Strategy Update: 30 June 2022

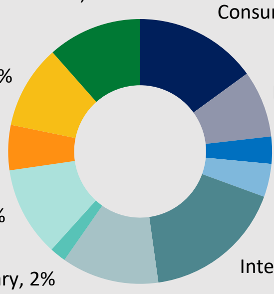
MFG Global Sustainable (USD)

Portfolio Manager	Strategy Inception Date	Total Strategy Assets	Total Global Sustainable Assets [1]
Domenico Giuliano	1 October 2016	USD $292.1 million	USD $292.1 million

Objective	Approach
Capital preservation in adverse markets	High conviction (20-50 securities), high quality focus, low turnover
Attractive absolute risk-adjusted returns through the economic cycle	Dual-sleeve portfolio construction with dynamic allocation to cash (typically between 0% - 20%)
	Combined Risk Ratio cap of 0.8^
Deliver carbon intensity less than 1/3 of MSCI World	Integrated ESG with proprietary, multi-dimensional carbon emissions management. Certain stocks are excluded from the investment universe, including those with material exposures to gambling, alcohol, tobacco, adult entertainment and weapons, amongst other exposures as determined from time to time by MFG/Magellan

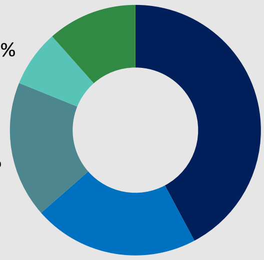
Top 10 Holdings[2]	Sector[2]	%
Alphabet Inc	Internet & eCommerce	7.7
Microsoft Corporation	Information Technology	7.5
Visa Inc	Payments	4.9
MasterCard Inc	Payments	4.7
Yum! Brands Inc	Restaurants	4.1
Novartis AG	Health Care	4.1
Unilever PLC	Consumer Defensive	3.8
Meta Platforms Inc	Internet & eCommerce	3.8
Reckitt Benckiser Group	Consumer Defensive	3.8
Nestle SA	Consumer Defensive	3.7
	TOTAL:	48.1

Sector Exposure[5]



Strategy Fundamentals[2]	Strategy
Number of Holdings	27
Carbon Intensity (CO_2t/US$1m revenue)	17
Return on Equity	33
P/E Ratio (1 year forward)	22
Interest Cover	18
Debt/Equity Ratio	85
Weighted Average Market Cap (USD million)	467,766

Geographic Exposure



3 Year rolling returns[3] (measured monthly)	1 Year	Since Inception
Against MSCI World NTR Index+		
No of observations	12	34
Average excess return (% p.a.) (Gross)	-3.4	0.3
Average excess return (% p.a.) (Net)	-4.3	-0.6
Outperformance consistency (Gross)	0%	50%
Outperformance consistency (Net)	0%	50%

Performance[3]	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (% p.a.)
Composite (Gross)	-15.2	-17.1	2.5	6.6	7.7
Composite (Net)	-15.4	-17.7	1.7	5.8	6.9
MSCI World NTR Index+	-16.2	-14.3	7.0	7.7	8.9
Excess (Gross)	1.0	-2.8	-4.5	-1.1	-1.2
MSCI World Low Carbon NTR Index+	-16.6	-15.0	7.0	7.6	8.8

Annual Performance[3] (%)	CYTD	2021	2020	2019	2018	2017	2016*
Composite (Gross)	-21.8	16.3	10.1	27.2	-1.0	21.4	0.3
Composite (Net)	-22.2	15.3	9.2	26.2	-1.8	20.4	0.1
MSCI World NTR Index+	-20.5	21.8	15.9	27.7	-8.7	22.4	1.9
Excess (Gross)	-1.3	-5.5	-5.8	-0.5	7.7	-1.0	-1.6
MSCI World Low Carbon NTR Index+	-21.0	21.5	16.5	28.5	-8.9	22.2	1.4

[1] Comprised of all Sustainable Strategies.
[2] 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.
[3] Rolling 3-year returns are calculated and rolled monthly for the duration of each period shown. The average excess return is then calculated for each period, with the outperformance consistency indicating the percentage of positive excess returns. Strategy inception is 1 October 2016.
[4] Returns are for the Global Sustainable Composite and denoted in AUD. Performance would vary if returns were denominated in a currency other than AUD. Refer to the GIPS Disclosure section below for further information. Strategy inception is 1 October 2016. 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.
^ Combined risk ratio is a measure of relative beta and relative drawdown to MSCI World NTR USD Index[+]. Please contact MFGAM should you wish for further details on the calculation.
[+] All data 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/.
* Returns are only for part year.

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 Sustainable composite is a concentrated global equity strategy investing in high quality companies (typically 20-50 stocks) with an integrated ESG risk assessment process, including a low carbon overlay and specific ESG exclusions on societal grounds related to either material manufacturing or retail exposures to Tobacco, Alcohol, Gambling, Controversial Weapons, Civilian Firearms, Adult Entertainment and other activities that Magellan may specify from time to time. 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 Sustainable strategy are to earn superior risk adjusted returns through the business cycle whilst minimising the risk of a permanent capital loss with specific ESG exclusions and a meaningfully lower carbon intensity than broader equity markets. The composite name was changed from Global ESG to Global Sustainable on 1 November 2020 following the restructure of our Global Sustainable product offerings into two distinct strategies, one with additional ESG exclusions and one without. The Global Sustainable strategy does apply additional ESG exclusions.

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

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.

The representative portfolio for the Global Sustainable strategy changed on 1 November 2020 following the removal of the additional ESG exclusions from the previous representative portfolio.

USD is the currency used to calculate performance.

Market Commentary

Global stocks fell for a second consecutive quarter in the three months to June after central banks tightened monetary policy to combat inflation, concerns grew the higher interest rates could pummel the US and global economies, doubts returned about the stability of the eurozone, and companies reported disappointing earnings and warned of pressure on margins. During the quarter, all of the 11 sectors fell in US-dollar terms. Consumer discretionaries (-24%) fell the most while energy (-5.1%) fell least. The Morgan Stanley Capital International World Index dived 16% in US dollars.

US stocks dropped as disappointing earnings (especially from retailers) added to pessimism that higher interest rates could send the US economy into recession. Inflation around 40-year highs prompted the Federal Reserve to deliver the first of two rate rises (that boosted the US cash rate by 1.25% to a range of 1.5% to 1.75%) in what is thought to be a series of rate increases that are expected to boost the key rate to above 3% by year end. As the University of Michigan consumer sentiment index slid to its lowest since the survey began in 1952 and mortgages surged to 14-year highs as the Fed commenced 'quantitative tightening' (asset selling), Fed chair Jerome Powell warned the country must accept a higher risk of recession to curb inflation. A report in June showed US inflation reached 8.6% in the 12 months to May, its fastest since 1981. Another report showed the US economy unexpectedly shrank at an annualised pace of 1.6% in the first quarter, whereas investors had expected a gain of 1.1%. The S&P 500 Index shed 16%.

European stocks slid as eurozone inflation set fresh record highs, the European Central Bank warned of tighter monetary policy and held an 'emergency meeting' to deal with the consequences, the European Commission downgraded growth forecasts and increased inflation predictions due to the energy crisis worsened by the Ukraine war, and the UK economic outlook crumbled. As a report showed eurozone inflation sped to 8.1% in the 12 months to May, ECB President Christine Lagarde warned the central bank's experiment with negative interest rates would end by September. The ECB held an unscheduled meeting to alleviate concerns that higher borrowing costs for indebted countries could destabilise the eurozone – the ECB said it would come up with a plan to control sovereign yields. On June 30, indebted Italy sold government 10-year bonds at 3.47%, the highest yields since 2014. The EC reduced its growth forecasts for the EU and euro area for 2022 to 2.7% from 4% previously and said inflation would exceed 6% over the year. A report showed the eurozone economy grew 0.6% in the first quarter. In the UK, the Bank of England raised its key rate for a fifth consecutive month by 0.25%, to boost the key rate to 1.25%, and warned the economy would contract. In political news, Emmanuel Macron in April defeated Marine Le Pen in the French presidential elections, to make Macron the first head of state to be re-elected since Jacques Chirac in 2002. But in June France was said to have become 'ungovernable' when Macron's centrist Ensemble (Together) alliance lost its parliamentary majority in general elections that saw the far left and far right thrive, the first such defeat for a president in the fifth republic that began in 1958. The Euro Stoxx 50 Index lost 12%.

Japan's Nikkei 225 Index shed 5.1% as a report showed the Omicron variant caused growth to contract at an annualised rate of 1% in the first quarter and an energy crisis loomed. Australia's S&P/ASX 200 Accumulation Index dived 12% after iron ore prices slid and the Reserve Bank of Australia raised its key rate by 0.75% in two steps to combat inflation running at 5.1%, as the Australian Labor Party in national elections secured government after nine years in opposition. China's CSI 300 Index jumped 6.2% as Beijing implemented monetary and fiscal stimulus and large cities reopened after lockdowns enforced under a zero-covid policy. The MSCI Emerging Markets Index tumbled 12% in US dollars as the higher US dollar put pressure on countries with large debts denominated in the US currency and a global economic slowdown loomed.

Strategy Commentary

The strategy recorded a negative return for the quarter. Among the biggest detractors as a rise in government bond yields applied a greater discount to future profits were the investments in Netflix, Alphabet and Meta Platforms. Netflix dived after the streaming service reported an unexpected decline in subscribers during the first quarter, when 200,000 people cancelled their subscriptions. Alphabet, the parent of Google, dropped after first-quarter revenue growth of 20% disappointed due to poorer-than-expected ad sales in Europe and on YouTube. Meta, the owner of Facebook, fell on concerns that a possible recession might reduce advertising volumes, Apple's privacy changes would erode its capabilities to target online ads, and TikTok's popularity was lowering user time for its younger users.

The biggest contributors as defensives outperformed cyclicals were the investments in Reckitt of the UK and Unilever. Reckitt gained after the consumer-goods company in the first quarter raised the prices of its goods by enough to protect margins from rising input prices. Unilever, the Anglo-Dutch multinational, did likewise.

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