



Acquisition of Waddell & Reed Summary

Attractive opportunity with significant strategic benefits due to LPL Financial relationship and additional platform scale, resulting in a positive financial impact to Macquarie Asset Management (MAM) and Macquarie Group

Transaction summary

- MAM is partnering with LPL Financial (LPL), a leading US wealth management firm, to jointly acquire Waddell & Reed Financial, Inc. (Waddell & Reed) a NYSE-listed US-based asset and wealth manager for total headline consideration of ~\$US1.7b
- Waddell & Reed has two businesses:
 - i. an asset Management business (AM) with ~\$US68b¹ in assets under management (AUM) and
 - ii. a wealth Management business (WM) with ~\$US63b¹ in assets under administration (AUA)
- Macquarie would acquire all of the outstanding common shares of Waddell & Reed and, on completion, sell Waddell & Reed's wealth management platform to LPL for \$US300m plus excess net assets
- Headline acquisition multiple of ~10x EV/EBITDA and pro forma of ~6x EV/EBITDA post sell down of balance sheet assets, before the sale of the wealth management business and realisation of synergies²
- MAM and LPL to enter into strategic distribution partnership, with MAM becoming one of LPL's top tier strategic asset management partners
- Macquarie's net asset funding requirement after sell-down of balance sheet assets and sale of the wealth management business is estimated to be approximately ~\$US900m and regulatory capital requirement approximately ~\$US650m
- Expected to close in the mid-2021, subject to regulatory approvals, Waddell & Reed stockholder approval and other customary closing conditions



Transaction Rationale

Consistent with MAM's strategic ambitions to continue to add scale and diversification to its business to best serve its clients and partners

Scale and increased platform relevance

Top 25¹ actively managed, long-term, open-ended mutual fund manager by AUM in the US upon completion of acquisition

Combined business will have increased scale and diversification of investment capabilities increasing relevance to intermediary distribution partners

US wealth management represents **largest client segment in the global AM universe** and trend towards rationalisation of asset manager relationships

Addition of **complementary investment capabilities** in higher growth/margin asset classes

Strategic partnership with LPL

LPL is a **leading US retail investment advisory firm** and independent broker-dealer

Strategic distribution partnership with **MAM as one of LPL's top tier strategic asset management partners**

Value creation for Macquarie Shareholders

Pro forma **EV/EBITDA multiple of ~6x** post sell down of balance sheet assets, before sale of the wealth management business and realisation of synergies²

EPS and ROE accretive to MQG shareholders following integration period²

Diversification of Macquarie Asset Management revenue streams

Improves stability of MAM's earnings through increased base fees



A Compelling Combination

Waddell & Reed today

- Founded in 1937 in Kansas City, Waddell & Reed has been serving the financial needs of families, individuals and businesses for more than 80 years

Asset Management



- Active portfolio management across a variety of asset classes utilizing proprietary fundamental research distributed to retail and institutional clients under the Ivy Investment umbrella
- AUM: \$US68b¹
- ~100 investment professionals across PMs, research and investment support
- Top strategies by AUM:
 - Science & Technology
 - Midcap Growth
 - Large Cap Growth
 - High Yield Fixed Income
 - International Core Equity

Wealth Management

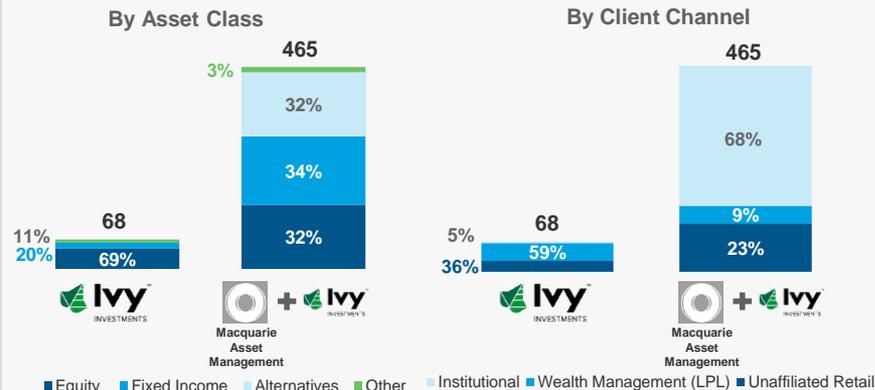


- National network of financial advisors providing comprehensive, personal financial planning services to clients across the US
- AUA: \$US63b¹
- ~1,300 advisors and advisor associates
- ~4,000 client accounts across advisory and non-advisory
- ~60% of client assets invested in Ivy funds, with the balance in variable annuity and other insurance related products as well as unaffiliated funds

Future combination with Macquarie

(AUM \$USb)¹

Asset Management



Notes: 1) Other includes multi-asset and money market

↕ Long-term partnership

Wealth Management





Appendix

Selection of pages from
Macquarie's 1H21 result presentation
on 6 November 2020



About Macquarie

Annuity-style activities

Net Profit Contribution

~70%

Markets-facing activities

Net Profit Contribution

~30%

Macquarie Asset Management (MAM)

- Top 50¹ global specialist asset manager with \$A554.9b² of assets under management, diversified across regions, products, asset classes and investor types
- Provides investment solutions to clients across a range of capabilities, including infrastructure & renewables, real estate, agriculture, transportation finance, private credit, equities, fixed income and multi-asset solutions

Banking and Financial Services (BFS)

- Macquarie's retail banking and financial services business with total BFS deposits³ of \$A74.4b², loan and lease portfolio⁴ of \$A79.1b² and funds on platform⁵ of \$A89.3b²
- Provides a diverse range of personal banking, wealth management, business banking and vehicle finance⁶ products and services to retail clients, advisers, brokers and business clients

Commodities and Global Markets (CGM)

Diverse platform covering more than 30 market segments, with more than 200 products

- Delivers a range of tailored specialised asset finance solutions across a variety of industries and asset classes
- Commodity market lending and financing provides clients with loans and working capital finance across a range of commodity sectors including metals, energy and agriculture
- Integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange, commodities and technology, media and telecoms
- Provides clients with risk and capital solutions across physical and financial markets

Macquarie Capital (MacCap)

Global capability in:

- Advisory and capital raising services, investing alongside partners and clients across the capital structure, providing clients with specialist expertise, advice and flexible capital solutions across a range of sectors
- Development and construction of infrastructure and energy projects and, in relation to renewable energy projects, the supply of green energy solutions to corporate clients
- Equities brokerage, providing clients with access to equity research, sales, execution capabilities and corporate access

1H21 Net Profit Contribution

MAM
~47%

BFS
~14%

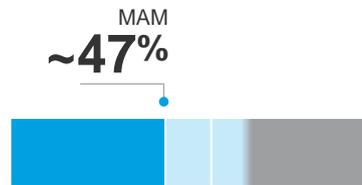
CGM
~9%

CGM
~38%

MacCap
(~8%)



Macquarie Asset Management



MACQUARIE INFRASTRUCTURE AND REAL ASSETS (MIRA)

- **\$A139.8b in equity under management, down 6%** on Mar 20 predominantly due to impacts from foreign exchange, partially offset by new equity raised
- **Raised \$A8.9b in new equity, up on 1H20.** Raisings across all regions for a diverse range of funds, products and solutions across the platform
- **Invested \$A8.4b,** broadly in line with 1H20, across 19 new investments including 7 infrastructure equity investments, 7 infrastructure debt investments and 5 real estate investments
- **Equity proceeds of \$A0.9b from asset divestments²,** a decrease compared to 1H20
- **\$A24.1b of equity to deploy** as at 30 Sep 20
- Final close of Macquarie Infrastructure Debt Sub-Investment Grade fund, which raised €730m through the fund and €425m in co-investments
- Sale of the Macquarie European Rail business
- Macquarie AirFinance (50% owned by MQG) – continuing to work with airlines to provide relief in response to their revenue challenges, due to ongoing stress in the airline industry
- **No.1 infrastructure investment manager globally³**

MACQUARIE INVESTMENT MANAGEMENT (MIM)

- **\$A350.9b in assets under management, down 8%** on Mar 20 due to impacts from foreign exchange and a reduction in contractual insurance assets, partially offset by market movements
- Continued strong fund performance with the percentage of assets under management outperforming the three-year benchmarks increasing from 69% in Mar 20 to 77%⁴
- Launched **Delaware Wilshire Private Markets Fund**, bringing private markets solutions to the US wholesale market
- **Continued implementation of global operating platform** - Aladdin platform now live in all major locations



1H21 result: \$A985m down 32% on 1H20; down 23% on 2H20

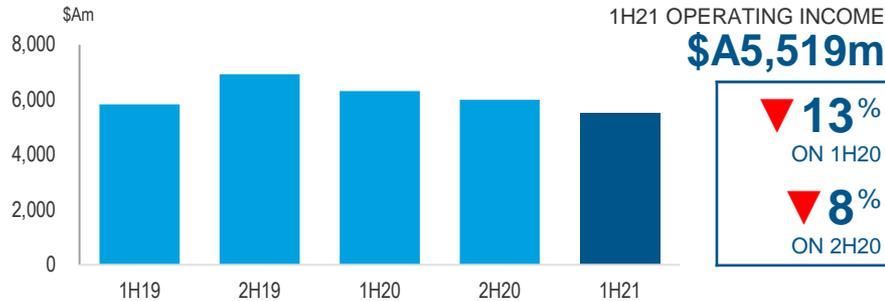
	1H21 \$Am	2H20 \$Am	1H20 \$Am	1H21 v 1H20	1H21 v 2H20
Net operating income (excl. Credit and Other impairment charges)	5,966	6,906	6,459	↓ 8%	↓ 14%
Net credit impairment charges	(407)	(661)	(144)	↑ 183%	↓ 38%
Other impairment (charges)/reversals	(40)	(240)	5	↑ *	↓ 83%
Total operating expenses	(4,266)	(4,391)	(4,480)	↓ 5%	↓ 3%
Operating profit before income tax	1,253	1,614	1,840	↓ 32%	↓ 22%
Income tax expense	(275)	(352)	(376)	↓ 27%	↓ 22%
<i>Effective tax rate¹ (%)</i>	<i>21.8</i>	<i>21.6</i>	<i>20.5</i>		
Loss/(profit) attributable to non-controlling interests	7	12	(7)		
Profit attributable to MGL shareholders	985	1,274	1,457	↓ 32%	↓ 23%
Annualised return on equity (%)	9.5	12.7	16.4	↓ 42%	↓ 25%
Basic earnings per share	\$A2.77	\$A3.62	\$A4.30	↓ 36%	↓ 23%
Dividend per ordinary share	\$A1.35	\$A1.80	\$A2.50	↓ 46%	↓ 25%

1. Calculation of the effective tax rate is after adjusting for the impact of non-controlling interests.

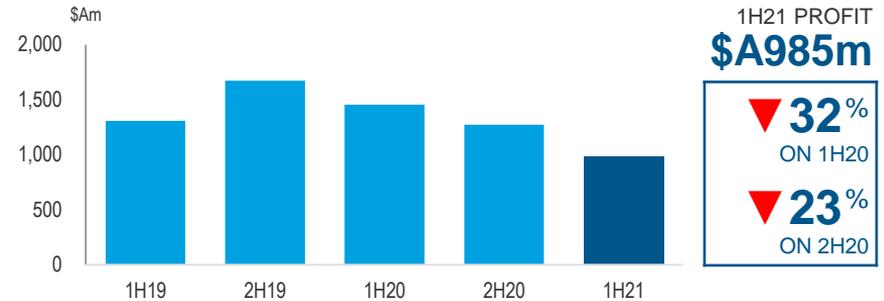


Financial performance

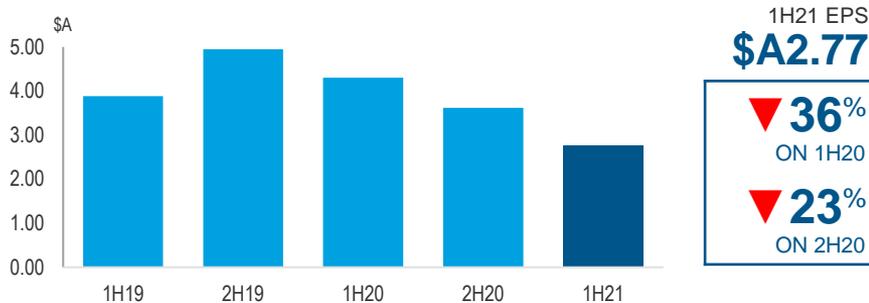
Operating income



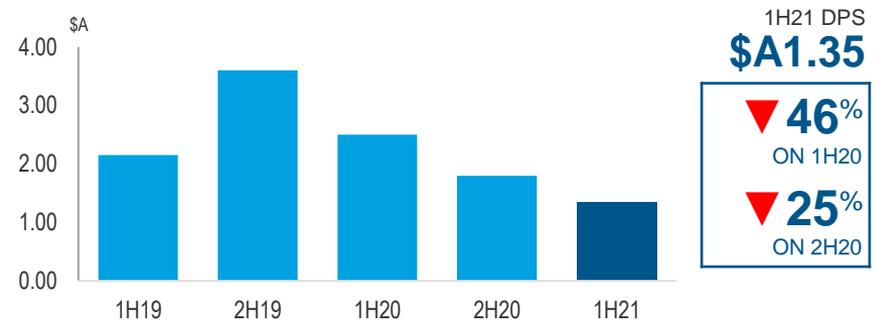
Profit



EPS



DPS

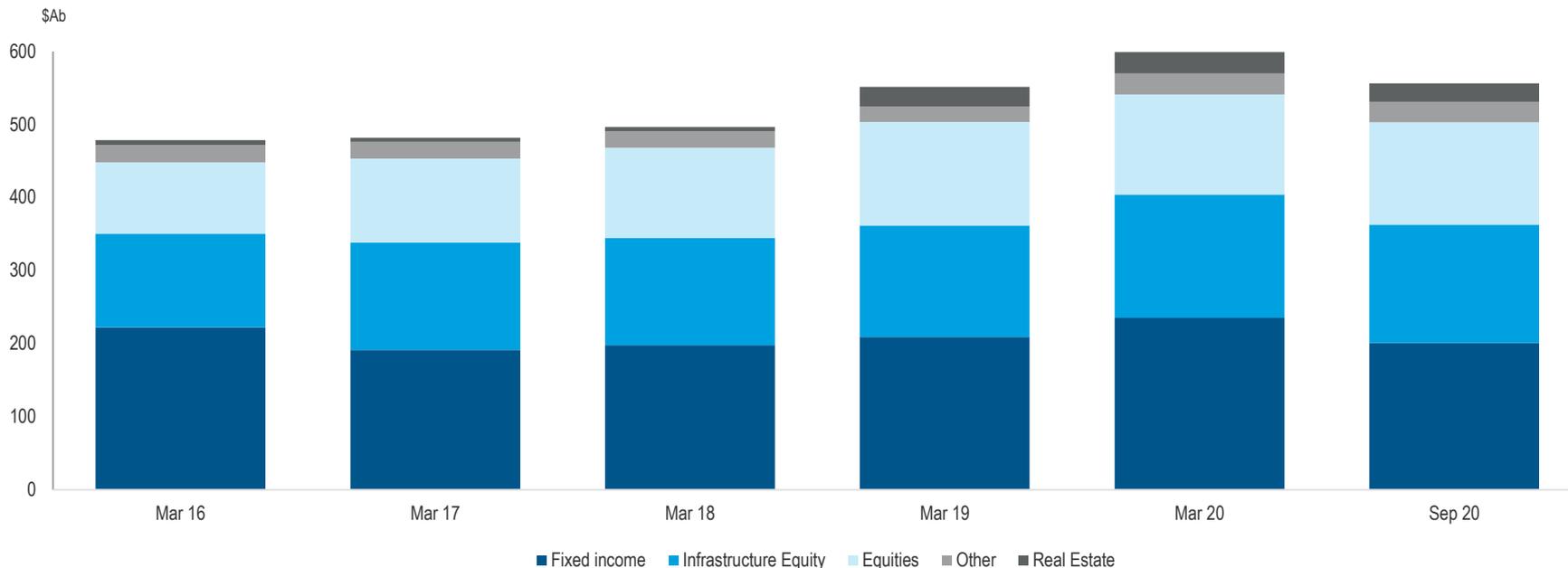




Assets under management of \$A556.3b¹

AUM decreased 7% from \$A598.9b¹ at 31 Mar 20

Decrease due to impacts from foreign exchange and a reduction in contractual insurance assets, partially offset by MIM market movements and investment by MIRA-managed funds



1. Includes MAM AUM of \$A554.9b and BFS AUM of \$A1.4b. 31 Mar 20 AUM has been restated to reflect an immaterial misstatement in total MAM AUM reported on 8 May 20.