

MFG Global Equity (USD)

AS AT 31 MARCH 2023

PORTFOLIO MANAGERS

NIKKI THOMAS, CFA AND ARVID STREIMANN, CFA

INVESTMENT PHILOSOPHY

To invest in outstanding companies at attractive prices, while exercising a deep understanding of the macroeconomic environment to manage investment risk.

OBJECTIVES

To achieve attractive risk-adjusted returns over the medium to long term; while reducing the risk of permanent capital loss.

Aims to deliver pre-fee return of 10% p.a over the economic cycle.

PORTFOLIO CONSTRUCTION

High conviction (20-40 securities), high quality focus.

Portfolio construction with dynamic allocation to cash (typical exposure between 0% - 20%).

Combined Risk Ratio cap of 0.8[^]

MAGELLAN GLOBAL EQUITY (USD)

STRATEGY SIZE	TOTAL GLOBAL EQUITY ASSETS ¹	INCEPTION DATE
USD \$11,943.3 million	USD \$13,529.3 million	1 July 2007

USD PERFORMANCE²

	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	10 Years (% p.a.)	Since Inception (% p.a.)	OUTPERFORMANCE CONSISTENCY*
Composite (Gross)	8.7	-4.5	8.4	7.6	9.3	10.5	87%
Composite (Net)	8.5	-5.2	7.5	6.8	8.5	9.6	84%
MSCI World NTR Index (USD)*	7.7	-7.0	16.4	8.0	8.9	5.6	
Excess (Gross)	1.0	2.5	-8.0	-0.4	0.4	4.9	
MSCI Min. Vol. NTR Index*	2.1	-5.1	8.5	5.7	7.3	5.9	

CALENDAR YEAR RETURNS²

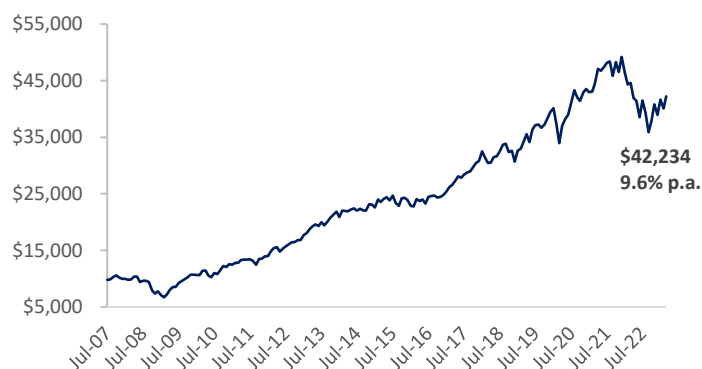
	CYTD (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)
Composite (Gross)	8.7	-20.2	13.9	11.2	29.7	0.4	25.2	4.7	4.2	6.6	30.8	21.6	11.9	18.3	39.4
Composite (Net)	8.5	-20.8	13.0	10.3	28.7	-0.4	24.2	3.9	3.4	5.7	29.8	20.7	11.0	17.4	38.3
MSCI World NTR Index (USD)*	7.7	-18.1	21.8	15.9	27.7	-8.7	22.4	7.5	-0.9	4.9	26.7	15.8	-5.5	11.8	30.0
Excess (Gross)	1.0	-2.1	-7.9	-4.7	2.0	9.1	2.8	-2.8	5.1	1.7	4.1	5.8	17.4	6.5	9.4
MSCI Min. Vol. NTR Index*	2.1	-9.8	14.3	2.6	23.2	-2.0	17.3	7.5	5.2	11.4	18.6	8.1	7.3	12.0	16.4

Past performance does not predict future returns.

STRATEGY FUNDAMENTALS³

Number of Holdings	31
Return on Equity	34
P/E Ratio (1 year forward)	24.1
Interest Cover	17
Debt/Equity Ratio	96
Weighted Average Market Cap (USD million)	447,369
Carbon Intensity (CO ₂ t/US\$1m revenue)	117.6

PERFORMANCE CHART GROWTH OF USD \$10,000 (NET)²



Past performance does not predict future returns.

¹ Comprised of all Global Equity strategies.

² Returns are for the Global Equity Composite and denoted in USD. Performance would vary if returns were denominated in a currency other than USD. Refer to the GIPS Disclosure section below for further information. Strategy inception is 1 July 2007. Composite (Net) returns are net of fees charged to clients and have been reduced by the amount of the highest fee charged to any client employing that strategy during the period under consideration. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Fees are available upon request.

³ The data is based on a representative portfolio for the strategy. Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding. Refer to the Important Notice below for further information.

[^] Combined risk ratio is a measure of relative beta and relative drawdown to MSCI World NTR USD Index. Please contact MFG Asset Management should you wish for further details on the calculation.

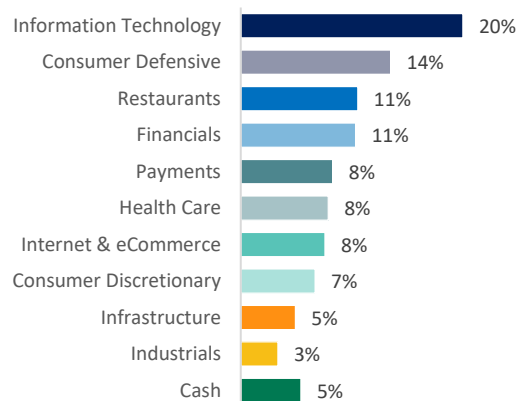
* Outperformance consistency indicates the percentage of positive excess returns for rolling 3 year returns since inception.

* All MSCI data used is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI and its affiliates assume no liability for or in connection with the data. Please see complete disclaimer in www.magellangroup.com.au/funds/benchmark-information/

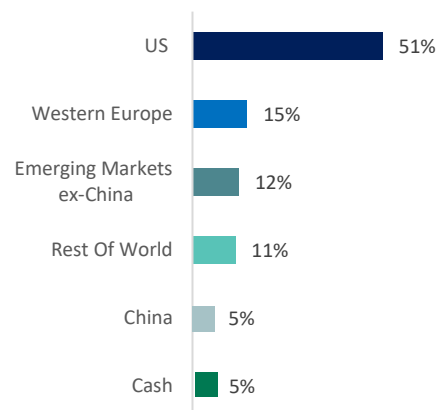
TOP 10 HOLDINGS³

STOCK	SECTOR	%
Microsoft Corporation	Information Technology	4.9
Alphabet Inc	Internet & eCommerce	4.6
Visa Inc	Payments	4.5
ASML Holding NV	Information Technology	4.3
Intuit Inc	Information Technology	4.1
SAP SE	Information Technology	3.9
Intercontinental Exchange Inc	Financials	3.9
MasterCard Inc	Payments	3.9
Yum! Brands Inc	Restaurants	3.8
Nestlé SA	Consumer Defensive	3.6
TOTAL		41.5

SECTOR EXPOSURE BY SOURCE OF REVENUE³



GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE³



CAPITAL PRESERVATION MEASURES⁴

ADVERSE MARKETS	3 Years	5 Years	10 Years	Since Inception
No of observations	13	21	40	73
Outperformance consistency	38%	62%	63%	74%
Average return - Strategy (%)	-4.5	-4.1	-3.2	-2.7
Average return - Index* (%)	-4.5	-4.9	-3.8	-4.1
Down Market Capture	1.0	0.8	0.8	0.7
DRAWDOWN				
Maximum Drawdown - Strategy (%)	-26.6	-26.6	-26.6	-36.0
Maximum Drawdown - Index* (%)	-25.4	-25.4	-25.4	-54.0

SUPPLEMENTARY STATISTICAL MEASURES⁵

	3 Years	5 Years	10 Years	Since Inception
Turnover	24.5%	20.3%	15.7%	12.7%
Beta	0.8	0.8	0.8	0.8
Tracking Error (% p.a.)	6.8%	7.0%	5.7%	6.9%
Standard Deviation - Strategy	16.5%	15.4%	12.8%	14.0%
Information Ratio	-1.2	-0.1	0.1	0.7

⁴ Capital preservation measures are calculated before fees. An adverse market is defined as a negative monthly return for the MSCI World NTR Index (USD). Downmarket capture shows if a fund has outperformed a benchmark during periods of market weakness, and if so, by how much.

⁵ Supplementary Statistical Measures Beta, Tracking Error and Information Ratio are calculated before fees in USD against the MSCI World NTR Index.

Market Commentary

Global equities have started the 2023 year rising in the first quarter in all major regions though the rally is notably narrow. The MSCI World NTR Index rose 7.7% in USD with two key developments – the public launch of ChatGPT, bringing artificial intelligence (AI) to the masses, and a banking crisis that started in the US and spread. On the economic front, there continued to be low unemployment, solid personal income growth and a softening of inflation across the developed world. 8 of the 11 industry sectors rose in local currency terms, with the information technology (+21.0%), communication services (+17.9%) and consumer discretionary (+16.1%) sectors performing the best. Falls were led by the energy sector (-3.8%), financials (-1.9%) and health care (-1.9%) as commodity prices fell and a banking crisis saw several banks fail and major steps taken by regulators to avert deepening instability.

The S&P500 Index rose 7.0% in the first quarter of 2023. The US Federal Reserve raised the cash target rate a further 50bp to a 4.75% to 5% target range in two 25bp increments, slowing its pace of increase. Having raised by 450bp since the start of this tightening cycle a year ago, the impact on slowing inflation and slowing economic growth is starting to become more apparent, though recent data on US economic growth has remained resilient and ahead of expectations. One clear sign emerged that the sharp move higher in interest rates has consequences was the collapse of Californian-based Silicon Valley Bank, after a run on its deposits led to its inability to meet liquidity needed. The crisis escalated across other smaller US banks and then to Credit Suisse in Europe before the regulators' responses finally worked to avert a systemic crisis. To do this, they provided liquidity to banks on generous terms and galvanised major banks to intervene to help reduce stress in the system.

The Euro Stoxx 50 rose 13.7% this quarter to be just shy of the high made in January 2022. This has occurred despite the ongoing war in Ukraine, still elevated, albeit improving, levels of inflation across Europe, ongoing interest rate increases by the European Central Bank and the bank sector stresses noted above. Encouraged by regulators, UBS took over Credit Suisse in March given its pending collapse.

Across the Asian region, Japan's Nikkei 225 Index rose 7.5%, Australia's S&P/ASX 200 Accumulation Index gained 3.5%, China's CSI 300 Index rose 4.6% and the MSCI Emerging Markets Index added 3.5% in US dollars. Japan has a new Bank of Japan Governor, Kazuo Ueda, and his policy decisions, particularly the shift away from Yield Curve Control, will be closely watched given implications for global money flows. China continues its committed, albeit chaotic re-opening and cut the Reserve Requirement Ratio for its banks in March to help with efforts to revitalise economic growth. Geopolitical tension between China and the US were again evident during the quarter, including the cancelling of a visit by the US Secretary of State to Beijing and coordinated widening of restrictions on the export of advanced semiconductor machinery to China.

Strategy Commentary

The strategy rose during the March quarter. The largest contributors to this were the holdings in ASML, Microsoft and LVMH which all rose by over 20% in the quarter. ASML is superbly positioned as semiconductor needs expand across the world and its lithography equipment remains in high demand. Microsoft also performed well as ChatGPT, an artificial intelligence chatbot was released by OpenAI and Microsoft increased its ownership of the company and added AI to several products including Bing. This evidenced the ability of Microsoft to commercialise AI in a way investors had not been able to visualise before and added to our thesis on the large addressable markets that Microsoft remains superbly positioned to win. LVMH performed well as its exposure to the reopening of Asia, especially China, gained momentum and the benefit for LVMH sales was assessed.

The largest detractor in the quarter was US Bancorp (USB), which fell 16% over the quarter, first as fears of a banking industry collapse fuelled panic and then the assessment of a deterioration in the earnings outlook weighed on the sector. As the fifth largest US bank, USB is well positioned as further industry consolidation seems likely and looks undervalued post the sector-wide sell-off. The other larger detractors were all amongst our more defensive holdings; United Health Group on no particular news and Eversource Energy, which struggled alongside the Utilities sector as the rise in real rates weighed during the quarter.

Index movements and stock contributors/detractors are based in local currency terms unless stated otherwise.

Outlook

It certainly appears that markets have 'climbed the wall of worry' during 1Q2023, though it is fair to reflect that the overall indices' strength have been heavily influenced by a few stocks. As the banking crisis broke in March, we were reminded that we have been on crisis watch for some months now; history tells us that significant and rapid monetary policy tightening tends to break things. We would anticipate the tightening to be almost complete (with perhaps one last 25bp increase for the Federal Reserve?) with the Australian Reserve Bank pausing its rate increases as we write. We believe inflation prints will continue to be the core focus as central banks work to bring inflation down to target levels and we will need to continue to see lower inflation datapoints over 2023 if Central Bank rate rises are to pause.

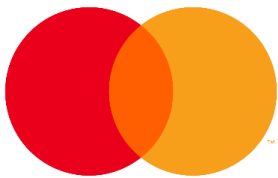
A systemic crisis in banking has been averted but it seems plausible, if not probable, that further breakages may lie ahead. Analysis of insurance company holdings, commercial real estate, refinancing risks on maturing debt as well as those more exposed to a contraction of lending, especially by smaller banks, will be ongoing. There will be increased regulation of banks in the US and it is likely credit growth has been impaired by the events of recent weeks, laying the case for less economic growth in the months ahead. The risk that these pressures may ultimately translate into an economic recession in many parts of the world is elevated but the depth of the slowdown remains unclear.

Labour markets are lagging indicators and are unhelpful for gauging progress on wage inflation. It is notable that layoffs in the US have picked up and are spreading much further afield than the large numbers being reported for many technology companies. Where surveys collect data on inflation expectations, such as by the University of Michigan, we note that these remain anchored as consumers anticipate current high inflation will fall. Annualised, the month on month increase in core PCE inflation data for February is at 3.7%, suggesting improvement in headline figures will continue.

On another positive note, the recent difficulties for financials and progress on inflation, likely bias the risks to the long end of the yield curve, or 10 year government bond yields, to stay in the recent range, and below 4% in the US. This is a positive for the valuations of longer duration investments, especially those with strong cash flows and high returns on capital. And so, the backdrop in which we find ourselves once again feels like one in which the Magellan strategy is advantaged. Our process leads us to highly advantaged companies that are balanced within the portfolio between those with strong secular growth tailwinds and those with low economic sensitivity and resilience.

Stock Story: Mastercard

(Elisa Di Marco - Portfolio Manager)



Mastercard is one of the most recognisable brands in the world. You may know Mastercard as the card in your wallet that can be used at merchants globally, or perhaps it's from their memorable multi-decade 'priceless' marketing campaign. The network's global penetration of nearly 100m merchants and 3.1 billion cards creates a seamless and ubiquitous payments experience that is 'priceless' to network participants, which makes it extremely valuable to shareholders.

Since Mastercard was formed in 1966 the network has been part of the payments revolution. Mastercard along with peers Visa, American Express and, more recently, PayPal have been transforming payments, and commerce more broadly. We've moved from the confines of paying in cash and cheque and signing to having ready access to credit and digital cash (debit) to swiping to tapping, e-commerce, mobile payments, digital wallets and real-time payments. The innovation has been remarkable, and beneficial, to consumers, merchants, governments, and shareholders.

Over the last decade Mastercard's payment volumes, merchant network and card reach have more than doubled. This growth has generated attractive 15% annual compounded returns for shareholders. The consistency and strength of the business are due to several layers:

- 1) Business quality – Payment companies enjoy the strong protections of the network effect that links consumers, merchants and banks – where each additional user boosts the benefits of the network for all users. It is extraordinarily difficult to launch and grow to scale a global network, creating high barriers to entry, and therefore making the businesses of Mastercard and its three peers resilient to aspiring competitors. These network characteristics allow Mastercard to generate high-quality, consistent earnings that continue to compound for shareholders.
- 2) Structural tailwinds – Mastercard benefits from multi-pronged structural growth tailwinds over several decades. First was the convenience and security of using cards over cash and cheque. This physical convenience then morphed into digital payments convenience on desktop computers and mobile. Digital convenience was turbocharged by the necessity of fast and secure digital payments that underpin the e-commerce revolution. These tailwinds persist globally and are further supported by nascent tailwinds from growth in business and government digital payment processes. All of these tailwinds have been supported by ongoing innovation from Mastercard, their peers, and technology companies.
- 3) Strength in strategic capital allocation – Mastercard has been a master capital allocator over the past decades. The business in 2012 generated ~90% of revenue from payments and 10% from related services. In FY22, Mastercard generated 20% of its revenue from related services. The transition in revenue mix is due to organic investment and thoughtful acquisitions and is critical to the long-term sustainability of Mastercard's revenues, and to maintaining its strengths in business quality. The acquisition of the company 'Dynamic Yield' is a great example of how Mastercard acquired capabilities in AI and deployed them within its suite of loyalty capabilities across its network.
- 4) Business model – The bulk of Mastercard's revenue is earned as a percentage of the payment dollars or number of transactions made across its network. These dollars and transactions are mostly related to personal consumption expenditures. Importantly, these revenues are not directly dependent on credit quality for credit card transactions or interest rates on loans. However, the business model does experience cyclicalities, with a strong consumer beneficial to revenues and a weaker consumer leading to slower growth. In the post-covid era, this business model proved highly favourable since a large portion of revenue is earned on the value of goods and services transacted, and therefore benefits from higher rates of inflation. This very attractive revenue model is complemented by an expense base that consistently increases at a lower rate than revenues, leading to steady increases in margins over time.

- 5) Financial inclusion – Mastercard is a socially aware company, prioritising financial inclusion for underbanked members of societies. To date, Mastercard, across 94 countries, has brought more than 675 million people into the digital economy, 18 million female-led businesses and more than 10 million small and medium-sized enterprises. Mastercard has achieved this through investment in communities, non-traditional partners and industry groups, assisting with technology and new solutions. This investment is valuable for the poor and unbanked, lifting them from a dangerous and rapacious informal financial system and into the modern, efficient, and safeguarded financial system. Importantly, this investment grows Mastercard's end market for decades to come.

The attractive dynamics of the payments industry continue to attract investment from competitors. However, to take market share from the four incumbents, any newcomer to the global payments business would need consumers and merchants to simultaneously accept its card, have banks/financial institutions to issue the cards and be connected to the merchant's bank/financial institution. To achieve that, the entrant would need to achieve mass awareness, offer a simple means of payment, have ubiquitous technology, have positive consumer appeal (for example, fraud protections or associated rewards programs), be trusted (even though the issuing bank bears the risk of theft and fraud), meet regulatory requirements in every country in which it wished to operate, and fulfil arduous customer and merchant servicing needs. With these elevated barriers to entry, we've seen mixed attempts to drive competition:

- Thus far the barriers to entry have been too challenging for many well-funded fintech and technology companies outside of China. Apple, Meta, Alphabet and Samsung have all stepped into payments, but they are leveraging the payment companies' infrastructure. Likewise, buy-now-pay-later and remittance companies rely on the incumbents. Cryptocurrencies are no threat either because payments this way are, so far, too slow and insecure to take market share and they face major regulatory impediments. Their volatile prices are another risk to adoption.
- Central banks, however, have different motivations. Their policy goals typically include safeguarding their domestic payments system, competition and efficiency (i.e., lower cost) in payment mechanisms. They have recognised the possible threats posed by American-owned payments networks on their policy goals. This has led many of them to support domestically owned real-time payment systems, which enable transfer of funds from one bank account to another within seconds at very low cost. These could pose competitive threats to Mastercard, particularly its debit business. However, while investment in real-time payments isn't new, it is extremely complex to develop and drive adoption. As a result, there has been mixed success globally. This year is somewhat of a milestone, with the U.S. Federal Reserve launching FedNow, its real-time payments network that has been more than five years in the making. While this is a milestone, in its initial form it is not targeting consumer payments. It will take many years for the Fed to be connected to the thousands of U.S. banking institutions, to have a comparable consumer offering and have a comparable proposition for financial institutions. Connecting FedNow to payments globally will be an even bigger hurdle. With less than 10% of Mastercard's revenue estimated to be linked to domestic debit transactions, this risk is likely to be manageable in the near term.

Mastercard faces risks beyond that of consumer spending levels and government investment in payments infrastructure. One risk is excessive regulation as governments move to protect privacy and competition. Evidence of this includes ongoing investigations from the Department of Justice into anti-competitive practices, regulation of interchange rates and developing countries regulating how banks interact with global networks.

But let's not forget, these watchful eyes from regulators and competitors are driven by the strength in business quality and the necessity of an efficient payments system. Mastercard's relentless focus on its network reach and capabilities has been priceless for consumers in its network, and extremely valuable to shareholders. While Mastercard will need to continue to invest in its network, we're confident that shareholders will continue to benefit from Mastercard's high-quality business model.

Source: Mastercard website

IMPORTANT NOTICE

This material is being furnished to you to provide summary information regarding Magellan Asset Management Limited trading as MFG Asset Management ('**MFG Asset Management**') and an investment fund or investment strategy managed by MFG Asset Management ('**Strategy**'). This material is not intended to constitute advertising or advice of any kind and you should not construe the contents of this material as legal, tax, investment or other advice. In making an investment decision, you must rely on your own examination of any offering documents relating to the Strategy.

The investment program of the Strategy presented herein is speculative and may involve a high degree of risk. The Strategy is not intended as a complete investment program and is suitable only for sophisticated investors who can bear the risk of loss. The Strategy may lack diversification, which can increase the risk of loss to investors. The Strategy's performance may be volatile. Past performance is not necessarily indicative of future results and no person guarantees the future performance of the Strategy, the amount or timing of any return from it, that asset allocations will be met, that it will be able to implement its investment strategy or that its investment objectives will be achieved. Statements contained in this material that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of MFG Asset Management. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. This material may contain 'forward-looking statements'. Actual events or results or the actual performance of an MFG Asset Management financial product or service may differ materially from those reflected or contemplated in such forward-looking statements. The Strategy will have limited liquidity, no secondary market for interests in the Strategy is expected to develop and there are restrictions on an investor's ability to withdraw and transfer interests in the Strategy. The management fees, incentive fees and allocation and other expenses of the Strategy will reduce trading profits, if any, or increase losses.

No representation or warranty is made with respect to the correctness, accuracy, reasonableness or completeness of any of the information contained in this material. This information is subject to change at any time and no person has any responsibility to update any of the information provided in this material. This material may include data, research and other information from third party sources. MFG Asset Management makes no guarantee that such information is accurate, complete or timely and does not provide any warranties regarding results obtained from its use. MFG Asset Management will not be responsible or liable for any losses, whether direct, indirect or consequential, including loss of profits, damages, costs, claims or expenses, relating to or arising from your use or reliance upon any part of the information contained in this material including trading losses, loss of opportunity or incidental or punitive damages.

No distribution of this material will be made in any jurisdiction where such distribution is not authorised or is unlawful. This material does not constitute, and may not be used for the purpose of, an offer or solicitation in any jurisdiction or in any circumstances in which such an offer or solicitation is unlawful or not authorized or in which the person making such offer or solicitation is not qualified to do so. This material and the information contained within it may not be reproduced, or disclosed, in whole or in part, without the prior written consent of MFG Asset Management. Further information regarding any benchmark referred to herein can be found at www.mfgam.com.au. Any trademarks, logos, and service marks contained herein may be the registered and unregistered trademarks of their respective owners.

United Kingdom - This material does not constitute an offer or inducement to engage in an investment activity under the provisions of the Financial Services and Markets Act 2000 (FSMA). This material does not form part of any offer or invitation to purchase, sell or subscribe for, or any solicitation of any such offer to purchase, sell or subscribe for, any shares, units or other type of investment product or service. This material or any part of it, or the fact of its distribution, is for background purposes only. This material has not been approved by a person authorised under the FSMA and its distribution in the United Kingdom and is only being made to persons in circumstances that will not constitute a financial promotion for the purposes of section 21 of the FSMA as a result of an exemption contained in the FSMA 2000 (Financial Promotion) Order 2005 as set out below. This material is exempt from the restrictions in the FSMA as it is to be strictly communicated only to 'investment professionals' as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (FPO).

United States of America - This material is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of MFG Asset Management to create legal relations on the basis of information provided herein. Where performance figures are shown net of fees charged to clients, the performance has been reduced by the amount of the highest fee charged to any client employing that particular strategy during the period under consideration. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Fees are available upon request and also may be found in Part II of MFG Asset Management's Form ADV.

The MSCI World Index (Net) is a free-float adjusted market capitalization weighted index that is designed to measure the equity performance of 24 developed markets. Index results assume the reinvestment of all distributions of capital gain and net investment income using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS®) DISCLOSURE

Magellan Asset Management Limited, doing business as MFG Asset Management in jurisdictions outside Australia and New Zealand, (MFG Asset Management) claims compliance with the Global Investment Performance Standards (GIPS®).

For the purpose of complying with GIPS, the Firm is defined as all discretionary portfolios managed by MFG Asset Management, excluding brands managed by subsidiaries operating as distinct business entities. MFG Asset Management is a wholly-owned subsidiary of the publicly listed company Magellan Financial Group Limited. MFG Asset Management is based in Sydney, Australia. Total Firm assets is defined as all assets managed by MFG Asset Management, excluding assets managed by subsidiaries operating as distinct business entities.

The Global Equity composite is a concentrated global equity strategy investing in high quality companies (typically 20-40 stocks). High quality companies are those companies that have sustainable competitive advantages which translate into returns on capital materially in excess of their cost of capital for a sustained period of time. The investment objectives of the Global Equity strategy are to earn superior risk adjusted returns through the business cycle whilst minimising the risk of a permanent capital loss. The composite was created in December 2011.

To achieve investment objectives, the composite may also use derivative financial instruments including, but not limited to, options, swaps, futures and forwards. Derivatives are subject to the risk of changes in the market price of the underlying securities instruments, and the risk of the loss due to changes in interest rates. The use of certain derivatives may have a leveraging effect, which may increase the volatility of the composite and may reduce its returns.

A copy of the composite's GIPS compliant presentation and/or the firm's list of composite descriptions are available upon request by emailing client.reporting@magellangroup.com.au.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The representative portfolio is an account in the composite that closely reflects the portfolio management style of the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio may differ from those of the composite and of the other accounts in the composite. Information regarding the representative portfolio and the other accounts in the composite is available upon request.

USD is the currency used to calculate performance.

GLOBALUSD45016