



# Magellan Global Fund (Hedged), Magellan Infrastructure Fund, Magellan Infrastructure Fund (Unhedged)

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## Interim Reports

For the half year ended 31 December 2021

Magellan Global Fund (Hedged): ABN 72 263 210 345

Magellan Infrastructure Fund: ABN 64 144 747 279

Magellan Infrastructure Fund (Unhedged): ABN 79 874 701 620

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# Responsible Entity's Report

for the half year ended 31 December 2021

The Directors of Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946), the Responsible Entity of Magellan Global Fund (Hedged) ("MGFH"), Magellan Infrastructure Fund ("MIF") and Magellan Infrastructure Fund (Unhedged) ("MIFU"), (collectively "the Funds") present their half year reports on the Funds for the period ended 31 December 2021.

## 1. Directors

The following persons were Directors of MAM during the period and up to the date of this report:

		Appointed	Resigned
Robert Fraser	Chairman	23 April 2014	
John Eales	Non-executive Director	1 July 2017	
Colette Garnsey	Non-executive Director	30 November 2020	
Hamish McLennan	Non-executive Director	1 March 2016	
Kirsten Morton	Interim Chief Executive Officer/Chief Financial Officer <sup>1</sup>	5 October 2018	
Karen Phin	Non-executive Director	23 April 2014	
Brett Cairns	Chief Executive Officer	22 January 2007	6 December 2021
Paul Lewis	Non-executive Director	20 December 2006	30 September 2021

<sup>1</sup> Following Mr Cairns' resignation on 6 December 2021, Ms Morton was appointed Interim Chief Executive Officer.

## 2. Principal Activity

The Funds are registered managed investment schemes domiciled in Australia, with the principal place of business at Level 36, 25 Martin Place, Sydney, New South Wales 2000. MAM is both the Responsible Entity and the Investment Manager of the Funds.

The primary objectives of MGFH are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss. MGFH offers investors an opportunity to invest in a specialised and focused global equity fund. The aim is to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time. MGFH endeavours to acquire these companies at discounts to their assessed intrinsic value. MGFH's portfolio comprises 20 to 40 investments and believes such a portfolio will achieve sufficient diversification to ensure the MGFH is not overly correlated to a single company, or to industry specific or macroeconomic risks. MGFH's intention is to substantially hedge the capital component of the foreign currency exposure of MGFH arising from investments in overseas markets back to Australian Dollars.

MIF offers investors an opportunity to invest in a specialised and focused global infrastructure fund. MIF's investment universe is any entity listed on a global stock exchange whose primary business is the ownership and operation of infrastructure assets. The primary objectives of MIF are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss. MIF invests in companies that generate the dominant part of their earnings from the ownership of infrastructure assets and endeavours to acquire these companies at discounts to their assessed intrinsic value. MIF's portfolio comprises 20 to 40 investments and MAM believes such a portfolio will achieve sufficient diversification to ensure MIF is not overly correlated to a single company or to macroeconomic risks. MIF's intention is to substantially hedge the capital component of the foreign currency exposure of the fund arising from investments in overseas markets back to Australian Dollars.

MIFU has the same investment strategy as MIF, except that the capital component of the foreign currency exposure, arising from investment in overseas markets, is substantially unhedged.

# Responsible Entity's Report

for the half year ended 31 December 2021

The investment strategy for each of the Funds is detailed in the Product Disclosure Statements ("PDSs"), issued 23 December 2021.

## 3. Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Funds during the period.

## 4. Review of Operations

### 4.1. Financial Results for the Period

The performance of the Funds, as represented by the results of their operations for the periods ended 31 December were as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>Results</b>						
Total net investment income (\$'000)	<b>69,493</b>	127,828	<b>272,827</b>	66,018	<b>129,412</b>	(37,434)
Total expenses (\$'000)	<b>(12,235)</b>	(10,893)	<b>(25,351)</b>	(15,506)	<b>(10,130)</b>	(6,639)
<b>Profit/(Loss) (\$'000)</b>	<b>57,258</b>	116,935	<b>247,476</b>	50,512	<b>119,282</b>	(44,073)
<b>Distributions</b>						
Distribution paid and payable (\$'000)	<b>26,741</b>	28,439	<b>56,251</b>	52,601	<b>23,644</b>	22,926
Distribution paid and payable (CPU) <sup>1</sup>	<b>3.5600</b>	3.3200	<b>2.6600</b>	2.7100	<b>3.6900</b>	3.8100
<b>Unit Price</b>						
Unit price (net asset value) (ex-distribution) (\$)	<b>1.9812</b>	1.8102	<b>1.3865</b>	1.2519	<b>1.8911</b>	1.6528
Redemption unit price (ex-distribution) (\$)	<b>1.9798</b>	1.8089	<b>1.3844</b>	1.2500	<b>1.8883</b>	1.6503

<sup>1</sup> Cents Per Unit.

Final distributions for the year ended 30 June 2021, and paid on 21 July 2021, are as follows:

- MGFH: \$29,039,000 or 3.430 CPU,
- MIF: \$56,730,000 or 2.710 CPU,
- MIFU: \$23,290,000 or 3.790 CPU.

# Responsible Entity's Report

for the half year ended 31 December 2021

## 4.2. Total Indirect Cost Ratio

The Total Indirect Cost Ratio ("ICR") is the ratio of the Funds' actual management costs over the average portfolio values expressed as a percentage. Management costs, accrued within the Funds' unit prices on a daily basis, include management and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2020 %	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2020 %	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2020 %
Management fee	<b>0.68</b>	0.68	<b>0.54</b>	0.53	<b>0.53</b>	0.53
Performance fee <sup>1</sup>	-	-	<b>0.19</b>	-	<b>0.17</b>	-
<b>Total Indirect Cost Ratio</b>	<b>0.68</b>	0.68	<b>0.73</b>	0.53	<b>0.70</b>	0.53

	12 Months to 31 Dec 2021 %		12 Months to 31 Dec 2020 %		12 Months to 31 Dec 2021 %		12 Months to 31 Dec 2020 %	
	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2020 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2020 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2020 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2020 %
Management fee	<b>1.35</b>	1.35	<b>1.06</b>	1.05	<b>1.06</b>	1.05		1.05
Performance fee <sup>1</sup>	-	-	<b>0.20</b>	-	<b>0.18</b>	-		-
<b>Total Indirect Cost Ratio</b>	<b>1.35</b>	1.35	<b>1.26</b>	1.05	<b>1.24</b>	1.05		1.05

<sup>1</sup> Performance fees are calculated on six monthly measurement periods ending on 30 June and 31 December of each calendar year. The Performance fees component of the ICR is calculated on an accrual basis for each measurement period.

# Responsible Entity's Report

for the half year ended 31 December 2021

## 4.3. Performance Returns

The performance returns have been calculated using redemption unit prices for the Funds, which are after fees and expenses, assuming reinvestment of distributions. The returns are calculated daily, compounded to produce longer period returns.

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2020 %	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2020 %	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2020 %
Growth return <sup>1</sup>	1.9	7.3	7.0	(0.1)	8.8	(6.5)
Distribution return <sup>2</sup>	1.8	2.0	2.1	2.2	2.1	2.2
<b>Total Return<sup>3</sup></b>	<b>3.7</b>	<b>9.3</b>	<b>9.1</b>	<b>2.1</b>	<b>10.9</b>	<b>(4.3)</b>

	12 Months to 31 Dec 2021 %		12 Months to 31 Dec 2020 %		12 Months to 31 Dec 2021 %		12 Months to 31 Dec 2020 %	
	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2020 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2020 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2020 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2020 %
Growth return <sup>1</sup>	9.5	0.1	10.7	(15.6)	14.4	(18.9)		
Distribution return <sup>2</sup>	3.9	5.8	4.5	3.9	4.8	4.0		
<b>Total Return<sup>3</sup></b>	<b>13.4</b>	<b>5.9</b>	<b>15.2</b>	<b>(11.7)</b>	<b>19.2</b>	<b>(14.9)</b>		

<sup>1</sup> The Growth return is calculated daily as a percentage by dividing the unit price (ex-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

<sup>2</sup> The Distribution return is calculated as a percentage by subtracting the Growth return from the Total Return.

<sup>3</sup> The Total Return is calculated daily as a percentage by dividing the unit price (cum-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Total Returns are then compounded to produce longer period returns.

## 5. Strategy and Future Outlook

The Funds' investment objective is unchanged. The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Therefore, investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

The Funds provide daily unit prices, monthly fund updates and annual investor reports which can be found in the 'Our Funds' section of the Magellan Financial Group Limited ("MFG") website, [www.magellangroup.com.au](http://www.magellangroup.com.au). Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

## 6. Interest in the Funds

The movements in units on issue of the Funds is disclosed in Note 4 to the Financial Statements.

# Responsible Entity's Report

for the half year ended 31 December 2021

## 7. Likely Developments and Expected Results of Operations

The Funds will continue to invest in companies and businesses in accordance with the investment strategy as set out in their PDSs.

The method of operating the Funds is not expected to change in the foreseeable future. However the results of the Funds' operations may be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and past returns should not be used to predict future returns.

## 8. Subsequent Events

On 7 February 2022, MAM announced that its Chief Investment Officer and Portfolio Manager of MGFH, Mr Hamish Douglass, was taking a medical leave of absence to prioritise his health following a period of intense pressure and focus on both his professional and personal life. At that time, Mr Chris Mackay was appointed to oversee the portfolio management of the MGFH in conjunction with the Fund's co-portfolio managers, Ms Nikki Thomas and Mr Arvid Streimann, with the support of MAM's Investment team.

Net asset value ("NAV") moves as a result of a number of factors including movements in asset prices, exchange rates and unitholder subscriptions and redemptions. Subsequent to balance date, as at 3 March 2022, the relevant positions were as follows:

	Magellan Global Fund (Hedged)	Magellan Infrastructure Fund	Magellan Infrastructure Fund (Unhedged)
NAV per unit (\$)	1.7592	1.3393	1.8019
Net asset value (\$'000)	1,156,182	2,775,549	1,153,798
Units ('000)	657,221	2,072,314	640,335

Other than the above and items disclosed throughout the Responsible Entity's Report, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Funds' operations, the results of those operations, or the Funds' state of affairs in future financial periods.

## 9. Rounding of Amounts

The Funds are of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and consequently amounts in the Responsible Entity's Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

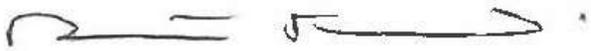
# Responsible Entity's Report

for the half year ended 31 December 2021

## 10. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.



**Robert Fraser**

Chairman

Sydney, 7 March 2022



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## **Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as the Responsible Entity of Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged) (the Funds)**

As lead auditor for the review of the Interim Financial Reports of the Funds for the interim period ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. no contraventions of any applicable code of professional conduct in relation to the review; and
- c. no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

**Ernst & Young**

**Clare Sporle**

Partner

Sydney, 7 March 2022

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# Statements of Profit or Loss and Comprehensive Income

for the half year ended 31 December 2021

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>Investment Income</b>						
Dividend and distribution income	7,855	6,440	36,935	29,283	15,069	12,713
Interest income	-	99	50	278	-	3
Net change in fair value of investments	61,548	121,148	235,405	36,702	112,840	(40,699)
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash	63	53	164	(559)	1,386	(9,593)
Other income	27	88	273	314	117	142
<b>Total Net Investment Income</b>	<b>69,493</b>	127,828	<b>272,827</b>	66,018	<b>129,412</b>	(37,434)
<b>Expenses</b>						
Management fees	10,832	9,657	15,297	12,450	6,260	5,380
Performance fees	13	48	5,527	-	1,993	-
Interest expenses	-	-	4	-	3	-
Transaction costs	320	233	526	650	243	222
Withholding tax on dividends and distributions	1,070	955	3,997	2,406	1,631	1,037
<b>Total Expenses</b>	<b>12,235</b>	10,893	<b>25,351</b>	15,506	<b>10,130</b>	6,639
<b>Profit/(Loss)</b>	<b>57,258</b>	116,935	<b>247,476</b>	50,512	<b>119,282</b>	(44,073)
Other comprehensive income	-	-	-	-	-	-
<b>Total Comprehensive Income/(Loss)</b>	<b>57,258</b>	116,935	<b>247,476</b>	50,512	<b>119,282</b>	(44,073)

The above Statements of Profit or Loss and Comprehensive Income should be read in conjunction with the accompanying Notes to the Financial Statements.

# Statements of Financial Position

as at 31 December 2021

	Note	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Assets</b>							
Cash and cash equivalents		143,381	95,248	167,259	98,800	61,432	40,157
Receivables		8,124	2,918	11,592	19,299	4,777	7,028
Derivative assets	3	267	84	1,662	57	-	-
Investments	3	1,388,409	1,620,531	2,833,179	2,703,673	1,175,441	1,046,540
<b>Total Assets</b>		<b>1,540,181</b>	<b>1,718,781</b>	<b>3,013,692</b>	<b>2,821,829</b>	<b>1,241,650</b>	<b>1,093,725</b>
<b>Liabilities</b>							
Distributions payable	2	26,741	29,039	56,251	56,730	23,644	23,290
Payables		2,014	3,075	15,877	6,010	6,050	2,098
Derivative liabilities	3	23,227	40,179	9,411	47,957	-	-
<b>Total Liabilities</b>		<b>51,982</b>	<b>72,293</b>	<b>81,539</b>	<b>110,697</b>	<b>29,694</b>	<b>25,388</b>
<b>Total Unitholders' Equity</b>		<b>1,488,199</b>	<b>1,646,488</b>	<b>2,932,153</b>	<b>2,711,132</b>	<b>1,211,956</b>	<b>1,068,337</b>

The above Statements of Financial Position should be read in conjunction with the accompanying Notes to the Financial Statements.

# Statements of Changes in Equity

for the half year ended 31 December 2021

	Note	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>Unitholders' Equity at beginning of the Period</b>		<b>1,646,488</b>	1,200,553	<b>2,711,132</b>	2,184,162	<b>1,068,337</b>	1,007,594
<b>Transactions with Unitholders in their Capacity as Owners:</b>							
Issue of units		<b>156,219</b>	408,504	<b>396,164</b>	492,084	<b>162,238</b>	147,270
Issue of units under Distribution Reinvestment Plan and management fee rebates		<b>1,465</b>	4,531	<b>6,020</b>	9,774	<b>1,940</b>	2,445
Units redeemed		<b>(346,490)</b>	(151,606)	<b>(372,388)</b>	(254,234)	<b>(116,197)</b>	(95,796)
Distributions paid and payable	2	<b>(26,741)</b>	(28,439)	<b>(56,251)</b>	(52,601)	<b>(23,644)</b>	(22,926)
<b>Total Transactions with Unitholders</b>		<b>(215,547)</b>	232,990	<b>(26,455)</b>	195,023	<b>24,337</b>	30,993
Profit/(loss)		<b>57,258</b>	116,935	<b>247,476</b>	50,512	<b>119,282</b>	(44,073)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income/(loss)		<b>57,258</b>	116,935	<b>247,476</b>	50,512	<b>119,282</b>	(44,073)
<b>Total Unitholders' Equity at the end of the Period</b>		<b>1,488,199</b>	1,550,478	<b>2,932,153</b>	2,429,697	<b>1,211,956</b>	994,514

The above Statements of Changes in Equity should be read in conjunction with the accompanying Notes to the Financial Statements.

# Statements of Cash Flows

for the half year ended 31 December 2021

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>Cash Flows from Operating Activities</b>						
Dividends and distributions received (net of withholding tax)	6,424	5,217	39,898	28,461	15,925	12,727
Interest received	-	124	50	335	-	4
Other income received	27	88	273	314	117	142
Management and performance fees paid	(10,806)	(9,314)	(14,674)	(11,670)	(5,673)	(4,918)
Interest paid	-	-	(4)	-	(3)	-
Transaction costs paid	(320)	(233)	(526)	(650)	(243)	(222)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>(4,675)</b>	<b>(4,118)</b>	<b>25,017</b>	<b>16,790</b>	<b>10,123</b>	<b>7,733</b>
<b>Cash Flows from Investing Activities</b>						
Purchase of investments	(146,479)	(442,310)	(270,022)	(611,049)	(140,569)	(181,566)
Proceeds from sale of investments	484,088	97,043	426,031	249,476	126,828	111,807
Net foreign exchange gain/(loss)	1,627	118	(95)	(226)	2,736	(14,809)
Net cash flows from settlement of forward foreign currency contracts	(67,806)	50,924	(84,421)	46,311	-	-
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>271,430</b>	<b>(294,225)</b>	<b>71,493</b>	<b>(315,488)</b>	<b>(11,005)</b>	<b>(84,568)</b>
<b>Cash Flows from Financing Activities</b>						
Receipts from issue of units	156,437	409,261	397,824	493,702	162,461	147,041
Payments for redemption of units	(347,435)	(151,353)	(374,556)	(255,897)	(117,016)	(96,322)
Distributions paid	(27,675)	(41,831)	(51,244)	(43,097)	(21,957)	(23,678)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>(218,673)</b>	<b>216,077</b>	<b>(27,976)</b>	<b>194,708</b>	<b>23,488</b>	<b>27,041</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>48,082</b>	<b>(82,266)</b>	<b>68,534</b>	<b>(103,990)</b>	<b>22,606</b>	<b>(49,794)</b>
Cash and cash equivalents at the beginning of period	95,248	203,555	98,800	264,928	40,157	110,782
Effect of exchange rate fluctuations on cash and cash equivalents	51	77	(75)	21	(1,331)	5,145
<b>Cash and Cash Equivalents at end of Period</b>	<b>143,381</b>	<b>121,366</b>	<b>167,259</b>	<b>160,959</b>	<b>61,432</b>	<b>66,133</b>

The Statements of Cash Flows should be read in conjunction with the accompanying Notes to the Financial Statements.

# Notes to the Financial Statements

for the half year ended 31 December 2021

## Overview

These half year financial reports are for MGFH, MIF and MIFU, (collectively “the Funds”), as individual entities, for the period ended 31 December 2021.

The Funds are registered managed investment schemes under the *Corporations Act 2001*. In accordance with the Funds’ Constitutions, they commenced on the date that their first units were issued, which is set out as follows:

	Date of Commencement
Magellan Global Fund (Hedged)	28 June 2013
Magellan Infrastructure Fund	1 July 2007
Magellan Infrastructure Fund (Unhedged)	28 June 2013

The Funds terminate on the day immediately preceding the 80<sup>th</sup> anniversary of their Date of Commencement, unless terminated earlier in accordance with the provisions of each Fund’s Constitution.

MAM (ABN 31 120 593 946) is the Responsible Entity of the Funds.

The interim financial reports were authorised for issue by the Directors of the Responsible Entity on 7 March 2022. The Directors have the power to amend and reissue the interim financial reports.

The Funds are considered for-profit unit trusts for the purpose of these interim financial reports.

### 1. Basis of Preparation

The condensed interim financial reports are general purpose financial reports, presented in Australian Dollars, and have been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, other mandatory professional reporting requirements and the Funds’ Constitutions.

These condensed interim financial reports do not include all the information and disclosures normally included in the annual financial reports. Accordingly, these reports should be read in conjunction with the 30 June 2021 Annual Reports and any public announcements made during the period.

The Statements of Financial Position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss. These fair value assets and liabilities comprise mainly investments that are managed based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. Consequently, the investments that may be realised within 12 months cannot be determined at reporting date.

All amounts in the financial statements are rounded to the nearest thousand dollars (\$’000) or in certain cases, the nearest dollar, unless otherwise stated in accordance with the *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191*.

# Notes to the Financial Statements

for the half year ended 31 December 2021

## 1.1. Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The Funds have not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at balance date.

## 1.2. Critical Accounting Estimates and Judgements

The preparation of the Funds' financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates.

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may however move materially with movements in market prices. As most investments are valued with reference to the listed quoted prices and the Funds' cash is held with strongly rated financial institutions, the Funds' financial assets are not subject to significant judgement or complexity nor are the Funds' liabilities.

## 1.3. Including Different Registered Scheme Financial Reports in a Single Document

The Funds have applied *ASIC Corporations (Related Scheme Reports) Instrument 2015/839*, which allows registered schemes with a common Responsible Entity to include their financial statements in adjacent columns in a single financial report.

## 2. Distributions to Unitholders

Distributions for the periods ended 31 December are as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)		
	\$'000	CPU	\$'000	CPU	\$'000	CPU	Date Paid
<b>Period ended 31 December 2021</b>							
Prior year final distribution paid	29,039	3.430	56,730	2.710	23,290	3.790	21 Jul 2021
Interim distribution payable	26,741	3.560	56,251	2.660	23,644	3.690	19 Jan 2022
	\$'000	CPU	\$'000	CPU	\$'000	CPU	Date Paid
<b>Period ended 31 December 2020</b>							
Prior year final distribution paid	46,281	6.500	52,338	3.000	25,692	4.500	14 Jul 2020
Interim distribution payable	28,439	3.320	52,601	2.710	22,926	3.810	15 Jan 2021

# Notes to the Financial Statements

for the half year ended 31 December 2021

Distributions payable are recognised in the Statements of Financial Position where the distributions have been declared but remain unpaid at balance date.

On 10 January 2022 MAM announced, the Target Cash Distribution for the six month period ended 30 June 2022 will be:

- MGFH: 3.68 CPU,
- MIF: 2.6 CPU, and
- MIFU: 3.59 CPU.

## Distribution Reinvestment Plan

A Distribution Reinvestment Plan ("DRP") operated in each Fund during the current period. Unitholders may request their distributions to be applied as subscriptions for additional units in the respective Fund at the Issue Price (as defined in the Funds' Constitutions). DRP details are as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2021 Interim Distribution	30 Jun 2021 Final Distribution	31 Dec 2021 Interim Distribution	30 Jun 2021 Final Distribution	31 Dec 2021 Interim Distribution	30 Jun 2021 Final Distribution
DRP issue price (\$)	<b>1.9812</b>	1.9448	<b>1.3865</b>	1.2956	<b>1.8911</b>	1.7392
DRP unitholder participation rate (%)	<b>4.06</b>	5.35	<b>9.85</b>	9.94	<b>7.49</b>	5.73
Number of units issued under DRP	<b>547,902</b>	701,595	<b>3,996,319</b>	4,234,426	<b>937,021</b>	766,263
Value of units issued under DRP (\$'000)	<b>1,086</b>	1,364	<b>5,541</b>	5,486	<b>1,772</b>	1,333
DRP issue date	<b>1 Jan 2022</b>	1 Jul 2021	<b>1 Jan 2022</b>	1 Jul 2021	<b>1 Jan 2022</b>	1 Jul 2021

	31 Dec 2020		30 Jun 2020		31 Dec 2020		30 Jun 2020	
	Interim Distribution	Final Distribution	Interim Distribution	Final Distribution	Interim Distribution	Final Distribution	Interim Distribution	Final Distribution
DRP issue price (\$)	1.8102	1.6862	1.2519	1.2528	1.6528	1.7660	1.6528	1.7660
DRP unitholder participation rate (%)	10.44	9.62	12.33	17.66	7.36	7.84	7.36	7.84
Number of units issued under DRP	1,639,455	2,639,076	5,179,685	7,376,331	1,020,247	1,140,547	1,020,247	1,140,547
Value of units issued under DRP (\$'000)	2,968	4,450	6,484	9,241	1,686	2,014	1,686	2,014
DRP issue date	1 Jan 2021	1 Jul 2020						

# Notes to the Financial Statements

for the half year ended 31 December 2021

## 3. Investments and Derivatives

The Funds classify their equity securities, derivative assets and derivative liabilities as financial assets and liabilities at fair value through profit or loss.

The Funds disclose the fair value measurements of financial assets and financial liabilities using a three-level fair value hierarchy to reflect the source of valuation inputs used when determining the fair value as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these securities is based on the closing price for the security as quoted on the relevant exchange.
- Level 2: valuation techniques using observable inputs either directly (as prices) or indirectly (derived from prices). The fair value of derivatives is based on a discounted cash flow analysis using quoted market inputs (spot and forward rates, volatility) adjusted for specific features of the instruments and applied debit and credit valuation adjustments based on the Fund's counterparties' current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

# Notes to the Financial Statements

for the half year ended 31 December 2021

## Details of Investments and Derivatives

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Investments (Level 1)</b>						
Australian listed equity securities	-	-	365,372	434,678	149,897	168,761
International listed equity securities:						
United States	1,113,629	1,247,584	1,481,070	1,351,171	613,960	522,710
Switzerland	109,189	123,735	-	-	-	-
Germany	56,811	74,119	-	-	-	-
United Kingdom	55,062	66,162	269,883	186,047	112,936	71,600
Spain	22,703	-	232,446	218,061	96,648	84,794
France	22,530	31,460	172,557	162,796	72,176	63,245
Italy	-	-	129,788	124,697	54,164	48,441
Canada	-	-	124,314	161,918	52,447	62,335
New Zealand	-	-	30,668	29,385	12,314	11,266
Netherlands	-	-	27,081	34,920	10,899	13,388
Hong Kong	8,485	77,471	-	-	-	-
<b>Total Investments</b>	<b>1,388,409</b>	<b>1,620,531</b>	<b>2,833,179</b>	<b>2,703,673</b>	<b>1,175,441</b>	<b>1,046,540</b>
<b>Derivative Assets (Level 2)</b>						
Forward foreign currency contracts	267	84	1,662	57	-	-
<b>Total Derivative Assets</b>	<b>267</b>	<b>84</b>	<b>1,662</b>	<b>57</b>	<b>-</b>	<b>-</b>
<b>Derivative Liabilities (Level 2)</b>						
Forward foreign currency contracts	23,227	40,179	9,411	47,957	-	-
<b>Total Derivative Liabilities</b>	<b>23,227</b>	<b>40,179</b>	<b>9,411</b>	<b>47,957</b>	<b>-</b>	<b>-</b>

The Funds do not hold any level 3 assets. There have been no transfers between any of the three levels in the hierarchy during the period and the Funds' policy is to recognise transfers into and out of fair value hierarchy levels as at balance date.

# Notes to the Financial Statements

for the half year ended 31 December 2021

## 4. Unitholders' Equity

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	6 Months to 31 Dec 2021 No. of Units '000	12 Months to 30 Jun 2021 No. of Units '000	6 Months to 31 Dec 2021 No. of Units '000	12 Months to 30 Jun 2021 No. of Units '000	6 Months to 31 Dec 2021 No. of Units '000	12 Months to 30 Jun 2021 No. of Units '000
<b>Units on Issue</b>						
Opening balance	846,624	712,011	2,093,372	1,744,597	614,505	570,932
Units issued	79,398	345,848	294,199	699,460	88,497	156,563
Units issued under DRP and management fee rebates	760	4,382	4,504	13,276	1,015	2,655
Units redeemed	(175,642)	(215,617)	(277,362)	(363,961)	(63,247)	(115,645)
<b>Units on Issue at the end of the Period</b>	<b>751,140</b>	<b>846,624</b>	<b>2,114,713</b>	<b>2,093,372</b>	<b>640,770</b>	<b>614,505</b>

Applications received for units in the Funds are recorded net of entry fees. Redemptions from the Funds are recorded gross of exit fees. The Funds recognise the units issued or redeemed when settled, which is trade date.

Each unit confers upon the unitholder an equal interest in that fund and is of equal value to other units in the same fund. A unit does not confer upon the holder any interest in any particular asset or investment of the Funds. The rights of unitholders are contained in the Funds' Constitutions and include:

- the right to redeem units, subject to restrictions disclosed in the Funds' PDSs;
- the right to receive a distribution determined in accordance with the Funds' Constitutions;
- the right to attend and vote at meetings of unitholders; and
- the right to participate in the termination and winding up of the Funds.

There are no separate classes of units and each unit in a Fund has the same rights attaching to it as all other units of that Fund.

## 5. Contingent Assets, Contingent Liabilities and Commitments

At balance date the Funds have no contingent assets, contingent liabilities or commitments (June 2021: nil).

# Notes to the Financial Statements

for the half year ended 31 December 2021

## 6. Subsequent Events

On 7 February 2022, MAM announced that its Chief Investment Officer and Portfolio Manager of MGFH, Mr Hamish Douglass, was taking a medical leave of absence to prioritise his health following a period of intense pressure and focus on both his professional and personal life. At that time, Mr Chris Mackay was appointed to oversee the portfolio management of the MGFH in conjunction with the Fund's co-portfolio managers, Ms Nikki Thomas and Mr Arvid Streimann, with the support of MAM's Investment team.

Net asset value ("NAV") moves as a result of a number of factors including movements in asset prices, exchange rates and unitholder subscriptions and redemptions. Subsequent to balance date, as at 3 March 2022, the relevant positions were as follows:

	<b>Magellan Global Fund (Hedged)</b>	<b>Magellan Infrastructure Fund</b>	<b>Magellan Infrastructure Fund (Unhedged)</b>
NAV per unit (\$)	<b>1.7592</b>	<b>1.3393</b>	<b>1.8019</b>
Net asset value (\$'000)	<b>1,156,182</b>	<b>2,775,549</b>	<b>1,153,798</b>
Units ('000)	<b>657,221</b>	<b>2,072,314</b>	<b>640,335</b>

Other than the above and items disclosed throughout these interim financial reports, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Funds' operations, the results of their operations, or the Funds' state of affairs in future financial periods.

# Directors' Declaration

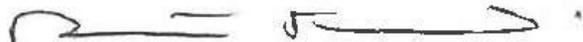
for the half year ended 31 December 2021

In the Directors' opinion, the financial statements and notes of:

Magellan Global Fund (Hedged)  
Magellan Infrastructure Fund; and  
Magellan Infrastructure Fund (Unhedged), (collectively the "Funds") as set out on pages 10 to 20;

- a. are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the financial position of the Funds as at 31 December 2021 and of their performance as represented by the results of their operations and their cash flows for the period ended on that date; and
  - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b. there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.



**Robert Fraser**  
Chairman

Sydney, 7 March 2022

## Independent auditor's review report to the unitholders of Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged)

### Conclusion

We have reviewed the accompanying Interim Financial Reports of Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged) (the Funds), which comprises the statements of financial position as at 31 December 2021, the statements of profit or loss and comprehensive income, the statements of changes in equity and the statements of cash flows for the interim period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Interim Financial Report of the Funds are not in accordance with the *Corporations Act 2001*, including:

1. giving a true and fair view of the Funds' financial position as at 31 December 2021 and of their financial performance for the interim period ended on that date; and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for conclusion

We conducted our reviews in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report. We are independent of the Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Annual Financial Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' Responsibility for the Interim Financial Report

The directors of the Responsible Entity are responsible for the preparation of the Interim Financial Reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the Interim Financial Reports that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibilities

Our responsibility is to express a conclusion on the Interim Financial Reports based on our reviews. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Reports are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Funds' financial position as at 31 December 2021 and their performance for the interim period ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in blue ink that reads 'Ernst &amp; Young'.

**Ernst & Young**

A handwritten signature in blue ink that reads 'Clare Sporle'.

**Clare Sporle**

Partner

Sydney, 7 March 2022

# Corporate Information

## Directors of the Responsible Entity

Robert Fraser - Chairman  
John Eales AM  
Colette Garnsey OAM  
Hamish McLennan  
Kirsten Morton - Interim Chief Executive Officer/Chief Financial Officer  
Karen Phin

## Company Secretaries of the Responsible Entity

Marcia Venegas  
Mariana Kolaroski

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## Website

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## Auditor

Ernst & Young  
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## Unit Registrar

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