



MAGELLAN
ASSET MANAGEMENT LIMITED

Magellan High Conviction Fund

Interim Report

For the half year ended 31 December 2022

ABN 20 120 243 491

Contents

Responsible Entity's Report	3
Auditor's Independence Declaration	7
Financial Statements	
Statement of Profit or Loss and Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
1. Basis of Preparation	12
2. Distributions to Unitholders	13
3. Investments and Derivatives	14
4. Net Assets Attributable to Unitholders - Liability	15
5. Contingent Assets, Contingent Liabilities and Commitments	15
6. Subsequent Events	16
Directors' Declaration	17
Independent Auditor's Report	18
Corporate Information	19

Responsible Entity's Report

for the half year ended 31 December 2022

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan High Conviction Fund (the "Fund") present their half year report on the Fund for the period ended 31 December 2022.

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	
David Dixon	Deputy Chairman and Non-Executive Director ¹	1 November 2022	
John Eales	Non-Executive Director	1 July 2017	
Colette Garnsey	Non-Executive Director	30 November 2020	
David George	Managing Director, Chief Executive Officer and Chief Investment Officer ²	19 July 2022	
Hamish McLennan	Non-Executive Director	1 March 2016	
Kirsten Morton	Chief Operating Officer and Chief Financial Officer	5 October 2018	
Karen Phin	Non-Executive Director	23 April 2014	20 October 2022

¹ Mr Dixon was appointed Deputy Chairman and Non-Executive Director on 1 November 2022.

² Mr George was appointed Managing Director and Chief Executive Officer on 19 July 2022, and Chief Investment Officer on 17 October 2022.

2. Principal Activity

The Fund is a registered managed investment scheme 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 Fund.

The Portfolio will typically comprise 10 to 20 investments and is weighted towards MAM's highest conviction ideas, as assessed by the Portfolio Managers. MAM seeks to invest in a focused portfolio of outstanding global companies and seeks to purchase investments when they are trading at a discount to MAM's assessment of their intrinsic value. MAM undertakes extensive fundamental analysis on the individual companies and the industries in which they operate.

While the Fund adopts a largely unhedged approach to foreign currency exposures arising from portfolio investments in foreign markets, the Fund retains the flexibility occasionally to utilise hedging to reduce the impact of foreign currency exposures associated with identified event risks.

The Fund's investment objective is to achieve attractive risk-adjusted returns over the medium to long term, while reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the Product Disclosure Statement ("PDS") issued on 16 December 2022).

3. Significant Changes in State of Affairs

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

Responsible Entity's Report

for the half year ended 31 December 2022

4. Review of Financial Results and Operations

4.1. Financial Results for the Period

The performance of the Fund, as represented by the results of its operations for the periods ended 31 December, was as follows:

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Total net investment income (\$'000)	6,301	41,967
Total expenses (\$'000)	(2,207)	(5,529)
Operating Profit/(Loss) (\$'000)	4,094	36,438

Distributions

Distributions paid and payable for the periods ended 31 December were as follows:

	Class A Units		Class B Units	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Distribution paid and payable (\$'000)	3,617	5,907	844	2,564
Distribution paid and payable (CPU) ¹	3.10	3.02	1.90	1.84

¹ Cents per unit.

The final distributions for the year ended 30 June 2022, paid on 21 July 2022, were Class A Units: \$4,421,000 or 3.15 CPU, and \$2,259,000 or 1.92 CPU.

Unit Price

	Class A Units		Class B Units	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Unit price (net asset value) (ex-distribution) (\$)	1.5898	2.2895	0.9846	1.4061
Redemption unit price (ex-distribution) (\$)	1.5887	2.2879	0.9839	1.4051

4.2. Total Indirect Cost Ratio

The Total Indirect Cost Ratio ("ICR") is the ratio of the Fund's actual management costs over the average portfolio value expressed as a percentage. Management costs, accrued within the Fund's 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.

	Class A Units		Class B Units	
	6 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %
Management fee	0.75	0.76	0.39	0.40
Performance fee ¹	-	0.08	-	0.22
Total Indirect Cost Ratio	0.75	0.84	0.39	0.62

	Class A Units		Class B Units	
	12 Months to 31 Dec 2022 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2022 %	12 Months to 31 Dec 2021 %
Management fee	1.50	1.51	0.78	0.79
Performance fee ¹	-	1.07	-	1.60
Total Indirect Cost Ratio	1.50	2.58	0.78	2.39

¹ 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 2022

4.3. Performance Returns

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

	Class A Units		Class B Units	
	6 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %
Growth return ¹	(2.6)	4.1	(2.1)	4.3
Distribution return ²	1.9	1.4	1.9	1.4
Total Return³	(0.7)	5.5	(0.2)	5.7

	Class A Units		Class B Units	
	12 Months to 31 Dec 2022 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2022 %	12 Months to 31 Dec 2021 %
Growth return ¹	(30.5)	17.7	(30.0)	18.0
Distribution return ²	2.7	3.1	2.7	3.1
Total Return³	(27.8)	20.8	(27.3)	21.1

¹ 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.

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

³ 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 Fund's investment objective is unchanged. The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. 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 Fund provides 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. Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

6. Interests in the Fund

For each unit class of the Fund, the movement in units on issue and the net assets attributable to unitholders are disclosed at Note 4 to the Financial Statements.

7. Likely Developments and Expected Results of Operations

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the PDS.

The method of operating the Fund is not expected to change in the foreseeable future. However, the results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests.

Responsible Entity's Report

for the half year ended 31 December 2022

8. Subsequent Events

Net asset value ("NAV") moves as a result of a number of factors including movements in asset prices, distributions, exchange rates and unitholder subscriptions and redemptions. Asset prices move daily and intraday indicative NAV per unit and daily NAV per unit are available on the MFG website. Subsequent to balance date, as at 24 February 2023, the relevant NAV information is as follows:

	Class A Units	Class B Units
NAV per unit (\$)	1.6563	1.0271
Net asset value (\$'000)	184,224	43,227
Units ('000)	111,224	42,085

Other than the above, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future periods.

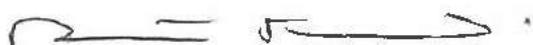
9. Rounding of Amounts

The Fund is 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.

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 7.

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



Robert Fraser

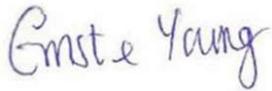
Chairman

Sydney, 6 March 2023

Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as Responsible Entity for Magellan High Conviction Fund

As lead auditor for the review of the Interim Financial Report of Magellan High Conviction Fund for the half-year ended 31 December 2022, 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, 6 March 2023

Statement of Profit or Loss and Comprehensive Income

for the half year ended 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Investment Income			
Dividend and distribution income		814	1,107
Interest income		222	-
Net change in fair value of investments		5,036	40,263
Net gain/(loss) on foreign exchange settlements, derivative contracts and cash		228	597
Other income		1	-
Total Net Investment Income		6,301	41,967
Expenses			
Management fees		1,967	4,345
Performance fees		-	791
Transaction costs		118	227
Withholding tax on dividends and distributions		122	166
Total Expenses		2,207	5,529
Operating Profit/(Loss)		4,094	36,438
Finance Costs Attributable to Unitholders			
Distributions of income and capital to unitholders	2	(4,461)	(8,471)
(Increase)/decrease in net assets attributable to unitholders	4	367	(27,967)
Profit/(Loss)		-	-
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		-	-

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

Statement of Financial Position

as at 31 December 2022

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Assets			
Cash and cash equivalents		3,055	65,112
Receivables		1,454	246
Investments	3	229,475	289,477
Total Assets		233,984	354,835
Liabilities			
Distribution payable	2	4,461	6,680
Payables		298	807
Total Liabilities		4,759	7,487
Net Assets Attributable to Unitholders - Liability	4	229,225	347,348

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

Statement of Changes in Equity

for the half year ended 31 December 2022

Under Australian Accounting Standards, the Fund's net assets attributable to unitholders are classified as a liability. As a result the Fund has no equity for financial reporting purposes and there were no changes in equity at the start or end of the current or prior periods.

Statement of Cash Flows

for the half year ended 31 December 2022

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash Flows from Operating Activities		
Dividends and distributions received (net of withholding tax)	697	949
Interest received	227	-
Management and performance fees paid	(2,018)	(12,071)
Transaction costs paid	(118)	(227)
Net Cash Inflow/(Outflow) from Operating Activities	(1,212)	(11,349)
Cash Flows from Investing Activities		
Purchase of investments	(103,217)	(115,636)
Proceeds from sale of investments	167,080	206,505
Net foreign exchange gain/(loss)	1,618	1,493
Net Cash Inflow/(Outflow) from Investing Activities	65,481	92,362
Cash Flows from Financing Activities		
Receipts from issue of units	13,756	53,165
Payments for redemption of units	(133,185)	(118,074)
Distributions paid	(5,370)	(7,592)
Net Cash Inflow/(Outflow) from Financing Activities	(124,799)	(72,501)
Net Increase/(Decrease) in Cash and Cash Equivalents	(60,530)	8,512
Cash and cash equivalents at the beginning of the period	65,112	27,049
Effect of exchange rate fluctuations on cash and cash equivalents	(1,527)	(1,142)
Cash and Cash Equivalents at the end of the Period	3,055	34,419

The above Statement 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 2022

Overview

The Fund is a registered managed investment scheme under the *Corporations Act 2001*. In accordance with the Fund's Constitution, it commenced on the date that the first unit was issued, on 28 June 2013. The Fund will terminate on the day immediately preceding the 80th anniversary of the Date of Commencement, unless terminated earlier in accordance with the provisions of the Fund's Constitution.

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

This interim financial report was authorised for issue by the Directors of the Responsible Entity on 6 March 2023. The Directors have the power to amend and reissue this interim financial report.

The Fund is considered a for-profit unit trust for the purpose of this interim financial report.

1. Basis of Preparation

The condensed interim financial report is a general purpose financial report, presented in Australian Dollars, and has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, other mandatory professional reporting requirements and the Fund's Constitution.

The condensed interim financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2022 Annual Report and any public announcements made during the period.

The Statement of Financial Position is 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 balance 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*.

1.1. Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Fund has 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 Fund's 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 (refer Note 3). As all investments held during the period were valued with reference to listed quoted prices and the Fund's cash is held at strongly rated financial institutions, the Fund's financial assets and liabilities are not subject to significant judgement or complexity.

Notes to the Financial Statements

for the half year ended 31 December 2022

2. Distributions to Unitholders

Distributions for the periods ended 31 December are as follows:

	Class A Units		Class B Units		Date Paid
	\$'000	CPU	\$'000	CPU	
Period ended 31 December 2022					
Prior year final distribution paid	4,421	3.15	2,259	1.92	21 Jul 2022
Interim distribution payable	3,617	3.10	844	1.90	18 Jan 2023

	Class A Units		Class B Units		Date Paid
	\$'000	CPU	\$'000	CPU	
Period ended 31 December 2021					
Prior year final distribution paid	6,307	2.92	2,691	1.78	21 Jul 2021
Interim distribution payable	5,907	3.02	2,564	1.84	19 Jan 2022

On 5 January 2023, MAM announced the Target Cash Distribution for the six month period ended 30 June 2023 will be 2.97 CPU for Class A Units and 1.83 CPU for Class B Units.

A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at balance date.

Distribution Reinvestment Plan

The Fund's Distribution Reinvestment Plan ("DRP") was available to eligible unitholders during the period.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest all or part of their cash distributions in additional units in the Fund, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a price that is determined by MAM in accordance with the DRP Rules.

Details of the DRP for the interim and final distributions are as follows:

	Class A Units		Class B Units	
	31 Dec 2022 Interim Distribution	30 Jun 2022 Final Distribution	31 Dec 2022 Interim Distribution	30 Jun 2022 Final Distribution
DRP issue price (\$)	1.5899	1.6316	0.9847	1.0059
DRP unitholder participation rate (%)	29.10	26.51	14.13	6.10
Number of units issued under DRP	662,077	718,254	121,003	137,036
Value of units issued under DRP (\$'000)	1,053	1,172	119	138
DRP issue date	1 Jan 2023	1 Jul 2022	1 Jan 2023	1 Jul 2022

	Class A Units		Class B Units	
	31 Dec 2021 Interim Distribution	30 Jun 2021 Final Distribution	31 Dec 2021 Interim Distribution	30 Jun 2021 Final Distribution
DRP issue price (\$)	2.2895	2.1980	1.4061	1.3474
DRP unitholder participation rate (%)	21.17	19.98	5.62	5.44
Number of units issued under DRP	546,134	573,333	102,530	108,590
Value of units issued under DRP (\$'000)	1,250	1,260	144	146
DRP issue date	1 Jan 2022	1 Jul 2021	1 Jan 2022	1 Jul 2021

Notes to the Financial Statements

for the half year ended 31 December 2022

3. Investments and Derivatives

The Fund classifies its equity securities and derivatives as financial assets and liabilities at fair value through profit or loss.

The Fund discloses 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, or the derivative counterparties' current credit worthiness..
- Level 3: valuation techniques using non-market observable inputs.

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Investments (Level 1)		
International listed equity securities:		
- United States	186,614	237,161
- United Kingdom	16,415	-
- Germany	14,113	31,254
- France	12,333	21,062
Total Investments	229,475	289,477

The Fund does not hold any level 2 or 3 financial assets or liabilities. There have been no transfers between any of the three levels in the hierarchy during the period and the Fund's 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 2022

4. Net Assets Attributable to Unitholders - Liability

	Class A Units		Class B Units	
	6 Months to 30 Jun 2022	12 Months to 30 Jun 2022	6 Months to 30 Jun 2022	12 Months to 30 Jun 2022
	No. of Units '000	No. of Units '000	No. of Units '000	No. of Units '000
Units on Issue				
Opening balance	140,360	216,012	117,644	151,171
Units issued	3,518	12,975	7,359	46,455
Units issued under DRP	718	1,119	137	211
Units redeemed	(27,909)	(89,746)	(80,743)	(80,193)
Units on Issue at end of the Period	116,687	140,360	44,397	117,644

The Fund has two separate classes of units, Class A and Class B. Each unit within the same class has the same rights as all other units within that class and includes:

- the right to redeem units, subject to restrictions disclosed in the Fund's PDS;
- the right to receive a distribution determined in accordance with the provisions of the Fund's Constitution;
- the right to attend and vote at meetings of unitholders; and
- the right to participate in the termination and winding up of the Fund.

A unit, regardless of class, does not confer upon the holder any interest in any particular asset or investment of the Fund.

	Class A Units		Class B Units	
	6 Months to 31 Dec 2022	12 Months to 30 Jun 2022	6 Months to 31 Dec 2022	12 Months to 30 Jun 2022
	\$'000	\$'000	\$'000	\$'000
Changes in Net Assets Attributable to Unitholders				
Opening balance	229,016	474,796	118,332	203,684
Applications	5,979	28,073	7,736	60,107
Reinvestment of distributions	1,172	2,511	138	290
Redemptions	(47,372)	(176,834)	(85,409)	(103,094)
Increase/(decrease) in net assets attributable to unitholders	(3,285)	(99,530)	2,918	(42,655)
Net Assets Attributable to Unitholders at end of the Period	185,510	229,016	43,715	118,332

The units issued by the Fund are classified as a financial liability in the Statement of Financial Position as the Fund has two classes of units that are differentiated by investment minimums, management and performance fees. As a consequence the two classes of units do not have identical features and meet the definition of financial liability under AASB 132 *Financial Instruments: Presentation*.

Fees are segregated between the unit classes so as not to affect the net asset value of the other unit class in the fund. Distributions will also differ for each unit class and are separately reported.

Applications received for units in the Fund are recorded net of entry fees. Redemptions from the Fund are recorded gross of exit fees. A switch from one class to another class in the Fund is recorded at the full amount of the switch as no entry or exit fees are applied within the fund. The Fund recognises the units issued, redeemed or switched when settled, which is the trade date. Changes in net assets attributable to unitholders are recognised in profit or loss.

5. Contingent Assets, Contingent Liabilities and Commitments

At balance date the Fund has no contingent assets, contingent liabilities or commitments (June 2022: nil).

Notes to the Financial Statements

for the half year ended 31 December 2022

6. Subsequent Events

NAV moves as a result of a number of factors including movements in asset prices, distributions, exchange rates and unitholder subscriptions and redemptions. Subsequent to balance date, as at 24 February 2023, the relevant NAV information is as follows:

	Class A Units	Class B Units
NAV per unit (\$)	1.6563	1.0271
Net asset value (\$'000)	184,224	43,227
Units ('000)	111,224	42,085

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

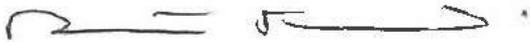
Directors' Declaration

for the half year ended 31 December 2022

In the Directors' opinion,

- a. the Financial Statements and Notes set out on pages 8 to 16 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the financial position of the Fund as at 31 December 2022 and of its performance as represented by the results of its operations and 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 Fund will be able to pay its 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, 6 March 2023

Independent auditor's review report to the unitholders of Magellan High Conviction Fund

Conclusion

We have reviewed the accompanying interim financial report of Magellan High Conviction Fund (the "Fund"), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year 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, we have not become aware of any matter that makes us believe that the interim financial report of the Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review 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 Fund 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.

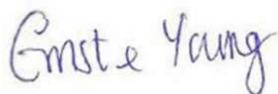
Directors' responsibilities for the interim financial report

The directors of the Responsible Entity are responsible for the preparation of the interim financial report that gives 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 report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2022 and its performance for the half-year 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.



Ernst & Young



Clare Sporle

Partner

Sydney, 6 March 2023

Corporate Information

Directors

Robert Fraser - Chairman

David Dixon - Deputy Chairman

John Eales AM

Colette Garnsey OAM

David George - Managing Director, Chief Executive Officer and Chief Investment Officer

Hamish McLennan

Kirsten Morton - Chief Operating Officer and Chief Financial Officer

Company Secretary of the Responsible Entity

Marcia Venegas

Registered Office

Level 36

25 Martin Place

Sydney NSW 2000

Telephone: 1800 6243 5526 (Australia), +61 2 9235 4888 (International)

Fax: +61 2 9235 4800

Email: info@magellangroup.com.au

Website

<http://www.magellangroup.com.au>

Auditor

Ernst & Young

200 George Street

Sydney NSW 2000

Unit Registrar

Apex Fund Services

Level 10/12 Shelly Street

Sydney NSW 200

Telephone: +61 127 780 (Australia), +61 2 8259 8566 (International), 0800 787 621 (New Zealand)

Fax: +61 2 9247 2822

Email: magellanfunds@apexgroup.com