

Magellan High Conviction Fund

ARSN: 164 285 947



MAGELLAN HIGH CONVICTION FUND CLASS A | APIR: MGE0005AU

MAGELLAN HIGH CONVICTION FUND CLASS B | APIR: MGE9885AU

AS AT 31 AUGUST 2023

PORTFOLIO MANAGERS

NIKKI THOMAS, CFA AND ALAN PULLEN

INVESTMENT OBJECTIVE AND PHILOSOPHY

Objectives: To achieve attractive risk-adjusted returns over the medium to long-term.

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

PORTFOLIO CONSTRUCTION

A concentrated portfolio of 10-20 high quality companies meaningfully diversified in risk exposure and correlations seeking to achieve strong risk-adjusted, not benchmark-relative returns.

Cash and cash equivalents exposure between 0 - 50%.

The fund may, from time to time, hedge some or all of the capital component of the foreign currency exposure of the fund arising from investments in overseas markets back to Australian Dollars.

INVESTMENT RISKS

All investments carry risk. While it is not possible to identify every risk relevant to an investment in the fund, we have provided details of risks in the relevant Product Disclosure Statement or offer document. You can view the PDS for the fund on Magellan's website www.magellangroup.com.au

MAGELLAN HIGH CONVICTION FUND: KEY PORTFOLIO INFORMATION

CLASS	FUND SIZE	BUY/SELL SPREAD	MANAGEMENT AND PERFORMANCE FEES ¹	INCEPTION DATE
A	AUD \$183.2 million	0.07% / 0.07%	1.51% p.a. and performance fee of 10% of excess return [^]	1 July 2013
B	AUD \$40.7 million	0.07% / 0.07%	0.78% p.a. and performance fee of 20% of excess return ^{^^}	15 November 2017

[^] 10.0% of the excess return of Class A Units of the Fund above the Absolute Return Performance Hurdle of 10% per annum. Additionally, Performance Fees are subject to a high water mark.

^{^^} 20.0% of the excess return of Class B units of the Fund above the Absolute Return Performance hurdle of 10% per annum. Additionally, Performance Fees are subject to a high water mark. The performance fee for Class B Units is subject to a cap of 2.22% per annum.

PERFORMANCE²

	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	5 YEARS (% p.a.)	7 YEARS (% p.a.)	10 YEARS (% p.a.)	Since Inception (% p.a.)	OUTPERFORMANCE CONSISTENCY ⁺
Magellan High Conviction Fund - Class A	3.5	7.4	25.7	2.9	5.4	9.5	11.2	11.5	74%
Magellan High Conviction Fund - Class B	3.6	7.6	26.8	3.6	5.9	-	-	7.5	35%

	CYTD (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017* (%)	2016 (%)	2015 (%)	2014 (%)	2013 (part year)
Magellan High Conviction Fund - Class A	29.8	-27.8	20.8	-2.4	29.6	3.4	23.3	3.5	13.6	19.8	17.7
Magellan High Conviction Fund - Class B	30.5	-27.3	21.1	-1.9	29.2	3.3	1.0	-	-	-	-

Past performance is not a reliable indicator of future performance. *Class B part year return, inception date 15-Nov-2017

PERFORMANCE CHART GROWTH OF AUD \$10,000²



Past performance is not a reliable indicator of future performance.

FUND CHARACTERISTICS³

	3-YEAR		
	AVERAGE	HIGH	LOW
Cash Weight	6.3%	20.7%	1.0%
Number of Stocks	12	15	10
Hedging Weight	1.1%	16.5%	0.0%

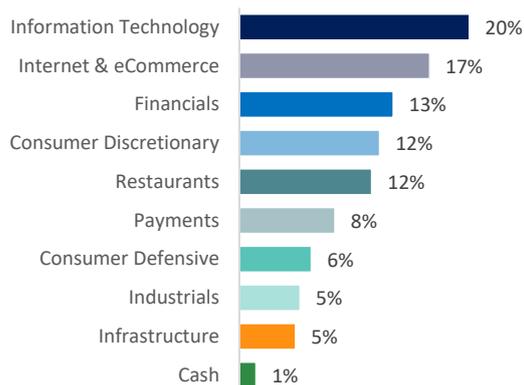
¹ Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST.

² Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.

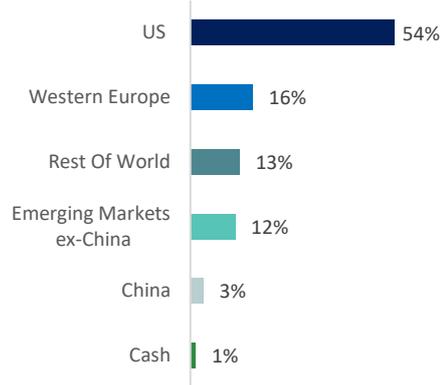
³ Fund characteristics averages are calculated using the last day of each month in the 3-year period.

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

SECTOR EXPOSURE BY SOURCE OF REVENUE⁴



GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE⁴



TOP 5 HOLDINGS (ALPHABETICAL ORDER)

STOCK	SECTOR ⁴
Amazon.com Inc	Internet & eCommerce
Intercontinental Exchange Inc	Financials
Microsoft Corporation	Information Technology
Visa Inc	Payments
Yum! Brands Inc	Restaurants

TOP CONTRIBUTORS/DETRACTORS 1 YEAR⁵

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Booking Holdings Inc	4.8
Microsoft Corporation	3.4
Safran SA	3.2
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Meta Platforms Inc	-1.5
Alibaba	-0.6
WEC Energy Group Inc	-0.2

MONTHLY SUMMARY

August markets were mainly influenced by the last of earnings results, weak China economic data and an uptick in 10-year bonds; the US 10 Year Bond spiked as high as 4.34% likely partly due to large issuance. Participants seem, even more than usual, unsure of the path for economic growth given the lagged effects of higher policy interest rates juxtaposed with ongoing levels of inflation above target and resilient consumption trends. Energy stocks benefitted from strength in the oil price while utilities struggled as expectations for real interest rates moved higher. We see increasing evidence of more difficult conditions for consumer exposures (especially discretionary spending) while the opportunities being created by enabling and commercialising AI as well as addressing the capital investment needs of transitioning to a net zero carbon world suggest longer-term support for economic growth, especially in the US.

In August, the portfolio rose, benefitting from good underlying company performances and an AUD fall of 3.9%. Price gains were led by Booking, Visa, Amazon, Alphabet and Intercontinental Exchange, which all rose over 5% in the month. Booking is delivering strong results as travel recovers and it is increasingly capturing customers directly via its App. Visa is also benefitting from travel recovery in its cross-border business while Amazon and Alphabet are starting to show the benefits of significant cost and efficiency efforts against strong revenue growth opportunities in part fuelled by AI. Intercontinental Exchange has succeeded in the acquisition of Black Knight, bringing clarity for investors. A couple of stocks had very small price falls but nothing of note in the month. We initiated a position in ASML given share price weakness has opened up a significant margin of safety in this leading exposure to the secular growth in semiconductors. We funded this by taking some profits in Booking.

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

⁴ Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding.

⁵ Shows how much the stock has contributed to the fund's gross return for the period in AUD. Excludes non-disclosed positions established in the latest quarter.

IMPORTANT INFORMATION

Units in the fund referred to herein are issued by Magellan Asset Management Limited ABN 31 120 593 946, AFS Licence No. 304 301 ('Magellan'). This material is issued by Magellan and has been prepared for general information purposes only and must not be construed as investment advice or as an investment recommendation. This material does not take into account your investment objectives, financial situation or particular needs. This material does not constitute an offer or inducement to engage in an investment activity nor does it form part of any offer documentation, offer or invitation to purchase, sell or subscribe for interests in any type of investment product or service. You should obtain and consider the relevant Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') and consider obtaining professional investment advice tailored to your specific circumstances before making a decision about whether to acquire, or continue to hold, the relevant financial product. A copy of the relevant PDS and TMD relating to the relevant Magellan financial product may be obtained by calling +61 2 9235 4888 or by visiting www.magellangroup.com.au.

Past performance is not necessarily indicative of future results and no person guarantees the future performance of the fund, the amount or timing of any return from it, that asset allocations will be met, that it will be able to implement its investment strategy or that its investment objectives will be achieved. Statements contained in this material that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Magellan. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. This material may contain 'forward-looking statements'. Actual events or results or the actual performance of a Magellan financial product or service may differ materially from those reflected or contemplated in such forward-looking statements. This material may include data, research and other information from third-party sources. Magellan makes no guarantee that such information is accurate, complete or timely and does not provide any warranties regarding results obtained from its use. No representation or warranty is made with respect to the accuracy or completeness of any of the information contained in this material. Magellan will not be responsible or liable for any losses arising from your use or reliance on any part of the information contained in this material.

Further information regarding any benchmark referred to herein can be found at www.magellangroup.com.au/funds/benchmark-information. Any third-party trademarks contained herein are used for information purposes only and are the property of their respective owners. Magellan claims no ownership in, nor any affiliation with, such trademarks. This material and the information contained within it may not be reproduced, or disclosed, in whole or in part, without the prior written consent of Magellan.