



INTERIM FINANCIAL REPORTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

MAGELLAN GLOBAL FUND: ABN 18 387 878 844

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 half year ended 31 December 2018

The Directors of Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946), the Responsible Entity of Magellan Global Fund ("MGF"), Magellan Global Fund (Hedged) ("MGFH"), Magellan Infrastructure Fund ("MIF") and Magellan Infrastructure Fund (Unhedged) ("MIFU"), (collectively "the Funds") present their report on the Funds for the half year ended 31 December 2018.

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	Chairman and Chief Executive Officer	22 January 2007
Hamish Douglass	Chief Investment Officer ^(A)	21 November 2006
Kirsten Morton	Chief Financial Officer	5 October 2018
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

^(A) On 5 October 2018, Mr Douglass resigned as a Director of MAM and was appointed Chairman of Magellan Financial Group Limited ("MFG") the parent company of MAM. Prior to this, Mr Douglass was Chief Executive Officer of MFG. Mr Douglass remains Chief Investment Officer.

1.1 Principal Activity

The Funds are registered managed investment schemes domiciled in Australia, with a principal place of business at Level 36, 19 Martin Place, Sydney, New South Wales 2000.

MGF invests in a portfolio of between 20 and 40 high quality stocks, listed on a global stock exchange, 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. MGF invests in a concentrated portfolio of global equities which spans sectors including financial services, consumer and retail, health care, telecommunications, technology platforms, software and internet related products and services. Such a portfolio will achieve sufficient diversification to ensure MGF is not overly correlated to a single company or to macroeconomic risks. MGF aims 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 ("PDS"), issued 3 November 2018). The capital component of the foreign currency exposure, arising from investments in overseas markets, is substantially unhedged.

MGFH has the same investment strategy as MGF, except that the capital component of the foreign currency exposure, arising from investment in overseas markets, is substantially hedged to Australian Dollars (as detailed in the PDS, issued 3 November 2018).

Responsible Entity's Report

for the half year ended 31 December 2018

1.1 Principal Activity (continued)

MIF invests in a portfolio of between 20 and 40 high quality stocks listed on a global stock exchange whose primary business is the ownership and operation of infrastructure assets, which spans sectors including roads and airports, water and sewage, energy and communications infrastructure. Such a portfolio will achieve sufficient diversification to ensure MIF is not overly correlated to a single company or to macroeconomic risks. MIF aims 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 PDS, issued 3 November 2018). The capital component of the foreign currency exposure, arising from investments in overseas markets, is substantially hedged 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 (as detailed in the PDS, issued 3 November 2018).

1.2 Significant Changes In State Of Affairs

There were no significant changes in the state of affairs of the Funds during the half year.

1.3 Review Of 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:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Results								
Total net investment income (\$'000)	227,282	795,096	(13,199)	46,803	(23,394)	78,088	8,333	34,508
Total expenses (\$'000)	78,394	71,546	3,811	3,582	10,440	12,201	4,597	5,695
Net Operating Profit/(Loss) (\$'000)	148,888	723,550	(17,010)	43,221	(33,834)	65,887	3,736	28,813
Distributions								
Distribution paid and payable to unitholders (\$'000)	-	-	-	-	19,936	13,980	8,821	6,282
Distribution paid and payable (cents per unit) (refer (i) below)	-	-	-	-	1.5500	1.2000	2.1500	1.6000
Unit Price								
Unit price (net asset value) (ex-distribution) (\$)	2.1351	2.0943	1.4716	1.5815	1.2183	1.2802	1.7076	1.6803
Redemption Unit Price (ex-distribution) (\$)	2.1336	2.0922	1.4706	1.5799	1.2165	1.2783	1.7050	1.6778

- (i) For the half year ended 31 December 2018, a 1.5500 cents per unit distribution was declared for MIF (December 2017: 1.2000 cents per unit), and a 2.1500 cents per unit distribution was declared for MIFU (December 2017: 1.6000 cents per unit). These distributions were paid on 8 January 2019.

Responsible Entity's Report

for the half year ended 31 December 2018

1.3 Review Of Operations (continued)

a) Financial Results For The Half Year (continued)

Final distributions for the year ended 30 June 2018, paid 13 July 2018, were as follows:

- MGF: 16.1456 cents per unit amounting to \$710,350,000,
- MGFH: 10.0066 cents per unit amounting to \$29,630,000,
- MIF: 4.1662 cents per unit amounting to \$50,330,000, and
- MIFU: 3.1000 cents per unit amounting to \$12,155,000.

b) Total Indirect Cost Ratio ("ICR")

The ICR for the six and 12 months ended 31 December, is the ratio of the Funds' management costs over their average portfolio value, attributable to unitholders, 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		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	6 months to 31 December 2018 %	6 months to 31 December 2017 %	6 months to 31 December 2018 %	6 months to 31 December 2017 %	6 months to 31 December 2018 %	6 months to 31 December 2017 %	6 months to 31 December 2018 %	6 months to 31 December 2017 %
Indirect Cost Ratio								
Management fee	0.68	0.68	0.68	0.68	0.53	0.53	0.53	0.53
Performance fee	0.04	-	0.01	0.09	-	0.20	-	0.23
Total Indirect Cost Ratio	0.72	0.68	0.69	0.77	0.53	0.73	0.53	0.76
	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	12 months to 31 December 2018 %	12 months to 31 December 2017 %	12 months to 31 December 2018 %	12 months to 31 December 2017 %	12 months to 31 December 2018 %	12 months to 31 December 2017 %	12 months to 31 December 2018 %	12 months to 31 December 2017 %
Indirect Cost Ratio								
Management fee	1.35	1.35	1.35	1.35	1.06	1.06	1.06	1.05
Performance fee	0.23	0.13	0.13	0.33	0.06	0.30	0.25	0.39
Total Indirect Cost Ratio	1.58	1.48	1.48	1.68	1.12	1.36	1.31	1.44

Responsible Entity's Report

for the half year ended 31 December 2018

1.3 Review Of Operations (continued)

c) Performance Returns

The performance returns shown in the table below have been calculated using redemption unit prices for the Funds, which are after fees and expenses, assuming reinvestment of distributions at net asset value. The returns are calculated daily, compounded to produce longer period returns.

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	6 months to 31 December 2018 %	6 months to 31 December 2017 %	6 months to 31 December 2018 %	6 months to 31 December 2017 %	6 months to 31 December 2018 %	6 months to 31 December 2017 %	6 months to 31 December 2018 %	6 months to 31 December 2017 %
Performance								
Growth return ^(A)	1.6	8.1	(3.2)	10.4	(3.5)	4.0	(0.8)	3.7
Distribution return ^(B)	-	-	-	-	1.2	1.0	1.2	1.0
Total Return ^(C)	1.6	8.1	(3.2)	10.4	(2.3)	5.0	0.4	4.7
	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	12 months to 31 December 2018 %	12 months to 31 December 2017 %	12 months to 31 December 2018 %	12 months to 31 December 2017 %	12 months to 31 December 2018 %	12 months to 31 December 2017 %	12 months to 31 December 2018 %	12 months to 31 December 2017 %
Performance								
Growth return ^(A)	2.0	11.4	(6.9)	20.3	(4.8)	7.4	1.6	10.9
Distribution return ^(B)	7.8	2.8	6.1	2.5	4.4	10.0	3.2	3.2
Total Return ^(C)	9.8	14.2	(0.8)	22.8	(0.4)	17.4	4.8	14.1

^(A) 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.

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

^(C) 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.

d) Strategy And Future Outlook

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

Responsible Entity's Report

for the half year ended 31 December 2018

1.4 Interest In The Funds

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

As at reporting date, total unitholders' equity of the Funds are:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Unitholders' Equity	9,441,882	9,247,330	486,606	450,168	1,566,968	1,521,884	700,532	673,777

1.5 Likely Developments And Expected Results Of Operations

The Funds will continue to invest in companies and businesses in accordance with the investment strategies as detailed in their Product Disclosure Statements. Additional comments on the expected results of operations of the Funds are included in this report in Section 1.3 under the Review of Operations. The methods of operating the Funds are 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.

1.6 Events Subsequent To The End Of The Half Year

Other than the items disclosed throughout this Interim Financial Report, there have been no matters or circumstances arising after the end of the half year 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 years

1.7 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.

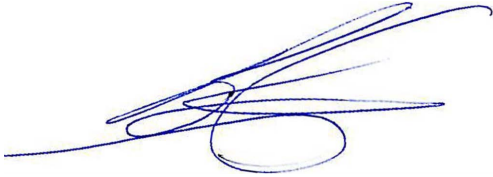
Responsible Entity's Report

for the half year ended 31 December 2018

1.8 Auditor

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.



Brett Cairns
Chairman

Sydney, 27 February 2019



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

As lead auditor for the review of the Funds for the half-year ended 31 December 2018, 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive script.

Rita Da Silva Partner
27 February 2019

Statements Of Profit Or Loss And Comprehensive Income

for the half year ended 31 December 2018

	Note	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000
Investment Income									
Dividend and distribution income		56,150	54,255	2,812	2,571	21,043	18,790	9,172	8,478
Interest income		16,386	4,014	579	283	1,085	919	517	222
Net change in fair value of investments		69,469	769,547	(16,638)	43,935	(45,726)	58,546	(4,141)	26,534
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash		84,950	(32,720)	48	14	46	(167)	2,716	(729)
Other income		327	-	-	-	158	-	69	3
Total Net Investment Income		227,282	795,096	(13,199)	46,803	(23,394)	78,088	8,333	34,508
Expenses									
Management fees		66,873	63,322	3,355	3,036	8,420	7,539	3,715	3,436
Performance fees		3,407	56	45	176	8	2,849	28	1,449
Transaction costs		124	313	10	17	106	127	45	46
Withholding tax on dividends		7,990	7,855	401	353	1,906	1,686	809	764
Total Expenses		78,394	71,546	3,811	3,582	10,440	12,201	4,597	5,695
Net Operating Profit/(Loss)		148,888	723,550	(17,010)	43,221	(33,834)	65,887	3,736	28,813
Finance Costs Attributable To Unitholders									
Distributions of income and capital to unitholders (Increase)/decrease in net assets attributable to unitholders	1 b)	-	-	-	-	-	(13,980)	-	(6,282)
	1 b)	-	(723,550)	-	(43,221)	-	(51,907)	-	(22,531)
Profit/(Loss) For The Half Year		148,888	-	(17,010)	-	(33,834)	-	3,736	-
Other comprehensive income for the half year		-	-	-	-	-	-	-	-
Total Comprehensive Income For The Half Year		148,888	-	(17,010)	-	(33,834)	-	3,736	-

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 31 December 2018

	Note	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Assets									
Cash and cash equivalents		1,784,396	1,819,756	92,142	88,978	135,177	145,254	63,728	59,706
Receivables		18,756	21,277	855	1,760	9,308	12,937	4,447	5,246
Investments	3 a)	7,657,128	8,154,527	405,071	404,343	1,474,374	1,446,572	642,394	623,744
Total Assets		9,460,280	9,995,560	498,068	495,081	1,618,859	1,604,763	710,569	688,696
Liabilities									
Derivative liabilities	3 b)	-	-	10,820	13,525	30,393	29,308	-	-
Payables		18,398	37,880	642	1,758	1,562	3,241	1,216	2,764
Distributions payable		-	710,350	-	29,630	19,936	50,330	8,821	12,155
Total Liabilities		18,398	748,230	11,462	44,913	51,891	82,879	10,037	14,919
Total Unitholders' Equity		9,441,882	9,247,330	486,606	450,168	1,566,968	1,521,884	700,532	673,777

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 half year ended 31 December 2018

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000
Unitholders' Equity At Beginning Of The Half Year ^(A)	9,247,330	-	450,168	-	1,521,884	-	673,777	-
Transactions with unitholders in their capacity as owners:								
Ordinary units:								
Applications	745,812	-	97,985	-	227,798	-	98,197	-
Redemptions	(824,365)	-	(50,604)	-	(141,410)	-	(67,752)	-
Reinvestment of distributions and management fee rebates	124,217	-	6,067	-	12,466	-	1,395	-
Distributions paid and payable	-	-	-	-	(19,936)	-	(8,821)	-
Total transactions with unitholders	45,664	-	53,448	-	78,918	-	23,019	-
Profit/(Loss) for the half year	148,888	-	(17,010)	-	(33,834)	-	3,736	-
Other comprehensive income for the half year	-	-	-	-	-	-	-	-
Total comprehensive income for the half year	148,888	-	(17,010)	-	(33,834)	-	3,736	-
Total Unitholders' Equity At The End Of The Half Year	9,441,882	-	486,606	-	1,566,968	-	700,532	-

^(A) Effective 30 June 2018, units in the Funds have been reclassified from financial liability to equity. Refer to Note 1 b) for further detail.

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 half year ended 31 December 2018

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000
Cash Flows From Operating Activities								
Interest received	15,948	3,747	565	303	1,089	916	485	193
Dividends and distributions received (net of withholding tax)	51,370	48,742	2,509	2,229	20,057	16,457	8,418	7,481
Other income received	327	1	-	-	158	-	69	3
Management and performance fees paid	(84,222)	(72,949)	(3,748)	(3,892)	(8,253)	(7,632)	(4,997)	(4,295)
Other expenses paid	(178)	(373)	(21)	(21)	(209)	(100)	(51)	(31)
Net Cash Inflows/(Outflows) From Operating Activities	(16,755)	(20,832)	(695)	(1,381)	12,842	9,641	3,924	3,351
Cash Flows From Investing Activities								
Purchase of investments	(739,645)	(1,486,606)	(76,237)	(88,553)	(321,312)	(324,713)	(143,900)	(112,709)
Proceeds from sale of investments	1,301,934	1,474,558	78,345	73,363	284,933	220,695	121,684	83,316
Net cash flows from foreign exchange hedging activities	-	-	(22,214)	11,416	(35,308)	6,514	-	-
Net foreign exchange gains/(losses)	47,285	(22,420)	54	2	705	(254)	3,169	(922)
Net Cash Inflows/(Outflows) From Investing Activities	609,574	(34,468)	(20,052)	(3,772)	(70,982)	(97,758)	(19,047)	(30,315)
Cash Flows From Financing Activities								
Receipts from issue of units	745,500	858,269	98,780	91,419	229,005	261,090	98,268	89,033
Payments for redemption of units	(828,134)	(984,359)	(51,195)	(95,446)	(142,269)	(97,909)	(68,089)	(51,172)
Distributions paid	(587,398)	(187,905)	(23,684)	(7,446)	(38,672)	(75,957)	(10,988)	(10,294)
Net Cash Inflows/(Outflows) From Financing Activities	(670,032)	(313,995)	23,901	(11,473)	48,064	87,224	19,191	27,567
Net Increase/(Decrease) In Cash And Cash Equivalents	(77,213)	(369,295)	3,154	(16,626)	(10,076)	(893)	4,068	603
Cash and cash equivalents at the beginning of the half year	1,819,756	1,372,498	88,978	66,369	145,254	114,379	59,706	51,300
Effect of exchange rate fluctuations on cash and cash equivalents	41,853	(12,148)	10	(6)	(1)	(5)	(46)	113
Cash And Cash Equivalents At End Of Half Year	1,784,396	991,055	92,142	49,737	135,177	113,481	63,728	52,016

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 half year ended 31 December 2018

Overview

These condensed interim financial reports are for Magellan Global Fund ("MGF"), Magellan Global Fund (Hedged) ("MGFH"), Magellan Infrastructure Fund ("MIF") and Magellan Infrastructure Fund (Unhedged) ("MIFU"), (collectively "the Funds"), as individual entities, for the half year ended 31 December 2018.

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:

Fund	Date of Commencement
Magellan Global Fund	1 July 2007
Magellan Infrastructure Fund	1 July 2007
Magellan Global Fund (Hedged)	28 June 2013
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.

Magellan Asset Management Limited, ("MAM"), (ABN 31 120 593 946) is the Responsible Entity of the Funds.

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

1. Basis Of Preparation

The condensed interim financial reports are general purpose financial reports and have been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, other mandatory professional reporting requirements and the Funds' Constitutions. They are presented in Australian Dollars ("A\$") and were approved by the Directors of the Responsible Entity on 27 February 2019. The Directors have the power to amend and reissue these financial reports.

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.

These condensed interim financial reports do not include all the information and disclosures normally included in the annual financial reports. Accordingly, these reports should be read in conjunction with the 30 June 2018 Annual Reports and any public announcements made during the half year.

Notes To The Financial Statements

for the half year ended 31 December 2018

1. Basis Of Preparation (continued)

a) Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new standards effective as of 1 July 2018 that are described in Note 1 c). The Funds have not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

b) Adoption Of Attribution Managed Investment Trust ("AMIT") Regime

On 5 May 2016, a new regime applying to Managed Investment Trusts 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' Constitutions have been amended and other conditions to adopt the AMIT regime have been met. As a result, the Funds elected into the AMIT regime effective 30 June 2018.

Whilst the intention of the Responsible Entity with respect to distributions has not changed as a result of adopting AMIT, the contractual wording in the Funds' Constitutions no longer gives rise to an obligation to distribute income to unitholders.

As a consequence, at 30 June 2018, the units in the Funds meet the definition of equity. This has resulted in the reclassification of units from financial liability to equity in the Statements Of Financial Position on 30 June 2018, which is presented as movements in the Statements Of Changes Of Equity. These movements represent the net assets attributable to unitholders on 30 June 2018, being the effective date the Funds adopted AMIT.

c) New And Amended Accounting Standards And Interpretations Effective 1 July 2018

The Funds applied, for the first time, from 1 July 2018, AASB 9: *Financial Instruments* ("AASB 9") and AASB 15: *Revenue from Contracts with Customers* ("AASB 15") that require restatement of previous financial statements. The nature and effect of these changes are disclosed below.

- **AASB 9: Financial Instruments**

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 have been 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. AASB 9 also included new hedge accounting requirements and an expected-loss impairment model that requires credit losses to be recognised on a more timely basis.

There was no impact on the Funds upon adoption of AASB 9 on 1 July 2018 as the Funds currently classify financial assets and financial liabilities at fair value through profit or loss or amortised cost, and the Funds do not apply hedge accounting.

- **AASB 15: Revenue From Contracts With Customers**

AASB 15 superseded AASB 118: *Revenue*. Although AASB 15 is principles-based, it is a significant change from the previous revenue requirements and involves more judgements and estimates as revenue is recognised when control of a good or service transfers to a customer, or on satisfaction of performance obligations under contracts, which replaced the previous notion of risk and rewards.

There was no impact on the Funds upon adoption of AASB 15 on 1 July 2018 as the Funds' revenue recognition of interest, dividend and distribution income, investment gains/(losses) and foreign exchange gains/(losses) was unaffected as these items are excluded from the scope of AASB 15.

Notes To The Financial Statements

for the half year ended 31 December 2018

1. Basis Of Preparation (continued)

c) **New And Amended Accounting Standards And Interpretations Effective 1 July 2018 (continued)**

Several other amendments and interpretations apply for the first time in the interim reporting period commencing 1 July 2018, but did not result in any adjustments to the amounts recognised in the financial statements or disclosures.

d) **Accounting Policy For Receivables Effective From 1 July 2018**

Receivables comprise amounts due from brokers for sales of assets and applications for units in the Funds unsettled at the end of the reporting period, 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, less a provision for expected credit losses. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract, and all the cash flows that the Funds expects to receive, discounted at an approximation of the original effective interest rate. The Funds apply the simplified approach for trade receivables whereby the loss allowance is based on lifetime expected credit losses at each reporting date.

e) **Rounding Of Amounts**

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*.

f) **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, 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 balance date. Fair values may however move materially with movements in market prices. As the investments are valued with reference to the listed quoted prices, the Funds' financial assets are not subject to significant judgement or complexity nor are the Funds' liabilities.

g) **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 half year ended 31 December 2018

2. Distributions To Unitholders

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Interim distribution to unitholders (\$'000)	-	-	-	-	19,936	13,980	8,821	6,282
Interim distribution(cents per unit)	-	-	-	-	1.5500	1.2000	2.1500	1.6000

Interim distributions for MIF and MIFU, as shown in the table above, were declared for the half year ended 31 December 2018 and paid on 8 January 2019.

Final distributions for the year ended 30 June 2018, paid 13 July 2018, were as follows:

- MGF: 16.1456 cents per unit amounting to \$710,350,000,
- MGFH: 10.0066 cents per unit amounting to \$29,630,000,
- MIF: 4.1662 cents per unit amounting to \$50,330,000, and
- MIFU: 3.1000 cents per unit amounting to \$12,155,000.

a) Distribution Reinvestment Plan ("DRP")

A DRP operated for MIF and MIFU during the half year ended 31 December 2018. Unitholders may request their distributions be applied as subscriptions for additional units in the respective Fund at the Issue Price (as defined in the respective Fund's Constitution), determined after the number of units on issue is calculated for the purpose of making the distribution.

DRP details of each Fund are as follows:

	Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
DRP issue price (interim distribution - units issued 1 January) (\$)	1.2183	1.2802	1.7076	1.6803
DRP unitholder participation rate (%)	22.76	24.34	9.43	9.39
Number of units issued under DRP	3,722,635	2,656,518	486,650	350,546
Value of units issued under DRP (\$'000)	4,535	3,401	831	589

Notes To The Financial Statements

for the half year ended 31 December 2018

3. Investments And Derivatives

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
a) Investments								
Australian listed equity securities	-	-	-	-	349,157	303,894	152,276	130,676
International listed equity securities:								
- United States	6,538,364	6,969,151	346,110	345,508	578,176	472,929	252,311	203,725
- Switzerland	627,361	595,323	32,825	29,635	25,259	38,166	10,867	16,387
- Germany	273,242	326,872	14,438	16,257	31,879	-	13,716	-
- United Kingdom	218,161	263,181	11,698	12,943	22,491	84,736	9,750	36,591
- Canada	-	-	-	-	119,207	130,080	52,139	56,513
- France	-	-	-	-	96,718	133,840	41,799	57,572
- Italy	-	-	-	-	69,098	130,970	30,505	56,497
- Spain	-	-	-	-	65,796	37,132	28,641	16,015
- Netherlands	-	-	-	-	48,406	44,551	20,694	19,122
- New Zealand	-	-	-	-	41,670	45,444	18,080	19,837
- Chile	-	-	-	-	26,517	24,830	11,616	10,809
Total Investments	7,657,128	8,154,527	405,071	404,343	1,474,374	1,446,572	642,394	623,744
b) Derivative Liabilities								
Forward foreign currency contracts	-	-	10,820	13,525	30,393	29,308	-	-
Total Derivative Liabilities	-	-	10,820	13,525	30,393	29,308	-	-

Notes To The Financial Statements

for the half year ended 31 December 2018

3. Investments And Derivatives (continued)

c) Fair Value Disclosures

The Funds classify 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 level 1 securities is based on the closing price ^(A) 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 Funds' or the derivative counterparties' current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

^(A) Prior to 1 July 2018, the fair value of these investments was based on closing bid prices. The impact of the change was not material.

The following table presents the fair value measurement hierarchy of the Funds' financial assets and liabilities:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000	31 December 2018 \$'000	30 June 2018 \$'000
Financial Assets Measured At Fair Value								
Level 1: Investments - valued using quoted price ^(A)	7,657,128	8,154,527	405,071	404,343	1,474,374	1,446,572	642,394	623,744
Total Financial Assets Measured at Fair Value	7,657,128	8,154,527	405,071	404,343	1,474,374	1,446,572	642,394	623,744
Financial Liabilities Measured At Fair Value								
Level 2: Forward foreign currency contracts	-	-	10,820	13,525	30,393	29,308	-	-
Total Financial Liabilities Measured At Fair Value	-	-	10,820	13,525	30,393	29,308	-	-

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

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 half year and each 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 2018

4. Unitholders' Equity

	Note	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		1 Jul 2018 to 31 Dec 2018 No. of Units '000	1 Jul 2017 to 30 Jun 2018 No. of Units '000	1 Jul 2018 to 31 Dec 2018 No. of Units '000	1 Jul 2017 to 30 Jun 2018 No. of Units '000	1 Jul 2018 to 31 Dec 2018 No. of Units '000	1 Jul 2017 to 30 Jun 2018 No. of Units '000	1 Jul 2018 to 31 Dec 2018 No. of Units '000	1 Jul 2017 to 30 Jun 2018 No. of Units '000
Units On Issue									
Opening Balance - 1 July		4,399,639	4,617,246	296,102	297,708	1,208,048	1,014,090	392,080	368,869
Units issued		339,023	677,581	62,915	101,897	181,047	325,687	56,549	92,768
Units issued under DRP	2 a)	58,460	18,784	3,909	1,036	9,236	24,933	677	892
Units redeemed		(375,040)	(913,972)	(32,184)	(104,539)	(112,125)	(156,662)	(39,031)	(70,449)
Total Units On Issue		4,422,082	4,399,639	330,742	296,102	1,286,206	1,208,048	410,275	392,080

Prior to 30 June 2018, units in the Funds were classified as net assets attributable to unitholders and presented as a financial liability in the Statements Of Financial Position in accordance with AASB 132. On 30 June 2018, the Funds elected into the AMIT regime and as a consequence the units in the Funds were reclassified from financial liability to equity from 30 June 2018.

Terms And Conditions Of Units

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' Product Disclosure Statements;
- 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

for the half year ended 31 December 2018

5. Contingent Assets, Contingent Liabilities And Commitments

The Funds have no contingent assets, contingent liabilities or commitments at 31 December 2018 (June 2018: nil).

6. Events Subsequent To The End Of The Half Year

Other than the items disclosed throughout this Interim Financial Report, there have been no matters or circumstances arising after the end of the half year 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 years. Asset prices move daily and daily unit prices are available on the Magellan Financial Group Limited website, www.magellangroup.com.au.

Directors' Declaration

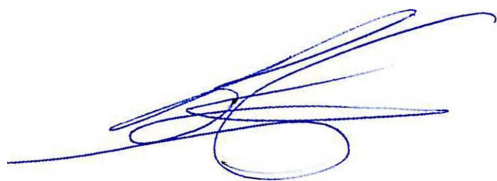
for the half year ended 31 December 2018

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

Magellan Global Fund
Magellan Global Fund (Hedged)
Magellan Infrastructure Fund; and
Magellan Infrastructure Fund (Unhedged), (together "the Funds") as set out on pages 10 to 21;

- 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 31 December 2018 and of their performance as represented by the results of their operations and their 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 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.



Brett Cairns
Chairman

Sydney, 27 February 2019



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Independent Auditor's Review Report to the Unitholders of Magellan Global Fund, Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged)

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Magellan Global Fund, Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged) (the "Funds"), which comprises the statements of financial position as at 31 December 2018, the statements of profit or loss and comprehensive income, statements of changes in equity and statements 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 Funds is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Funds' financial position as at 31 December 2018 and of their 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 Funds' financial positions as at 31 December 2018 and their 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 Funds, 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*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Rita Da Silva'.

Rita Da Silva
Partner
Sydney
27 February 2019

Corporate Information

Directors Of The Responsible Entity

Brett Cairns (Chairman and Chief Executive Officer)

Kirsten Morton (Chief Financial Officer)

John Eales

Robert Fraser

Paul Lewis

Hamish McLennan

Karen Phin

Company Secretary Of The Responsible Entity

Geoffrey Stirton

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Investment Manager

Magellan Asset Management Limited

Auditor

Ernst & Young

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