



INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED) (Managed Fund): ARSN 612 467 580

Contents

Chairman's Report	3
Responsible Entity's Report	4
Auditor's Independence Declaration	8
Statement Of Profit Or Loss And Other Comprehensive Income	9
Statement Of Financial Position	10
Statement Of Changes In Equity	11
Statement Of Cash Flows	12
Notes To The Financial Statements	
1 Summary Of Significant Accounting Policies	13
2 Distributions To Unitholders	15
3 Investments.....	15
4 Net Assets Attributable To Unitholders.....	18
5 Contingent Assets, Contingent Liabilities And Commitments.....	19
6 Events Subsequent To The End Of The Half Year	19
Directors' Declaration.....	20
Independent Auditor's Report.....	21
Corporate Information	23

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Chairman's Report

for the half year ended 31 December 2017

Dear Unitholders,

We are pleased to present the half year financial report for Magellan Infrastructure Fund (Currency Hedged) (Managed Fund) ("MICH" or the "Fund"). MICH is a managed investment scheme for which Magellan Asset Management Limited ("Magellan") acts as both Responsible Entity and Investment Manager.

MICH is quoted on the ASX (code: MICH) and commenced trading on 22 July 2016. As at 31 December 2017, MICH had net assets of \$144 million and a net asset value of \$2.7643 per unit.

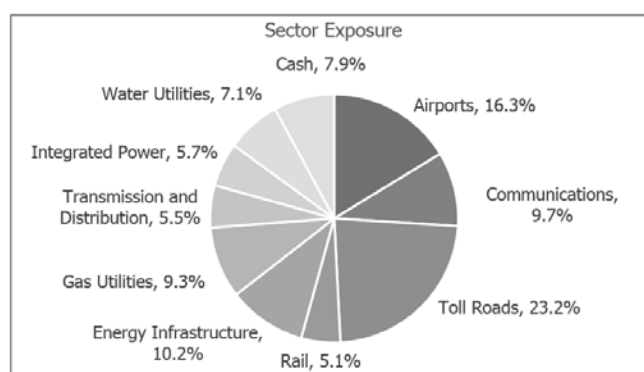
MICH's portfolio is actively managed by Magellan and mirrors, to all intents and purposes the unlisted Magellan Infrastructure Fund. For the six months to 31 December 2017, the Fund returned 5.1% net of fees. Magellan aims to achieve attractive risk-adjusted returns over the medium to long term for unitholders, while reducing the risk of permanent capital loss. To achieve this, the Fund invests in a portfolio of between 20 and 40 high-quality global equity stocks, as assessed by Magellan, whose primary business is the ownership and operation of infrastructure assets. The Fund has the ability to manage equity market risk by holding up to 20% of its net assets in cash. Currency exposure is substantially hedged back to Australian Dollars.

Magellan believes that infrastructure assets, with requisite earnings reliability and a linkage of earnings to inflation, offer an attractive, long-term investment proposition. Magellan has established a proprietary classification criteria to define infrastructure which seeks to identify outstanding companies that exhibit reliable demand and stable cash flow generation and importantly, excludes companies where Magellan has assessed their earnings to have material direct exposure to commodity prices, competitive pressure or sovereign risk. We believe applying a disciplined, clearly defined set of parameters to capture the desired characteristics of infrastructure provides a solid framework for generating attractive, stable returns over the long term.

We would encourage you to read our Investor Letters and monthly and quarterly Fund Reports which provide valuable insight into our investment strategies and portfolio managers' thoughts. These are released on ASX and can also be found on our website: www.magellangroup.com.au.

As at 31 December 2017, the Fund consisted of investments in 29 companies, with the top 10 investments (listed below) representing 49.8% of the investment portfolio. The Fund's cash position was 7.9% which was predominantly held in Australian Dollars. The Fund's industry exposure by source of revenues is highlighted below.

Top 10 holdings (as at 31 December 2017)	%
Transurban Group	8.0
Crown Castle International	5.8
Aeroports De Paris	5.4
Enbridge	5.2
Atlantia SpA	5.1
Macquarie Atlas Roads	4.6
Sempra Energy	4.3
American Tower	3.9
Sydney Airports	3.8
National Grid	3.7
Top 10 Total	49.8



The following report contains relevant financial statements and information which we encourage you to read carefully.

Brett Cairns
Executive Chairman
27 February 2018

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Responsible Entity's Report for the half year ended 31 December 2017

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan Infrastructure Fund (Currency Hedged) (the "Fund" or "MICH") present their report on the Fund for the half year ended 31 December 2017.

1.0 Directors

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

Name	Directorship	Appointed
Brett Cairns	Executive Chairman	22 January 2007
Hamish Douglass	CEO and Chief Investment Officer	21 November 2006
John Eales	Non-Executive Director	1 July 2017
Robert Fraser	Non-Executive Director and Senior Independent Director	23 April 2014
Paul Lewis	Non-Executive Director	20 December 2006
Hamish McLennan	Non-Executive Director	1 March 2016
Karen Phin	Non-Executive Director	23 April 2014

1.1 Principal Activity

The Fund is a registered managed investment scheme domiciled in Australia and quoted on the Australian Securities Exchange (ASX) under the AQUA Rules (ticker code MICH).

The Fund invests in a portfolio of between 20 and 40 high quality global equity stocks that generate the dominant part of their earnings from the ownership of infrastructure assets. To achieve this MAM undertakes rigorous company research to identify what it assesses to be high quality companies combined with an assessment of the macroeconomic environment and a disciplined risk controlled approach to portfolio construction. The Fund can use foreign exchange contracts to facilitate settlement of stock purchases. It is the Responsible Entity's intention to substantially hedge the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars.

The Fund's investment objectives are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the Product Disclosure Statement, issued 28 September 2017).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund. As the Investment Manager, it is responsible for selecting and managing the assets of the Fund. In addition, the Responsible Entity, on behalf of the Fund, may also provide trading liquidity to investors on the ASX under the AQUA Rules by acting as a buyer and seller of units in the Fund. The Responsible Entity has appointed an independent market participant to act as its agent to execute its market making activities.

The Fund's principal place of business is Level 36, 19 Martin Place, Sydney, New South Wales 2000.

1.2 Significant Changes In State Of Affairs

There were no significant changes in the nature of the Fund's activities during the half year.

1.3 Distribution

On 18 December 2017, the Directors declared a distribution of 2.60 cents per unit (December 2016: 1.25 cents per unit), amounting to \$1,357,032 for the half year ended 31 December 2017 (December 2016: \$240,780). The distribution was paid on 16 January 2018.

A distribution of 4.88 cents per unit, amounting to \$1,532,407 for the year ended 30 June 2017 was paid on 31 July 2017.

Responsible Entity's Report for the half year ended 31 December 2017

1.4 Review Of Financial Results And Operations

a) Financial Results For The Half Year

The performance of the Funds, as represented by the results of their operations for the relevant half year ended 31 December, was as follows:

	31 December 2017	31 May to 31 December 2016 (A)
Results		
Total net investment income (\$'000)	6,281	(408)
Total expenses (\$'000)	1,057	208
Net Operating Profit (\$'000)	5,224	(616)
Net Asset Value Per Unit (\$)	2.7643	2.4177

(A) The Fund was registered on 31 May 2016 and commenced trading on 22 July 2016 ("inception"). As a result, the comparative period covers 31 May 2016 to 31 December 2016.

b) Total Indirect Cost Ratio

The Total Indirect Cost Ratio (ICR) is the ratio of the Fund's actual management costs over the average gross assets attributable to unitholders, for the periods presented below, expressed as a percentage. Management costs, accrued within the Fund's unit prices on a daily basis, include management, administration and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

The ICR of the Fund is below:

	6 months to 31 December 2017	12 months to 31 December 2017	Inception to 31 December 2016 (A)
Indirect Cost Ratio			
Management fee (%)	0.53	1.05	0.49
Performance fee (%)	0.23	0.35	-
Total Indirect Cost Ratio (%)	0.76	1.40	0.49

(A) The Fund commenced trading on 22 July 2016 ("inception").

Responsible Entity's Report for the half year ended 31 December 2017

1.4 Review Of Financial Results And Operations (continued)

c) Performance Returns

The performance returns shown in the table below are for the 6 and 12 months ended 31 December 2017 and inception to 31 December 2016, and have been calculated using the net asset value per unit for the Fund, which is after fees and expenses, assuming reinvestment of distributions at the net asset value. The returns are calculated daily and compounded to produce longer period returns.

	6 months to 31 December 2017	12 months to 31 December 2017	Inception to 31 December 2016 (A)
Performance			
Growth return (%) ^(B)	4.1	14.3	(3.3)
Distribution return (%) ^(C)	1.0	3.2	0.5
Total Return^(D)	5.1	17.5	(2.8)

^(A) The Fund commenced trading on 22 July 2016 ("inception"). As a result, the performance comparative was measured from inception to 31 December 2016.

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

^(C) The Distribution return is calculated as a percentage by subtracting the Growth return from the Total Return.

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

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 the Fund exceeding both index relative and absolute return hurdles over a given calculation period, as well as exceeding the applicable high watermark and an overall cap. Performance fees crystallise at the end of a calculation period. Further details of the performance fees can be found in the Fund's Product Disclosure Statement which is available at www.magellangroup.com.au.

d) Strategy And Future Outlook

The Fund's investment objective is unchanged. The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. 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.

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations. The Fund provides monthly fund updates, quarterly portfolio disclosure and annual investor reports which can be found in the Funds section of the Magellan Financial Group Limited website, www.magellangroup.com.au and also the ASX website. The Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

1.5 Interest In The Fund

The movement in units on issue in the Fund is disclosed in Note 4 a) to the financial statements.

As at 31 December 2017, the net assets attributable to unitholders of the Fund are \$144,347,000 (June 2017: \$84,404,000).

Responsible Entity's Report for the half year ended 31 December 2017

1.6 Likely Developments And Expected Results Of Operations

On 5 May 2016, the Attribution Managed Investment Trust ('AMIT') regime, applying to Managed Investment Trusts ('MITs') was introduced under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Fund intends to elect into the AMIT regime from the financial year commencing 1 July 2017 and a notice has been published on the website www.magellangroup.com.au to notify unitholders of the proposed amendments to the Fund's Constitution to effect the election. The Fund's operations are not expected to be affected by operating under the AMIT regime.

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the Product Disclosure Statement. The method of operating the Fund is not expected to change in the foreseeable future however the results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and past returns should not be used to predict future returns.

1.7 Events Subsequent To The End Of The Half Year

In the latest release to the ASX on 2 February 2018, the Fund reported a net asset value per unit of \$2.7263 and 55,012,258 units on issue as at 31 January 2018.

Other than the above there have been no matters or circumstances arising after the end of the half year that have significantly affected, or may significantly affect, the Fund's operations in future financial years, the results of its operations, or the Fund's state of affairs in future financial years. Asset prices move daily and daily unit prices are available on the Magellan Financial Group Limited website, www.magellangroup.com.au and also the ASX website.

1.8 Rounding Of Amounts

The Fund is of a kind referred to in the *Australian Securities & Investments Commission's Corporations (Rounding in Financial/Responsible Entity's 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.

1.9 Auditor

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

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



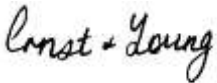
Brett Cairns
Executive Chairman

Sydney,
27 February 2018

Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as the Responsible Entity of Magellan Infrastructure Fund (Currency Hedged)

As lead auditor for the review of Magellan Infrastructure Fund (Currency Hedged) for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Rita Da Silva
Partner
27 February 2018

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Statement Of Profit Or Loss And Other Comprehensive Income

for the half year ended 31 December 2017

	31 December 2017	31 May to 31 December 2016 (A)
Note	\$'000	\$'000
Investment Income		
Dividend and distribution income	1,661	505
Interest income	63	14
Net change in fair value of investments		
- held for trading	87	(466)
- designated at fair value through profit or loss	4,482	(444)
Net foreign exchange gain/(loss) on foreign currency cash and settlements	(12)	(17)
Total Net Investment Income	6,281	(408)
Expenses		
Management and administration fees	614	151
Performance fees	268	-
Settlement processing fees	12	8
Brokerage costs	18	12
Withholding tax on dividends	145	37
Total Expenses	1,057	208
Net Operating Profit/(Loss)	5,224	(616)
Finance Costs Attributable To Unitholders		
Distribution to unitholders	(1,357)	(241)
(Increase)/decrease in net assets attributable to unitholders	4 b) (3,867)	857
Profit/(Loss) For The Half Year	-	-
Other comprehensive income for the half year	-	-
Total Comprehensive Income For The Half Year	-	-

^(A) The Fund was registered on 31 May 2016 and commenced trading on 22 July 2016. As a result, the comparative period covers 31 May 2016 to 31 December 2016.

Earnings per unit for the half year ended 31 December 2017 is \$nil (December 2016: \$nil). The Fund has nil equity as the units issued by the Fund are classified as financial liabilities.

The above Statement Of Profit Or Loss And Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Statement Of Financial Position

as at 31 December 2017

	Note	31 December 2017 \$'000	30 June 2017 \$'000
Assets			
Cash and cash equivalents		10,807	7,650
Receivables		973	2,440
Investments	3 a)	134,322	77,380
Total Assets		146,102	87,470
Liabilities			
Distribution payable		1,357	1,532
Payables		398	1,534
Total Liabilities (Excluding Net Assets Attributable To Unitholders)		1,755	3,066
Net Assets Attributable To Unitholders	4 b)	144,347	84,404

The above Statement Of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

Statement Of Changes In Equity

for the half year ended 31 December 2017

Under Australian Accounting Standards, the net assets attributable to unitholders are classified as a liability. As a result the Fund has no equity for financial reporting purposes and there are no changes in equity at the start or end of the half year.

The above Statement Of Changes In Equity should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Statement Of Cash Flows

for the half year ended 31 December 2017

	31 December 2017	31 May to 31 December 2016 (A)
	\$'000	\$'000
Cash Flows From Operating Activities		
Dividends and distributions received	1,367	265
Interest received	61	4
Management and performance fees paid	(600)	(110)
Settlement processing fees paid	(12)	(8)
Withholding tax paid	(144)	(37)
Other expenses paid	(27)	(19)
Net Cash Inflows/(Outflows) From Operating Activities	645	95
Cash Flows From Investing Activities		
Purchase of investments	(64,058)	(46,709)
Proceeds from sale of investments	11,017	2,027
Net foreign exchange gains/(losses)	(13)	13
Net cash flows from forward foreign currency contracts	124	562
Net Cash Inflows/(Outflows) From Investing Activities	(52,930)	(44,107)
Cash Flows From Financing Activities		
Receipts from issue of units	56,930	47,590
Payments for redemption of units	(29)	(189)
Distributions paid	(1,454)	-
Net Cash Inflows/(Outflows) From Financing Activities	55,447	47,401
Net Increase/(Decrease) In Cash And Cash Equivalents	3,162	3,389
Cash and cash equivalents at the beginning of the half year	7,650	-
Effect of exchange rate fluctuations on cash and cash equivalents	(5)	-
Cash And Cash Equivalents At The End Of The Half Year	10,807	3,389

^(A) The Fund was registered on 31 May 2016 and commenced trading on 22 July 2016. As a result, the comparative period covers 31 May 2016 to 31 December 2016.

The above Statement Of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

Notes To The Financial Statements

for the half year ended 31 December 2017

1. Summary Of Significant Accounting Policies

Magellan Infrastructure Fund (Currency Hedged) ("the Fund") is a registered managed investment scheme under the *Corporations Act 2001* and was admitted to trading status on the ASX under the AQUA Rules. The Fund was registered on 31 May 2016 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 22 July 2016. The Fund terminates on the day immediately preceding the 80th anniversary of the date of commencement, unless terminated earlier in accordance with the Fund's Constitution.

Magellan Asset Management Limited (ABN 31 120 593 946) is the Responsible Entity of the Fund.

This interim financial report was authorised for issue by the Directors of the Responsible Entity on 27 February 2018. The Directors have the power to amend and reissue this financial report.

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Basis Of Preparation

The interim financial report is a general purpose financial report and has been prepared in accordance with AASB 134: *Interim Financial Reporting*, the *Corporations Act 2001*, other mandatory professional reporting requirements and the Fund's Constitution. It is presented in Australian Dollars.

The Fund is a for-profit unit trust for the purpose of preparing the interim financial report.

The Statement of Financial Position is 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 and net assets attributable to unitholders. The amount expected to be recovered or settled within 12 months in relation to these balances cannot be reliably determined.

The interim financial report does not include all the information and disclosures normally included in the Fund's annual financial report. Accordingly, this report should be read in conjunction with the Fund's 30 June 2017 Annual Report and any public announcements made during the half year.

Changes In Accounting Policy, Accounting Standards And Interpretations

i) New And Amended Standards And Interpretations

The accounting policies are consistent with those of the previous financial year and corresponding reporting period except for the adoption of the new standards and amendments which became mandatory for the first time this reporting period commencing 1 July 2017. None of the new standards or amendments affected any of the amounts or the disclosures in the current or prior year.

ii) Accounting Standards And Interpretations Issued But Not Yet Effective

The Australian and International Accounting Standards issued but not yet mandatory for the 31 December 2017 interim reporting period have not been adopted by the Fund in the preparation of this interim financial report. An assessment of the impact of the new standards and interpretations which may have a material impact on the Fund is set out below:

• AASB 9: Financial Instruments (AASB 9) (effective 1 July 2018)

AASB 9 contains new requirements for the classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 *Financial Instruments: Recognition and Measurement*. Under the new requirements the four current categories of financial assets will be replaced with two measurement categories: fair value and amortised cost, and financial assets will only be measured at amortised cost where very specific conditions are met. Equity securities are measured at fair value through profit or loss unless an election is made at initial recognition, to present fair value changes in other comprehensive income. This option is irrevocable and applies only to equity instruments which are not held for trading. Gains and losses in other comprehensive income are not recycled on disposal of the securities, however the cumulative gain or loss may be transferred within equity.

AASB 9 was revised in December 2014 to include new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. It also introduced a new expected-loss impairment model that requires credit losses to be recognised when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Notes To The Financial Statements

for the half year ended 31 December 2017

1. Summary Of Significant Accounting Policies (continued)

a) Basis Of Preparation (continued)

Changes In Accounting Policy, Accounting Standards And Interpretations (continued)

- **AASB 9: Financial Instruments (AASB 9) (effective 1 July 2018) (continued)**

At 31 December 2017, no material financial impact is expected on adoption of AASB 9 as the Fund currently classifies financial assets and financial liabilities at fair value or amortised cost. The classification of these is not expected to change upon adoption of AASB 9. The Fund does not apply hedge accounting.

- **AASB 15: Revenue From Contracts With Customers (effective 1 July 2018) (AASB 15)**

AASB 15 supersedes the revenue recognition guidance in AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. Although AASB 15 is principles-based, it is a significant change from the current revenue requirements and will involve more judgements and estimates. The core principle in AASB 15 is that an entity recognises revenue at an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for selling goods or services to customers.

The Fund has undertaken an assessment of the impact of AASB 15 and does not expect any material change to the timing or manner of recognition of the Fund's key revenues as interest revenue, dividend and distribution income and investment gains/(losses) are excluded from the scope of AASB 15.

There are no other pronouncements or accounting standards, not yet effective at this time, that are expected to have a material impact on the Fund's financial statements in future reporting periods.

b) Rounding Of Amounts

The Fund is of a kind referred to in the *Australian Securities & Investments Commission's Corporations (Rounding in Financial/Responsible Entity's Reports) Instrument 2016/191* and consequently amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

c) Critical Accounting Estimates And Judgements

The preparation of the 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, the result of which forms the basis of the carrying values of assets and liabilities. As such, 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 reporting date (refer to Note 3 b)). Fair values may however move materially with movements in market prices. As the equity security investments are valued with reference to the listed quoted prices and the Fund's cash is held with strongly rated financial institutions, the Fund's financial assets are not subject to significant judgement or complexity nor are the Fund's liabilities.

Notes To The Financial Statements

for the half year ended 31 December 2017

2. Distributions To Unitholders

On 18 December 2017, the Directors declared a distribution of 2.60 cents per unit (December 2016: 1.25 cents per unit), amounting to \$1,357,032 for the half year ended 31 December 2017 (December 2016: \$240,780). The distribution was paid on 16 January 2018.

A distribution of 4.88 cents per unit, amounting to \$1,532,407 for the year ended 30 June 2017 was paid on 31 July 2017.

a) Distribution Reinvestment Plan (DRP)

The Fund's DRP was available to eligible unitholders during the half year ended 31 December 2017.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest their distributions in additional MICH units, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a predetermined price, less any discount that the Directors may elect to apply from time to time. No discount has been applied to the units issued under the DRP in respect of the distribution paid on 16 January 2018. The DRP issue price is equal to the Operational Net Trust Value (as defined in the Constitution) divided by the number of units on issue on 2 January 2018, being 10 business days prior to the distribution payment date. The DRP issue price for the period ended 31 December 2017 was \$2.7564 (December 2016: \$2.4177), as announced on 4 January 2018 to the ASX. The DRP unitholder participation rate was 6.00% (December 2016: 22.94%) and 29,460 units were issued under the terms of the DRP amounting to \$81,204 (December 2016: 22,815 units amounting to \$55,160).

3. Investments

	31 December 2017 \$'000	30 June 2017 \$'000
a) Financial Assets Designated At Fair Value Through Profit Or Loss		
Australian listed equity securities	27,137	13,018
International listed equity securities		
- United States	37,101	22,721
- Italy	16,034	6,397
- France	12,655	11,523
- Canada	12,258	6,392
- United Kingdom	11,417	6,880
- New Zealand	4,144	2,332
- Netherlands	3,842	2,501
- Germany	3,841	3,115
- Chile	2,632	1,478
- Spain	2,275	-
Total Equity Securities	133,336	76,357
Financial Assets Held For Trading		
Foreign currency contracts	986	1,023
Total Financial Assets Held For Trading	986	1,023
Total Investments	134,322	77,380

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Notes To The Financial Statements

for the half year ended 31 December 2017

3. Investments (continued)

The equity securities by domicile of primary stock exchange listing held by the Fund are:

Company Name	Domicile Of Principal Exchange Listing	31 December 2017 \$'000	30 June 2017 \$'000
Transurban Group	Australia	11,540	5,865
Crown Castle International	United States	8,382	3,871
Aéroports De Paris	France	7,795	4,267
Enbridge	Canada	7,462	4,286
Atlantia SpA	Italy	7,369	2,790
Macquarie Atlas Roads	Australia	6,626	2,812
Sempra Energy	United States	6,247	4,114
American Tower	United States	5,694	2,838
Sydney Airports	Australia	5,453	2,984
National Grid	United Kingdom	5,319	3,318
Getlink	France	4,860	2,547
Canadian Pacific Railway	Canada	4,796	2,106
United Utilities Group	United Kingdom	4,699	3,562
Atmos Energy	United States	4,441	2,469
Auckland International Airport	New Zealand	4,144	2,332
Eversource Energy	United States	4,111	2,448
WEC Energy Group	United States	4,092	2,436
Vopak	Netherlands	3,842	2,501
Flughafen Zuerich	Germany	3,841	3,115
APA Group	Australia	3,518	1,359
SIAS	Italy	3,208	732
Union Pacific	United States	2,676	1,336
Aguas Andinas	Chile	2,632	1,478
Terna	Italy	2,627	1,528
Aena SA	Spain	2,275	-
Snam Rete Gas	Italy	2,052	1,107
American Water Works	United States	1,458	1,123
Severn Trent	United Kingdom	1,399	-
Italgas	Italy	778	238
SES ^(A)	France	-	2,839
Eutelsat ^(A)	France	-	1,870
Norfolk Southern ^(A)	United States	-	1,277
Xcel Energy ^(A)	United States	-	809
Total Equity Securities		133,336	76,357

^(A) These investments are no longer held by the Fund at 31 December 2017.

Notes To The Financial Statements

for the half year ended 31 December 2017

3. Investments (continued)

b) Fair Value Disclosures

The Fund classifies the fair value measurements of financial assets and financial liabilities using the three level fair value hierarchy set out below to reflect the source of valuation inputs used when determining the fair value:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these securities is based on the closing bid 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; and
- Level 3: valuation techniques using non-market observable inputs.

The following table presents the fair value measurement hierarchy of the Fund's financial assets:

	31 December 2017 \$'000	30 June 2017 \$'000
Assets Measured At Fair Value		
Level 1: Investments - valued using quoted price ^(A)	133,336	76,357
Level 2: foreign currency contracts	986	1,023
Total	134,322	77,380

^(A) All Australian and international equity securities held by the Fund are level 1 assets.

The Fund does not hold any level 3 assets. There have been no transfers between any of the three levels in the hierarchy during the half year and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of each reporting period.

Notes To The Financial Statements

for the half year ended 31 December 2017

4. Net Assets Attributable To Unitholders

		31 December 2017 (A)	30 June 2017 (B)
	Note	No. of units '000	No. of units '000
a) Units On Issue			
Units on issue as at beginning of the period		31,805	-
Units issued during the period		20,436	33,667
Units issued under distribution reinvestment plan during the period	2 a)	29	52
Units redeemed during the period		(11)	(1,914)
Units On Issue At The End Of The Period		52,259	31,805

(A) The period to 31 December 2017 is for 6 months from 1 July 2017 to 31 December 2017.

(B) The period is the Fund's first annual reporting period which covered 31 May 2016 to 30 June 2017.

Terms And Conditions Of Units

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

- the right to receive a share of any distribution determined by the Responsible Entity in proportion to the units held on the distribution date;
- the right to attend and vote at meetings of unitholders;
- the right to participate in the termination and winding up of the Fund; and
- the right to redeem units, subject to restrictions disclosed in the Fund's Product Disclosure Statement. Those restrictions may include where trading in units on the ASX are suspended for five consecutive business days. In this case, unitholders may apply to the Responsible Entity to make an off-market withdrawal of their investment from the Fund when the Fund is liquid. Where the Fund ceases to be liquid, units may only be withdrawn once an offer is made to all investors in the Fund in accordance with the Fund's Constitution.

There may be other circumstances where off-market withdrawals from the Fund are suspended for up to 28 days, including where:

- it is impracticable for the Responsible Entity, or the Responsible Entity is unable, to calculate the net asset value of the Fund;
- the payment of withdrawal proceeds involves realising a significant portion of the Fund's assets which would, in the Responsible Entity's opinion, result in remaining investors bearing a disproportionate amount of capital gains tax or expenses, or suffering any other disadvantage or diminution of the value of units held;
- the Responsible Entity reasonably considers it would be in the interests of investors, or it is otherwise permitted by law; or
- the Responsible Entity receives withdrawal requests of an aggregate value that in its reasonable estimate exceeds 5% of the Fund's assets.

		31 December 2017 (A)	30 June 2017 (B)
	Note	\$'000	\$'000
b) Changes In Net Assets Attributable To Unitholders			
Opening balance		84,404	-
Applications		56,024	85,479
Reinvestment of distributions	2 a)	81	132
Redemptions		(29)	(4,689)
Increase/(decrease) in net assets attributable to unitholders		3,867	3,482
Closing Balance		144,347	84,404

(A) The period to 31 December 2017 is for 6 months from 1 July 2017 to 31 December 2017.

(B) The period is the Fund's first annual reporting period which covered 31 May 2016 to 30 June 2017.

Notes To The Financial Statements

for the half year ended 31 December 2017

5. Contingent Assets, Contingent Liabilities And Commitments

The Fund has no contingent assets, contingent liabilities or commitments at 31 December 2017 (June 2017: nil).

6. Events Subsequent To The End Of The Half Year

In the latest release to the ASX on 2 February 2018, the Fund reported a net asset value per unit of \$2.7263 and 55,012,258 units on issue as at 31 January 2018.

Other than the above there have been no matters or circumstances arising after the end of the half year that have significantly affected, or may significantly affect, the Fund's operations in future financial years, the results of its operations, or the Fund's state of affairs in future financial years. Asset prices move daily and daily unit prices are available on the Magellan Financial Group Limited website, www.magellangroup.com.au and also the ASX website.

Directors' Declaration

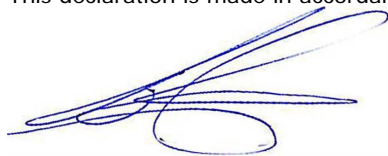
for the half year ended 31 December 2017

In the opinion of the Directors,

- a) the financial statements and notes of Magellan Infrastructure Fund (Currency Hedged) as set out on pages 9 to 19 are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the financial position of the Fund as at 31 December 2017 and of its performance as represented by the results of its operations and cash flows for the half 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 Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Chief Executive Officer and Chief Financial Officer which mirror section 295A of the *Corporations Act 2001* and are recommended by the ASX Corporate Governance Principles and Recommendations.

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



Brett Cairns
Executive Chairman

27 February 2018

Independent Auditor's Review Report to the Unitholders of Magellan Infrastructure Fund (Currency Hedged)

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Magellan Infrastructure Fund (Currency Hedged) (the "Fund"), which comprises the statement of financial position as at 31 December 2017, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Fund's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

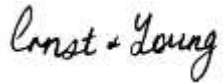
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Rita Da Silva
Partner
Sydney
27 February 2018

Corporate Information

Directors Of The Responsible Entity

Brett Cairns (Chairman)
Hamish Douglass
John Eales
Robert Fraser
Paul Lewis
Hamish McLennan
Karen Phin

Company Secretary Of The Responsible Entity

Geoffrey Stirton

Registered Office

Level 36, 19 Martin Place
Sydney NSW 2000
Telephone: +61 2 9235 4888
Fax: +61 2 9235 4800
Email: info@magellangroup.com.au

Auditor And Tax

Ernst & Young
200 George Street
Sydney NSW 2000

Unit Registrar

LINK Market Services Limited
Level 12
680 George Street NSW 2000
Telephone: 1800 206 847
Fax: +61 2 9287 0303
Email: magellan@linkmarketservices.com.au

Securities Exchange Listing

Australian Securities Exchange
ASX Code: MICH

Website

<http://www.magellangroup.com.au>