

Magellan's structural change in its business is seeing the first signs of success

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|--------------------------|--|
| Company/ASX Code | Magellan Financial Group (MFG) |
| AGM time and date | Wednesday, 22 October 2025 at 11:00am |
| Location | Heritage Ballroom, The Fullerton Hotel, No. 1 Martin Place, Sydney |
| Registry | Boardroom |
| Type of meeting | Virtual |
| Monitor | Allan Goldin |
| Pre-AGM Meeting | John Eales Chair Remuneration & Nomination, Melissa Pascoe head of Human Resources and Alix Boudet Associate Governance and advisory |

Monitor Shareholding: The individual or their associates involved in the preparation of this voting intention has a shareholding in this company.

1. How we intend to vote

| No. | Resolution description | |
|-----|--|-----|
| 2 | Remuneration Report | For |
| 3 | Re Election of Mr. Andrew Formica | For |
| 4 | Approval of grant of Performance Rights, Restricted Shares and Matching Awards to Ms Sophia Rahmani under the Magellan Financial Group Equity Plan | For |
| 5 | Appointment of External Auditor | For |

2. Summary of Issues and Voting Intentions for AGM/EGM

- Why is there no hybrid AGM.
- How the focus on Funds Under Management (FUM) is still important but not to the same extent.
- How Magellan is changing its business model as fee income shrinks.
- How Magellan will earn its income in the future.

3. Matters Considered

Accounts and reports

Why is this not going to be a hybrid AGM to allow the greatest number of shareholders to participate. Happily, there has been some progress as the AGM will this year be livestream.

For the first time in three years media attention was not focused on FUM. Which is in part because there was an 8.2% increase from the end of yr24 to yr25. Also, Magellan had shifted from reporting FUM monthly to quarterly to reduce the focus on this number.

Shareholders are also happy that FY25 was the first one in years that TSR was actually positive.

Crucially Magellan is shifting from being a traditional active asset manager focused on actively selecting securities to outperform a benchmark, in long-only equities or fixed income to investment management, which includes both active and passive strategies, covering portfolio construction but importantly receiving income from a variety of other income sources.

This is clearly shown with \$31.1M or 19% of operating profit after tax coming from partnership income. This change in direction was necessary as traditional active asset management has faced structural headwinds in recent years, which has led to fee compression and reduced investor allocations to active investment managers which means a drop in Income. Saying that, Magellan very much sees active management as a major part of its business as it should be a key part of a retail or institutional investor's portfolio.

Barrenjoey continues to perform strongly, now five years into its business, with NPAT rising 73% and revenue up 24% in FY25. Given the level of maturity Barrenjoey has achieved, it is anticipated that it will continue paying dividends in the future.

Vinva is a different type of investment MFG has taken over as Responsible Entity of the Vinva Alpha Extension Global Equity Fund. With the other Vinva funds MFG is a distributor and earns commission on investments made through their platform. At the same time as a 29% shareholder Magellan also receives dividends. There is strong investor interest in these funds, as distinct strategies that serve different roles in an investor's portfolio from Magellan's existing strategies which are fundamentally oriented as opposed to systematic.

Magellan will continue to use its strong balance sheet to active seek to deploy capital through minority investments in established businesses with strong growth prospects and innovative asset management or financial services products. For example, one area of focus is private markets, where products are in high demand and typically command higher fees.

It should be noted that Magellan has stopped using FUM (Funds under management) to AUM (Assets under management). This is the term more commonly used in the industry.

As of 30 June 2025, 64% of Magellan AUM is from clients located in Australia/NZ, 11% from North America and 25% from the rest of the world. Out of Australia, clients are generally institutions. The overseas side of the operations should continue to grow with the USA distribution now fully staffed. The UK operation commenced full operation a couple of months ago and the Company is actively recruiting to set up focused Asian distribution.

One of the major concerns for a number of staff were the loans that they had taken out from the Company to fund the at that time generous staff purchase scheme. Unfortunately, the unforeseen dramatic fall in the share price upon Hamish Douglass' departure left them holding significant loans that must be repaid on shares that were well under water. The Company decided to remove this financial burden for many by setting up a retention bonus scheme that eliminated the debt. As of September, there were only 6% of staff that had loans that hadn't been repaid.

Among non-current staff there is still some \$15M that is a shortfall between the loans and the current value of the shares. As so far, all these loans have all been paid in full and no provision is made for any default.

The Board has adopted a revised dividend policy for FY26 onwards, targeting at least 80% of Group Operating Profit, underscoring confidence in the sustainability of future earnings.

Over FY25 Magellan continued the on-market buy-back, buying some 9,105,489 shares worth \$74 million. The Company's view is that it remains the most efficient way to return capital to shareholders, where appropriate, so at this stage it is continuing,

Financial performance

| (As at FYE) | 2025 | 2024 | 2023 | 2022 | 2021 |
|--------------------------------------|--------|--------|--------|--------|--------|
| NPAT (\$m) | 165.02 | 238.76 | 182.65 | 383.01 | 265.15 |
| OPAT (\$m) | 159.71 | 151.49 | 181.23 | 385.68 | 398.41 |
| Share price (\$) | 8.56 | 8.42 | 9.49 | 12.92 | 53.86 |
| Dividend (cents) | 73.3 | 65.1 | 116.7 | 179 | 211.2 |
| Simple TSR (%) | 10.36 | -4.41 | -17.52 | -72.69 | -3.51 |
| EPS (cents) | 92.7 | 131.8 | 100.0 | 206.9 | 144.6 |
| CEO total remuneration, actual (\$m) | 2.9* | 3.6 | 3.0 | 1.78 | 2.3 |

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

*Mr. Formia Exec Chair until March 2025 and Ms Rahmani's tenure as Managing Director of Magellan Asset Management Limited from 1 July 2024 to 2 March 2025, and her subsequent appointment to CEO effective 3 March 2025.

Governance and culture

MFG conducts an annual Engagement Survey in December each year, with a Pulse Check in June each year. There has been a steady improvement in engagement score which was 67% in the most recent Pulse Check. While this score is not where MFG want to be, it is a 12-point increase in 12 months.

ASA was one of the initial bodies who advocated for non-executive directors to have purchased within 3 years equity equivalent to one years fixed remuneration. This formula

is now the practice in the vast majority of the ASX 200. Magellan stands out with its policy of no minimum shareholding. ASA understands the argument that minimum shareholding can act as a barrier to young Directors however this has not proved to be the case with the rest of the ASX 200. In the very rare occasional cases where a director has not been able to meet this requirement no one has questioned an exception being made.

Key board or senior management changes

In May 2025, the CEO in waiting Ms Sophia Rahmani became the CEO and Managing Director. Gerald Stack head of investments and has led the firm's global listed infrastructure team left after 18 years.

Dean McGuire joined as Chief Financial Officer (CFO). Emma Pringle joined as head of investor relations and sustainability. Former chief executive for Australia and New Zealand at Alliance Bernstein, Jen Driscoll, has joined as chief operating officer, and Sam Mosse joined as chief risk officer. Based in the UK, Simon Barrett will be the firm's head of UK and EMEA distribution.

Sustainability/ESG

Magellan integrate ESG factors into their investment process, exercise their proxy voting rights and engage with portfolio companies on a broad range of issues to manage risk for investors and identify opportunities. MFG's integrated ESG team within the investment team allows deep analysis and prioritise engagement with companies on ESG factors that are identified as material to future cash flows.

MFG continue to invest in their ESG capability through resourcing, training, and technology.

Magellan continue to embed Climate Stewardship Strategy and net zero alignment assessment across their internally managed investment strategies, using the analysis to assess company resilience and mitigation to transition risks including ambition of company targets and credibility of strategies to achieve them.

MGF published their second Climate Report aligned to the pillars of governance, strategy, risk management, metrics, and targets as they prepare for mandatory reporting in accordance with ASRS.

The ESG team continued to share insights and provide training to the broader investment team on themes such as climate change, modern slavery, executive remuneration, and emerging themes, to ensure consistency of analysis and continued enhancement. The investment team engages with industry experts to understand best practice and specific ESG risks across relevant industry sectors.

ASA focus issues (not discussed above or under remuneration report or re-election of directors)

Unfortunately, the Company has not published a directors Skill matrix, which makes it very difficult to identify the gaps that exist in the current Board expertise. On reading of their profiles there is considerable expertise in investment management, but somewhat surprising for a Company that is actively looking for minority interests in established business there seems to be a lack of directors who understand the opportunities of new technology or equally the ramifications that this technology can have on existing business that they may invest in.

MFG has achieved good gender equity with 50% of its board, 67% of its Executive Committee and 51% of its total direct employee's female.

4. Rationale for Voting Intentions

Resolution 2 Approving Remuneration Report For

The STI CEO scorecard is clearly shown in the Annual Report and is a very good mixture of financial and non-financial items. Instead of a normal 50% in cash and 50% in deferred equity. The plan has the first \$100,000 paid in cash and after that an even split between cash and equity. This is a needlessly complicated methodology.

The equity component is deferred over two years moving to three years from FYR 26. With a twist in the tail to get the deferred equity component the recipient must remain employed. ASA has difficulty understanding how a bonus already earned can be withheld if you leave the Company.

24% of the CEO's STI is based on Fund performance in 2025 this was measured over 1 year. For FY26 this will increase to performance over 2 years and from FY27 over 3 years. Other elements will remain over one year.

The LTI is relative Total Shareholder Return (rTSR) based on a comparator group. This is a good measurement, but it is always questionable if one measurement alone is fair to either the executives or the shareholders. There are many potential second measurements that can be used. The measurement period for this award is 3 years whereas ASA believes to be truly long term it should be a minimum of 4 years. The measurement is fine, and the comparator group is OK. ASA is privileged to be one of the few people who know the comparator group as for some uncomprehensible reason it is not published in either the Annual Report or the Notice of Meeting.

The Company has maintained two bonus retention schemes. The first is a straight bonus for all staff (excluding CEO) of \$5,000 equity subject to remaining for a further 2 years.

The second one is an equity match of up to \$10,000 equity vesting in two years for those still employed. This one is also open to the CEO.

Despite the reservations expressed ASA will vote our undirected proxies in favour of this resolution

Resolution 3 Approving the re-election of Mr. Andrew Formica FOR

Mr Formica is the Chair of MFG and its Nominee Director on the Board of each of Barrenjoey Capital Partners Group Holdings Pty Limited and Vinva Holdings Limited.

Mr Formica has 30 years' experience in leading and growing investment businesses within the funds management industry globally, 14 years of which were as CEO.

Mr Formica was Executive Chairman of MFG from 25 October 2023 until 3 March 2025. Having regard to the executive role previously held by Mr Formica, the Board considers that Mr Formica is not an independent director.

ASA agrees with this assessment however as there is a majority of independent directors we will vote our undirected proxies in favour of this resolution.

Resolution 4 Approval of grant of Performance Rights, Restricted Shares and Matching Awards to Ms Sophia Rahmani under the Magellan Financial Group Equity Plan FOR

This resolution is for three different grants.

Firstly 145,722 performance rights which when granted was the equivalent of \$1,500,000 which is the maximum LTI grant for Sophia Rahmani. For the full amount to vest as no cost shares. MGF must over 3 years obtain a TSR superior to 75% of its comparator group.

The second part of the resolution Ms. Rahmani relates to her deferred STI which when earned was \$362,000. 50% of this will be as exposure to Funds issued by a subsidiary of MFG, the other 50% of the deferred equity is 17,614 shares the equivalent of \$181,250. These shares will vest equally over the next 2 years. In ASA's opinion this is unfair if she leaves the Company although she has earned this award, she will forfeit any part that has not vested.

The third element is Ms. Rahmani purchasing 971 MFG shares for \$10,000, in 2 years the Company will issue her a matching 971 shares.

Although as has been stated ASA is not in favour of some of the retention elements, we will be voting our undirected proxies in favour of this resolution.

Resolution 5 Change of External Auditor – FOR

Rather than the usual unsatisfactory practice of routinely changing the audit partner in the same accounting firm. Magellan has undertaken a review noting the long tenure of Ernst& Yong and has decided to appoint KPMG.

ASA will be voting our undirected proxies in favour of this resolution.

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Appendix 1

Remuneration framework detail

| CEO rem. Framework for FY25 | Target* \$m | % of Total | Max. Opportunity \$m | % of Total |
|--------------------------------|-------------|------------|----------------------|------------|
| Fixed Remuneration | 1.00 | 28.5% | 1.00 | 25.00% |
| STI - Cash | .500 | 14.25% | .750 | 18.75% |
| STI - Equity | .500 | 14.25% | .750 | 18.75% |
| LTI | 1.50 | 43.00% | 1.50 | 37.50% |
| Total | 3.50 | 100.0% | 4.00 | 100% |

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.