



Magellan High Conviction Fund

Interim Report

For the half year ended 31 December 2023

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 Review Report | 18 |
| Corporate Information | 19 |

Responsible Entity's Report

for the half year ended 31 December 2023

The Directors of Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946), the Responsible Entity of Magellan High Conviction Fund (the "Fund"), present their half year report on the Fund for the period ended 31 December 2023.

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 November 2022 | |
| John Eales | Non-Executive Director | 1 July 2017 | |
| Andrew Formica | Executive Director ¹ | 26 July 2023 | |
| Cathy Kovacs | Non-Executive Director | 6 November 2023 | |
| Hamish McLennan | Non-Executive Director | 1 March 2016 | |
| Deborah Page | Non-Executive Director | 3 October 2023 | |
| Colette Garnsey | Non-Executive Director | 30 November 2020 | 8 November 2023 |
| David George | Managing Director and Chief Executive Officer | 19 July 2022 | 24 October 2023 |
| Kirsten Morton | Chief Operating Officer and Chief Financial Officer | 5 October 2018 | 3 July 2023 |

¹ Mr Formica was appointed Non-Executive Director on 26 July 2023 and subsequently appointed Executive Director on 25 October 2023.

Subsequent to balance date, it was announced on 15 February 2024 that Ms. Sophia Rahmani will join the MAM Board when she commences as Managing Director in May 2024.

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 Fund's 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 27 November 2023).

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 2023

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 2023 \$'000 | 31 Dec 2022 \$'000 |
|---|-----------------------|-----------------------|
| Total net investment income (\$'000) | 19,453 | 6,301 |
| Total expenses (\$'000) | (1,605) | (2,207) |
| Operating Profit/(Loss) (\$'000) | 17,848 | 4,094 |

Distributions

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

| | Class A Units | | Class B Units | |
|--|---------------|-------------|---------------|-------------|
| | 31 Dec 2023 | 31 Dec 2022 | 31 Dec 2023 | 31 Dec 2022 |
| Distribution paid and payable (\$'000) | 2,545 | 3,617 | 575 | 844 |
| Distribution paid and payable (CPU) ¹ | 3.12 | 3.10 | 1.99 | 1.90 |

¹ Cents per unit.

The final distributions for the year ended 30 June 2023, paid on 21 July 2023, were Class A Units: \$2,785,000 or 2.97 CPU, and Class B Units: \$622,000 or 1.83 CPU.

Unit Price

| | Class A Units | | Class B Units | |
|---|---------------|-------------|---------------|-------------|
| | 31 Dec 2023 | 31 Dec 2022 | 31 Dec 2023 | 31 Dec 2022 |
| Unit price (net asset value) (ex-distribution) (\$) | 2.0744 | 1.5898 | 1.2948 | 0.9846 |
| Redemption unit price (ex-distribution) (\$) | 2.0729 | 1.5887 | 1.2939 | 0.9839 |

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 2023 % | 6 Months to 31 Dec 2022 % | 6 Months to 31 Dec 2023 % | 6 Months to 31 Dec 2022 % |
| Management fee | 0.76 | 0.75 | 0.39 | 0.39 |
| Performance fee ¹ | - | - | - | - |
| Total Indirect Cost Ratio | 0.76 | 0.75 | 0.39 | 0.39 |

| | Class A Units | | Class B Units | |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 12 Months to 31 Dec 2023 % | 12 Months to 31 Dec 2022 % | 12 Months to 31 Dec 2023 % | 12 Months to 31 Dec 2022 % |
| Management fee | 1.50 | 1.50 | 0.78 | 0.78 |
| Performance fee ¹ | - | - | - | - |
| Total Indirect Cost Ratio | 1.50 | 1.50 | 0.78 | 0.78 |

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 2023

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 | 6 Months to | 6 Months to | 6 Months to |
| | 31 Dec 2023 | 31 Dec 2022 | 31 Dec 2023 | 31 Dec 2022 |
| | % | % | % | % |
| Growth return ¹ | 7.0 | (2.6) | 7.4 | (2.1) |
| Distribution return ² | 1.6 | 1.9 | 1.7 | 1.9 |
| Total Return³ | 8.6 | (0.7) | 9.1 | (0.2) |

| | Class A Units | | Class B Units | |
|----------------------------------|---------------|---------------|---------------|---------------|
| | 12 Months to | 12 Months to | 12 Months to | 12 Months to |
| | 31 Dec 2023 | 31 Dec 2022 | 31 Dec 2023 | 31 Dec 2022 |
| | % | % | % | % |
| Growth return ¹ | 30.5 | (30.5) | 31.5 | (30.0) |
| Distribution return ² | 4.0 | 2.7 | 4.0 | 2.7 |
| Total Return³ | 34.5 | (27.8) | 35.5 | (27.3) |

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 objectives are 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 '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 2023

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 1 March 2024, the relevant NAV information is as follows:

| | Class A Units | Class B Units |
|--------------------------|---------------|---------------|
| NAV per unit (\$) | 2.3375 | 1.4602 |
| Net asset value (\$'000) | 184,278 | 37,614 |
| Units ('000) | 78,836 | 25,760 |

Other than the above and items disclosed throughout this 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 Fund's operations, the results of its operations, or the Fund's state of affairs in future periods.

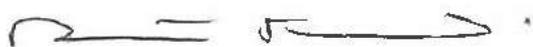
9. Rounding of Amounts

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.



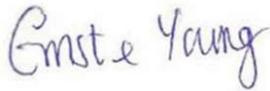
Robert Fraser
Chairman

Sydney, 5 March 2024

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 2023, 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, 5 March 2024

Statement of Profit or Loss and Comprehensive Income

for the half year ended 31 December 2023

| | Note | 31 Dec 2023 \$'000 | 31 Dec 2022 \$'000 |
|--|------|-----------------------|-----------------------|
| Investment Income | | | |
| Dividend and distribution income | | 1,101 | 814 |
| Interest income | | 100 | 222 |
| Net change in fair value of investments | | 18,240 | 5,036 |
| Net gain/(loss) on foreign exchange settlements, derivative contracts and cash | | 12 | 228 |
| Other income | | - | 1 |
| Total Net Investment Income | | 19,453 | 6,301 |
| Expenses | | | |
| Management fees | | 1,466 | 1,967 |
| Transaction costs | | 8 | 118 |
| Withholding tax on dividends and distributions | | 131 | 122 |
| Total Expenses | | 1,605 | 2,207 |
| Operating Profit/(Loss) | | 17,848 | 4,094 |
| Finance Costs Attributable to Unitholders | | | |
| Distributions of income and capital to unitholders | 2 | (3,120) | (4,461) |
| (Increase)/decrease in net assets attributable to unitholders | 4 | (14,728) | 367 |
| 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 2023

| | Note | 31 Dec 2023 \$'000 | 30 Jun 2023 \$'000 |
|---|------|-----------------------|-----------------------|
| Assets | | | |
| Cash and cash equivalents | | 4,041 | 4,237 |
| Receivables | | 131 | 3,932 |
| Investments | 3 | 206,122 | 221,541 |
| Total Assets | | 210,294 | 229,710 |
| Liabilities | | | |
| Distribution payable | 2 | 3,120 | 3,407 |
| Payables | | 535 | 3,565 |
| Total Liabilities | | 3,655 | 6,972 |
| Net Assets Attributable to Unitholders - Liability | 4 | 206,639 | 222,738 |

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 2023

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 2023

| | 31 Dec 2023 \$'000 | 31 Dec 2022 \$'000 |
|--|-----------------------|-----------------------|
| Cash Flows from Operating Activities | | |
| Dividends and distributions received (net of withholding tax) | 962 | 697 |
| Interest received | 100 | 227 |
| Management and performance fees paid | (1,466) | (2,018) |
| Transaction costs paid | (8) | (118) |
| Net Cash Inflow/(Outflow) from Operating Activities | (412) | (1,212) |
| Cash Flows from Investing Activities | | |
| Purchase of investments | (31,892) | (103,217) |
| Proceeds from sale of investments | 68,303 | 167,080 |
| Net cash flows from settlement of forward foreign currency contracts | 922 | - |
| Net foreign exchange gain/(loss) | 14 | 1,618 |
| Net Cash Inflow/(Outflow) from Investing Activities | 37,347 | 65,481 |
| Cash Flows from Financing Activities | | |
| Receipts from issue of units | 3,599 | 13,756 |
| Payments for redemption of units | (38,239) | (133,185) |
| Distributions paid | (2,460) | (5,370) |
| Net Cash Inflow/(Outflow) from Financing Activities | (37,100) | (124,799) |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (165) | (60,530) |
| Cash and cash equivalents at the beginning of the period | 4,237 | 65,112 |
| Effect of exchange rate fluctuations on cash and cash equivalents | (31) | (1,527) |
| Cash and Cash Equivalents at the end of the Period | 4,041 | 3,055 |

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 2023

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 is the Responsible Entity of the Fund.

This interim financial report was authorised for issue by the Directors of the Responsible Entity on 5 March 2024. 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 2023 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 material 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 required 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 most 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 2023

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 2023 | | | | | |
| Prior year final distribution paid | 2,785 | 2.97 | 622 | 1.83 | 21 Jul 2023 |
| Interim distribution payable | 2,545 | 3.12 | 575 | 1.99 | 17 Jan 2024 |

| | 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 |

On 5 January 2024, MAM announced the Target Cash Distribution for the Fund for the six month period ending 30 June 2024 will be 2.76 CPU for Class A Units and 1.71 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.

DRP details are as follows:

| | Class A Units | | Class B Units | |
|--|--|--------------------------------------|--|--------------------------------------|
| | 31 Dec 2023 Interim Distribution | 30 Jun 2023 Final Distribution | 31 Dec 2023 Interim Distribution | 30 Jun 2023 Final Distribution |
| DRP issue price (\$) | 2.0745 | 1.9383 | 1.2948 | 1.2054 |
| DRP unitholder participation rate (%) | 32.62 | 30.77 | 13.46 | 14.41 |
| Number of units issued under DRP | 400,226 | 442,080 | 59,717 | 74,418 |
| Value of units issued under DRP (\$'000) | 830 | 857 | 77 | 90 |
| DRP issue date | 1 Jan 2024 | 1 Jul 2023 | 1 Jan 2024 | 1 Jul 2023 |

| | 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 |

Notes to the Financial Statements

for the half year ended 31 December 2023

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 2023 \$'000 | 30 Jun 2023 \$'000 |
|---|-----------------------|-----------------------|
| Investments (Level 1) | | |
| International listed equity securities: | | |
| - United States | 170,962 | 184,431 |
| - Netherlands | 13,169 | - |
| - Canada | 11,909 | 9,614 |
| - France | 10,082 | 12,120 |
| - United Kingdom | - | 15,376 |
| Total Investments | 206,122 | 221,541 |

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 2023

4. Net Assets Attributable to Unitholders - Liability

| | Class A Units | | Class B Units | |
|--|----------------------------|-----------------------------|----------------------------|-----------------------------|
| | 6 Months to 31 Dec 2023 | 12 Months to 30 Jun 2023 | 6 Months to 31 Dec 2023 | 12 Months to 30 Jun 2023 |
| | No. of Units '000 | No. of Units '000 | No. of Units '000 | No. of Units '000 |
| Units on Issue | | | | |
| Opening balance | 93,760 | 140,360 | 34,020 | 117,644 |
| Units issued | 1,207 | 5,279 | 835 | 8,717 |
| Units issued under DRP | 442 | 1,380 | 74 | 258 |
| Units redeemed | (13,820) | (53,259) | (6,052) | (92,599) |
| Units on Issue at the end of the Period | 81,589 | 93,760 | 28,877 | 34,020 |

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 2023 | 12 Months to 30 Jun 2023 | 6 Months to 31 Dec 2023 | 12 Months to 30 Jun 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Changes in Net Assets Attributable to Unitholders | | | | |
| Opening balance | 181,729 | 229,016 | 41,009 | 118,332 |
| Applications | 2,400 | 9,053 | 1,046 | 9,201 |
| Reinvestment of distributions | 857 | 2,225 | 90 | 257 |
| Redemptions | (27,685) | (92,071) | (7,535) | (98,695) |
| Increase/(decrease) in net assets attributable to unitholders | 11,946 | 33,506 | 2,782 | 11,914 |
| Net Assets Attributable to Unitholders at the end of the Period | 169,247 | 181,729 | 37,392 | 41,009 |

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 2023: nil).

Notes to the Financial Statements

for the half year ended 31 December 2023

6. Subsequent Events

Subsequent to balance date, it was announced on 15 February 2024 that Ms. Sophia Rahmani will join the MAM Board when she commences as Managing Director in May 2024.

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 1 March 2024, the relevant NAV information is as follows:

| | Class A Units | Class B Units |
|--------------------------|----------------|---------------|
| NAV per unit (\$) | 2.3375 | 1.4602 |
| Net asset value (\$'000) | 184,278 | 37,614 |
| Units ('000) | 78,836 | 25,760 |

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.

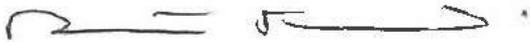
Directors' Declaration

for the half year ended 31 December 2023

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 2023 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, 5 March 2024

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 2023, 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 2023 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.

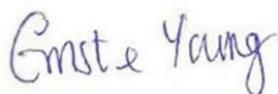
Directors' responsibilities for the interim financial report

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 2023 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, 5 March 2024

Corporate Information

Directors

Robert Fraser - Chairman
David Dixon - Deputy Chairman
John Eales AM
Andrew Formica
Cathy Kovacs
Hamish McLennan
Deborah Page AM

Company Secretary of the Responsible Entity

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