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13 August 2019

ASX Limited
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Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

MAGELLAN FINANCIAL GROUP LIMITED LAUNCH OF MAGELLAN HIGH CONVICTION TRUST

Magellan Financial Group Limited ("MFG") is pleased to announce that its main operating subsidiary, Magellan Asset Management Limited ("Magellan"), intends to undertake an initial public offering ("Offer") for ordinary units ("Units") in a new ASX-listed investment trust, the Magellan High Conviction Trust. A Product Disclosure Statement ("PDS") for the Offer was lodged with the Australian Securities & Investments Commission on 13 August 2019 and the Offer is expected to open on 21 August 2019.

The Magellan High Conviction Trust will invest in a concentrated portfolio of high quality global companies, weighted towards Magellan's best ideas and will aim to deliver investors a Target Cash Distribution of 3% per annum. The investment strategy of the Magellan High Conviction Trust will replicate the investment strategy of the unlisted Magellan High Conviction Fund which has returned 16.6% per annum net of fees since inception on 1 July 2013 to 31 July 2019¹. Magellan will be the investment manager and act as the responsible entity, with Hamish Douglass and Chris Wheldon acting as the portfolio managers.

Magellan is proceeding with the Offer without appointing a broker syndicate and is not paying any fees or commissions to brokers or advisers to handle the raising. The Offer will comprise a priority offer, a wholesale offer and a general public offer. The priority offer will be made to shareholders in MFG and underlying investors in the Magellan Global Trust and the Magellan High Conviction Fund who were on the registers of these entities on 12 August 2019. Under the priority offer, eligible applicants will receive a valuable loyalty reward of additional Units worth 7.5% of the value of the Units allotted to them under the priority offer (further details are set out below).

In addition, eligible applicants under the wholesale offer and general public offer will receive additional Units worth 2.5% of the value of the Units allotted to them under those offers.

The one-off costs of these benefits will be paid for by MFG.

MFG will also pay all the costs of the Offer in cash so that the opening cash net asset value per Unit is equal to the application price of \$1.50 per Unit.

Brett Cairns, Magellan's 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."

¹ Past performance is not necessarily an indicator of future performance

Hamish Douglass, MFG'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 the 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."

About the Magellan High Conviction Trust

The Magellan High Conviction Trust will be a closed end investment trust listed on ASX. The Magellan High Conviction Trust will invest in a concentrated portfolio (8-12 companies) of high quality global companies and aim to deliver investors a cash distribution yield of 3% per annum, paid semi-annually. The investment mandate will be flexible to enable the Magellan High Conviction Trust to hold up to 50% of the portfolio in cash. It is also intended to manage the currency exposure.

Priority Offer

As part of the Offer, investors in Magellan Global Trust, Magellan High Conviction Fund and shareholders of MFG are invited participate in the Offer on a priority basis ("Priority Offer").

Eligible applicants under the Priority Offer ("Priority Applicants") will be invited to subscribe for up to 33,334 Units, equivalent to approximately \$50,000, per holding in an eligible vehicle.

Each Priority Applicant will receive additional Units ("Loyalty Units") equivalent to 7.5% of the value of Units allotted to the them under the Priority Offer, subject to vesting conditions and other terms outlined in the PDS being met.

The record date for determining eligibility for the Priority Offer was 12 August 2019.

Wholesale Offer and General Public Offer

Investors can also participate in the Offer under the Wholesale Offer and General Public Offer on the terms outlined in the PDS. Applicants under the Wholesale Offer and General Public Offer will receive additional Units ("IPO Foundation Units") equivalent to 2.5% of the value of Units allotted to them under those offers, subject to vesting conditions and other terms outlined in the PDS being met.

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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 strategies and Australian equities strategies for retail, high net worth and institutional investors and employs over 120 staff globally. Magellan Financial Group Limited 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 investors that have a registered address 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 material does not constitute an offer to sell, or the solicitation of an offer to buy, any financial products. 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

Magellan High Conviction Trust

August 2019



Important Information

This presentation ('Presentation') has been produced by Magellan Asset Management Limited ('Magellan') ABN 31 120 593 946, AFS Licence No 304 301. Units in the Magellan High Conviction Trust (the 'Trust') are to be issued by Magellan as responsible entity for the Trust. This Presentation does not constitute a part of any offer document issued by Magellan. The information contained in this Presentation may not be reproduced, used or disclosed, in whole or in part, without the prior written consent of Magellan.

This Presentation 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 Product Disclosure Statement ('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

The Offer for Units in the Trust will only be made to eligible investors in either Australia or New Zealand. Magellan may vary the timing and the terms of, or withdraw the offer for Units in the Trust at any time. Past performance is not necessarily indicative of future results and 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. 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.

The information in this Presentation does not constitute financial product advice (nor investment, tax, accounting or legal advice) and does not take account of your individual investment objectives, including the merits and risks involved in an investment in shares or units in any entity or trust or your financial situation, taxation position or particular needs. You must not act on the basis of any matter contained in this Presentation, but must make your own independent assessment, investigations and analysis of Magellan and obtain any professional advice you require before making an investment decision based on your investment objectives. All investments carry risks. For the risks specific to each fund please refer to the "Risks" section within the PDS for the Trust .

Statements contained in this Presentation that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Magellan. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation may contain "forward-looking statements". Actual events or results or the actual performance of the Trust may differ materially from those reflected or contemplated in such forward-looking statements.

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Magellan High Conviction Trust

Key highlights

Magellan's 8-12 best ideas

- Concentrated global equities portfolio targeting attractive risk adjusted returns over the medium to long term
- Proven investment strategy which has achieved returns of 16.6% per annum net of fees since inception to 31 July 2019¹
- Leveraging Magellan's existing investment philosophy, process and team

Attractive distribution yield

- Target cash distribution yield of 3% per annum

Alignment of interest

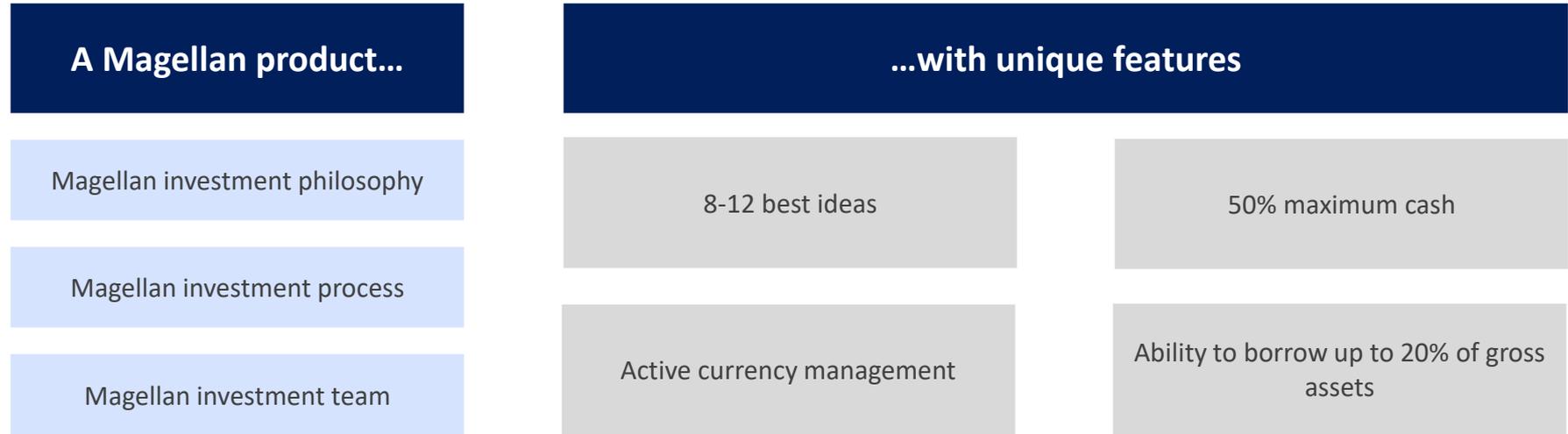
- Magellan Group will pay all Offer costs in cash, ensuring investors in the Offer are not subscribing at a premium to NAV
- Importantly, paying in cash means the investible cash per Unit will be at least the same as the Offer Price

Magellan partnership

- Participating investors may be eligible to receive additional Units in the Trust, paid in full by Magellan Group²
- Attractive dividend reinvestment plan: 5% discount on target cash distribution, paid in full by Magellan Group

1. Magellan considers that the performance of the Class A units of Magellan High Conviction Fund ("MHCF") is the most relevant comparison as it employs the same investment strategy and fee structure as the Magellan High Conviction Trust, however investors should note the performance of MHCF does not represent the actual performance of the Magellan High Conviction Trust and MHCF's historical performance is not indicative of the Magellan High Conviction Trust's future performance. Inception date of MHCF is 1 July 2013. 2. Subject to the vesting and other conditions outlined in the Product Disclosure Statement.

Overview of Magellan High Conviction Trust



Objective to achieve attractive risk-adjusted returns over the medium to long-term

Fees

- Management Fee: 1.5% per annum
- Performance Fee: 10% of outperformance over a single hurdle of 10% per annum total return after Management Fees

Portfolio Managers



Hamish Douglass

- Co-Founder, Chairman and Chief Investment Officer
- Lead Portfolio Manager of Magellan's Global Equity strategies
- Portfolio Manager of Magellan High Conviction Fund



Chris Wheldon

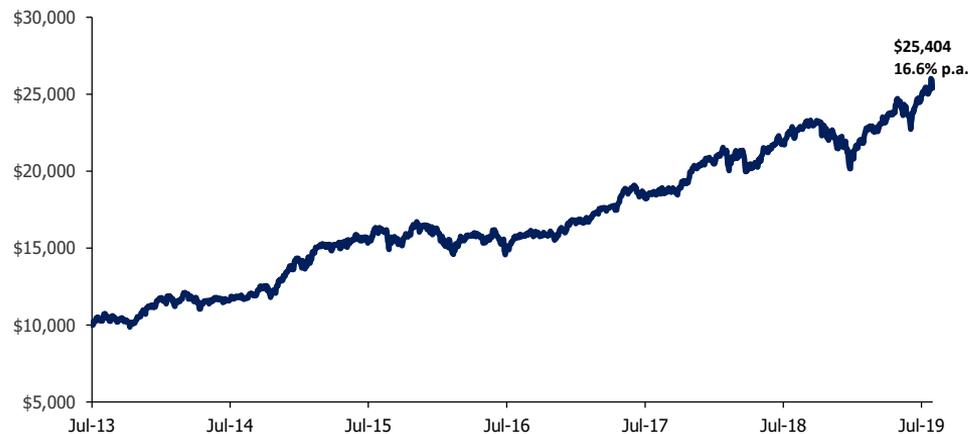
- Portfolio Manager of Magellan High Conviction Fund
- Assistant Portfolio Manager of Magellan's Global Equity strategies

Magellan High Conviction Fund

Net performance as at 31 July 2019

	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)	Since Inception [#] (% p.a.)
Magellan High Conviction Fund - Class A	14.8	17.4	16.5	16.6

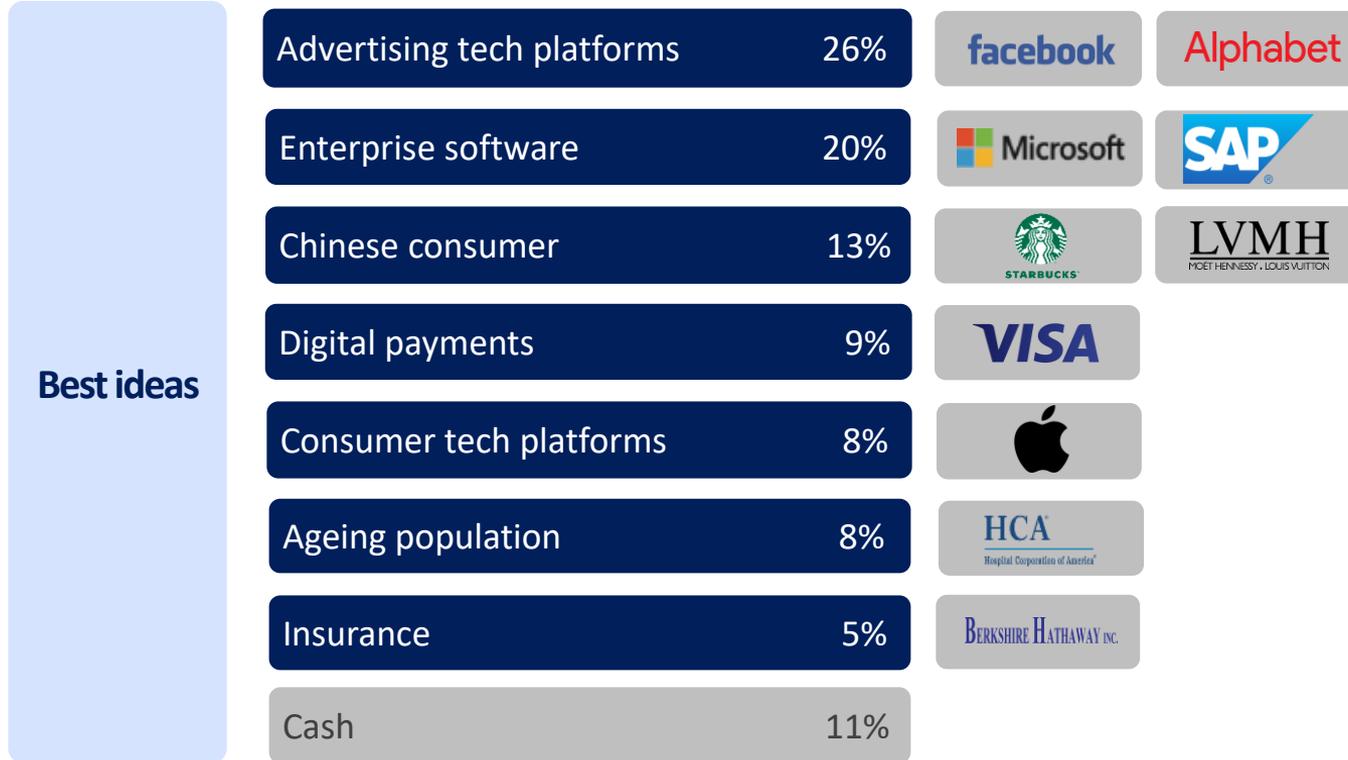
Calendar Year	Fund
2013*	17.7
2014	19.8
2015	13.6
2016	3.5
2017	23.3
2018	3.4
2019 (CYTD)	20.1



[#] The inception date is 01 July 2013 inclusive. * Part year performance. 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). Returns are denoted in AUD.

Magellan High Conviction Fund

Portfolio positioning at 30 June 2019



Structural features to assist secondary market efficiency

Transparency

- Transparency in relation to the value of the Trust
 - Daily NAV
 - Intraday iNAV
 - Monthly fund factsheets with Top 5 holdings
 - Full portfolio disclosed annually

Capital management

- Standing on-market buyback*

Scale

- Seeking to build a Trust of scale to assist secondary market trading and liquidity

Offer structure

Offer structure to provide tangible benefits to participating investors, paid in full by Magellan

Priority Offer

- Priority Offer to shareholders in Magellan Financial Group Limited and investors in Magellan Global Trust and Magellan High Conviction Fund (each an “Eligible Vehicle”)¹
- Priority Applicants will be invited to subscribe for up to 33,334 Units, equivalent to approximately \$50,000, per holding in an Eligible Vehicle
- Priority Applicants may be eligible to receive a loyalty reward in the form of additional Units of 7.5% of the number of Units allotted under the Priority Offer²

Wholesale/ General Public Offer

- **Wholesale Offer:** Open to Wholesale Clients and AFSL holders (applying on behalf of their clients) who have received an invitation from Magellan to participate in the Wholesale Offer
- **General Public Offer:** Available to members of the general public who have a registered address in Australia and New Zealand
- Wholesale Applicants and General Public Offer Applicants may be eligible to receive reward in the form of additional Units of 2.5% of the number of Units allotted under the Wholesale/General Public Offers²

¹ As at 12 August 2019. ² Subject to the vesting and other conditions outlined in the Product Disclosure Statement.

Timetable

12 August	<ul style="list-style-type: none">Record date for determining Priority Offer eligibility
21 August	<ul style="list-style-type: none">Offer opens
27 September	<ul style="list-style-type: none">Offer closes
8 October	<ul style="list-style-type: none">Allotment of Units
8 October	<ul style="list-style-type: none">Dispatch of holding statements
11 October	<ul style="list-style-type: none">Trading of Units commences on ASX
31 December	<ul style="list-style-type: none">Loyalty Unit and IPO Foundation Unit Determination Date
15 January 2020	<ul style="list-style-type: none">Loyalty Unit and IPO Foundation Unit Issue Date



Appendix - Risks

Risks

There are a number of risks associated with investing in the Trust which are set out in further detail in Section 6 of the PDS. Key risks specific to an investment in the Trust include:

- a) *ASX liquidity risk*: The liquidity of trading in Units on the ASX may be limited at times and may affect an investor's ability to buy or sell Units.
- b) *Company specific risk*: The value of the Trust's investments in a company's securities may be impacted by the risks to which that particular company is itself exposed.
- c) *Concentration risk*: The investment returns of the Trust may be dependent upon the performance of a small number of individual companies in the Portfolio.
- d) *Conflicts of interest risk*: Magellan and its various service providers may from time to time have potential conflicts of interest with the Trust. Such conflicts of interest include but are not limited to: management of multiple accounts with varying fee arrangements, trade allocation, proxy voting and staff personal trading. Magellan maintains a Conflicts of Interest Policy to ensure that it manages its obligations to the Trust such that all conflicts (if any) are resolved fairly.
- e) *Counterparty risk*: There is a risk that the Trust may incur a loss arising from the failure of another party to a contract (the counterparty) to meet its obligations.
- f) *Currency management risk*: The Trust's foreign currency exposure may at times negatively impact investment values and returns. There is also a risk that the Trust's currency management activities might not be effective and may lose the Trust money.
- g) *Derivative risk*: The value of a derivative can be highly volatile and may change due to factors including movements in the value of the underlying asset, potential liquidity of the derivative and counterparty credit risk.
- h) *DRP issue price risk*: Because Units issued under the DRP are issued at the NAV per Unit or a discount to the NAV per Unit, there is a risk that the DRP issue price could be at a premium to the trading price of Units on ASX.
- i) *Distribution policy risk*: Under the distribution policy for the Trust, there may be circumstances where the distribution received by Unitholders in cash may be insufficient to cover a Unitholder's tax payable on the income of the Trust attributed to the Unitholder.
- j) *iNAV risk*: The iNAV published by the Trust is indicative only and might not be up to date or might not accurately reflect the underlying value of the Trust.
- k) *IPO Foundation Unit vesting risk*: Wholesale Applicants and General Public Applicants eligible to receive IPO Foundation Units are required to be unitholders in the Trust on 31 December 2019 ("IPO Foundation Unit Determination Date"). Wholesale Applicants and General Public Applicants who, on this date, hold a lower number of Units than allotted to them under the Wholesale and General Public Offers will receive a number of IPO Foundation Units which is proportionally lower (rounded down to the nearest whole Unit) than the amount that they may have received had they held at least the same number of Units allotted to them. Wholesale Applicants and General Public Applicants who, on the IPO Foundation Unit Determination Date, do not hold any Units will not receive IPO Foundation Units. Wholesale Applicants and General Public Applicants who transfer their allotted Units to a different HIN, SRN or Intermediary in the period after allotment of Units under the Offer and prior to the IPO Foundation Unit Determination Date will not receive IPO Foundation Units.
- l) *Leverage risk*: The Trust may borrow against all or part of the Portfolio to fund a buyback of Units and/or for investment purposes. Borrowings can magnify the gains and losses in the Trust.

Risks (cont'd)

- m) *Liquidity of investments risk*: Under extreme market conditions, the Trust may be unable to liquidate sufficient assets to meet its obligations within required timeframes or it may be required to sell assets at a substantial loss in order to do so.
- n) *Loyalty Unit vesting risk*: Priority Applicants eligible to receive Loyalty Units are required to be unitholders in the Trust on 31 December 2019. Priority Applicants who, on this date, hold a lower number of Units than allotted to them under the Priority Offer will receive a number of Loyalty Units which is proportionally lower (rounded down to the nearest whole Unit) than the amount they may have received had they held at least the same number of Units allotted to them. Priority Applicants who, on this date, do not hold any Units will not receive Loyalty Units. Priority Applicants who transfer their allotted Units to a different HIN, SRN or Intermediary in the period after allotment of Units under the Offer and prior to the issue of Loyalty Units will not receive Loyalty Units.
- o) *Market risk*: There is a risk that the market price of the Trust's assets and investments will fluctuate.
- p) *Operational risk*: The risk that inadequacies with systems and procedures or the people operating them could lead to a problem with the Trust's operation and result in a decrease in the value of Units.
- q) *Performance risk*: There is a risk that the Trust may not achieve its investment objectives.
- r) *Personnel risk*: The skill and performance of Magellan as investment manager can have a significant impact (both directly and indirectly) on the investment returns of the Trust. Changes in key personnel and resources of Magellan may also have a material impact on investment returns of the Trust.
- s) *Price of Units on ASX risk*: The Trust's Unit price may not equal the underlying value of the Portfolio as reflected in its NAV per Unit. The Trust's Units may trade on ASX at a discount or a premium to the Trust's NAV per Unit. As such, there is a risk that Unitholders may not be able to sell their investment in the Trust at the Trust's NAV per Unit.
- t) *Regulatory risk*: There is a risk that a change in laws and regulations could have an adverse impact on the Trust or on the Trust's investments.
- u) *Target Cash Distribution risk*: The Target Cash Distribution is calculated as a percentage of the average of the month-end NAV per Unit over a two year rolling period and therefore there is a risk that the Target Cash Distribution in cents per Unit may decline in some periods if the Trust's NAV per Unit declines. There is also a risk that, in the future, Magellan changes the target level for Target Cash Distributions.
- v) *Trust risk*: Trust risk refers to specific risks associated with the Trust, such as termination and changes to fees and expenses. The performance of the Trust or the security of an investor's capital is not guaranteed. An investment in the Trust is governed by the terms of the Constitution and this PDS, each as amended from time to time, and the rules of the ASX.