

Magellan Global Equities Fund (Currency Hedged)

(ASX: MHG)

Easy access to a currency hedged alternative for Global Equity Investors

August 2015

Important Information

This presentation ('**Presentation**') has been produced by Magellan Asset Management Limited ('**Magellan**') ABN 31 120 593 946, AFS Licence No 304 301 and has been prepared for informational and discussion purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any security or financial product or service. Any such offer or solicitation shall be made only pursuant to a Product Disclosure Statement, Information Memorandum or other offer document (collectively '**Offer Document**') relating to a Magellan financial product or service. A copy of the relevant Offer Document relating to a Magellan product or service may be obtained by calling Magellan on +61 2 8114 1888 or by visiting www.magellangroup.com.au. This Presentation does not constitute a part of any Offer Document issued by Magellan. The information contained in this Presentation may not be reproduced, used or disclosed, in whole or in part, without the prior written consent of Magellan.

Past performance is not necessarily indicative of future results and no person guarantees the performance of any Magellan financial product or service or the amount or timing of any return from it. There can be no assurance that a Magellan financial product or service will achieve any targeted returns, that asset allocations will be met or that a Magellan financial product or service will be able to implement its investment strategy and investment approach or achieve its investment objective.

Statements contained in this Presentation that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Magellan. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation may contain "forward-looking statements". Actual events or results or the actual performance of a Magellan financial product or service may differ materially from those reflected or contemplated in such forward-looking statements. Any trademarks, logos, and service marks contained herein may be the registered and unregistered trademarks of their respective owners. Nothing contained herein should be construed as granting by implication, or otherwise, any licence or right to use any trademark displayed without the written permission of the owner.

Certain economic, market or company information contained herein has been obtained from published sources prepared by third parties. While such sources are believed to be reliable, neither Magellan or any of its respective officers or employees assumes any responsibility for the accuracy or completeness of such information. None of Magellan or any of its respective officers or employees has made any representation or warranty, express or implied, with respect to the correctness, accuracy, reasonableness or completeness of any of the information contained in this and they expressly disclaim any responsibility or liability therefore. No person, including Magellan has any responsibility to update any of the information provided in this Presentation.

Neither this Presentation nor the provision of any Offer Document issued by Magellan is, and must not be regarded as, advice or a recommendation or opinion in relation to a Magellan financial product or service, or that an investment in a Magellan financial product or service is suitable for you or any other person. Neither this Presentation nor any Offer Document issued by Magellan takes into account your investment objectives, financial situation and particular needs. In addition to carefully reading the relevant Offer Document issued by Magellan you should, before deciding whether to invest in a Magellan financial product or service, consider the appropriateness of investing or continuing to invest, having regard to your own objectives, financial situation or needs. Magellan strongly recommends that you obtain independent financial, legal and taxation advice before deciding whether to invest in a Magellan financial product or service.

Magellan launches a currency hedged version of the **Magellan Global Equities Fund**

Introducing: The Magellan Global Equities Fund (Currency Hedged)

- The Magellan Global Equities Fund (Currency Hedged) is the second EQMF (Exchange-Quoted Managed Fund) launched by Magellan Asset Management Limited
- It is a currency hedged version of the Magellan Global Equities Fund (ASX:MGE) which was successfully launched in March, 2015
- The purpose of the Fund is to provide investors with access to Magellan's global equities expertise whilst substantially hedging the foreign currency exposure of the Fund back to Australian Dollars
- It creates a simple solution to help SMSF and retail investors diversify their portfolios
- Investors should benefit from the efficiencies of EQMFs including live ASX quotation and access to liquidity at a tight spread
- ASX code is **MHG**
- Magellan Financial Group Limited is investing A\$15 million of its own capital alongside investors
- Trading commences on the ASX on Monday 10th August at 10am

Fund Characteristics

(5)

- The Magellan Global Equities Fund (Currency Hedged) will have the same high quality, low volatility portfolio of international stocks as MGE
- Focussed on achieving attractive risk-adjusted returns over the medium-to-long term whilst reducing the risk of permanent capital loss
- The Fund will invest in a portfolio of 20-40 investments
- Up to 20% of the Fund's portfolio may be held in cash at any time
- The Fund will substantially hedge the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars

A recap:

Key Features of **Magellan's EQMFs** (Exchange-Quoted Managed Funds)

Differences between LICs, ETFs, mFunds and Magellan's EQMFs

(7)

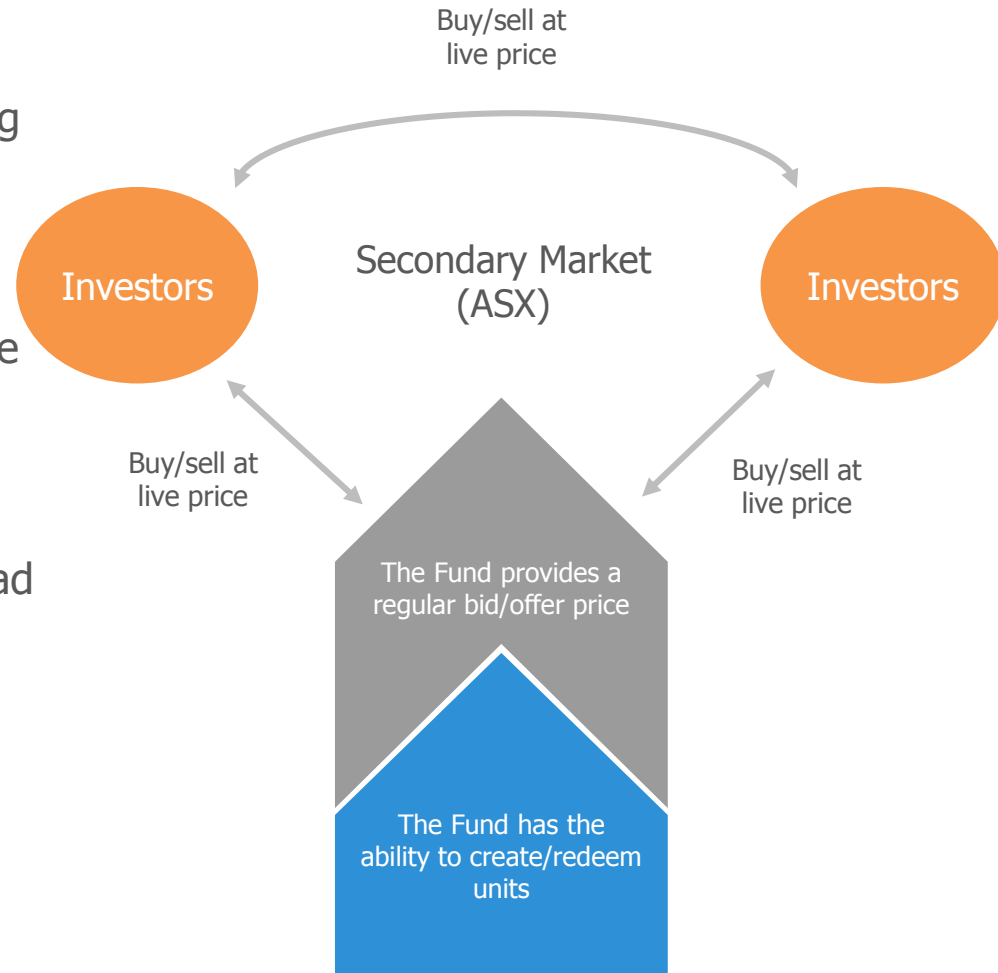
	LICs	ETFs	mFunds	Magellan EQMFs
First launched:	<ul style="list-style-type: none"> • 1868 	<ul style="list-style-type: none"> • 1993 	<ul style="list-style-type: none"> • 2014 	<ul style="list-style-type: none"> • March 2015
Management style:	<ul style="list-style-type: none"> • Actively managed 	<ul style="list-style-type: none"> • Passive management / index tracker 	<ul style="list-style-type: none"> • Actively managed 	<ul style="list-style-type: none"> • Actively managed
Corporate structure:	<ul style="list-style-type: none"> • Company 	<ul style="list-style-type: none"> • Trust 	<ul style="list-style-type: none"> • Trust 	<ul style="list-style-type: none"> • Trust
Liquidity:	<ul style="list-style-type: none"> • Closed-ended vehicle. Can only grow through placements, rights issues and DRPs 	<ul style="list-style-type: none"> • Open-ended and regularly issues/cancels units • Use of third party market makers to provide listed liquidity 	<ul style="list-style-type: none"> • Open-ended and regularly issues/cancels units • Does not trade on ASX 	<ul style="list-style-type: none"> • Fund is open-ended and issues/cancels units daily • Fund acts as market maker to provide liquidity
Pricing	<ul style="list-style-type: none"> • Can trade at a significant premium or discount to NAV reflecting the closed-ended nature of the vehicle 	<ul style="list-style-type: none"> • Tends to trade at a tight spread around NAV reflecting the open-ended nature of the vehicle 	<ul style="list-style-type: none"> • Entry/exit price not known until T+1 	<ul style="list-style-type: none"> • Expected to trade at a tight spread around NAV reflecting the open-ended nature of the Fund
Execution:	<ul style="list-style-type: none"> • Live pricing on ASX 	<ul style="list-style-type: none"> • Live pricing on ASX 	<ul style="list-style-type: none"> • Price not known until T+1 	<ul style="list-style-type: none"> • Live pricing on the ASX
Disclosure	<ul style="list-style-type: none"> • Only required to disclose NAV monthly • Not required to provide portfolio information 	<ul style="list-style-type: none"> • Provision of portfolio daily or an iNAV • Provision of portfolio monthly 	<ul style="list-style-type: none"> • Same as unlisted disclosures 	<ul style="list-style-type: none"> • Daily NAV* • Intra-day iNAV** • Portfolio information monthly • Full portfolio quarterly within 2 months of quarter end

*NAV is Net Asset Value disclosed on the Magellan website daily at 9.30am

**iNAV is the Indicative NAV disclosed on the Magellan website daily from 10.00am and updated regularly throughout the ASX trading day

How EQMFs operate

- The Fund acts as market maker providing liquidity to investors
- Investors buy and sell units in the secondary market on the ASX in real time
- The Fund issues or redeems its net position at the end of each day
- Expect to generally trade at a tight spread to NAV
- Settlement occurs via CHESS like any other listed security



Magellan's EQMFs - Summary of Key Features

(9)

- ✓ Minimal administration for investors
- ✓ Units may be bought or sold on the ASX like any listed security
- ✓ Efficient and live pricing with access to liquidity at a tight spread
- ✓ Active management
- ✓ Open-ended structure solving liquidity and pricing issues often associated with LICs
- ✓ The Fund itself acts as the market maker
- ✓ Pricing transparency with NAV* and iNAV** disclosed daily on Magellan's website (iNAV will also be available on Bloomberg, Thomson Reuters and IRESS)
- ✓ Full portfolio disclosure on a quarterly basis
- ✓ Settlement via CHESS

*NAV is Net Asset Value disclosed on the Magellan website daily at 9.30am

**iNAV is the Indicative NAV disclosed on the Magellan website daily from 10.00am and updated regularly throughout the ASX trading day