



<b>Company</b>	Magellan Financial Group
<b>Code</b>	MFG
<b>Meeting</b>	AGM
<b>Date</b>	Thursday 24 October 2019
<b>Venue</b>	MLC Centre, Lvl 36, 19 Martin Place, Sydney NSW
<b>Monitor</b>	Elizabeth Fish assisted by Helen Manning

<b>Number attendees at meeting</b>	38 shareholders, corporate representatives, 3 <sup>rd</sup> party proxies, guests and non-voting shareholders, for total of 91
<b>Number of holdings represented by ASA</b>	147
<b>Value of proxies</b>	\$12m
<b>Number of shares represented by ASA</b>	237,476
<b>Market capitalisation</b>	\$8.858bn
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with chair Hamish Douglass

## Shareholders support motions at this AGM reflecting happiness with last year's performance.

The Chair's address and CEO presentation are available from the company website as a part of their [AGM information](#) and outline the achievements of the company over the past year. The total shareholder return as reflected in the more than doubling of the share price and the 38% increase in dividend payout comes from the increase in Funds under Management and the commensurate increase in management fees which flow to the profit of the company.

Mention is made in the Chair's address of the seamless swapping of roles between Brett Cairns and Hamish Douglass in the roles of CEO and Chair. Hamish Douglass reassures those listening that he's 'not going anywhere' and continues to enjoy coming to work each day. The Chair also anticipates total shareholder return to be in the low double digits. He says he is envisaging more partnerships.

There is a real point made in the presentation for increasing membership partnerships and continuing to simplify what they are doing.

The following questions and response may be of interest

- What is the company policy on investing in fossil fuels? The response was mostly seen as relevant for the Global Fund and here the answer is that investment isn't being made in fossil fuels with the proviso that this might happen indirectly (for example Berkshire Hathaway – one stock held in this fund - may have investments here)
- What percentage of the increase in funds under management can be attributed to the foreign currency (forex) increase? Of the \$17 billion increase, \$5 billion is attributable to new business. One part of the remaining \$12 billion is attributable to forex increase. This is estimated to be about 4% of the 12 billion.
- Team Invest with regard to the High Conviction fund: Risks involved in share price falls in say one stock? The point was made that the funds have 25 stocks in their portfolio which equates to 4% of the portfolio. If, say Kraft Heinz fell 30%, this won't make a material difference. Therefore, a number of stocks have to fall to have significance. The point was made that the biggest risk (more broadly) is in not having 'downside protection'.
- Comment on 'sustainable strategies': The company sees this as of inter-generational interest ie young people are looking for this kind of assurance. They see this strategy as being involved in a 'materially lower carbon exposure' of 20-50 stocks, which is currently being offered to institutional investors. It's not yet launched for the retail customer.
- Comment on the retirement product. The company has been working on this for 2-3 years and see an opportunity in the market that is now currently dominated by either fixed income or annuities. A comment was made that currently the product is being envisaged for people with retirement savings of \$300,000 or more.
- Comment on crypto and digital currencies. Crypto: no. Digital currencies are likely to become important but it's not clear who will emerge as dominant in this space.
- The ASA asked the company to comment on why they don't have share options as part of the salary incentives. The company replied that these
  - Cost 'nothing'/are a one-directional bet for the employee
  - Magellan offers shares instead through interest free loans which must be repaid. This makes the purchaser think of the downside.
  - There is a lock over selling the shares. They can't be sold until the loan is repaid. This encourages long-term thinking
  - As a global investor Magellan actively encourage share purchase as a remuneration incentive over share options.
  - It is unlikely that this SPP could be open to manipulation as the scheme is voluntary and there is a hold on selling the shares until the loan is repaid.
  - It is expected that the current \$5m loan offer to Brett Cairns will be repaid before the end of the 10 year period. He is obligated to repay the balance in 10 years time.
- What percentage of the High Conviction fund is being held in cash: Currently 8-9%
- Can shareholders get an interest free loan to purchase shares? Sadly: No

All the motions put to the vote were passed with a greater than 94% approval.

The meeting was covered by the Financial Review and comments on the retirement product discussion were published on Friday 25 October.