

Magellan Financial Group Limited

Investor Briefing

Hamish Douglass
Chief Executive Officer

Tuesday, 28 August 2012



MAGELLAN
FINANCIAL GROUP LIMITED

Magellan Financial Group Limited Overview

- Sydney based investment boutique established in 2006, specialising in the management of global equity and infrastructure strategies.
- As at 30 June 2012:
 - \$4.0 billion in funds under management.
 - 14 Investment Professionals and 44 Total Staff.
 - Strong Balance Sheet with Investment Assets of \$139.3 million and Net Assets of \$147.2 million.
 - Net profit after tax of \$13.7 million.

Results Summary

| | 30 June 2011 | 30 June 2012 | % Change |
|--------------------------|--------------|--------------|----------|
| Revenue | \$18.3m | \$35.8m | 96% |
| Total operating expenses | \$10.2m | \$16.7m | 64% |
| Net profit after tax | \$5.8m | \$13.7m | 136% |

Key Statistics

| | 30 June 2011 | 30 June 2012 | % Change |
|---------------------------------|--------------|--------------|----------|
| Earnings per share ¹ | 3.7c | 8.5c | 130% |
| Dividend per share | 1.5c | 4.5c | 200% |
| NTA per share ² | \$0.78 | \$0.91 | 17% |
| Cost/Income | 56% | 47% | -16% |

¹ Fully diluted.

² Diluted assuming conversion of the Class B shares.

MFG Capital Structure

| 30 June 2012 | (m) |
|---------------------------------------|----------------|
| Ordinary Shares | 152.558 |
| 2016 Options ¹ | 7.882 |
| Class B Shares ² | 9.154 |
| Total potential issued capital | 169.594 |

¹ MFG 2016 options have an exercise price of \$3.00 and expire on 30 June 2016.

² Class B shares are held by H.M. Douglass and will convert to ordinary shares on the first business day after 21 November 2016. The number of ordinary shares is equal to 0.06 times the number of ordinary shares on issue on 21 November 2016, subject to a cap of 10.2 million ordinary shares.

Funds Management Business

| \$'000 | 30 June 2011 | 30 June 2012 | % change |
|--------------------------|---------------|---------------|-------------|
| Revenue | | | |
| Management fees | 13,631 | 31,042 | 128% |
| Consulting fees* | 1,266 | 1,218 | -4% |
| Interest/other income | 311 | 400 | 29% |
| | 15,208 | 32,660 | 115% |
| Expenses | | | |
| Employee expense | 6,972 | 11,378 | 63% |
| Other expense | 2,845 | 4,983 | 75% |
| | 9,817 | 16,361 | 67% |
| | | | |
| Profit before tax | 5,391 | 16,299 | 202% |

Key Statistics

| | 30 June 2011 | 30 June 2012 | % change |
|--------------------------------|--------------|--------------|----------|
| Net Assets (\$'000) | 6,094 | 12,803 | 110% |
| Cost/Income | 64.6% | 50.1% | -22% |
| Avg. Number of Employees | 28 | 38 | 36% |
| Employee expense/total expense | 71.0% | 69.5% | -2% |

*The arrangement under which consulting fees are received expires on 30 June 2013

Employee Summary

| | 30 June 2010 | 30 June 2011 | 30 June 2012 | 17 August 2012 |
|-------------------------|--------------|--------------|--------------|----------------|
| Investment | | | | |
| - Professional | 10 | 12 | 14 | 17 |
| - Administration | 1 | 1 | 2 | 2 |
| | 11 | 13 | 16 | 19 |
| Distribution | | | | |
| - Professional | 5 | 10 | 12 | 12 |
| - Administration | 1 | 1 | 1 | 1 |
| | 6 | 11 | 13 | 13 |
| Business Support | | | | |
| - Professional | 6 | 6 | 13 | 13 |
| - Administration | 1 | 1 | 2 | 3 |
| | 7 | 7 | 15 | 16 |
| Total | 24 | 31 | 44 | 48 |
| Average | 24 | 28 | 38 | |

We intend to modestly increase headcount in the 2012/13 financial year.

Funds Under Management Summary

| | 30 June 2010 | 30 June 2011 | 30 June 2012 | 17 August 2012 |
|-------------------|----------------|----------------|----------------|----------------|
| \$ million | | | | |
| Retail | 610.7 | 1,081.9 | 1,749.6 | 1,922.5 |
| Institutional | | | | |
| - Active | 197.6 | 178.3 | 786.9 | 841.9 |
| - Enhanced beta | 338.7 | 1,496.1 | 1,469.2 | 1,371.7 |
| | 536.3 | 1,674.4 | 2,256.1 | 2,213.6 |
| Total FUM | 1,147.0 | 2,756.3 | 4,005.7 | 4,136.1 |
| % | | | | |
| Retail | 53% | 39% | 44% | 46% |
| Institutional | | | | |
| - Active | 17% | 6% | 20% | 20% |
| - Enhanced beta | 30% | 55% | 36% | 34% |
| | 47% | 61% | 56% | 54% |
| Total FUM | 100% | 100% | 100% | 100% |

| | | | | |
|---|-----|-----|-----|---------|
| Average Base Management fee (bps) | 95 | 61 | 71 | 71 est. |
| Percentage of FUM subject to performance fees | 63% | 39% | 53% | 56% |

Retail Business

- As at 30 June 2012 Total Retail FUM \$1.7 billion.
- Total Net Retail Inflows for the 12 months to 30 June 2012 was \$672.8 million.
- Magellan Global Fund – Key representation
 - Platforms: BT Wrap, Macquarie Wrap, Colonial First State First Choice, Colonial First State First Wrap, MLC Wrap, Navigator, Asgard, NetWealth, AXA North, AXA Summit and IOOF, amongst others.
 - Retail Research Ratings:
 - Morningstar – 5 stars quantitative (Silver qualitative)
 - Lonsec – Recommended
 - Zenith – Highly Recommended
 - Van Eyk – A
 - Number of dealer groups using MGF: 110
 - Number of advisers attending the August 2012 Roadshows: 1200 approx. (700 approx. in 2011)

Retail Business (continued)

Investment Performance as at 30 June 2012

| | 1 Year | 3 Years p.a. | 5 Years p.a. | 5 Years cumul. |
|-----------------------------|--------------|--------------|--------------|----------------|
| Magellan Global Fund | 18.2% | 11.4% | 4.1% | 22.4% |
| MSCI World NTR Index (\$A) | -0.8% | 2.5% | -6.6% | -28.8% |
| Excess | 19.0% | 8.9% | 10.7% | 51.2% |

| | | | | |
|--|-------------|--------------|-------------|--------------|
| Magellan Infrastructure Fund | 7.6% | 18.0% | 2.0% | 10.4% |
| UBS Dev Infra & Utilities NTR Index Hedged (\$A) | 5.0% | 10.3% | -0.3% | -1.5% |
| Excess | 2.6% | 7.7% | 2.3% | 11.9% |

*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). Annualised 5 Year performance is denoted with "p.a.", cumulative 5 year performance is denoted with "cumul."

Source: MSCI, Magellan Asset Management

Retail Business (continued)

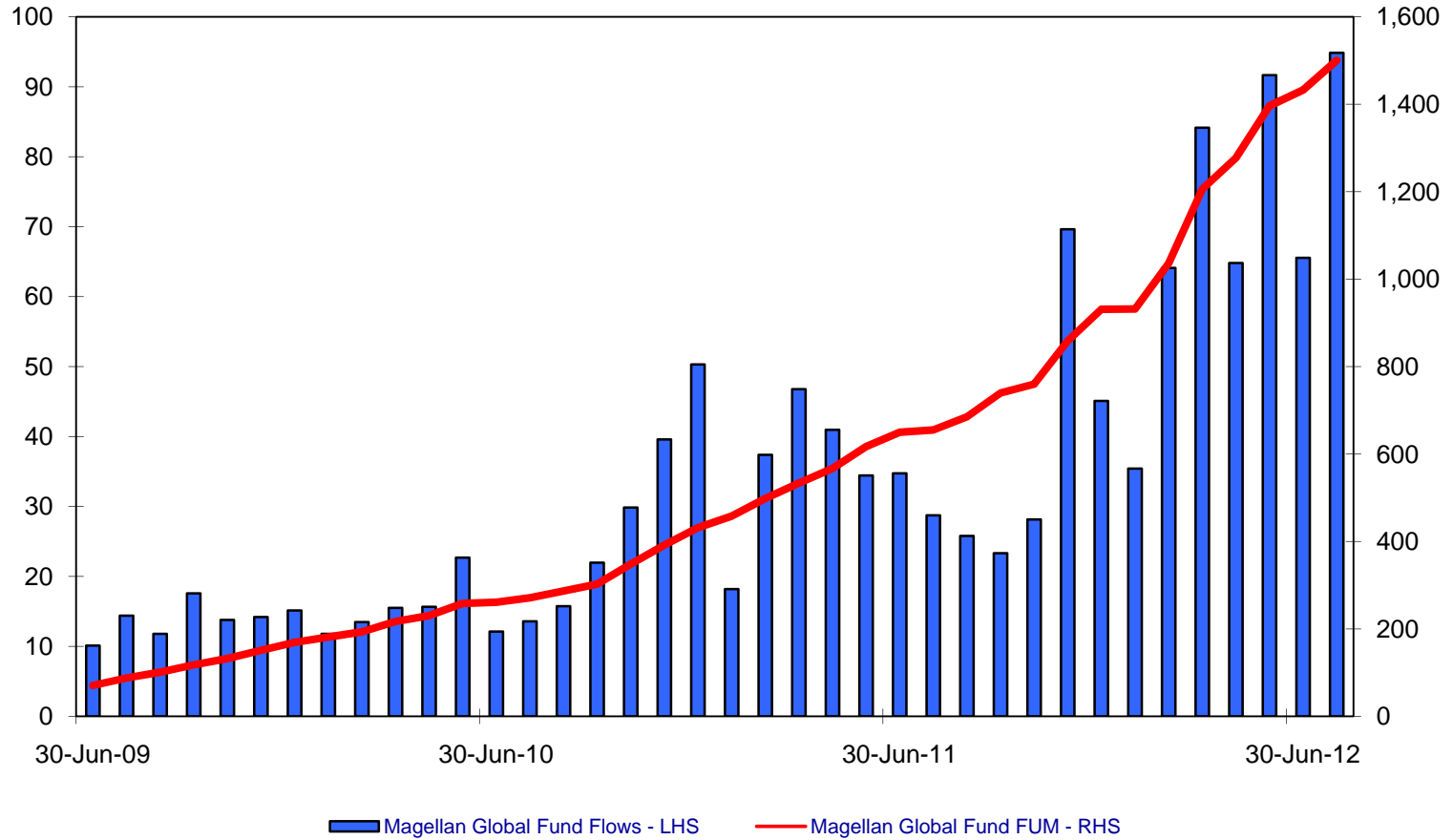
Peer Comparison as at 30 June 2012

| | 1 Year | 3 Years p.a. | 5 Years p.a. |
|------------------------------------|--------------|--------------|--------------|
| <i>MSCI World NTR Index (\$A)</i> | -0.8% | 2.5% | -6.6% |
| Magellan Global | 18.2% | 11.4% | 4.1% |
| Platinum International Brands | -5.3% | 11.5% | 4.1% |
| IFP Global Franchise Fund | 11.3% | 10.9% | 1.2% |
| Platinum International | -6.4% | -1.0% | -0.8% |
| Walter Scott Global Equity | 4.0% | 2.6% | -1.8% |
| MFS Global Equity Trust | 0.9% | 5.0% | -3.1% |
| Zurich Investments Global Thematic | -0.9% | -0.4% | -3.8% |
| Fidelity Global Equities | 0.3% | 4.6% | -4.0% |
| GMO Global Equity | -1.7% | 2.1% | -7.3% |
| T. Rowe Price Global Equity | -4.4% | 0.3% | -8.3% |
| DWS Global Equity Thematic | -9.2% | -0.1% | -9.2% |
| AXA Wholesale Global Equity Growth | -3.8% | 0.5% | -11.8% |
| AXA Wholesale Global Equity Value | -11.4% | -2.6% | -15.2% |

Source: MSCI, Morningstar

Retail Business (continued)

Magellan Global Fund – Monthly Net Inflows and FUM



* FUM & Flows includes Colonial First State Magellan Global Option from April 2011

Institutional Business

- As at 30 June 2012 total institutional FUM \$ 2.3 billion.
- Institutional gross inflows of \$417.6 million and net inflows of \$170.4 million for the 12 months to 30 June 2012.
- Australian business is strong with 23 Institutional clients and FUM of \$1.9 billion.
- Agreement with Frontier Partners to distribute capabilities in the US and Canada has resulted in two new global equity mandates (A\$300 million) and built strong relationships with many Asset Consultants and Potential Clients in this region.
- Inroads in UK:
 - launched a Core Infrastructure product for UK clients in June 2012 with significant client interest to date
 - Intention to launch a UCITS fund for the Global Equities Strategy

Fee Summary

| | Base Fee pa | Performance Fee |
|--|-------------|-----------------|
| Magellan Global Fund | 1.35% | Yes |
| Magellan Infrastructure Fund | 1.06% | Yes |
| Magellan Core Infrastructure Fund | 0.60% | No |
| Frontegra MFG Global Equity Fund ¹ | 0.80% | No |
| Frontegra MFG Infrastructure Fund ¹ | 0.70% | No |
| Magellan Flagship Fund | 1.25% | Yes |
| | | |
| Global Equities institutional fee scale¹ | | |
| First \$US 100m | 0.70% | |
| Next \$US 100m | 0.50% | |
| Next \$US 200m | 0.40% | |

¹ Pursuant to the agreement, Frontier Partners is entitled to receive 25% of net management fees from Frontegra Funds and 20% of net management fees from institutional mandates with clients in North America

Investment Assets

Summary of Magellan's investment assets at 30 June 2012

| Investment | \$ million |
|-------------------------|--------------|
| Cash | 1.1 |
| Fixed Term Deposits | 30.6 |
| Magellan Flagship Fund | 42.2 |
| Magellan Unlisted Funds | 52.6 |
| Listed shares | 9.1 |
| Other | 3.7 |
| Total | 139.3 |

Executive Director Remuneration

| | Hamish Douglass CEO and Managing Director |
|--|--|
| Salary | \$400,000 |
| Investment Restriction Payment (15 July 2017) | \$500,000 |
| Bonus | |
| - Maximum ¹ | 200% of salary |
| - Key Criteria | MFG Group Performance (50% weighting) |
| | Global Equity Performance (40% weighting) |
| | Other criteria (10% weighting) |

¹ If EPS is less than 10 cents the maximum amount of the bonus would be 125% of salary.

Chris Mackay, Executive Chairman, is paid a fixed annual salary of \$600,000 per annum with no bonus entitlement. He also has entered into an Investment Restriction with a payment of \$500,000.

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