



Magellan Global Fund (Hedged), Magellan Infrastructure Fund, Magellan Infrastructure Fund (Unhedged)

Annual Reports

For the year ended 30 June 2021

Magellan Global Fund (Hedged): ABN 72 263 210 345

Magellan Infrastructure Fund: ABN 64 144 747 279

Magellan Infrastructure Fund (Unhedged): ABN 79 874 701 620

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Responsible Entity's Report

for the year ended 30 June 2021

The Directors of Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946), the Responsible Entity of Magellan Global Fund (Hedged) ("MGFH"), Magellan Infrastructure Fund ("MIF") and Magellan Infrastructure Fund (Unhedged) ("MIFU"), (collectively "the Funds") present their annual reports on the Funds for the period ended 30 June 2021.

1. Directors

The following persons were Directors of MAM during the period and up to the date of this report:

			Appointed
Robert Fraser	Chairman		23 April 2014
Brett Cairns	Chief Executive Officer		22 January 2007
John Eales	Non-executive Director		1 July 2017
Colette Garnsey	Non-executive Director		30 November 2020
Paul Lewis	Non-executive Director		20 December 2006
Hamish McLennan	Non-executive Director		1 March 2016
Kirsten Morton	Chief Financial Officer		5 October 2018
Karen Phin	Non-executive Director		23 April 2014

2. Principal Activity

The Funds are registered managed investment schemes domiciled in Australia, with the principal place of business at Level 36, 25 Martin Place, Sydney, New South Wales 2000. MAM is both the Responsible Entity and the Investment Manager of the Funds.

The primary objectives of MGFH are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss. MGFH offers investors an opportunity to invest in a specialised and focused global equity fund. The aim is to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time. MGFH endeavours to acquire these companies at discounts to their assessed intrinsic value. MGFH's portfolio comprises 20 to 40 investments and believes such a portfolio will achieve sufficient diversification to ensure the MGFH is not overly correlated to a single company, or to industry specific or macroeconomic risks. MGFH's intention is to substantially hedge the capital component of the foreign currency exposure of MGFH arising from investments in overseas markets back to Australian Dollars.

MIF offers investors an opportunity to invest in a specialised and focused global infrastructure fund. MIF'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 MIF are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss. MIF invests in companies that generate the dominant part of their earnings from the ownership of infrastructure assets and endeavours to acquire these companies at discounts to their assessed intrinsic value. MIF's portfolio comprises 20 to 40 investments and MAM believes such a portfolio will achieve sufficient diversification to ensure MIF is not overly correlated to a single company or to macroeconomic risks. MIF's intention is to substantially hedge the capital component of the foreign currency exposure of the fund arising from investments in overseas markets back to Australian Dollars.

MIFU has the same investment strategy as MIF, except that the capital component of the foreign currency exposure, arising from investment in overseas markets, is substantially unhedged.

The investment strategy for each of the Funds is detailed in the Product Disclosure Statements ("PDSs"), issued 30 November 2020, for each of the Funds.

Responsible Entity's Report

for the year ended 30 June 2021

3. Significant Changes in State of Affairs

On 24 September 2020 MAM announced a distribution policy update, to target a cash distribution yield of 4% per annum, for each fund, paid semi-annually for the periods ended June and December (refer Note 2 to the Financial Statements).

There were no other significant changes in the state of affairs of the Funds during the period.

4. Review of Operations

4.1. Financial Results for the Period

The performance of the Funds, as represented by the results of their operations for the periods ended 30 June were as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
Results						
Total net investment income (\$'000)	286,464	76,344	229,379	(209,277)	44,410	(72,903)
Total expenses (\$'000)	(23,499)	(13,199)	(34,498)	(32,662)	(14,105)	(15,723)
Profit/(Loss) (\$'000)	262,965	63,145	194,881	(241,939)	30,305	(88,626)
Distributions						
Distribution paid and payable (\$'000)	57,479	46,281	109,332	88,895	46,216	42,854
Distribution paid and payable (CPU) ¹	6.7500	6.5000	5.4200	5.2000	7.6000	7.5000
Unit Price						
Unit price (net asset value) (ex-distribution) (\$)	1.9448	1.6862	1.2956	1.2528	1.7392	1.7660
Redemption unit price (ex-distribution) (\$)	1.9434	1.6850	1.2937	1.2509	1.7366	1.7634

¹ Cents Per Unit

Responsible Entity's Report

for the year ended 30 June 2021

Distribution Components

Distribution components, which can be found in 'Our Funds' section of the MFG website, www.magellangroup.com.au, are as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2020 Interim Distribution CPU	30 Jun 2021 Final Distribution CPU	31 Dec 2020 Interim Distribution CPU	30 Jun 2021 Final Distribution CPU	31 Dec 2020 Interim Distribution CPU	30 Jun 2021 Final Distribution CPU
Domestic Income						
Interest	0.0023	0.0072	0.0553	0.1040	0.0495	0.0493
Franked dividends	-	-	-	0.0160	0.0034	0.0034
Franking credits	-	-	-	0.0335	0.0305	0.0303
Unfranked dividends	-	-	-	0.0212	0.0053	0.0053
Other income	2.7167	8.4499	-	4.0057	0.0054	0.0054
Other domestic income - NCMi			-	0.0080	0.0022	0.0022
Foreign Sourced Income	0.3828	1.1905	2.5737	0.5661	0.4209	0.4187
Foreign income tax offsets	0.0763	0.2373	0.1832	0.2022	0.2647	0.2633
Capital Gains (NTARP)						
Discounted	0.1091	0.3394	0.0405	-	-	-
AMIT CGT gross up amount	0.1091	0.3394	0.0405	-	-	-
Other non-attributable amounts (tax deferred amounts)	-	-	-	-	3.3232	3.3057
Attribution Amount	3.3963	10.5637	2.8932	4.9567	4.1052	4.0836
AMIT cost base net increase ¹	-	(6.8964)	-	(2.0110)	-	-
Tax Offsets						
Franking credits	-	-	-	(0.0335)	(0.0305)	(0.0303)
Foreign income tax offsets	(0.0763)	(0.2373)	(0.1832)	(0.2022)	(0.2647)	(0.2633)
Cash Distribution	3.3200	3.4300	2.7100	2.7100	3.8100	3.7900

¹ Under the AMIT rules, where income attributed to an investor is more than the cash distribution paid, the tax cost base of the investor's units will increase by a corresponding amount.

Responsible Entity's Report

for the year ended 30 June 2021

4.2. Total Indirect Cost Ratio

The Total Indirect Cost Ratio ("ICR") is the ratio of the Funds' actual management costs over the average portfolio values expressed as a percentage. Management costs, accrued within the Funds' unit prices on a daily basis, include management and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021 %	30 June 2020 %	30 Jun 2021 %	30 June 2020 %	30 Jun 2021 %	30 June 2020 %
Management fee	1.35	1.35	1.05	1.06	1.05	1.06
Performance fee ¹	-	0.01	-	0.01	-	-
Total Indirect Cost Ratio	1.35	1.36	1.05	1.07	1.05	1.06

¹ Performance fees are calculated on six monthly measurement periods ending on 30 June and 31 December of each calendar year. The Performance fees component of the ICR is calculated on an accrual basis for each measurement period.

4.3. Performance Returns

The performance returns have been calculated using redemption unit prices for the Funds, which are after fees and expenses, assuming reinvestment of distributions. The returns are calculated daily, compounded to produce longer period returns.

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021 %	30 June 2020 %	30 Jun 2021 %	30 June 2020 %	30 Jun 2021 %	30 June 2020 %
Growth return ¹	15.3	0.6	3.4	(12.3)	(1.5)	(10.4)
Distribution return ²	4.2	3.9	4.5	3.4	4.5	3.6
Total Return³	19.5	4.5	7.9	(8.9)	3.0	(6.8)

¹ The Growth return is calculated daily as a percentage by dividing the unit price (ex-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

² The Distribution return is calculated as a percentage by subtracting the Growth return from the Total Return.

³ The Total Return is calculated daily as a percentage by dividing the unit price (cum-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Total Returns are then compounded to produce longer period returns.

Responsible Entity's Report

for the year ended 30 June 2021

5. Strategy and Future Outlook

The Funds' investment objective is unchanged. The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Therefore, investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

The Funds provide daily unit prices, monthly fund updates and annual investor reports which can be found in the 'Our Funds' section of the Magellan Financial Group Limited ("MFG") website, www.magellangroup.com.au. Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

6. Interest in the Funds

The movements in units on issue of the Funds is disclosed in Note 8 to the Financial Statements.

7. Likely Developments and Expected Results of Operations

The Funds will continue to invest in companies and businesses in accordance with the investment strategy as set out in their PDSs.

The method of operating the Funds is not expected to change in the foreseeable future. However the results of the Funds' operations may be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and past returns should not be used to predict future returns.

8. Subsequent Events

Other than the items disclosed throughout the Responsible Entity's Report, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Funds' operations, the results of those operations, or the Funds' state of affairs in future financial periods.

9. Indemnification and Insurance of Directors and Officers

The Directors and Officers of the Responsible Entity are insured to the extent permitted by law for losses, liabilities, costs and charges in defending any legal proceedings arising out of their conduct while acting in their capacity of Directors and Officers of the Responsible Entity, other than for conduct involving a wilful breach of duty in relation to the Responsible Entity.

During the period, MAM paid an insurance premium to insure the Directors and Officers of the Responsible Entity. The terms of the contract prohibit the disclosure of the premiums paid.

10. Rounding of Amounts

The Funds are of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and consequently amounts in the Responsible Entity's Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

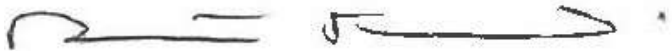
Responsible Entity's Report

for the year ended 30 June 2021

11. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.

A handwritten signature in black ink, appearing to read 'R. Fraser', with a small dot at the end of the line.

Robert Fraser

Chairman

Sydney, 31 August 2021



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Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as the Responsible Entity of Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged), (the Schemes)

As lead auditor for the audit of the financial report of the Schemes for the financial periods ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Clare Sporle

Partner

Sydney, 31 August 2021

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Statements of Profit or Loss and Comprehensive Income

for the year ended 30 June 2021

	Note	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Investment Income							
Dividend and distribution income		20,015	11,140	76,265	64,425	31,024	30,909
Interest income		94	379	349	836	-	439
Net change in fair value of investments		265,616	(8,795)	152,015	(330,279)	21,178	(101,213)
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash		651	73,620	(522)	55,638	(8,320)	(3,082)
Other income		88	-	1,272	103	528	44
Total Net Investment Income		286,464	76,344	229,379	(209,277)	44,410	(72,903)
Expenses							
Management fees	9	20,545	11,404	26,180	23,986	10,767	11,651
Performance fees	9	48	74	-	250	-	41
Brokerage fees		81	110	286	474	99	214
Withholding tax on dividends and distributions		2,825	1,611	8,032	7,952	3,239	3,817
Total Expenses		23,499	13,199	34,498	32,662	14,105	15,723
Profit/(Loss)		262,965	63,145	194,881	(241,939)	30,305	(88,626)
Other comprehensive income		-	-	-	-	-	-
Total Comprehensive Income/(Loss)		262,965	63,145	194,881	(241,939)	30,305	(88,626)

The above Statements of Profit or Loss and Comprehensive Income should be read in conjunction with the accompanying Notes to the Financial Statements.

Statements of Financial Position

as at 30 June 2021

	Note	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Assets							
Cash and cash equivalents	3	95,248	203,555	98,800	264,928	40,157	110,782
Receivables	5	2,918	2,116	19,299	14,909	7,028	6,649
Derivative assets	6	84	1,040	57	2,146	-	-
Investments	6	1,620,531	1,054,193	2,703,673	1,981,131	1,046,540	918,917
Total Assets		1,718,781	1,260,904	2,821,829	2,263,114	1,093,725	1,036,348
Liabilities							
Distributions payable	2	29,039	46,281	56,730	52,338	23,290	25,692
Payables	7	3,075	1,938	6,010	6,671	2,098	3,062
Derivative liabilities	6	40,179	12,132	47,957	19,943	-	-
Total Liabilities		72,293	60,351	110,697	78,952	25,388	28,754
Total Unitholders' Equity		1,646,488	1,200,553	2,711,132	2,184,162	1,068,337	1,007,594

The above Statements of Financial Position should be read in conjunction with the accompanying Notes to the Financial Statements.

Statements of Changes in Equity

for the year ended 30 June 2021

	Note	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Unitholders' Equity at beginning of the Period		1,200,553	602,358	2,184,162	1,977,434	1,007,594	902,720
Transactions with unitholders in their capacity as owners:							
Issue of units		633,576	750,430	891,903	872,892	269,920	383,971
Issue of units under Distribution Reinvestment Plan and management fee rebates		7,614	2,956	16,610	14,869	4,541	5,433
Units redeemed		(400,741)	(172,055)	(467,092)	(350,199)	(197,807)	(153,050)
Distributions paid and payable	2	(57,479)	(46,281)	(109,332)	(88,895)	(46,216)	(42,854)
Total transactions with unitholders		182,970	535,050	332,089	448,667	30,438	193,500
Profit/(loss)		262,965	63,145	194,881	(241,939)	30,305	(88,626)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income/(loss)		262,965	63,145	194,881	(241,939)	30,305	(88,626)
Total Unitholders' Equity at the end of the Period		1,646,488	1,200,553	2,711,132	2,184,162	1,068,337	1,007,594

The above Statements of Changes In Equity should be read in conjunction with the accompanying Notes to the Financial Statements.

Statements of Cash Flows

for the year ended 30 June 2021

	Note	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Cash Flows from Operating Activities							
Dividends and distributions received (net of withholding tax)		16,571	416	62,915	886	26,481	505
Interest received		119	9,382	406	53,991	1	25,857
Other income received		88	-	1,272	103	528	44
Management and performance fees paid		(20,166)	(11,136)	(24,949)	(22,423)	(9,869)	(10,568)
Brokerage fees paid		(81)	(320)	(286)	(574)	(99)	(281)
Net Cash Inflow/(Outflow) from Operating Activities	4	(3,469)	(1,658)	39,358	31,983	17,042	15,557
Cash Flows from Investing Activities							
Purchase of investments		(729,194)	(816,038)	(1,151,015)	(1,437,916)	(329,089)	(642,113)
Proceeds from sale of investments		346,630	403,518	493,562	1,150,226	222,675	514,848
Net foreign exchange gain/(loss)		1,701	70,190	(221)	48,488	(19,493)	1,992
Net cash flows from settlement of forward foreign currency contracts		109,642	(65,516)	116,490	(84,337)	-	-
Net Cash Inflow/(Outflow) from Investing Activities		(271,221)	(407,846)	(541,184)	(323,539)	(125,907)	(125,273)
Cash Flows from Financing Activities							
Receipts from issue of units		633,697	749,951	890,529	872,719	269,695	384,220
Payments for redemption of units		(400,108)	(172,216)	(465,709)	(348,202)	(197,642)	(153,240)
Distributions paid		(67,303)	(17,003)	(89,214)	(54,498)	(44,918)	(46,014)
Net Cash Inflow/(Outflow) from Financing Activities		166,286	560,732	335,606	470,019	27,135	184,966
Net Increase/(Decrease) in Cash and Cash Equivalents		(108,404)	151,228	(166,220)	178,463	(81,730)	75,250
Cash and cash equivalents at the beginning of period		203,555	52,379	264,928	86,485	110,782	42,366
Effect of exchange rate fluctuations on cash and cash equivalents		97	(52)	92	(20)	11,105	(6,834)
Cash and Cash Equivalents at end of Period	3	95,248	203,555	98,800	264,928	40,157	110,782

The Statements of Cash Flows should be read in conjunction with the accompanying Notes to the Financial Statements.

Notes to the Financial Statements

for the year ended 30 June 2021

Overview

These annual financial reports are for the Funds, as individual entities, for the period ended 30 June 2021.

The Funds are registered managed investment schemes under the *Corporations Act 2001*. In accordance with the Funds' Constitutions, they commenced on the date that their first units were issued, which is set out as follows:

	Date Of Commencement
Magellan Global Fund (Hedged)	28 June 2013
Magellan Infrastructure Fund	1 July 2007
Magellan Infrastructure Fund (Unhedged)	28 June 2013

The Funds terminate on the day immediately preceding the 80th anniversary of their Date of Commencement, unless terminated earlier in accordance with the provisions of each Fund's Constitution.

MAM (ABN 31 120 593 946) is the Responsible Entity of the Funds.

The financial reports were authorised for issue by the Directors of the Responsible Entity on 31 August 2021. The Directors have the power to amend and reissue the financial reports.

The Funds are considered for-profit unit trusts for the purpose of these annual financial reports.

1. Basis of Preparation

These general purpose financial reports are presented in Australian Dollars and have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards ("AASB") and Interpretations issued by the Australian Accounting Standards Board, other mandatory professional reporting requirements and the Funds' Constitutions. They also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Statements of Financial Position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss. These fair value assets and liabilities comprise mainly investments that are managed based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. Consequently, the investments that may be realised within 12 months cannot be determined at reporting date.

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000) or in certain cases, the nearest dollar, unless otherwise stated in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

Notes to the Financial Statements

for the year ended 30 June 2021

1.1. Accounting Policies

The accounting policies adopted in the preparation of these financial reports are contained within the notes to which they relate. The policies adopted in the preparation of these financial reports are consistent with those of the previous financial year except for the adoption of the revised Conceptual Framework ("Conceptual Framework") on 1 July 2020. The Conceptual Framework included amendments to the definition and recognition criteria for assets, liabilities, income and expenses, guidance on measurement and derecognition, and other relevant financial reporting concepts and resulted in no impact on the Funds.

The Funds have not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at balance date.

1.2. Foreign Currency Translation

The functional and presentation currency of the Funds is the Australian Dollar as determined in accordance with AASB 121 *The Effects of Changes in Foreign Exchange Rates*. Transactions denominated in foreign currencies are translated into Australian Dollars at the foreign currency exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate at balance date.

Foreign currency exchange differences arising on translation, and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian Dollars at the foreign currency closing exchange rates at the dates that the values were determined. Foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in profit or loss.

1.3. Investment Income

Dividend and Distribution Income

Dividend and distribution income is recognised on the applicable ex-dividend/distribution date gross of withholding tax, which is recorded as an expense in profit or loss. Dividends and distributions received are presented net of withholding tax in the Statements of Cash Flows.

Net Change in Fair Value of Investments

Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the Statements of Profit or Loss and Comprehensive Income. The net change in fair value does not include dividend and distribution income.

Interest Income

Interest income is recognised on an accrual basis using the effective interest rate method.

1.4. Expenses

All expenses are recognised in profit or loss on an accruals basis.

Notes to the Financial Statements

for the year ended 30 June 2021

1.5. Income Tax

On 5 May 2016, the Attribution Managed Investment Trust ("AMIT") regime was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The AMIT regime allows Managed Investment Trusts that meet certain requirements to make an irrevocable choice to be an AMIT. The Funds elected into the AMIT regime effective 30 June 2018.

Under current income tax legislation, the Funds are not subject to income tax provided they attribute the entirety of their taxable income to unitholders.

The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the profit or loss. The benefits of foreign withholding tax paid, and of imputation credits attaching to Australian franked dividends, are passed onto unitholders.

1.6. Goods and Services Tax

The Goods and Services Tax ("GST") incurred on the costs of various services provided to the Funds by third parties, such as custodial services and management fees have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credits at a rate of 55%-75% and are also eligible to recover GST on offshore transactions. Management and performance fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position as a receivable or payable. Cash flows are included in the Statement of Cash Flows on a gross basis.

1.7. Critical Accounting Estimates and Judgements

The preparation of the Funds' financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates.

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may however move materially with movements in market prices (refer Note 10). As most investments are valued with reference to the listed quoted prices and the Funds' cash is held with strongly rated financial institutions, the Funds' financial assets are not subject to significant judgement or complexity nor are the Funds' liabilities.

1.8. Including Different Registered Scheme Financial Reports in a Single Document

The Funds have applied *ASIC Corporations (Related Scheme Reports) Instrument 2015/839*, which allows registered schemes with a common Responsible Entity to include their financial statements in adjacent columns in a single financial report.

Notes to the Financial Statements

for the year ended 30 June 2021

2. Distributions to Unitholders

Distributions are determined by the Responsible Entity of the Funds and are payable as set out in the Funds' PDSs. Distributable income includes capital gains arising from the disposal of financial assets and liabilities. Unrealised gains and losses on financial assets and liabilities that are recognised as income are transferred to unitholders' equity and are not assessable or distributable until realised. Net realised capital losses and tax losses are not distributed to unitholders but are retained to be offset against any realised capital gains and future assessable income respectively.

On 24 September 2020 MAM announced a distribution policy update, to target a cash distribution yield of 4% per annum, for each fund, paid semi-annually for the periods ended June and December. The Target Cash Distribution ("TCD") for each period will be determined by using the average of the month-end NAV per unit over a two year rolling period ending on the last business day of the prior distribution period.

Distributions to unitholders are recognised directly in equity and presented in the Statement of Changes in Equity. A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at balance date. Distributions for the periods ended 30 June are as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)		Date Paid
	\$'000	CPU	\$'000	CPU	\$'000	CPU	
Period ended 30 June 2021							
Interim distribution paid	28,440	3.320	52,602	2.710	22,926	3.810	15 Jan 2021
Final distribution payable	29,039	3.430	56,730	2.710	23,290	3.790	21 Jul 2021

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)		Date Paid
	\$'000	CPU	\$'000	CPU	\$'000	CPU	
Period ended 30 June 2020							
Interim distribution paid	- ¹	- ¹	36,557	2.200	17,162	3.000	8 Jan 2020
Final distribution payable	46,281	6.500	52,338	3.000	25,692	4.500	14 Jul 2020

¹ As MGFH made its first interim distribution in December 2020 there is no prior December comparative.

Notes to the Financial Statements

for the year ended 30 June 2021

In addition to the distributions paid for the period, the Funds passed on tax credits to unitholders as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	CPU		CPU		CPU	
Franking credits	-		0.0335		0.0608	
Foreign income tax offsets	0.3136		0.3854		0.5280	
Total Tax Credits Passed to Unitholders	0.3136		0.4189		0.5888	

On 7 July 2021 MAM announced, on the ASX, the TCD for the six month period ended 31 December 2021 will be:

- MGFH: 3.56 CPU,
- MIF: 2.66 CPU, and
- MIFU: 3.69 CPU.

Distributions payable are recognised in the Statements of Financial Position where the distributions have been declared but remain unpaid at balance date.

Distribution Reinvestment Plan

A Distribution Reinvestment Plan ("DRP") operated in each Fund during the current period. Unitholders may request their distributions to be applied as subscriptions for additional units in the respective Fund at the Issue Price (as defined in the Funds' Constitutions). DRP details are as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2020 Interim Distribution	30 Jun 2021 Final Distribution	31 Dec 2020 Interim Distribution	30 Jun 2021 Final Distribution	31 Dec 2020 Interim Distribution	30 Jun 2021 Final Distribution
DRP issue price (\$)	1.8102	1.9448	1.2519	1.2956	1.6528	1.7392
DRP unitholder participation rate (%)	10.44	5.35	12.33	9.94	7.36	5.73
Number of units issued under DRP	1,639,455	701,595	5,179,685	4,234,426	1,020,247	766,263
Value of units issued under DRP (\$'000)	2,968	1,364	6,484	5,486	1,686	1,333
DRP issue date	1 Jan 2021	1 Jul 2021	1 Jan 2021	1 Jul 2021	1 Jan 2021	1 Jul 2021

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for the year ended 30 June 2021

3. Cash and Cash Equivalents

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Cash at bank - denominated in Australian Dollars	93,350	202,268	94,999	262,606	5,306	5,326
Cash at bank - denominated in foreign currency:						
United States Dollars	1,838	1,227	3,645	2,162	34,730	105,315
British Pounds	20	19	37	37	18	36
Euro	16	17	32	33	33	33
Swiss Francs	15	15	29	31	28	31
Canadian Dollars	-	-	22	21	22	21
New Zealand Dollars	-	-	19	19	20	20
Hong Kong Dollars	9	9	17	19	-	-
Total Cash and Cash Equivalents	95,248	203,555	98,800	264,928	40,157	110,782

Cash comprises cash at bank. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

for the year ended 30 June 2021

4. Statement of Cash Flows Reconciliation

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Reconciliation of Cash Flows from Operating Activities						
Profit/(loss)	262,965	63,145	194,881	(241,939)	30,305	(88,626)
Net change in fair value of investments	(265,616)	8,795	(152,015)	330,279	(21,178)	101,213
Net (gain)/loss on foreign exchange settlements, derivative contracts and cash	(606)	(73,636)	375	(55,658)	8,252	3,066
Fee rebates reinvested into units in the Funds	189	223	920	1,745	843	1,034
Net (increase)/decrease in receivables and other assets	(905)	(304)	(5,311)	(2,512)	(1,237)	(1,220)
Net increase/(decrease) in payables and other liabilities	504	119	508	68	57	90
Net Cash Inflow/(Outflow) from Operating Activities	(3,469)	(1,658)	39,358	31,983	17,042	15,557
Non-Cash Investing and Financing Activities						
Fee rebates reinvested into units in the Funds	189	223	920	1,745	843	1,034
Distributions reinvested into units in the Funds	7,418	2,763	15,725	13,181	3,700	4,399

Notes to the Financial Statements

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5. Receivables

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Dividend and distribution receivable	283	257	14,397	9,868	5,575	4,582
Applications receivable	657	771	3,032	1,694	659	436
Interest receivable	-	25	-	57	-	1
Due from brokers - receivable for securities sold	-	-	-	2,343	-	1,117
Recoverable GST and foreign withholding tax	1,978	1,063	1,870	947	794	513
Total Receivables	2,918	2,116	19,299	14,909	7,028	6,649

Receivables comprise amounts due from brokers for sales of assets and applications for units in the Funds unsettled at balance date, dividends and trust distributions declared but not yet received, and reclaimable taxes. They are recognised and carried at amortised cost using the effective interest rate method and adjusted for changes in foreign exchange rates where applicable. A provision is deducted from receivables for uncollectible amounts based on expected credit losses, if applicable. Expected credit losses are calculated as the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Funds expect to receive, discounted at an approximation of the original effective interest rate. The Funds apply the simplified approach for receivables whereby the loss allowance is based on lifetime expected credit losses at each balance date.

At balance date, the Funds' receivables, excluding recoverable GST and foreign withholding tax, were due within 0 to 30 days (June 2020: 0 to 30 days). Recoverable GST is due within 30 to 90 days (June 2020: 30 to 90 days). Foreign withholding tax is due within 2 to 10 years depending on the jurisdiction (June 2020: 2 to 10 years). No amounts are impaired or past due at 30 June 2021 or 30 June 2020.

6. Investments and Derivatives

The Funds classify their equity securities, derivative assets and derivative liabilities as financial assets and liabilities at fair value through profit or loss.

The Funds disclose the fair value measurements of financial assets and financial liabilities using a three-level fair value hierarchy to reflect the source of valuation inputs used when determining the fair value as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these securities is based on the closing price for the security as quoted on the relevant exchange.
- Level 2: valuation techniques using observable inputs either directly (as prices) or indirectly (derived from prices). The fair value of derivatives is based on a discounted cash flow analysis using quoted market inputs (spot and forward rates, volatility) adjusted for specific features of the instruments and applied debit and credit valuation adjustments based on the Fund's counterparties' current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

Notes to the Financial Statements

for the year ended 30 June 2021

Details of Investments and Derivatives

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Investments (Level 1)						
Australian listed equity securities	-	-	434,678	339,569	168,761	157,358
International listed equity securities:						
United States	1,247,584	754,512	1,351,171	858,891	522,710	397,145
Switzerland	123,735	95,554	-	-	-	-
United Kingdom	66,162	58,457	186,047	75,114	71,600	34,877
Germany	74,119	48,660	-	-	-	-
France	31,460	13,613	162,796	90,738	63,245	42,417
Hong Kong	77,471	83,397	-	-	-	-
Italy	-	-	124,697	187,376	48,441	87,333
Canada	-	-	161,918	101,441	62,335	47,110
New Zealand	-	-	29,385	31,534	11,266	14,819
Netherlands	-	-	34,920	93,401	13,388	43,474
Spain	-	-	218,061	182,928	84,794	84,724
Chile	-	-	-	20,139	-	9,660
Total Investments	1,620,531	1,054,193	2,703,673	1,981,131	1,046,540	918,917
Derivative Assets (Level 2)						
Forward foreign currency contracts	84	1,040	57	2,146	-	-
Total Derivative Assets	84	1,040	57	2,146	-	-
Derivative Liabilities (Level 2)						
Forward foreign currency contracts	40,179	12,132	47,957	19,943	-	-
Total Derivative Liabilities	40,179	12,132	47,957	19,943	-	-

The Funds do not hold any level 3 assets. There have been no transfers between any of the three levels in the hierarchy during the period and the Funds' policy is to recognise transfers into and out of fair value hierarchy levels as at balance date.

Notes to the Financial Statements

for the year ended 30 June 2021

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, which in the case of the Funds is the transaction price. Brokerage costs are expensed immediately in profit or loss. Subsequent to initial recognition, all financial assets and liabilities classified at fair value through profit or loss are measured at fair value. Changes in fair value are recognised in profit or loss. The net change in fair value does not include dividend or distribution income.

Purchases and sales are recognised on trade date, being the date the Funds commit to purchase or sell the asset. Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership are passed to a third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The fair value of equity securities traded in active markets is based on their quoted market prices at balance date without any deduction for estimated future selling costs. The quoted market price used for securities held by the Funds is the closing price for the security as quoted on the relevant stock exchange. If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques including recent arm's length market transactions, reference to the current fair value of other instruments that are substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques commonly used by market participants.

Derivatives are contracts whose value is derived from one or more underlying price, index or other variable. Derivatives are included in the Statements of Financial Position as an asset when the fair value at balance date is positive and classified as a liability when the fair value at balance date is negative.

7. Payables

	Note	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Management fees payable	9	2,047	1,519	2,630	2,120	1,037	980
Performance fees payable	9	-	24	-	2	-	-
Due to brokers - payable for securities purchases		-	-	-	2,552	-	1,186
Redemptions payable		1,028	395	3,380	1,997	1,061	896
Total Payables		3,075	1,938	6,010	6,671	2,098	3,062

Payables comprise trade creditors and accrued expenses owing by the Funds at balance date. Amounts due to brokers relating to the purchase of investments are usually settled between two and five days after trade date. Payables and accruals are recognised at amortised cost at the point where the Funds become obliged to make payments in respect of the purchase of these goods and services.

At balance date, all payables mature in 0 to 90 days (June 2020: 0 to 90 days).

Notes to the Financial Statements

for the year ended 30 June 2021

8. Unitholders' Equity

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021 No. of Units '000	30 Jun 2020 No. of Units '000	30 Jun 2021 No. of Units '000	30 Jun 2020 No. of Units '000	30 Jun 2021 No. of Units '000	30 Jun 2020 No. of Units '000
Units on Issue						
Opening balance	712,011	359,385	1,744,597	1,383,107	570,932	457,880
Units issued	345,848	451,339	699,460	623,176	156,563	190,162
Units issued under DRP and management fee rebates	4,382	1,648	13,276	9,050	2,655	2,208
Units redeemed	(215,617)	(100,361)	(363,961)	(270,736)	(115,645)	(79,318)
Units on Issue at the end of the Period	846,624	712,011	2,093,372	1,744,597	614,505	570,932

Applications received for units in the Funds are recorded net of entry fees. Redemptions from the Funds are recorded gross of exit fees. The Funds recognise the units issued or redeemed when settled, which is trade date.

Each unit confers upon the unitholder an equal interest in that fund and is of equal value to other units in the same fund. A unit does not confer upon the holder any interest in any particular asset or investment of the Funds. The rights of unitholders are contained in the Funds' Constitutions and include:

- the right to redeem units, subject to restrictions disclosed in the Funds' PDSs;
- the right to receive a distribution determined in accordance with the Funds' Constitutions;
- the right to attend and vote at meetings of unitholders; and
- the right to participate in the termination and winding up of the Funds.

There are no separate classes of units and each unit in a Fund has the same rights attaching to it as all other units of that Fund.

Notes to the Financial Statements

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9. Related Parties

Responsible Entity

The Responsible Entity of the Funds is MAM. MAM is a wholly owned subsidiary of Magellan Financial Group Limited ("MFG") (Australian Securities Exchange ("ASX") code: MFG), the immediate and ultimate parent entity of the Responsible Entity, and both are considered to be related parties of the Funds.

Key Management Personnel

Key management personnel ("KMP") are those persons or corporate entities who have authority and responsibility for planning, directing and controlling the activities of the Funds. The Responsible Entity is responsible for managing the activities of the Funds and considered to be a KMP. The Funds do not employ personnel in their own right.

The Directors of MAM are considered to be KMP. The Directors of MAM during the period and up to the date of this report are: Dr Brett Cairns, Mr John Eales, Mr Robert Fraser, Ms Colette Garnsey, Mr Paul Lewis, Mr Hamish McLennan, Ms Kirsten Morton and Ms Karen Phin. The Fund did not pay any compensation to the Directors of the Responsible Entity.

Responsible Entity Fees

Compensation is paid to the Responsible Entity in the form of fees as follows:

Management Fees

The Responsible Entity is entitled to receive management fees from the Funds for managing the assets of the Funds. The Responsible Entity pays operating expenses of the Funds, such as audit and tax compliance fees, distribution costs, investor reporting, custody and fund administration costs. Management fees are calculated monthly based on the Net Asset Value of each Fund (before fees) at the end of each month. Management fees are reflected in the daily unit prices of the Funds and are payable at the end of each month.

Performance Fees

Performance fees are calculated on six monthly calculation periods ending on 30 June and 31 December of each year. The Responsible Entity's entitlement to a performance fee is dependent on a fund exceeding both index relative and absolute return hurdles over a given calculation period, as well as exceeding the applicable high watermark. Performance fees crystallise at the end of a calculation period, or when units are redeemed, subject to a performance fee entitlement existing at the date of redemption. The estimated daily unit price of each Fund includes a performance fee accrual equal to the amount that would be payable if it were the end of a Calculation Period. Further detail of the performance fees can be found in each of the Funds' Product Disclosure Statements ("PDSs").

Notes to the Financial Statements

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Total Management and Performance Fees

The fees paid/payable by the Funds are net of any applicable reduced input tax credits (refer Note 1.6). The management and performance fees paid/payable by the Funds are as follows:

	Magellan Global Fund (Hedged)				Magellan Infrastructure Fund				Magellan Infrastructure Fund (Unhedged)			
	% pa	30 Jun 2021 \$	% pa	30 Jun 2020 \$	% pa	30 Jun 2021 \$	% pa	30 Jun 2020 \$	% pa	30 Jun 2021 \$	% pa	30 Jun 2020 \$
Management fees	1.35	20,544,582	1.35	11,403,760	1.05	26,180,099	1.05	23,985,799	1.05	10,767,247	1.05	11,650,566
Performance fees		47,664		74,045		-		250,137		463		40,567
Total Fees Expensed in the Statement of Profit or Loss and Comprehensive Income		20,592,246		11,477,805		26,180,099		24,235,936		10,767,710		11,691,133
Total Management and Performance Fees Payable in the Statement of Financial Position		2,047,167		1,543,115		2,629,797		2,122,204		1,037,443		979,512

Transactions with Related Parties

The number of units held and related transactions during the period by each KMP, including their personally-related parties, in the Funds is as follows:

	30 Jun 2021				30 Jun 2020			
	Units acquired/ (disposed) Number ¹	Units held at end of period Number	%	Distribution paid and payable \$ ²	Units acquired/ (disposed) Number ¹	Units held at end of period Number	%	Distribution paid and payable \$ ³
MGFH								
MFG	-	550,084	0.1	37,131	-	550,084	0.1	35,755
MIF								
Director - Paul Lewis	918,376	1,360,211	⁴	72,942	13,206	441,835	⁴	49,122

¹ Includes the reinvestment of 30 June 2019 and 30 June 2020 distributions paid in the periods ended 30 June 2020 and 30 June 2021 respectively.

² Represents the current period interim distribution paid and final distribution payable, comprising cash paid and DRP units issued.

³ Represents the prior period interim distribution paid and final distribution payable, comprising cash paid and DRP units issued.

⁴ Less than 0.1%.

Transactions between the Funds and related parties are subject to the same terms and conditions as those entered into by other unitholders. Unless specified above, no other KMP held units in the Funds.

Notes to the Financial Statements

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10. Capital and Financial Risk Management

Financial Risk Management

The Funds' investment portfolios primarily comprise listed equity investments. The investment objectives of the Funds are to achieve attractive risk-adjusted returns over the medium to long-term, whilst reducing the risk of permanent capital loss, in accordance with their investment strategies (as detailed in the current PDSs). The Funds' investing activities expose them to various types of risks including concentration risk, market risk, liquidity risk and credit risk.

Financial risk management is carried out under policies approved by the Responsible Entity. The risk management programme focuses on ensuring compliance with the Funds' PDSs and seeks to maximise the returns derived for the level of risk to which the Funds are exposed.

The following disclosures in relation to the various risks of the Funds' portfolios have been based on the Funds' direct holdings.

Concentration Risk

Concentration indicates the relative sensitivity of the Funds' performance to developments affecting a particular industry or geographical location. The Funds hold concentrated portfolios of investments, and the returns of the Funds may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in the Funds' unit prices, and also increases the risk of poor performance. The Funds' concentration risk is managed in accordance with the portfolio risk controls for each Fund, which are approved by MAM's Investment Committee.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, foreign exchange rates, and interest rates.

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. The size and diversification of the portfolios is sufficient to ensure the Funds' returns are not overly correlated to a single company, industry specific or macroeconomic risk, but the returns of the portfolios are not expected to be perfectly correlated to any market or sector index. If equity markets as a whole rise or fall by 5%, the returns of the Funds may increase or decrease by different amounts.

For illustrative purposes an increase of 5% in the market price of each of the Fund's investments held at balance date, assuming all other variables remain constant, would have had the following impact on the Funds' net operating profit and unitholders' equity.

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Impact on net operating profit and unitholders' equity	81,027	52,710	135,184	99,057	52,327	45,946

A decrease of 5% in the market price of each of the Funds' investments would have had an equal but opposite effect.

Notes to the Financial Statements

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Currency Risk

Currency risk is the risk that the fair value of financial assets and liabilities will fluctuate due to changes in foreign exchange rates. Assets and liabilities that the Funds may typically own and that can be affected by foreign exchange rate fluctuations include equities listed on foreign exchanges, cash, forward foreign currency contracts, outstanding broker settlements, and outstanding receipts of income from foreign companies.

The currency risk MIFU is managed on an unhedged basis and therefore the returns of the fund is exposed to changes in exchange rates relative to the Australian Dollar.

MGFH and MIF are managed on a currency hedged basis using forward foreign currency contracts. MGFH and MIF invest in financial assets denominated in currencies other than the Australian Dollar and are therefore exposed to the risk that movements in foreign exchange rates will cause fluctuations in profit or loss. MGFH and MIF use forward foreign currency contracts to mitigate this risk by hedging the underlying exposure to financial assets denominated in currencies other than the Australian Dollar.

Due to daily changes in the fair value of underlying assets, the face value of hedging contracts will not always completely eliminate currency exposure. Where it is a strategy of the Funds substantially to eliminate currency exposure, the appropriateness of the amounts hedged is monitored daily and adjusted if the total net exposure of the funds to any individual foreign currency is greater than 5% of the net assets of the respective fund.

The Funds' total net exposure to fluctuations in foreign currency exchange rates at balance date is:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
US Dollars	9,009	746,407	(34,804)	848,493	557,915	503,083
Euro	1,829	62,175	(7,654)	554,214	211,867	260,408
Swiss Francs	5,085	94,690	124	(264)	120	129
British Pounds	(276)	59,482	3,672	76,872	73,934	35,294
Hong Kong Dollars	(2,570)	82,476	17	19	-	-
Canadian Dollars	-	-	6,218	101,547	62,357	47,131
New Zealand Dollars	-	-	(1,397)	31,585	11,286	14,839
Chilean Pesos	-	-	-	21,045	-	9,659

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For illustrative purposes the changes in profit or loss and unitholders' equity that would arise from a 5% increase or decrease in the Australian Dollar, at balance date, relative to each currency to which the Funds are exposed (based on assets and liabilities) are as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	5% increase in A\$'000	30 Jun 2021 5% decrease in A\$'000	5% increase in A\$'000	30 Jun 2021 5% decrease in A\$'000	5% increase in A\$'000	30 Jun 2021 5% decrease in A\$'000
	Assets and liabilities denominated in:					
US Dollars	(429)	474	1,657	(1,832)	(26,567)	29,364
Euro	(87)	96	364	(403)	(10,089)	11,151
Swiss Francs	(242)	268	(6)	7	(6)	6
British Pounds	13	(15)	(175)	193	(3,521)	3,891
Hong Kong Dollars	122	(135)	(1)	1	-	-
Canadian Dollars	-	-	(296)	327	(2,969)	3,282
New Zealand Dollars	-	-	67	(74)	(537)	594

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	5% increase in A\$'000	30 Jun 2020 5% decrease in A\$'000	5% increase in A\$'000	30 Jun 2020 5% decrease in A\$'000	5% increase in A\$'000	30 Jun 2020 5% decrease in A\$'000
	Assets and liabilities denominated in:					
US Dollars	(35,543)	39,285	(40,404)	44,658	(23,956)	26,478
Euro	(2,961)	3,272	(26,391)	29,169	(12,400)	13,706
Swiss Francs	(4,509)	4,984	13	(14)	(6)	7
British Pounds	(2,832)	3,131	(3,661)	4,046	(1,681)	1,858
Hong Kong Dollars	(3,927)	4,341	(1)	1	-	-
Canadian Dollars	-	-	(4,836)	5,345	(2,244)	2,481
New Zealand Dollars	-	-	(1,504)	1,662	(707)	781
Chilean Pesos	-	-	(1,002)	1,108	(460)	508

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Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The primary exposure to interest rates arises on cash balances held by the Funds, which are all held in floating interest rate accounts. Based on the Australian and US Dollar cash balances held by the Funds, an increase of 10 basis points in floating interest rates, assuming all other variables remain constant, would have increased the Funds' net operating profit and unitholders' equity at balance date as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Australian dollar cash balances	93	202	95	263	5	5
US dollar cash balances	2	1	4	2	35	105
Impact on net operating profit and unitholders' equity	95	203	99	265	40	110

A decrease of 10 basis points in floating interest rates would have an equal but opposite effect on interest income earned. The level of cash held by the Funds may vary from time to time, depending on the level of recent capital flows into and out of the Funds, and on the Investment Manager's judgement. The cash balances held by the Funds as at balance date may therefore not be typical of the amounts of cash generally held by the Funds.

None of the Funds hold other significant cash balances exposed to interest rates in other currencies. In addition, the Funds did not have any borrowings, or other financial liabilities or assets with direct exposure to changes in interest rates.

Liquidity Risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities on the due date or will be forced to sell financial assets at a value which is less than they are worth.

This risk is managed by the Funds maintaining sufficient cash reserves to meet their normal operating requirements and primarily holding investments that are traded in active markets and can be readily disposed. The majority of the Funds' equity securities are considered readily realisable as they are listed on stock exchanges around the world. In addition, the Funds' Constitutions and PDSs allow the Responsible Entity to suspend capital withdrawals from the Funds for up to 28 days, at its discretion, if withdrawal requests would require the disposal of 5% or more of the Trust Property of the Funds, the payment of withdrawals would disadvantage remaining unitholders by imposing a disproportionate share of capital gains tax liabilities, or if the Responsible Entity reasonably considers it to be in the interests of remaining unitholders of the Funds.

Notes to the Financial Statements

for the year ended 30 June 2021

At balance date, the Funds had an obligation to settle payables (including distributions payable) with cash, cash equivalents and derivative assets as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Cash and cash equivalents	95,248	203,555	98,800	264,928	40,157	110,782
Derivative assets	84	1,040	57	2,146	-	-
	95,332	204,595	98,857	267,074	40,157	110,782
Distributions payable	29,039	46,281	56,730	52,338	23,290	25,692
Payables	3,075	1,938	6,010	6,671	2,098	3,062
Derivative liabilities	40,179	12,132	47,957	19,943	-	-
	72,293	60,351	110,697	78,952	25,388	28,754

At balance date, the Funds' non-derivative financial liabilities comprised payables which mature in less than a month (June 2020: less than one month) (refer Note 7). At balance date MGFH and MIF had derivative assets and liabilities that were settled within 60 days (refer Note 6).

Credit Risk

Credit risk refers to the risk that a counterparty will fail to meet their contractual obligations resulting in financial losses to the Funds. Market prices generally take counterparty credit into account and therefore the risk of loss is implicitly provided for in the carrying value of financial assets and liabilities held at fair value.

The Funds' maximum exposure to credit risk is the carrying amount of all cash and cash equivalents, financial assets and receivables recognised in the Statements of Financial Position as well as the value of any financial commitments which the Funds would assume in the event of counterparty default.

The Funds minimise concentrations of credit risk by undertaking transactions with numerous reputable brokers, and by ensuring cash balances are held with and managed by financial intermediaries with acceptable credit ratings as determined by a recognised rating agency. To further mitigate this risk, the credit rating and financial positions of the brokers used by the Funds are regularly monitored. Credit risk relating to outstanding settlements is considered low due to the short settlement periods involved.

MIFU does not hold derivatives. MGFH and MIF use derivative financial instruments for currency hedging purposes. Derivatives are not used to gear (leverage) the portfolios. MGFH and MIF may have credit risk arising from forward foreign currency positions if the market value of those positions is positive (refer Note 6).

The Funds are also exposed to the credit risk of The Northern Trust Company ("NT") which is the appointed custodian of the Funds. In acting as custodian, NT is required to comply with the relevant provisions of the Corporations Act 2001, applicable ASIC regulatory guides, legislative instruments and class orders relating to registered managed investment schemes property arrangements with custodians. The credit quality of NT's long-term deposit/debt is rated at balance date, by Standard and Poor's as AA- and by Moody's as Aa2 (June 2020: Standard and Poor's as AA- and by Moody's as Aa2).

Notes to the Financial Statements

for the year ended 30 June 2021

11. Auditor's Remuneration

The following amounts were paid or payable by the Responsible Entity on behalf of the Funds for services provided by the auditor of the Funds, Ernst & Young Australia:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$	\$	\$	\$	\$	\$
Fees for audit and review of statutory financial reports	15,900	15,900	15,900	15,900	15,900	15,900
Fees for audit related assurance services ¹	1,267	1,267	1,267	1,267	1,267	1,267
Fees for other services:						
Taxation compliance services ²	6,700	6,700	6,700	6,700	6,700	6,700
Total Auditor Remuneration	23,867	23,867	23,867	23,867	23,867	23,867
% of non-audit fees paid to auditor	33.4%	33.4%	33.4%	33.4%	33.4%	33.4%

¹ Comprises review of ICR calculations.

² Comprises review of income tax returns and distribution calculations.

Auditor Tenure

Since 2008, Ernst & Young have been appointed as external auditor of the Funds where MAM is a Responsible Entity or Trustee. The external audit was last put out to tender in 2018, which aligned to the auditor's 10 year anniversary, and Ernst & Young was reappointed auditor as it scored highest across all requirements and the Board of the Responsible Entity was satisfied that appropriate safeguards were in place to ensure the required independence of Ernst & Young. The next audit tender will take place within 10 years of their appointment. Ms Clare Sporle has served as lead audit partner since August 2019. In accordance with the *Corporations Act 2001* the next rotation of the lead audit partner is planned to occur after the completion of the 30 June 2024 financial year audit.

12. Contingent Assets, Contingent Liabilities and Commitments

At balance date the Funds have no contingent assets, contingent liabilities or commitments (June 2020: nil).

13. Subsequent Events

Other than the items disclosed throughout these financial reports, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Funds' operations, the results of their operations, or the Funds' state of affairs in future financial periods.

Directors' Declaration

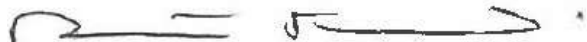
for the year ended 30 June 2021

In the Directors' opinion, the financial statements and notes of:

Magellan Global Fund (Hedged)
Magellan Infrastructure Fund; and
Magellan Infrastructure Fund (Unhedged), (collectively the "Funds") as set out on pages 10 to 32;

- a. are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the financial position of the Funds as at 30 June 2021 and of their performance as represented by the results of their operations and their cash flows for the year ended on that date; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b. there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the Responsible Entity.



Robert Fraser
Chairman

Sydney, 31 August 2021

Independent auditor's report to the unitholders of Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged)

Report on the audit of the annual financial report

Opinion

We have audited the accompanying financial report of Magellan Global Fund (Hedged), Magellan Infrastructure Fund, and Magellan Infrastructure Fund (Unhedged) (the Schemes), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Schemes is in accordance with the Corporations Act 2001, including:

1. giving a true and fair view of the Schemes' financial position as at 30 June 2021 and of their financial performance for the period ended on that date; and
2. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Schemes in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in Schemes' 2021 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other Scheme information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the directors for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Schemes' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Schemes or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Schemes' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Schemes' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Schemes to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Clare Sporle'.

Clare Sporle

Partner

Sydney, 31 August 2021

Corporate Information

Directors Of The Responsible Entity

Robert Fraser - Chairman
Brett Cairns - Chief Executive Officer
John Eales AM
Colette Garnsey OAM
Paul Lewis MBE
Hamish McLennan
Kirsten Morton - Chief Financial Officer
Karen Phin

Company Secretaries of The Responsible Entity

Marcia Venegas
Mariana Kolaroski

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Email: info@magellangroup.com.au

Website

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Auditor

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200 George Street, Sydney NSW 2000

Unit Registrar

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Email: magellanfunds@mainstreamgroup.com