



<b>Company</b>	<b>Magellan Financial Group Limited</b>
<b>Code</b>	<b>MFG</b>
<b>Meeting</b>	<b>AGM</b>
<b>Date</b>	<b>20 October 2022</b>
<b>Venue</b>	<b>Hybrid meeting; physical meeting at Amora Hotel, Jamison Street, Sydney</b>
<b>Monitor</b>	<b>Elizabeth Fish (lead) Michael Jackson (assist)</b>

<b>Number attendees at meeting</b>	The Company does not provide this information but ASA understands there were approximately 220 people at the physical meeting. We cannot estimate the number who participated online.
<b>Number of holdings represented by ASA</b>	<b>133</b>
<b>Value of proxies</b>	<b>\$1.968m</b>
<b>Number of shares represented by ASA</b>	<b>191,033</b>
<b>Market capitalisation</b>	<b>\$1.85B</b>
<b>Were proxies voted?</b>	<b>Yes, on a poll</b>
<b>Pre AGM Meeting?</b>	<b>Yes, with chairman Hamish McLennan</b>

### **We promise to do better, get the governance right and get back to basics**

The Chair opened with a frank admission that fy. ended 30 June 2022 was not the year shareholders would have wanted. He emphasised the high level of Board involvement necessitated by the trauma resulting from the sudden departure of the former Chair and joint-founder, Hamish Douglass. This loss was closely followed by the departure of the CEO, Brett Cairns.

Mr McLennan went through the capital management steps taken to attempt to stabilise funds under management (FUM) outflows and steps taken to try to retain staff.

The Board is pinning a lot on the newly appointed CEO, David George, who has moved over from a senior role at the Future Fund.

The Chair spoke about the consulting role that has been created for Mr Douglass, stressing that advice will be provided on macro-economic and geopolitical issues. It seems that Douglass's role may, in part, be aimed at investors who were 'rusted-on' to the founder.

David George has made some quick structural and people changes. David referred to the performance of the important Global Management Fund as having 'waivered' during the year. He told the meeting that he believes that active management will come into its own with Central Banks being out of synch, some de-globalisation happening etc. MFG is pinning a lot on 'thoughtful, deeply-researched' advice being rewarded. He is optimistic of profiting from the energy transition currently under way across the globe.

Possibly the most interesting part of George's presentation was his 5 year aspiration list, which included a hope that MFG would return to a position of having \$100B FUM under management. The CEO's presentation and other information can be found here:

<https://www.magellangroup.com.au/shareholder-centre/annual-general-meeting/>

### **Shareholder Questions/views:**

A shareholder questioned whether the share price would get back to former levels. The Chair said the Board feels the pain of shareholders. He said that the new CEO has a good plan that the Board believes in, and which will return the company to growth. He said that one of the lessons learned from the last 12 months was that a strong balance sheet protects. The company will now accelerate governance changes.

One shareholder queried why the share buy-back was not occurring at a faster rate. The company expressed satisfaction at the pace of the buy-back.

A shareholder questioned strategies for reducing FUM outflows and increasing inflows. The company expressed confidence that FUM would follow performance. The leadership team performing, and improved performance generally would lead to FUM improvements over time.

In response to a question about possible staff reductions the CEO said that there would be no cost cutting that would impact performance.

A shareholder asked for the level of FUM at which the operation becomes marginal, the company said that this was not a metric to which the company managed, but that there was plenty of headroom.

A shareholder expressed concern about the discount to net tangible assets in relation to the closed class units and was told that ultimately performance should create demand.

The company spoke to expertise developed in the ESG area in response to a shareholder question.

When queried about the reasons for Brett Cairns' departure, the Chair said it was a personal issue and subject to a confidentiality agreement.

When queried, MFG said there were no plans to reduce management fees.

When asked about the Chair's heavy workload (at MFG and elsewhere) Mr McLennan said that he wants to work, that he has responded to the heavy load that abruptly emerged at MFG and that whilst the upheaval at MFG has been difficult for everyone, he has enough time and will apply it as needed.

The ASA's Ms Fish asked whether a full Board refresh was proposed. The Chair went through some changes he planned, short of a full Board refresh, and assured shareholders that the Board had been discussing succession with Mr Douglass prior to the upheavals. He said that the Board has dealt with the upheavals

and added that Mr George is a 'great hire', stressing that the move to an independent Chair (another move away from a founder-led business) was a big step.

When asked when Mr Cairns' shareholder loan would be repaid, shareholders were advised that the Board had exercised its discretion to extend the repayment period, but that the loan remains full recourse to Cairns.

A shareholder who expressed concern about the Morningstar downgrade was told that the new CEO had engaged with Morningstar.

A shareholder asked about the remuneration of Fund Managers who are not KMPs. The company provided no added information about remuneration for these employees with 'narrow job responsibilities'.

ASA's Ms Fish asked about performance metrics relating to variable compensation provided to employees other than the CEO. The company advised that discretion had been used but that there are metrics within the business.

There was a mismatch between MFG's view of the current state of its infrastructure strategy and the views of several shareholders who spoke.

### **Resolution Outcomes**

The 2 resolutions put to the meeting were carried.

96.52% of votes cast were in favour of the *Remuneration Report*; 3% of votes cast were against. The against vote included the proxies voted by ASA.

89.45% of votes cast were in favour of the re-election of Hamish McLennan as a Director; 10.55% of votes cast were against this resolution. ASA voted in favour of this resolution. The reason for the significant vote against McLennan may relate to the view that he is 'over Boarded' or may have been a protest against the Company's performance. ASA took the view that Mr McLennan provides important stability as the company emerges from significant upheaval.

Mr George, the new CEO spoke to the ASA after the conclusion of the meeting.