MACQUARIE

MACQUARIE



Operational Briefing

Presentation to Investors and Analysts

9 February 2021



03

Macquarie Asset Management

Martin Stanley

Group Head



Through our specialist investment expertise across public and private markets, we empower people to innovate and invest for a better future

- Build relationships and raise capital
- Invest capital and deliver performance
- Develop our people and platform
- Manage risk and operate efficiently



Alternatives

- Infrastructure
- Renewables
- Real Estate
- Agriculture
- Private Credit
- Transportation Finance

Public markets

- Fixed Income
- Equities
- Multi-asset

Global solutions

Investing to deliver positive impact for everyone

Actively evolving the platform over time

2010
- Acquisition of **Delaware Investments**
- Acquisition of **MIM Austria business**
- **Mexican Infrastructure Fund** final close

2011
- **MCRC1** final close
- **Africa Infrastructure Fund** final close
- **Macquarie SBI Infrastructure Fund** final close

2012
- Launch of **MIDIS infrastructure debt platform**
- Launch of **listed REIT in Mexico**
- **Philippines Investment Fund**
- **MAFM** transferred to **Macquarie Funds Group** and renamed **MIRA Agriculture**

2013
- **MEIF4** final close
- **MGCIF** final close
- **KPCF 1&2** capital raising

2014
- **MIP III** final close
- Launch of **MKOF3**

2015
- **MCRC2** final close
- Sale of **Africa Infrastructure Funds platform**

2016
- **MEIF5** final close
- **MAIF1** final close
- **MIM Growth team** acquisitions
- **MIDF UK I** final close

2017
- Acquired UK **Green Investment Bank and UK Offshore Wind Fund**

2018
- Acquisition of **GLL Real Estate Partners**
- Acquisition of **ValueInvest**
- **MSCIF** Series 1 final close
- **MAIF2** final close
- Global **digital institutional experience** launch
- **MIGS** final close

2019
- **MQA** internalisation
- **MEIF6** final close
- **MIP IV** final close
- **Transportation Finance** and **MacCap Real Estate Investments** join MAM
- Acquisition of **Foresters investment management business**
- **Aladdin** implementation
- **MAFCA** final close

2020
- Announced acquisition of **Waddell & Reed**
- MAM commits to **net zero by 2040**
- Sale of **Jackson Square Partners** minority stake
- **MIGS II** final close
- **MGIDF** final close
- **MSIG I** final close

MAM AUM[1]
$A550.9b

Top 50
global asset manager[5]

Macquarie Infrastructure and Real Assets (MIRA)

$A137.1b
EUM[1]
(up 277% over ten years)

$A25.7b
equity to deploy[1]

14%
realised asset IRR[3]

No.1
infrastructure manager globally[6]

Over the past five years[4]

$A93.0b
capital raised

$A75.6b
capital invested

$A42.5b
asset divestments[9]

Macquarie Investment Management (MIM)

$A360.6b
AUM[1]
(up 75% over ten years)

86%
of funds exceeding ten-year benchmarks[2]

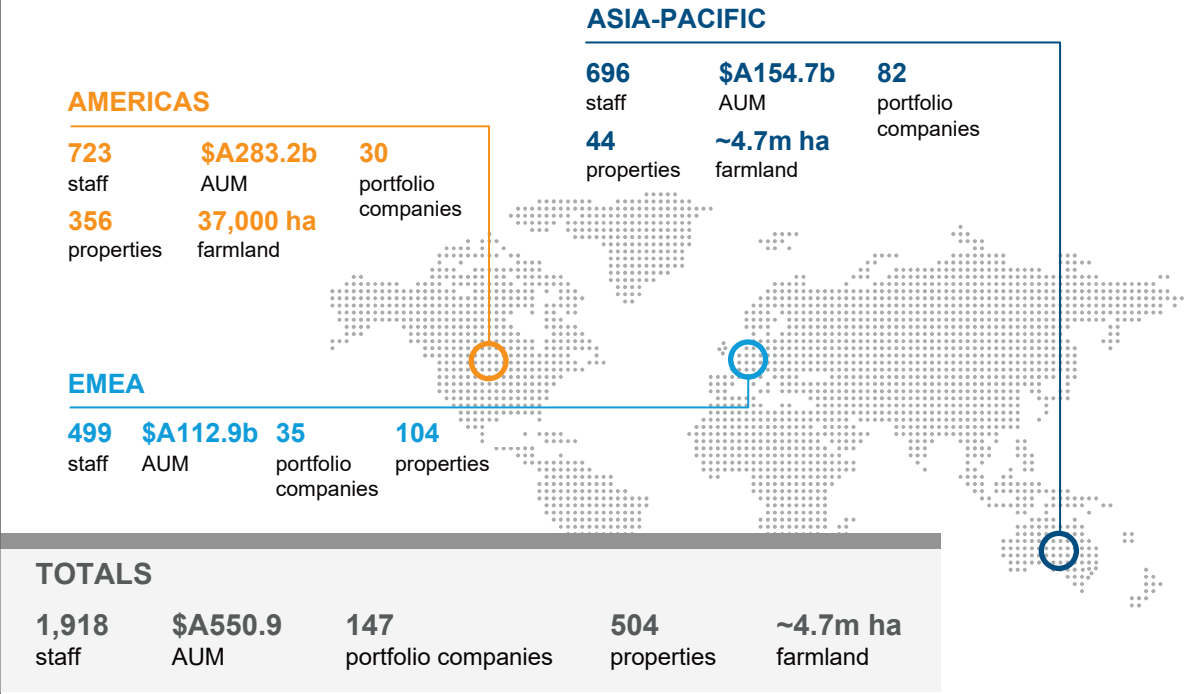
Top 10
global insurance asset manager[7]

Top 25
actively managed US mutual fund manager[8]

1. As at 31 Dec 20. 2. Percentage of assets under management outperforming their respective benchmarks on a 10-year basis. Data as at 31 Dec 20. 3. As at 30 Sep 20. Calculated as the annualised return across all infrastructure portfolio businesses realised to third parties, including all equity investments and realised proceeds. Excludes unrealised returns for infrastructure businesses no longer managed by MIRA funds due to fund level initiatives, such as the restructure or internalisation of management functions, and the sale of management rights. Cash flows are converted to AUD applying the spot FX rate as at the date of each fund's acquisition of the relevant portfolio business. Past performance is not indicative of future results. Returns on realised infrastructure businesses represent returns to the applicable fund. The figures or performance, as applicable, do not represent returns to underlying investors in the funds. Does not reflect management fees, performance fees, taxes and other expenses to be borne by investors in the applicable funds, which may be substantial. 4. Metrics include five years from Jan 16 to Dec 20. 5. P&I Largest Money Managers 2019, published in Jun 20. 6. IPE Real Assets (Jul/Aug 20). 7. Insurance AUM Journal, 2019 Insurance Asset Management Leaders published 2019. 8. As at 31 Dec 20 - Strategic Insight, Morningstar. 9. Excludes $A2.8b of equity proceeds returned to investors in Jan 21.

Global platform, local presence

Providing access to investment opportunities for our clients and partners.



TOTALS

1,918 staff	$A550.9 AUM	147 portfolio companies	504 properties	~4.7m ha farmland

Diverse team of professionals

Global staff

1,918 staff

39 languages spoken

Alternatives investment professionals

310 infrastructure professionals

15 agriculture professionals

207 real estate professionals

53 private credit professionals

15 transportation finance professionals

Public markets investment professionals

114 fixed income investment professionals

105 equity investment professionals

13 multi asset investment professionals

2 alternatives investment professionals

All data as at 31 Dec 20.

Building sustainable value for clients and communities

Leadership in sustainability is driven by our people

MAM announces
net zero by 2040 commitment

~12.5 GW
green generation capacity managed globally

120,000+
employees and contractors at MIRA portfolio companies

~100 m
people use MIRA-managed essential services daily

PRI Principles for Responsible Investment
Signatory since 2015[1]

GRESB INFRASTRUCTURE GRESB REAL ESTATE
Member since 2016[2]

Climate Action 100+
Signatory since 2020[3]

Enhancing resilience of infrastructure

- Geo-hazard early warning systems and weather-resilient cooling towers at geothermal plant in the Philippines
- Technology to monitor vegetation encroachment on power lines to reduce risk of bushfires in Australia
- Under grounding 26,000km of electricity cables in Finland to minimise disruption caused by extreme weather events
- Precision farming techniques being used to improve soil health and combat land degradation in Australia
- Led the construction of flood barriers prior to taking ownership of an asset in the United States

All data as at 30 Sep 20. 1. MAM signed the PRI Principles in Aug 15. 2. Infrastructure GRESB member since Apr 16. Real Estate GRESB member since Jun 19. 3. MAM signed Climate Action 100+ in Jul 20.

Resilient performance in the face of COVID-19

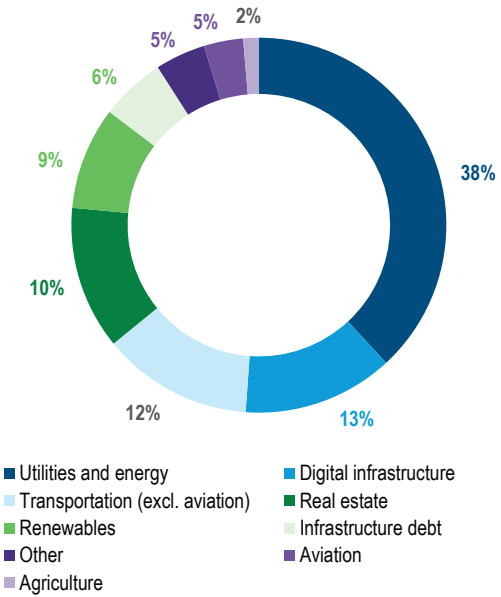
Portfolio performance has been resilient outside of aviation sector

Activity levels have remained high across the platform

Strong fundraising activity with $A15.5b capital raised since Mar 20

Flexible working culture has ensured team **resiliency and continued outcomes**

Our alternatives portfolio[1]



Utilities and energy: 38%
Critical nature of services supports continued resilience. Electricity demand not materially impacted. Continued focus on energy transition

Digital infrastructure: 13%
Remote and flexible work practices supporting increased usage and demand for connectivity

Transportation (excl. aviation): 12%
Road traffic has rebounded following earlier impacts. Port volumes following economic cycle, with resilient goods sector and normalising trade driving rebound

Real estate: 10%
Online shift supporting resilience of logistics/industrial real estate. Mixed impact on office with WFH offset by rising space per worker due to social distancing

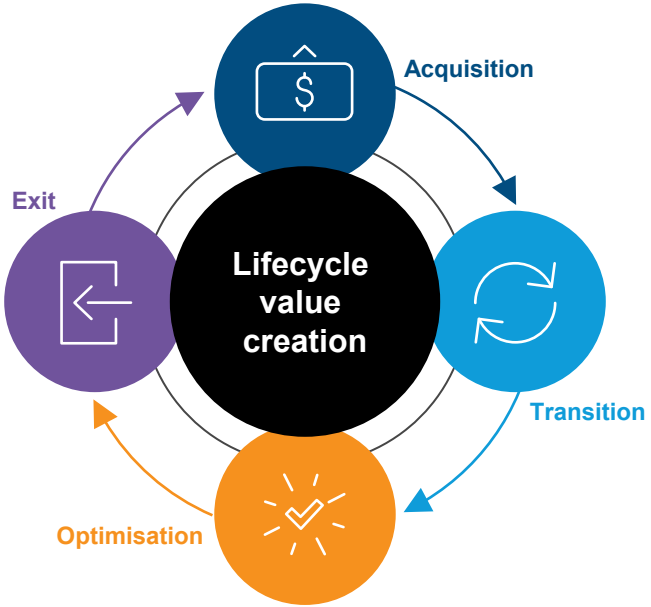
Renewables: 9%
Continued generation, albeit with lower power prices in some areas (partially offset by regulatory/revenue support). Delays to some construction projects due to supply chains

Aviation: 5%
Airports serving commercial aviation sector materially impacted by travel restrictions. Macquarie Air Finance working closely with customers and stakeholders

1. Based on AUM at 31 Dec 20.

Adding value throughout the investment lifecycle

- Long-term investment approach, delivering positive outcomes for clients, portfolio companies and communities
- Boutique active public investments teams with deep sectoral expertise across equities and fixed income.
- Diverse alternatives team with deep industry and operational experience to manage and enhance real asset businesses
- Global scale, technical expertise and networks allow us to undertake increasingly complex transactions
- ESG considerations embedded within our investment decision making and asset management frameworks



CASE STUDY

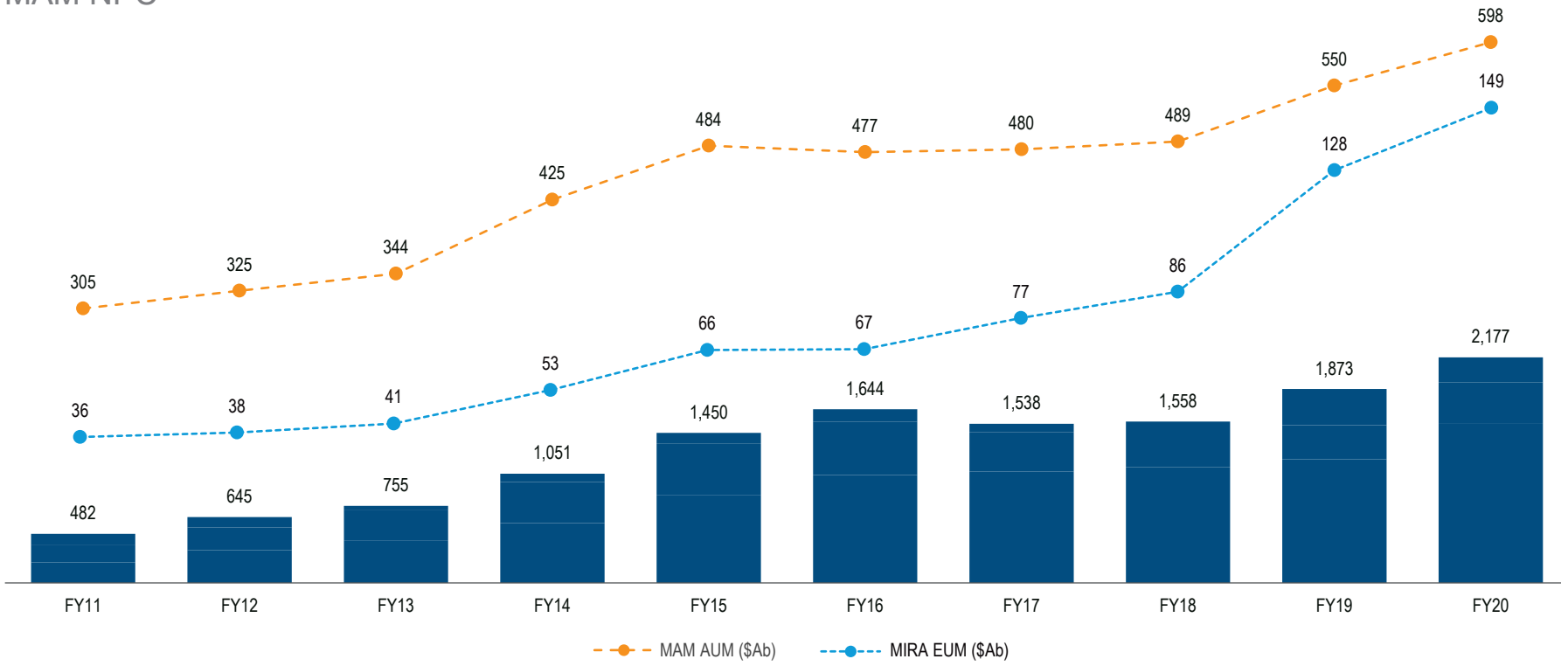
Philippine Coastal Storage & Pipeline Corporation

Supported the development of the Philippines' largest oil storage terminal over a six-year investment

- Elevated employee **health and safety** practices to international standards
- Put in place **senior leadership team** and governance structure
- Led numerous **expansions**, increasing capacity from 4.7m to 6.0m barrels
- **Optimised capital structure** to underpin long-term growth
- Generated **EBITDA CAGR of 8%** Divested in Jan 2021, delivering a **28% IRR / 4.0x money multiple**

A long-term history of growth

MAM NPC



Composition of income

Asset Management Net Income (AMNI)

Base fees on EUM / AUM - Operating expenses

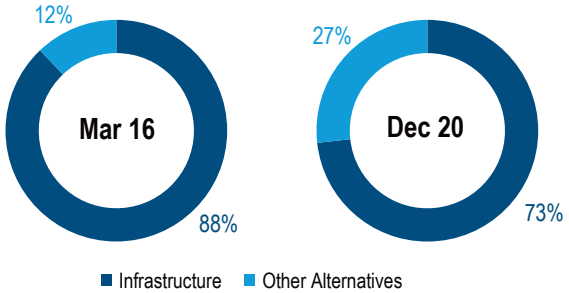
Performance-related Income (PRI)

\+ Performance fees

Net Other Income (NOI)

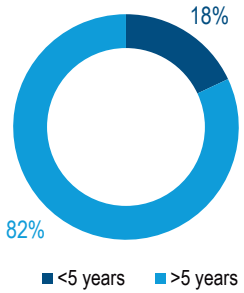
\+ Net investment income + Net operating lease income + Other income = Net Profit Contribution

MIRA EUM composition[1]

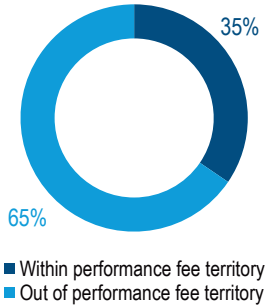


Other Alternatives projected to continue to grow as a proportion of total EUM by FY30

MIRA EUM maturity[1]

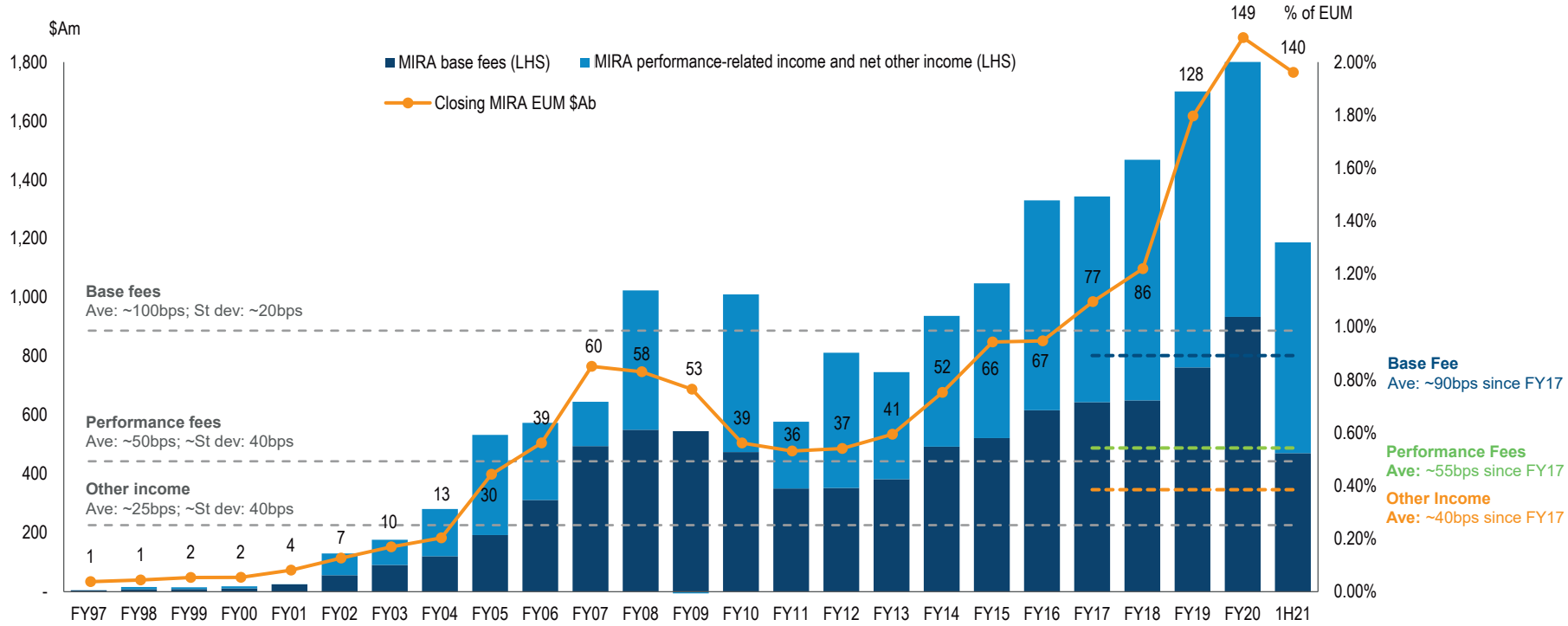


MIRA EUM in Performance fee territory[2]



1. Total EUM as at 31 Dec 20. 2. EUM with performance fee structure presently in performance fee territory as at 30 Sep 20.

MIRA Historical Income



Our risk management approach

Strong risk culture and effective risk management

Macquarie Asset Management has a strong focus on its **fiduciary responsibilities** and a **client-centric culture** embedded in its businesses and senior leadership teams

Disciplined approach

A disciplined approach to risk management underpinned by a strong **culture**, **conduct mindset** and **control environment**.

Risk is owned and managed at the business level with **independent oversight** provided by Macquarie's Risk Management Group.

Resilient risk culture

COVID-19 has both **tested** and **demonstrated** the strength of our risk culture.

Our focus on risk and the interests of our **clients** and **stakeholders** has continued throughout, with staff owning risk across our teams and investments in a rapidly evolving environment.

Risk management

We manage a broad range of **financial** and **non-financial risks** at both the corporate and fund level with robust due diligence, strong governance, portfolio management and stress testing.

Work health and safety is at the forefront of our asset management strategy.



Delivering positive impact

A focused strategy for the future

Ben Way
Head of MIRA – Global Alternatives

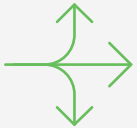
Shawn Lytle
Global Head of Macquarie Investment Management

Market environment

MACQUARIE



AUM net inflows



Allocation diversification



Importance of technology



Fee compression

More than **$US17t** alternative assets AUM by 2025[2]

~80% of investment managers expect to see greater influence of ESG in investment practices by 2025[1]

$US501b global energy transition investment in 2020[3]

US retail represents **31%** of the revenue opportunity from 2020-2024[4]



Search for alpha and yield



Focus on responsible investment



Desire for strategic partnerships



Increased expectations for client experience

1. Preqin Fund Manager Survey 2020. 2. Preqin: The Future of Alternatives 2025, published 2020. 3. BloombergNEF 2021. 4. Excludes passive and subadvisory; MIM organic growth calculation based on observable fund information from Morningstar. Source: Morningstar, Casey Quirk Global Demand Model, Casey Quirk analysis.

Building on the past and investing for the future

Maintaining momentum with a focused growth strategy

Build on
our leading position in infrastructure

Grow
our alternatives offerings

Advance
our public investments platform

Key enablers

Invest in our **people and culture** to foster greater **innovation and growth**

Invest in the **MAM brand** and elevate the **client experience**

Keep **sustainability** at the **heart of our business**

Maintain **disciplined risk management approach**

Invest in **data and technology** to enable **scalable growth**

Our infrastructure business

The world's largest infrastructure equity manager, with a portfolio of investments relied on by more than 100m people each day

Supportive market environment

Global infrastructure sector AUM expected to be over $US1t[1] by 2024

- Pressure on government finances creates significant opportunity for private capital
- Increasing allocations from institutional investors
- Growth in wholesale distribution channels

Investment opportunities across global mega-trends: urbanisation, digitalisation and energy transition

Growth in core strategies with expansion into adjacencies

- **Continued growth** of regional closed end 'flagship' funds
- **Increased scale** of open-end or longer term global funds
- **Further expansion into new adjacencies,** including new sectors and geographies
- **Targeted use of balance sheet** to catalyse new strategies and for alignment with clients

Lifecycle focus on delivering positive impact

- **Long-term investment approach** to deliver positive outcomes for clients, portfolio companies and communities
- Exceptional **origination and execution** capabilities
- **Value creation throughout the ownership period**, leveraging our deep investment experience and in-house industrial expertise and other specialist skills

No. 1
Infrastructure manager globally[2]

$A100.4b
equity under management[3]

$A18.6b
of capital to deploy[3]

Global team of
310 professionals[3]

147
portfolio companies[3]

~12.5GW
green generation capacity managed globally[3]

CASE STUDY

AirTrunk

Leading Asia-Pacific hyperscale data centre provider, capable of delivering a total planned capacity of ~750MW across six data centres in five tier one markets

Macquarie Asia-Pacific Infrastructure Fund 2 (MAIF2) and its partners reached financial close on the acquisition of an 88% stake in AirTrunk in Apr 20

Key progress since acquisition:

- 300MW+ hyperscale data centre campus launched in Tokyo with an initial 60MW phase targeted to open in late 2021
- Two data centres opened in Singapore and Hong Kong in Dec 20, with a combined capacity of more than 80MW
- 110MW+ hyperscale data centre campus launched in Sydney (second AirTrunk site in Sydney)
- Over $A1b capex deployed since Apr 20
- Range of new contracts signed with major global hyperscale customers

1. BCG 'Protect, Adapt and Innovate May 20'. 2. IPE Real Assets (Jul/Aug 20). 3. At 31 Dec 20.

Our real estate business

Global business with deep networks, broad capabilities and strong track record

Global commercial real estate **AUM of ~$A5t**[1] continues to grow

Investor appetite for real estate remains strong with increasing allocations and attractive yield spread to bonds

Global mega-trends are both disrupting and accelerating real estate investment opportunities

- Urbanisation
- Changing demographics
- Digitalisation

Global business providing investors access to **investment opportunities across the real estate risk-return spectrum**

Experienced team of over 200 that capitalises on long-term trends to create value for clients and partners:

- Beds, sheds, bytes, desks
- Develop-to-core strategies capitalising on attractive development yield spreads and strong sector/ market fundamentals
- Partnerships with leading global investors in management platforms

Focused on **two key strategies**:

- **Core / core-plus**
  - Investing in and managing office, logistics and retail assets
  - Driving performance through disciplined market selection and active asset management
- **Opportunistic**
  - Investing in and partnering with specialist real estate platforms targeting sectors supported by structural tailwinds or market dislocation
  - Leveraging principal investment track record

$A19b assets under management[2]

~500 properties[2]

~210 real estate specialists[2]

28 locations globally[2]

CASE STUDY

LPC
US logistics platform

- **Established in Feb 18**, majority owned by MIRA Real Estate alongside management team
- Strategy to create a **fully integrated development and investment management logistics platform** to capitalise on the long-term demand being created by the growth in ecommerce
- **~$US280m balance sheet commitment** to acquire and warehouse seed portfolio for initial 'develop-to-core' venture
- **$US1b LPC Venture 1 capital raise** completed in 2020 with global real estate investors, with a projected portfolio end value of +$US2.5b
- Since inception, the platform has grown from 11 employees to **50 employees today**

1. ~$A5t (EUR 3.2t) AUM has been sourced from the ANREV / INREV / NCREIF Fund Manager Survey 2020 released in Jun 20. 2. At 31 Dec 20.

Our private credit and asset finance businesses

Global businesses with proven track record of matching private market capital to growing asset classes

Private credit

Growing market for private credit funds, with AUM of ~$US900b and forecast to grow to ~$US1.5t by 2025[1]

Capital spans the full risk spectrum, from quasi sovereign (local government, social housing) to high yield and bank capital relief financings

Zero losses or impairments to date

Impactful investments are a core part of the business and include:

- Green energy debt investments that have financed over **15GW of clean energy**[2]
- **22,000+** affordable housing units[2]

MAM's Private Credit business is expanding further within infrastructure as well as into adjacencies, including **Secure Income Real Estate**

Transportation finance

MAM's Transportation Finance has a **15-year track record** of investing in movable transportation assets, including aircraft, rail and helicopter assets

MAM remains committed to the sector and is working with selected partners for co-investment. With **deep experience across markets and through cycles**, the Transportation Finance team is well placed to identify the opportunities which will deliver **long-term value** to investors

Near term, these markets to benefit from current trends, including in particular:

- **Dislocation in the aviation equity and debt market**s, resulting from COVID-19 disruption
- **Transition to lower emissions fuels and technologies** across all transportation sectors

CASE STUDY

Sub-Investment Grade infrastructure debt Strategy

- **~€1.2b** raised from institutional investors
  - of which **~€730m** via the flagship Macquarie Infrastructure Debt (Sub-Investment Grade) Fund
- Invested across the **utilities**, **energy**, **renewables** and **transport infrastructure** sectors
- **Invested in 14 borrowers** in the United Kingdom, United States, Italy, Finland, and the Netherlands
- Majority of assets negotiated on a **bilateral basis** and sourced through **MAM proprietary channels**
- Attracted interest from **21 pension funds and insurance companies** across the United Kingdom, Korea, Japan, Italy, and Portugal

~$A12b assets under management[2]

120+ investments

$US5b capital under management[2,3]

300+ aviation assets

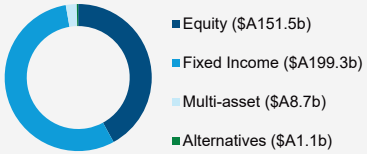
1. Source: Preqin Future of Alternatives Report Nov 20. 2. As at 31 Dec 20. 3. Capital under management include the total net book value of aircraft and helicopter assets under management.

Our public investments business

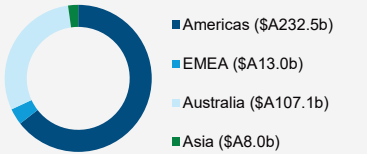
Diversified active professionals offering differentiated public investment capabilities across institutional and retail clients

$A360.6b assets under management[6]

By asset class



By region



Strength of global platform

- Continuing efforts to globalise the business
- Leveraging the MAM enterprise
- Creation of MAM Client Solutions Group
- Aladdin live in all major regions
- Significant wins in cornerstone markets - Australia Institutional
- Named Investment Manager of the Year by the Financial Standard[1] and "Best Investment Manager 2020" by *Money* magazine[2] in Australia

Focus on growth

Evolving to meet future client needs with transformative growth initiatives:

- Advancing additional specialist active capabilities into "flagship" status
- Inorganic initiatives for continued business scale and capability expansion
- Further investments in technology, data & analytics, and automation
- Focus on investment intermediaries and Expansion of 'Cornerstone' channels
- Delivering alternatives and non-traditional capabilities to global retail channels

CASE STUDY

Waddell & Reed Financial, Inc.

- **Increased scale** and **complementary investment capabilities** to the existing Delaware Funds by Macquarie mutual fund line-up
- **Strategic partnership with LPL** – complements strong existing US wholesale relationships within the independent broker dealer channel, fastest growing and largest opportunity
- **Opportunities to grow new product flagships** in one of the largest and fastest growing channels in the US
- At close of transaction, MAM will become **Top 25 US mutual fund manager**[3]

Top 25
actively managed mutual fund manager[3]

Top 10
global insurance asset manager[4]

Four
new product launches and **three** new investment strategies

86% of funds
exceeding ten-year benchmarks[5]

1. Investment Manager of the Year 2020 (Australia) at the Financial Standard Investment Leadership awards. 2. Best Investment Manager 2020, Money magazine's Best of the Best 2020 Awards, (Australia). 3. As of Dec 20. Source: Strategic Insight, Morningstar. 4. Insurance AUM Journal, 2019 Insurance Asset Managers Report, published 2020. 5. Percentage of assets under management outperforming their respective benchmarks on a 10-year basis. Data as at 31 Dec 20. 6. As at 31 Dec 20.

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: $A97b[1]
- ~100[2] 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

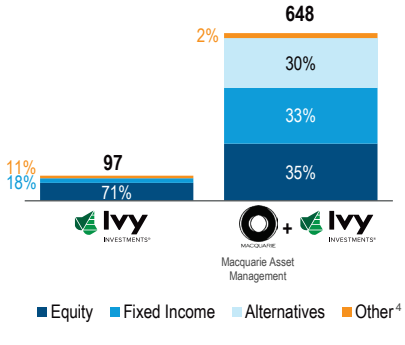
Wealth management

- National network of financial advisors providing comprehensive, personal financial planning services to clients across the US
- AUA: $A90.5b[1]
- ~1,300[1] advisors and advisor associates
- ~4,000[2] 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

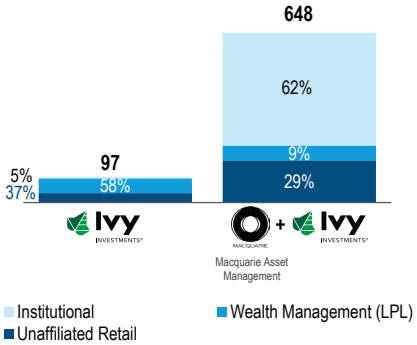
Future combination with Macquarie[3]

Asset Management

BY ASSET CLASS (AUM $Ab)[1]



BY CLIENT CHANNEL (AUM $Ab)[1]



Long-term partnership

Wealth management

WADDELL & REED Financial, Inc. + LPL Financial

1. As at 31 Dec 20. 2. As at 30 Sep 20. 3. Transaction close is subject to regulatory approvals, client consents and other closing conditions. 4. Other includes multi-asset and money market.

Well-positioned for growth

Global platform providing access to
specialist investment expertise

Delivering
positive outcomes for our clients

Investing in our
people, culture and brand

Build on our
leading position in infrastructure

Grow our
presence in alternatives

Advance our
public investments platform

Investing to deliver
positive impact for everyone

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