

Magellan Infrastructure Fund

Fund Update: 30 September 2012

Key Facts

Portfolio Manager
Gerald Stack

Structure
Infrastructure Fund, \$A
hedged

Inception date
1 July 2007

Management and
Administration Fee
1.06% p.a.

Buy/Sell Spread¹
0.15%/0.15%

Fund Size
\$A 285.2 million

Performance Fee¹

10.1% of excess return over the higher of the Index Relative hurdle (UBS Developed Infrastructure & Utilities Net TR Index (\$A Hedged)) and the Absolute Return Hurdle (Australian Government 10-year bond yield). Additionally, the Performance Fees are subject to a high water mark.

¹All fees are inclusive of the net effect of GST

Performance²

	Fund %	Index % ³	Excess Return %
1 Month	1.7	1.9	-0.2
3 Months	5.4	2.3	3.1
6 Months	7.8	4.1	3.7
1 Year	17.8	13.1	4.7
2 Years (p.a.)	14.1	8.1	6.0
3 Years (p.a.)	15.0	7.6	7.4
4 Years (p.a.)	8.8	3.7	5.1
5 Years (p.a.)	3.0	0.0	3.0
Since Inception (p.a.)	2.9	0.1	2.8
Since Inception	16.3	0.7	15.6

²Calculations 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.

³UBS Developed Infrastructure & Utilities Net TR Index (\$A Hedged)

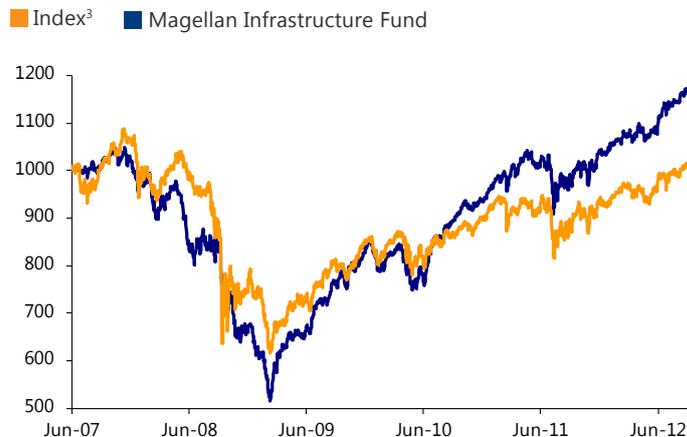
Top 10 Holdings

	Sector	% of Fund
Transurban Group	Urban Toll Roads	8.8
Zurich Airport	Airports	5.3
American Water Works	Water Utilities	5.1
ITC Holdings	Transmission and Distribution	5.1
Auckland Airport	Airports	5.0
SES	Communications	4.9
National Grid	Transmission and Distribution	4.7
Spark Infrastructure	Transmission and Distribution	4.5
Fraport	Airports	4.2
Eutelsat Communications	Communications	4.1

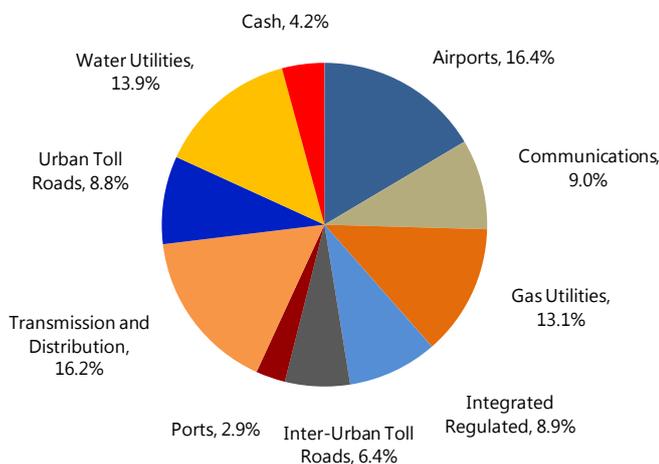
Regional Breakdown⁴

	% of Fund
North America	34.9
Europe ex-UK	23.2
United Kingdom	12.4
Developed Asia	0.0
Emerging Markets	4.1
Australia	14.4
New Zealand	6.7
Other	0.2
Cash	4.1
Total	100

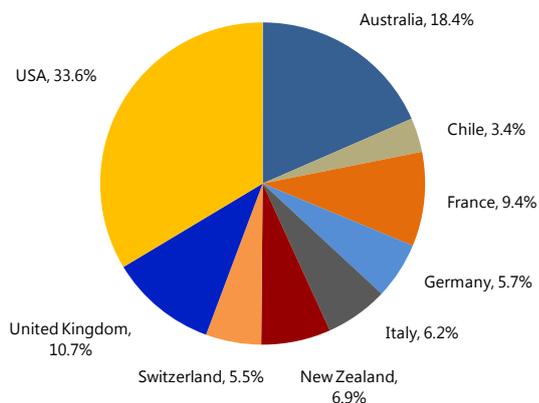
Performance Chart Growth of AUD \$1,000



Industry Breakdown



Currency Exposure by domicile of listing⁵



⁴Calculated on a domicile of asset basis

⁵The foreign currency exposures of the portfolio are fully hedged back into AUD. The exposures are by domicile of listing.

www.magellangroup.com.au

Important Information: Units in the Magellan Infrastructure Fund ("Fund") are issued by Magellan Asset Management Limited (ABN 31 120 593 946, AFS Licence No 304 301). 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, or that it will achieve its investment objective. This material has been provided for general information purposes and must not be construed as investment advice. This material has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. Investors should consider obtaining professional investment advice tailored to their specific circumstances prior to making any investment decisions and should read the relevant Product Disclosure Statement (PDS) available at www.magellangroup.com.au or call 02 8114 1888 to obtain a copy of the PDS.



Fund Commentary

During the September 2012 quarter only minor adjustments were made to the Magellan Infrastructure Fund portfolio. In keeping with our disciplined "buy" and hold mentality, there were no additions to or deletions from the stocks in the portfolio, although the exposures to individual stocks did naturally change.

We have modestly reduced our weighting to the utilities sectors (both energy and water) from a combined 58.4% to 52.1%, reflecting our view that utility markets are now trading around fair value and that there is unlikely to be a major market correction in the short term. We view our investments in the utilities sector to be the "lead in the keel" to our portfolio, providing stability of earnings and inflation protection in almost all market conditions.

The reduction in the utilities exposure resulted in increased weightings to a number of infrastructure sectors including communications infrastructure, toll roads and airports. The communications infrastructure stocks are two European based satellite companies that enjoy monopoly like status with minimal exposure to the economic cycle.

The increase in the sector exposures to toll roads and airports reflects the very strong share price performance of these sectors, and particularly the European stocks within those sectors, over the last quarter. While poor economic conditions in Europe have had some effect on vehicle traffic and airport passenger numbers, the impact on the earnings of high quality, well positioned toll roads and airports has been only modest, at worst. We believe the rebound in the share prices of our key holdings in these sectors reflects the market coming to understand the very defensive nature of these assets – a characteristic that has always heavily influenced our portfolio strategy.

www.magellangroup.com.au

Sydney Head Office
Level 7, 1 Castlereagh
Street Sydney NSW 2000
Telephone: 02 8114 1888
Facsimile: 02 8114 1800

Melbourne
Suite 103, 1 Queen Road
Melbourne Vic 3004
Telephone: 03 9863 7888
Facsimile: 03 9863 9741

Brisbane
Level 22, 127 Creek St
Brisbane Qld 4000
Telephone: 07 3218 2122

New Zealand
Level 4, 17 Albert Street
Auckland City,
New Zealand
Telephone: +64 9 215 1531



MAGELLAN
ASSET MANAGEMENT LIMITED