

Magellan Infrastructure Fund

Fund Update: 31 October 2011

Key Facts

Portfolio Manager

Gerald Stack

Structure

Infrastructure Fund, \$A hedged

Inception date

1 July 2007

Performance Fee*

10.10% of excess return over the higher of the Index Relative hurdle and the Absolute Return Hurdle (Australian Government 10-year bond yield). Additionally, the Performance Fees are subject to a high water mark.

MER/ICR*

1.06%

Buy/Sell Spread*

0.25%/0.25%

Fund Size

\$A166.0 million

*All fees are inclusive of the net effect on GST

Performance[†]

	Fund	Excess Return*
1 month	1.64%	-1.34%
3 months	-0.03%	-0.03%
6 months	-2.09%	0.31%
12 months	8.17%	4.79%
2 Years [% p.a.]	15.10%	6.26%
3 Years [% p.a.]	11.41%	5.41%
4 Years [% p.a.]	-1.06%	2.41%
Since Inception [% p.a.]	0.08%	2.07%
Since Inception	0.34%	8.68%

*Over benchmark

Top 10 Holdings

in Alphabetical Order

American Water Works	Water Utilities
Auckland Airport	Airports
Fraport	Airports
ITC Holdings	Transmission and Distribution
Southern Co	Integrated Regulated
Transurban Group	Urban Toll Roads
Washington Gas	Gas Utilities
Westar Energy	Integrated Regulated
Wisconsin Energy	Integrated Regulated
Zurich Airport	Airports

Regional Breakdown*

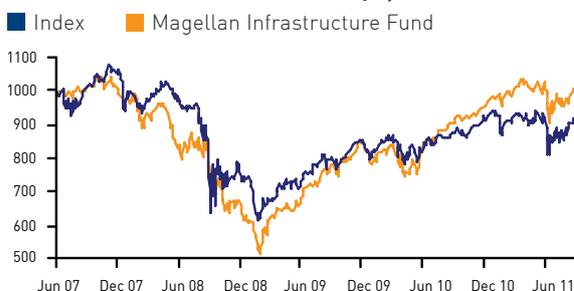
	% of Portfolio
Europe	22.30%
North America	40.85%
Australia	13.85%
United Kingdom	9.62%
Asia ex-Japan	5.76%
Emerging Markets	1.60%
Japan	0.00%
Cash	6.02%
Total	100%

Portfolio Commentary

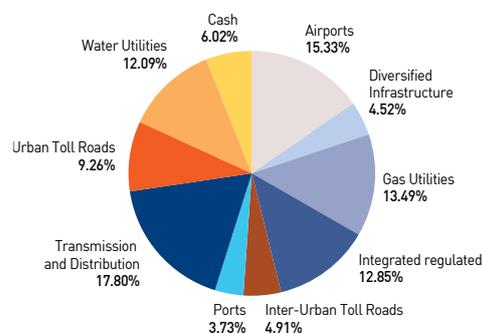
During the month of October 2011, the Magellan Infrastructure Fund (Fund) returned +1.64% compared to +2.98% for the benchmark. While under-performing the benchmark is always disappointing, it was not surprising given the strong market rally in October. The Fund is deliberately managed to provide defensive, robust returns through the economic cycle. But the corollary of this is that the Fund is likely to under-perform its relative benchmark in strongly rising markets – while still providing a positive absolute return.

This characteristic was clearly evident in October when a number of sectors that Magellan does not consider to be investment grade infrastructure, but are included in standard industry benchmarks, performed strongly, often after a prolonged period of poor performance. Examples include competitive power generation companies (+5% return for the month), oil & gas pipelines (+11%), companies with a significant exposure to construction activities (e.g. French construction company Vinci was up 10%) and Chinese infrastructure stocks (+6%).

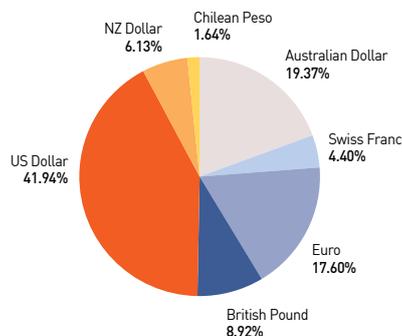
Performance Chart Growth of \$1,000



Industry Breakdown



Currency Breakdown**



*Calculated on a Domicile of Asset basis
 **The foreign currency exposures of the portfolio are fully hedged back into AUD

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[†]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 2007.
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