

Magellan Sustainable Fund (Managed Fund)



TICKER: MSUF | APIR: MGE4669AU | ARSN: 645 516 187

AS AT 29 FEBRUARY 2024

PORTFOLIO MANAGER

ALAN PULLEN

INVESTMENT PHILOSOPHY

To invest in outstanding companies at attractive prices within a framework that considers environmental, social and governance risks and delivers very low carbon exposure, while exercising a deep understanding of the macroeconomic environment to manage investment risk.

OBJECTIVES

To achieve attractive risk-adjusted returns over the medium to long-term while reducing the risk of permanent capital loss. This incorporates consideration of environmental, social and governance risks and the application of a proprietary low carbon framework.

PORTFOLIO CONSTRUCTION

High conviction (20 - 50 securities), with high quality focus. Integration of ESG screens and risk assessment together with a proprietary low carbon framework overlay. Typical cash and cash equivalents exposure between 0 - 20%.

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 Product Disclosure Statement. You can view the PDS for the fund on Magellan's website www.magellangroup.com.au.

ENVIRONMENTAL, SOCIAL, GOVERNANCE AND LOW CARBON

The fund excludes companies whose activities in our view may have wide-ranging detrimental impacts on society for example tobacco production, controversial weapons and mining of coal*

Companies are reviewed and scored for the materiality of their exposure to environmental, social and governance factors.

Exposures to industry exclusions is assessed by reference to the total (gross) revenue* of the company provided by MSCI ESG Manager.

We overlay our proprietary low carbon framework to deliver a portfolio with meaningfully lower carbon intensity than broader equity markets**.

MAGELLAN SUSTAINABLE FUND (MANAGED FUND): KEY PORTFOLIO INFORMATION

TICKER	FUND SIZE	BUY/SELL SPREAD ¹	MANAGEMENT AND PERFORMANCE FEES ²	INCEPTION DATE
MSUF	AUD \$8.3 million	0.07% / 0.07%	1.36% p.a. and performance fee of 10% of dual hurdle excess return [^]	11 December 2020

[^] 10.0% of the excess return of the units of the Fund above the higher of the Index Relative Hurdle (MSCI World NTR Index (AUD)) and the Absolute Return Hurdle (the yield of 10-year Australian Government Bonds). Additionally, the Performance Fees are subject to a high water mark.

PERFORMANCE³

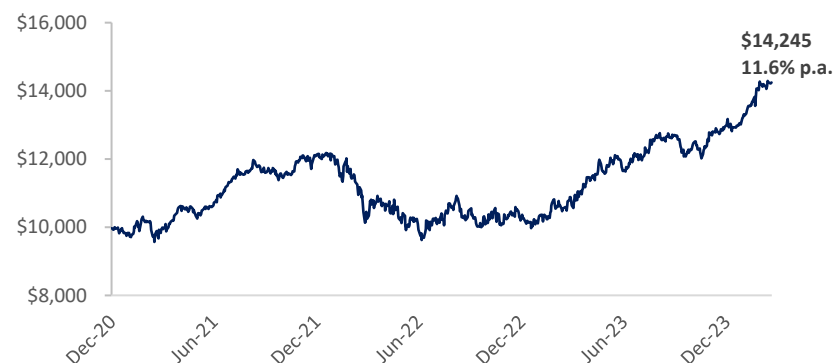
	1 MONTH (%)	3 MONTHS (%)	6 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	Since Inception (% p.a.)
MSUF	5.1	11.2	12.8	34.8	13.3	11.6
MSCI World NTR Index (AUD)*	5.8	12.7	11.9	29.4	15.1	14.3
Excess	-0.7	-1.5	0.9	5.4	-1.8	-2.7

CALENDAR YEAR RETURNS

	CYTD (%)	2023 (%)	2022 (%)	2021 (%)	2020 (part year)
MSUF	9.8	29.5	-17.1	22.3	-1.2
MSCI World NTR Index (AUD)*	10.5	23.0	-12.2	29.3	-0.3
Excess	-0.7	6.5	-4.9	-7.0	-0.9

Past performance is not a reliable indicator of future performance.

PERFORMANCE CHART GROWTH OF AUD \$10,000³



Past performance is not a reliable indicator of future performance.

31 December 2023 [#]	FUND	INDEX*
CARBON INTENSITY (CO ₂ T/US\$1M REVENUE)	28	106

[#] Carbon intensity data available on a quarterly basis. Certain information ©2024 MSCI ESG Research LLC. Reproduced by permission. The Fund's carbon intensity score is calculated using MSCI data. In a limited number of circumstances, where data is not available or Magellan deems it appropriate, manual adjustments are made to the MSCI carbon intensity score for certain investments held by the fund.

[^] Please see the PDS for a full list of industry exclusions and revenue thresholds for exclusion.

^{*} Net revenue (or an estimate of gross (or net) revenue will be used where gross revenue is not available.

^{**} Our low carbon framework aims to limit the carbon intensity of the portfolio to one-third of the weighted average carbon intensity of the MSCI World Index, as reported by MSCI. Please see the PDS for further detail.

¹ Only applicable to investors who apply for units directly with the Responsible Entity.

² Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST.

³ 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.

* MSCI World Net Total Return Index (AUD). All MSCI data used is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI and its affiliates assume no liability for or in connection with the data. Please see complete disclaimer in www.magellangroup.com.au/funds/benchmark-information/

TOP 10 HOLDINGS (ALPHABETICAL ORDER)

STOCK	SECTOR ⁴
Alphabet Inc	Internet & eCommerce
Amazon.com Inc	Internet & eCommerce
Dollar General Corporation	Mass-Market Retail
Eversource Energy	Infrastructure
Intercontinental Exchange Inc	Financials
Mastercard Inc	Payments
Meta Platforms Inc	Internet & eCommerce
Microsoft Corporation	Information Technology
Nestlé SA	Consumer Defensive
SAP SE	Information Technology

TOP CONTRIBUTORS/DETRACTORS 1 YEAR⁵

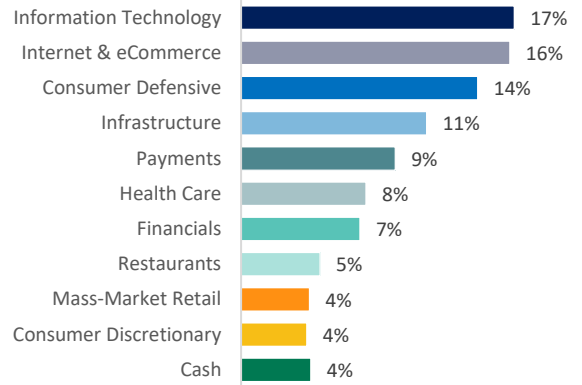
TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Meta Platforms Inc	6.7
Microsoft Corporation	5.0
Alphabet	4.1
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Dollar General Corporation	-1.1
Eversource Energy	-0.4
Nestlé SA	-0.4

MONTHLY SUMMARY

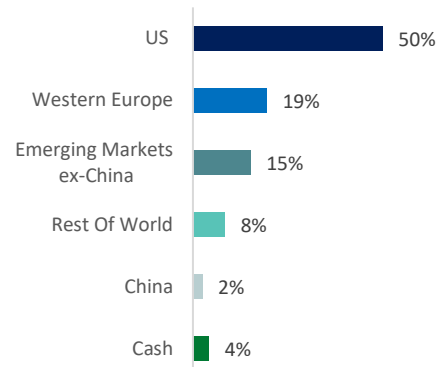
Markets continued to advance in February though there was little to change our cautious view. Valuations are relatively full as the market continues to price in a Goldilocks scenario, with central banks tapping the brakes sufficiently to bring inflation under control, but not so much as to trigger a deep recession. The credibility of this position has been aided by the Federal Reserve's recent comments suggesting that US interest rate rises are complete. However, economic forecasting is notoriously error prone, and while we view the base case of a soft landing as reasonable, we are mindful that a more adverse outcome is certainly possible. At current market valuations there is little room for such an error, and consequently we continue to position the portfolio conservatively.

With market returns unlikely to benefit materially from higher valuations given current above-average levels, we anticipate returns are more likely to be driven by earnings growth. We believe our companies remain well placed to deliver solid earnings growth in the years ahead, reflecting their high quality, strong free cash flow generation, and the benefit of long-term structural tailwinds such as AI adoption.

SECTOR EXPOSURE BY SOURCE OF REVENUE⁴



GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE⁴



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 or the third party responsible for making those statements (as relevant). 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.