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22 October 2024

ASX Limited
ASX Market Announcements Office
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SYDNEY NSW 2000

MAGELLAN FINANCIAL GROUP LTD (ASX: MFG)
Annual Report for the year ended 30 June 2024 – Revised

Please find attached the revised Annual Report for the year ended 30 June 2024.

The report has been updated to correct one minor typographical error in the shareholder information as at 9 August 2024.

Authorised by
Marcia Venegas | Company Secretary

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MAGELLAN
FINANCIAL GROUP

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Magellan Financial Group Ltd

Annual Report 2024

ABN 59 108 437 592

Five year summary

		30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Group Results						
Total Revenue	\$'000	378,626	431,650	553,530	715,012	693,952
Total Expenses	\$'000	51,647	163,372	116,582	336,048	178,874
Net Profit Before Tax	\$'000	337,351	255,570	495,986	337,243	515,078
Net Profit After Tax	\$'000	238,759	182,655	383,011	265,156	396,214
Adjusted Revenue and Other Income ¹	\$'000	345,684	379,352	647,251	697,944	692,941
Adjusted Expenses ¹	\$'000	106,851	126,774	130,799	110,451	119,751
Adjusted Net Profit Before Associates ¹	\$'000	166,907	185,842	394,415	454,201	438,299
Adjusted Net Profit After Tax ¹	\$'000	177,865	174,310	401,016	412,419	438,299
Effective Tax Rate	%	29.2	28.5	22.8	21.4	23.1
Funds Under Management²						
Average Funds Under Management	\$m	36,819	48,849	94,251	103,680	95,458
Closing Funds Under Management	\$m	36,630	39,693	61,291	113,902	97,184
Funds Under Management comprises:						
Retail	\$m	17,188	18,396	22,169	30,883	26,769
Institutional	\$m	19,442	21,297	39,122	83,019	70,415
Average Base Management Fee (per annum) ³	bps	70	67	62	61	62
Average AUD/USD Exchange Rate	\$	0.656	0.6732	0.7257	0.7469	0.6716
Funds Management Business¹						
Total Revenue	\$'000	279,909	345,104	609,137	662,594	674,811
Total Expenses	\$'000	102,410	121,324	125,807	106,115	116,799
Net Profit Before Tax	\$'000	177,499	223,780	483,330	556,479	558,012
Net Profit Before Tax and Performance Fees ¹	\$'000	158,294	212,274	471,858	526,405	477,048
Employee Expenses / Total Expenses	%	67.0	71.0	67.9	65.6	63.2
Cost to Income Ratio (expense/revenue)	%	36.6	35.2	20.7	16.0	17.3
Cost to Income Ratio (excluding performance fees)	%	39.3	36.4	21.0	16.8	19.7
Assets						
Total Assets	\$'000	1,089,244	1,198,974	1,241,401	1,216,166	1,123,873
Net Assets	\$'000	1,019,529	962,502	1,026,760	989,434	1,045,927
Net Tangible Assets Per Share	\$	5.05	4.71	4.95	4.77	5.08
Shareholder Value						
Basic Earnings Per Share	cents	131.8	100.0	206.9	144.6	218.3
Diluted Earnings Per Share	cents	131.8	100.0	206.9	144.6	218.3
Adjusted Basic and Diluted Earnings Per Share ¹	cents	98.2	95.5	216.6	224.9	241.5
Total Dividends Per Share comprises:	cents	65.1	116.7	179.0	211.2	214.9
Ordinary Dividends Per Share ⁴	cents	65.1	86.7	179.0	211.2	214.9
Special Dividends Per Share	cents	-	30.0	-	-	-
Franking	%	50	85	75	75	75
Other Information						
Number of Employees		109	115	135	139	131
Average Number of Employees		112	125	137	135	128

¹ Adjustments are made for strategic, non-recurring, non-cash or unrealised items to provide additional meaningful information (refer to section 1.4.1 of the Directors' Report and note 2 in the financial statements for the breakdown of these items).

² As reported in the Group's funds under management ("FUM") announcements published on the Australian Securities Exchange ("ASX").

³ Calculated using management fees (excluding services and performance fees) for the relevant year divided by the average of month end FUM over the same year.

⁴ Ordinary dividends include interim, final and performance fee dividends declared in respect of the financial year.

Where accounting classifications have changed, or where changes in accounting policy are adopted retrospectively, comparatives have been revised and may differ from results previously reported. The above Consolidated Statement of Profit or Loss and Comprehensive Income and Consolidated Statement of Financial Position extracts are derived from the published financial statements. This table includes non-IFRS information as defined in section 1.4.2 of the Directors' Report.

The annual financial report has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001* (Cth). MFG has also released information to the ASX in compliance with the continuous disclosure requirements of the ASX Listing Rules and these announcements are available at www.asx.com.au (MFG's ASX code: MFG).

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Executive Chairman's Letter

For the year ended 30 June 2024

Dear Shareholder,

It is my pleasure to update you on the strategic progress, leadership developments, and financial performance for Magellan Financial Group Ltd ('Magellan', 'the Group' or 'MFG') for the year ended 30 June 2024.

The Board's primary focus has been our clients, whilst seeking to restore stability to the business and addressing legacy issues. We are pleased with the good progress we have made so far on this front, and therefore, we have enhanced our focus on opportunities to rebuild and restore growth. The heart of our future success remains on focusing on delivering excellence for our clients. We sincerely thank you for your continued support, which has been invaluable over this period.

FY24 Performance

For the financial year ended 30 June 2024, Magellan has demonstrated resilience and stability. Our Funds Under Management (FUM) stood at \$36.6 billion as at 30 June 2024. Outflows have slowed quarter on quarter across both retail and institutional clients, and pleasingly, FUM had risen to \$38.4 billion as at 31 July 2024. The progress made in the business is reflected in several impressive client wins, with Airlie seeing success in both retail and institutional channels and the Infrastructure strategy seeing a recent institutional client win. These successes highlight the benefits of a diversified investment offering across our business.

Adjusted net profit after tax for the year was \$177.9 million, a 2% increase from FY23, with adjusted diluted earnings per share of 98.2 cents. Our statutory net profit after tax for the year rose to \$238.8 million, up from \$182.7 million in FY23, with the increase including the net benefit related to the elimination of the liability associated with the Magellan Global Fund Options. Despite management fees in our Funds Management business being down 22%, as a result of lower average FUM, the business generated robust performance fees in Global Equities. Additionally, after-tax profits from associates were encouraging, with MFG's share of profits reaching \$11.0 million, a material improvement from the \$11.5 million loss in FY23.

These results indicate a positive shift following a challenging few years for the business. While there is still work to be done, our financial strength, strong profitability and operating cashflows, have allowed us to continue to pay attractive dividends to shareholders and also invest for the future.

People & Leadership

The past year has seen changes in our executive leadership team that will position the business for future success. As you would be aware, I became Executive Chair in October 2023 and in February 2024 we announced the appointment of Sophia Rahmani as Managing Director of our core operating subsidiary and asset management business, Magellan Asset Management Limited. It is of no surprise that since joining the business in May 2024, Sophia has hit the ground running, bringing fresh ideas to the business and working well with myself, the Board, the senior leadership team and our broader team. The Board is confident that Sophia will excel at Magellan and intends to appoint Sophia as Chief Executive Officer of Magellan Financial Group Ltd within the next six to nine months. We are confident that the current transitional leadership arrangements will ensure a smooth transition in executive leadership and drive the long-term success of Magellan.

We have also made important progress on our remuneration framework, undertaking an extensive review that included engaging with and seeking feedback from shareholders, proxy advisors, and our staff. The critical first step in this process was to resolve the share purchase plan loans held by our staff, which was achieved through the October 2023 announcement of additional retention payments that will fully repay these loans for the vast majority of staff by September 2025. Today, in our Remuneration Report, we announced the next step with the introduction from the 2025 financial year of equity-based incentive programs, with deferral into equity under our Short-Term Incentive Plan (STI) the senior leadership team and equity-based Long-Term Incentives (LTI) for key management personnel and other senior management. In addition, for our 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 to encourage and increase employee ownership, recognising that a large number of staff divested some or all their MFG shares to partly settle their outstanding loans. The Board believes these arrangements will strengthen the alignment of staff to business and shareholder outcomes and assist in retaining and attracting high quality talent across our business.

Our people continue to be our greatest asset, with their expertise, dedication, and innovative thinking key to delivering value to our clients and shareholders. We have continued to focus on improving employee engagement and satisfaction and measuring this through regular employee surveys. Our engagement score in our most recent staff survey in June 2024 was 55%, a slight increase from the first survey in December 2023 but still well below where we desire to be. Evidently there is much more to be done, and this will be a key strategic objective for our senior leadership team, who will be accountable for this in our new remuneration framework.

Finally, it is worth providing a brief update on the Board. Board renewal continued throughout the 2024 financial year with the the appointments of Deborah Page and Cathy Kovacs. Hamish McLennan has indicated his intention not to stand for re-election at

Executive Chairman's Letter

For the year ended 30 June 2024

Magellan's 2024 AGM - I would like to express my sincere thanks to Hamish for over 8 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. We are pleased with the skill mix, expertise, independence and diversity on the Board, and I look forward to returning to your Non-Executive Chairman at the appropriate time.

Strategic Update

As mentioned at the outset, a key focus over the past year has been on restoring stability, strengthening client relationships and positioning the business for future growth. To that end, we successfully resolved a number of legacy issues facing the business, including the employee share purchase plan loans as previously discussed and, subsequent to year end, successfully completing the conversion of Magellan Global Fund Closed Class Units into Open Class Units, which received overwhelming support from unitholders and has been positively received by our clients. While this has seen some one-off outflows, primarily from specialist traders and investors, by addressing these issues we have reinforced our client-first approach and are now well-positioned to focus on our strategic priorities for the future.

Our strategic vision is to become the asset manager of choice in the Australian market across a diversified offering. Given the high level of change within the industry, it is vital that active funds management companies continue to invest if they want to stay relevant to clients. As we have said previously, to achieve this strategic objective, we have actively engaged in discussions with investment teams and talent to enhance Magellan's platform. To that end, we are very excited with today's announcement of a strategic partnership with Vinva Investment Management ('Vinva'), a pioneer in systematic equity investing in Australia. Under the strategic partnership, Magellan will distribute Vinva's systematic equity products globally and to certain retail and wholesale clients in Australia. Magellan has also taken a strategic equity stake in Vinva of 29.5%. We see this strategic partnership as the coming together of two culturally aligned businesses focused on delivering for clients, and importantly, see significant growth potential for both partners into the future. Our highly regarded distribution capabilities have been a significant asset in the conversations we have been having, complemented by the strength of our operating platform. As we pursue these strategic growth opportunities, we remain committed to a disciplined approach, with our client-first philosophy at the forefront of our decision-making.

Expanding our global distribution capabilities is a strategic priority we have identified, particularly in the US – a key growth market for Magellan. Given the market's size and scale, and our existing distribution infrastructure, we view it as a significant opportunity over the long-term. In February, we announced the appointment of new leadership of our US distribution platform, who have spent time diligently assessing our capabilities and are now focused on opportunities to enhance and add value to the platform. A notable area for investment is to expand our US platform's capabilities into the retail market. While this will take some time to bear fruit, we are excited about the opportunities in this market, our ambitions are high, and we are committed to investing in a disciplined and value-accretive manner.

While we are building the future of Magellan, we also recognise the importance of maintaining a strong core business. This begins with delivering the exceptional investment performance that Magellan has been renowned for over the years. Admittedly, performance across some of our strategies has been mixed. In our Global Equities strategy, over the long-term, the Magellan Global Fund has delivered on its goal of 9% net of fees through the cycle, however, has underperformed its benchmark over the medium-term. Since the change in portfolio management in February 2022, the fund has shown improved performance, and our High Conviction and Global Opportunities funds have also delivered robust returns over the last two years. Our Infrastructure Strategy has encountered medium-term performance challenges given its strict definition of infrastructure it will invest in and we maintain confidence in its long-term potential due to its rigorous investment criteria, deliberate approach and holdings of high quality infrastructure assets. Our Australian Equities business, Airlie Funds Management, has been a standout performer, with the flagship Airlie Australian Share Fund consistently outperforming its benchmark, and promising early returns from the Airlie Small Companies Fund.

As our clients increasingly prioritise Environmental, Social and Governance (ESG) considerations, we are proud of the solid progress we have made in this area. Today, alongside our Annual Report, we released our inaugural Climate Report aligned to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) – an important milestone for our business. I would encourage you to read our Climate Report as well as our Corporate Sustainability and Responsibility Report, which highlight our team's efforts not only in addressing environmental risks and opportunities, but also in navigating social and governance challenges at both the corporate and investment levels. Our commitment to sustainability, ethical governance, and social responsibility reflects our core values and positions us to meet and exceed the evolving expectations of our clients and stakeholders.

Finally, on capital, Magellan continues to maintain a robust balance sheet and capital base, which has benefited us during recent challenges. This capital not only instils confidence in our clients regarding our financial strength but also assures shareholders that we prioritise long-term value creation over short-term decision-making. As of 30 June 2024, we estimate that our 'Strategic Capital & Stability Buffer' stands at \$325 million. Over time, we expect reduced reliance on this buffer as the business becomes more resilient and the impacts of initiatives such as the Magellan Global Fund Closed Class conversion dissipate. We also, of course, require capital

Executive Chairman's Letter

For the year ended 30 June 2024

to execute our strategic growth agenda, which we consider will set up the business for long-term success. As demonstrated in FY23 when the Board declared a special dividend, we are committed to ongoing active capital management that both allows investment and growth in the business, whilst managing the balance sheet to maximise shareholder returns. Our dividend policy remains unchanged, allowing us to continue to pay attractive dividends to shareholders, and we have recently extended our on-market buyback to April 2025, with approximately 5 million shares bought back under the buyback since inception. The Board intends to provide a further update on capital management to shareholders at our Interim Results in February 2025.

Concluding Remarks

In conclusion, we have made significant strides in restoring stability and positioning Magellan for future growth. With a strengthened leadership team in place, we are well-equipped to execute our strategic objectives and deliver value to our clients and shareholders. I would like to thank my fellow Directors on the Board, as well as the broader Magellan team for their tireless efforts over the past year.

I also thank you, our shareholders, for your unwavering support and look forward to updating you on our progress in the coming year.

Yours sincerely,



Andrew Formica
Executive Chairman

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Performance Overview

For the year ended 30 June 2024

Overview of Results

Magellan Financial Group Ltd ("Magellan" or the "Group") is a specialist asset manager that has three primary investment strategies:

- Global Equities;
- Infrastructure Equities; and
- Australian Equities (via its Airlie Funds Management business).

Assets are managed on behalf of:

- retail investors in Australia and New Zealand; and
- institutional investors located in Australia and around the world.

The Group's Funds Management business is the main driver of the Group's revenues, profitability and therefore, dividends paid to shareholders. Funds under management ("FUM") is the primary driver of the Group's revenues as it determines the level of management fees earned by the Group.

The Group's financial performance for the year ended 30 June 2024 reflects the progress the business has made in restoring stability and establishing the foundations for future growth.

FUM was \$36.6 billion as at 30 June 2024, representing a slowing of quarterly outflows across both retail and institutional clients and robust growth from investment returns. **Average FUM** for the year was down 25% to \$36.8 billion (FY23: \$48.8 billion).

The Group's **statutory net profit after tax** for the year ended 30 June 2024 was \$238.8 million (FY23: \$182.7 million). The Group's statutory net profit after tax was up on the 2023 financial year, primarily due to the \$42.7 million net benefit to the Group resulting from changes in the fair value of Magellan's liability to fund the exercise discount in respect of the options over the Magellan Global Fund Closed Class Units ("MGF Options").

The Group believes adjusted net profit after tax provides meaningful information about the performance of the business, particularly in comparative analysis.

The Group's **adjusted net profit after tax** for the year ended 30 June 2024 was \$177.9 million (FY23: \$174.3 million). **Adjusted earnings per share** was 98.2 cents per share (FY23: 95.5 cents per share). Adjusted financial measures for the period exclude:

- non-cash amortisation expense of \$1.4 million;
- net unrealised gains from the Fund Investments segment of \$30.0 million (net of tax: \$21.0 million);
- net non-cash remeasurement of share purchase loans of \$1.7 million;
- non-cash employee share option expense of \$3.1 million;
- gain on dilutions and disposal of associates of \$0.1 million (net of tax: \$0.1 million); and
- net benefit related to strategic initiatives of \$61.1 million (net of tax: \$42.7 million), which reflects changes in the fair value of Magellan's liability to fund the 7.5% exercise discount in respect of the MGF Options and the cost of the on-market purchase of MGF Options by the Group.

Profit before tax and performance fees from the Group's Funds Management business was \$158.3 million (FY23: \$212.3 million).

Fund Investments made a gain of \$81.7 million before tax. This primarily comprised dividend and distribution income of \$13.6 million, realised capital gains of \$38.1 million and net unrealised capital gains of \$30.0 million. Earnings from dividends and distributions and realised capital gains/losses are included in other revenue in the table on the next page.

The Group's share of the after-tax profits of associate investments was \$11.0 million (FY23: after-tax losses of \$11.5 million).

The Directors have declared total ordinary dividends of 65.1 cents per share in respect of the year ended 30 June 2024, 50% franked. This compares with 86.7 cents per share in 2023 financial year. This comprises:

- An Interim Dividend of 29.4 cents per share paid in March 2024, franked at 50% (46.9 cents per share for the six months to 31 December 2022, franked at 85%);
- A Final Dividend in respect of the six months to 30 June 2024, of 28.6 cents per share, franked at 50% (35.6 cents per share, 85% franked, in 2023), which is expected to be paid on 4 September 2024; and

Performance Overview

For the year ended 30 June 2024

- A Performance Fee Dividend of 7.1 cents per share also franked at 50% (4.2 cents per share, 85% franked, in FY23).

The Group's policy is to pay Interim and Final Dividends of 90% to 95% of the net profit after tax of the Group's Funds Management business excluding performance fees. This remained unchanged for the year ended 30 June 2024. Net profit after tax of the Funds Management business excludes amortisation of intangibles, expenses/benefits related to strategic initiatives and gains/losses from non-cash remeasurements.

In addition to the Interim and Final Dividends, the Group will pay an annual Performance Fee Dividend of 90% to 95% of the net crystallised performance fees after tax. Any Performance Fee Dividend will be paid annually alongside the Final Dividend.

The Board has a policy of paying out franking credits to the maximum extent possible over time, however, the level of franking attached to dividends may vary from period to period. The franking rate applied of 50% to the Interim Dividend and 50% to the Final Dividend and Performance Fee Dividend has been determined having regard to the franking credits that are expected to be available to the Group. The reduction in the franking rate in the 2024 financial year is due to the impact of the on-market purchase of MGF Options by the Group.

The payment of dividends by the Group will be subject to corporate, legal and regulatory considerations.

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Performance Overview

For the year ended 30 June 2024

The following table summarises the Group's profitability over the past two financial years¹:

	30 June 2024 \$'000	30 June 2023 \$'000	Change %
Management and services fees	257,948	330,247	(22%)
Performance fees	19,206	11,524	67%
Other revenue and income	68,530	37,581	82%
Adjusted revenue and other income	345,684	379,352	(9%)
Adjusted expenses	(106,851)	(126,774)	(16%)
Adjusted net profit before tax	238,833	252,578	(5%)
Adjusted tax expense	(71,926)	(66,736)	8%
Adjusted net profit after tax and before associates	166,907	185,842	(10%)
Share of after tax profit/(loss) of associates ¹	10,958	(11,532)	195%
Adjusted net profit after tax	177,865	174,310	2%
Net benefit/(expense) related to Magellan Global Fund options ²	42,744	(18,602)	nm
Transaction costs related to strategic initiatives	-	(1)	nm
Amortisation of intangible assets	(1,408)	(3,580)	nm
Net non-cash remeasurement of share purchase loans	1,672	(795)	nm
Non-cash employee share option expense	(3,137)	(3,846)	nm
Net unrealised change in fair value of financial assets and liabilities	20,969	35,348	nm
Gain on dilutions and disposals of associates	54	(179)	nm
Total non-IFRS adjustments	60,894	8,345	
Statutory net profit after tax	238,759	182,655	31%
Key statistics			
Diluted earnings per share (cents per share)	131.8	100.0	32%
Adjusted diluted earnings per share (cents per share)	98.2	95.5	3%
Dividends			
Interim and final dividends (cents per share)	58.0	82.5	(30%)
Annual performance fee dividend (cents per share)	7.1	4.2	69%
Total dividends (cents per share) ³	65.1	86.7	(25%)

¹ Share of after-tax profit/(loss) of associates of \$10.3 million adjusted for tax on undistributed associate profit of \$0.7 million. A reconciliation to the reported statutory net profit is outlined in section 1.4.1 of the Directors' Report.

² Reflects the change in value of the obligation associated with the Magellan Global Fund ("MGF") Options issued under the MGF Partnership Offer and Bonus MGF Option Issue and, for the period ended 30 June 2024, also includes the cost of the on-market purchase of MGF Options ("MGFO") by the Group and related transaction costs.

³ Excludes special dividends.

Funds Management Business

As at 30 June 2024, the Group's Funds Management business had FUM of \$36.6 billion. This business is Magellan's core business and the driver of the Group's revenues, profitability, and therefore, dividends paid to shareholders.

For the year ended 30 June 2024, the Funds Management business profit before tax was \$177.5 million (FY23: \$223.8 million). Excluding performance fees, profit before tax was \$158.3 million (FY23: \$212.3 million). The Funds Management business profit excludes amortisation of intangibles, expenses/benefits related to strategic initiatives, gains/losses from non-cash remeasurements and non-cash expenses related to the employee share option plan.

¹ Adjusted financial measures are adjusted for strategic, non-recurring, non-cash or unrealised items to provide additional meaningful information (refer to section 3.1 of the Directors' Report and note 2 in the financial statements for the breakdown of these items).

Performance Overview

For the year ended 30 June 2024

The following table summarises the profitability of the Funds Management business for the year ended 30 June 2024 compared with the prior corresponding period:

	30 June 2024 \$'000	30 June 2023 \$'000	Change %
Revenue			
Management fees	256,748	327,647	(22%)
Performance fees	19,206	11,524	67%
Services fees	1,200	2,600	(54%)
Other revenue and income	2,755	3,333	(17%)
	279,909	345,104	(19%)
Expenses			
Employee expenses	68,656	86,124	(20%)
Fund administration and operational costs	13,260	14,749	(10%)
Information, technology and data	8,647	8,695	(1%)
Marketing	1,830	1,962	(7%)
Other expenses	10,017	9,794	2%
	102,410	121,324	(16%)
Net profit before tax	177,499	223,780	(21%)
Net profit before tax and performance fees¹	158,294	212,274	(25%)
Key statistics			
Average funds under management (\$ million)	36,819	48,849	(25%)
Average AUD/USD exchange rate	0.6560	0.6732	(3%)
Average number of employees	112	125	(10%)
Employee expenses / total expenses	67.0%	71.0%	
Cost / income	36.6%	35.2%	
Cost / income, excl. performance fees ¹	39.3%	36.4%	

¹ Adjusted for the current period performance fee impact on revenue and expenses for the 12-month period.

Revenues

The primary component of the Group's revenues is management fees, which are based on FUM.

Revenues for the year decreased by 19% to \$279.9 million. This was driven by a 22% decrease in total management fee revenue, as a result of a 25% decrease in average FUM over the period. Performance fees before tax of \$19.2 million were earned for the year (FY23: \$11.5 million). Performance fees were primarily driven by the Group's Global Equities Strategy which exhibited strong investment performance in the six months to 30 June 2024. Performance fees can, and very often do, vary significantly from period to period.

Expenses

Funds Management business expenses reduced by 16% from the prior corresponding period to \$102.4 million, within the provided guidance range of \$97.5 to \$102.5 million, and reflecting disciplined cost management.

Employee expenses decreased by 20% to \$68.7 million and made up 67% of the operating expenses of the Funds Management business in the year, compared with 71% in the prior corresponding period. Reduced employee expenses during the period reflects a reduction in the average number of employees across the business, partly as a result of the organisational realignment in October 2022, as well as lower staff cash retention payment expenses recognised in FY24 compared to FY23. As a fund manager, Magellan's business is heavily reliant on human capital and we continue to invest in our people to deliver excellence for our clients, which in turn will drive shareholder outcomes.

During the period, Magellan announced additional retention payments to current employees with outstanding Employee Share Purchase Plan Loans ('ESPP Loans'), which has substantially resolved the concern and distraction the ESPP Loans were causing and will close out the ESPP Loans for the vast majority of staff by September 2025. The FY24 expense associated with these additional retention payments was approximately \$1.6 million.

Performance Overview

For the year ended 30 June 2024

The Funds Management business cost to income ratio (excluding performance fees) was 39.3% (FY23: 36.4%). The increase to Magellan's cost to income ratio primarily reflects the decrease in revenue resulting from a reduction in FUM during the period, partially offset by a decrease in expenses.

The Group continues to pay close attention to costs and has a disciplined cost management approach.

The following table sets out total employee numbers:

	30 Jun 2024	30 Jun 2023
Investment		
Portfolio Managers/Analysts	23	25
Dealers	3	3
	26	28
Distribution & Marketing	21 ¹	23
Other (including Finance, Risk & Compliance, Admin)	49 ¹	47
Frontier	5	8
Airlie	8	9
Total	109	115
Average number of employees	112	125

¹ As part of organisational changes, the Performance & Reporting team now report to the CFO/COO and have moved from being recorded under "Distribution & Marketing" to "Other".

Funds Under Management

The following table sets out the composition of Magellan's FUM:

	30 June 2024	30 June 2023
Retail	17.2	18.4
Institutional	19.4	21.3
Total FUM (\$ billion)	36.6	39.7
Retail (%)	47%	46%
Institutional (%)	53%	54%
FUM subject to performance fees (%)	44%	47%
Breakdown of FUM		
Global equities	15.8	19.1
Infrastructure equities	15.5	16.1
Australian equities	5.4	4.5
Total FUM (\$ billion)	36.6	39.7
Average base management fee (bps) per annum excluding performance fees ¹	70	67

¹ Calculated as management fees (excluding performance and services fees) for the relevant period divided by the average of month end FUM over the same period.

As at 30 June 2024, the Group had FUM of \$36.6 billion, split between:

- Global Equities (43%);
- Infrastructure Equities (42%); and
- Australian Equities (15%).

This compares with FUM of \$39.7 billion as at 30 June 2023. The decrease in FUM was driven by:

- net outflows of \$5.9 billion;
- cash distributions paid (net of reinvestment) of approximately \$0.5 billion; offset by

Performance Overview

For the year ended 30 June 2024

- positive investment returns of approximately \$3.3 billion.

The following table sets out the drivers of FUM changes for each investment strategy:

FUM by strategy (\$ billions)	30 Jun 2023	1H24 Net Flows	2H24 Net Flows	Investment Performance	Distributions	30 Jun 2024 ¹
Global Equities	19.1	(4.5)	(1.2)	2.8	(0.4)	15.8
Infrastructure Equities	16.1	(0.3)	(0.2)	(0.0)	(0.1)	15.5
Australian Equities	4.5	0.1	0.2	0.6	(0.0)	5.4
Total¹	39.7	(4.6)	(1.3)	3.3	(0.5)	36.6

¹ May not add due to rounding

As seen in the table above, net outflows across the business reduced materially in the second half of the financial year compared to the first half. The Group also saw institutional inflows in the fourth quarter of the financial year, the first positive quarter of net institutional flows in over two years.

The Group's FUM rose to \$38.4 billion as at 31 July 2024.

Importantly, delivering outstanding investment returns is key to the growth of the business' existing investment capabilities. Set out in the table below is the investment performance since inception of the Group's three flagship funds, the Magellan Global Fund, the Magellan Infrastructure Fund and the Airlie Australian Share Fund.

Investment Performance for the Period to 30 June 2024 ¹	6 months	1 Year	3 Years	5 Years	Since Inception
	%	%	% p.a.	% p.a.	% p.a. ²
Magellan Global Fund³	15.5	19.3	8.3	8.9	11.3
MSCI World NTR Index (\$A)	14.2	19.8	11.1	12.9	8.3
Magellan Infrastructure Fund	(1.2)	(0.1)	1.6	0.6	6.5
Infrastructure Benchmark (\$A) ⁴	4.9	5.8	5.6	3.0	5.2
Airlie Australian Share Fund	1.6	12.4	7.1	10.8	10.2
S&P/ASX 200 Accum. Index	4.2	12.1	6.4	7.3	8.4

¹ 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 performance is denoted with "p.a." for the relevant period.

² Inception date for the Magellan Global Fund and Magellan Infrastructure Fund is 1 July 2007 and the inception date for the Airlie Australian Share Fund is 1 June 2018.

³ Performance for the Magellan Global Fund Open Class

⁴ The Infrastructure benchmark is comprised of the following: from inception to 31 December 2014 the benchmark is UBS Developed Infrastructure and Utilities NTR Index (AUD Hedged) and from 1 January 2015 onwards, the benchmark is the S&P Global Infrastructure NTR Index (AUD Hedged).

Magellan-branded funds

Magellan's investment philosophy remains unchanged, and Magellan continues to believe that investing in the world's best companies is a path to creating and protecting long term wealth. While long-term investment performance is strong, with all strategies outperforming their respective benchmarks since inception, improvement is needed in the medium-term investment performance of the Group's Global Equities and Infrastructure strategies. Each of the Group's investment teams remain highly focused on delivering positive investment outcomes for clients.

The **Global Equities Strategy** experienced the majority of outflows in the period with \$5.7 billion of net outflows, \$3.2 billion of which were from the institutional channel. Investment performance in the strategy has been mixed, with improved investment performance across the Magellan Global Fund and the High Conviction strategies in recent years but remaining soft over the medium term. Pleasingly, investment performance was strong in the second half of the year and Magellan earned material performance fees with investment returns over the course of the year adding \$2.8 billion in FUM. The Global Opportunities strategy, launched in January 2022, has performed strongly since inception and is approaching its key three year track record.

Magellan's **Infrastructure Equities Strategy** remains a highly regarded offering globally with a strong long-term performance track record since inception. Medium-term performance within the strategy has been soft, however, the reasons for underperformance

Performance Overview

For the year ended 30 June 2024

against the benchmark are well understood in the market. In short, Magellan's approach to infrastructure investing is built on a strict definition of infrastructure which intentionally differs from broader market definitions to exclude companies whose earnings are exposed to certain significant external risks, such as commodity price movements, competitive pressures, or sovereign risks. Using this disciplined approach, the strategy invests in monopoly-like assets that provide essential services, face reliable demand, and generate predictable cashflows, and as a result, can lead to periods where the strategy underperforms the common infrastructure index. Despite the recent performance challenges, Magellan remains confident that the strategy is well-placed to deliver strong investment returns over the long-term. The infrastructure strategy has a strong following amongst clients, and has seen recent institutional client wins in FY24.

Airlie-branded funds

Magellan's Australian Equities business, **Airlie Funds Management**, continued its success in the Australian equities asset class, with exceptional performance in the Airlie Australian Share Fund (ASX: AASF / APIR: MGE9705AU), which has outperformed its benchmark over 1 year, 3 years, 5 years and since inception, as at 30 June 2024. These strong investment returns added FUM of \$0.6 billion over the year. The business also saw net inflows of \$0.3 billion over the year, with consistent retail inflows in each month of the financial year. In July 2024, post-period, the Airlie business saw institutional inflows of \$1.4 billion, demonstrating client recognition of the team's exceptional investment approach and strong performance.

Strategic update

Across the Group as a whole, the 2024 financial year marked a period of improved stability across many aspects of the business. To achieve this, the Group successfully implemented transitional leadership arrangements, resolved activism activity relating to the Magellan Global Fund including through the acquisition of 750 million MGF Options, proceeded with the conversion of the Magellan Global Fund Closed Class Units into Open Class Units, resolved employee share purchase plan loans for current employees and progressed the Group's new remuneration framework.

The Group has also continued to focus on strategic initiatives to drive business growth. As part of the Group's strategy to become the asset manager of choice in the Australian market across a diversified offering, on 15 August 2024, the Group was pleased to announce a strategic partnership with Vinva Investment Management ("Vinva"), a global investment management firm specialising in systematic equity strategies. Under the strategic partnership, the Group will distribute Vina's systematic equity products globally and to certain retail and wholesale clients in Australia. The Group also acquired a 29.5% shareholding in Vinva for cash consideration of \$138.5 million as part of the strategic partnership. The strategic partnership is in line with Magellan's strategic objectives and will allow Magellan to bring Vinva's innovative investment capabilities to the Group's client base.

During the financial year, the Group also appointed new leadership to the Group's US distribution platform, a key market for future growth, with the aim of enhancing the platform's capabilities into the intermediary market and exploring opportunities to make investments in high quality managers.

With FUM of \$38.4 billion at 31 July 2024, the business remains a profitable fund manager of scale. The business continues to generate strong operating cash flows supporting attractive dividends, and the business' financial strength positions it well to execute on its strategic growth agenda into the future.

Fund Investments

Fund Investments is a sub-set of the Group's balance sheet and largely comprises investments in Magellan's funds and seed portfolios for new strategies and initiatives. The Group believes that maintaining a strong balance sheet is important for Magellan's clients and shareholders. In addition to providing strategic flexibility and optionality, the Group's Fund Investments ensure the Group holds a meaningful level of liquid assets for operational risk purposes and allows Magellan to seed new investment strategies and co-invest with clients.

As at 30 June 2024, the Group had net Fund Investments of \$371.1 million, compared with \$392.0 million at 30 June 2023. On a per share basis, net Fund Investments were \$2.05 per share (based on 180.7 million shares at 30 June 2024).

Performance Overview

For the year ended 30 June 2024

The following table sets out a summary of the Group's Fund Investments as at 30 June 2024 and 30 June 2023:

	30 June 2024	30 June 2023
Cash	0.2	0.4
Investments in:		
Magellan funds ¹	398.5	412.9
Net seed portfolios	5.6	7.0
Other ²	0.4	0.2
Total	404.7	420.5
Net deferred tax liability ³	(33.6)	(28.5)
Net Fund Investments	371.1	392.0

¹ Investments are set out in note 7 of the financial statements.

² Comprises receivables and payables.

³ Arises from changes in the fair value of financial assets offset by the deferred tax asset relating to unused tax losses.

The Group aims to earn satisfactory returns on its Fund Investments portfolio over time while maintaining capital strength to underpin the Group's business. Magellan has established a pre-tax return hurdle of 10% per annum over the business cycle for the Fund Investments portfolio.

The Group's Fund Investments portfolio has returned pre-tax 18.1%, 7.6% and 8.4% per annum over the last 1, 3 and 5 years to 30 June 2024 respectively. Excluding the effect of the Group's previous investment in MFF Capital Investments Limited, disposed of by way of an in-specie distribution to shareholders in February 2013, the portfolio returned pre-tax 10.8% per annum since inception from 1 July 2007. The inception date of 1 July 2007 has been chosen to reflect the first purchase date of the investments in the Magellan Global Fund and the Magellan Infrastructure Fund.

Associate Investments

As at 30 June 2024, Magellan held two investments in associates. These are held on Magellan's balance sheet and are managed separately:

- 36% economic interest (4.99% voting interest) in Barrenjoey Capital Partners Group Holdings Pty Limited ("Barrenjoey"), a recently established full-service financial services firm; and
- 16%² interest in FinClear Holdings Limited ("FinClear"), a provider of technology, infrastructure and ASX market-access services.

Associate investments delivered a post-tax gain of \$11.0 million during the year ended 30 June 2024 (FY23: after tax-loss of \$11.5 million).

Barrenjoey was profitable over the year with net profit after tax of \$34.7 million following record revenues. With all key businesses now established, Barrenjoey saw revenue growth across all business lines, particularly Fixed Income, and the business demonstrated disciplined cost management with operating expenses up only 4%. Barrenjoey maintained a strong capital position, well above the minimum required, and saw strong cash generation allowing all working capital facilities to be repaid. Barrenjoey intends to commence paying dividends given the growth in earnings, cash generation and capital (subject to Barrenjoey Board approval).

FinClear's contribution to the Group improved marginally as result of revenue growth from a recovery in market trading volumes and new cash and FX products that target the changing needs of brokers.

Magellan continues to be a supportive shareholder, and will manage these investments with a view to maximising shareholder value.

With the Group's strategic investment in Vinva in August 2024, Vinva will become the third investment in associates held by the Group, which will be reflected in the 2025 financial year.

² Excluding the impact of any potential dilution arising from unexercised issued options.

Performance Overview

For the year ended 30 June 2024

Capital Management

As at 30 June 2024, the Group's financial position included:

- investment assets (cash and cash equivalents, financial assets and investments in associates) of \$889.0 million (June 2023: \$945.3 million);
- net tangible assets of \$912.2 million (June 2023: \$853.7 million) equating to \$5.05 per share (June 2023: \$4.71);
- total liabilities of \$69.7 million (June 2023: \$236.5 million) which include payables, employee benefits, income tax payable and lease liabilities; and
- shareholders' funds of \$1.0 billion (June 2023: \$962.5 million).

The Group has no debt.

As at 30 June 2024, Magellan had bought back 4,969,671 shares pursuant to its on-market share buy-back program of up to 10 million ordinary fully paid shares (representing 5.4% of shares on issue at announcement).

The Group's strong balance sheet has benefited clients and shareholders in recent periods by protecting the business from challenges at the corporate level. Magellan's strong capital position continues to provide the business strategic optionality and flexibility, with the Group assessing that it holds approximately \$325 million of capital available for strategic purposes and as a stability buffer.

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Directors' Report

For the year ended 30 June 2024

The Directors present their report together with the financial statements of Magellan Financial Group Ltd (the "Company" or "MFG") and its controlled entities, which together form the Group, for the year ended 30 June 2024.

1. Operations and Activities

1.1. Company Overview

The Company is a listed public company incorporated in Australia. The Group's main operating company is Magellan Asset Management Limited ("MAM"). The shares of the Company are publicly traded on the Australian Securities Exchange ("ASX") under ASX Code: MFG.

The Company's principal place of business is Level 36, 25 Martin Place, Sydney, New South Wales, 2000.

1.2. Principal Activity

The principal activity of the Group is the provision of funds management services to high net worth and retail investors in Australia and New Zealand, and to institutional investors globally.

1.3. Dividends

During the year ended 30 June 2024, dividends amounting to \$179,864,000 were paid representing 99.2 cents per ordinary share (June 2023: \$212,655,000 representing 115.8 cents per ordinary share).

On 15 August 2024, the Directors declared total dividends of 35.7 cents per ordinary share (50% franked) in respect of the six months to 30 June 2024 (June 2023: 69.8 cents per ordinary share 85% franked). These dividends comprise a Final Dividend of 28.6 cents per ordinary share and a Performance Fee Dividend of 7.1 cents per ordinary share (June 2023: Final Dividend of 35.6 cents per ordinary share, a Performance Fee Dividend of 4.2 cents per ordinary share and a Special Dividend of 30.0 cents per ordinary share). The total amount of the Final Dividend and Performance Fee Dividend (which is not recognised as a liability as at 30 June 2024) is approximately \$64,526,000 (June 2023: \$126,639,000) and is expected to be paid on 4 September 2024.

The Company's policy is to pay Interim and Final Dividends of 90% to 95% of the net profit after tax of the Group's funds management business excluding performance fees. Net profit after tax of the funds management business excludes amortisation of intangibles, expenses/benefits related to strategic initiatives and gains/losses from non-cash remeasurements. In addition to the Interim and Final Dividends, the Directors will pay an annual Performance Fee Dividend of 90% to 95% of net crystallised performance fees after tax. Any Performance Fee Dividend will be paid annually with the Final Dividend. The payment of dividends by the Group will be subject to corporate, legal and regulatory considerations.

1.4. Review of Financial Results and Operations

Information relating to the Group's operations, the results of those operations and the Group's financial position is included in the Performance Overview on page 7 of this report and in this section.

Information relating to the Group's business strategies, prospects for future financial years and likely developments in its operations is included in the Executive Chairman's Letter on page 4 of this report.

Other than the information included in the sections of this report referred to above, information on other business strategies, prospects for future financial years and likely developments has not been included as it would likely result in unreasonable prejudice to the Group.

1.4.1. Reconciliation of Net Profit After Tax to Adjusted Net Profit After Tax

The Group's net profit after tax ("Statutory net profit") and earnings per share are prepared in accordance with Australian Accounting Standards. The Group also reports a number of non-International Financial Reporting Standards ("non-IFRS") financial measures including "adjusted revenue and other income", "adjusted net profit before associates", "adjusted net profit after tax" and "adjusted basic and diluted EPS" which are shown on the next page. Refer to section 1.4.2 for further details on non-IFRS financial measures.

The Group's statutory net profit after tax for the year ended 30 June 2024 was \$238,759,000, up \$56,104,000 on the prior year. The Group's adjusted net profit after tax was \$177,865,000 (June 2023: \$174,310,000) which takes into account various non-IFRS adjustments as shown on the following page.

Directors' Report

For the year ended 30 June 2024

	30 June 2024		30 June 2023	
	Statutory \$'000	Non-IFRS \$'000	Statutory \$'000	Non-IFRS \$'000
Management and services fees	257,948	257,948	330,247	330,247
Performance fees	19,206	19,206	11,524	11,524
Other revenue and income	101,472	101,472	89,879	89,879
Total revenue and other income	378,626	378,626	431,650	431,650
Adjust for: net unrealised change in fair value of financial assets and liabilities		(29,956)		(50,497)
Adjust for: non-cash interest related to share purchase loans		(2,986)		(1,801)
Adjusted revenue and other income		345,684		379,352
Total expenses	(51,647)	(51,647)	(163,372)	(163,372)
Adjust for: net (benefit)/expense related to MGF options ¹		(61,063)		26,575
Adjust for: transaction costs related to strategic initiatives ²		-		1
Adjust for: amortisation of intangible assets		1,408		3,580
Adjust for: non-cash expenses related to share purchase loans		1,314		2,596
Adjust for: non-cash employee share option expense		3,137		3,846
Adjusted expenses		(106,851)		(126,774)
Income tax	(98,592)	(98,592)	(72,915)	(72,915)
Adjust for: tax on above adjustments		27,306		7,176
Adjust for: tax on undistributed associate profit		(663)		(921)
Adjust for: tax on gain from associate dilutions and disposals		23		(76)
Adjusted income tax		(71,926)		(66,736)
Adjusted net profit before associates		166,907		185,842
Share of after-tax profit/(loss) of associates	10,295	10,295	(12,453)	(12,453)
Adjust for: tax on undistributed associate profit		663		921
Net gain/(loss) on dilutions and disposals of associates	77	77	(255)	(255)
Adjust for: net gain on dilutions and disposals of associates		(77)		255
Net profit after tax	238,759		182,655	
Adjusted net profit after tax		177,865		174,310
Basic earnings per share	131.8		100.0	
Adjusted basic earnings per share		98.2		95.5

¹ Reflects the change in value of the obligation associated with the Magellan Global Fund ("MGF") Options issued under the MGF Partnership Offer and Bonus MGF Option Issue and, for the period ended 30 June 2024, also includes the cost of the on-market purchase of MGF Options ("MGFO") by the Group and related transaction costs.

² Comprises transaction costs associated with the MGF closed class conversion.

1.4.2. Non-IFRS Financial Measures

Non-IFRS financial measures are measures that are not defined or specified under IFRS. The Directors believe non-IFRS financial measures assist in providing additional meaningful information about the performance of the business and period-to-period comparability by adjusting for strategic, non-recurring, non-cash or unrealised items which affect the Group's statutory financial results.

Non-IFRS financial measures should be viewed in addition to, and not as a substitute for, the Group's statutory results. These measures may also differ from non-IFRS measures used by other companies.

The Group's non-IFRS financial measures are presented with reference to the Australian Securities & Investments Commission ("ASIC") Regulatory Guide 230 *Disclosing non-IFRS financial information*, issued in December 2011. Non-IFRS financial measures are not subject to audit or review.

Directors' Report

For the year ended 30 June 2024

1.4.3. Statement of Financial Position

The Group is in a strong financial position and at 30 June 2024 reported:

- investment assets (cash and cash equivalents, financial assets and investments in associates) of \$889,016,000 (June 2023: \$945,341,000);
- shareholders' funds of \$1,019,529,000 (June 2023: \$962,502,000); and
- net tangible asset per share of \$5.05 (June 2023: \$4.71).

1.5. Risk Management

The Directors believe that the management of risk is a continual process and an integral part of good business management and corporate governance. The Group's Risk Management Framework has been designed to enable risk-informed decision making within established tolerance limits. It sets the Board's risk appetite and mechanisms to manage material risks within the approved risk appetite.

Presented below are the Group's material risks together with mitigations employed. Each material risk also encompasses reputation risk which is the risk of possible damage to the Group's reputation resulting from an action or inaction which could be perceived by clients, consultants, service providers and regulators to be inappropriate, unethical or inconsistent with the Group's values, cultures and beliefs.

Mitigation strategies are designed to reduce the likelihood of the risk occurring and/or to minimise the adverse consequences of the risk should it ever occur. However, some risks are affected by factors external to and beyond the control of the Group.

The Group's operations are not significantly impacted by environmental regulations under a law of the Commonwealth or of a state or any other territory of Australia in which it operates.

Material risk description	Mitigations employed
Strategic risks	
Strategic alignment and execution The risk that the Group does not recognise and/or innovate essential elements needed to successfully deliver value to the Group's existing clients and shareholders.	✓ Strategic decisions are made with due consideration of the established and Board-approved Risk Management Framework. ✓ Robust pre-investment due diligence programme commensurate with the size and nature of proposed initiatives. ✓ Key risks are identified, assessed and provided to the Board. ✓ Annual strategy and budget process, with outcomes and priorities approved by the Board. ✓ Regular reporting to the Board on the progress of strategic initiatives.
Business model The risk of loss or harm to the Group resulting from an inability to: • recognise and react to the actions of competitors; • plan for, and adapt to technological or other innovations that create new market opportunities or disrupt existing ones; • adequately identify and assess economic, regulatory or industry issues that adversely impact the Group's business model or demand for the Group's investment strategies.	✓ Periodic monitoring of the external macro-economic, financial and regulatory landscape. ✓ Ongoing review and analysis of product offerings. ✓ Marketing and branding strategy. ✓ Ongoing monitoring and reporting of emerging risks against Board appetite. ✓ Client engagement and relationship management to gain deeper insight into client needs.
Environmental, Social and Governance ("ESG") The risk that the Group fails to adequately execute its ESG, Responsible Investment and Stewardship Strategy.	✓ Client representation in matters of corporate governance through the proxy voting process.

Directors' Report

For the year ended 30 June 2024

Material risk description	Mitigations employed
Failure to meet ESG commitments or expectations, or manage ESG risks, could harm the Group's reputation, impact performance, limit access to capital or impact the Group's ability to attract and retain talent.	✓ Dedicated Head of ESG. ✓ Ongoing integration of ESG considerations into investment processes for relevant strategies. ✓ Regular review and enhancement of the Group's ESG, Responsible Investment and Stewardship Strategy. ✓ ESG product offerings to investors. ✓ ESG targets that are reviewed and monitored. ✓ Training provided periodically on specific ESG-related topics such as Modern Slavery. ✓ Signatory to the Net Zero Asset Manager initiative.
Operational risks	
Cyber and information security The risk that the Group, its partners, third parties or client base is impacted by a cyber event which causes loss, harm, damage or disruption. A cyber incident could cause disruption to client services and critical business processes. Actual or perceived failures in the Group's technology security capability and control environment could result in financial loss and impact the Group's reputation and brand.	✓ Information Technology Risk Committee ("ITRC") providing governance and oversight of the Group's information technology risk management activities. ✓ Defined IT security policies and implementation of top-tier security products including firewalls and antivirus. ✓ Use of VPN networks and Two-Factor Authentication on any external device accessing the internal network. ✓ Independent penetration testing conducted annually. ✓ Annual testing of business continuity plan. ✓ Cyber security incident response plan tested annually. ✓ Regular cyber training provided to staff with completion statistics monitored and results provided to the ITRC.
Distribution The risk that the Group's distribution strategy is ineffective or that it is poorly executed.	✓ The distribution strategy is reviewed and approved by the Board annually. ✓ Ongoing review and monitoring of the distribution strategy by senior executives. ✓ Committed to attracting and retaining skilled distribution specialists with global experience and reach. ✓ Board oversight and reporting.
People The Group's success is dependent on attracting and retaining talent. Loss of key investment management and other personnel could adversely impact financial performance and business growth. This risk is elevated by changes in employee working operating model expectations, wage inflation and the competitive environment for talent globally in the disciplines in which the Group recruits. There is also a risk of concentration whereby a material proportion of the Group's revenue is delivered by a few strategies which creates reliance on a few key investment personnel.	✓ Competitive remuneration structures to attract, motivate and retain talent. ✓ Brand and business diversification. ✓ Ongoing succession planning process to attract, develop and retain talent for sustainable growth. ✓ Employee engagement surveys to support retention. ✓ Training, development and well-being programs. ✓ Maintenance of a strong reputation and culture which promotes an attractive and safe workplace. ✓ Short-term and long-term incentive plans currently being developed. ✓ Flexible work policies and hybrid work model. ✓ Work Health & Safety Policy which considers both physical and psychological health of employees.

Directors' Report

For the year ended 30 June 2024

Material risk description	Mitigations employed
Behaviour and conduct The risk of inappropriate, unethical or unlawful behaviour by employees which is not aligned to the Group's core values. This includes the risk of the Board and senior management failing to set an appropriate cultural 'tone from the top' which may result in the delivery of detrimental or suboptimal outcomes for clients and shareholders.	✓ Clearly defined Code of Ethics outlining the expected behaviour of employees. ✓ Code of Ethics training at induction and annually. ✓ Compensation structures that incentivise staff to behave in ways consistent with the Code of Ethics and risk culture outlined in the Risk Management Framework. ✓ The Group maintains Whistle-blowing and Human Resources policies which specifically relate to conduct and behaviour. ✓ Employee compliance with the Group's policies and procedures is included in the performance assessment process. ✓ Employee engagement surveys.
Outsourcing The Group's operating model places high reliance on the availability and reliability of third-party software, hardware and information technology, including data centres and communication systems. Failure or disruption may impact on the execution of critical business processes affecting the Group's ability to service its clients and shareholders. Incidents could result in financial penalties, client loss, missed business critical deadlines and increased costs.	✓ Established Outsourcing Policy defining the requirements for the appointment and ongoing monitoring of outsourced service providers. ✓ Due diligence review of material service providers ahead of appointment, including an assessment of business continuity. ✓ Legal contracts in place with material service providers. ✓ Reliance on independent audits of the internal controls of material service providers.
Legal and regulatory compliance The Group is impacted by numerous laws and regulations, including corporate, privacy, sanctions, employment, tax and financial reporting. There is a risk the Group's activities may have contravened laws or regulations in one or more jurisdictions. This could result in financial loss and reputational damage. There is also a risk that changes to laws and regulations are not effectively responded to impacting strategy, business performance and future compliance costs.	✓ Defined Compliance Framework with documented policies. ✓ Risk and compliance monitoring protocols and processes. ✓ Induction and periodic refresher training on compliance policies to applicable teams. ✓ Experienced and appropriate level of legal, risk and compliance and tax resources to manage obligations. ✓ Monthly or quarterly compliance attestations to the Chief Compliance Officer from team managers. ✓ Incident and Breach Management Policy. ✓ Risk & Compliance team review of incidents and breaches to assess control breakdowns and improvements. ✓ External audits of key processes and procedures. ✓ Risk & Compliance and Legal teams use a variety of information sources to stay abreast of legal obligations (e.g. subscriptions to legal commentary and research services, news alerts from professional services firms and ASIC and attendance at law firms' briefings). ✓ Regulatory tracker presented and discussed at the Group's Board and Risk & Compliance Committee meetings.
Investment and performance The risk that there is a material deviation from the investment process or that poor performance of the equity markets and/or the funds adversely impacts the Group (e.g. due to factors such as economic conditions, government regulations, market sentiment, political events) leading to a	✓ An established, well-defined and documented investment process supported by a compliance and risk framework. ✓ Governance and reporting frameworks to oversee the investment process and related outcomes. ✓ The application of portfolio risk controls applied to manage market risk.

Directors' Report

For the year ended 30 June 2024

Material risk description	Mitigations employed
loss of funds under management or an inability to attract new clients.	✓ Oversight by the Group's Boards and Committees.

Financial risks

Proprietary investments

The risk that the Group's proprietary investments are significantly concentrated in any fund and lack diversification compounding the financial impacts on the Group of poor performance of any funds.

- ✓ A capital management plan is reviewed periodically by the Board.
- ✓ Ongoing monitoring and reporting of the performance of the proprietary investments by senior executives.

Financial and treasury

The Group is exposed to a variety of financial risks including counterparty credit, foreign exchange and liquidity.

There is a risk that the Group fails to maintain appropriate regulatory capital and is unable to meet contractual, payment or redemption obligations.

There is also a risk of error in financial reporting due to inadequate or ineffective financial processes and controls.

- ✓ Budgeting, performance monitoring and Board reporting process.
- ✓ Monitoring of regulatory capital requirements per Magellan Asset Management Limited's Australian Financial Services Licence.
- ✓ Regular review and approval of cash flow forecasts.
- ✓ Quarterly or semi-annual liquidity testing and annual stress testing for Magellan Funds with results reported to the Board.
- ✓ Ongoing oversight of investment in associates through Board representation and receipt of financial information from equity accounted investments.
- ✓ Annual impairment testing of the Group's non-financial assets.
- ✓ Early engagement and consultation with external auditors on significant transactions and key accounting policies.
- ✓ Refer to note 22 of the Financial Statements for more detail on how the Group manages its financial risks.

1.6. Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the year ended 30 June 2024 other than as disclosed in this report.

1.7. Events Subsequent to the End of the Financial Year

Other than the items noted below, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Dividend

Refer to section 1.3 for details of the dividend declared in respect of the six months ended 30 June 2024.

Funds Under Management

On 6 August 2024, the Company announced on the ASX announcements platform that its FUM was \$38.4 billion as at 31 July 2024.

MGF Closed Class Conversion

On 22 July 2024, conversion of the Closed Class Units of MGF to Open Class Units, as approved by unitholders at meetings held in June 2024, was implemented. Eligible Closed Class unitholders received 0.736 Open Class Units for every Closed Class Unit held on the conversion record date.

MGF's transition to an open-ended structure has seen outflows of \$1.2 billion as at 13 August 2024.

Directors' Report

For the year ended 30 June 2024

Investment in Vinva

On 15 August 2024, the Group acquired a 29.5% shareholding in Vinva Holdings Limited ("Vinva"), a systematic investment management firm founded in Australia, for cash consideration of \$138,500,000. The equity interest forms part of a strategic partnership under which the Group will distribute Vinva's systematic equity products globally and to retail and certain wholesale clients in Australia.

1.8. Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporation Act 2001* (Cth) and a copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 46.

Non-Audit Services

The Audit & Risk Committee has reviewed details of the amounts paid and payable for non-audit services provided by the Group's auditors, Ernst & Young and Plante Moran, to the Group during the year ended 30 June 2024.

The Directors, in accordance with advice received from the Audit & Risk Committee, are satisfied that the provision of non-audit services by the auditors did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services have been reviewed by the Audit & Risk Committee to ensure that they did not impact the impartiality and objectivity of the auditors;
- the Board's own review conducted in conjunction with the Audit & Risk Committee concluded that the auditor independence was not compromised, having regard to the Board's policy with respect to the engagement of auditors; and
- none of the non-audit services provided by Ernst & Young or Plante Moran during the year had the characteristics of management, decision making, self review, advocacy or joint sharing of risks.

For details regarding non-audit services provided by the auditors, fees paid to the auditors along with auditor tenure, refer to note 25 to the financial statements.

1.9. Rounding of Amounts

The Company is an entity to which the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* applies and, in accordance with that Legislative Instrument, amounts in the Directors' Report and the financial statements have been rounded to the nearest thousand dollars unless stated otherwise.

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Directors' Report

For the year ended 30 June 2024

2. Directors and Officers

The Directors of the Company during the year and up to the date of this report were:

		Appointed	Resigned
Andrew Formica	Executive Chairman ¹	26 July 2023	-
Hamish McLennan	Deputy Chairman, Independent Non-Executive Director ²	1 March 2016	-
David Dixon	Independent Non-Executive Director	15 December 2022	-
John Eales AM	Independent Non-Executive Director	1 July 2017	-
Cathy Kovacs	Independent Non-Executive Director	6 November 2023	-
Deborah Page AM	Independent Non-Executive Director	3 October 2023	-
Robert Fraser ³	Independent Non-Executive Director	23 April 2014	18 August 2023
Colette Garnsey OAM	Independent Non-Executive Director	30 November 2020	8 November 2023
David George	Chief Executive Officer	19 July 2022	24 October 2023

¹ Mr Formica was appointed Chairman with effect from 18 August 2023 and subsequently appointed Executive Chairman with effect from 25 October 2023.

² During the period ended 30 June 2024, Mr McLennan served as Chairman from 1 July 2023 through 17 August 2023. He was subsequently appointed Deputy Chairman with effect from 25 October 2023.

³ Mr Fraser continues to act as Chairman of MAM, the Group's principal operating subsidiary.

Secretary

Marcia Venegas has been Company Secretary since 2019.

Information on Directors and Officers

Andrew Formica

Executive Chairman

Andrew has 30 years' experience in leading and growing investment businesses within the funds management industry globally, 14 years of which were as CEO. Most recently, Andrew was CEO and Director of Jupiter Asset Management plc, where he served from March 2019 to September 2022. Prior to this, Andrew was Co-CEO of Janus Henderson Group plc, and prior was the Chief Executive and a Board member of Henderson Group plc ("Henderson") from 2008 before the merger with Janus Capital in 2017. Andrew was at Henderson and its prior business from 1993 and held various senior roles, including Joint Managing Director of Henderson's Listed Assets business (from September 2006) and Head of Equities (from September 2004). In the early part of his career, Andrew was an equities portfolio manager and analyst for AMPAM and Henderson.

Andrew is a Fellow of the Institute of Actuaries both in the UK and Australia. Andrew was also previously Deputy Chairman of the Board of the Investment Association and formerly a Board member of Hammerson Group plc.

Andrew earned a master's degree in Economics from Macquarie University in 1992 and an MBA from London Business School in 2001.

Hamish McLennan

Deputy Chairman and Independent Non-Executive Director

Committees: Member of the Audit & Risk Committee and the Remuneration & Nominations Committee

Hamish has over 30 years of experience in the media industry. He is currently Chairman of REA Group Limited (appointed February 2012 and Chairman since April 2012), a global online real estate advertising company, and Chairman of ARN Media (formerly HT&E Limited, appointed October 2018), an Australian media and entertainment company. Hamish is also a Non-Executive Director of the tech firm Claim Central Consolidated (since January 2020) and an independent director of Light & Wonder, a US gaming company (since November 2020).

Hamish was previously Chairman of Rugby Australia (June 2020 to November 2023), Executive Vice President, Office of the Chairman, News Corporation, and Global Chairman & CEO of Young & Rubicam (Y&R) in New York, part of WPP, the world's largest communications services group. Hamish 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.

Directors' Report

For the year ended 30 June 2024

David Dixon

Independent Non-Executive Director

Committees: Member of the Audit & Risk Committee and the Remuneration & Nominations Committee

David has over 30 years' experience in leading and growing investment businesses within the funds management industry. He has extensive experience as a senior investment leader, board trustee and director of companies. From 2013 to 2020, David was Chief Investment Officer, Equities at First Sentier Investors (formerly Colonial First State Global Asset Management) ("FSI"). In this role, David was responsible for the Australian based equity teams managing domestic and international equities. He also was responsible for the global equities dealing teams in Australia and overseas. From 2003 to 2013 he was FSI's Global Chief Investment Officer, where he was responsible for the investment functions within the entity, of the Australian and global equities, global infrastructure, global resources, global property, quantitative equities, fixed income, private equity investments, economics and market research.

Prior to FSI, David was the Head of Equities (1995 to 2002) and Chief Investment Officer (2002 to 2003) at Insurance Australia Group Limited. From 1986 to 1995 he held numerous roles at Westpac Investment Management including equity analyst, portfolio manager and Head of Corporate Research.

David is currently a Non-Director Member of the Aware Super Investment Committee (appointed January 2021). He also previously held directorial roles across a number of Commonwealth Bank of Australia subsidiaries within the Wealth Management division along with member roles on ASIC's Market Supervision Advisory Panel and the Financial Services Council Investment Board.

David was awarded the Financial Services Council Industry Excellence Award in 2012. He holds a Bachelor of Business (Finance and Economics) from the University of Technology Sydney.

John Eales AM

Independent Non-Executive Director

Committees: Chair of the Remuneration & Nominations Committee and member of the Audit & Risk Committee

John graduated from the University of Queensland in 1991 and enjoyed a 10 year international sporting career with the Australian rugby team from 1991, captaining the Wallabies from 1996 until 2001.

John has served as an executive, adviser, director and investor in a number of listed and unlisted private organisations. John co-founded the Mettle Group in 2003 – a corporate consultancy which was acquired by Chandler Macleod in 2007.

John is currently Chairman of Trajan Group (since March 2021) and also serves on the Boards of Flight Centre Travel Group (since September 2012) and FUJIFILM Data Management Solutions Pty Ltd. He continues to serve as a consultant to some Australian and international companies. John has authored books, is the Chair of the World Rugby Hall of Fame and was on the Rugby Australia Bid Advisory Committee for the Rugby World Cup 2027.

John was made a Member of the Order of Australia in 1999 for services to the community and rugby and is a Patron of the Melanoma Foundation, Hearts in Union and the Champagnat Trust. He holds a Bachelor of Arts from the University of Queensland and is a graduate of the Australian Institute of Company Directors.

Cathy Kovacs

Independent Non-Executive Director

Committees: Member of the Audit & Risk Committee and the Remuneration & Nominations Committee

Cathy is an experienced company director and financial services professional, currently serving on the boards of ASX listed, private and not for profit companies. She is a Non-Executive Director of wealth tech HUB24 (appointed July 2021), international payments provider OFX (appointed February 2021), Universities Admission Centre (UAC) for ACT and NSW, and lendtech Grapple Holdings Limited.

Cathy has 30 years' broad experience across the financial services sector including senior leadership roles at BT Investment Bank, Macquarie Group, Ellerton Capital and Westpac Banking Group. In her last executive role she was responsible for driving Westpac's strategic initiatives towards the future of financial services and managing a portfolio of investments in early stage innovative and disruptive fintech businesses.

She holds a Bachelor of Commerce from UNSW, a Masters of Applied Finance from Macquarie University, is a graduate and Member of the Australian Institute of Company Directors, and is a Member of the Association of Superannuation Funds Australia.

Directors' Report

For the year ended 30 June 2024

Deborah Page AM

Independent Non-Executive Director

Committees: Chair of the Audit & Risk Committee and member of the Remuneration & Nominations Committee

Deborah is an experienced chair and company director with broad industry experience spanning various ASX listed, private, public sector and regulated entities including in the funds management, property, utilities, insurance, technology and renewables sectors. She is currently a Non-Executive Director of Brickworks Limited (appointed July 2014), Growthpoint Properties Australia Limited (appointed March 2021) and The Star Entertainment Group Limited (appointed March 2023). She was previously Non-Executive Director of Pandal Group Limited (April 2014 to January 2023 and Chairman from January 2022), Investa Listed Funds Management Limited (the responsible entity of ASX Listed Investa Office Fund), Service Stream Limited (September 2010 to April 2023), GBST Holdings Limited, Australian Renewable Fuels Limited and Investa Property Group. She was also formerly Non-Executive Director of The Colonial Mutual Life Assurance Society Limited and Commonwealth Insurance Limited.

Deborah is a Chartered Accountant with dual audit partner and CFO experience during her executive career, and she brings extensive governance, Board and Audit Committee Chair experience as well as corporate finance, accounting, audit, mergers and acquisitions, capital markets, insurance and joint venture arrangements.

Deborah has been a professional director since 2001, holds a degree in Economics from the University of Sydney and is a Fellow of Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors. She is also a Member of the Takeovers Panel and Chief Executive Women. In 2006, she was made a Member of the Order of Australia for services to public health, business and the accounting profession.

Marcia Venegas

Company Secretary

Marcia was appointed Company Secretary of the Company on 20 March 2019. Marcia also holds the role of Chief Risk Officer and Chief Compliance Officer. Prior to joining the Group in November 2015, Marcia was Chief Compliance Officer at Platinum Asset Management in Sydney and held senior roles including Chief Compliance Officer at Dodge & Cox in the US. Marcia brings more than 20 years of experience in the financial services industry in Australia and the US, during which time she has been responsible for compliance with national and international regulatory requirements, the development and maintenance of governance, risk and compliance frameworks, licensing, proxy voting, training and liaising with regulators, auditors and clients. Marcia holds a Bachelor of Arts from the University of Wollongong.

Former Directors

Robert Fraser

Robert is a company director and corporate adviser with over 35 years of investment banking experience, specialising in mergers and takeovers, corporate and financial analysis, capital management, equity capital markets and corporate governance.

Robert is currently the Managing Director of TC Corporate Pty Limited, the corporate advisory division of Taylor Collison Limited stockbrokers of which he is a Director and Principal. He is the Non-Executive Chairman of ARB Corporation Limited (Non-Executive Director since February 2004 and Chairman since September 2022). Robert is also a Non-Executive Director of FFI Holdings Limited (since October 2011), MFF Capital Investments Limited (since May 2019) and Supply Network Limited (since April 2024). He was previously Non-Executive Director (April 2014 to August 2023) and Deputy Chairman (February 2022 to August 2023) of Magellan Financial Group Ltd and, between April 2014 and August 2023, Chairman of its Audit & Risk Committee and a member of its Remuneration & Nominations Committee. He is the President of the Muscular Dystrophy Association of New South Wales.

Robert has Bachelor of Economics and Bachelor of Laws (Hons) degrees from the University of Sydney and is also qualified as a licensed business broker, licensed real estate agent and a registered Tax (financial) Adviser.

Colette Garnsey OAM

Colette is currently Chair of Laser Clinics Australia (appointed to the Board in November 2020 and Chairman since October 2021). She also serves as a Director of Flight Centre Travel Group (since February 2018) and Seven West Media Limited (since December 2018). Colette was previously a Non-Executive Director of Magellan Financial Group Ltd (November 2020 to November 2023), as well as a member of its Audit & Risk Committee and its Remuneration & Nominations Committee.

Colette has previously held senior roles with David Jones, Pacific Brands and Premier Investments. She has also held directorial and advisory positions for government boards and not-for-profit enterprises, including the CSIRO, Australian Government Innovation

Directors' Report

For the year ended 30 June 2024

Council, Federal Trade and Investment Ministers, Australian Fashion Week and the Melbourne Fashion Festival. She holds an Executive MBA from the Graduate School of Business at Stanford University.

David George

David was previously Managing Director and Chief Executive Officer (19 July 2022 to 24 October 2023) and Chief Investment Officer (17 October 2022 to 17 August 2023) of Magellan Financial Group Ltd. Prior to that, he spent 14 years at the Future Fund (Australia's Sovereign Wealth Fund) and held senior roles at Mercer Investment Consulting, the Royal Bank of Canada and Integra Capital Management. David is a CFA and CAIA Charterholder and holds a Bachelor of Arts (Economics) degree from Western University in Canada.

Directors' Meetings

The number of meetings of the Board and Board Committees held during the year ended 30 June 2024 and the number of those meetings attended by each Director are set out below:

	Board		Audit & Risk Committee		Remuneration & Nominations Committee	
	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended
Andrew Formica ²	16	16	4	4	4	4
Hamish McLennan	18	18	10	10	10	10
David Dixon	18	18	10	10	10	10
John Eales	18	17	10	10	10	10
Cathy Kovacs	11	11	6	6	6	6
Deborah Page	12	12	6	6	8	8
Robert Fraser	5	5	2	2	1	1
Colette Garnsey	8	8	4	4	4	4
David George	7	6	-	-	-	-

¹ The number of meetings held during the time the Director was a member of the Board or of the relevant Committee.

² Mr Formica was a member of the Audit & Risk and the Remuneration & Nominations committees from 26 July 2023 to 24 October 2023. Upon his appointment to Executive Chairman he was required by the charters of both committees to cease membership.

Indemnification and Insurance of Directors and Officers

Under the Company's constitution, the Company indemnifies, to the extent permitted by law, all current and former Directors and Secretaries of the Company against any liability incurred in that person's capacity as an Officer of the Company and against any legal costs incurred by that person in defending any proceedings relating to any such liability. The Company has also entered into a deed of indemnity with each current and former Director and Secretary on substantially the same terms as those set out in the Constitution.

During the year, the Company paid insurance premiums to insure the Directors and Officers of the Group, as permitted by the *Corporations Act 2001* (Cth), in respect of losses, liabilities, costs and charges incurred by those persons in their capacity as an Officer of the Group. The terms of the policy prohibit the disclosure of the amount of the premiums paid by the Company.

Directors' Report

For the year ended 30 June 2024

3. 2024 Remuneration Report (Audited)

Message from the Chair of the Remuneration & Nomination Committee

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present the Group's Remuneration Report for the financial year ended 30 June 2024. As well as an explanation of the Group's remuneration framework, performance and outcomes for the Executive Key Management Personnel ("KMP") and Non-Executive Directors, this Remuneration Report includes context on our culture and current people initiatives.

Our year at a Glance

The 2024 financial year has been a period focused on restoring stability within our business, to enable our investment teams and operational functions to deliver excellence to our clients. A key part of this has been implementing new transitional leadership arrangements across the business, resolving the Employee Share Purchase Plan ("SPP") loans held by our employees, and re-designing and implementing a new remuneration framework for our executives and employees that is aligned to shareholders. Whilst the financial year ended 30 June 2024 continued to present challenges for the Group, our shareholders and our people, we are pleased with the progress made. In outlining the changes to the remuneration framework, it is helpful to understand that the Board considered it important to prioritise the resolution of historical concerns, such as the SPP, before we could cleanly look forward to the future. Some of these changes have occurred in this financial year and others are proposed for the 2025 financial year.

Over the course of the year, we have addressed the following:

- **Completion of Board renewal.** In July 2023, Mr Andrew Formica joined as a Non-Executive Director and was subsequently appointed Chairman on 18 August 2023. Mrs Deborah Page AM and Ms Catherine Kovacs joined as Non-Executive Directors in October and November 2023, respectively. The new Board members have brought a wealth of funds management and broad industry experience, and the Board renewal process is now complete as four of the six Board members joined the Board in the last two years. Mr Hamish McLennan will retire from the Board of Magellan Financial Group Ltd at the 2024 AGM following the completion of the renewal process and after nearly nine years of service to the Company.
- **Interim leadership.** Following the announcement of Mr David George's departure in October 2023, the Board considered it was imperative to provide stability and leadership to the business and was pleased Mr Andrew Formica assumed the role of Executive Chair, while we undertook a search for a new Chief Executive Officer. Mr Formica is an experienced leader with over 30 years' experience in funds management, 14 of which were in the Chief Executive capacity, and the Board was pleased he agreed to step in to provide that stability during the period for our business, clients and employees. Mr Formica's appointment to Executive Chair was not intended to be a long-term solution. Mr Formica delivered a number of key strategic initiatives this year including the resolution of the SPP loan arrangement for current employees, purchase of Magellan Global Fund Closed Class Options and the conversion of the Magellan Global Fund Closed Class into the Open Class. In addition, he led the appointment of Ms Sophia Rahmani as Managing Director – Magellan Asset Management.
- **Future leadership.** Ms Sophia Rahmani commenced in May 2024 as Managing Director – Magellan Asset Management, the Group's main operating business. It is the intention of the Board to appoint Ms Rahmani as CEO within 12 months of her commencement, at which time Mr Formica would revert to Non-Executive Chairman of MFG. With over 20 years' experience in financial services that involved leading and growing asset management businesses both in Australia and globally, Ms Rahmani brings a wealth of experience to the Group. To maintain the stability that Mr Formica has brought to the business, the Board considered it was appropriate to have a period of time where the business would have both Mr Formica and Ms Rahmani in their respective executive leadership roles. We have been incredibly pleased with how Mr Formica and Ms Rahmani have collaborated in their respective leadership roles.
- **Resolved historical concerns regarding SPP loans.** SPP loans have continued to be a source of tension for employees. The Board considered it was imperative to resolve the matter for current employees before focusing on changes in the remuneration structure, including employee incentive plans. In October 2023, an additional retention program was announced that provided relevant current employees with retention bonuses which, when paid, would assist with the settlement of outstanding SPP loan balances. These retention arrangements provided by the Group mean that the outstanding SPP loans will be fully repaid in September 2025 for the vast majority of current employees. The retention arrangements announced in October 2023 are conditional on employees remaining employed at September 2025 and were very well received by employees.

Directors' Report

For the year ended 30 June 2024

Investing in our future

Following engagement with proxy advisers and investors, we understand that concerns relating to Executive remuneration and the variable remuneration framework were the overarching contributors to receiving a 'first strike' on our 2023 Remuneration Report with 58.19% of votes cast against the Report. The Board understands shareholders' concerns related to strengthening variable remuneration linkage in line with individual and collective performance across the Group and during the year we conducted an extensive review of our remuneration framework.

The review resulted in the following key changes to remuneration arrangements to be effective from the 2025 financial year for Executive KMP (excluding the Executive Chair who does not participate in variable remuneration):

- **A Long-Term Incentive Plan ("LTI") will be introduced for Executive KMP and other key executives.** The LTI will be delivered in performance rights and will be tested over a three-year period against a relative total shareholder return ("rTSR") measure based on a comparator group of asset and funds management companies that are listed on the ASX;
- **Deferral under our Short-Term Incentive Plan ("STI") will be increase from 35% to 50% for Executive KMP.** Deferral will also be delivered in restricted equity (rather than cash which is the current arrangement) to be released in equal instalments annually over a two-year period. The intention is to increase this to three years from the 2026 financial year; and
- **Improved metrics in respect of our STI measures will be introduced.** Specific financial (50%) and non-financial (50%) measures including People and Culture, Clients, Growth and Risk, Regulatory Management and ESG will be in place for the FY25 STI for Executive KMP, aligned with our strategy. All measures will be aligned with our strategy and values and disclosed in the 2025 Remuneration Report.

In addition, we will provide a one-off grant of equity to employees (excluding Executive KMP) and have introduced an equity matching plan where all eligible employees may purchase MFG shares and receive a bonus match of MFG shares at the end of two years, provided they remain employed and hold the shares purchased. The Board believes it remains important to ensure employees are aligned to shareholders by being owners of the business and are aware that many employees divested some or all of their MFG shares to partly settle their outstanding SPP loan balance.

2024 Performance and Remuneration Outcomes

With a period of continued change and the importance of stability for our clients and shareholders, the Board has focused on recognising the efforts of our employees. We have also worked hard to ensure that remuneration outcomes for the 2024 financial year are reflective of performance, the effort of the individual employee and the future of the business. It remains important to maintain stable and motivated employees and an executive team focused on delivering our long-term strategy.

Fixed remuneration

After a detailed review of external market data, fixed remuneration for Executive KMP for the upcoming year has been adjusted slightly to reflect the market. Across the Group, increases to fixed remuneration for the 2025 financial year were modest and determined with reference to external market data. When Ms Rahmani is appointed as Chief Executive Officer of Magellan Financial Group, the Board will review her remuneration package at that point in time.

Variable remuneration

For the year ended 30 June 2024, neither Mr Formica nor Ms Rahmani was eligible to receive variable remuneration. The remaining Executive KMP were awarded performance-based variable incentives of between 68% and 87% of their fixed remuneration. This reflects the strong commitment and continued performance of management over the year, whilst managing many external factors outside of their control and ensuring market competitiveness against comparable roles in the financial services industry is maintained. More details can be found in section 3.4.

Supporting the Group's Strategy

The Board remains committed to ensuring the remuneration strategy reflects good governance and supports both the Group's strategic priorities and shareholder alignment in the short, medium and long-term. The detailed work undertaken this year on the remuneration framework, and in particular the LTI and STI, involved consultation with key stakeholders to ensure the design drives executive performance and sustainable shareholder value. Subject to the shareholders' consideration of the Employee Share Plan Rules at the MFG AGM in October 2024, the LTI is anticipated to apply to the 2025 financial year onwards. We believe the changes in the remuneration framework will enhance our performance assessment approach through clarity and appropriate alignment of targets whilst strengthening variable remuneration linkage in-line with individual and collective performance across the Group.

Directors' Report

For the year ended 30 June 2024

On behalf of the Board, we invite you to read the Remuneration Report and welcome your feedback.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'John Eales', with a long horizontal flourish extending to the right.

John Eales, Chair

Remuneration & Nominations Committee

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Directors' Report

For the year ended 30 June 2024

3.1. Response to feedback provided on the FY23 Remuneration Report

FY25 executive remuneration changes

At the 2023 AGM, some shareholders expressed concerns regarding the Group's remuneration arrangements, resulting in a 'first strike' against the adoption of the Remuneration Report for the year ended 30 June 2023 (with 58.19% votes cast against).

The Board values shareholder feedback and has, over the last year, engaged with proxy advisors and shareholders and undertaken an extensive review of our remuneration structure with an aim to meet external expectations as well as achieves our strategic goal of becoming the home for the best investment talent which will enable us to deliver long-term value to our clients and shareholders.

Subject to shareholder approval where required, the table below outlines how key feedback areas have been incorporated into the Group's remuneration arrangements from the 2025 financial year.

Feedback area	Response
Fixed pay level for CEO was above ASX-listed funds management peers.	- Ms Rahmani commenced as Managing Director – Magellan Asset Management Limited in May 2024. - Fixed remuneration (inclusion of superannuation) was set at \$850,000 which is significantly less than the fixed remuneration of the previous CEO. - Further benchmarking of CEO remuneration will be undertaken when setting Ms Rahmani's base salary on appointment to CEO.
STI outcomes did not appear to align with financial performance or shareholder experience in FY23.	- Specific financial (50% weighting) and non-financial (50% weighting) measures (including People and Culture, Clients, Growth and Risk, Regulatory Management and ESG) will be in place for the FY25 STI for Executive KMP, aligned with our strategy and values. These measures will be disclosed in the FY25 Remuneration Report. - To further align executives with shareholders over the medium to long-term, the STI deferral percentage for Executive KMP will increase from 35% to 50% (vesting in 2 equal instalments annually over 2 years) and will be delivered in MFG restricted equity (previously cash). The intention is to increase the vesting period to 3 years from FY26. The Board will consider partial investment of the deferral in Magellan Funds in the future.
Absence of an equity-based LTI scheme that would remunerate senior executives based on longer-term company performance and shareholder returns.	- The Group will introduce an LTI plan in the form of performance rights. The LTI will ensure that Executive KMP will have a key component of their remuneration tied to the long-term performance of the Company and aligned with shareholder returns. - While full details will be disclosed in the 2024 Notice of Meeting: - A three-year performance period is considered an appropriate performance period with regards to our strategy and market practice of our peers. - The performance measure will be rTSR, assessed against a group of asset and funds management companies listed on the ASX. The vesting profile will be as follows: 50% will vest where the Group's performance is at the 50th percentile; and 100% will vest where the Group's performance is at or above the 75th percentile (with straight line vesting in between) and 0% will vest where the Group's performance is below 50%. - The Board will retain the ability to exercise discretion should it consider that while the metrics may have been met, the payment of some or all of the LTI would not be in the interest of shareholders. - Additional measures such as EPS, increase in FUM and return on capital employed ("ROCE") were considered but it was determined they were not appropriate at this stage. We will review this in future years to determine if a second measure should be incorporated into the LTI.
Questions on the quantum and absence of performance measures for a predominantly cash retention award for one executive.	No cash retention awards were provided to Executive KMP or former Executive KMP in FY24. One current Executive KMP and one former Executive KMP received an additional retention award to further assist with the repayment of outstanding SPP loan balances. This is not expected to be repeated in future years.

Directors' Report

For the year ended 30 June 2024

Broader employee arrangements

The SPP loans have continued to be a source of tension for those employees that have a SPP loan. The Board considered it imperative to resolve these loans for employees before focusing on new remuneration and equity plans.

In 2022, the Group introduced an employee retention program in addition to annual remuneration, which was disclosed in the Remuneration Report for the 2022 financial year. The program was designed to retain key talent and skills and ensure leadership continuity for both the renewal and future growth of the business. Payments were made over the 2024 financial year in relation to these retention arrangements. The last tranche of payments associated with these retention arrangements will be paid in September 2024. For over 50% of the employees that received these payments, the after-tax retention amount was applied directly to the employee loans under the SPP reducing their SPP loan balance.

In February 2022, the Board suspended the SPP indefinitely as it considered it no longer met its intended purpose of employee alignment. While the retention arrangements referred to above have been applied to the SPP loan balances, there was still 30% of employees with loans which were in excess of the value of the underlying shares. As the loans are full recourse loans, participants are liable to repay their loan irrespective of the performance of the Group's shares.

In October 2023, we announced an additional retention program to current employees to further assist with the repayment of outstanding SPP loan balances. These retention arrangements involved selling either all or a portion of the underlying shares and the retention payment covering the loan shortfall. These retention arrangements mean that for the vast majority of employees their SPP loan balances will be closed out in September 2025. This program was well received by employees and we received strong support from shareholders at the time.

In addition, the Board considered it important to ensure that our employees are aligned with shareholders by being owners of MFG. In this context, in FY25, the Board has decided to:

- provide a one-off grant of \$5,000 worth of equity to all employees employed as at 1 September 2024, except for the Senior Management Team (which includes the Executive KMP). This grant will be in the form of performance rights and will vest provided the employee remains employed on the two-year anniversary of the grant; and
- offer an equity matching plan. All employees will be offered the opportunity to purchase up to \$10,000 worth of MFG shares, and provided they hold the shares for two years and remain employed by the Group at the end of the period, they would receive a 1:1 match of MFG shares.

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Directors' Report

For the year ended 30 June 2024

3.2. Key Management Personnel

This Remuneration Report outlines the remuneration arrangements for the KMP of the Group for the year ended 30 June 2024. KMP are defined as those persons and corporate entities having authority and responsibility for planning, directing and controlling activities of the Group, directly or indirectly.

In the 2024 financial year, the KMP for the Group included the Non-Executive Directors and other Group Executives as set out below.

		Term as KMP
Directors¹		
Andrew Formica ²	Executive Chairman	From 26 July 2023
Hamish McLennan ³	Deputy Chair, Independent Non-Executive Director	Full year
David Dixon	Independent Non-Executive Director	Full year
John Eales	Independent Non-Executive Director	Full year
Cathy Kovacs	Independent Non-Executive Director	From 6 November 2023
Deborah Page	Independent Non-Executive Director	From 3 October 2023
Executive KMP¹		
Sophia Rahmani	Managing Director - Magellan Asset Management	From 13 May 2024
Kirsten Morton	Chief Financial Officer and Chief Operating Officer	Full year
Former KMP - Directors and Executives		
Robert Fraser ⁴	Independent Non-Executive Director	Until 18 August 2023
Colette Garnsey	Independent Non-Executive Director	Until 8 November 2023
David George	Executive Director, Chief Executive Officer	Until 24 October 2023
Rebecca Smith ⁵	Head of Strategy and Special Projects	Until 24 October 2023
Marcia Venegas ⁶	Company Secretary, Chief Risk Officer and Chief Compliance Officer	Until 10 May 2024

¹ All functional titles are as at 30 June 2024.

² Mr Formica was appointed a Non-Executive Director with effect from 26 July 2023 and Chairman with effect from 18 August 2023. Following the departure of Mr George, Mr Formica stepped in as Executive Chairman from 25 October 2023.

³ Mr McLennan served as Chairman from 1 July 2023 through 17 August 2023. He was subsequently appointed Deputy Chairman with effect from 25 October 2023.

⁴ Mr Fraser continues to chair the Board of Magellan Asset Management Limited.

⁵ Ms Smith ceased to be a KMP on the appointment of Mr Formica as Executive Chairman.

⁶ Ms Venegas ceased to be a KMP on the appointment of Ms Rahmani.

The Remuneration Report has been prepared and audited against the disclosure requirements of the *Corporations Act 2001* (Cth).

3.3. Remuneration philosophy and principles

The Group strives to attract and retain the best talent to enable the successful delivery of our business strategy to deliver outcomes for our clients and shareholders. The Group's remuneration philosophy is centred on fair compensation for performance and contribution that achieves planned business outcomes.

The last few years have been challenging for the Group and its shareholders, and it has been considered a priority to retain key employees for the stability that this brings to the business. Remuneration decisions have been made with the intention that we continue to retain and incentivise key members of the team to continue their dedication and focus to better deliver to our clients and shareholders.

Executive remuneration is intended to support the Group's strategic objectives and encourage behaviour that is aligned with our values. The key drivers of the Group's remuneration philosophy and principles are:

Directors' Report

For the year ended 30 June 2024



Remuneration structure

For the year ended 30 June 2024, the Group's remuneration arrangements for the Executive KMP comprised fixed remuneration and performance-based variable remuneration (as summarised below). Further detail is provided in Section 3.4.

A fixed remuneration amount (inclusive of superannuation)	A performance-based incentive which is determined annually, paid in cash and partly deferred over three years subject to ongoing employment
---	---

Fixed remuneration

Fixed remuneration is structured as a total employment cost package, which may be received as a combination of cash, non-cash benefits and superannuation contributions. Fixed remuneration for employees is generally reviewed annually to ensure that it is competitive and reasonable.

Performance-based variable remuneration

The Board believes variable incentives should be aimed at areas where employees have a direct influence over the business and the outcomes are aligned to the best interests of the Group's clients and shareholders. The Board does not currently use measures such as earnings per share or the share price performance of the Group in determining annual variable remuneration.

Variable incentives are paid partly as a current year cash bonus and partly as a conditional deferred cash bonus, generally over a period of up to three years (in equal monthly payments) for senior employees and Executive KMP, subject to continued employment.

Performance-based variable remuneration arrangements for non-KMP

With the exception of certain portfolio managers, the variable incentive amount for non-KMP employees is discretionary and is determined by reference to an employee's individual performance and contribution, specific business performance in certain circumstances, and the overall performance of the Group. Subject to a minimum threshold, variable incentives are partly paid as a cash bonus in the current year and partly paid as a monthly conditional deferred cash bonus over a period of up to three years, subject to the employee not having resigned. The longer deferral period applies to those in more senior positions.

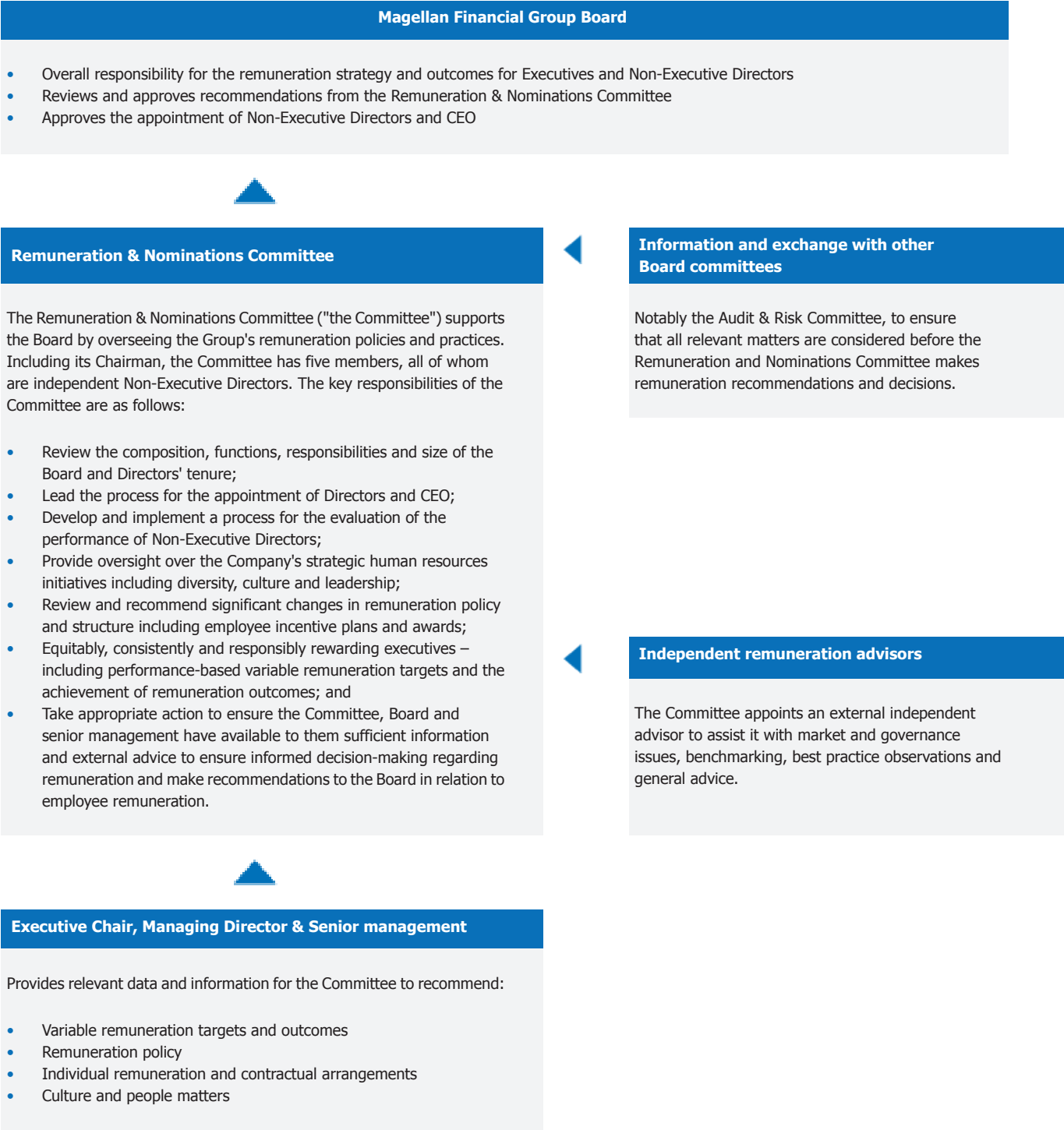
The Board considers it appropriate that the way in which the portfolio managers are rewarded aligns to the interests of the Group's clients and shareholders. As such, the portfolio managers have variable remuneration arrangements that combine one or both of the following components:

- A discretionary component; and/or
- A performance component dependent upon (i) the performance of the investment strategies for which they are responsible, which is calculated over a three-year period, or a lesser term where a three-year period is not available or appropriate and (ii) specific business outcomes in certain circumstances.

Directors' Report

For the year ended 30 June 2024

Remuneration oversight



Directors' Report

For the year ended 30 June 2024

3.4. Remuneration of Executive KMP

As noted above, the remuneration of the Executive KMP comprised fixed remuneration and performance-based variable remuneration (excluding the Executive Chairman who does not participate in variable remuneration). The summary below provides further details of the different elements of the Executive KMP remuneration structures applicable during the year ended 30 June 2024.

Executive Chair remuneration structure

As noted above, Mr Formica commenced as Executive Chairman on 25 October 2023. The table below outlines Mr Formica's remuneration arrangements.

Component	Detail
Fixed remuneration (including superannuation)	Fixed remuneration is structured as a total employment cost package, which may be received as a combination of cash, non-cash benefits and superannuation contributions. For the 2024 financial year, Mr Formica's fixed remuneration (inclusive of superannuation) was \$1,350,000 per annum. Mr Formica is not paid the Chairman fee whilst Executive Chair.
Variable remuneration	Mr Formica is not eligible for any variable remuneration as Executive Chairman.
One-off payment for incentives foregone	As outlined in the ASX announcement of Mr Formica's appointment to Executive Chairman on 25 October 2023, there were incentives that Mr Formica had from his previous employment that were potentially at risk of lapsing if he were to accept the Executive Chairman role. The Group has confirmed that his previous employer lapsed these incentives, therefore a one-off payment for incentives foregone (as outlined in the ASX announcement) has/will be made as follows: \$715,010 was paid on 15 March 2024; \$574,470 will be paid in March 2025; and \$666,254 will be paid in March 2026. Payments are subject to Mr Formica not having resigned, given notice of resignation or been summarily dismissed at the relevant payment date.

Managing Director - Magellan Asset Management remuneration structure

As noted above, Ms Rahmani commenced as Managing Director - Magellan Asset Management on 13 May 2024. The table below outlines Ms Rahmani's remuneration arrangements which were disclosed at the time of her appointment. The Remuneration and Nominations Committee determines, and the Board approves, the performance-based variable incentive to be awarded to the Managing Director on an annual basis with regards to the determined performance metrics.

Component	Detail
Fixed remuneration (including superannuation)	Fixed remuneration is structured as a total employment cost package, which may be received as a combination of cash, non-cash benefits and superannuation contributions. Fixed remuneration is reviewed annually. For the 2024 financial year, Ms Rahmani's fixed remuneration (inclusive of superannuation) was \$850,000 per annum. Given the demonstrable change in role, the Board has determined that Ms Rahmani will be eligible for a remuneration package review (including variable remuneration and LTI Plan) upon appointment to CEO.
Variable remuneration	There is no variable remuneration awarded to Ms Rahmani for the 2024 financial year. From the 2025 financial year, Ms Rahmani is eligible to receive a performance-based variable incentive of up to 100% of fixed remuneration based on the performance metrics agreed between the Board and Ms Rahmani. These performance metrics will be disclosed in the 2025 Remuneration Report.
Long-Term Incentive Plan	From the 2025 financial year, Ms Rahmani is eligible to receive a long-term incentive of up to 100% of fixed remuneration under the proposed LTI based on the performance metrics outlined earlier in this report. Further detail on these performance metrics will be disclosed in the 2025 Remuneration Report.
One-off payment for incentives foregone	As outlined in the ASX announcement of Ms Rahmani's appointment on 15 February 2024, in recognition of the bonus and other incentives that she was forfeiting from her current employer for the 2024 financial year, Ms Rahmani has/will receive a cash award as follows: \$350,000 was paid on 15 May 2024; and

Directors' Report

For the year ended 30 June 2024

Component	Detail
	\$350,000 is payable in November 2024, which will be the six-month anniversary of Ms Rahmani's commencement with the Group, subject to her remaining employed at that date. To further compensate Ms Rahmani for the loss of incentive opportunities from her former employer, she will also receive an issuance of MFG shares to the total value of \$2,500,000, subject to shareholder approval (the "Forfeited Award Bonus"). The number of MFG shares awarded will be 285,388, which was determined by dividing the award by the 5-day volume-weighted average price ("VWAP") immediately preceding her commencement on 13 May 2024. Given the timing of the approval of the award by shareholders, shareholder approval will also be sought for an additional issue of shares as compensation for the FY24 full year dividend that she will have forgone. The vesting schedule of the Forfeited Award Bonus mirrors that of the equity that Ms Rahmani forfeited from her previous employer. It will vest on 31 December 2026. The Forfeited Award Bonus vesting is conditional on Ms Rahmani: - not having ceased to be employed on or before 31 December 2025 due to her resignation; and - not having ceased to be employed on or before 31 December 2025 in circumstances where she has been terminated for cause.

Remuneration structure for other Executive KMP

The below table outlines remuneration arrangements for the remaining Executive KMP for the 2024 financial year. As noted in section 3.1, a formal LTI plan and greater rigour around STI measures will be introduced from the 2025 financial year.

Component	Detail										
Fixed remuneration (including superannuation)	Fixed remuneration is structured as a total employment cost package, which may be received as a combination of cash, non-cash benefits and superannuation contributions. Fixed remuneration is reviewed at least annually and is benchmarked against external market data. <table><tr><th colspan="2">Total fixed remuneration (annualised)</th></tr><tr><td>Kirsten Morton</td><td>\$526,000</td></tr><tr><td>David George (former)</td><td>\$1,800,000</td></tr><tr><td>Rebecca Smith (former)</td><td>\$500,000</td></tr><tr><td>Marcia Venegas (former)</td><td>\$469,000</td></tr></table>	Total fixed remuneration (annualised)		Kirsten Morton	\$526,000	David George (former)	\$1,800,000	Rebecca Smith (former)	\$500,000	Marcia Venegas (former)	\$469,000
Total fixed remuneration (annualised)											
Kirsten Morton	\$526,000										
David George (former)	\$1,800,000										
Rebecca Smith (former)	\$500,000										
Marcia Venegas (former)	\$469,000										
Variable remuneration (STI)	When considering variable remuneration, the Board's primary objective is shareholder outcomes and this is achieved where Executive KMP are motivated to achieve high performance over areas where they have direct influence, while maintaining the Group's reputation and mitigating risk. The core of the Group's culture is to put our clients first. If these objectives are met, the interests of shareholders will also be satisfied. The Executive Chairman makes recommendations to the Remuneration and Nominations Committee on the amount of variable incentive to be paid to other Executive KMP, subject to review of overall amounts by the Remuneration and Nominations Committee and approval by the Board, taking into consideration each individual's performance and contribution during the year. The performance-based variable incentive of other Executive KMP is discretionary and may be in the range of 0% to 100% of fixed remuneration (higher in exceptional circumstances) and comprises a cash bonus amount and a conditional deferred cash bonus payable over periods of up to three years (paid in monthly instalments). As noted above, from FY25, specific financial and non-financial measures will be in place for the STI for Executive KMP, aligned with our strategy and values, with an increased deferral percentage and deferral in shares. A formal LTI plan will also be introduced.										

The Group may require Executive KMP to act as a Director of a subsidiary or associate of the Group for no additional remuneration.

Directors' Report

For the year ended 30 June 2024

3.5. Summary of 2024 variable remuneration outcomes

The financial performance of the Group is a significant contributor to the performance-based variable remuneration outcomes for the Executive KMP. While there have continued to be challenges in the past 12 months with \$5.9bn in FUM outflows over the course of the financial year, this outflow has slowed from the prior year with FUM closing at \$36.6bn. The FUM outflow has had an impact on the revenue for the Group over the last few years but we have seen a relative stabilisation of the financial performance in the past 12 months with Group adjusted net profit after tax ("NPAT") up 2% and performance fees up 67% on prior year.

With the reduction in FUM, a key focus of Executive KMP has been strong management of the expenses of the business and these were down 16% from the prior year. The Group's financial performance, specifically the strong management of expenses has been reflected in the variable remuneration outcome (as a % of fixed remuneration) below. A 5-year overview of financial performance is contained in section 3.9.

Executive KMP	Variable remuneration outcome (% of fixed remuneration)	Comments
Kirsten Morton	\$460,000 (87%)	- Delivered FY24 FM expenses within market guidance at \$102.4m and adjusted NPAT of \$177.9m, up 2% on prior year by maintaining cost discipline of controllable costs across Group. - Whilst no systemic risk issues or events, evolved technology infrastructure to ensure ongoing robustness and uplifted cybersecurity program. - In conjunction with the Group's distribution team, completed the build out of the client service support model and client service strategies, with a focus on retail clients. - Maintained high quality and operationally efficient control functions that support the business with delivery of long-term solutions over tactical fixes.
Rebecca Smith (former)	\$132,000 (85%)	- Led the strategy and resolution of MGF Closed Class activism and purchase of associated options including significant engagement with stakeholders. - Led significant strategic analysis for the Board and management. - Led review and analysis of corporate development opportunities in line with the Company's strategy to add talent and teams to platform. - Introduced a program of increased and systematic proactive shareholder and wider stakeholder engagement. - Significant contribution to US leadership transition. - Led and executed an active media strategy to reduce press coverage.
Marcia Venegas (former)	\$276,000 (68%)	- Evolved risk framework to manage ESG risks. - Continued to strengthen the regulatory reporting framework to better manage regulatory requirements and associated controls. - Proactive regulatory engagement ensuring transparency and well managed outcomes. - Continued commitment to risk culture across all activities and roles.

Components of 2024 performance-based variable remuneration

The table below provides a summary of variable remuneration outcomes for Executive KMP for the years ended 30 June 2024 and 30 June 2023. The table outlines the portion of performance-based variable remuneration awarded for each financial year that is paid in cash in the relevant year and the portion that is deferred over subsequent financial years, along with the retention incentives offered.

Details of the total remuneration paid or payable to all KMP, along with details of the employment agreements of Executive KMP, is provided in section 3.7.

Directors' Report

For the year ended 30 June 2024

		Performance-based				Retention		
		Cash bonus	Conditional deferred cash bonus	Total performance-based remuneration awarded	Fixed remuneration (incl. super)	Performance-based remuneration as % of fixed remuneration	Cash incentive	Equity
		\$'000 ¹	\$'000 ²	\$'000	\$'000	%	\$'000 ³	\$'000 ⁴
Executive Director								
Andrew Formica	2024	-	-	-	925	-	1,956	-
Executive KMP								
Kirsten Morton ⁵	2024	325	135	460	526	87%	50	-
	2023	341	144	485	578	84%	120	-
Sophia Rahmani ⁶	2024	-	-	-	117	-	-	2,378
Former KMP								
David George ⁷	2024	-	-	-	900	-	-	(365)
	2023	694	333	1,027	1,712	60%	-	365
Rebecca Smith ⁸	2024	94	38	132	156	85%	(1,300) ⁹	-
	2023	331	138	469	469	100%	2,350	228
Marcia Venegas ¹⁰	2024	202	74	276	404	68%	193	-
	2023	270	105	375	469	80%	-	-
Total KMP¹¹	2024	621	247	868	3,028		899	2,013
	2023	1,636	720	2,356	3,228		2,470	593

¹ Cash bonus represents the portion of Executive KMP's awarded variable remuneration that is payable in September of the relevant year post the release of the Group's Annual Report.

² Conditional deferred cash bonus represents the portion of Executive KMP's awarded variable remuneration for the financial year that is deferred and paid in cash in future financial years, subject to employment conditions.

³ The retention incentive awarded to Mr Formica during the year ended 30 June 2024 replaces the awards from his former employer that were forfeited. Incentives disclosed for Group Executives reflect awards under a broader employee retention program that will be delivered in cash subject to satisfactory performance and employment conditions. Where Group Executives have an outstanding SPP loan, the after-tax cash retention incentive will firstly be directed to repayment of the loan balance. Refer to section 3.3 for further details.

⁴ The retention incentive awarded to Ms Rahmani during the year ended 30 June 2024 will be settled in MFG shares subject to shareholder approval at the AGM in October 2024. Amounts disclosed for the year ended 30 June 2023 reflect Employee Share Options awarded to Executive KMP that are exercisable from 1 September 2024 at an exercise price of \$35.00 per option, subject to continued employment with the Group at the time of exercise. The value of the Employee Share Options was independently determined at grant date.

⁵ Ms Morton's fixed remuneration for the 2023 year reflects her dual role as Interim CEO and Chief Financial Officer until 18 July 2022.

⁶ Ms Rahmani's fixed remuneration for the 2024 year reflects the period from 13 May 2024 to 30 June 2024.

⁷ Mr George's fixed remuneration for the 2024 year reflects the period from 1 July 2023 to 24 October 2023.

⁸ Ms Smith's fixed remuneration for the 2024 year reflects the period from 1 July 2023 to 24 October 2023.

⁹ During the year ended 30 June 2024, Ms Smith voluntarily waived her right to a portion of the unvested cash retention incentives granted to her in the previous year.

¹⁰ Ms Venegas' fixed remuneration for the 2024 reflects the period from 1 July 2023 to 10 May 2024.

¹¹ Comparative information does not include details of remuneration related to the year ended 30 June 2023 for persons who ceased to be KMP in the 2023 year.

Directors' Report

For the year ended 30 June 2024

3.6. Remuneration of Non-Executive Directors

The Board sets the fees for its Non-Executive Directors in line with the key objectives of the Group's Non-Executive Director remuneration approach set out below.

The Board periodically reviews, and determines, the remuneration of Non-Executive Directors. The Remuneration and Nomination Committee makes recommendations to the Board regarding the remuneration of the Non-Executive Directors. The Group does not make sign-on payments to new Non-Executive Directors, does not provide retirement benefits to Non-Executive Directors (other than superannuation) and remuneration is not linked to the performance or earnings of the Group, which ensures that the Non-Executive Directors are able to independently and objectively assess both executive and Group performance.

Element	Details
Market competitive	- The Board's policy is to pay Non-Executive Directors at market competitive rates to attract and retain high calibre Directors with the necessary skills, expertise and experience for the Group's Board. - In setting fees, the Board has considered fees payable by comparable companies (based on external benchmarking data) as well as the time commitment and workloads of Non-Executive Directors.
Independence and impartiality	- No element of Non-Executive Director remuneration is 'at risk' (i.e. subject to performance conditions) in order to preserve the Directors' independence and impartiality. - A number of the Non-Executive Directors have participated in the now suspended SPP. The Board continues to hold the view that providing full recourse financial assistance to Non-Executive Directors under the SPP did not hinder their independence from management and, as an equity interest, promotes independent thought and engagement that will be in the long-term interests of the Group's shareholders. - It is not intended to grant equity to Non-Executive Directors in the future.
Shareholder alignment	Non-Executive Directors are encouraged to have equity ownership in line with their personal circumstances, to ensure alignment with shareholders.

Fee pool

Non-Executive Directors are paid from an aggregate annual fee pool which is \$1,750,000 (June 2023: \$1,750,000), as approved by the shareholders in December 2022.

Fee schedule

The table below sets out the fees (inclusive of superannuation) of the Non-Executive Directors of the Group as at 30 June 2024 and 30 June 2023.

	Position	30 June 2024 \$'000	30 June 2023 \$'000
MFG Board (Group)	Chair	290	290
	Deputy Chair ¹	160	-
	Member	120	120
MFG Audit & Risk Committee	Chair	40	40
	Member	20	20
MFG Remunerations & Nominations Committee	Chair	40	40
	Member	20	20
MAM Board	Chair	220	150
	Member	60	60

¹ Deputy Chair fee applied whilst Mr Formica assumes the role of Executive Chairman given this role is the lead Independent Non-Executive Director.

The Group has reimbursed or borne expenses incurred by the Non-Executive Directors in the discharge of their duties of \$2,000 (June 2023: \$3,000).

Directors' Report

For the year ended 30 June 2024

3.7. Details of Remuneration

The total amount paid or payable to KMP of the Group is detailed below:

		Short-term benefits					Long-term benefits				Total statutory remuneration
		Salary	Cash bonus	Retention benefit	Superannuation	Termination benefits	Total cash remuneration	Leave benefits	Retention incentives	Other benefits	
		\$'000	'000 ¹	\$'000	\$'000	\$'000	\$'000 ²	\$'000 ³	\$'000 ⁴	\$'000 ⁵	\$'000 ⁶
Non-Executive Directors											
David Dixon	2024	200	-	-	22	-	222	-	-	-	222
	2023	120	-	-	13	-	133	-	-	-	133
John Eales	2024	216	-	-	24	-	240	-	-	19	259
	2023	174	-	-	18	-	192	-	-	17	209
Andrew Formica ⁷	2024	70	-	-	9	-	79	-	-	-	79
Cathy Kovacs	2024	130	-	-	14	-	144	-	-	-	144
Hamish McLennan	2024	238	-	-	26	-	264	-	-	64 ⁸	328
	2023	260	-	-	23	-	283	-	-	10	293
Deborah Page	2024	162	-	-	18	-	180	-	-	-	180
Executive Director											
Andrew Formica ⁷	2024	905	-	-	20	-	925	-	1,190	13 ⁹	2,128
Executive KMP											
Kirsten Morton	2024	499	553	-	27	-	1,079	4	179	13	1,275
	2023	553	692	120	25	-	1,390	34	287	28 ¹⁰	1,739
Sophia Rahmani	2024	113	-	-	4	-	117	10	195	700 ¹¹	1,022
Former KMP											
Robert Fraser ¹²	2024	43	-	-	-	-	43	-	-	-	43
	2023	270	-	-	-	-	270	-	-	-	270
Colette Garnsey ¹³	2024	71	-	-	8	- ¹³	79	-	-	99 ¹³	178
	2023	161	-	-	17	-	178	-	-	13	191
David George ¹⁴	2024	886	-	-	14	820 ¹⁵	1,720	45	(199)	-	1,566
	2023	1,687	833	-	25	-	2,545	85	199	600 ¹⁶	3,429
Rebecca Smith ¹⁷	2024	147	115	-	9	-	271	12	(340)	-	(57)
	2023	445	354	400	25	-	1,224	34	1,111	-	2,369
Marcia Venegas ¹⁸	2024	380	326	-	24	-	730	21	149	16	916
	2023	444	455	-	25	-	924	(3)	179	5	1,105
Karen Phin	2023	37	-	-	4	-	41	-	-	-	41
Craig Wright	2023	148	27	-	13	432	620	(9)	(18)	94	687
Total KMP	2024	4,060	994	-	219	820	6,093	92	1,174	924	8,283
	2023	4,299	2,361	520	188	432	7,800	141	1,758	767	10,466

¹ Represents the portion of awarded variable remuneration that is paid in September of the relevant year post the release of the Group's Annual Report along with the portion of the conditional deferred bonus that each Executive KMP has become entitled to up to the date of this report. This amount also includes the deferred components of prior period bonuses which have been earned in the financial year.

² Total cash remuneration represents the cash amounts Group KMP have either received or become entitled to up to the date of this report, as distinct from the accounting expense. As a result, it does not align to Australian Accounting Standards.

³ Comprises annual leave and long service leave entitlements accrued and not taken during the year.

⁴ Represents the portion of the retention incentives accrued as an employee expense during the financial year. Included in the amount for Ms Morton, Ms Rahmani, Ms Smith and Ms Venegas is share-based payment expense of \$47,000, \$195,000, \$36,000 and \$40,000, respectively.

⁵ Unless otherwise noted, represents the non-cash cost of providing interest-free loans to Participants in the SPP.

⁶ No non-monetary benefits or other short-term benefits not otherwise disclosed above were paid during the years presented.

⁷ Mr Formica's 2024 remuneration reflects his role as a Non-Executive Director from 18 July 2023 to 24 October and as Executive Director from 25 October 2023 to 30 June 2024.

⁸ Mr McLennan repaid his SPP loan in full during the period. At termination of his loan the remaining balance of unrecognised interest was \$53,000 and has been included in his other benefits in the 2024 year.

⁹ Reflects Mr Formica's non-monetary benefits in respect of external legal advice.

¹⁰ Includes Ms Morton's \$25,000 "10 Year Service" award.

¹¹ Reflects Ms Rahmani's cash signing bonus.

¹² Mr Fraser's 2024 remuneration reflects the period from 1 July 2023 to 18 August 2023.

¹³ Ms Garnsey's 2024 remuneration reflects the period from 1 July 2023 to 8 November 2023. Upon her retirement from the board, the remaining balance of unrecognised interest on her SPP loan was \$95,000 which has been included in other benefits. Not included above is a non-cash termination benefit valued at \$129,000 representing an extension of the period within which Ms Garnsey must repay her outstanding SPP loan.

¹⁴ Mr George's 2024 remuneration reflects the period from 1 July 2023 to 24 October 2023.

¹⁵ Includes non-monetary benefits of \$3,000 relating to external legal advice.

¹⁶ Reflects Mr George's cash signing bonus.

¹⁷ Ms Smith's 2024 remuneration reflects the period from 1 July 2023 to 24 October 2023.

¹⁸ Ms Venegas' 2024 remuneration reflects the period from 1 July 2023 to 10 May 2024.

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For the year ended 30 June 2024

3.8. Governance

Use of remuneration consultants

The Committee engages external remuneration advisors from time to time to conduct benchmarking and advise on regulatory and market developments. To ensure independence and avoid conflicts of interest, a remuneration advisor is directly engaged by the Committee's Chair or upon their instruction and reports must be delivered directly to the Committee's Chair.

The recommendations that the Committee makes to the Board are based on its own independent assessment of the advice and information received from various sources, using its experience and having careful regard to the principles and objectives of the remuneration framework, Group performance, shareholder and community expectation and good governance.

The Committee generally seeks information rather than specific remuneration recommendations from external remuneration advisers within the definition of the *Corporations Act 2001* (Cth). During the year, no external advisor provided any remuneration recommendations as defined by the *Corporation Act 2001* (Cth)

Executive KMP employment contracts

Remuneration and other terms of employment for the Executive KMP are formalised in employment agreements with MAM, a controlled entity of the Group. The key contractual details for current Executive KMP who were employed at 30 June 2024 are summarised below.

Element	Further detail
Duration	Ongoing
Periods of notice required to terminate	Executive KMP may terminate the contract by giving the following notice: - Mr Formica and Ms Rahmani: 6 months' written notice - Ms Morton: 3 months' written notice For all Executive KMP, the Group may terminate the employment agreement immediately without notice in certain circumstances, including (but not limited to) where the relevant Executive KMP engages in a serious breach of agreement or serious misconduct.
Termination payments	Executive KMP may be entitled to termination payments in limited circumstances and subject to local legislative requirements and practices (but not when the termination occurs for cause). A payment may be made in lieu of notice at the discretion of the Board where termination occurs other than for cause. In the event of termination, any termination payment made to an Executive KMP would comprise any accrued fixed compensation, including superannuation, after set-off of any loss suffered by the Group from the acts of the Executive KMP which led to their termination, and any amounts of accrued annual and long service leave. On termination, any Executive KMP with an outstanding SPP loan balance is required to repay the amount in respect of shares acquired under the Group's SPP in accordance with the SPP Rules.
Restraints	Executive KMP are subject to appropriate post-employment restraints as follows: - Mr Formica and Ms Rahmani: 12 months non-compete and non-solicitation - Ms Morton: 6 months

Former CEO termination arrangements

As noted above, the former CEO, Mr George ceased being a KMP on 24 October 2023 and concluded his employment with the Group on 31 December 2023. The table below outlines Mr George's exit arrangements:

Component	Detail
Notice period	Mr George's contractual notice period was 12 months. Mr George was available for part of this notice period from 24 October 2023 to 31 December 2023 and was paid in lieu of the balance of 6 months' notice at that time.
Short-term incentive	Mr George was not awarded an STI payment for his service for the year ended 30 June 2024.
Treatment of options	Mr George had 400,000 Employee Options under the Employee Share Option Plan. The options lapsed under the plan rules upon his resignation on 24 October 2023.

Directors' Report

For the year ended 30 June 2024

3.9. Other disclosures

Shareholdings

The number of ordinary shares and options over ordinary shares held by each KMP (and their related parties) is set out below:

	Closing balance 30 June 2022	Net additions/ (disposals)	Closing balance 30 June 2023	Net additions/ (disposals)	Closing balance 30 June 2024
Non-Executive Directors					
John Eales					
Ordinary shares	80,854	-	80,854	-	80,854
MFG 2027 Options	10,112	-	10,112	-	10,112
Cathy Kovacs ¹					
Ordinary shares	-	-	-	12,400	12,400
Hamish McLennan					
Ordinary shares	105,248	-	105,248	(63,948)	41,300
MFG 2027 Options	13,157	-	13,157	-	13,157
Deborah Page ²					
Ordinary shares	-	-	-	6,200	6,200
Executive KMP					
Andrew Formica ³					
Ordinary shares	-	-	-	40,000	40,000
Kirsten Morton					
Ordinary shares	25,644	(18,896)	6,748	(6,748)	-
MFG 2027 Options	3,206	-	3,206	-	3,206
ESOP issued options ⁴	75,000	-	75,000	-	75,000
Former KMP - Directors and Executives					
Robert Fraser ⁵					
Ordinary shares	500,000	-	500,000	-	500,000
MFG 2027 Options	62,502	-	62,502	-	62,502
Colette Garnsey ⁶					
Ordinary shares	30,740	-	30,740	-	30,740
MFG 2027 Options	3,843	-	3,843	-	3,843
David George ⁷					
Ordinary shares	-	-	-	25,000	25,000
ESOP issued options ⁴	-	-	400,000	(400,000)	-
Rebecca Smith ⁸					
ESOP issued options ⁴	-	250,000	250,000	-	250,000
Marcia Venegas ⁹					
Ordinary shares	14,737	(4,000)	10,737	(5,367)	5,370
MFG 2027 Options	1,843	-	1,843	(682)	1,161
ESOP issued options ⁴	75,000	-	75,000	-	75,000

¹ Ms Kovacs became a Director on 6 November 2023. The 30 June 2023 balance represents the number of ordinary shares held by her and her associates as at the date of her appointment.

² Ms Page became a Director on 3 October 2023. The 30 June 2023 balance represents the number of ordinary shares held by her and her associates as at the date of her appointment.

³ Mr Formica became a Director on 26 July 2023. The 30 June 2023 balance represents the number of ordinary shares held by him and his associates as at the date of his appointment.

⁴ Employee Share Options are exercisable from 1 September 2024 at an exercise price of \$35.00 per option, subject to continued employment with the Group, and expire on 16 April 2027. Refer to note 18 of the financial statements for further information.

⁵ The 30 June 2024 balance represents the number of ordinary shares and options held by Mr Fraser and his associates as at 18 August 2023.

⁶ The 30 June 2024 balance represents the number of ordinary shares and options held by Ms Garnsey and her associates as at 8 November 2023.

⁷ The 30 June 2024 balance represents the number of ordinary shares and options held by Mr George and his associates as at 24 October 2023.

⁸ The 30 June 2024 balance represents the number of ordinary shares and options held by Ms Smith and her associates as at 24 October 2023.

⁹ The 30 June 2024 balance represents the number of ordinary shares and options held by Ms Venegas and her associates as at 10 May 2024.

Unless specified above, no other KMP held ordinary shares or options over ordinary shares in the Company.

Directors' Report

For the year ended 30 June 2024

Relevant interests in Magellan Funds

Details of each KMPs relevant interests in registered schemes made available by the Group, are set out below:

	Closing balance 30 June 2022	Net additions/ (disposals) ¹	Closing balance 30 June 2023	Net additions/ (disposals) ¹	Closing balance 30 June 2024
Magellan Global Fund - Open Class Units					
Marcia Venegas ²	5,752	261	6,013	232	6,245
Magellan Global Fund - Closed Class Units					
John Eales	396,396	-	396,396	-	396,396
Robert Fraser ³	266,241	-	266,241	-	266,241
Hamish McLennan	118,026	-	118,026	-	118,026
Kirsten Morton	46,610	-	46,610	-	46,610
Deborah Page ⁴	-	-	32,031	-	32,031
Marcia Venegas ²	93,705	-	93,705	-	93,705
MGF Options expiring 1 March 2024					
John Eales	235,377	-	235,377	(235,377)	-
Robert Fraser ³	158,092	-	158,092	-	158,092
Hamish McLennan	70,083	-	70,083	(70,083)	-
Kirsten Morton	26,702	-	26,702	(26,702)	-
Marcia Venegas ²	11,394	-	11,394	(11,394)	-
Magellan Core ESG Fund					
David George ⁵	-	-	-	6,000	6,000
Magellan Core Infrastructure Fund					
David George ⁵	-	-	-	15,000	15,000
Magellan Global Fund (Hedged)					
Deborah Page ⁴	-	-	12,711	-	12,711
Magellan High Conviction Trust					
John Eales	231,012	8,984	239,996	3,662	243,658
Robert Fraser ³	267,398	10,397	277,795	4,238	282,033
Hamish McLennan	38,452	1,495	39,947	1,169	41,116
Kirsten Morton	23,071	847	23,918	702	24,620
Marcia Venegas ²	92,164	149	92,313	(92,313)	-
Magellan Infrastructure Fund (Currency Hedged)					
Marcia Venegas ²	3,990	163	4,153	179	4,332
Airlie Australian Share Fund					
David George ⁵	-	-	-	7,000	7,000
John Eales	16,685	-	16,685	-	16,685

¹ Includes the reinvestment of June and December distributions in the years ended 30 June 2022 and 30 June 2023 respectively.

² The 30 June 2024 balance represents the number of units held by Ms Venegas and her associates as at 10 May 2024.

³ The 30 June 2024 balance represents the number of units held by Mr Fraser and his associates as at 18 August 2023.

⁴ Ms Page became a Director on 3 October 2023. The 30 June 2023 balance represents the number of units held by her and her associates as at the date of her appointment.

⁵ The 30 June 2024 balance represents the number of units held by Mr George and his associates as at 24 October 2023.

Unless specified above, no other KMP held units in Magellan Funds.

Directors' Report

For the year ended 30 June 2024

Loans to KMP

The Group has made full recourse interest-free loans to Non-Executive Directors and Executive KMP in connection with shares acquired under the Group's SPP. As at 30 June 2024, two KMP held SPP loans totalling \$1,359,000 (June 2023: five KMP with SPP loans totalling \$2,347,000). The terms and conditions of the loans, including repayment terms, are disclosed in note 10 to the financial statements. No loans were written down during the period. There are no other related party transactions with KMP other than those disclosed.

		SPP shares acquired during year	Opening loan balance	Loans made	Loans (repaid)	Closing loan balance	
		number	\$'000	\$'000	\$'000	\$'000	
						Face value ¹	Carrying value ²
Directors							
Hamish McLennan	2024	-	324	-	(324)	-	-
	2023	-	398	-	(74)	324	262
John Eales	2024	-	481	-	(52)	429	353
	2023	-	543	-	(62)	481	358
Executive KMP							
Kirsten Morton	2024	-	304	-	(207)	97	95
	2023	-	312	-	(8)	304	274
Former KMP							
Colette Garnsey	2024	-	685	-	(28)	657	599
	2023	-	718	-	(33)	685	521
Marcia Venegas	2024	-	276	-	(100)	176	170
	2023	-	284	-	(8)	276	220
Craig Wright	2023	-	284	-	(7)	277	176

¹ The face value represents the loan balance due to be repaid to the Company.

² The carrying value represents the loan balance as required by the accounting standards (for further detail, refer to note 10 of the financial statements).

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Directors' Report

For the year ended 30 June 2024

[Link between performance and remuneration paid by the Group](#)

		2024	2023	2022	2021	2020
Group Results						
Net profit after tax	\$'000	238,759	182,655	383,011	265,156	396,214
Adjusted revenue ¹	\$'000	345,684	379,352	647,251	699,072	692,941
Adjusted expenses ¹	\$'000	106,851	126,774	132,082	111,339	119,751
Adjusted net profit before associates ¹	\$'000	166,907	185,842	393,132	454,441	438,299
Adjusted net profit after tax ¹	\$'000	177,865	174,310	399,733	412,659	438,299
Funds Management Business						
Net profit before tax	\$'000	177,499	223,780	482,047	556,690	558,012
Net profit before tax and performance fees	\$'000	158,294	212,274	470,575	526,616	477,048
Shareholder Value						
Diluted EPS	cps	131.8	100.0	206.9	144.6	218.3
Adjusted diluted EPS ¹	cps	98.2	95.5	216.6	225.0	241.5
Total dividends paid	cps	65.1	116.7	179.0	211.2	214.9
Closing share price (ASX code: MFG) ²	\$	8.42	9.49	12.92	53.86	58.01
KMP Remuneration						
Total KMP remuneration ³						
Fixed compensation ⁴	\$'000	4,371	4,628	6,165	6,197	6,052
Variable compensation ⁵	\$'000	3,912	5,838	7,358	4,772	5,164
		8,283	10,466	13,523	10,969	11,217
Number of KMP for the year		13	11	11	11	10
Growth rates						
Net profit after tax	%	31%	-52%	44%	-33%	78%
Adjusted net profit after tax	%	2%	-56%	-3%	-6%	35%
FM net profit before tax	%	-21%	-54%	-13%	0%	39%
FM net profit before tax and performance fees	%	-25%	-55%	-11%	10%	29%
Diluted EPS	%	32%	-52%	43%	-34%	75%
Adjusted diluted EPS	%	3%	-56%	-4%	-7%	33%
Total KMP remuneration	%	-21%	-23%	23%	-2%	-34%
Dividends paid	%	-44%	-35%	-15%	-2%	38%
Total KMP remuneration as % of net profit after tax	%	3%	6%	4%	4%	3%

¹ Adjustments are made for strategic, non-recurring, non-cash or unrealised items to provide additional meaningful information (refer to section 1.4.1 of the Directors' Report and note 2 in the financial statements for the breakdown of these items).

² As at 30 June.

³ As reported in historical Annual Reports and has not been adjusted for changes to KMP.

⁴ Fixed compensation comprises salary, superannuation and leave benefits outlined in section 3.7.

⁵ Variable compensation comprises cash bonuses, retention incentives, termination benefits and other benefits outlined in section 3.7.

This report is made in accordance with a resolution of the Directors.



Andrew Formica
Executive Chairman

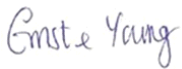
Sydney
15 August 2024

Auditor's independence declaration to the Directors of Magellan Financial Group Limited

As lead auditor for the audit of the financial report of Magellan Financial Group Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- No contraventions of any applicable code of professional conduct in relation to the audit; and
- No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Magellan Financial Group Limited and the entities it controlled during the financial year.



Ernst & Young



Clare Sporle
Partner
15 August 2024

Consolidated Statement of Profit or Loss and Comprehensive Income

For the year ended 30 June

	Note	2024 \$'000	2023 \$'000
Revenue			
Management fees	4	256,748	327,647
Performance fees	4	19,206	11,524
Services fees	4	1,200	2,600
Advisory fees		1,195	1,230
Dividend and distribution income		13,628	34,697
Interest income		18,540	13,770
Net change in the fair value of financial assets and liabilities:			
Realised		38,071	(11,207)
Unrealised		29,956	50,497
Net foreign exchange gain/(loss)		82	892
Total revenue and other income		378,626	431,650
Expenses			
Employee expenses		72,774	92,121
Non-Executive Director fees		1,442	1,096
Fund administration and operational costs		13,335	14,857
Information, technology and data		8,647	8,695
Marketing		1,830	1,962
Professional services fees		4,497	4,038
Travel and entertainment		1,233	1,224
Depreciation and amortisation		3,958	6,036
Net (benefit)/expense related to Magellan Global Fund options	2	(61,063)	26,575
Transaction costs related to strategic initiatives	2	-	1
Finance costs		1,035	1,503
Other expenses		3,959	5,264
Total expenses		51,647	163,372
Share of after tax profit/(loss) of associates	8	10,295	(12,453)
Net gain/(loss) on dilution of interests in associates		77	(255)
Net profit before tax		337,351	255,570
Income tax expense	5	(98,592)	(72,915)
Net profit after tax		238,759	182,655
Other comprehensive income for the year			
Exchange differences on translation of foreign operations		(65)	1,289
Other comprehensive income for the year, net of tax		(65)	1,289
Total comprehensive income for the year		238,694	183,944
Basic earnings per share (cents per share)	3	131.8	100.0
Diluted earnings per share (cents per share)	3	131.8	100.0

The Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position

As at 30 June

	Note	2024 \$'000	2023 \$'000
Current assets			
Cash and cash equivalents		322,567	373,445
Loans and receivables	10	58,775	58,271
Financial assets	7	1,666	1,666
Prepayments		993	982
Other assets		902	1,289
Total current assets		384,903	435,653
Non-current assets			
Loans and receivables	10	23,101	26,482
Financial assets	7	404,825	420,643
Associates	8	159,958	149,587
Property, plant and equipment		455	420
Right-of-use assets	11	5,431	7,507
Intangible assets	9	107,291	108,780
Net deferred tax asset	5	-	45,843
Other assets		3,280	4,059
Total non-current assets		704,341	763,321
Total assets		1,089,244	1,198,974
Current liabilities			
Payables	12	10,966	11,535
Employee benefits	13	31,148	36,090
Financial liabilities	14	-	159,855
Income tax payable		8,832	12,773
Lease liabilities	11	2,775	2,608
Total current liabilities		53,721	222,861
Non-current liabilities			
Employee benefits	13	3,169	5,975
Provisions		244	72
Net deferred tax liability	5	7,750	-
Lease liabilities	11	4,831	7,564
Total non-current liabilities		15,994	13,611
Total liabilities		69,715	236,472
Net assets		1,019,529	962,502
Equity			
Contributed equity	16	627,188	632,323
Reserves	17	392,210	330,697
Retained earnings		131	(518)
Total equity		1,019,529	962,502

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June

		Contributed equity	Profits reserve	Share- based payments reserve	Foreign currency translation reserve	Retained earnings	Total equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2023		632,323	321,037	5,129	4,531	(518)	962,502
Net profit after tax for the year		-	-	-	-	238,759	238,759
Other comprehensive income for the year		-	-	-	(65)	-	(65)
Total comprehensive income for the year		-	-	-	(65)	238,759	238,694
Shares bought back on-market and cancelled	16	(5,186)	-	-	-	-	(5,186)
Transaction costs, net of tax	16	(3)	-	-	-	-	(3)
Dividends paid	18	-	(179,864)	-	-	-	(179,864)
SPA expense	16	54	-	-	-	-	54
Share-based payment expense	19	-	-	3,332	-	-	3,332
Transfer (from retained earnings)/to profits reserve	24	-	238,110	-	-	(238,110)	-
Closing balance at 30 June 2024		627,188	379,283	8,461	4,466	131	1,019,529
Opening balance at 1 July 2022		671,716	313,233	1,283	3,242	37,286	1,026,760
Net profit after tax for the year		-	-	-	-	182,655	182,655
Other comprehensive income for the year		-	-	-	1,289	-	1,289
Total comprehensive income for the year		-	-	-	1,289	182,655	183,944
Issuance of shares on exercise of MFG 2027 Options	16	6	-	-	-	-	6
Shares bought back on-market and cancelled	16	(39,487)	-	-	-	-	(39,487)
Transaction costs, net of tax	16	(27)	-	-	-	-	(27)
Dividends paid	18	-	(212,655)	-	-	-	(212,655)
SPA expense	16	115	-	-	-	-	115
Share-based payment expense	19	-	-	3,846	-	-	3,846
Transfer (from retained earnings)/to profits reserve	24	-	220,459	-	-	(220,459)	-
Closing balance at 30 June 2023		632,323	321,037	5,129	4,531	(518)	962,502

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 30 June

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Management and services fees received		284,211	376,491
Performance fees received		12,983	120
Advisory fees received		1,256	1,191
Dividends and distributions received		14,356	15,500
Interest received		15,589	11,312
Finance cost payments		(1,141)	(1,569)
Tax payments		(48,735)	(73,941)
Payments to suppliers and employees		(132,519)	(142,452)
Payments related to Magellan Global Fund options		(98,616)	(67)
Payments of transaction costs related to strategic initiatives		-	(4)
Net cash from operating activities	6	47,384	186,581
Cash flows from investing activities			
Proceeds from the sale of financial assets and liabilities		84,662	34,016
Purchases of financial assets and liabilities		(2,970)	(17,414)
Purchases of property, plant and equipment		(458)	(112)
Net placements of cash on term deposits		-	(16)
Net cash from investing activities		81,234	16,474
Cash flows from financing activities			
Proceeds from share issuances, net of transaction costs		-	(29)
Proceeds from repayment of share purchase plan loans		6,990	3,478
Dividend payments	18	(178,729)	(211,118)
Lease payments		(2,616)	(2,501)
Shares bought back on-market	16	(5,189)	(40,439)
Net cash used in financing activities		(179,544)	(250,609)
Net increase/(decrease) in cash and cash equivalents		(50,926)	(47,554)
Effects of exchange rate changes on cash and cash equivalents		48	1,077
Cash and cash equivalents at the beginning of the year		373,445	419,922
Cash and cash equivalents at the end of the year		322,567	373,445

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2024

Overview

Magellan Financial Group Ltd (the "Company" or "MFG") is a for-profit entity that is incorporated and domiciled in Australia. The Company is listed on the Australian Securities Exchange (ticker code: MFG).

The principal activities of the Company and its subsidiaries (the "Group") are described in the segment information in note 2. This financial report was authorised for issue in accordance with a resolution of the Directors on 15 August 2024 and the Directors have the power to amend and reissue this financial report.

1. Basis of Preparation

This general purpose financial report is presented in Australian dollars and has been prepared in accordance with the *Corporations Act 2001* (Cth), Australian Accounting Standards ("AASB") and Interpretations issued by the Australian Accounting Standards Board and other mandatory professional reporting requirements. It also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

This financial report has been prepared on a going concern basis and under the historical cost convention except for the measurement of financial assets and liabilities at fair value through profit or loss. All amounts in this financial report are rounded to the nearest thousand dollars (\$'000) in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless stated otherwise.

1.1. Accounting Policies

The accounting policies adopted in the preparation of this financial report are contained within the notes to which they relate. The policies adopted in the preparation of this financial report are consistent with those of the previous financial year.

The Group has not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at the reporting date. Unless it is early adopted, AASB 18 *Presentation and Disclosure in Financial Statements*, issued on 14 June 2024, will first apply to the Group in the financial year ending 30 June 2028. The Directors have yet to assess the impact of this new standard on the Group's financial statements. No other accounting standards, interpretations or amendments that have been issued are expected to have a material impact on the Group's financial statements.

1.2. Critical Accounting Estimates and Judgements

In applying the Group's accounting policies, a number of estimates and assumptions have been made concerning the future. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates.

The main areas where a higher degree of judgement or complexity arises, or where assumptions and estimates are significant to the financial statements are:

- Determination of significant influence over associates for which the Group holds less than a 20 percent voting interest (refer to note 8);
- Estimation of useful lives and impairment of intangible assets including goodwill (refer to note 9); and
- Classification of interests held in funds for which the Group provides management services (refer to note 20).

1.3. Foreign Currency Translation

Both the functional and presentation currency of the Group is Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at the Reuters London 4pm exchange rates at the reporting date. The fair values of financial assets where denominated in a foreign currency are translated to Australian dollars using the Reuters London 4pm exchange rates at reporting date. Foreign currency exchange differences relating to financial assets are included in net changes in fair value in the Consolidated Statement of Profit or Loss and Comprehensive Income. All other foreign currency exchange differences are presented separately in the Consolidated Statement of Profit or Loss and Comprehensive Income as net foreign exchange gains/(losses).

1.4. Goods and Services Tax ("GST")

Revenue, expenses and assets (with the exception of receivables) are recognised net of the amount of GST, except when GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of that purchase or as an expense. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Consolidated Statement of Financial Position as a receivable or payable.

Notes to the Financial Statements

For the year ended 30 June 2024

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from financing activities which are recoverable from, or payable to the taxation authority, is presented as operating cash flows.

1.5. Expenses

Expenses are recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income on an accruals basis at the fair value of the consideration paid or payable for services rendered. Certain costs, such as depreciation of property, plant and equipment and amortisation of intangible assets, are charged evenly over the useful life of the asset.

Employee expenses include salaries, wages, allowances and annual and long service leave, together with the cost of other benefits provided to employees such as bonuses, share purchase loans and options. The Group makes some performance awards to employees that are deferred over a specified vesting period. The cost of such awards is charged to the Consolidated Statement of Profit or Loss and Comprehensive Income over the vesting period.

Information regarding the Directors' remuneration is included in the Remuneration Report commencing on page 27.

1.6. Impairment of Non-Financial Assets

All non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indicator or objective evidence of impairment exists, an estimate of the asset's recoverable amount is made. An impairment loss is recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.7. Structured Entities

Structured entities are those entities that have been designed so that voting or similar rights are not the dominant factor in deciding who has control, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

The Group has determined that the funds for which it acts as Responsible Entity or Investment Manager (as set out in note 2) and the funds in which it invests (as set out in note 7) are not structured entities. In making this assessment the decision-making rights of the Group, as Responsible Entity or Investment Manager, as well as the various rights afforded to investors in the funds, including the right to remove the Investment Manager and redeem holdings, have been taken into consideration.

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Notes to the Financial Statements

For the year ended 30 June 2024

2. Segment Information

The Group's business activities are organised into the reportable operating segments listed below for internal management purposes.

Funds Management

The Funds Management segment provides investment funds management services to high net worth and retail investors in Australia and New Zealand, and to institutional investors globally. Funds Management activities include:

- Providing investment research and administrative services to certain clients;
- Providing investment management and sub-advisory services under client mandates; and
- Acting as Responsible Entity/Trustee ("RE") and/or Investment Manager ("IM") for the following funds (collectively the "Magellan Funds"):

Australian funds	RE	IM	International funds	IM
Magellan Global Fund	✓	✓	MFG Global Fund ¹	✓
Magellan Global Fund (Hedged)	✓	✓	MFG Select Infrastructure Fund ¹	✓
Magellan Global Equities Fund (Currency Hedged)	✓	✓	MFG Global Sustainable Fund ¹	✓
Magellan Infrastructure Fund	✓	✓	Frontier MFG Core Infrastructure Fund ²	✓
Magellan Infrastructure Fund (Unhedged)	✓	✓	Frontier MFG Global Sustainable Fund ²	✓
Magellan Infrastructure Fund (Currency Hedged)	✓	✓		
Magellan High Conviction Fund	✓	✓		
Magellan High Conviction Trust	✓	✓		
Magellan Core ESG Fund ³	✓	✓		
Magellan Core Global Fund ³	✓	✓		
Magellan Core Infrastructure Fund ³	✓	✓		
Magellan Sustainable Fund	✓	✓		
Magellan Global Wholesale Fund	✓	✓		
Magellan Energy Transition Fund	✓	✓		
Airlie Australian Share Fund ⁴	✓	✓		
Airlie Concentrated Share Fund ⁴	✓	✓		
Airlie Small Companies Fund ⁴	✓	✓		

¹ Funds authorised under the European Commission (Undertakings for Collective Investment in Transferable Securities ("UCITS")).

² Collectively, the Frontier MFG Funds.

³ Collectively, the Core Series Funds.

⁴ Collectively, the Airlie Funds.

Fund Investments

The Fund Investments segment comprises the Group's direct investment in certain Magellan Funds and a select portfolio of listed Australian and international equities.

Associate Investments

The Associate Investments segment comprises a portfolio of selective investments in businesses in which the Group has a strategic interest.

Corporate

The Corporate segment principally comprises the Group's treasury management activities, corporate development and strategy activities and the costs associated with governance and corporate management. The combined income tax consequences of the Group are reported in the Corporate segment, with the exception of deferred income tax arising from changes in the value of financial assets and associates, which are reported in the relevant segment.

No operating segments have been aggregated to form the above reportable operating segments and inter-segment revenues and expenses (where applicable) have been eliminated on consolidation.

Notes to the Financial Statements

For the year ended 30 June 2024

Segment Financial Results

30 June 2024	Funds Management \$'000 ¹	Fund Investments \$'000	Associate Investments \$'000	Corporate \$'000	Total \$'000
Segment revenue					
Management fees	256,748	-	-	-	256,748
Performance fees	19,206	-	-	-	19,206
Services and advisory fees	2,395	-	-	-	2,395
Dividend and distribution income	36	13,592	-	-	13,628
Interest income	1,466	9	104	13,975	15,554
Net change in the fair value of financial assets and liabilities:					
Realised	(21)	38,092	-	-	38,071
Unrealised	-	29,956	-	-	29,956
Net foreign exchange gain/(loss)	79	5	-	(2)	82
Total segment revenue and other income	279,909	81,654	104	13,973	375,640
Segment expenses					
Employee expenses	68,656	-	-	85	68,741
Non-Executive Director fees	511	-	-	931	1,442
Other expenses	33,243	73	-	3,352	36,668
Total segment expenses	102,410	73	-	4,368	106,851
Share of after tax profit/(loss) of associates	-	-	10,295	-	10,295
Total segment operating profit before tax	177,499	81,581	10,399	9,605	279,084
Other comprehensive income					
Exchange differences on translation of foreign operations	(65)	-	-	-	(65)
Other comprehensive income, before tax	(65)	-	-	-	(65)
Total comprehensive income, before tax	177,434	81,581	10,399	9,605	279,019

¹ Includes elimination of income and expense under the transfer pricing agreements between MFG's wholly-owned subsidiary, Magellan Asset Management Limited ("MAM"), and US controlled entities, within the Funds Management segment.

Reconciliation of Segment Operating Profit Before Tax to Statutory Net Profit After Tax

	Note	30 June 2024 \$'000	30 June 2023 \$'000
Total segment operating profit before tax		279,084	290,622
<i>Add back:</i>			
Amortisation of intangible assets ¹		(1,408)	(3,580)
Net non-cash remeasurement of SPA loans		1,672	(795)
Non-cash employee share option expense		(3,137)	(3,846)
Net benefit/(expense) related to Magellan Global Fund options	14	61,063	(26,575)
Net gain/(loss) on dilution of interests in associates		77	(255)
Transaction costs related to strategic initiatives:			
Commitment to Magellan FuturePay		-	(1)
Total benefits/(expenses) related to strategic initiatives		-	(1)
Statutory net profit before tax for the year		337,351	255,570
Income tax expense		(98,592)	(72,915)
Statutory net profit after tax for the year		238,759	182,655

¹ Amortisation expense relates to intangible assets recorded on acquisition of Airlie Funds Management ("Airlie") and Frontier Partners Inc, Frontegra Strategies LLC and Frontegra Asset Management Inc (collectively, the "Frontier Group").

Notes to the Financial Statements

For the year ended 30 June 2024

Segment Financial Results (continued)

30 June 2023	Funds Management \$'000 ¹	Fund Investments \$'000	Associate Investments \$'000	Corporate \$'000	Total \$'000
Segment revenue					
Management fees	327,647	-	-	-	327,647
Performance fees	11,524	-	-	-	11,524
Services and advisory fees	3,830	-	-	-	3,830
Dividend and distribution income	-	34,697	-	-	34,697
Interest income	1,218	11	1,155	9,585	11,969
Net change in the fair value of financial assets and liabilities:					
Realised	-	(11,207)	-	-	(11,207)
Unrealised	-	50,497	-	-	50,497
Net foreign exchange gain/(loss)	885	16	-	(9)	892
Total segment revenue and other income	345,104	74,014	1,155	9,576	429,849
Segment expenses					
Employee expenses	86,124	-	-	62	86,186
Non-Executive Director fees	319	-	-	777	1,096
Other expenses	34,881	106	-	4,505	39,492
Total segment expenses	121,324	106	-	5,344	126,774
Share of after tax profit/(loss) of associates	-	-	(12,453)	-	(12,453)
Total segment operating profit before tax	223,780	73,908	(11,298)	4,232	290,622
Other comprehensive income					
Exchange differences on translation of foreign operations	1,289	-	-	-	1,289
Other comprehensive income, before tax	1,289	-	-	-	1,289
Total comprehensive income, before tax	225,069	73,908	(11,298)	4,232	291,911

¹ Includes elimination of income and expense under the transfer pricing agreements between MFG's wholly-owned subsidiary, Magellan Asset Management Limited ("MAM"), and US controlled entities, within the Funds Management segment.

Segment Assets and Liabilities

	Funds Management \$'000	Fund Investments \$'000	Associate Investments \$'000	Corporate \$'000	Total \$'000
30 June 2024					
Financial assets	1,666	404,128	695	-	406,489
Associates	-	-	159,958	-	159,958
Other assets	214,566	544	-	307,687	522,797
Total liabilities	(52,659)	(33,557)	(183)	16,684	(69,715)
Net assets	163,573	371,115	160,470	324,371	1,019,529
30 June 2023					
Financial assets	1,666	419,948	695	-	422,309
Associates	-	-	149,587	-	149,587
Other assets	223,612	(27,942) ¹	(823) ¹	432,231	627,078
Total liabilities	(62,858)	-	-	(173,614)	(236,472)
Net assets	162,420	392,006	149,459	258,617	962,502

¹ Reflects tax liabilities within the Group's net deferred tax asset.

Notes to the Financial Statements

For the year ended 30 June 2024

3. Earnings Per Share

Basic earnings per share ("EPS") is calculated as net profit/(loss) after income tax expense for the year divided by the weighted average number of ordinary shares on issue. Diluted EPS is calculated by adjusting the basic EPS to take into account the effect of any costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	30 June 2024	30 June 2023
Basic and diluted EPS		
Net profit attributable to shareholders (\$'000)	238,759	182,655
Weighted average number of shares for basic and diluted EPS ('000)	181,088	182,569
Basic and diluted EPS (cents)	131.8	100.0

The outstanding MFG 2027 Options and the outstanding options issued to certain employees under the MFG Employee Share Option Plan (refer to notes 16 and 19) are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2024. However, these options could potentially dilute basic earnings per share in the future.

4. Revenue

The Group's primary source of revenue is fee income from investment management activities. Fee income includes management, services and performance fees.

Management Fees

Management fees are based on an agreed percentage of the value of funds under management. Management fee revenue, determined in accordance with Investment Management Agreements for mandates and Constitutions for managed funds, is recognised as the service is provided and at the amount the Group is entitled to receive.

	30 June 2024 \$'000	30 June 2023 \$'000
Magellan Global Fund	126,279	142,029
Magellan Global Fund (Hedged)	5,798	8,329
Magellan Global Equities Fund (Currency Hedged)	1,476	1,851
Magellan Infrastructure Fund	18,483	25,100
Magellan Infrastructure Fund (Unhedged)	7,538	10,045
Magellan Infrastructure Fund (Currency Hedged)	6,971	8,457
Magellan High Conviction Fund	2,950	3,538
Magellan High Conviction Trust	6,758	7,213
Magellan Core Infrastructure Fund	1,476	1,301
MFG Global Fund	1,179	3,908
MFG Select Infrastructure Fund	1,309	2,209
Frontier MFG Funds	3,988	8,884
Airlie Funds	3,757	3,137
Other funds and mandates	68,786	101,646
Total management fees	256,748	327,647

Services Fees

Services fees arise from providing investment research and administrative services to MFF Capital Investments Limited as well as research and advisory services under other mandates. Services fees are recognised when the relevant service is provided and it is probable that the fee will be collected.

Performance Fees

Performance fees may be earned from certain funds and mandates. The Group's entitlement to a performance fee is dependent on outperformance of certain hurdles over an agreed performance measurement period. These hurdles may be index relative (including in some cases a fixed percentage above an index), absolute return or both absolute return and index relative. In addition, performance fees are generally subject to either a high-water mark arrangement or a deficit clause, which ensures that fees are not earned more than once on the same performance. The high-water mark is the Net Asset Value ("NAV") per unit at the end of the most recent measurement period for which the Group was entitled to a performance fee, less any intervening income (including capital

Notes to the Financial Statements

For the year ended 30 June 2024

distributions). Performance measurement periods vary across funds and mandates and are typically three, six or 12 month periods. The measurement period for all Magellan funds is six months ending 30 June and 31 December each year.

Performance fee arrangements give rise to variable consideration and fees are only recognised where it is highly probable that a significant reversal of such revenue will not occur in future periods, being when any uncertainty related to outperformance is resolved. Performance fees are therefore typically recognised at the end of the performance period.

	High watermark unit price (\$) ¹	30 June 2024 \$'000	30 June 2023 \$'000
Based on performance relative to both market index and absolute return hurdle			
Magellan Global Fund	3.0375	12,374	10,802
Magellan Global Fund (Hedged)	1.8964	197	93
Magellan Global Equities Fund (Currency Hedged)	3.7820	51	18
Magellan Infrastructure Fund	1.2552	-	18
Magellan Infrastructure Fund (Unhedged)	1.7875	61	546
Magellan Infrastructure Fund (Currency Hedged)	2.7631	-	3
Magellan Sustainable Fund	2.8355	14	32
Based on performance relative to absolute return hurdle			
Magellan High Conviction Fund (Class A/B)	2.3204/1.4489	2,026	-
Magellan High Conviction Trust	1.8843	4,089	-
Based on performance relative to a market index and/or absolute return hurdle			
Other funds and mandates	various	394	12
Total performance fees		19,206	11,524

¹ The high watermark as at 30 June 2024 and adjusted for distributions. The high watermark is the NAV per unit at the end of the most recent calculation period for which the Group was entitled to a performance fee, less any intervening income (including capital distributions).

Management, Services and Performance Fees by Investor Type

	30 June 2024 \$'000	30 June 2023 \$'000
Management and services fees		
Retail	198,775	234,791
Institutional	59,173	95,456
Performance fees		
Retail	19,206	11,523
Institutional	-	1
Total management, services and performance fees	277,154	341,771
Total Retail	217,981	246,314
Total Institutional	59,173	95,457
Total management, services and performance fees	277,154	341,771

Management, Services and Performance Fees by Geographic Location

	30 June 2024 \$'000	30 June 2023 \$'000
Australia & New Zealand	235,425	272,280
United Kingdom & Europe	8,172	20,919
North America	12,996	27,911
Asia	20,561	20,661
Total management, services and performance fees	277,154	341,771

Notes to the Financial Statements

For the year ended 30 June 2024

Dividend and Distribution Income

Dividend and distribution income is recognised when it is declared and the Group's right to receive payment is established.

Interest Income

Interest income is calculated using the effective interest rate method and recognised on an accrual basis.

5. Taxation

Reconciliation of Income Tax Expense

	30 June 2024 \$'000	30 June 2023 \$'000
Net profit before tax	337,351	255,570
Prima facie income tax expense at 30%	(101,205)	(76,671)
Effect of amounts which are non-deductible/(assessable) in calculating taxable income:		
Concessional tax rate on offshore banking unit ("OBU")	-	9,031
Share of profit/(losses) of associates	3,752	(2,814)
Non-assessable income and non-deductible expenses	(404)	(1,419)
US state and local taxes (net of tax credits)	25	(113)
Differences in overseas tax rates	(294)	(213)
Imputed interest, expense and allowances relating to SPA loans	(497)	(239)
(Under)/over provision of prior year income tax	31	(477)
Income tax expense	(98,592)	(72,915)

Components of Income Tax Expense

	30 June 2024 \$'000	30 June 2023 \$'000
Current income tax expense	(44,759)	(68,094)
Deferred income tax expense	(53,595)	(4,018)
Differences in overseas tax rates	(294)	(213)
US state and local taxes (net of tax credits)	25	(113)
(Under)/over provision of prior year income tax	31	(477)
Income tax expense	(98,592)	(72,915)

Effective Tax Rate

For the year ended 30 June 2024, the Company's effective tax rate was 29.2% (June 2023: 28.5%), which includes tax paid (net of tax credits in relation to dividends, distributions and income from foreign jurisdictions). This rate is below the Australian company tax rate of 30% primarily as a result of the share of after tax profit recognised by the Group in respect of its associates. Associate profit recognised during the period is not subject to taxation until such time as it is distributed to the Group by its associates.

Additionally, up until 30 June 2023, assessable offshore banking income from funds management and advisory activities provided to clients outside of Australia and New Zealand, net of costs, was subject to a concessional tax rate of 10%. During the year ended 30 June 2023, the impact of the concessional tax rate was a benefit in the income tax expense recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income of \$9,031,000. The concessional tax rate was abolished from 1 July 2023. This change has resulted in the Group paying higher income tax in Australia in the 2024 financial year, which in turn has generated additional franking credits available to frank the Group's dividends to shareholders (all other variables being equal).

Notes to the Financial Statements

For the year ended 30 June 2024

Reconciliation of Net Deferred Tax Asset/(Liability)

	30 June 2024 \$'000	Charged to		30 June 2023 \$'000
		Equity \$'000	Profit \$'000	
Financial assets held at fair value	(33,557)	-	(5,019)	(28,538)
Accruals and provisions	12,841	-	(2,577)	15,418
Investment in associates	(184)	-	640	(824)
Business-related costs deductible over 5 years	9,763	2	(2,069)	11,830
Financial liability related to Magellan Global Fund option discount funding	-	-	(47,957)	47,957
Unused tax losses related to Magellan Global Fund options	3,387	-	3,387	-
Net deferred tax asset/(liability)	(7,750)	2	(53,595)	45,843

At 30 June 2024, deferred tax assets of \$5,950,000 (June 2023: \$9,702,000) relating to the Group's share of post-tax losses from associates and \$2,193,000 (June 2023: \$1,527,000) relating to non-Australian revenue losses have not been recognised in the Consolidated Statement of Financial Position.

Tax Consolidation

MFG and its wholly owned Australian subsidiaries have formed a tax consolidated group for income tax purposes. The entities in the tax consolidated group are party to a tax sharing agreement, which limits the joint and several liability of the subsidiaries in the case of a default of MFG. These entities are also party to a tax funding agreement under which each subsidiary has agreed to compensate MFG for the amount of tax calculated as though the subsidiary were a tax paying entity. MFG, as head entity, and the subsidiaries in the tax consolidated group continue to account for their own current and deferred tax amounts. The amounts are measured as if each entity in the tax consolidated group were a stand-alone taxpayer in its own right. The subsidiary tax balances are transferred to MFG via inter-company transactions and recognised as related party tax payables or receivables.

During the financial year, income tax liabilities of \$51,078,000 (June 2023: \$61,213,000) were assumed by MFG of which \$9,534,000 remained receivable from other entities under the tax funding agreement as at the reporting date (June 2023: \$6,591,000).

There is also a US tax consolidated group for income tax purposes which includes several US based entities.

Income Tax

Income tax expense/benefit is the tax payable/receivable on the current year's taxable income adjusted by changes in deferred tax assets and liabilities. Taxable profit differs from net profit reported in the Consolidated Statement of Profit or Loss and Comprehensive Income as some items of income or expense are assessable or deductible in years other than the current year and some items are never assessable or deductible.

Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in comprehensive income or directly in equity. In this case, the tax is recognised in comprehensive income or equity respectively.

Current Tax

Current tax assets or liabilities are amounts receivable or payable in relation to income taxes attributable to taxable profits of the current or prior financial years, less income tax instalments paid. The tax rates and laws used to calculate current taxes are those that are enacted or substantively enacted as at the reporting date.

Deferred Tax

Deferred tax balances represent amounts that will become payable or recoverable in future accounting periods. They arise when there are temporary differences between the tax bases of the Group's assets and liabilities and the related accounting values. Deferred tax is not recognised if it arises from the initial recognition of goodwill, from an asset or liability in a transaction other than a business combination which affects neither taxable income nor accounting profit or from investments in subsidiaries, associates and foreign operations when the timing of reversal can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

For the year ended 30 June 2024

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise the temporary differences and losses. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the tax benefit will be realised.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and for which the tax consolidated group intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax legislation that has been enacted or substantively enacted at the reporting date.

6. Reconciliation of Operating Cash Flows

The below table reconciles net profit after tax, as prepared on an accruals basis, to net cash from operating activities.

	30 June 2024 \$'000	30 June 2023 \$'000
Net profit after tax	238,759	182,655
<i>Adjustments for non-cash items of profit or loss:</i>		
Net change in the fair value of financial assets and liabilities:		
Unrealised	(29,956)	(50,497)
Recorded as dividend and distribution income	1,626	(448)
Share of (profit)/loss of associates	(10,295)	12,453
Net (gain)/loss on dilution of interest in associates	(77)	255
Depreciation and amortisation expense	3,958	6,036
Net foreign exchange (gain)/loss	(82)	(892)
Non-cash remeasurement of SPA loans	(1,672)	795
Share-based payment expense	3,332	3,846
<i>Adjustments for which cash effects are investing activities:</i>		
Realised changes in the fair value of financial assets and liabilities	(38,071)	11,207
Dividends and distributions reinvested	(585)	(18,078)
<i>Adjustments for operating asset and liability movements:</i>		
(Increase)/decrease in receivables	(1,263)	10,183
(Increase)/decrease in prepayments	(11)	12
(Increase)/decrease in net deferred tax asset	53,595	4,365
Increase/(decrease) in payables and provisions	(168,012)	30,445
Increase/(decrease) in income tax payable	(3,879)	(5,710)
Effects of exchange rates on cash and cash equivalents	17	(46)
Net cash from operating activities	47,384	186,581

Cash and cash equivalents comprise cash at bank and short term deposits with a maturity of 90 days or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Term deposits with maturities greater than 90 days from inception date are classified as financial assets (refer to note 7).

Notes to the Financial Statements

For the year ended 30 June 2024

7. Financial Assets

	30 June 2024 \$'000	30 June 2023 \$'000
Term deposits - at amortised cost¹	1,666	1,666
Total current financial assets	1,666	1,666
Investments - fair value through profit or loss		
Magellan Funds²		
Magellan Core ESG Fund	13,200	11,886
Magellan Core Global Fund	13,136	12,022
Magellan Energy Transition Fund	1,681	1,611
Magellan Global Equities Fund (Currency Hedged)	24,686	21,123
Magellan Global Fund - Open Class ³	100,178	167,236
Magellan Global Fund - Closed Class	112,613	82,318
Magellan Global Fund (Hedged)	1,042	908
Magellan Global Wholesale Fund	1,230	1,061
Magellan High Conviction Fund	12,307	10,280
Magellan High Conviction Trust	48,856	39,914
Magellan Infrastructure Fund (Currency Hedged)	11,356	11,819
Magellan Sustainable Fund	6,580	5,520
Magellan Wholesale Plus Global Fund	9,152	9,361
Magellan Wholesale Plus Infrastructure Fund	6,227	6,241
MFG Global Sustainable Fund	2,513	2,060
Airlie Small Companies Fund	2,310	1,932
Frontier MFG Core Infrastructure Fund	8,567	8,718
Frontier MFG Global Sustainable Fund	22,891	18,880
Total investments in Magellan Funds	398,525	412,890
Seed investments		
MC Fund	1,239	1,014
Portfolios - securities by domicile of primary stock exchange:		
United States	4,366	5,449
Europe and United Kingdom	-	595
Total seed investments	5,605	7,058
Unlisted entities	695	695
Total non-current financial assets	404,825	420,643

¹ Held with a major Australian bank and pledged against bank guarantees in respect of the Group's lease obligations. Should the Group fail to make its lease payments, the bank can apply the deposits in settlement of the amount paid to the lessor under the guarantees.

² At 30 June 2024, MFG held the following investments: Magellan Core ESG Fund 74.5% (June 2023: 80.4%), Magellan Core Global Fund 48.2% (June 2023: 48.9%), Magellan Energy Transition Fund 96.6% (June 2023: 96.6%), Magellan Global Equities Fund (Currency Hedged) 22.6% (June 2023: 17.6%), Magellan Global Fund Open Class 1.6% and Closed Class 3.3% (June 2023: 2.4% and 3.4%), Magellan Global Fund (Hedged) 0.3% (June 2023: 0.2%), Magellan Global Wholesale Fund 12.6% (June 2023: 13.8%), Magellan High Conviction Fund 7.2% (June 2023: 5.7%), Magellan High Conviction Trust 10.7% (June 2023: 8.9%), Magellan Infrastructure Fund (Currency Hedged) 1.8% (June 2023: 1.6%), Magellan Sustainable Fund 77.3% (June 2023: 74.6%), Magellan Wholesale Plus Global Fund 2.6% (June 2023: 2.0%), Magellan Wholesale Plus Infrastructure Fund 7.9% (June 2023: 5.1%), MFG Global Sustainable Fund 1.8% (June 2023: 1.6%), Airlie Small Companies Fund 61.2% (June 2023: 69.7%), Frontier MFG Core Infrastructure Fund 1.4% (June 2023: 1.2%) and Frontier MFG Global Sustainable Fund 54.0% (June 2023: 39.6%).

³ MFG sold 30,762,132 units for \$80.2 million during the year.

Notes to the Financial Statements

For the year ended 30 June 2024

Reconciliation of Financial Assets Carrying Value

	30 June 2024 \$'000	30 June 2023 \$'000
Current		
Opening balance at 1 July	1,666	1,650
Cash placed on term deposit	1,666	1,666
Matured term deposits	(1,666)	(1,650)
Closing balance	1,666	1,666
Non-current		
Opening balance at 1 July	420,643	379,438
Acquisitions	2,309	35,478
Disposals	(84,549)	(34,011)
Changes in value of accrued distributions	(1,605)	448
Net change in fair value		
Realised	38,071	(11,207)
Unrealised	29,956	50,497
Closing balance	404,825	420,643

Classification and Measurement

Financial assets are recognised initially at fair value on the date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are measured at amortised cost when their contractual cash flows represent solely payments of principal and interest and they are held within a business model designed to collect cash flows. This classification typically applies to the Group's receivables, loans and term deposits. The carrying value of financial assets at amortised cost is adjusted for impairment under an expected credit loss model (refer to note 22).

All other financial assets are measured at fair value through profit or loss with future changes in the value of such assets recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income. The change in fair value of financial assets does not include dividend and distribution income.

Financial assets are classified as non-current assets unless management intends to dispose of the assets within 12 months of reporting date.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group no longer holds substantially all the risks and rewards of ownership.

Notes to the Financial Statements

For the year ended 30 June 2024

8. Associates

Associates are entities in which the Group has an investment and over which it has significant influence, but not control, through participation in financial and operating policy decisions. The Group accounts for associates using the equity method.

Under the equity method, investments are initially recognised in the Consolidated Statement of Financial Position at cost and adjusted thereafter to recognise the Group's share of the associate's profit or loss and other comprehensive income. The Group's share of the associate's profit or loss and other comprehensive income is included in the Consolidated Statement of Profit or Loss and Comprehensive Income. Dividends received from an associate are accounted for as a reduction to the carrying value of the investment.

At each reporting date, the Group applies judgement to determine whether there is any indication that the carrying value of associates may be impaired. If an associate is deemed to be impaired, the carrying value is reduced to the investment's recoverable amount. This reduction is recognised as an impairment charge in the Consolidated Statement of Profit or Loss and Comprehensive Income.

Associate	Industry	Ownership interest		Investment carrying value	
		2024 %	2023 %	30 June 2024 \$'000	30 June 2023 \$'000
Barrenjoey Capital Partners Group Holdings Pty Ltd ("Barrenjoey") ¹	Financial services	36	36	136,363	123,857
FinClear Holdings Ltd ("FinClear") ^{2,3}	Financial services	16	16	23,595	25,730
				159,958	149,587

¹ Barrenjoey is an Australian-based financial services firm providing corporate and strategic advisory, capital market underwriting, research, prime brokerage and fixed income services. The Group's voting interest in Barrenjoey is 4.99%.

² FinClear is an Australian-based provider of technology, trading infrastructure and exchange market-access services to wealth, stockbroking, platform and fintech customers. The Group's voting interest in FinClear is equal to its ownership interest.

³ Ownership interest reflects the Group's current entitlement and excludes the impact of any potential dilution arising from unexercised options issued by FinClear.

Key Judgement

Through representation on the board of directors of each associate, the Group participates in financial and operating policy decisions. As a result, the Group is deemed to have significant influence despite holding less than 20% of the voting rights of the entities.

Transactions with Associates

The Group provides Barrenjoey with up to \$37,500,000 of unsecured working capital finance. During the year ended 30 June 2024, no amounts were drawn under the facility (June 2023: an aggregate of \$25,000,000 was drawn in varying amounts). During the financial year, the Group earned \$104,000 in commitment fees and interest income from the facility (June 2023: \$1,155,000). The facility was undrawn at 30 June 2024.

During the year ended 30 June 2024, the Group received brokering services in respect of the Company's on-market MFG share buy-back programme and its on-market purchase of Magellan Global Fund options. The Group paid Barrenjoey \$80,000 in brokerage fees for the year ended 30 June 2024 (June 2023: \$15,000).

During the 2022 financial year, the Group sold its shares in Guzman y Gomez (Holdings) Limited ("GYG") to an investment trust managed by Barrenjoey. As part of the transaction, the Group executed an agreement with Barrenjoey which would see the Group receive further consideration of up to \$6,117,000, net of \$125,000 in related arranging fees, subject to the performance of GYG and the realisation of the investment by the managed trust.

Notes to the Financial Statements

For the year ended 30 June 2024

Associates' Financial Information

The tables below provide summarised financial information about the Group's associates. The information reflects the amounts presented in the financial statements of the associates and not the Group's share of those amounts (except where indicated). As required by the equity method of accounting, amounts have been amended to reflect adjustments made by the Group, including fair value adjustments and modifications for differences in accounting policies.

Summarised Statement of Financial Position

	30 June 2024 \$'000	30 June 2023 \$'000
Current assets	7,686,697	5,327,211
Non-current assets	185,361	177,327
Current liabilities	(6,876,461)	(4,565,796)
Non-current liabilities	(752,604)	(730,702)
Net assets	242,993	208,040
Group's interest in net assets	73,066	59,367
Goodwill and transaction costs	86,892	90,220
Investment carrying amount	159,958	149,587

Summarised Statement of Profit or Loss and Comprehensive Income

	30 June 2024 \$'000	30 June 2023 \$'000
Revenue	394,025	293,111
Profit or loss from continuing operations	18,994	(44,559)
Other comprehensive income	-	-
Total comprehensive income	18,994	(44,559)
Group's share of associates' after tax profit/(loss)	10,295	(12,453)
Dividends received from associates	-	-

Notes to the Financial Statements

For the year ended 30 June 2024

9. Intangibles

Intangible assets comprise goodwill and customer relationships resulting from the acquisition of Airlie and the Frontier Group.

	30 June 2024			30 June 2023		
	Customer relationships \$'000	Goodwill \$'000	Total \$'000	Customer relationships \$'000	Goodwill \$'000	Total \$'000
At cost	25,871	106,152	132,023	25,853	106,251	132,104
less: accumulated amortisation and impairment	(24,732)	-	(24,732)	(23,324)	-	(23,324)
Total intangible assets	1,139	106,152	107,291	2,529	106,251	108,780
Movements:						
Opening balance at 1 July	2,529	106,251	108,780	5,999	105,288	111,287
Amortisation expense	(1,408)	-	(1,408)	(3,580)	-	(3,580)
Net foreign exchange differences	18	(99)	(81)	110	963	1,073
Closing balance	1,139	106,152	107,291	2,529	106,251	108,780

Customer Relationships

Customer relationships reflect existing agreements with clients and relationships with unitholders in the case of the Magellan Funds. They are definite life assets with useful lives based on the following expected client attrition profile:

- Airlie - 5 years
- Frontier Group - 7 years

Customer relationship assets are recognised at fair value at the date of acquisition and amortised to profit or loss on a straight-line basis over the useful lives stated above.

Goodwill

Goodwill arises when consideration paid for a business exceeds the fair value of the identifiable net assets acquired or liabilities assumed at the date of acquisition. The Group's goodwill represents the value of expected synergies from the acquisitions of Airlie and the Frontier Group, as well as the value of their respective workforces. Goodwill has an indefinite life. It is initially recognised at cost at the date of a business acquisition and subsequently measured at cost less any accumulated impairment.

Impairment

Goodwill is tested for impairment annually or when circumstances indicate the carrying value may not be recoverable. In addition, impairment tests for all assets are performed when there is an indication of impairment. All of the Group's goodwill is allocated to one cash generating unit ("CGU"), being the Funds Management segment ("FM CGU"). The recoverable amount of the FM CGU has been determined by taking a value-in-use approach which calculates the net present value of the CGU's estimated future pre-tax cash flows.

Key Estimates and Judgements

Judgement is applied to assess the estimated useful life of intangible assets, the presence of indicators of impairment and the recoverable amount of goodwill. Determination of the recoverable amount of goodwill requires the application of significant judgement when making assumptions about the future cash flows of the FM CGU, including the reasonableness of applied growth and discount rates.

In the Group's goodwill impairment testing, estimated future cash flows are based on financial budgets approved by the Directors for a period of one year. Cash flows for the years beyond the approved budget period have been extrapolated assuming FUM flows, net of fund performance, at an average annual growth rate of 3.0% (June 2023: 3.0%). In estimating net FUM flows, management have considered external forecasts of long-term global equity market returns. A perpetuity growth rate of 3.0% (June 2023: 2.5%) was used to derive a terminal value and a pre-tax discount rate of 15.2% (June 2023: 14.9%) was applied to net cash flows.

In forecasting cash flows over the assessment period, the current economic conditions and the FM CGU performance were considered. Management is of the view that no reasonably possible change to a key assumption would cause the recoverable amount of goodwill to fall short of the carrying amount. As such there is no impairment of goodwill at 30 June 2024.

Notes to the Financial Statements

For the year ended 30 June 2024

10. Loans and Receivables

	30 June 2024 \$'000	30 June 2023 \$'000
Current		
Fees receivable	54,367	53,223
Distributions receivable from Magellan Funds	336	225
Other receivables	1,072	1,187
Loans issued under share purchase agreements:		
Current employees	2,478	2,759
Other parties ¹	522	877
	58,775	58,271
Non-current		
Other receivables	1,217	-
Loans issued under share purchase agreements:		
Current employees	3,651	7,839
Other parties ¹	18,233	18,643
Total loans and receivables	81,876	84,753

¹ Other parties include current and former Non-Executive Directors, employees of associates and former employees of the Group.

Fees Receivable

Fees receivable comprise uncollected management, performance and services fees. These amounts are initially recognised at the fair value of the amounts to be collected. An impairment analysis is performed at each balance date to determine whether a loss allowance should be recognised for expected credit losses. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The Group applies the simplified approach for trade receivables whereby the loss allowance is based on lifetime expected credit losses at each balance date.

Receivables of \$3,588,000 were past due at 30 June 2024 (June 2023: \$3,870,000). Based on the credit quality of the Group's clients (including Magellan Funds) and no historical credit losses, there were no provisions for expected credit losses recognised during the year (June 2023: nil).

Share Purchase Agreements

The Group has entered into arrangements with certain of its employees, Non-Executive Directors and employees of associates ("participants") under which participants were offered financial assistance, in the form of a full recourse interest free loan ("SPA loan"), to purchase MFG shares (referred to as "Share Purchase Agreements" or "SPA"). The arrangements were entered into with the intention of aligning the interest of SPA participants more closely with those of MFG shareholders.

Each SPA loan is generally secured by the MFG shares that were issued to the relevant participant under the SPA. Any outstanding balance at the end of the SPA loan term must be repaid by the participant and an employee participant who ceases to be employed by the Group must repay the total amount owing under the SPA loan within three months of the cessation of their employment, or within such longer period as determined by the Board.

Shares issued under each SPA were issued at the fair market value of those shares, which was calculated as the volume weighted average price of traded shares on the five business days prior to the relevant offer date.

Shares issued under an SPA have the same rights as all other MFG ordinary shares except that they are subject to a holding lock which remains in place for as long as the relevant SPA loan remains outstanding. Following full repayment of an SPA loan, the holding lock and any security over the shares issued under the SPA are released and the participant has unrestricted access to their shares.

SPA loans to employees and Non-Executive Directors are subject to the Group's Share Purchase Plan ("SPP") Rules. The SPP was suspended in February 2022 and there have been no new SPA loans entered into since that time.

At 30 June 2024, the weighted average duration of the SPA loans was 5.0 years, with individual terms ranging from 1.3 years to 12.4 years (June 2023: weighted average duration of 6.2 years, with individual terms ranging from 0.2 years to 13.4 years). The five largest individual loans represent 57% of the closing loan balance (June 2023: 49%), and are all held with other parties.

Notes to the Financial Statements

For the year ended 30 June 2024

Reconciliation of SPA Loans

	30 June 2024		30 June 2023	
	Number of shares	SPA loans \$'000	Number of shares	SPA loans \$'000
Opening balance at 1 July	1,237,382	30,118	1,378,354	33,517
Imputed interest income/(expense)	-	2,986	-	1,801
Repayments - cash	-	(4,091)	-	(3,478)
Repayments - dividends (refer to note 19)	-	(1,135)	-	(1,537)
Repayments - from share disposals	(255,791)	(2,899)	-	-
Expected credit losses ¹	-	(95)	-	(185)
Shares released on loan termination	(125,045)	-	(140,972)	-
Closing balance	856,546	24,884	1,237,382	30,118

¹ Reflects an allowance for potential loan defaults recognised in accordance with the measurement requirements of AASB 9 Financial Instruments (refer to note 22 for further discussion).

Classification and Measurement

SPA loans are initially recognised at fair value, which is determined by discounting loans to their net present value using an interest rate reflective of the risk of the underlying asset at the time the loan is granted and an estimated repayment schedule. Subsequently, the loans are carried at amortised cost using the effective interest rate method and adjusted for changes in the projected repayment schedule. Changes in the carrying value of the SPA loans are recognised within interest income in the Consolidated Statement of Profit or Loss and Comprehensive Income.

The cost of providing the interest free loans to SPA participants is capitalised at inception of the loan and subsequently expensed on a straight-line basis over the expected life of the SPA loan. This cost, which reflects the foregone interest income of the Group, is recorded within employee expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income. During the year ended 30 June 2024, \$1,219,000 was recognised within employee expenses (June 2023: \$2,411,000).

Both the change in the carrying value of the SPA loans recorded in interest income and the cost of providing the interest free loan to participants recorded as employee expenses are non-cash items and therefore not included in the Group's Consolidated Statement of Cash Flows. Over the life of the SPA loans, the amounts credited to interest income and the amounts recognised within employee expenses will exactly offset each other.

The total value of MFG ordinary shares securing the SPA loans to SPA participants applying MFG's closing share price at 30 June 2024 of \$8.42 was \$7,212,000 (June 2023: \$11,743,000 at a share price of \$9.49). An impairment analysis is performed at each reporting date to determine whether to recognise a loss allowance for potential loan defaults. During the year ended 30 June 2024, additional expected credit losses of \$95,000 (June 2023: \$185,000) have been recognised within other expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income (refer to note 22 for further discussion).

11. Leases

The Group's lease arrangements primarily comprise operating leases of office space typically for fixed periods of up to 10 years.

At commencement of a lease, the Group records a lease liability in the Consolidated Statement of Financial Position reflecting the present value of future contractual payments to be made over the lease term, discounted at the Group's incremental borrowing rate, unless an interest rate is stated within the lease. A right-of-use ("ROU") asset is also recorded at the value of the lease liability plus any initial direct costs incurred to obtain the leased asset.

Interest is accrued on the lease liability, and recognised within finance costs in the Consolidated Statement of Profit or Loss and Comprehensive Income, whilst the liability balance is reduced as lease payments are made. The ROU asset is depreciated on a straight-line basis over the shorter of the leased asset's useful life or the lease term.

The liability is remeasured upon the occurrence of certain events, such as a change in the lease term or the lease payments. The amount of any liability remeasurement is adjusted against the value of the ROU asset.

Notes to the Financial Statements

For the year ended 30 June 2024

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases have a term of 12 months or less and low-value assets comprise small items of technology and office equipment.

	30 June 2024		30 June 2023	
	ROU assets \$'000	Lease liabilities \$'000	ROU assets \$'000	Lease liabilities \$'000
Opening balance at 1 July	7,507	10,172	9,560	12,552
Additions and remeasurements	52	49	319	319
Lease terminations	-	-	(201)	(207)
Lease payments	-	(2,980)	-	(2,944)
Depreciation expense	(2,129)	-	(2,172)	-
Interest expense	-	365	-	450
Net foreign exchange differences	1	-	1	2
Closing balance	5,431	7,606	7,507	10,172

The Group's undiscounted lease payments are contractually due in the following time periods:

	30 June 2024				30 June 2023			
	Within 1 year \$'000	Within 2 to 5 years \$'000	Beyond 5 years \$'000	Total \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	Beyond 5 years \$'000	Total \$'000
Lease liabilities	3,034	4,996	-	8,030	2,972	7,984	-	10,956

12. Payables

Payables represent liabilities for goods and services received prior to the end of the year which remain unpaid at the reporting date.

	30 June 2024 \$'000	30 June 2023 \$'000
Trade payables and accruals	9,490	9,928
GST and fringe benefits tax payable	1,476	1,607
Total payables	10,966	11,535

Trade payables are unsecured and are recognised at the amounts due to suppliers. Accruals represent amounts due for supplies and services received but not invoiced at reporting date.

13. Employee Benefits

Employee benefits comprise wages, salaries, annual and long service leave obligations, bonuses and cash retention incentives.

	30 June 2024 \$'000	30 June 2023 \$'000
Accrued employee entitlements	27,534	31,841
Leave obligations	3,614	4,249
Total current employee benefits	31,148	36,090
Accrued employee entitlements	1,920	4,629
Leave obligations	1,249	1,346
Total non-current employee benefits	3,169	5,975

Wages, Salaries and Annual Leave

Liabilities for wages and salaries and annual leave are measured at the amounts expected to be paid when the liabilities are settled and include related on-costs, for example payroll tax.

Notes to the Financial Statements

For the year ended 30 June 2024

Long Service Leave

Liabilities for long service leave are recognised when employees reach a qualifying period of continuous service. Current liabilities are measured at the amount expected to be settled within 12 months of the reporting date. Non-current liabilities are measured as the present value of expected future payments and are expected to be paid beyond 12 months of the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service and discounted using high quality corporate bond rates at reporting date, with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Bonuses

Bonuses are recognised in respect of employee services received up to the end of the reporting period where the Group is contractually obliged or where there is past practice that has created a constructive obligation to pay the bonus under the employee bonus plan. A current liability is recorded for accrued bonuses to be paid within 12 months of reporting date. A non-current liability is recorded for accrued bonuses to be paid beyond 12 months of the reporting date.

For certain employees, a portion of their annual bonus is deferred and paid in equal instalments for a period of up to 36 months conditional on the employee being employed at the time of payment. The conditional deferred bonus paid each month is expensed in the Consolidated Statement of Profit or Loss and Comprehensive Income as incurred.

The unrecognised portion of annual bonuses payable to employees by the Group in the future is a contingent liability. At 30 June 2024, the contingent liability is \$8,126,000 (June 2023: \$8,203,000). Of this amount, \$3,576,000 would be payable during the year ending 30 June 2025 and \$4,372,000 would be payable during the years ending 30 June 2026 and 30 June 2027, subject to the vesting conditions being met.

Cash Retention Incentives

During the year ended 30 June 2022, the Group offered a retention package to employees as part of its broader employee retention program. The package included a cash incentive payable subject to satisfactory performance and continued employment up to September 2024 and September 2025. During the year ended 30 June 2023, the payment dates for these retention incentives were accelerated to be paid between September 2023 and September 2024. Where employees have a SPA loan outstanding, the cash incentive payable on those dates will firstly be directed to repayment of the outstanding loan.

During the year ended 30 June 2024, the Group offered certain employees with SPA loans additional retention incentives. Subject to satisfactory performance and continued employment, these additional retention incentives will be directed to repayment of outstanding loan balances in September 2025, September 2026 and September 2027.

Additionally, during the year ended 30 June 2024, the Group offered Mr Andrew Formica (Executive Chairman) cash incentives to replace termination benefits from his previous employer that were forfeited when he accepted an executive role with the Group. The incentives are payable in March 2024, March 2025 and March 2026 subject to his continued association with the Group.

Retention incentives payable in cash are recognised in respect of employee services received up to the end of the reporting period. A current liability is recorded for accrued incentives to be paid within 12 months of the reporting date. A non-current liability is recorded for accrued incentives to be paid beyond 12 months of the reporting date.

The unrecognised portion of retention incentives payable in cash for services provided by employees in future periods is a contingent liability. At 30 June 2024, the contingent liability is \$6,065,000 (June 2023: \$5,722,000). Of this amount, \$796,000 would be payable during the year ending 30 June 2025 and \$5,269,000 would be payable during the years ending 30 June 2026 through 30 June 2028, subject to the vesting conditions being met.

14. Financial Liabilities

	30 June 2024 \$'000	30 June 2023 \$'000
Financial liabilities - fair value through profit or loss		
Obligation to fund the discount offered on MGF Options	-	159,855
Total financial liabilities	-	159,855

In January 2021, MFG committed to fund the 7.5% discount associated with options issued to MGF unitholders under the MGF Partnership Offer and the Bonus MGF Option Issue (referred to collectively as "MGF Options"). At that time, in accordance with accounting standards, a funding obligation was recognised as a financial liability assuming all MGF Options were exercised over the

Notes to the Financial Statements

For the year ended 30 June 2024

three-year option term. The financial liability moves in line with changes to the NAV per MGF Closed Class Unit and reduces when MGF Options are exercised or ultimately forfeited. Any increase in the financial liability is recorded as an additional expense, and any decrease as a gain, in the Consolidated Statement of Profit or Loss and Comprehensive Income.

During the year ended 30 June 2024, the Group purchased 750,000,000 MGF Options on-market at a price of 10 cents per MGF Option before transaction costs. The MGF Options acquired by the Group were allowed to lapse on expiry of the option term in March 2024. The liability relating to the discount funding of all MGF Options unexercised at expiry of the option term has been reversed and recognised as a gain in the Consolidated Statement of Profit or Loss and Comprehensive Income.

Reconciliation of Financial Liabilities Carrying Value

The movement in the carrying value of the Group's obligation to fund the MGF Options discount is as follows:

	30 June 2024 \$'000	30 June 2023 \$'000
Opening balance at 1 July	159,855	133,349
Items recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income:		
Increase/(decrease) in liability from changes in the MGF NAV	851	26,575
Decrease in liability from the expiry of unexercised MGF Options held external to the Group	(26,346)	-
Decrease in liability from the expiry of unexercised MGF Options held by the Group	(112,800)	-
	(138,295)	26,575
Exercise of MGF Options during the period	(21,560)	(69)
Closing balance as at 30 June	-	159,855

Reconciliation of Net Benefit Related to MGF Options

	30 June 2024 \$'000	30 June 2023 \$'000
(Benefit)/expense resulting from changes in the obligation to fund the MGF Options discount	(138,295)	26,575
Cost of on-market purchase of MGF Options by the Group	75,000	-
Transaction costs associated with the purchase of MGF Options	2,232	-
Net (benefit)/expense related to MGF Options	(61,063)	26,575

Classification and Measurement

Financial liabilities are recognised initially at fair value on the date at which the Group becomes a party to the contractual provisions of the instrument. These liabilities are subsequently measured at fair value through profit or loss if they are held for trading purposes or designated as such upon initial recognition. Changes in the value of such liabilities are recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income.

All other financial liabilities are measured at amortised cost.

Financial liabilities are classified as current unless the Group has the unconditional right to defer settlement beyond 12 months from the reporting date.

15. Capital Management

The Board of Directors is committed to prudent capital management and a conservative approach to protect shareholder value. The Board's objectives when managing capital are to ensure that the Group continues as a going concern, has sufficient liquidity to meet its operating requirements, is able to support the payment of dividends to shareholders in accordance with the Company's dividend policy, and maintains the flexibility to retain capital if required for future business expansion.

The Group's capital consists of contributed equity and reserves, including a profits reserve which preserves the Company's capacity to pay future dividends.

The Board regularly reviews the Group's free cash flow generation, cash and cash equivalents, investments, tax and other financial factors. In order to maintain an optimal capital structure, the Board may:

Notes to the Financial Statements

For the year ended 30 June 2024

- vary the amount of dividends paid to shareholders;
- issue new shares;
- utilise a dividend reinvestment plan;
- increase or decrease borrowings; or
- redeem and/or sell investments.

The Group is also subject to regulatory capital requirements by virtue of an Australian Financial Services Licence ("AFSL") held by MAM. Under the AFSL, MAM must hold a minimum level of net tangible assets and cash and cash equivalents. During the 2024 financial year MAM complied with these requirements at all times.

16. Contributed Equity

	30 June 2024		30 June 2023	
	Number of securities '000	Contributed equity \$'000	Number of securities '000	Contributed equity \$'000
Ordinary shares				
Opening balance	181,432	632,868	185,089	672,261
Shares issued:				
On exercise of MFG 2027 Options	-	-	-	6
Shares bought back on-market and cancelled	(686)	(5,186)	(3,657)	(39,487)
Transaction costs, net of tax	-	(3)	-	(27)
SPA expense	-	54	-	115
Total ordinary shares^{1,2}	180,746	627,733	181,432	632,868
MFG 2027 Options				
Opening balance	23,216	(545)	23,216	(545)
Shares issued from exercise of options during period	-	-	-	-
Total MFG 2027 Options	23,216	(545)	23,216	(545)
Total contributed equity	203,962	627,188	204,648	632,323

¹ Includes 856,546 ordinary shares held by SPA participants (June 2023: 1,237,382). Refer to note 10 for further details.

² Includes 529,100 ordinary shares subject to voluntary escrow which expires in respect of 98,438 shares on 31 May 2025 and in respect of 430,662 shares on 23 November 2031 (or such other date determined under the terms governing the issuance of those shares).

Ordinary Shares

Ordinary shares in the capital of the Company are fully paid and entitle the holder to receive declared dividends and proceeds on winding up of the Company in proportion to the number of shares held. An ordinary share entitles the holder to one vote on a show of hands, and to one vote for each share held on a poll, either in person, or by proxy, at a meeting of the Company shareholders.

MFG 2027 Options

Each MFG 2027 Option entitles the holder to acquire one ordinary share in the Company at an exercise price of \$35.00 at any time prior to 5pm (Sydney time) on 16 April 2027. The MFG 2027 Options do not confer a right to dividends. Ordinary shares issued on exercise of the options rank equally with all other ordinary shares from the date of issue and are only entitled to a dividend if such shares have been issued on or prior to the applicable record date for determining entitlements.

The MFG 2027 Options are listed on the ASX (ASX Code: MFGO).

Share Buy-back

The Company has an active on-market share buy-back program to purchase up to 10 million ordinary shares. During the year ended 30 June 2024, the Group bought back and cancelled 685,571 shares at a cost of \$5,186,000 (June 2023: 3,657,140 shares at a total cost of \$39,487,000). The shares were acquired at an average price (inclusive of transaction costs) of \$7.57 per share, with prices ranging from \$6.91 to \$8.35. The total acquisition cost, inclusive of after-tax transaction costs, was deducted from contributed equity. The on-market buy-back program has a proposed end date of 3 April 2025.

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Employee Options

Information relating to the MFG Employee Share Option Plan, including details of the options issued under the Employee Share Option Plan, options that lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 19.

17. Reserves

	30 June 2024 \$'000	30 June 2023 \$'000
Profits reserve		
Opening balance at 1 July	321,037	313,233
Transfer from retained earnings	238,110	220,459
Payment of dividends	(179,864)	(212,655)
Closing balance at 30 June	379,283	321,037
Share-based payments reserve		
Opening balance at 1 July	5,129	1,283.00
Recognised in employee expenses	3,332	3,846
Closing balance at 30 June	8,461	5,129
Foreign currency translation reserve		
Opening balance at 1 July	4,531	3,242
Recognised in other comprehensive income	(65)	1,289
Closing balance at 30 June	4,466	4,531
Total reserves	392,210	330,697

Profits Reserve

The profits reserve consists of profits transferred from MFG's accumulated retained profits that are preserved for future dividend payments. The profits reserve will reduce when dividends are paid from this reserve.

Share-based Payments Reserve

The share-based payments reserve is used to recognise the fair value of options and other share-based awards granted to employees over the award vesting period (refer to note 19).

Foreign Currency Translation Reserve

The foreign currency translation reserve comprises foreign exchange differences arising from translation of the financial statements of the Group's US-based operations to Australian dollars.

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For the year ended 30 June 2024

18. Dividends

	Cents per share	Franking % ¹	Total \$'000	Date Paid
During the year ended 30 June 2024				
Prior year final dividend paid	35.6	85%	64,590	7 September 2023
Prior year performance fee dividend paid	4.2	85%	7,620	7 September 2023
Prior year special dividend paid	30.0	85%	54,429	7 September 2023
Total prior year final, performance fee and special dividend paid	69.8		126,639	
Interim dividend paid	29.4	50%	53,225	6 March 2024
Total dividends declared and paid during the year²	99.2		179,864	

During the year ended 30 June 2023

Prior year final dividend paid	65.0	80%	120,308	6 September 2022
Prior year performance fee dividend paid	3.9	80%	7,218	6 September 2022
Total prior year final and performance fee dividend paid	68.9		127,526	
Interim dividend paid	46.9	85%	85,129	8 March 2023
Total dividends declared and paid during the year²	115.8		212,655	

¹ At the corporate tax rate of 30%.

² Includes dividends of \$1,135,000 which were not paid in cash but rather applied directly against the balances of SPA loans (June 2023: \$1,537,000) (refer to note 10).

Dividend Declared

On 15 August 2024, the Directors declared total dividends of 35.7 cents per ordinary share (50% franked at the corporate tax rate of 30%) in respect of the six months to 30 June 2024 (June 2023: 69.8 cents per ordinary share 85% franked). The total dividends comprise a Final Dividend of 28.6 cents per ordinary share and a Performance Fee Dividend of 7.1 cents per ordinary share (June 2023: Final Dividend of 35.6 cents per ordinary share, Performance Fee Dividend of 4.2 cents per ordinary share and Special Dividend of 30.0 cents per ordinary share).

A dividend payable to shareholders of the Company is only recognised for the amount of any dividend declared by the Directors on or before the end of the financial year, but not paid at reporting date. Accordingly, the Final Dividend and Performance Fee Dividend for the six months to 30 June 2024 totalling approximately \$64,526,000 are not recognised as liabilities in the 2024 financial year. The Final Dividend and Performance Fee Dividend is expected to be paid on 4 September 2024.

Imputation Credits

The Group has a total of \$14,889,000 imputation credits available for subsequent reporting periods based on a tax rate of 30% (June 2023: \$24,359,000 at a 30% tax rate). The amount comprises the balance of the imputation account at the end of the reporting period, adjusted for franking credits that will arise from the payment of income tax liabilities after the end of the year. The dividend declared by the Directors on 15 August 2024 will be partially franked out of existing franking credits, or out of franking credits arising from the payment of income tax.

19. Share-Based Payments

Employee Share Option Plan

The MFG Employee Share Option Plan ("ESOP") was established in April 2022 as part of a broader employee engagement and retention program. Participation in the ESOP is at the Board's discretion and no individual has a contractual right to participate or to receive any guaranteed benefits.

Under the ESOP, participants have been granted options ("employee options") which vest on 1 September 2024 provided the participant has not given or been given notice of the termination of their employment. Once vested, the employee options may be exercised until 16 April 2027 provided the participant remains employed with satisfactory performance. Options are granted under the ESOP for no consideration and carry no dividend or voting rights. If exercised, each employee option is converted into one MFG ordinary share at an exercise price of \$35.00 per option.

Upon exercise of an employee option, participants can pay the exercise price in cash and be issued an equivalent number of ordinary shares or, alternatively, can elect to set off the total applicable exercise price against the market value of the equivalent number of

Notes to the Financial Statements

For the year ended 30 June 2024

shares that they are entitled to receive upon exercise ("cashless exercise"). Under a cashless exercise, the market value of the ordinary shares is calculated as the volume weighted average MFG share price in respect of the 10 trading days ending on the day before the exercise date. The number of ordinary shares issued to a participant who elects the cashless exercise alternative will be equivalent in value to the number of employee options exercised, multiplied by the excess of the market value of the shares over the \$35.00 option exercise price.

Set out below is a summary of options granted under the ESOP:

	Number of options	Weighted average exercise price
Outstanding at 1 July 2023	6,927,500	\$35.00
Granted	-	-
Lapsed	(910,000)	\$35.00
Outstanding at 30 June 2024¹	6,017,500	\$35.00
Exercisable at 30 June 2024	-	-

¹ The options outstanding at 30 June 2024 have a contractual life of 2.8 years.

Fair Value

There were no options granted under the ESOP during the year ended 30 June 2024. The weighted average fair value at measurement date of employee options granted during the year ended 30 June 2023 was \$0.93 per option. Fair value at measurement date is independently determined using a binomial tree model under the Black-Scholes-Merton framework that takes into account the exercise price, share price at grant date, price volatility of the underlying share, expected option life, dividend yield and the risk-free interest rate for the term of the option.

Set out below is a summary of the model inputs for employee options granted during the previous reporting period:

	2023
Weighted average share price	\$12.33
Exercise price	\$35.00
Expected share price volatility ¹	45.1%
Expected dividend yield	7.4%
Risk-free interest rate	3.3%
Expected option life	5.5 years

¹ Expected price volatility is based on historic volatility over a period commensurate with the remaining life of the options, adjusted for the impacts of extraordinary periods of volatility not expected by the Directors to occur in the future.

Classification and Measurement

Over the vesting period, the fair value of the employee options is recognised as an employee expense within the Consolidated Statement of Profit or Loss and Comprehensive Income, with a corresponding entry recognised in the share-based payments reserve within equity. Where an option holder ceases to be an employee before their employee option(s) have vested, the cumulative employee expense recognised in previous periods is reversed. There is no reversal of employee expense for vested options that subsequently lapse or expire unexercised.

The total share-based payment expense recorded in respect of options issued under the ESOP for the year ended 30 June 2024 is \$3,137,000 (June 2023: \$3,846,000).

MD Forfeited Award Bonus

In May 2024, the newly appointed MAM Managing Director was offered a Forfeited Award Bonus to compensate her for the loss of incentive opportunities from her former employer. Subject to regulatory and shareholder approval, the bonus will be delivered in 285,388 restricted MFG shares on 31 December 2026 provided she remains employed through to 31 December 2025.

The total share-based payment expense recorded in respect of the Forfeited Award Bonus for the year ended 30 June 2024 is \$195,000 (June 2023: nil).

Notes to the Financial Statements

For the year ended 30 June 2024

20. Subsidiaries

	Country of incorporation/ Principal place of business	% equity interest ¹	
		30 June 2024	30 June 2023
Magellan Asset Management Limited	Australia	100	100
Magellan Capital Partners Pty Limited	Australia	100	100
Magellan Capital Partners No. 2 Pty Limited	Australia	100	100
Magellan Capital Partners No. 4 Pty Limited	Australia	100	100
MFG Services LLC ²	United States of America	100	100
Frontier North American Holdings Inc. ³	United States of America	100	80
Frontier Partners Inc.	United States of America	100	100
Frontegra Strategies LLC	United States of America	100	100
Frontegra Asset Management Inc.	United States of America	100	100

¹ The proportion of ownership interest is equal to the proportion of voting power held.

² MFG Services LLC ("MFGS") is a service company and provides MAM with investment research and distribution services.

³ Frontier North American Holdings Inc. ("FNAH") is the US holding company of the Frontier Group. During the year ended 30 June 2024, MFG exercised its call option to purchase the 20% non-controlling interest in FNAH for US\$1.

Inset names in the above table indicate that shares are held by the company listed immediately above it in the table. All material subsidiaries have a 30 June reporting date. Transactions between MAM and foreign entities are subject to transfer pricing arrangements.

The Group's investments in other entities are set out in notes 7 and 8.

Key Judgement

Certain subsidiaries of the Group provide fiduciary and/or investment management services to funds in which the Group holds an economic interest. Such interests are not considered to be interests in controlled entities and consequently have been recognised in the Consolidated Statement of Financial Position as financial assets held at fair value through profit or loss. This classification involves the use of judgement in assessing whether the Group controls each relevant fund, including consideration of the nature and significance of various factors such as the exposure of the Group to variability of returns, compensation to which Group entities are entitled, the scope of the Group entities' decision-making authority and the rights held by third parties to remove the Group entities as Responsible Entity/Trustee or Investment Manager.

Principles of Consolidation

The consolidated financial report of the Group comprises the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies, is exposed to variable returns from its involvement in the entity and has the ability to affect those returns. Assets, liabilities, income and expenses of a subsidiary are included from the date the Group gains control until the date control ceases. All inter-entity assets, liabilities, equity, income, expenses and cash flows relating to transactions within the Group are eliminated in full on consolidation. When necessary, adjustments are made to the results of subsidiaries to bring them into line with the Group's accounting policies.

Foreign Subsidiaries

On consolidation, the assets and liabilities of foreign subsidiaries whose functional currency differs from the presentation currency are translated into Australian dollars at the rate of exchange at the reporting date. Exchange differences arising on translation are recognised in comprehensive income and accumulate in the foreign currency translation reserve within equity. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income.

Notes to the Financial Statements

For the year ended 30 June 2024

21. Related Parties

MFG is the ultimate parent entity of the Group. The related parties of the Group include its subsidiaries, associates, key management personnel ("KMP"), close family members of KMP and any entity controlled by those entities.

Transactions with Related Parties

Management and performance fees from investment funds managed by subsidiaries of the Group are set out in note 4. Income tax liabilities assumed by MFG and settled by subsidiaries of the Group under a tax sharing agreement are set out in note 5. Transactions with associates are set out in note 8.

Other transactions that occurred between entities in the Group are fully eliminated on consolidation of the Group and include:

	30 June 2024 \$'000	30 June 2023 \$'000
<i>Revenue recognised by parent entity</i>		
Dividends ¹	130,357	185,278
Reimbursed expenses	725	274
<i>Expenses recognised by parent entity</i>		
Expense reimbursements	97	71
<i>Equity contributions to/(returns from) subsidiaries</i>		
Cash	(15,775)	25,095
<i>Transactions between subsidiaries at international transfer prices</i>		
Service fees and recharged expenses	5,658	8,838

¹ Comprising dividends from MAM of \$130,000,000 and MFG Services LLC of \$357,000 (June 2023: \$170,000,000 from MAM and \$15,278,000 from Magellan Capital Partners No. 2).

All transactions with related parties are conducted on standard commercial terms and conditions. Receivable and payable balances at year end are unsecured and will be settled in cash. No guarantees have been given or received between entities in the Group.

KMP Remuneration

	30 June 2024 \$'000	30 June 2023 \$'000
Short-term benefits	5,054	7,180
Post-employment benefits	219	188
Termination benefits	820	432
Long-term benefits	1,069	1,440
Share-based payments	119	367
Other benefits	1,002	859
Total KMP remuneration	8,283	10,466

The KMP of the Group are listed in section 3.2 of the Remuneration Report and the remuneration of each KMP is included in section 3.7 of the Remuneration Report.

Notes to the Financial Statements

For the year ended 30 June 2024

22. Financial Instrument Risk Management

The Group's operating and investing activities expose it to various forms of financial instrument risk including:

- the risk that money owed to the Group will not be received (*credit risk*);
- the risk that the Group may not have sufficient cash available to pay its creditors as they fall due (*liquidity risk*); and
- the risk that the value of financial assets and liabilities will fluctuate as a result of movements in factors such as market prices, interest rates and foreign exchange rates (*market risk*).

The Board has an approved risk management framework including policies, procedures and limits and uses different methods to measure and manage these risks that are discussed in detail throughout this note.

The Group's primary exposure to financial instrument risk is derived from the financial instruments that it holds as principal. In addition, due to the nature of the business, the Group's exposure extends to the impact on investment management and other fees that are determined as a percentage of funds under management and are therefore impacted by the financial instrument risk exposures of the Group's clients. This note deals only with the primary exposure of the risks from the Group's holding of financial instruments and not the secondary exposure impacting the Group's revenue.

The investment portfolios of the Magellan Funds managed by MAM are monitored on a daily basis in accordance with the investment objectives and mandates of those funds. Further details of the risk management objectives and policies applied in respect of the Magellan Funds can be found in their product disclosure statements ("PDS") and in the case of the Frontier MFG Funds, in their prospectuses.

Credit Risk

Credit risk refers to the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the Group. Market prices generally take counterparty credit into account and therefore the risk of loss is implicitly provided for in the carrying value of financial assets and liabilities held at fair value.

The Group's maximum exposure to credit risk is the carrying amount of all cash and cash equivalents, financial assets, receivables and SPA loans recognised in the Consolidated Statement of Financial Position as well as the value of any undrawn loan commitments which are accessible to counterparties at the reporting date.

Additionally, MAM in its capacity as Trustee and Responsible Entity of the Magellan Funds (as set out in note 2) has appointed The Northern Trust Company ("NT") as custodian. NT is required to comply with the relevant provisions of the *Corporations Act 2001* (Cth), applicable ASIC regulatory guides and Regulatory Instruments relating to registered managed investment scheme property arrangements with custodians. As at 30 June 2024, the credit quality of NT's senior debt is rated by Standard and Poor's as A+ and by Moody's as A2 (June 2023: A+ and A2 respectively).

Cash and Cash Equivalents

The Group minimises its credit risk by ensuring cash and term deposits are held with high credit quality financial institutions as determined by a recognised rating agency. As at 30 June 2024, the Group's cash and term deposits were held with major Australian and international banks rated no lower than AA- by Standard & Poor's or Aa2 by Moody's (June 2023: AA- and Aa3, respectively).

Financial Assets

The Group mitigates its credit risk by ensuring the majority of its financial assets are held with Magellan Funds for which MAM is the Trustee or Responsible Entity.

MFG has entered into an International Prime Brokerage Agreement ("IPBA") with Merrill Lynch International ("MLI"), a subsidiary of Bank of America. The services provided by MLI under the IPBA include clearing and settlement of transactions, securities lending and acting as custodian for MFG's investment assets. The IPBA with MLI is in a form that is typical of prime brokerage arrangements. MFG has granted MLI a fixed charge over the Company's right, title and interest in the assets held in custody with MLI, as security for the performance of its obligations under the IPBA. In the event of MLI becoming insolvent, MFG would rank as an unsecured creditor and, to the extent MLI has exercised a right-of-use over MFG's securities, MFG may not be able to recover such equivalent securities in full. In addition, cash which MLI holds or receives on behalf of MFG is not segregated from MLI's own cash and may be used by MLI in the course of its business. In the event of MLI becoming insolvent, MFG would rank as an unsecured creditor and may not be able to recover the cash in full. At 30 June 2024 and 30 June 2023, MFG held a negligible cash balance with MLI.

Notes to the Financial Statements

For the year ended 30 June 2024

Loans and Receivables

The Group manages credit risk by regularly monitoring receivables and SPA loan balances.

Fee receivables arise as a result of the Group's investment management activities and are typically paid between 15 and 45 days of being invoiced. These counterparties generally do not have an independent credit rating and the Group assesses credit quality taking into account each debtor's financial position, past experience and other available credit risk information. Historically, default levels have been insignificant and unless a client has withdrawn its funds, there is an ongoing relationship between the Group and the client.

SPA loans are secured by the MFG shares that were issued to participants under the SPA and by the MFG 2027 Options that were issued to SPA participants in respect of those shares. Additionally, whilst the SPA loan is outstanding, the Group is entitled to both the dividends received from the secured shares and 100% of the after-tax cash retention bonuses paid to employees in September 2023 and September 2024 in repayment of the relevant participant's outstanding SPA loan amount.

The Group's credit exposure in relation to SPA loans is therefore limited to any shortfall represented by the difference between the face value of SPA loans and the aggregate value of the MFG shares, MFG 2027 Options, dividends and after-tax cash retention bonuses securing those loans for each SPA participant. At 30 June 2024, the total SPA loan shortfall was \$14,786,000 (June 2023: \$15,406,000). As the SPA loans are full recourse, the Group is entitled to recover any shortfall from the SPA participant.

Expected credit losses ("ECL") are estimates of the shortfalls expected to result from defaults over the relevant timeframe. Given the long-term nature of the SPA loans, the Group estimates ECLs over the life of the financial instruments. For an SPA loan, the ECL is calculated by multiplying the shortfall amount to which the Group is exposed by the assessed probability of default. As historically there has never been a default of an SPA loan, the Group determines the default probabilities to apply to SPA loans having regard to the default probabilities published by the major Australian banks in respect of retail lending.

At 30 June 2024, the Group applied probabilities of default to its SPA loans ranging from 4% to 5% (June 2023: 3% to 4.5%) resulting in an aggregate recognised allowance for ECLs of \$655,000 (June 2023: \$560,000). For each 1% increase in the applied probability of default, the Group's total allowance for ECLs would increase by \$148,000.

Undrawn Loan Commitments

The Group has provided Barrenjoey with up to \$37,500,000 of working capital finance under an unsecured revolving facility that matures in September 2024.

Liquidity Risk

Liquidity risk is the risk that the Group may not be able to meet its financial obligations in a timely manner or may be forced to sell financial assets at a value which is less than their worth.

The Group manages liquidity risk by monitoring rolling cash flow forecasts in order to maintain sufficient cash reserves to meet future obligations and regulatory capital requirements. Additionally, the Group has access to an undrawn credit facility (discussed below) and liquid equity investments held in the Fund Investments portfolio.

As at 30 June 2024, the Group had an obligation to settle trade creditors and other payables of \$10,966,000 (June 2023: \$11,535,000) within 30 days (refer to note 12). A further obligation of \$8,832,000 (June 2023: \$12,773,000) is payable between 30-150 days for the Group's tax instalment and final income tax payment. On 4 September 2024, \$64,526,000 is expected to be paid in respect of the Final and Performance Fee dividends (refer to note 18). The Group had cash of \$322,567,000 (June 2023: \$373,445,000) and a further \$55,775,000 (June 2023: \$54,635,000) of receivables to cover these liabilities.

The Group's reported current assets of \$384,903,000 and current liabilities of \$53,721,000 result in a net current asset surplus of \$331,182,000. Accordingly, the Group has sufficient liquid funds and current assets to meet its current liabilities.

Market Risk

The value of the Group's financial assets and liabilities is exposed to movements in market prices, foreign exchange rates and interest rates.

Price Sensitivity

The value of investments held in the Fund Investments portfolio (refer to note 7) changes as a result of movements in equity prices in local currency (caused by factors specific to the individual stock or the market as a whole), exchange rate movements, or a

Notes to the Financial Statements

For the year ended 30 June 2024

combination of both. Additionally, certain financial liabilities held by the Group change as a result of movements in the estimated unit prices of the funds to which they relate.

Over the past 10 financial years, the annual performance of the MSCI World Net Total Return Index has ranged between -14% and +39% (in USD) and between -6% and +28% (in AUD). The past performance of markets is not always a reliable guide to future performance, and MFG's Fund Investments portfolio does not attempt to mirror the global indices, however this wide range of historic movements in the indices provides an indication of the magnitude of equity price movements that could occur within the portfolio.

For illustrative purposes, an increase of 10% in market prices, with all other variables held constant, would have had the following impact on the recorded value of the Group's financial instruments:

	30 June 2024 \$'000	30 June 2023 \$'000
Financial assets at fair value through profit or loss	28,338	29,445
Financial liabilities at fair value through profit or loss	-	(12,678)
Total impact on net profit after tax equity	28,338	16,767

A decrease of 10% in market prices would have an equal but opposite impact on net profit, comprehensive income and equity.

Foreign Exchange Sensitivity

The Group holds the following types of financial assets and liabilities for which fair value changes arise as a result of movements in foreign exchange rates:

- Cash and term deposits denominated in a foreign currency;
- Financial assets denominated in a foreign currency (refer to note 7) as well as related dividend/distribution receivables and outstanding settlements for sales/purchases;
- Management and performance fees receivable denominated in a foreign currency; and
- Payables denominated in a foreign currency.

The Group's foreign currency transactions are primarily conducted in the following currencies: United States dollars, British pounds, Euros and New Zealand dollars.

For illustrative purposes, if the Australian dollar strengthened by 10% relative to each currency to which the Group had an exposure, with all other variables held constant, the impact on net profit after tax and equity would have been:

	30 June 2024			30 June 2023		
	Increase/(decrease)			Increase/(decrease)		
	USD \$'000	GBP \$'000	Other \$'000	USD \$'000	GBP \$'000	Other \$'000
Cash and cash equivalents	(576)	(3)	-	(418)	(7)	(2)
Financial assets	(2,462)	-	-	(2,285)	(5)	(33)
Receivables	(800)	(50)	(1)	(1,007)	(45)	0
Payables	98	3	23	95	3	22
Employee benefits	14	-	-	19	-	-
Lease liabilities	14	-	3	20	-	2
Total impact on net profit after tax and equity	(3,712)	(50)	25	(3,576)	(54)	(11)

A decrease of 10% in the Australian dollar relative to each currency would have an equal but opposite impact on net profit after tax and equity.

The Group has indirect exposure to foreign currency via its investment in funds that are denominated in both Australian dollars, such as the Group's Australian funds, and US dollars, such as the Group's international funds (refer to note 2). This is because the underlying investment portfolios of these funds comprise equities predominantly denominated in foreign currencies and with operating exposure to global currencies. As a result, the fair values of these funds are influenced by currency movements. The sensitivity analysis disclosed above disregards the indirect impact of the foreign currency movement on the underlying fund portfolios.

Notes to the Financial Statements

For the year ended 30 June 2024

In addition to its investments, the Group's management and performance fees are also indirectly exposed to fluctuations in foreign currency where fees are invoiced in a different currency to the underlying FUM. As at 30 June 2024, approximately 74% of the Group's FUM was exposed to movements in the Australian dollar relative to other currencies (June 2023: 77%).

Interest Rate Sensitivity

The Group's primary exposure to interest rate movements relates to its cash and term deposits. Term deposits are of relatively short duration and their fair value would not be materially affected by changes in interest rates.

Cash and cash equivalents held by the Group are predominantly held with Australian financial institutions and the value of cash balances is sensitive to the RBA cash rate. The Group does not hold any financial assets or liabilities for which a change in value as a result of interest rate movements would impact on the Group's recorded net profit or equity.

Fair Value Disclosures

The Group classifies financial assets and liabilities that are measured at fair value into the following three levels, as prescribed under the accounting standards, to provide an indication about the reliability of the inputs used in determining fair value:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. Fair value is based on the closing price of the security as quoted on the relevant exchange.
- Level 2: valuation techniques using market observable inputs either directly or indirectly. The Group invests in unlisted funds which in turn invest in liquid securities quoted on major stock exchanges. Fair value is estimated using the redemption price provided by the unlisted fund.
- Level 3: valuation techniques using unobservable inputs such as is required where the Group invests in unlisted entities or unlisted funds which in turn invest in unlisted entities.

The table below presents the Group's financial assets and liabilities measured at fair value according to the fair value hierarchy:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2024				
Magellan Fund investments	330,605	67,920 ¹	-	398,525
Seed portfolios	4,366	1,239	-	5,605
Unlisted entities	-	-	695 ²	695
Financial liabilities at fair value through profit or loss	-	-	-	-
Total financial assets and liabilities at fair value	334,971	69,159	695	404,825
30 June 2023				
Magellan Fund investments	351,838	61,052 ¹	-	412,890
Seed portfolios	6,044	1,014	-	7,058
Unlisted entities	-	-	695 ²	695
Financial liabilities at fair value through profit or loss	-	(159,855)	-	(159,855)
Total financial assets and liabilities at fair value	357,882	(97,789)	695	260,788

¹ Fair value is determined by reference to the fund's redemption unit price at reporting date and is categorised in level 2 given inputs into the redemption unit price are directly observable from published price quotations.

² Comprises a shareholding in an unlisted company for which management has assessed the investment cost is a reasonable approximation of fair value at reporting date.

There were no transfers between any fair value hierarchy levels during the years ended 30 June 2024 and 30 June 2023. The Group's policy is to recognise transfers into and out of hierarchy levels as at the end of the reporting period.

The fair values of all other financial assets and liabilities approximate their carrying values in the Consolidated Statement of Financial Position.

Notes to the Financial Statements

For the year ended 30 June 2024

23. Commitments, Contingent Assets and Contingent Liabilities

Commitments

The Group has extended loan commitments to certain related parties, which remain undrawn at the reporting date (refer to note 22).

All other commitments relate to non-cancellable payments under short term and low value lease agreements as set out below:

	30 June 2024 \$'000	30 June 2023 \$'000
Within one year	18	18
Later than one year but no later than five years	35	49
More than five years	-	-
Total	53	67

Contingent Assets and Liabilities

The Group has contingent assets and liabilities in respect of the following items:

- *Deferred proceeds in respect of GYG divestment:* refer to note 8.
- *Deferred conditional bonuses and cash retention incentives:* refer to note 13.

24. Parent Entity Information

	30 June 2024 \$'000	30 June 2023 \$'000
Assets		
Current assets	263,556	302,166
Non-current assets	781,872	846,216
Total assets	1,045,428	1,148,382
Liabilities		
Current liabilities	9,308	189,519
Non-current liabilities	20,815	-
Total liabilities	30,123	189,519
Net assets	1,015,305	958,863
Equity		
Contributed equity	627,560	632,696
Reserves	387,745	326,167
Retained earnings	-	-
Total equity	1,015,305	958,863
Net profit after income tax expense for the year	238,110	220,459
Total comprehensive income for the year	238,110	220,459

The financial information for the parent entity, MFG, has been prepared on the same basis as the Group's consolidated financial statements, except for investments in subsidiaries. Investments in subsidiaries are accounted for at cost less impairment expense, in the financial statements of the parent entity. Dividends received from subsidiaries are recognised in the parent entity's profit or loss rather than being deducted from the carrying amount of the investment.

Contingent Assets and Liabilities

At 30 June 2024, MFG has a contingent liability in respect of the dividend reinvestment plan of MGF (refer to note 23).

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For the year ended 30 June 2024

25. Auditor Remuneration and Independence

	30 June 2024 \$'000	30 June 2023 \$'000
Australia - Ernst & Young		
Fees for audit and review of statutory financial reports of:		
MFG Group and controlled entities	223	156
Magellan Funds in Australia	347	303
	570	459
Fees for regulatory audits required to be performed by the auditor	12	9
Fees for other audit related assurance services ¹	116	88
Fees for other services:		
Taxation compliance services ²	139	150
Taxation advisory services ³	-	25
	139	175
Total Australia	837	731
Overseas - Ernst & Young, Plante Moran		
Fees for audit of statutory financial report of:		
Frontegra Strategies LLC	26	23
Magellan Funds in Ireland	77	72
	103	95
Fees for other services:		
Taxation advisory services ⁴	85	50
	85	50
Total overseas	188	145
Total auditor remuneration	1,025	876

Percentage of total auditor remuneration paid as non-audit fees to the Group's auditors **33.2%** 35.7%

¹ Comprises various assurance services (ICR audits, compliance plan review, GS007 controls review) required under legislation, regulation or contractual arrangements which the Board determines are best provided by the auditor of the Group's statutory financial reports.

² Comprises reviews of the income tax returns of both the Group and the Magellan Funds and reviews of the annual unitholder distributions of the Magellan Funds.

³ Comprises transfer pricing reviews.

⁴ Comprises assistance with the UK and German tax calculations and lodgements for MFG Investment Fund plc.

Independence and Non-Audit Services

The Group's external auditors are Ernst & Young and Plante Moran and the Audit & Risk Committee ("the Committee") has responsibility for monitoring the independence and objectivity of the external auditors. All auditors confirmed their independence during 2024 and prior to issuing their opinions on financial reports. In addition, no Committee member has a connection with the external auditors.

A key factor in ensuring auditor independence is the Committee's consideration of the non-audit services performed by the auditors. The Committee preserves independence and objectivity by maintaining a policy on the engagement of non-audit services provided by an auditor and restricts the auditor to providing services that are closely related to the audit. Every audit and non-audit service is considered and approved in writing by the Committee, or the Committee's Chairman acting as a delegate, based on a recommendation from management. Particular consideration is given to where the Group's auditor also performs services for the Group's associates and/or key third-party providers, for example fund administrators and custodians, and should this occur, the Group ensures the signing audit partner is not common to both parties.

Non-audit services provided by Ernst & Young include routine tax services, namely the review of the income tax returns of the Group and the Magellan Funds and the annual distributions of the Magellan Funds, ad hoc assistance with lodging foreign withholding tax registrations and routine tax surveillance reviews. Other non-audit services not required by regulation mainly comprise assurance services in respect of a review of controls and compliance plan and an audit of the indirect cost ratios for the Magellan Funds. The Committee considered these services were most appropriately performed by Ernst & Young as they support the statutory audits and Ernst & Young's appointment offers greater risk management by providing a higher level of detection of risks or errors given their holistic and detailed understanding of the Group.

Notes to the Financial Statements

For the year ended 30 June 2024

26. Subsequent Events

Other than the items noted below, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Dividend

Refer to note 18 for details of the dividend declared in respect of the six months ended 30 June 2024.

Funds Under Management

On 6 August 2024, the Group announced on the ASX announcements platform that its FUM was \$38.4 billion as at 31 July 2024.

MGF Closed Class Conversion

On 22 July 2024, conversion of the Closed Class Units of MGF to Open Class Units, as approved by unitholders at meetings held in June 2024, was implemented. Eligible Closed Class unitholders received 0.736 Open Class Units for every Closed Class Unit held on the conversion record date.

MGF's transition to an open-ended structure has seen outflows of \$1.2 billion as at 13 August 2024.

Investment in Vinva

On 15 August 2024, the Group acquired a 29.5% shareholding in Vinva Holdings Limited ("Vinva"), a systematic investment management firm founded in Australia, for cash consideration of \$138,500,000. The equity interest forms part of a strategic partnership under which the Group will distribute Vinva's systematic equity products globally and to retail and certain wholesale clients in Australia.

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Consolidated Entity Disclosure Statement

As at 30 June 2024

Entity name	Entity type	Body corporates		Tax residency	
		Place incorporated	% of share capital held	Australian or Foreign	Foreign jurisdiction
Magellan Asset Management Limited	Body corporate	Australia	100	Australian	N/A
Magellan Capital Partners Pty Limited	Body corporate	Australia	100	Australian	N/A
Magellan Capital Partners No. 2 Pty Limited	Body corporate	Australia	100	Australian	N/A
Magellan Capital Partners No. 4 Pty Limited	Body corporate	Australia	100	Australian	N/A
MC Fund	Trust	N/A	N/A	Australian	N/A
MFG Services LLC	Body corporate	USA	100	Foreign	USA
Frontier North American Holdings Inc.	Body corporate	USA	100	Foreign	USA
Frontier Partners Inc.	Body corporate	USA	100	Foreign	USA
Frontegra Strategies LLC	Body corporate	USA	100	Foreign	USA
Frontegra Asset Management Inc.	Body corporate	USA	100	Foreign	USA

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Directors' Declaration

For the year ended 30 June 2024

In the Directors' opinion,

- a. the financial statements and notes set out on pages 47 to 83 are in accordance with the *Corporations Act 2001* (Cth), including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards, the *Corporations Regulations 2001* (Cth), International Financial Reporting Standards as disclosed in note 1 and other mandatory professional reporting requirements;
- b. the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* (Cth), set out on page 84, is true and correct as at 30 June 2024; and
- c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* (Cth) for the year ended 30 June 2024.

This declaration is made in accordance with a resolution of the Directors.

Andrew Formica
Executive Chairman

Sydney
15 August 2024

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Building a better
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Independent auditor's report to the members of Magellan Financial Group Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Magellan Financial Group Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024 and the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) together with the ethical requirements that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures

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performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Management and performance fee revenue

Why significant

For the year ended 30 June 2024, management fees were \$256,748,000 and performance fees were \$19,206,000 which equates to 67.81% and 5.07% of total revenue and other income respectively as disclosed in Note 4 to the financial report.

The Group's key revenue streams are management and performance fees earned by Magellan Asset Management Limited (MAM), a consolidated subsidiary, through the investment management agreements in place with third parties and Magellan Funds.

Revenue from management and performance fees is earned and calculated in accordance with the Investment Management Agreements and Constitutions of the funds. Performance fees are dependent on the portfolio outperforming certain hurdles and are only recognised in the statement of profit or loss and comprehensive income when MAM's entitlement to the fee is highly probable, which is at the end of the relevant performance period.

Due to the quantum of these revenue streams and the impact that the variability of market-based returns can have on the recognition and earning of performance fees, this was considered a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included:

- ▶ Recalculating management fees, on a sample basis, in accordance with contractual arrangements;
- ▶ Assessing the performance fees recognised for the year from funds and mandates, on a sample basis, and assessing whether they met the relevant recognition criteria per the requirements of the Australian Accounting Standards. This included assessing the inputs into the calculation model, its clerical accuracy and assessing the methodology applied in accordance with contractual arrangements; and
- ▶ Assessing the adequacy of the disclosures included in Note 4 to the financial report in accordance with Australian Accounting Standards.

2. Investments in associates

Why significant

As at 30 June 2024, the Group's associates were valued at \$159,958,000 which account for 14.69% of total assets. The equity accounted share of profit from associates was \$10,295,000.

The Group classifies investments in entities over which it has determined to have significant influence as associates in the statement of financial position and applies equity method accounting in accordance with the requirements of AASB 128 *Investments in Associates and Joint Ventures*.

The Group's accounting for its associates, including the determination that the Group has significant influence over the entities, equity method accounting and impairment assessments was considered a key audit matter due to the quantitative impact on the Group's financial statements.

How our audit addressed the key audit matter

Our audit procedures included:

- ▶ Evaluating the Group's assessment of significant influence over the investments, and the relevant accounting treatment and presentation thereon;
- ▶ Testing the appropriateness of the equity accounting for the Group's investments in associates. We issued audit instructions to the auditors of the associates (components) where required, covering matters significant to the Magellan audit. We assessed the auditor's final report and confirmed procedures were performed in accordance with our instructions and the conclusion reached was appropriate for the purposes of our audit;
- ▶ Evaluating the Group's assessment of impairment indicators for their investments in associates; and
- ▶ Assessing the adequacy of the disclosures included in Note 8 and Note 21 to the financial report in accordance with Australian Accounting Standards.

3. Investment in listed equities and Magellan Funds

Why significant

The Group has a significant investment portfolio consisting of listed equities and investments in Magellan Funds. As at 30 June 2024, the value of these non-current financial assets, as disclosed in Note 7 to the financial report totalled \$404,825,000 which equates to 37.17% of the total assets held by the Group.

Note 7 to the financial report discloses that the Group's investments are classified as 'financial assets at fair value through profit or loss' ("FVTPL") in accordance with the requirements of AASB 9 *Financial Instruments*.

How our audit addressed the key audit matter

Our audit procedures included:

- ▶ Obtaining and assessing the assurance reports on the controls of the funds' administrator in relation to investment management services and evaluating the auditor's opinion, their competence, objectivity and the results of their procedures;
- ▶ Agreeing all investment holdings to third party sources at 30 June 2024;
- ▶ Agreeing the fair value of investments in the portfolio held at 30 June 2024 to independent pricing sources for listed securities/funds. For unlisted funds, on a sample basis, we agreed the investment prices to available redemption information; and

Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report, therefore the valuation of the investment portfolio was a key audit matter.

- ▶ Assessing the adequacy of the disclosures included in Note 7 and Note 22 to the financial report in accordance with Australian Accounting Standards.

4. Goodwill impairment assessment

Why significant

The group has goodwill of \$106,152,000 as at 30 June 2024.

Goodwill has been recognised as a result of the Group's historical acquisitions, representing the excess of the purchase consideration over the fair value of assets and liabilities acquired. On acquisition date, the goodwill has been allocated to the applicable Cash Generating Units ("CGUs").

Goodwill is required to be tested for impairment on at least an annual basis. The determination of recoverable amount requires judgement on the part of management in both identifying and then calculating the value of the relevant CGUs.

Recoverable amounts are based on management's view of variables and market conditions such as future price and assets under management growth rates, the timing of future operating expenditure, and the most appropriate discount and long-term growth rates. Accordingly, it was considered a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessing the Group's determination of the CGUs to which goodwill is allocated;
- ▶ Assessing managements methodology used in the impairment model to calculate the recoverable amount of each CGU;
- ▶ Agreeing the projected cash flows used in the impairment models to the Board approved plan of the Group;
- ▶ Considering the accuracy of historical cash flow forecasts;
- ▶ Comparing the Group's implied growth rate assumption to comparable companies;
- ▶ Assessing managements methodology and assumptions used in the determination of the discount rate, including comparison of the rate to market benchmarks;
- ▶ Testing the mathematical accuracy of the impairment model for each CGU;
- ▶ Assessing the Group's sensitivity analysis and evaluating whether any reasonable foreseeable change in assumptions could lead to a material impairment; and
- ▶ Assessing the adequacy of the disclosures included in Note 9 to the financial report in accordance with Australian Accounting Standards.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of:

- a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and;
- b. The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

For the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 45 of the directors' report for the year ended 30 June 2024.



In our opinion, the Remuneration Report of Magellan Financial Group Ltd for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Clare Sporle'.

Clare Sporle
Partner
Sydney
15 August 2024

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

We are pleased to be making progress in the efforts of the business in addressing environmental, social and governance (ESG) related priorities, within our investments, as an asset manager, and at the broader corporate level. These priorities are summarised in this report, and we encourage you to read the other resources referred to in this report which address these important issues, all of which can be found on our website at www.magellangroup.com.au.

CORPORATE

RESPONSIBLE INVESTMENT

Our key priorities at a corporate level include:



Governance:
Magellan's governance framework has been designed to support transparent and accountable decision-making across all aspects of our business.



People & Culture:
As an asset manager, Magellan's people are our most valued asset. We prioritise employee engagement and retention, wellbeing, diversity and professional development.



Cybersecurity & Privacy:
Protecting client data and maintaining privacy are central to Magellan's operations.



Community:
We actively engage and encourage giving back to our community through a number of corporate and employee-led initiatives.

Our key priorities and highlights within our investments include:



Industry Certifications: This year, Magellan Core ESG Fund has received classification as a 'Sustainable Plus' investment product from the Responsible Investment Association of Australasia (RIAA). We are also pleased to report improved PRI, RIAA and CDP external ratings.



Climate: Over the past year, we have focused on assessing the portfolio companies progress towards targets and credibility of their climate strategy as part of our commitment to Net Zero Asset Manager initiative using the Net Zero Investment Framework (NZIF). This analysis supports the targets Magellan has set for in scope funds, and our broader climate risk management across all funds to ensure that companies in our portfolios remain resilient and take advantage of opportunities.



Human Rights: Human rights form part of our ESG risk assessment. The companies we invest in have a responsibility to respect human rights through meeting international standards, policies and increasing expectations from employees, customers and other stakeholders. Mismanagement of human rights risk can expose the investee company to future government regulation or changes in consumption patterns due to an erosion in trust or social licence to operate, potentially making them a higher risk investment from investors' perspective. This year, we have expanded our human rights research; while we have a high conviction in the structural tailwinds of AI, we must also understand the potential human rights risks associated with this expansive technology.

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

Climate

In 2024, we released our first **Climate Report**, alongside our Annual Report. This report aligns to the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). It details our ongoing commitment to climate change efforts and outlines our management strategies for climate-related risks and opportunities in both our corporate operations and in investee companies. This section of the report offers a summary of our activities and performance in 2024. For more detailed information, please refer to our **Climate Report**, which can be found on our website.

The Climate Report includes our annual reporting on corporate Greenhouse Gas (GHG) emissions and the carbon footprint of our portfolio that were previously disclosed in the Annual Report.

As part of the Net Zero Asset Manager’s (NZAM) commitment, we have focused our efforts in the last year on assessing the ‘alignment’ of our investee companies to net zero utilising the Net Zero Investment Framework (NZIF). This analysis undertaken by Magellan’s investment team informs reporting progress against the targets set in calendar year 2023.

- A year after setting our NZAM targets, our investment team conducted an analysis of all investee companies’ alignment to net zero. This was achieved by reviewing near term and net zero targets, emissions disclosures, alignment with TCFD reporting, and assessing the credibility of their climate strategy to reach net zero. Based on the investment team’s analysis, the ESG team determined the investee companies’ ‘alignment’ to net zero using the NZIF framework.
- We are pleased to report the in-scope portfolios are tracking well against our targets.
- Results of the NZIF alignment have informed our engagement and stewardship activities throughout the year, in accordance with our Climate Stewardship Strategy. Engaging with investee companies is crucial to evaluate the credibility of their targets and to comprehend any technological hurdles in committing to these targets, which subsequently inform future alignment assessments.

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

CORPORATE

Governance

Magellan is committed to best practice corporate governance standards. The Group's governance structures and practices support the Board in their oversight of the Group in delivering its corporate objectives. Magellan views that achieving best practice corporate governance standards adds value to stakeholders and raises regulator and investor confidence in our business. To achieve this objective, Magellan has in place a framework of Board committees and sub-committees, policies, processes and systems that facilitate decision making within a Board approved risk management framework. These systems, policies and processes apply to various aspects of our business, including, but not limited to, Board and management, risk management, corporate reporting, disclosures, remuneration, as well as policies and procedures specific to our core operations as a funds management business.

Governance highlights in the 2024 financial year include:

- Completion of Magellan's Board renewal program which commenced in November 2022 and has resulted in the appointment of four new directors;
- Implementation of a new transitional leadership structure with the appointment of Andrew Formica as Executive Chair, Hamish McLennan as Deputy Chair and Lead Independent Director, and Sophia Rahmani as Managing Director of Magellan Asset Management Limited; and
- Adoption of a new risk management framework for climate-related risks and opportunities.

In the 2025 financial year, Magellan intends to undertake a governance review to ensure we continue to embody the highest standards of best practice across our business.

People

As a funds management company, Magellan's people are integral to the success of the business. Magellan takes an active involvement in staff wellbeing, staff engagement and career development.

Remuneration

Magellan's Remuneration Report outlines Magellan's approach and philosophy to employee compensation. The remuneration philosophy is centred on fair compensation for performance and contribution that achieves business outcomes and is underpinned by four principles:

Promoting staff behaviour that is in the best interest of clients;

- Attracting and retaining outstanding staff;
- Building a culture that rewards performance while maintaining Magellan's reputation and mitigating risk; and
- Encouraging staff to think and act like long-term owners of the Group.

In October 2023, Magellan announced additional retention payments to current employees with outstanding share purchase plan (SPP) loans which will close these loans out for the vast majority of staff by September 2025. Magellan is now in the process of implementing new employee equity plans that will enable staff to have ownership of Magellan shares with the SPP loan program suspended in 2022.

As at 30 June 2024, approximately 45% of employees had an individual shareholding in Magellan.

Magellan is focused on ensuring pay equality at the time of hire and ensuring pay equality through the employee lifecycle. Magellan conducts an annual review of employee remuneration which includes comparing employees in like-for-like roles to ensure that there are no pay inequalities and adjusting compensation based on this review if required, so as to ensure that variances in compensation reflect the relative performance of employees. This year the Workplace Gender Equality Authority (WGEA) published the Gender Pay Gap for all Australian companies. Magellan's gender pay gap is largely driven by more males in senior higher paid roles across the business. While we have a relatively even split of females to males across the business, there is a higher proportion of males in senior higher paid roles within the business, whereas a higher proportion of our females are in more junior or support roles which are generally paid at a lower rate. Magellan is committed to maintaining pay equity for like roles and performance. We continue to monitor and review our people processes to ensure that there is no bias in how we select, promote and reward our people.

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

Engagement and retention

The continued engagement and retention of our people is critical to the success of Magellan.

Magellan launched a full Engagement Survey in December 2023 and followed this with a Pulse Check in June 2024. With a very high response rate from staff to both surveys, we were able to understand what was important to them and this forms the basis of a number of our people initiatives.

With the appointment of Andrew Formica as Executive Chair in October 2023 and Sophia Rahmani as Managing Director of Magellan Asset Management Limited in May 2024, all staff have had the opportunity to engage with each of them in small group settings within the first month of their appointment. These sessions were used as an opportunity for each to get to know the whole team and all staff to have the opportunity to get to know their new leaders. These sessions have continued throughout the first half of 2024 and given the strong response from our people the intention is to continue these sessions.

In addition to the formal Employee Pulse Survey, our managers and leaders seek regular feedback from employees and regularly engage with them to understand their thoughts and ideas.

On an annual basis, Magellan also undertakes performance reviews with all employees to discuss performance against a set of internal performance objectives and to identify development areas as well as any training requirements. This year we introduced a formal feedback process to the annual reviews enabling staff to seek feedback from a wider group of stakeholders from across Magellan.

Magellan strongly believes that staff engagement and satisfaction go well beyond direct financial compensation and that the range of initiatives that Magellan provides our employees is critical to the culture that has been built across the organisation. These initiatives include:

- Additional annual leave and family leave;
- A range of wellbeing initiatives;
- Service recognition;
- Social connection; and
- Parental leave and return to work initiatives.

Additional annual leave and family leave

Magellan's annual leave policy encourages staff to take their full statutory requirement over each annual period by providing an additional week of leave if they do so.

Magellan understands the importance of family and provides family leave for all permanent employees. Under family leave, if personal/sick leave has been used, employees can apply for family leave. Family leave is paid leave so employees can take time out to care for a family member or manage a family situation. The amount of family leave an employee can take will be reviewed by Magellan management on a case-by-case basis.

Magellan is committed to providing a flexible and family friendly working environment. Magellan recognises the importance of family friendly working conditions and offers a range of initiatives to support its employees not only before and after the birth/adoption of a child, but also managing broader carer's obligations. Magellan's aim is to reduce the impediments our employees face in balancing work with their personal commitments and has adopted a hybrid work environment that enables our people to have the flexibility to choose the arrangements that best suit their circumstances.

Wellbeing initiatives

Magellan provides a number of health and wellbeing initiatives to our staff including annual flu vaccinations and annual skin checks. In addition, all staff over the age of 45 have access to an annual executive health check.

All employees have access to Magellan's Employee Assistance Program, a free counselling service available for employees and their families.

Service and other recognition

In the year where an employee achieves 10 years of service, Magellan awards a \$25,000 service award to mark the significant milestone. At Magellan, we also look to acknowledge our staff members' significant milestones such as birthdays and other life events.

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

Social connection

At Magellan, teamwork is incredibly important to our success and ensuring that our teams feel connected to one another is critical. As such, in addition to the annual celebrations, Magellan has a social committee that is focussed on delivering the ability for our staff to connect with one another in a more informal way.

This year we introduced a series of "lunch and learn" sessions which have enabled our staff to learn about a range of different topics, including having our charity partners through Hearts and Minds sharing the work that they have been able to do through Magellan's support.

Parental leave and return to work

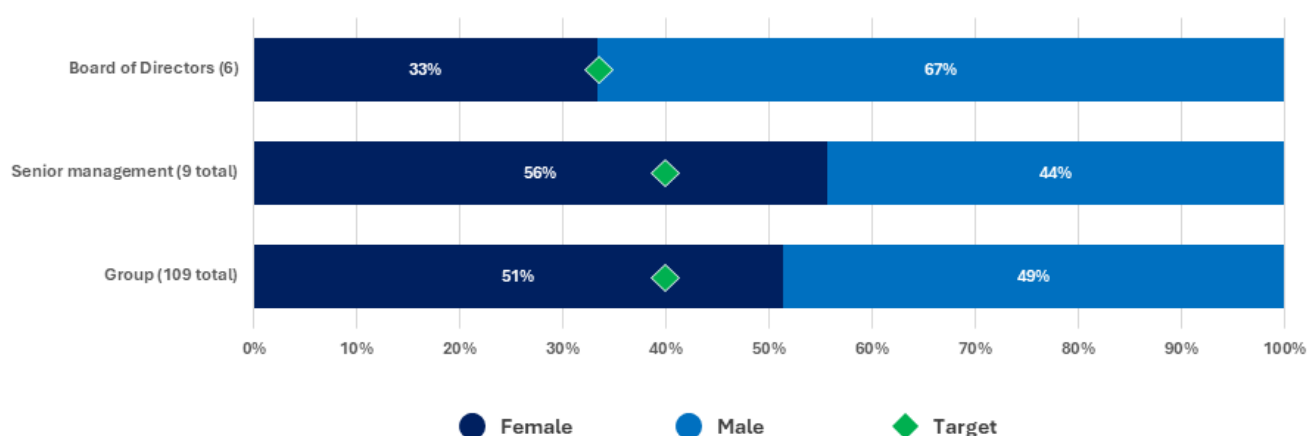
Magellan's Paid Parental Leave Policy provides up to 15 to 18 weeks (depending on the length of employment), for permanent employees who have the primary responsibility for the care of their child and who have worked for Magellan for at least 12 months continuously at the time of the birth or adoption of that child. Employees receive superannuation payments on both their paid and unpaid portion of parental leave for the first 12 months of parental leave. Employees on paid parental leave are eligible for the annual remuneration review and variable incentive whilst on leave. In addition, if an employee returns to work during the period of paid parental leave, Magellan will continue to pay the remaining period of paid parental leave in addition to their base salary and other entitlements. Magellan offers a "Keep in Touch" Program with employees who are on paid parental leave.

Magellan also offers a childcare reimbursement of up to \$150 per day for primary carers for the first 26 weeks after returning to work, when returning to work within 12 months from the commencement of paid parental leave. All primary and secondary carers are entitled to a 12 month subscription to Juggle Street to source local nanny or babysitting options for their families.

Diversity

Magellan is committed to workplace diversity and recognises the value of attracting and retaining employees with different backgrounds, knowledge, experience and abilities. Magellan maintains a Workplace Diversity and Inclusion Policy that outlines the Group's commitment to diversity and inclusion in the workplace and provides a framework to achieve the Group's diversity goals for the business. The Group's policy is to recruit and manage on the basis of competence and performance regardless of age, race, gender, nationality, religion, sexuality, physical ability or cultural background. The policy can be found on Magellan's website: www.magellangroup.com.au.

The Board annually reviews the measurable objectives it sets to achieve improvement in the diversity of employees and has set objectives for female representation of 33% for the Board, 40% for senior management and 40% for the overall Group. The gender representation across the Group as at 30 June 2024 is shown below.



As noted above, Magellan also participates in the annual Workplace Gender Equality Reporting process, which under the Workplace Gender Equality Act 2012, requires non-public sector employers with 100 or more employees to submit a report to the Workplace Gender Equality Agency ("WGEA"). A copy of Magellan's report can be found under the Shareholder Centre on Magellan's website: www.magellangroup.com.au.

Two years ago, Magellan introduced a Magellan Asset Management Winter Internship Program with an aim to promote, engage and attract more diverse talent into investing roles, with an initial focus being on women and candidates from diverse backgrounds.

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

Magellan's Internship Program has been designed to provide students with an understanding of what it's like to work within Magellan's Investment Team and working life at Magellan. This year the program involved the following:

- A four-week paid internship for four students within the Investment Team; and
- A partnership with the University Network for Investing and Trading ("UNIT") on promoting Investment Management as an engaging career choice including hosting a "Stock Pitch" competition.

Given the success of the program and the diverse talent we have been able to attract via it, Magellan's intention is to add a summer internship program going forward that would offer opportunities across the different Magellan teams, both within the investment function and the other areas of Magellan. We hope these initiatives will lead to employment opportunities within the Group.

Health and Safety

The health and safety of the Group's employees is of paramount importance. Magellan continues to operate in a hybrid work environment where our employees have the opportunity to connect as teams but balance their need for flexibility. Magellan recognises individual employees have different requirements when it comes to flexibility but also believes there is great importance for the company's culture of working together in the office. Magellan's hybrid work environment involves our employees being in the office three days a week and, in agreement with their manager, employees can choose to work from home or in the office for the remaining days of the week. Whilst working from home, the Group's employees have stayed connected via virtual communication platforms and working remotely has not changed Magellan's commitment to maintaining its high level of client service and compliance obligations.

Magellan's Workplace Conduct Policy details the Group's approach in relation to harassment in the workplace, including bullying, discrimination, sexual harassment, workplace violence and vilification, and provides procedures for dealing with complaints. On an annual basis all employees and the Board undertake training to ensure that it is clearly understood what is expected of them in terms of behaviour and conduct in the workplace. In addition, Magellan maintains a Work Health & Safety Policy which outlines the obligations and responsibilities of Magellan and its employees in respect of compliance with the Work Health & Safety regulation and to ensure that the workplace remains a safe environment for all employees.

Whistleblower Policy

Magellan is committed to an environment where employees (and non-employees) can report issues in an environment free from victimisation. Magellan maintains a Whistleblowing Policy which is designed to ensure that wrongdoing is uncovered and to give individuals the confidence to speak up.

Magellan is committed to identifying and addressing wrongdoing as early as possible and protecting and supporting the dignity, wellbeing, career (for employees) and good name of anyone reporting an issue. Magellan's Whistleblowing Policy can be found on Magellan's website: www.magellangroup.com.au.

Cybersecurity and Privacy

The cybersecurity threat environment is constantly evolving and managing cyber risk is one of Magellan's highest priorities. To protect client information and corporate data, Magellan employs leading cyber security solutions and maintains a formal information security governance framework. Complementing the data protection and monitoring mechanisms it has in place, Magellan is continuously assessing its multi-layered protection measures against the ever-changing threat environment.

Magellan's Information Technology Risk Committee (ITRC) provides a key governance body to enhance the governance and oversight of Magellan's information technology risk management activities. The committee comprises key executives within Magellan and meets quarterly to discuss cybersecurity risks, controls, policies, regulatory requirements, and any changes to the environment that might affect the Group's overall cybersecurity posture. Magellan's Board is provided with regular updates on the Group's overall cybersecurity posture.

Magellan's cybersecurity defence framework is aligned to the Australian Cyber Security Centre's 'Essential Eight framework' and it has implemented all Essential Eight strategies. Magellan has also mapped its approach to the National Institute of Standards and Technology (NIST) cyber security framework. Magellan applies the principle of role-based least privilege with respect to data and systems access to ensure staff can only access the minimal data set required to perform their role. Privileges are regularly re-certified.

As an independent assessment of the Group's cybersecurity protection, Magellan engages an external consulting firm specialising in IT security to conduct annual 'penetration testing' of the Group's environment. Magellan maintains a Cybersecurity Incident Response Plan that is tested annually and contains defined security roles, responsibilities, and procedures to follow if an event should ever occur.

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For the year ended 30 June 2024

As part of the Group's Cybersecurity Program, all employees are required to complete cybersecurity awareness training upon joining the firm as part of their induction process and on a quarterly basis thereafter. This ensures staff are aware of cyber-attack techniques and of the need to always follow security best practices. Magellan also performs periodic social engineering tests on employees using simulated email phishing and telephone-based phishing, to test the efficacy of the Group's cyber-awareness training.

Third party risk management is a key component of Magellan's information security program. All third-party relationships undergo a rigorous security risk assessment as part of the due diligence process before being engaged. This includes an assessment of their cybersecurity posture and data privacy/data access controls. The Group repeats the technology-focused due diligence process for all critical third-party service providers on an annual basis.

Community

Magellan believes that an active contribution to community is important. Over the past financial year, Magellan's employees participated in 'Steptember' raising funds for Cerebral Palsy and the J.P. Morgan Corporate Challenge.

Magellan is also a participating fund manager in the Future Generation Global Investment Company Limited ("FGG"). FGG is an ASX listed investment company that invests in global equities investment strategies managed by prominent, Australian fund managers. Participating fund managers manage the capital entirely pro-bono so that 1.0% of net assets each year can be donated to Australian non-profit organisations committed to young Australians affected by mental health issues. In the 2024 financial year, this equated to approximately \$0.6 million in respect of funds managed by Magellan. Magellan is a foundation member and had an allocation of 8.5% of the assets under management of FGG at 30 June 2024.

Magellan is also a Core Fund Manager to Hearts & Minds Investments. Hearts and Minds Investments Limited ("HM1") is an ASX listed investment company and as a Core Fund Manager, Magellan provides HM1 with its top three security recommendations on a quarterly basis. HM1 foregoes any investment fees and instead makes a donation equal to 1.5% of net assets each year to certain charities. During the year, Magellan hosted charity partners through Hearts & Minds Investments at Magellan's offices to learn about the important work these charities do for the community.

Climate

During the year we have published our first inaugural Climate Report, aligned to the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). This builds on Magellan's previous climate related reporting through the annual reports and CDP. Refer to **Climate Report** which can be found on our website.

Modern Slavery

Magellan's Modern Slavery Statement can be found under the Responsible Investing section of Magellan's website: www.magellangroup.com.au. All staff complete annual training on modern slavery.

The investment team continue to enhance the assessment of modern slavery for the portfolio companies through training with experts, company engagement, integration of external data on industry and country risk together with company specific controversies from external data providers. This is reported in the Modern Slavery statement.

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

RESPONSIBLE INVESTMENT

Magellan is committed to Responsible Investment across our Magellan-branded funds and Airlie-branded funds. In our Magellan-branded funds, we believe that successful investing is about identifying quality companies and investing for the long term. As long-term owners we look for unique attributes in our companies that enable them to protect and grow earnings into the future. This includes material Environmental, Social and Governance (ESG) issues that may impact the sustainability of future cash flows. As a result, we integrate ESG issues into our investment process, exercise our proxy voting rights and engage with portfolio companies on a broad range of issues to manage risk for our investors.

Stewardship is integral to our investment process. Magellan's annual Proxy and Engagement Review highlights the philosophy and implementation of our stewardship activities and provides details and statistics on our engagement and proxy voting activities. For our latest Investment Stewardship Reports visit: www.magellangroup.com.au/about/responsible-investing.

In the last year we have continued to add to our investor insights related to Responsible Investment including focused annual reviews: 'InReview', 'Magellan In The Know' podcasts, interviews with company executives focused on sustainability topics and 'Magellan Minutes', all available on our website.

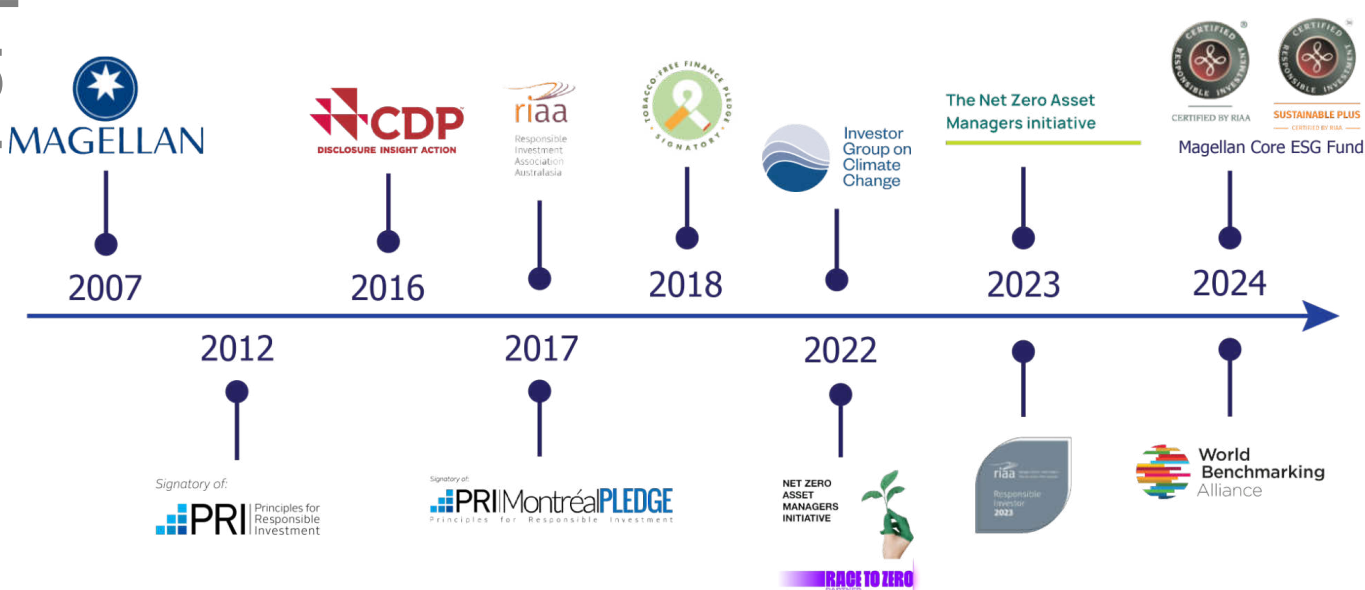
Industry Certification

Magellan is a signatory to several industry initiatives and associations that support our commitment to responsible investment, transparency to stakeholders and ability to elevate key company and industry issues such as human rights and climate change.

In the last year,

- We have met our commitments under the Net Zero Asset Managers initiative through setting targets for funds in scope and releasing our first Climate report.
- We have joined the World Benchmarking Alliance (WBA) through the Collective Impact Coalition (CIC) for Ethical Artificial Intelligence (AI), signing the Investor statement on Ethical AI.
- Contributed to the RIAA Human rights working group and the RIAA AI and Human rights toolkit.
- Received improved PRI, RIAA, and CDP scores on our most recent submissions.

By contributing to these collaborative initiatives, our company and industry research is enhanced, our clients benefit from broader stakeholder perspectives and our voice is made louder by joining with others that have similar long-term objectives.



We continue to enhance our ESG integration, stewardship, and client communication, which has been recognised this year by the Principles for Responsible Investment (PRI) in our [2023 assessment](#).

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

Module Score and Star Score		
Policy Governance and Strategy	90	★ ★ ★ ★ ☆
Direct - Listed Equity - Active Fundamental AUM Coverage >50%	93	★ ★ ★ ★ ★
Confidence Building Measures	89	★ ★ ★ ★ ☆

Details of this PRI Assessment framework can be found here:

<https://www.unpri.org/reporting-and-assessment/investor-reporting-framework/5373.article>

We are also pleased to be named a Responsible Investor in the RIAA benchmark report. This acknowledges our commitment to responsible investing and our explicit consideration of ESG factors in investment decision making.

This year, Magellan Core ESG Fund has received classification as a 'Sustainable Plus' investment product from the Responsible Investment Association of Australasia (RIAA). The classification signifies the degree to which sustainability is a consideration and binding investment criteria and that the Magellan Core ESG Fund has adopted the operational and disclosure practices required under the Responsible Investment Certification Program and meet all requirements of the Responsible Investment Standard. See www.responsiblereturns.com.au for details.



CERTIFIED BY RIAA



SUSTAINABLE PLUS
CERTIFIED BY RIAA

Magellan Core ESG Fund (Managed Fund) (MCSE)

As part of our process, we continue to assess the material ESG risks and opportunities and in the last year we have deepened our research and integration on Climate change and Human rights as priority investment themes across the investment team.

Climate Change

During the year we have published our first inaugural Climate Report, aligned to the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). This builds on Magellan's previous climate related reporting through the annual reports, CDP, and PRI. The Climate Report details our commitment to addressing climate change and elaborates on our strategies for managing climate-related risks and opportunities within our investee companies.

Over the past year, we have focused on assessing the portfolio companies progress towards targets and credibility of their climate strategy as part of our commitment to Net Zero Asset Manager initiative using the Net Zero Investment Framework (NZIF). This analysis supports the targets Magellan has set for in scope funds³, and our broader climate risk management across all funds to ensure that companies in our portfolios remain resilient and take advantage of opportunities.

The analysis has helped to inform our stewardship activities on Climate Change by prioritising portfolio companies that are 'not aligned' to the attainment of Net Zero. Where we have seen no progress from companies in terms of setting Net Zero aligned targets or other criteria in assessing alignment to Net Zero as defined by NZIF, staged escalation will be considered including voting and potentially divestment. We recognise that Climate Change is a long-term complex issue that requires a long-term approach. We have made a commitment in line with our NZAM targets and will provide annual updates on our progress. For further information, please refer to the **Climate Report**.

Human Rights

The companies we invest in have a responsibility to respect human rights through meeting international standards, policies and increasing expectations from employees, customers and other stakeholders. Mismanagement of human rights risk can expose the investee company to future government regulation or changes in consumption patterns due to an erosion in trust or social licence to operate, potentially making them a higher risk investment from investors' perspective⁴. Exposure to human rights violations differs across industry and geography, this is assessed and monitored by the investment team. We incorporate human rights risk into our ESG

³ In scope funds, identified as part of our commitment to NZAMi, include Magellan Global Sustainable, Core ESG and Energy Transition Fund.

⁴ Magellan ESG Policy: magellangroup.com.au/general/docs/responsible-investing/esg-policy/

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

assessment where material, with an additional analysis for all portfolio companies with respect to modern slavery, as defined within the Australian Modern Slavery Act 2018.

This year, we have expanded our human rights research to further incorporate the human rights risk related to the rapid uptake in AI. While we have a high conviction in the structural tailwinds of AI, we must also understand the potential human rights risks associated with this expansive technology. We have focused our research on the assessment of the human rights impact from the uptake in AI incorporating this into company engagement, investor education and collaboration across the responsible investment industry. More information is available on Magellan's website, under **Responsible Investing**.

Active Stewardship

Magellan's long-term investment horizon gives us the opportunity to engage with companies over an extended period on issues that are important to protecting and creating shareholder value. Magellan aims to engage with portfolio companies on a broad range of themes identified by the investment team that analysts assess as material to those companies within our proprietary ESG risk and opportunities assessment framework.

ESG issues are considered as part of Magellan's investment process, as gaining a robust understanding of these is a key part to assessing the outlook for future cash flow generation, the risks and opportunities facing investors. Magellan's investment process seeks to identify high quality companies and consider material risks that could impact future cashflows. Magellan maintains an ESG Policy which outlines how ESG issues are incorporated into Magellan's investment analysis framework and investment process.

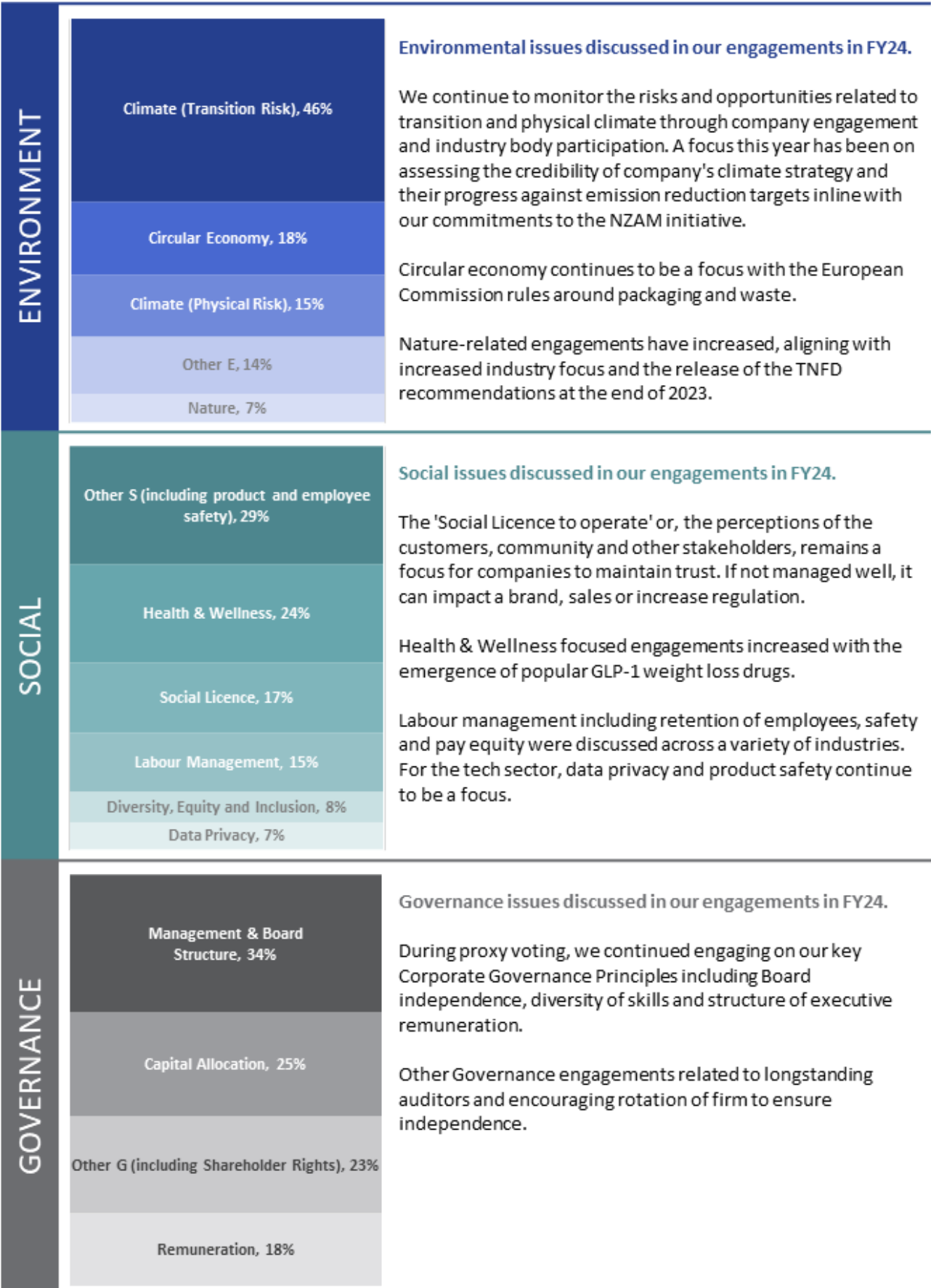
Engagement has two primary objectives, both of which are to support improved shareholder returns over time:

1. **Risk assessment, management and opportunities:** To better understand the risks and opportunities over time. As long-term investors, we build up knowledge and insight, which we discuss and challenge during engagements. These learnings often deepen our understanding within and across industries.
2. **Influence:** To encourage and support change to a company's approach or the setting of targets. As long-term investors, we build constructive relationships which better enable us to drive positive change at the company.

During the financial year ended 30 June 2024, Magellan met with over 180 companies across more than 500 engagements on a range of ESG topics. These engagements were split across ESG as follows: 24% on environmental issues, 39% on social issues, and 37% of engagements on governance issues. A further breakdown of topics discussed with investee companies are displayed in the graphic below. Stewardship reports for each strategy include a more detailed analysis of voting and engagement and are reported on the Magellan website.

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024



Note: The level of engagement reflects the importance of a particular risk to the company and sub-industry. In addition, the level of engagement on ESG issues is also considered in the context of the relative size of Magellan's investment.

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

Proxy Voting

At Annual and Extraordinary General Meetings, Magellan is typically tasked by its strategies' clients to vote on meeting agenda items on their behalf. These proxy votes, on behalf of our investors, are incredibly important and underpin the strongest of our stewardship powers – the power to vote for or against agenda items, which may result in specific changes within a company. When votes are exercised diligently, they can enhance client returns. Given this importance, we do not outsource our voting, rather we consider all voting matters in house. We undertake proxy voting with the same deep due diligence as other aspects of our investment process.

Magellan maintains a Proxy Voting Policy and a set of Corporate Governance Principles which outline its approach to proxy voting and engagement with portfolio companies. A summary of Magellan's proxy voting for the period ended 30 June 2024 is provided below:

Category ¹	In line with Company Recommendation	Against Company Recommendation
Board Related	98%	2%
Compensation	88%	12%
Audit/Financials	100%	0%
Capital Management	96%	4%
Other	93%	7%
Shareholder Proposals:		
- <i>Environmental</i>	78%	22%
- <i>Social</i>	85%	15%
- <i>Governance</i>	44%	56%

¹ Statistics based on ballots that are not subject to re-registration requirements.

Airlie - Responsible Investing

Magellan's Australian Equities business, Airlie Funds Management, also maintains a set of Responsible Investment Principles, an ESG Policy and a Proxy Voting Policy which outline how the Airlie Investment Team integrate ESG risks and opportunities into their investment decision making and how it acts as a responsible owner by engaging with portfolio companies and voting proxies. Consideration of ESG issues is a component which is implicit in Airlie's investment philosophy and selection process with the aim to account for all relevant ESG issues in the same balanced way it does other key risks facing a company. These policies can be found on the Airlie website: www.airlifundsmmanagement.com.au.

During the financial year ended 30 June 2024, Airlie engaged with portfolio companies on a range of material ESG. These engagements were split across ESG as follows: 27% on environmental issues, 33% on social issues, and 40% of engagements on governance issues. A further breakdown of topics discussed with investee companies are displayed in the graphic below. There was a continued focus on the key issues of climate change and energy transition, modern slavery and executive remuneration.

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

ENVIRONMENT	Climate (Transition Risk & Opportunity), 43% Climate (Capital Allocation), 29% Climate Net Zero / Emissions Reduction), 21% Other, 7%	Environmental issues discussed in our engagements in FY24. Climate change and the transition to a low carbon economy is a key ESG risk for many portfolio companies. There has been a continued focus on understanding company strategies to reduce emissions and meet their climate targets. This has included discussions with companies on managing their transition risks and opportunities as well as discussing capital allocated to projects to progress and deliver their climate strategies.
SOCIAL	Modern Slavery, 24% Worker Safety, Health & Wellness, 24% Responsible Gaming/Gambling, 24% Other, 18% Indigenous Consultation / Cultural Heritage, 12%	Social issues discussed in our engagements in FY24. Modern Slavery was a key focus as we continue to understand how companies are managing the risk of modern slavery practices in their supply chain. Attention was given to higher risk sectors or companies with suppliers in countries with a known high risk of modern slavery or poor labour practices. We engaged on worker safety to understand policies and practices in place to ensure worker safety, as well as understand how worker safety is linked to remuneration. During the year engaged with companies to understand how they address problem gambling risk. This engagement helps us assess the sustainability of their practices, identify potential business risks, and evaluate the impact of adverse regulations.
GOVERNANCE	Board & Management, 24% Capital Allocation, 24% Remuneration, 24% Culture, 19% Other, 10%	Governance issues discussed in our engagements in FY24. During proxy voting, we engaged with companies where we planned to vote against management recommendations. This is to understand the company's rationale and to share our perspective. Particular attention was given to egregious remuneration practices and director re-elections where we feel they have a poor track record at other listed companies. We also engaged with companies during the year on Board composition, management succession, and organisation culture.

Corporate Sustainability and Responsibility Report

For the year ended 30 June 2024

Airlie recognises corporate governance is an important part of share ownership and that Airlie has a responsibility to act with the best interests of clients in mind. One way Airlie represents its clients in matters of corporate governance is through the proxy voting process. A summary of Airlie's proxy voting for the period ended 30 June 2024 is provided below:

Category ¹	In line with Company Recommendation	Against Company Recommendation
Board Related	94%	3%
Compensation	80%	7%
Shareholder Proposals:	100%	0%
- <i>Environmental</i>	100%	0%
- <i>Social</i>	100%	0%
Capital Management	45%	0%
Audit/Financials	100%	0%
Changes to Company Statutes	100%	0%
Other	100%	0%

¹ May not add to 100% as Management do not provide a recommendation for all resolutions, most often due to a conflict of interest.

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Corporate Information

As at 15 August 2024

Directors

Andrew Formica – Executive Chairman
Hamish McLennan – Deputy Chairman
David Dixon – Deputy Chairman of MAM
John Eales AM
Cathy Kovacs
Deborah Page AM

Company Secretary

Marcia Venegas

Registered Office

Level 36, 25 Martin Place, Sydney NSW 2000
Telephone: +61 2 9235 4888
Email: info@magellangroup.com.au

Website

www.magellangroup.com.au

Securities Exchange Listing

Magellan Financial Group Ltd shares and the MFG 2027 Options are listed on the Australian Securities Exchange (ASX: MFG and MFGO, respectively)

Corporate Governance Statement

The Corporate Governance Statement for MFG can be found at the Shareholder Centre at www.magellangroup.com.au

Auditor

Ernst & Young
200 George Street, Sydney NSW 2000

Share Registry

Boardroom Pty Limited
Level 8, 210 George Street, Sydney NSW 2000
Telephone: +61 2 9290 9600
Email: enquiries@boardroomlimited.com.au

InvestorServe is Boardroom's free, self-service website where shareholders can manage their interests online. The website enables shareholders to view share balances, change address details, view payment and tax information, update payment instructions and update communication instructions. Shareholders and option holders can register their email address at www.boardroomlimited.com.au to receive shareholder communications electronically.

Electronic delivery of CHESS holding statements and notifications

The ASX has now launched the ASX CHESS Statements Portal, giving share and option holders the ability to receive electronic notifications about their holdings. This shift away from paper-based communications may make it easier for investors to manage their holdings, and benefit the environment by reducing waste.

To access the portal and electronic notifications, investors will need their broker to opt them in. Investors should contact their broker to see if they have this service enabled. If an investor has not opted in, they will continue to receive CHESS holding statements and notifications by mail. Once an investor has opted in, investor statements and notifications will be available through the ASX CHESS Statements Portal and they will no longer receive paper statements.

Shareholder Information

As at 9 August 2024

Substantial Shareholders

Shareholder	Date noticed received	Number of shares	Percentage of capital in notice
BlackRock Group (BlackRock Inc. and subsidiaries)	19 March 2024	11,006,898	6.05
Dimensional Fund Advisors LP (and subsidiaries, associates and related bodies corporate)	11 March 2024	9,045,573	5.00

Voting Rights

Under the Company's Constitution, the voting rights attaching to ordinary shares at a meeting of shareholders are:

1. each shareholder is entitled to vote in person, by proxy, by attorney or by representative;
2. on a show of hands, each shareholder present in person, by proxy, by attorney or by representative is entitled to one vote; and
3. on a poll, each shareholder present in person, by proxy, by attorney or by representative is entitled to one vote for every share held by the shareholder.

In the case of joint holdings, only one joint holder may vote.

Neither the MFG 2027 Options nor options issued to employees under the MFG ESOP confer on the holder a right to receive notices of general meetings (except as may be required by law), nor any right to attend, speak at or vote at general meetings of the Company.

Analysis of Holdings

Fully paid ordinary shares			
Holdings ranges	Number of holders	Number of shares	Percentage of shares on issue
1-1,000	26,540	9,517,931	5.27
1,001-5,000	9,961	22,444,204	12.42
5,001-10,000	1,410	10,250,025	5.67
10,001-100,000	979	22,161,483	12.26
100,001 and over	72	116,372,685	64.38
Total	38,962	180,746,328	100.00
Number of holders with less than a marketable parcel of securities			
	3,701	109,998	

MFG 2027 Options			
Holdings ranges	Number of holders	Number of options	Percentage of options on issue
1-1,000	44,617	4,660,938	20.08
1,001-5,000	1,093	2,230,964	9.61
5,001-10,000	168	1,193,395	5.14
10,001-100,000	266	7,750,836	33.38
100,001 and over	30	7,379,402	31.79
Total	46,174	23,215,535	100.00

Options issued to employees under the MFG ESOP			
Holdings ranges	Number of holders	Number of options	Percentage of options on issue
1-1,000	-	-	-
1,001-5,000	4	20,000	0.33
5,001-10,000	4	40,000	0.67
10,001-100,000	59	3,107,500	51.64
100,001 and over	16	2,850,000	47.36
Total	83	6,017,500	100.00

Shareholder Information

As at 9 August 2024

Twenty Largest Holders

Fully paid ordinary shares		
Holder Name	Number of shares	Percentage of shares on issue
HSBC Custody Nominees (Australia) Limited	38,883,499	21.51
Citicorp Nominees Pty Limited	26,769,137	14.81
JP Morgan Nominees Australia Pty Limited	20,306,942	11.24
Netwealth Investments Limited - Wrap Services	3,770,432	2.09
National Nominees Limited	2,388,425	1.32
Mr David Doyle	1,500,000	0.83
BNP Paribas Nominees Pty Ltd - Agency Lending	1,486,723	0.82
BNP Paribas Nominees Pty Ltd	1,459,328	0.81
ACE Property Holdings Pty Ltd	1,370,000	0.76
Merrill Lynch (Australia) Nominees Pty Limited	1,208,957	0.67
Aljamat Pty Ltd - C & D Baer Family	1,150,000	0.64
Jash Pty Limited	891,030	0.49
BNP Paribas Nominees Pty Ltd - IB AU Noms Retailclient	854,970	0.47
UBS Nominees Pty Ltd	775,532	0.43
IOOF Investment Services Limited - IPS Superfund	698,897	0.39
Glenn Hargraves Investments Pty Ltd	650,000	0.36
BNP Paribas Nominees Pty Ltd - Barclays	611,086	0.34
BNP Paribas Nominees Pty Ltd - Hub24 Custodial Serv Ltd	585,562	0.32
Citicorp Nominees Pty Limited - Colonial First State Inv	456,459	0.25
Mr Frank Casarotti	450,000	0.25
Total shares held by the 20 largest shareholders	106,266,979	58.79
Total ordinary shares on issue	180,746,328	

MFG 2027 Options		
Holder Name	Number of options	Percentage of options on issue
HSBC Custody Nominees (Australia) Limited	746,478	3.22
HSBC Custody Nominees (Australia) Limited - A/C 2	648,010	2.79
Citicorp Nominees Pty Limited	549,093	2.37
Vagabond Ventures Pty Ltd - Vagabond Investments	500,000	2.15
Nelle Rett 1D Pty Ltd	343,112	1.48
JP Morgan Nominees Australia Pty Limited	335,823	1.45
Orange Clogs Pty Ltd - Orange Clogs Superfund	325,522	1.40
Mr Ernst Kohler	305,627	1.32
Weth Share Trading Pty Ltd	249,578	1.08
Mrs Anjana Nandha	236,500	1.02
Mrs Jolande Jantje Den Otter	231,336	1.00
Mrs Bhavna Rajeshkumar Soni	225,000	0.97
Mr Mohan Singh Nandha	221,000	0.95
Ms Jie Chen	205,803	0.89
Mr James Lindesay Napier Aitken	200,000	0.86
Mr David Doyle	187,500	0.81
Marsev Pty Limited - Marsev Unit	183,729	0.79
Mr Sureshbir Krishna Kaushal & Mrs Meenakshi Kaushal	171,351	0.74
Aljamat Pty Ltd - C & D Baer Family	163,750	0.71
Ms Chiung Hua Wang - The C H Wang Family	149,773	0.65
Total MFG 2027 Options held by the 20 largest option holders	6,178,985	26.62
Total MFG 2027 Options on issue	23,215,535	