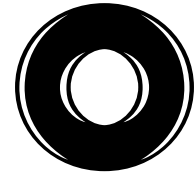


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MACQUARIE

ASX/Media Release

**MACQUARIE GROUP TO ACQUIRE WADDELL & REED FINANCIAL, INC.
AND ENTER INTO A LONG-TERM PARTNERSHIP WITH LPL FINANCIAL**

Key Points

- **Macquarie Group to acquire Waddell & Reed Financial, Inc., a NYSE-listed US-based asset and wealth manager for \$US1.7 billion (\$A2.3 billion¹)**
- **Waddell & Reed Financial, Inc. has two businesses:**
 - **an asset management business with approximately \$US68 billion in assets under management (AUM) and**
 - **a wealth management business with approximately \$US63 billion in assets under administration (AUA)**
- **On completion, Macquarie Group to sell the Waddell & Reed Financial Services, Inc. wealth management business, to LPL Financial Holdings Inc. for \$US300 million plus excess net assets**
- **Increased scale and diversification of combined platform will create significant long-term benefits for clients, advisors and shareholders**
- **Long-term partnership between Macquarie and LPL will provide continuity for the existing wealth business and clients as well as longer-term opportunities to partner with the largest US independent broker-dealer**
- **Expected to close by mid-2021, subject to regulatory approvals, Waddell & Reed Financial, Inc. stockholder approval and other customary closing conditions**

SYDNEY, 3 December 2020 – Macquarie Asset Management, the asset management division of Macquarie Group (Macquarie) (ASX: MQG; ADR: MQBKY), today announced it has entered into an agreement to acquire all of the outstanding common shares of Waddell & Reed Financial, Inc., (Waddell & Reed) (NYSE: WDR) one of the oldest asset and wealth management companies in the US, for \$US25.00 per share in cash, or total consideration of approximately \$US1.7 billion (\$A2.3 billion¹).

On completion of the transaction, Macquarie has agreed to sell Waddell & Reed's wealth management platform to LPL Financial Holdings Inc. (LPL) (Nasdaq: LPLA), a leading US retail investment advisory firm, independent broker-dealer and registered investment advisor custodian, and enter into a long-term partnership, with Macquarie becoming one of LPL's top-tier strategic asset management partners.

¹ AUD/USD as at 1 Dec 20 of 0.7366.

Macquarie Group Limited

As a result of the transaction, Macquarie Asset Management's AUM are expected to increase to over \$US465 billion (\$A650 billion²), with the combined business becoming a top 25³ actively managed, long-term, open-ended US mutual fund manager by assets under management, with the scale and diversification to competitively position the business to maintain and extend its high standards of service to clients and partners.

Through its subsidiaries, Waddell & Reed has provided investment management and wealth management services to clients throughout the US since 1937. Today, investment products are distributed under the IVY INVESTMENTS® brand, as well as through independent financial advisors associated with Waddell & Reed. As of September 30, 2020, Waddell & Reed's asset management business had \$US68 billion of AUM and its wealth management business had \$US63 billion of AUA.

Martin Stanley, Head of Macquarie Asset Management, said: "The addition of Waddell & Reed and our enhanced partnership with LPL will significantly increase our ability to grow and invest in our combined business for the benefit of our clients. IVY INVESTMENTS'® complementary investment capabilities will provide diversification to Macquarie Asset Management's capabilities and client base. The consideration offered reflects the quality of Waddell & Reed's business and the future benefits of our partnership with LPL."

Shawn Lytle, President of Delaware Funds® by Macquarie and Head of Macquarie Group in the Americas, added: "This transaction is an important step forward in our growth strategy for Delaware Funds® by Macquarie. The acquisition of Waddell & Reed's asset management business and our partnership with LPL significantly strengthens our position as a top 25³ actively managed, long-term, open-ended US mutual fund manager by assets under management across equities, fixed income and multi-asset solutions."

Philip J. Sanders, Chief Executive Officer of Waddell & Reed Financial, Inc., said: "Over the past few years, we have been focused on leveraging our strong heritage as the foundation for transforming our firm into a more diversified and growth-oriented financial services enterprise. The long-term partnership between Macquarie and LPL as part of this transaction accelerates that transformation and ultimately will benefit our clients and independent Financial Advisors while delivering significant value to our stockholders."

Dan Arnold, President and Chief Executive Officer of LPL Financial, said: "Waddell & Reed advisors are highly experienced and well-respected throughout the industry. They are a terrific fit both culturally and strategically, and we welcome them to the LPL family. Looking ahead, we expect our capabilities and resources will benefit their practices and help them unlock additional value and growth. Additionally, we look forward to deepening our long-term partnership with Macquarie, which will help us preserve unique aspects of the Waddell & Reed advisor experience while also positioning us to explore additional long-term opportunities together."

The transaction has been approved by the Boards of Directors of Macquarie Group, LPL and Waddell & Reed and is expected to close by mid-2021, subject to regulatory approvals, Waddell & Reed stockholders approval and other customary closing conditions.

² AUD/USD as at 30 Sep 20 of 0.7154.

³ Source: Assets under management as of 30 Sep 20 - Based on data represented in Strategic Insight and Morningstar. Data includes ICI Method of Sales: Salesforce, Institutional and Retirement. Data excludes Variable Insurance Products, Closed End Funds, ETFs, passive mutual funds, Money Market Funds, Delaware Pooled Trusts, and Optimum Funds. Both Waddell & Reed and Macquarie Delaware are top 40 US active mutual fund managers by AUM as at 30 Sep 20.

About Macquarie Asset Management

Macquarie Asset Management (MAM) is Macquarie's asset management business. MAM is a full-service asset manager, providing 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. As at 30 September 2020, MAM had \$A554.9 billion of assets under management. MAM has over 1,900 staff operating across 20 markets in Australia, the Americas, Europe and Asia. MAM has been managing assets for institutional and retail investors since 1980 in Australia and 1929 in the US, through a predecessor firm, formerly known as Delaware Investments. Delaware Funds® by Macquarie refers to certain investment solutions that MAM distributes, offers, refers, or advises.

About Waddell & Reed Financial, Inc.

Through its subsidiaries, Waddell & Reed Financial, Inc. has provided investment management and wealth management services to clients throughout the United States since 1937. Today, we distribute our investment products through the unaffiliated channel under the IVY INVESTMENTS® brand (encompassing broker/dealer, retirement, and registered investment advisors), our wealth management channel (through independent financial advisors associated with WADDELL & REED, INC.), and our institutional channel (including defined benefit plans, pension plans, endowments and subadvisory relationships). For more information, visit ir.waddell.com.

About LPL Financial

LPL Financial (<https://www.lpl.com>) is a leader in the US retail financial advice market, the largest US independent broker/dealer⁽⁺⁾ and a leading custodian (or provider of custodial services) to RIAs. We serve independent financial advisors and financial institutions, providing them with the technology, research, clearing and compliance services, and practice management programs they need to create and grow thriving practices. LPL enables them to provide objective guidance to millions of American families seeking wealth management, retirement planning, financial planning and asset management solutions.

+ Based on total revenues, *Financial Planning* magazine June 1996-2020.

Securities and Advisory Services offered through LPL Financial LLC, a Registered Investment Advisor. Member FINRA/SIPC. We routinely disclose information that may be important to shareholders in the "Investor Relations" or "Press Releases" section of our website.

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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

¹ Source: Assets under management as of 30 Sep 20 - Based on data represented in Strategic Insight and Morningstar. Data includes ICI Method of Sales: Salesforce, Institutional and Retirement. Data excludes Variable Insurance Products, Closed End Funds, ETFs, passive mutual funds, Money Market Funds, Delaware Pooled Trusts, and Optimum Funds. Both Waddell & Reed and Macquarie Delaware are top 40 US active mutual fund managers by AUM as at 30 Sep 20. ² These estimates are subject to assumptions and risks in relation to future financial performance and our actual results may differ from these estimates.



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

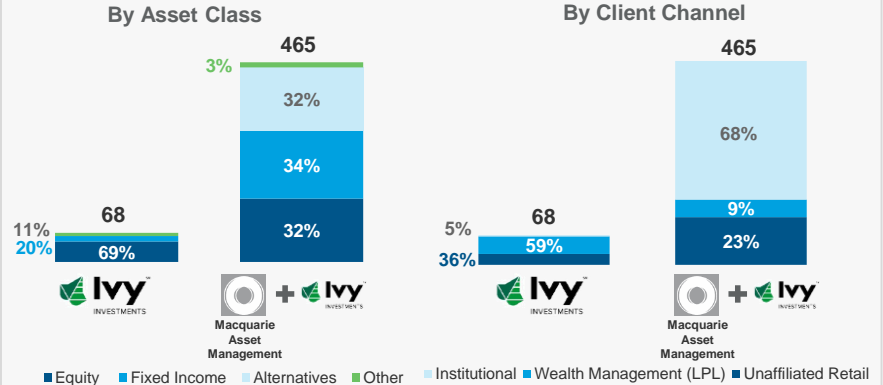


- National network of financial advisors providing comprehensive, personal financial planning services to clients across the US
- AUA: \$US63b¹
- ~1,300 advisors and advisor associates
- ~4,000 client accounts across advisory and non-advisory
- ~60% of client assets invested in Ivy funds, with the balance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

OPERATING INCOME

\$A1,789m
▼5%

ON 1H20

▼3%

ON 2H20

NET PROFIT CONTRIBUTION

\$A1,062m
▼5%

ON 1H20

▲1%

ON 2H20

AUM¹
\$A554.9b
▼7%

ON MAR 20

MAM

~47%

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

Note: Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. Chart is based on 1H21 net profit contribution from Operating Groups. 1. AUM at 31 Mar 20 has been restated to reflect an immaterial misstatement in total MAM AUM reported on 8 May 20. 2. Equity proceeds from asset divestments differs to the impact of divestments on reported EUM which captures a reduction of the original capital commitment at time of return of capital to investors. 3. IPE Real Assets (Jul/Aug 2020), measured by infrastructure assets under management. 4. As at 30 Sep 20.



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

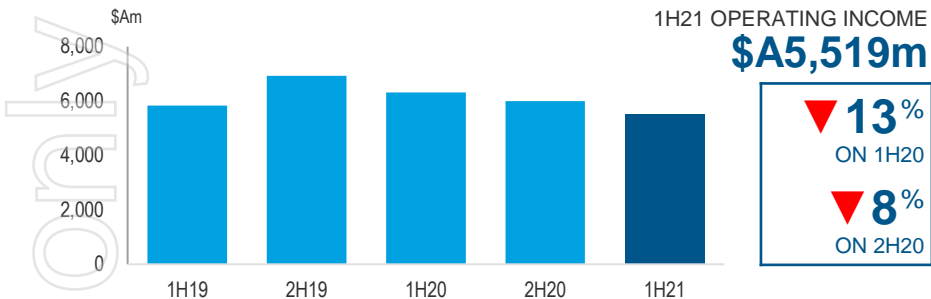
	1H21 \$Am	2H20 \$Am	1H20 \$Am	1H21 v 1H20	1H21 v 2H20
Net operating income (excl. Credit and Other impairment charges)	5,966	6,906	6,459	↓ 8%	↓ 14%
Net credit impairment charges	(407)	(661)	(144)	↑ 183%	↓ 38%
Other impairment (charges)/reversals	(40)	(240)	5	↑ *	↓ 83%
Total operating expenses	(4,266)	(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.

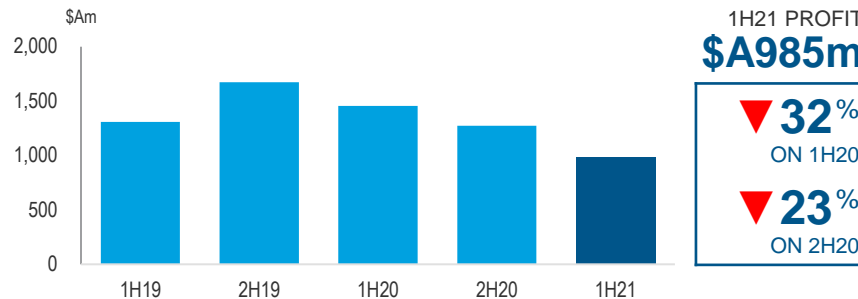


Financial performance

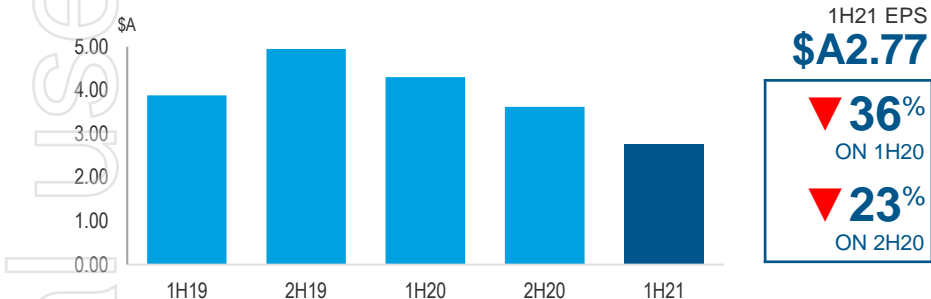
Operating income



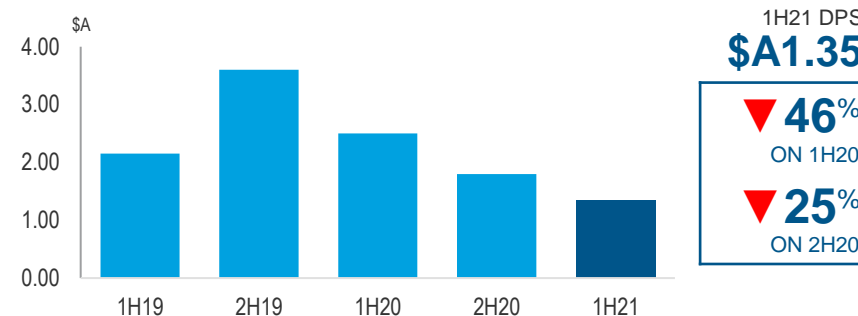
Profit



EPS



DPS

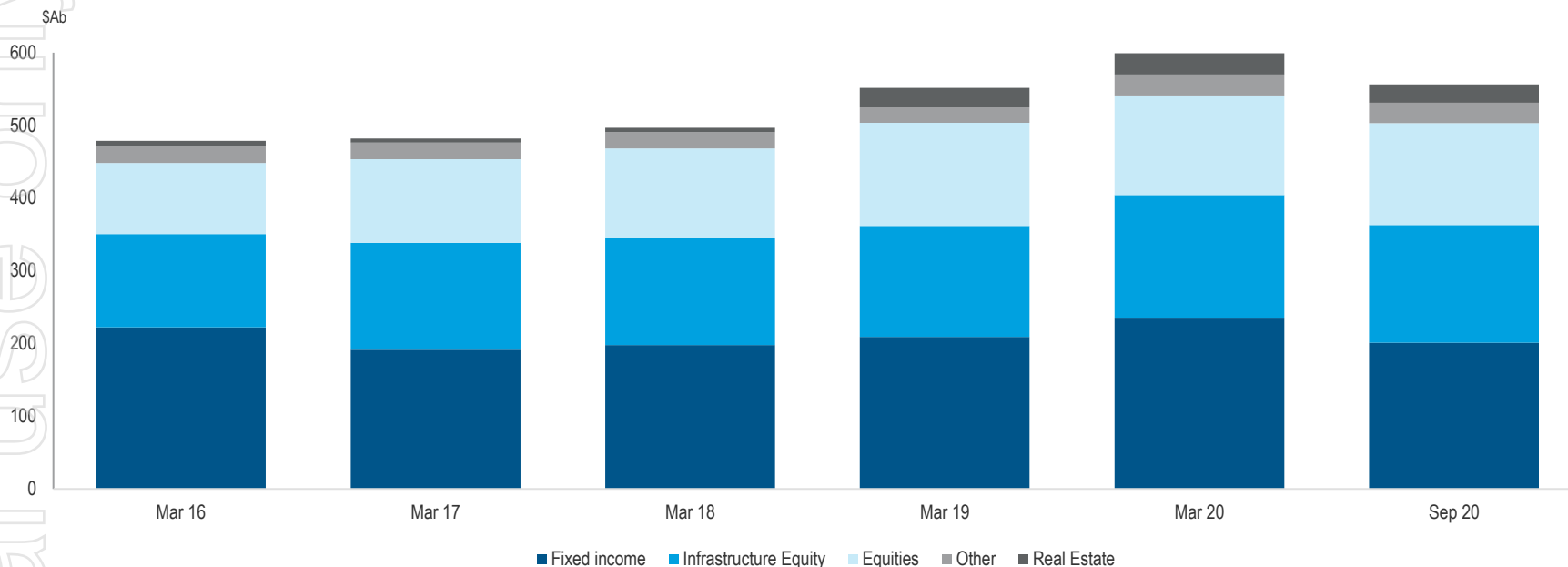




Assets under management of \$A556.3b¹

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.