

Magellan High Conviction Fund

ARSN: 164 285 947

Fund Facts

Portfolio Manager	Hamish Douglass and Chris Wheldon
Structure	Global Equity Fund
Inception Date	Magellan High Conviction Fund Class A: 1 July 2013 Magellan High Conviction Fund Class B: 15 November 2017
Management & Administration Fee ¹	Magellan High Conviction Fund Class A: 1.50% per annum Magellan High Conviction Fund Class B: 0.78% per annum
Buy/Sell Spread ¹	0.07%/0.07%
Fund Size ²	AUD \$671.5 million
Distribution Frequency	Annually at 30 June
Performance Fee ¹	Magellan High Conviction Fund Class A: 10.0% of the excess return of the units of the Fund above the Absolute Return performance hurdle (10% per annum). Magellan High Conviction Fund Class B: 20% of the excess return of Class B Units above the Absolute Return performance hurdle (10% per annum). The performance fee for Class B Units is subject to a cap of 2.22% per annum. Performance fees are subject to a high water mark.

¹All fees are inclusive of the net effect of GST²Includes High Conviction Fund Class A and High Conviction Fund Class B units

Fund Features

- Unconstrained, long-only, highly concentrated
- High quality global equity strategy
- High individual stock exposure – 8 to 12 stocks
- Ability to actively hedge currency exposures, currently 60% hedged to AUD[†]
- Maximum cash position of 50%
- Magellan High Conviction Fund Class A \$10,000 minimum initial investment; Magellan High Conviction Fund Class B \$100,000 minimum initial investment

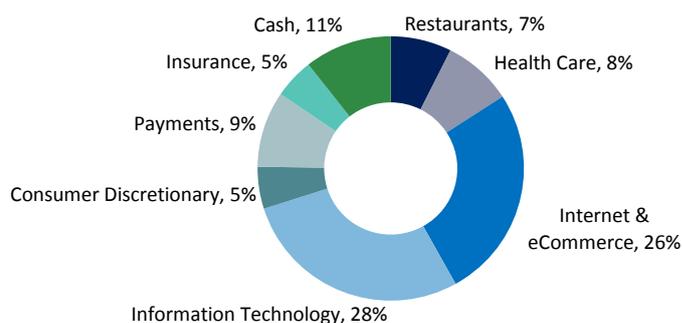
Performance Chart growth of AUD \$10,000*



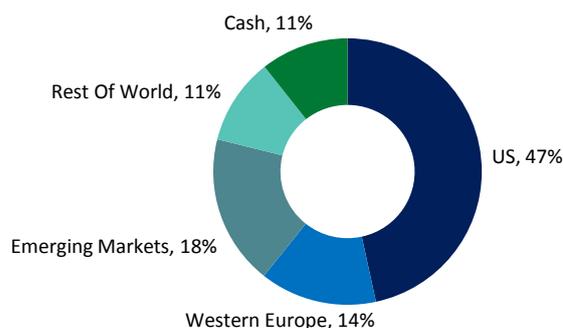
Top 5 Holdings

In alphabetical order	Sector [#]
Alphabet Inc	Internet & eCommerce
Apple Inc	Information Technology
Facebook Inc-A	Internet & eCommerce
Microsoft Corp	Information Technology
Visa Inc	Payments

Sector Exposure by Source of Revenue[#]



Geographical Exposure by Source of Revenue[#]



Fund Performance*

	Magellan High Conviction Fund - Class A (%)	Magellan High Conviction Fund - Class B (%)	Magellan Global Fund (%)	Magellan Global Fund (Hedged) (%)
1 Month	5.7	6.1	5.0	5.8
3 Months	5.8	6.1	7.4	5.8
6 Months	16.3	16.3	18.4	17.6
1 Year	13.1	13.3	20.2	13.8
3 Years (% p.a.)	17.6		17.5	15.5
5 Years (% p.a.)	16.2		16.0	11.5
Since Inception (% p.a.)	16.2	12.7		

[†] The Fund is currently exercising its ability to hedge some of the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian dollars.

* 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). Fund Inception 1 July 2013. Magellan High Conviction Class B inception 15 November 2017. Returns denoted in AUD.

[#] 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.

Market Commentary

Global stocks rose for a second consecutive quarter when they surged in the three months to June after the Federal Reserve and the European Central Bank flagged fresh stimulus to protect their economies, investors grew hopeful the China-US trade war would be contained and US companies on average reported better-than-expected earnings for the March quarter. During the quarter, 10 of the 11 sectors in the MSCI World Index rose in US-dollar terms. Financials (+6.2%) climbed the most while energy (-1.6%) fell.

US stocks reached record highs as they rose for a second straight quarter after the Federal Reserve hinted it would cut rates if clashes on trade drag on the US economy. Even as trade tensions fanned speculation the Fed would cut the cash rate as soon as July, stocks rose on hopes that China and the US would settle differences at the meeting of their leaders at the G20 meeting in Japan in June when they duly agreed to restart talks. In news on the economy, a report showed the US economy expanded at a faster-than-expected annualised pace of 3.1% in the first quarter, up from 2.2% in the last quarter of 2018. The S&P 500 Index rallied 3.8%.

European stocks gained for a second straight quarter after ECB President Mario Draghi said the central bank was prepared to "use all the instruments that are in the toolbox" to help the eurozone's weak economy and political tensions eased. The welcome political news was that populist parties failed to gain a destabilising grip on the European parliament in European elections in May, Spain's government won the country's general election in April, and European leaders eased some uncertainty over the UK's departure from the EU by extending the departure deadline to October 31. Economic news was mostly glum. The eurozone economy expanded only 0.4% in the March quarter, to give a 12-month reading of 1.2%. The Euro Stoxx 50 Index added 3.6%.

Japanese stocks rose after the central Bank of Japan said it would keep interest rates "extremely low" well into 2020. Chinese stocks fell as concerns grew the trade war with the US will hamper its economy. Japan's Nikkei 225 Index rose 0.3%. China's CSI 300 Index fell 1.2%. The MSCI Emerging Markets Index slid 0.3%.

Movements in benchmark indices are in local currency unless stated otherwise.

Fund Commentary

The portfolio recorded a positive return for the June quarter. The biggest contributors included the investments in Microsoft and Facebook. Microsoft surged to record highs as March-quarter earnings exceeded expectations thanks to strong growth from the Azure cloud-computing business. Facebook climbed after first-quarter sales jumped a higher-than-expected 26%, monthly visitor numbers to the main site over the three months exceeded forecasts, the company hinted it was near a settlement with US authorities over privacy violations, and its plans for a digital currency Libra were well received.

The largest detractors included the investments in Alphabet and Lowe's. Alphabet declined after the House of Representatives said it was launching a broad anti-trust investigation into technology companies including Alphabet's Google. Lowe's fell after rising merchandise costs forced the home-improvement retailer to report lower-than-expected earnings for the March quarter and to reduce its full-year profit forecast.