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6 February 2018

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

**MAGELLAN FINANCIAL GROUP LIMITED
ANNOUNCEMENT OF STRATEGIC ACQUISITIONS**

Magellan Financial Group Limited ("Magellan") is pleased to announce two acquisitions which will, separately, diversify and strengthen its retail funds management business in Australia and add significant focus to its institutional distribution activities in North America.

Total consideration payable in respect of the acquisitions comprises US\$15 million in cash and approximately 4.5 million Magellan shares. The Magellan shares will be issued post the record date for the interim dividend. The acquisitions are expected to be modestly accretive to Magellan's earnings per share in the first full year.

Acquisition of Airlie Funds Management ("Airlie")

Airlie is a specialist Australian equities fund manager with over A\$6 billion of funds under management, primarily for institutional and high net wealth clients. Airlie was founded by John Sevier and David Cooper in 2012, with Matt Williams joining in 2016. John Sevier and Matt Williams are two of Australia's most senior fund managers with long careers in the industry.

Airlie and Magellan intend to launch the Airlie Industrial Share Fund which will be an Active ETF quoted on ASX.

Hamish Douglass, Magellan's Co-founder, CEO and CIO said, "The acquisition brings together two of Australia's leading funds management businesses. We have known the Airlie team for many years and consider both John Sevier and Matt Williams to be among the most respected portfolio managers in Australian equities. We are delighted, and humbled, that Airlie has chosen to partner with Magellan to further develop their business.

"The proposed launch of the Airlie Industrial Share Fund highlights the potential power of the combination of Airlie and Magellan. The Airlie Industrial Share Fund will leverage Airlie's pre-eminent expertise in Australian equities and Magellan's operational expertise and distribution strength in the retail and adviser market."

John Sevier, Airlie's Co-founder and Portfolio Manager, commented, "We have found a long-term partner in Magellan and see strong alignment in our respective cultures and philosophies. This is an important development in our plans for Airlie over the longer term. Our clients will benefit from the operational and business support that Airlie will access through this partnership and, whilst we remain ever-focused on our clients, the Airlie Industrial Share Fund provides the opportunity to add diversity to our business and career development for our staff."

Magellan will acquire 100% of Airlie through the issue of shares in Magellan to Airlie's shareholders at the completion of the acquisition, expected on 28 February 2018. Airlie will continue to operate under the Airlie brand providing Australian equities capabilities to its clients.

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Acquisition of the Frontier Partners Group ("Frontier")

Frontier has been Magellan's distribution partner in North America since 2011. Frontier was founded in 1993 by Bill Forsyth to assist specialised fund managers penetrate the North American institutional marketplace. Frontier comprises Frontier Partners Inc., a registered investment adviser that offers investment strategies to institutional clients in North America, Frontegra Strategies, LLC, a registered broker-dealer and Frontegra Asset Management, Inc., an investment adviser to a mutual fund platform. Magellan is the largest asset manager represented by Frontier.

Hamish Douglass commented, "The partnership with Frontier and Bill Forsyth has been a real success story for Magellan, representing A\$12.8 billion of funds under management. Bill has played a pivotal role in the development of our relationships with key institutional clients and asset consultants in North America.

"The acquisition represents a natural evolution of our relationship with Frontier and Bill Forsyth. I am delighted that, as part of this acquisition, Bill has agreed to become Executive Chairman of Magellan's business in North America and lead our further expansion in that region. He will also continue to act as Chief Executive Officer of Frontier's third-party business."

Bill Forsyth said, "I am very proud of the business we have built over the past 25 years. Our clients, including Magellan, are among the best investment boutiques in the world, and we look forward to augmenting our collective success in the years to come. Additionally, I am particularly excited to be able to work with Hamish and the Magellan team to further develop Magellan's business in North America."

The acquisition will be funded using internal cash and the issue of Magellan shares, with amounts payable on completion of the acquisition of each of the Frontier companies.

The acquisition of Frontier Partners, Inc. was completed on 5 February 2018. The acquisition of Frontegra Strategies LLC. and Frontegra Asset Management, Inc. are expected to be completed through the course of 2018 subject to regulatory approval and certain other conditions being satisfied. Magellan has restructured the fee arrangements with Frontier following the acquisition and will cease paying success fees to Frontier Partners, Inc. Subject to receipt of the necessary approvals and following completion of the acquisitions, Magellan will enjoy improved economics in respect of funds on the Frontier mutual fund platform to which Magellan acts as the sub-adviser.

Magellan will discuss these strategic initiatives during its 2018 interim results briefing (teleconference and live audio webinar only) to be held at 2pm (AEDT) on Tuesday, 6 February 2018.

Teleconference Details:

Phone Number:

Australia – 1800 558 698 or 1800 809 971

Hong Kong 800 966 806

New Zealand – 0800 453 055

United Kingdom – 0800 051 8245

United States & Canada – 1855 8811 339

International – +61 2 9007 3187

Conference ID: **466957**

Webinar Details:

URL: <https://goo.gl/DrkJUD>

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About Magellan

Magellan Financial Group is a specialist funds management business established in 2006 and based in Sydney, Australia. Magellan's core operating subsidiary, Magellan Asset Management Limited, manages approximately \$59 billion of funds under management at 31 January 2018 across its global equities and global listed infrastructure strategies for retail, high net worth and institutional investors and employs over 100 staff. Magellan Financial Group Limited is listed on the Australian Securities Exchange (ASX Code: MFG) and has a market capitalisation of approximately \$4.7 billion. Further information can be obtained from www.magellangroup.com.au

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