

# Magellan Infrastructure Fund (Unhedged)

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## Product Disclosure Statement | 30 November 2020

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This Product Disclosure Statement (“PDS”) provides a summary of significant information relating to Magellan Infrastructure Fund (Unhedged) (“Fund”). This PDS includes references to important additional information contained in the Additional Information Booklet, which forms part of this PDS. **You should consider both the information in this PDS and the Additional Information Booklet before making a decision to invest in the Fund.** A reference to “this PDS” or “the PDS” includes, unless the context requires otherwise, a reference to both the PDS and the Additional Information Booklet.

The Additional Information Booklet is available on our website or you can call us to request a copy free of charge. The information contained in the Additional Information Booklet may change between the day you receive this PDS and the day you sign the Application form. You must ensure that you have read the Additional Information Booklet, current at the date of your application.

The information in this PDS is general information only and does not take into account your personal financial situation or needs. Before making an investment decision based on this PDS, you should consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances.

The information in this PDS is subject to change from time-to-time. Information that is not materially adverse information can be updated by us. Updated information can be obtained by going to our website, by calling us, by contacting your licensed financial adviser or by contacting your master trust or wrap account operator (for indirect investors). You may request a paper copy of any updated information at any time, free of charge.

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Fund in any jurisdiction outside Australia and New Zealand. The distribution of this PDS outside Australia and New Zealand may be restricted by law and persons who come into possession of this PDS outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## 1. About Magellan Asset Management Limited

Magellan Asset Management Limited (the “**Responsible Entity**”, “**Investment Manager**”, “**Magellan**”, “**we**”, “**our**” or “**us**”) is the responsible entity and investment manager for Magellan Infrastructure Fund (Unhedged) (“**Fund**”). As responsible entity, we are responsible for overseeing the operations of the Fund. As the investment manager, we are responsible for selecting and managing the assets of the Fund.

Magellan is a wholly owned subsidiary of Magellan Financial Group Limited, which is listed on the Australian Securities Exchange.

## 2. How Magellan Infrastructure Fund (Unhedged) works

When you invest your money in the Fund, your money is pooled together with other investors’ money. Magellan uses this pool to buy investments and manage them on behalf of all investors in the Fund in accordance with the Fund’s investment strategy. By investing in the Fund you have access to investments you may not be able to access on your own and you also benefit from the insights of Magellan’s skilled investment team.

### Units and unit prices

The total value of the net assets in the Fund is divided into units and a unit price is calculated for each business day in New South Wales (“**Business Day**”). The unit price will change daily as the market value of assets in the Fund rises or falls. When you make an investment in the Fund we will allocate units to you based on the entry unit price for the Business Day on which we receive your application and cleared funds. When you withdraw some or all of your investment, we will redeem your units based on the exit unit price for the Business Day on which we receive your withdrawal request.



You should read the additional information about “Units and Unit Prices” in section 2 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to units and unit prices may change between the time you read this PDS and the day when you acquire the product.

### Investing in the Fund

You can make an investment in the Fund by sending us a correctly completed Application Form together with the required supporting identification documentation. The minimum initial investment is \$10,000.

Additional investments can be made into an existing account at any time. The minimum amount for an additional investment made using BPAY® is \$500 and the minimum amount for an additional investment made using EFT or cheque is \$5,000.

We may accept initial and additional investment applications for smaller amounts at our discretion. The processing of applications for lower amounts may be delayed while approval is sought for the lower application amount. We may also reject applications at our discretion.

If you invest into the Fund indirectly through an Investor Directed Portfolio Service (“**IDPS**”), IDPS-like scheme or a nominee or custody service (collectively referred to as “**master trusts**” or “**wrap accounts**”), the minimum investment amount will be determined by the operator of the master trust or wrap account and may be higher or lower than if you invest in the Fund directly.



You should read the additional information about “Completing the Application Form”, “Additional investments” and the “Payment of your application monies” in section 2 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

### Withdrawing your investment in the Fund

You can withdraw some or all of your investment at any time, as long as the withdrawal request is for at least \$5,000. To do this, please send to us a completed Withdrawal Form or written notice of withdrawal. You can request a specified dollar amount to be withdrawn, a specified number of units to be withdrawn, or a full redemption of your investment in the Fund. If your withdrawal request results in your remaining investment in the Fund falling below \$5,000, we may require you to withdraw your entire balance.

You can usually expect to receive payment into your nominated bank account within 7 Business Days after our receipt and acceptance of your withdrawal request. However, during July and January of each year, or at any other time when the Fund is processing a distribution, payment of your withdrawal may be delayed by up to 15 Business Days. There may be other circumstances, such as a freeze on withdrawals or where the Fund is illiquid (as defined in the Corporations Act 2001), where your ability to withdraw from the Fund is restricted and you may have to wait a period of time before you can withdraw some or all of your investment.



You should read the additional information about “Withdrawals”, “Switches” and “Restrictions on withdrawals and switches” in section 2 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

### How we process transactions

We will process your application and issue units to you when we have received:

- your completed Application Form or Additional Application Form (not required for additional investments made by BPAY®), including any required identification documentation; and
- your cleared application monies into the Fund’s application bank account.

If we receive your Application Form by 2.00pm (Sydney time) on a Business Day and your cleared funds by close of business on the same Business Day, you will receive the entry unit price applicable to that Business Day. Otherwise we will issue units to you using the entry unit price applicable to the Business Day on which we receive your completed documentation and cleared monies, subject to the applicable cut-off times.

For additional investments made by BPAY®, we will not issue units until we receive the money from your financial institution. Please note that although your BPAY® transactions may be processed from your bank account immediately, your funds and payment instructions may take some time to be received from your financial institution. You will need to quote the Fund's Biller Code (available in section 2 of the Additional Information Booklet) and your unique reference number (refer to your last transaction confirmation or contact the Unit Registry).

If you invest by EFT, you must quote your account name (or part thereof) and/or your current investor number as a reference to the payment. If you make an additional investment by EFT, please also ensure that you notify the Unit Registry of your EFT payment using the Additional Application Form or by sending an email to the Unit Registry. Otherwise, there may be a delay in issuing you with units.

If you invest by cheque or request us to process a direct debit (available for initial applications only), it may take up to two Business Days (in the case of a cheque) and three Business Days (in the case of a direct debit) for your application monies to clear from the date we bank the cheque or issue a direct debit request to your bank. If we receive your cheque or direct debit request before 2.00pm (Sydney time) on a Business Day we will action these on the day we receive them. If they are received after 2.00pm (Sydney time) on a Business Day we will action them the following Business Day. We will not issue units until your application monies have cleared.

If your cheque, direct debit or EFT is dishonoured by your financial institution, we will not process your application. We will not represent a dishonoured payment unless you first contact us to discuss your application. We may deduct any fees incurred as a result of the dishonoured payment from your application amount before we issue you with units.

If we receive your withdrawal request before 2.00pm (Sydney time) on a Business Day, we will calculate the amount of your withdrawal using the exit unit price applicable to that Business Day. If we receive your request after 2.00pm we will use the following Business Day's exit unit price.

You are able to switch all or part of your investment to another fund managed by Magellan. A switch is a withdrawal from one Magellan fund and an application into another. If we receive your switch instruction before 2.00pm (Sydney time) on a Business Day, we will usually process the switch using the entry and exit prices applicable to that Business Day. If we receive your request after 2.00pm, we will usually process it using the following Business Day's unit prices. In circumstances where the calculation of unit prices is delayed for any reason, including while we are determining and processing distributions, we have the discretion to defer the processing of switches until unit pricing has resumed.

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#### Distributions

The Responsible Entity intends to target a cash distribution yield of 4% per annum ("**Target Cash Distribution**"). The Target Cash Distribution per unit will be paid semi-annually (for the periods ending 30 June and 31 December of each year), with the actual amount for each period determined by using the average of the month-end net asset value per unit over the two year rolling period ending on the last Business Day of the prior distribution period.

The distribution may comprise an amount attributed to you from income (such as dividends received from shares and interest) less expenses incurred by the Fund (such as Management Costs) plus net capital gains made on the sale of shares or other investments held. In some circumstances, the Fund may distribute a payment out of the capital invested in addition to a distribution of net income or net capital gains, or where the Fund has not generated any net income or net capital gains during the income year. The distribution investors may receive will be based on the number of units they hold at the nominated record date. It is not pro-rated according to the time that investors have held their units.



You should read the additional information about "Distributions" in section 2 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to distributions may change between the time you read this PDS and the day when you acquire the product.

#### Indirect investors

We authorise the use of this PDS as disclosure to persons who wish to access the Fund indirectly through an IDPS, IDPS-like scheme or a nominee or custody service (collectively referred to as "**master trusts**" or "**wrap accounts**").



You should read the additional information about "Indirect investors" in section 2 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to indirect investors may change between the time you read this PDS and the day when you acquire the product.

### 3. Benefits of investing in Magellan Infrastructure Fund (Unhedged)

#### Significant features

The Fund offers investors an opportunity to invest in a specialised and focused global infrastructure fund. The Fund's investment universe is any entity listed on a global stock exchange whose primary business is the ownership and operation of infrastructure assets. The primary objectives of the Fund are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss.

The Fund will invest in companies that generate the dominant part of their earnings from the ownership of infrastructure assets. We endeavour to acquire these companies at discounts to their assessed intrinsic value. We anticipate that the Fund's portfolio will comprise 20 to 40 investments. We believe such a portfolio will achieve sufficient diversification to ensure the Fund is not overly correlated to a single company or to macroeconomic risks.

It is not our intention to hedge the foreign currency exposure of the Fund arising from investments in overseas markets.

## Significant benefits

Investing in the Fund offers investors a range of benefits, including:

- access to our investment expertise and a professionally managed equity portfolio;
- access to attractive listed global infrastructure investment opportunities;
- prudent risk management; and
- participation in any capital appreciation and income distributions of the Fund.

## 4. Risks of managed investment schemes

All investments carry risk. The likely investment return and the risk of losing money is different for each investment strategy, as different strategies carry different levels of risk depending on the underlying mix of assets that make up each fund. Those assets with potentially the highest long term return (such as equities) may also have the highest risk of losing money in the shorter term.

Risks can be managed but not completely eliminated. It is important that you understand that:

- the value of your investment will rise and fall;
- investment returns will vary and future returns may differ from past returns;
- returns are not guaranteed and there is a risk that you may lose some money on any investment you make; and
- laws affecting your investment in a managed investment scheme may change over time.

The appropriate level of risk for you will depend on various factors and may include your age, investment timeframe, where other parts of your wealth are invested and your overall tolerance to risk. You may wish to consult a licensed financial adviser to better understand the risks involved in investing in this Fund.

The significant risks for the Fund are:

**Company specific risk:** Investments by the Fund in a company's securities will be subject to many of the risks to which that particular company is itself exposed. These risks may impact the value of the securities of that company. These risks include factors such as changes in management, actions of competitors and regulators, changes in technology and market trends.

**Concentration risk:** As the Fund will hold a concentrated portfolio of 20 to 40 investments, returns of the Fund may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in the Fund's unit price, and increased risk of poor performance.

**Conflicts of interest risk:** Either we or our various service providers may from time to time act as issuer, investment manager, custodian, unit registry, broker, administrator, distributor or dealer to other parties or funds that have similar objectives to those of the Fund. It is possible that we or our service providers may have potential conflicts of interest with the Fund. Such conflicts of interest include but are not limited to: management of multiple accounts with varying fee arrangements, trade allocation, proxy voting and staff personal trading. The Investment Manager may invest in, directly or indirectly, or manage or advise other funds which invest in assets which may also be purchased by the Fund. Neither the Investment Manager nor any of its affiliates nor any person connected with it are under any obligation to offer investment opportunities to the Fund.

We maintain a Conflicts of Interest Policy to ensure that we manage our obligations to the Fund such that all conflicts (if any) are resolved fairly.

**Counterparty risk:** There is a risk that the Fund may incur a loss arising from the failure of another party to a contract (the counterparty) to meet its obligations. Counterparty risk arises primarily from investments in cash, derivatives and currency transactions. Substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations.

**Currency risk:** As the Fund's investments in international assets will typically be unhedged, a rise in the Australian dollar relative to other currencies will negatively impact investment values and returns. Currency markets can be extremely volatile and are subject to a range of unpredictable forces. It is not our intention to hedge the foreign currency exposure of the Fund arising from investments in overseas markets.

**Derivatives risk:** The value of a derivative is derived from the value of an underlying asset and can be highly volatile. Changes in the value of derivatives may occur due to a range of factors that include rises or falls in the value of the derivative in line with movements in the value of the underlying asset, potential liquidity of the derivative and counterparty credit risk.

**Distribution policy risk:** Under the distribution policy for the Fund, there may be circumstances where the distributions received by investors in cash may be insufficient to cover an investor's tax payable on the income of the Fund attributable to the investor.

**Emerging market risk:** The Fund invests in the securities of issuers domiciled in foreign jurisdictions, including some countries that may be classified as emerging market countries. As a result, the Fund may be subject to adverse governmental, economic, legal and securities market risks associated with individual foreign markets. Specific risks may include unexpected changes in government or regulatory policy which could reduce trading liquidity and/or increase price volatility of securities, fewer securities holder rights and less protection of property rights. Trading, settlement and custody practices may differ from developed markets and this may result in lower liquidity and counterparty credit risk.

**Fund risk:** Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. The performance of the Fund or the security of an investor's capital is not guaranteed. There is no guarantee that the investment strategy of the Fund will be managed successfully, or that the Fund will meet its investment objectives. Failure to do so could negatively impact the performance of the Fund. An investment in the Fund is governed by the terms of the Fund's Constitution and this PDS, each as amended from time to time. Magellan may elect, in accordance with the Fund's Constitution and the Corporations Act 2001, to terminate the Fund for any reason.

**Inflation risk:** As some forecasted cash flows for an infrastructure investment are estimates based on an assumed rate of inflation, there is the risk that returns from the Fund's infrastructure investments could be affected by changes in the rate of inflation.

**Infrastructure investing risk:** The Fund's investments in infrastructure companies will expose the Fund to potential adverse economic, regulatory, political and other changes affecting such investments. Issuers of securities in infrastructure-related businesses are subject

to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage, costs associated with environmental or other regulations, the effects of economic slowdowns, adverse changes in fuel prices, the effects of energy conservation policies and other factors. The stock prices of transportation infrastructure companies are affected by both supply and demand of their specific product. The transportation sector can be affected by economic changes, fuel prices, labour relations, insurance costs and government regulations.

**Interest rate risk:** Infrastructure securities may be more sensitive to interest rate movements than other sectors. There is the risk that an increase in interest rates could lead to a fall in value of the Fund's infrastructure investments.

**Liquidity of investments risk:** Whilst the Fund is exposed to listed securities which are generally considered to be liquid investments, under extreme market conditions, there is a risk that such investments cannot be readily converted into cash or at an appropriate price. In such circumstances, the Fund may be unable to liquidate sufficient assets to meet its obligations, including payment of withdrawals, within required timeframes or it may be required to sell assets at a substantial loss in order to do so.

**Market risk:** There is a risk that the market price of the Fund's assets will fluctuate. This may be as a result of factors such as economic conditions, government regulations, market sentiment, local and international political events, pandemic outbreaks, environmental and technological issues.

**Operational risk:** Operational risk includes those risks which arise from carrying on a funds management business. The operation of the Fund may require us, the custodian, the unit registry, the administrator and other service providers to implement sophisticated systems and procedures. Some of these systems and procedures are specific to the operation of the Fund. Inadequacies with these systems and procedures or the people operating them could lead to a problem with the Fund's operation and result in a decrease in the value of units.

**Performance risk:** There is a risk that the Fund may not achieve its investment objectives.

**Personnel risk:** The skill and performance of the Investment Manager can have a significant impact (both directly and indirectly) on the investment returns of the Fund. Changes in key personnel and resources of the Investment Manager may also have a material impact on investment returns of the Fund.

**Pooled investment scheme risk:** The market prices at which the Fund is able to invest inflows, or sell assets to fulfil outflows, may differ from the prices used to calculate entry and exit unit prices. Investors in the Fund may therefore be impacted by other investors entering and exiting the Fund. The impact will depend on the size of inflows or outflows relative to the Fund, and on the price volatility of the securities in which the Fund invests. Inflows and outflows may also affect the taxable income attributed to an investor during a financial year.

**Regulatory risk:** There is a risk that a change in laws and regulations governing a security, sector or financial market could have an adverse impact on the Fund or on the Fund's investments. A change in laws or regulations can increase the costs of operating a business and/or change the competitive landscape.

## 5. How we invest your money

An investment in the Fund may suit you if you are seeking a long-term investment exposure to listed international infrastructure equities.

**Before deciding whether to invest in the Fund, you should consider:**

- **the likely investment return of the Fund;**
- **the risk involved in investing in the Fund; and**
- **your investment timeframe.**

Magellan Infrastructure Fund (Unhedged)							
<b>Investment return objective</b>	The primary objectives of the Fund are to achieve attractive risk adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss.						
<b>Minimum suggested time frame for holding investment</b>	At least 7 to 10 years.						
<b>Asset classes and asset allocation ranges</b>	<p>The Fund's assets are typically invested within the following asset allocation ranges:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Investment Range</th> </tr> </thead> <tbody> <tr> <td>Securities</td> <td>80% – 100%</td> </tr> <tr> <td>Cash &amp; cash equivalents</td> <td>0% – 20%</td> </tr> </tbody> </table>	Asset Class	Investment Range	Securities	80% – 100%	Cash & cash equivalents	0% – 20%
Asset Class	Investment Range						
Securities	80% – 100%						
Cash & cash equivalents	0% – 20%						
<b>Investments held</b>	The Fund primarily invests in the securities of companies listed on stock exchanges around the world, but will also have some exposure to cash & cash equivalents. The Fund can use foreign exchange contracts to facilitate settlement of stock purchases and to mitigate currency risk on specific investments within the portfolio. It is not our intention to hedge the foreign currency exposure of the Fund arising from investments in overseas markets.						
<b>Risk level<sup>1</sup></b>	Medium to high.						
<b>Fund performance</b>	For up-to-date information on the performance of the Fund, including daily unit prices and performance history, please visit <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a> .						

<sup>1</sup> The risk level is not a complete assessment of all forms of investment risks. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than the return an investor may require to meet their objectives.



You should read the additional information about "Permitted investments", "Borrowing restrictions", "Changes to a Fund" and "Labour standards and environmental, social or ethical considerations" in section 5 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

## 6. Fees and costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission ("ASIC")** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment funds calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your investment, from the returns on your investment or from the Fund's assets as a whole. You should read all the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other investment funds.

Type of fee or cost	Amount
<b>Fees when your money moves in or out of the Fund</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management Costs<sup>1</sup></b>	
<b>The fees and costs for managing your investment</b>	Management fee of 1.06% per annum
	PLUS an estimated performance fee <sup>2</sup> of 0.23% per annum
	<b>EQUALS total management costs<sup>3</sup> of 1.29% per annum</b>

1 These fees may be individually negotiated if you are a wholesale client (as defined in the Corporations Act 2001).

2 The estimated performance fee represents Magellan's reasonable estimate of the prospective performance fee payable by the Fund. It has been calculated as the simple average of the actual performance fees of the Fund since inception (up to and including 30 June 2020). The estimated performance fee is inclusive of the net effect of Goods and Services Tax ("GST") (i.e. inclusive of GST, less any reduced input tax credits). Past performance is not necessarily indicative of future performance. The actual performance fee payable (if any) will depend on the performance of the Fund over the relevant period.

3 Management costs described above are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). As the Fund predominantly invests in international securities, the GST impact on the management costs will typically be negligible. To the extent the GST impact changes (for example, if the Fund's exposure to Australian securities increases), the actual management costs may vary from the rates stated above.

**Warning:** Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your adviser.

### Example of annual fees and costs

This table gives an example of how the fees and costs for this product can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example <sup>1</sup> – Magellan Infrastructure Fund (Unhedged)		Balance of \$50,000 with a contribution of \$5,000 during year <sup>2</sup>
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	1.06% <sup>3</sup> p.a.	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$530 each year.
EQUALS Cost of the Fund	1.06% p.a.	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: <b>\$530<sup>4</sup></b> . <b>What it costs you will depend on the fund you choose and the fees you negotiate.</b>

1 This is an example only and does not take into account any movements in the value of an investor's units that may occur over the course of the year or any abnormal costs.

- 2 This example assumes the \$5,000 contribution occurs at the end of the first year. Management Costs are calculated using the \$50,000 balance only.
- 3 This management cost amount consists of the management fee (1.06%) and the actual performance fee (0.00%) that was incurred by the Fund for the year ended 30 June 2020. This rate is inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). Please see the "Additional information about fees and costs" section below for more details.
- 4 Please note that this example does not capture all the fees and costs that may apply to you such as transactional and operational costs.

## Additional information about fees and costs

### Management fees

The Fund pays a management fee of 1.06% per annum of the Fund's Net Asset Value (before fees) ("**NAV**") to Magellan for managing the assets of the Fund and overseeing the operations of the Fund. The management fees help cover all ordinary fees, charges, expenses and outgoings that are incurred in connection with the Fund (such as administration and accounting costs, registry fees, audit and tax fees, and investor reporting expenses). Management fees are calculated monthly based on the NAV of the Fund at the end of each month. Estimated fees are reflected in the daily unit price of the Fund and are payable at the end of each month.

### Performance fees

In addition to the management fees which are part of the management costs, Magellan will also receive a performance fee of 10% of the excess return of the units of the Fund above the higher of the Index Relative Hurdle (the S&P Global Infrastructure Index A\$ Unhedged Net Total Return) and the Absolute Return Hurdle (the yield of 10-year Australian Government Bonds) over each calculation period ending 31 December and 30 June in each year. Performance fees are paid subject to the dual performance hurdles and the "High Water Mark" being met for the relevant calculation period. Estimated performance fees are reflected in the daily unit price of the Fund and are payable at the end of each calculation period.



You should read the important information about fees and costs before making a decision. Go to the additional information titled "Additional explanation of fees and costs" in section 6 of the Additional Information Booklet. The material relating to fees and costs may change between the time you read this PDS and the day when you acquire the product.

### Total transactional and operational costs

Transactional and operational costs such as brokerage and transactional taxes are incurred by the Fund when the Fund acquires and disposes of securities. An estimate of transactional and operational costs for the Fund is provided in the table below. These estimated costs are based on the actual transactional and operational costs incurred by the Fund for the year ended 30 June 2020.

Total transactional and operational costs (% p.a.)	Recovery through buy/sell spread (% p.a.)	Net transactional and operational costs (% p.a.)	For every \$50,000 you have in the Fund you will likely incur approximately:
0.12%	0.07%	0.05%	\$25

The net transactional and operational costs take into account the buy / sell spread recovered in respect of the year ended 30 June 2020. The amount of these costs will vary from year to year depending on the volume and value of the trading activity in the Fund, and the value of applications and withdrawals processed.

Transactional and operational costs are paid out of the assets of the Fund and are not paid to Magellan.

### Buy and sell spreads

A portion of the total transactional and operational costs is recovered from investors entering or exiting the Fund. New investments into the Fund or withdrawals from the Fund will typically cause the Fund to incur transaction costs. So that existing investors do not bear the transactions costs that arise from these investments and withdrawals from the Fund, the entry and exit unit prices include an allowance to cover these costs (sometimes called the "buy spread" and the "sell spread"). These represent an additional cost to you of investing in the Fund but it is not a fee paid to Magellan.

The current buy spread is 0.15% of the NAV unit price, represented by the difference between the entry price and the NAV unit price. The current sell spread is 0.15% of the amount that you withdraw, represented as the difference between the exit price and the NAV unit price. For example, if you invested \$50,000 in the Fund the cost of your buy spread would be \$75, or if you withdrew \$50,000 from your investment the cost of the sell spread would be \$75. We may vary the buy and sell spreads from time to time and prior notice will not ordinarily be provided. Updated information on the buy and sell spreads will be posted on our website at [www.magellangroup.com.au](http://www.magellangroup.com.au).

### Changes in Fees

Fees may increase or decrease for a number of reasons including changes in the competitive, industry and regulatory environments or simply from changes in costs. We can change fees, without your consent, but will provide you with at least 30 days written notice of any fee increase.



You should read the important information about fees and costs associated with investing via a platform, financial adviser fees and negotiable fee arrangements before making a decision. Go to the additional information titled "Fees for indirect investors", "Payments to platforms" and "Financial adviser fees" in section 6 of the Additional Information Booklet. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

## 7. How managed investment schemes are taxed

**Investing in the Fund is likely to have tax consequences. Before investing in the Fund you are strongly recommended to seek your own professional tax advice about the applicable Australian tax consequences and, if appropriate, foreign tax consequences that may apply to you based on your particular circumstances.**

The Fund generally attributes its net income to investors each financial year so that it is not subject to tax. The Fund does not pay the tax liability on behalf of investors. As an investor, you will be assessed for tax on the net income and net capital gains attributed to you. The attributed amounts may or may not be the same as the distribution/s you received during the year.

We will send you a tax statement after the end of each financial year that will provide you with details of the amounts attributed to you from the Fund to assist you in the preparation of your tax return.



You should read the additional information about "How managed investment schemes are taxed" in section 7 of the Additional Information Booklet before making a decision to invest in the Fund. The material may change between the time you read this PDS and the day when you acquire the product.

## 8. How to apply

### Steps

Before completing the Application Form please ensure you have read this PDS together with the Additional Information Booklet available from [www.magellangroup.com.au](http://www.magellangroup.com.au).

If you already hold an investment in another Magellan Fund, you do not need to complete the Application Form or provide further copies of supporting identification documents. You can instead complete the Additional Application Form, ensuring that you include your current investor number.

- 1) Complete all relevant sections of the Application Form, available from [www.magellangroup.com.au](http://www.magellangroup.com.au). If you have any questions regarding the completion of the Application Form speak to your licensed financial adviser or call our Unit Registry on 1300 127 780 (or +61 2 8259 8566) or 0800 787 621 (NZ). Payment details and methods are described on the Application Form.
- 2) Mail your completed Application Form together with supporting identification documents to our Unit Registry:  
Mainstream Fund Services – Unit Registry  
GPO Box 143, Sydney NSW 2001

### Cooling-off period

If you are a retail investor, a 14-day "cooling-off period" may apply to your initial investment in the Fund in certain circumstances. If, during the 14-day cooling-off period, you decide that the investment does not meet your needs, then you should immediately notify us. If you exercise your cooling-off rights we will return your money to you. However, the amount you receive will reflect any market movement up or down which means there may be taxation implications for you. We will also deduct any tax or duty incurred and a reasonable amount for transaction and administration costs. As a result, the amount returned to you may be less than your original investment.

The 14-day cooling-off period starts on the earlier of the date when you receive confirmation of your transaction or the end of the 5th calendar day after the day we issue the units to you. Please note that the cooling-off period will lapse if you transact on your account within the 14 days. Under normal circumstances refunds will be made within 7 Business Days of you notifying us. For more information, please call our Unit Registry on 1300 127 780 (or +61 2 8259 8566) or 0800 787 621 (NZ).

### Complaints Resolution

If you have any concerns or complaints, as a first step please contact our Complaints Officer on +61 2 9235 4888 and we will do our best to resolve your concern quickly and fairly. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority ("AFCA"). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Telephone: 1800 931 678

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

## 9. Other information

### Additional disclosure information

The Fund is subject to regular reporting and continuous disclosure obligations. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. You can also call us to obtain copies of the following documents, free of charge:

- The Fund's Annual Financial Report most recently lodged with ASIC;
- Any Half Year Financial Report lodged with ASIC;
- Any continuous disclosure notices we place online at [www.magellangroup.com.au](http://www.magellangroup.com.au) or lodge with ASIC.

### Further reading



You should read the additional information titled "Change of details", "Constitution", "Custodian", "Consents", "Anti-money laundering and counter terrorism financing" and "Privacy policy" in section 9 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

### New Zealand Investors



New Zealand Investors should read the additional information titled "Additional information for New Zealand investors" in section 9 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to New Zealand Investors may change between the time you read this PDS and the day when you acquire the product.