

Notice of 2019 Annual General Meeting

Notice is hereby given that the Annual General Meeting ("AGM") of Magellan Financial Group Limited ("Company") will be held in the offices of Magellan Financial Group Limited, MLC Centre, Level 36, 19 Martin Place, Sydney, New South Wales on Thursday, 24 October 2019, at 10:00am AEDT.

BUSINESS:

1. Financial Statements

To receive and consider the Financial Reports, Directors' Report and Auditor's Report of the Company for the year ended 30 June 2019.

2. Remuneration Report

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"To adopt the Remuneration Report of the Company for the year ended 30 June 2019."

3. Re-Election of Directors

To consider, and if thought fit, to pass the following resolutions as **ordinary resolutions**:

(a) Re-Election of Hamish Douglass

"That Hamish Macquarie Douglass, a Director retiring by rotation in accordance with Article 47(a) of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, is re-elected as a Director of Magellan Financial Group Limited"

(b) Re-Election of Hamish McLennan

"That Hamish Roy McLennan, a Director retiring by rotation in accordance with Article 47(a) of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, is re-elected as a Director of Magellan Financial Group Limited"

4. Equity Issue and provision of Related Party Benefit to Director and Chief Executive Officer, Dr Brett Cairns

To consider, and if thought fit, to pass the following resolutions as **ordinary resolutions**:

(a) Issuance of Share Purchase Plan ("SPP") Shares to Director and Chief Executive Officer, Dr Brett Cairns

"That subject to and conditional on the approval of Resolution 4(b), for the purposes of ASX Listing Rule 10.14, the issue of shares in the Company to a maximum total value of \$5,000,000 to Dr Brett Cairns under the SPP on the terms set out in the Explanatory Notes be approved."

(b) Approval of Related Party Benefit to Dr Brett Cairns

"That subject to and conditional on the approval of Resolution 4(a), for the purpose of Section 208 of the Corporations Act 2001 (Cth), the provision of a financial benefit in the form of the provision of a \$5,000,000 interest free, full recourse loan by the Company under the SPP to Dr Brett Cairns on the terms set out in the Explanatory Notes be approved."

5. Questions and Comments

Shareholders will be given a reasonable opportunity to ask questions about or comment on the Company's activities and the audit of the Company.

GENERAL INFORMATION

Voting Entitlements

The Company has determined in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that for the purposes of the AGM (including voting), shares will be taken to be held by those persons recorded in the Company's register as at 7:00pm AEDT on Tuesday, 22 October 2019.

Proxies

A shareholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies, who need not be members of the Company. Where more than one proxy is appointed, each proxy should be appointed to represent a specified percentage or specified number of the shareholder's voting rights. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half the votes. Fractions of votes will be disregarded.

A Proxy Form accompanies this Notice of AGM. To be valid, online proxy voting or the completed Proxy Form must be submitted at least 48 hours before the time for holding the meeting (i.e. by no later than 10:00am AEDT on Tuesday, 22 October 2019) using one of the following methods:

- **Vote Online** at:
www.votingonline.com.au/mfgagm2019
- **Deliver** the Proxy Form to the office of the Company's Share Registry, Boardroom Pty Limited, Level 12, Grosvenor Place, 225 George Street, Sydney NSW 2000;

- **Mail** the Proxy Form to Boardroom Pty Limited, GPO Box 3993, Sydney, NSW 2001 Australia; or
- **Fax** the Proxy Form to +61 2 9290 9655.

Further directions for the proper completion of the Proxy Form are set out in the Proxy Form.

Voting by Attorney

A shareholder entitled to attend and vote at the AGM may appoint an attorney to vote at the AGM. Attorneys should bring an original or certified copy of the Power of Attorney to the AGM.

Corporations

A corporation that is a shareholder or a proxy may elect to appoint a representative in accordance with the *Corporations Act 2001* (Cth) ("Corporations Act"), in which case the Company will require written proof of the representative's appointment, which must be lodged with or presented to the Company before the commencement of the AGM.

Registration

If you are attending the AGM in person, please bring the personalised Proxy Form enclosed with this Notice of AGM with you to facilitate registration. If you do not bring the Proxy Form with you, you will still be able to attend the AGM, but at registration, our representatives will need to verify your identity. Registration will be available from 9:30am AEDT on the day of the AGM.

By order of the Board



Marcia Venegas
Company Secretary
24 September 2019

ENCLOSURES

Enclosed with this Notice of AGM are:

- your personalised Proxy Form;
- AGM Question Form; and
- the Company's 2019 Annual Report (only for those shareholders that previously elected to receive a printed copy of the Annual Report).

Shareholders that did not elect to receive a printed copy of the Annual Report can access the Annual Report from the Company's website at: www.magellangroup.com.au

EXPLANATORY NOTES

These Explanatory Notes have been included to provide information about the items of business to be considered at the Company's AGM to be held on Thursday, 24 October 2019 at 10:00am AEDT.

1. Financial Statements

As required by section 317 of the Corporations Act, the Company's Financial Reports, Directors' Report and Auditor's Report will be presented for consideration. No resolution is required for this item, but shareholders will be given the opportunity to ask questions and to make comments on all aspects of these reports.

2. Remuneration Report

A resolution for the adoption of the Remuneration Report must be considered and voted on in accordance with section 250R(2) of the Corporations Act.

The Remuneration Report forms part of the Directors' Report of the Company's Annual Report. The Remuneration Report details the remuneration arrangements for the key management personnel ("KMP") (who comprise the Directors and group executives as disclosed in the Remuneration Report). The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Directors' recommendation

The Board recommends that shareholders vote in favour of the adoption of the Remuneration Report.

Subject to the voting exclusion statement below, the Chairman of the Meeting intends to vote all undirected proxies in favour of the adoption of the Remuneration Report.

Voting exclusion statement

The Company will disregard any votes cast on Resolution 2 by, or on behalf of:

- a member of the KMP, as disclosed in the Remuneration Report; and
- their closely related parties,

unless the vote is cast:

- by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman

sees fit, even though the resolution is connected directly or indirectly with the remuneration of a member of the Company's KMP.

3. Re-Election of Directors

3 (a) Re-Election of Hamish Douglass

Hamish Douglass retires in accordance with Article 47(a) of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election as a Director. Mr Douglass was originally appointed to the Board on 21 November 2006 and, as Chief Executive Officer of Magellan Financial Group Limited until 4 October 2018, was previously exempt from re-election pursuant to Article 47(e) of the Company's Constitution.

Mr Douglass is the Co-Founder, Chairman and Chief Investment Officer of Magellan Financial Group Limited, and Lead Portfolio Manager of Magellan's Global Equity strategies.

Mr Douglass is a former member of the Australian Government's Foreign Investment Review Board (FIRB), the Australian Government's Financial Literacy Board, former Acting President of the Australian Government's Takeovers Panel and former Co-Head of Global Banking at Deutsche Bank, Australasia. Mr Douglass is a Director of the Victor Chang Cardiac Research Institute.

Having regard to the executive roles previously and currently held by Mr Douglass, the Board considers that Mr Douglass is not independent.

The Board supports Mr Douglass' re-election as it considers that the executive roles performed by Mr Douglass and his extensive industry experience enable him to continue to provide valuable direction to the Board.

Directors' recommendation

Following an assessment of Mr Douglass' performance, the Board (with Mr Douglass abstaining) recommends the re-election of Mr Douglass.

The Chairman of the Meeting intends to vote undirected proxies in favour of the re-election of Mr Douglass.

3 (b) Re-Election of Hamish McLennan

Hamish McLennan retires in accordance with Article 47(a) of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election. Mr McLennan was originally appointed to the Board on 1 March 2016 and elected at the AGM on 13 October 2016. Mr McLennan is a member of the Audit and Risk Committee and the Remuneration and Nominations Committee and was appointed Deputy Chairman of the Company on 5 June 2019.

Mr McLennan has over 30 years' experience in the media industry. He is currently Chairman of REA Group Limited (appointed to the Board 21 February 2012 and Chairman since 10 April 2012), a global online real estate advertising company, and Chairman of HT&E Limited (appointed 30 October 2018), an Australian media and entertainment company. He was previously Executive Vice President, Office of the Chairman, News Corporation, and Global Chairman and CEO of Young & Rubicam (Y&R) in New York, part of WPP, the world's largest communications services group. Mr

McLennan joined Young & Rubicam in 2002 as Chairman and CEO of Y&R Brands Australia/New Zealand, one of the largest marketing services groups in Australasia, and led the firm's global business operations from 2006 to 2011. He was also previously Executive Chairman and Chief Executive Officer (March 2014 to July 2015) and Chief Executive Officer and Managing Director (February 2013 to March 2014) of Australian media company Ten Network Holdings Limited. He has previously served on the Boards of Directors for the United Negro College Fund (UNCF) and the US Ad Council.

The Board considers that Mr McLennan is independent.

The Board supports Mr McLennan's re-election as it considers that Mr McLennan's broad media experience together with his business leadership experience deepens the Board's existing skills and expertise.

Directors' recommendation

Following an assessment of Mr McLennan's performance, the Board (with Mr McLennan abstaining) recommends the re-election of Mr McLennan.

The Chairman of the Meeting intends to vote undirected proxies in favour of the re-election of Mr McLennan.

4. Equity Issue and provision of Related Party Benefit to Director and Chief Executive Officer, Dr Brett Cairns

As a result of Dr Cairns' appointment to the role of Chief Executive Officer in October 2018, the Board determined it was appropriate to review Dr Cairns' remuneration structure. The revised remuneration structure is detailed in the ASX announcement dated 15 July 2019 and also outlined in the 2019 Remuneration Report. As part of the revised remuneration structure, the Board has invited Dr Cairns to participate in the Company's SPP via a one-off offer of fully paid ordinary shares in the Company in the amount of \$5,000,000, which will be acquired pursuant to a \$5,000,000 full recourse, interest free loan, repayable within 10 years. The SPP is a core part of the Company's remuneration philosophy to encourage Directors and employees to think and act like long-term owners of the Company. The following resolutions relate to the required shareholder approvals for the offer and issuance of shares to Dr Cairns under the SPP and the provision of the associated loan.

Resolutions 4(a) and 4(b) are inter-conditional, which means that if both resolutions are not passed, the issue of the SPP shares, and the provision of the loan, to Dr Cairns will not proceed.

4 (a) Issuance of SPP Shares to Director and Chief Executive Officer, Dr Brett Cairns

The Company intends to make a once only issue of SPP shares under the SPP to Dr Cairns or to a legal entity that is controlled by him, the obligations of such entity to be guaranteed by Dr Cairns.

ASX Listing Rule 10.14 prevents Directors or their associates from acquiring shares under an employee incentive scheme unless the acquisition is approved by shareholders. In circumstances where such shareholder approval is given under ASX Listing Rule 10.14, approval under ASX Listing Rule 7.1 is not required.

4 (b) Approval of Related Party Benefit to Dr Cairns

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties of a public company. Section 208 of the Corporations Act permits a public company to give a financial benefit to a related party of that public company if shareholders of the public company have approved the giving of that financial benefit to the related party.

The provision of a \$5,000,000 full recourse, interest free loan to Dr Cairns under the SPP is considered to be the provision by the Company of a financial benefit to a related party.

The information below relating to resolutions 4(a) and 4(b) is provided in accordance with ASX Listing Rule 10.15, section 219 of the Corporations Act and corresponding ASIC guidance:

For the purposes of ASX Listing Rule 10.15, the Company notes the following.

- The SPP shares may be issued directly to Dr Cairns, a Director of the Company, or to an entity controlled by Dr Cairns.
- The maximum number of SPP shares to be offered to Dr Cairns will be \$5,000,000 divided by the issue price of the SPP shares (see below).
- The issue price for the SPP shares to be issued to Dr Cairns will be the market value of the SPP shares (as defined in Division 83A of the Income Tax Assessment Act 1997) at the issue date. This will be calculated using the volume weighted average price of traded shares in the Company over the five business days prior to the offer date. To illustrate the application of the formula, based on the closing market price at 3 September 2019 of \$50.56, Dr Cairns would be offered a maximum of 98,892 shares in the Company.
- Since the shareholder approval on 12 October 2017 (being the date of the last approval in connection with the SPP), Mr John Eales was issued with 53,354 SPP shares at a subscription price of \$24.99 per share.
- Aside from participating employees, Non-Executive Directors are permitted to participate in the SPP including, Mr Hamish McLennan, Mr Robert Fraser, Mr John Eales, Mr Paul Lewis and Ms Karen Phin.
- A voting exclusion statement applies to these resolutions as described below.
- The loan that is applicable to the acquisition of the SPP shares by Dr Cairns has the following terms.
 - a. The amount of the loan is up to \$5,000,000.
 - b. The loan is full recourse and interest free.
 - c. Dr Cairns will be required to repay the loan by no later than the tenth anniversary of the provision of the loan. In the case of any person who is a Director or employee of the Company, the SPP rules also require repayment of the loan where the person ceases to be a Director or an employee.
 - d. A holding lock will be placed on the SPP shares until the loan has been fully repaid.
 - e. 100% of Dr Cairns' variable remuneration (net of tax) will be applied to repay the loan until the loan has been fully repaid.
 - f. Dividends on the SPP shares will be applied to repay the loan until the loan has been fully repaid.
- The SPP shares will be issued no later than 12 months from the date of the meeting.

For the purposes of section 219 of the Corporations Act, the Company notes the following.

- If Resolution 4(b) is approved, it would permit Dr Cairns, a related party of the Company, to be given a financial benefit.
- The nature of the financial benefit is in the form of a \$5,000,000 full recourse, interest free loan, the terms of which are described above.
- The Company's Directors (with Dr Cairns abstaining) recommend the adoption of this resolution as they consider that the provision of the loan for Dr Cairns to acquire equity in the Company will serve to maintain the close alignment of Dr Cairns' interests with the long term interests of the Company's shareholders.
- In relation to the Directors making the recommendation above, they have no direct interest in the outcome of Resolution 4(b). As noted above, Directors are eligible to participate in the SPP.
- For the financial year ending June 2020, Dr Cairns will receive fixed annual remuneration of \$1,545,000 and be eligible to receive variable remuneration of up to 50% of fixed remuneration based on performance metrics set by the Company's Board.
- If the maximum number of SPP shares were issued under Resolution 4(a) to Dr Cairns this would represent approximately 0.05% of shares on issue at the closing market price on 3 September 2019 of \$50.56 and accordingly the dilutive effect on existing shareholders is nominal.
- The financial impact of the issue of the maximum number of SPP shares and the provision of the maximum full recourse, interest free loan to Dr Cairns on the Company's Consolidated Profit and Loss may be summarised as follows:

Year ending 30 June	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	89	140	124	107	89	70	49	28	6	701
Employee benefit expense	-56	-84	-84	-84	-84	-84	-84	-84	-56	-701
Net impact in consolidated statement of Profit & Loss	33	56	40	23	5	-15	-35	-56	-50	0

The table above shows the estimated cost of providing the benefit over the 10 year maximum term of the loan for Dr Cairns on the employee benefits expense line.

Both the change in the carrying value of the loan recorded in interest income and the cost of providing the benefit to participants recorded in employee benefits expense are non cash items. Over the life of the loan, the cumulative amounts credited to interest income and the amounts recognised as employee benefits expense will exactly offset each other.

The Company's Directors (with Dr Cairns abstaining) consider that the disadvantages of shareholders approving Resolution 4(b) are that:

- the loan provided to Dr Cairns is interest free and becomes an expense of the Company; and
- that whilst an equitable mortgage or charge is taken over SPP shares, the Company may be exposed to credit risk in respect of Dr Cairns in circumstances where the market value of the SPP shares is less than the loan balance outstanding.

The Company's Directors (with Dr Cairns abstaining) consider that the benefits of approving Resolution 4(b) outweigh the disadvantages of Resolution 4(b).

Notice of ASIC and ASX

Copies of the Notice of Meeting and these Explanatory Notes were lodged with ASIC in accordance with section 218(1) of the Corporations Act and with the ASX in accordance with Listing Rule 15.1.4 before being sent to Shareholders.

4 (a) Directors' recommendation

The Board (with Dr Cairns abstaining) recommends that shareholders vote in favour of the issue of SPP shares to Dr Cairns.

Subject to the voting exclusion statement below, the Chairman of the Meeting intends to vote all undirected proxies in favour of the issuances of SPP shares to Dr Cairns.

4 (a) Voting exclusion statement

As this resolution is connected directly or indirectly to the remuneration of a member of the KMP, section 250BD of the Corporations Act requires that the Company disregard any votes cast on Resolution 4(a) by, or on behalf of:

- a member of the KMP (which includes Dr Cairns and all other Directors), as disclosed in the Remuneration Report; and

- their closely related parties,

unless the vote is cast:

- by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though the resolution is connected directly or indirectly with the remuneration of a member of the Company's KMP.

In addition, for the purposes of ASX Listing Rule 14.11.1, the Company will also exclude the associates of Dr Cairns from voting.

4 (b) Directors' recommendation

The Board (with Dr Cairns abstaining) recommends that shareholders vote in favour of the approval of the provision of the related party benefit to Dr Cairns.

4 (b) Voting exclusion statement

For the purposes of section 224(1) of the Corporations Act, the Company will exclude Dr Cairns and his associates from voting on this resolution. This exclusion will not prevent the casting of a vote if:

- it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Dr Cairns or his associates as described above.

In addition, as this resolution is connected directly or indirectly to the remuneration of a member of the KMP, section 250BD of the Corporations Act requires that the Company disregard any votes cast on Resolution 4(b) by, or on behalf of:

- a member of the KMP (which includes all Directors), as disclosed in the Remuneration Report; and
- their closely related parties.

5. Questions and Comments

In addition to any questions asked or comments made in relation to the specific items of business, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the activities of the Company. The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to the conduct of the audit and the preparation and content of the Independent Auditor's Report.