellan High Conviction Trust and Magellan will generate an attractive return on its investment from funding these benefits. This follows the successful raising of the Magellan Global Trust in October 2017 and is consistent with our partnership approach. Focusing on our clients and delivering on our investment objectives will ultimately lead to strong financial outcomes for our shareholders."

"I intend to take up my priority offer and, in addition, to subscribe for \$20 million worth of units under the wholesale offer."

More information about the Magellan High Conviction Trust and the Offer can be found in the ASX Announcement dated 13 August 2019.

Institutional Share Placement of Magellan Financial Group ordinary shares

Magellan also today announced that it is undertaking a fully underwritten institutional placement to raise \$275 million ("Placement"). The Placement will comprise an issue of 4.98 million new Magellan ordinary shares ("New Shares") at a price of \$55.20 per share. The New Shares to be issued represent approximately 2.7% of Magellan's expanded issued capital.

² Past performance is not necessarily an indicator of future performance

The Placement issue price of \$55.20 represents a:

- 6.0% discount to the dividend adjusted last traded share price of \$58.72 on Monday, 12 August; and
- 4.5% discount to the dividend adjusted five-day VWAP of \$57.78 on Monday, 12 August.

New Shares issued under the Placement will rank equally with existing Magellan ordinary shares from the date of issue. As New Shares will be allotted after the record date for the final and performance fee dividends, New Shares will not carry an entitlement to these dividends.

Funds raised under the Placement will be used to meet the expected costs associated with the Magellan High Conviction Trust initial public offering, approximately \$50 million to support a new retirement product which is currently under development, seed other investment strategies and to strengthen Magellan's balance sheet to provide significant flexibility to continue to invest in future growth opportunities.

Hamish Douglass, Chairman stated: "The \$275 million placement will strengthen Magellan's balance sheet and will provide us with significant flexibility to continue to invest in growth opportunities. Every dollar we pay upfront to people investing additional capital into ASX listed funds like the Magellan Global Trust or the Magellan High Conviction Trust has resulted in materially more than two dollars of shareholder value to date. We have only scratched the tip of an iceberg on the potential of our partnership thinking and I would envisage us making more investments in the future."

Indicative timetable

Event	Date (2019)
Trading halt and announcement of the Placement	Tuesday, 13 August
Placement bookbuild	Tuesday, 13 August
Announcement of the outcome of the Placement	Wednesday, 14 August
Trading halt lifted	Wednesday, 14 August
Settlement of New Shares	Monday, 19 August
Allotment and normal trading of New Shares	Tuesday, 20 August

No shareholder approval is required for the Placement, as the issue of New Shares is within Magellan's existing placement capacity under ASX Listing Rule 7.1.

Further information in relation to the Placement can be found in Magellan's 2019 Results Presentation, released on the ASX announcement platform today.

Magellan's shares will remain in a trading halt today while the Placement is conducted. Normal trading in Magellan shares is expected to resume on 14 August 2019.

Macquarie Capital (Australia) Limited is acting as Sole Lead Manager, Bookrunner and Underwriter of the Placement.

About Magellan

Magellan Financial Group is a specialist funds management business established in 2006 and based in Sydney, Australia. Magellan's core operating subsidiary, Magellan Asset Management Limited, manages approximately \$90 billion of funds under management at 31 July 2019 across its global equities, global listed infrastructure and Australian equities strategies for retail, high net worth and institutional investors and employs over 120 staff globally. Magellan is listed on the Australian Securities Exchange (ASX Code: MFG) and has a market capitalisation of approximately \$10 billion. Further information can be obtained from www.magellangroup.com.au.

Important information

Units in the Magellan High Conviction Trust (the "Trust") are to be issued by Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946, AFS Licence No 304 301) as responsible entity for the Trust. The Offer for Units in the Trust will only be made to eligible investors in either Australia or New Zealand. MAM may vary the timing and the terms of, or withdraw the offer for Units in the Trust at any time. No person guarantees the future performance of the Trust, the amount or timing of any return from the Trust, or that the investment objectives of the Trust will be achieved. This statement has been provided for general information purposes and must not be construed as investment advice. It does not take into account the investment objectives, financial situation or particular needs of any particular person. Investors should consider the obtaining professional investment advice tailored to their specific circumstances and should consider the PDS for the Trust in deciding whether to participate in the offer for Units in the Trust or continue to hold Units in the Trust. The PDS can be found at www.magellanhighconvictiontrust.com.au.

This announcement has been prepared for release in Australia. It does not constitute an offer to sell, or the solicitation of an offer to buy, any securities of Magellan Financial Group Limited ("Magellan"), including the New Shares, or any securities, including any units, in the Magellan High Conviction Trust (the "Trust"), in the United States or in any jurisdiction in which such an offer would be illegal. None of the New Shares being offered and sold under the Placement have been, or will be, registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act"), or under the securities laws of any state or other jurisdiction of the United States, and none of the New Shares may be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States. In addition, none of the units in the Trust have been, or will be, registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and none of such units may be offered or sold, directly or indirectly, in the United States.

For further information, please contact:

Sarah Thorne
Investor Relations
+61 2 9235 4844

Marcia Venegas
Company Secretary
+61 2 9235 4897

Lucy Briggs
Media Relations
+61 2 9235 4824