



MAGELLAN
ASSET MANAGEMENT LIMITED

Magellan High Conviction Trust

Interim Report

For the half year ended 31 December 2020

ABN 25 531 724 961

Contents

Chairman's Report	3
Responsible Entity's Report	4
Auditor's Independence Declaration	8
Financial Statements	
Statement of Profit or Loss and Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
1. Basis of Preparation	13
2. Distributions to Unitholders	14
3. Investments and Derivatives	15
4. Unitholders' Equity	16
5. Earnings Per Unit	17
6. Net Asset Value Per Unit	17
7. Segment Information	17
8. Contingent Assets, Contingent Liabilities and Commitments	18
9. Subsequent Events	18
Directors' Declaration	19
Independent Auditor's Report	20
Corporate Information	22

Chairman's Report

for the half year ended 31 December 2020

Dear Unitholders,

We are pleased to present the Interim Financial Report for Magellan High Conviction Trust (the "Fund"). The Fund is a closed end managed investment scheme for which Magellan Asset Management Limited ("MAM") acts as both Responsible Entity and Investment Manager.

The Fund is quoted on the Australian Securities Exchange (ticker code: MHH) and commenced trading on 11 October 2019. As at 31 December 2020, the Fund had net assets of \$920 million and a net asset value of \$1.5284 per unit after providing for a distribution of 2.25 cents per unit for the six months ended 31 December 2020.

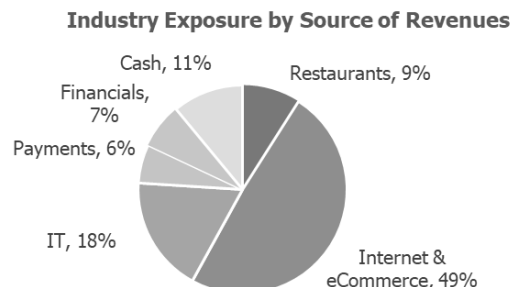
MAM aims to achieve attractive risk-adjusted returns over the medium to long term for unitholders through investment in a concentrated portfolio. To achieve this, the Fund invests in a portfolio of between 8 and 12 high-quality global equity stocks, as assessed by MAM, and has the ability to manage equity market risk by holding up to 50% of its net assets in cash. During the period the Fund announced it will adopt an unhedged approach to foreign currency exposures arising from portfolio investments in foreign markets. For the six months to 31 December 2020, the Fund returned 2.8% net of fees.

The Fund also aims to deliver investors a Target Cash Distribution yield of 3% per annum, paid semi-annually. For investors wishing to reinvest distributions, a distribution reinvestment plan has been established with a 5% discount to the net asset value per unit. To ensure investors electing to receive cash are not disadvantaged due to dilution, Magellan Financial Group Limited will pay to the Fund a cash amount equal to the discount, to offset the dilutionary impact.

We would encourage you to read our 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 2020, the Fund consisted of investments in 10 companies. The Fund's cash position was 11% which was predominantly held in US Dollars. The Fund's industry exposure by source of revenues is highlighted below.

Top 5 holdings (as at 31 December 2020) <i>In alphabetical order</i>	
	Sector
Alibaba Group Holding	Internet & eCommerce
Alphabet - class C shares	Internet & eCommerce
Microsoft	Information Technology
Netflix	Internet & eCommerce
Starbucks	Restaurants



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

Robert Fraser
Chairman

Sydney, 26 February 2021

Responsible Entity's Report

for the half year ended 31 December 2020

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan High Conviction Trust (the "Fund") present their half year report on the Fund for the period ended 31 December 2020.

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 Fund is a registered managed scheme structured as a closed-ended unit trust that is domiciled in Australia, with the principal place of business at Level 36, 19 Martin Place, Sydney, New South Wales, 2000 and quoted on the Australian Securities Exchange ("ASX") (ticker code: MHH).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund. As the Investment Manager, MAM is responsible for selecting and managing the assets of the Fund.

The Portfolio will typically comprise 8 to 12 investments, weighted towards MAM's highest conviction ideas, as assessed by the Portfolio Managers. MAM seeks to invest in a focused portfolio of outstanding global companies and seeks to purchase investments when they are trading at a discount to MAM's assessment of their intrinsic value. MAM undertakes extensive fundamental analysis on the individual companies and the industries in which they operate.

The Fund's investment objective is 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 13 August 2019).

3. Significant Changes in State of Affairs

On 24 September 2020 MAM announced a distribution policy update, to target a cash distribution yield of 3% per annum, paid semi-annually each June and December (refer Note 2 to the Financial Statements).

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

Responsible Entity's Report

for the half year ended 31 December 2020

4. Review of Financial Results and Operations

4.1. Financial Results for the Period

The performance of the Fund, as represented by the results of its operations for the relevant periods ended 31 December, was as follows:

	31 Dec 2020	16 Jul to 31 Dec 2019 ¹
Results		
Total net investment income (\$'000)	32,735	79,403
Total expenses (\$'000)	7,612	9,012
Profit/(Loss) (\$'000)	25,123	70,391
Distributions		
Distribution paid and payable (\$'000)	13,548	12,927
Distribution paid and payable (cents per unit)	2.25	2.25
Unit Price (NAV Per Unit) (\$)²	1.5284	1.6000
ASX Reported NAV Per Unit (\$) ³	1.5509	1.6224

¹ The Fund was registered on 16 July 2019 and commenced trading on 11 October 2019. The Fund's first reporting period covers 16 July 2019 to 31 December 2019.

² The Net Trust Value ("NAV") per unit represents the net assets of the Fund shown in the Statement of Financial Position at balance date divided by the number of units on issue at balance date (as shown in Note 4 to the Financial Statements).

³ The NAV per unit reported to the ASX will differ to the NAV per unit at balance date due to distributions payable and fee accruals.

The final distribution for the year ended 30 June 2020 of 2.250 cents per unit amounting to \$13,662,000 was paid on 28 July 2020.

4.2. Total Indirect Cost Ratio ("ICR")

The ICR is the ratio of the Fund's actual management costs over the average portfolio value expressed as a percentage. Management costs, accrued within the Fund's 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.

	6 Months to 31 Dec 2020 %	12 Months to 31 Dec 2020 %	11 Oct to 31 Dec 2019 % ¹	11 Oct to 30 Jun 2020 % ¹
Management fee	0.75	1.50	0.34	1.09
Performance fee ²	0.01	0.00	0.62	0.60
Total Indirect Cost Ratio	0.76	1.50	0.96	1.69

¹ The Fund commenced trading on 11 October 2019.

² 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 the NAV per unit for the Fund, which is after fees and expenses, assuming the reinvestment of distributions at NAV per unit. The returns are calculated daily, compounded to produce longer period returns.

	6 Months to 31 Dec 2020 %	12 Months to 31 Dec 2020 %	11 Oct to 31 Dec 2019 % ¹	11 Oct to 30 Jun 2020 % ¹
Growth return ²	1.3	(4.5)	6.7	0.6
Distribution return ³	1.5	2.9	1.5	2.9
Total Return⁴	2.8	(1.6)	8.2	3.5

¹ The Fund commenced trading on 11 October 2019.

² The Growth return is calculated daily as a percentage by dividing the NAV per unit (ex-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

³ The Distribution return is calculated as a percentage by subtracting the Growth return from the Total return.

⁴ The Total return is calculated daily as a percentage by dividing the NAV per unit (cum-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Total returns are then compounded to produce longer period returns.

Responsible Entity's Report

for the half year ended 31 December 2020

5. Strategy and Future Outlook

Since its inception the Fund has exercised its ability to actively hedge the Fund's foreign currency exposure arising from portfolio investments in foreign markets back to Australian dollars. The objective of this currency hedging strategy was to reduce the impact of foreign currency exposure when the Australian dollar traded outside its historical range. On 25 November 2020 it was announced on the ASX that the portfolio managers of the Fund have determined to change this currency hedging strategy. While retaining the flexibility to reduce the impact of foreign currency exposures associated with identified event risks, the Fund will otherwise adopt an unhedged approach to foreign currency exposures arising from portfolio investments in foreign markets.

Other than the above, 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.

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. These 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 Fund

The movement in units on issue in the Fund is disclosed in Note 4 to the Financial Statements.

7. Likely Developments And Expected Results Of Operations

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the PDS.

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.

8. Subsequent Events

In a release to the ASX on 22 February 2021, the Fund reported a NAV per unit as at 19 February 2021 of \$1.5888.

Subsequent to balance date and up until 24 February 2020 the Fund purchased on-market and cancelled 7,869,861 ordinary units, at a total cost of \$11,367,000.

Other than the items disclosed throughout this 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 Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods. Asset prices move daily and intraday indicative NAV per unit and daily NAV per unit are available on the MFG website and also the ASX website.

9. Rounding of Amounts

The Fund is 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.

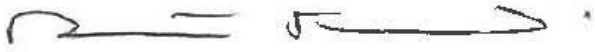
Responsible Entity's Report

for the half year ended 31 December 2020

10. 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 8.

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



Robert Fraser

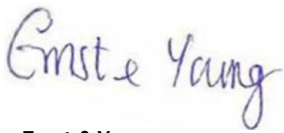
Chairman

Sydney, 26 February 2021

Auditor's independence declaration to the Directors of Magellan Asset Management Limited as the responsible entity of Magellan High Conviction Trust

As lead auditor for the review of the interim financial report of Magellan High Conviction Trust for the interim period ended 31 December 2020, 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



Clare Sporle
Partner
26 February 2021

Statement of Profit or Loss and Comprehensive Income

for the half year ended 31 December 2020

	Note	31 Dec 2020 \$'000	16 Jul to 31 Dec 2019 \$'000 ¹
Investment Income			
Dividend and distribution income		1,799	1,463
Interest income		4	800
Net change in fair value of investments		45,777	80,046
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash		(14,845)	(2,906)
Total Net Investment Income		32,735	79,403
Expenses			
Management fees		7,290	3,131
Performance fees		38	5,612
Brokerage costs		14	49
Withholding tax on dividends and distributions		270	220
Total Expenses		7,612	9,012
Profit/(Loss)		25,123	70,391
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		25,123	70,391
Basic Earnings Per Unit (cents)	5	4.15	12.25
Diluted Earnings Per Unit (cents)	5	4.15	12.25

¹ The Fund was registered on 16 July 2019 and commenced trading on 11 October 2019. The Fund's first reporting period covers 16 July 2019 to 31 December 2019.

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

Statement of Financial Position

as at 31 December 2020

	Note	31 Dec 2020 \$'000	30 Jun 2020 \$'000 ¹
Assets			
Cash and cash equivalents		103,012	210,020
Receivables		674	776
Investments	3	831,765	722,994
Total Assets		935,451	933,790
Liabilities			
Distributions payable	2	13,548	13,662
Payables		1,599	1,686
Derivative liabilities	3	-	2,439
Total Liabilities		15,147	17,787
Total Unitholders' Equity		920,304	916,003

¹ The Fund was registered on 16 July 2019 and commenced trading on 11 October 2019. The Fund's first annual reporting period covers 16 July 2019 to 30 June 2020.

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 2020

	Note	31 Dec 2020 \$'000	16 Jul to 31 Dec 2019 \$'000 ¹
Total Unitholders' Equity at the beginning of the Period		916,003	-
Transactions with unitholders in their capacity as owners:			
Ordinary units:			
Units issued under Priority Offer		-	631,857
Units issued under Wholesale Offer		-	113,870
Units issued under General Public Offer		-	116,087
Units issued under Dividend Reinvestment Plan	2	3,715	-
Units bought back on-market and cancelled	4	(11,185)	-
		(7,470)	861,814
MFG contribution to offset dilutionary impact of DRP discount	2	196	-
Distributions paid and payable	2	(13,548)	(12,927)
Total transactions with unitholders		(20,822)	848,887
Profit/(loss)		25,123	70,391
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		25,123	70,391
Total Unitholders' Equity at the end of the Period		920,304	919,278

¹ The Fund was registered on 16 July 2019 and commenced trading on 11 October 2019. The Fund's first reporting period covers 16 July 2019 to 31 December 2019.

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

Statement of Cash Flows

for the half year ended 31 December 2020

	31 Dec 2020 \$'000	16 Jul to 31 Dec 2019 \$'000 ¹
Cash Flows From Operating Activities		
Dividends and distributions received (net of withholding tax)	1,637	1,193
Interest received	2	733
Management and performance fees paid	(7,234)	(2,131)
Brokerage costs paid	(14)	(49)
Net Cash Inflows/(Outflows) from Operating Activities	(5,609)	(254)
Cash Flows From Investing Activities		
Purchase of investments	(242,270)	(969,724)
Proceeds from sale of investments	166,887	169,482
Net foreign exchange gains/(losses)	(27,323)	4,847
Net cash flows from settlement of forward foreign currency contracts	8,700	2,927
Net Cash Inflows/(Outflows) from Investing Activities	(94,006)	(792,468)
Cash Flows From Financing Activities		
Receipts from issue of units	-	861,814
MFG contribution to offset dilutionary impact of DRP discount	196	-
Payments for buyback of units	(11,387)	-
Distributions paid	(9,947)	-
Net Cash Inflows/(Outflows) from Financing Activities	(21,138)	861,814
Net Increase/(Decrease) In Cash and Cash Equivalents	(120,753)	69,092
Cash and cash equivalents at the beginning of the period	210,020	-
Effect of exchange rate fluctuations on cash and cash equivalents	13,745	(2,125)
Cash and Cash Equivalents at the end of the Period	103,012	66,967

¹ The Fund was registered on 16 July 2019 and commenced trading on 11 October 2019. The Fund's first reporting period covers 16 July 2019 to 31 December 2019.

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 2020

Overview

The Fund is a registered managed scheme structured as a closed-ended unit trust that is domiciled in Australia and quoted on ASX (ticker code: MHH). The Fund was registered on 16 July 2019 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 11 October 2019. The Fund terminates on the earlier of the time provided by the Fund's Constitution or by law.

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

This financial report was authorised for issue by the Directors of the Responsible Entity on 26 February 2021. The Directors have the power to amend and reissue this financial report.

The Fund is considered a for-profit unit trust for the purpose of this financial report.

1. Basis of Preparation

The condensed interim financial report is a general purpose financial report, presented in Australian Dollars, 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.

The condensed interim financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2020 Annual Report and any public announcements made during the period.

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. 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*.

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

1.2. Critical Accounting Estimates And Judgements

In applying the Fund's accounting policies, a number of estimates and assumptions have been made concerning the future. 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.

The significant judgements made by the Directors in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those described in the 30 June 2020 Annual Report.

The impacts of the COVID-19 pandemic on the Fund were disclosed in Note 1(g) of the Fund's 2020 Annual Report and remain broadly unchanged at the date of this financial report. Despite the pandemic continuing throughout the period of this report, there have been no new adverse impacts on the Fund's financial results or risks arising from COVID-19 and the Fund's operations and service providers are operating efficiently and largely unaffected. Whilst share market and currency volatility remains, the Fund has not recorded any impairments of its investments during the period ended 31 December 2020 nor experienced any recovery issues with the Fund's receivables, which comprised mainly dividends and distributions.

Investments are valued with reference to listed quoted prices. Derivatives are fair valued using valuation techniques, for example pricing models, which are validated and periodically reviewed by MAM. Cash continues to be held with strongly rated financial institutions. As such the Fund's financial assets and liabilities are not subject to significant judgement or complexity.

Notes to the Financial Statements

for the half year ended 31 December 2020

2. Distributions to Unitholders

Distributions for the periods ended 31 December are as follows:

	\$'000	CPU	Date Paid
Period ended 31 December 2020			
Prior year final distribution paid	13,662	2.250	28 Jul 2020
Interim distribution payable	13,548	2.250¹	15 Jan 2021

¹ The Fund has a Target Cash Distribution ("TCD") per annum of 3% and the TCD for the period ended 31 December 2020 was 2.250 Cents Per Unit ("CPU").

	\$'000	CPU	Date Paid
Period ended 31 December 2019			
Interim distribution payable	12,927	2	16 Jan 2019

The 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.

On 5 Jan 2021 MAM announced the TCD per annum for the six month period ended 30 Jun 2021 will be 2.25 CPU.

A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at balance date.

Distribution Reinvestment Plan ("DRP")

The Fund's DRP was available to eligible unitholders during the period.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest all or part of their cash distributions in additional units in the Fund, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a price that is determined by MAM in accordance with the DRP Rules.

Investors who participate in the DRP receive units at an issue price that includes a specified discount to the NAV per unit. To ensure that unitholders who do not participate in the DRP suffer no dilution as a result of any discount, MFG pays the Fund consideration equal to the cost of this discount in accordance with the terms of the MFG Commitment Deed. The DRP issue price discount of 5%, in respect of the interim distribution for the period ended 31 December 2020, payable by MFG, is recognised as a receivable in the Statement Of Financial Position.

Details of the DRP for the interim and final distributions are as follows:

	Interim Distribution Payable 31 Dec 2020	Final Distribution Paid 30 Jun 2020	Interim Distribution Payable 31 Dec 2019
DRP issue price (\$)	1.4520	1.4854	1.5470
DRP unitholder participation rate (%)	25.65	27.19	27.06
Number of units issued under DRP	2,393,250	2,500,963	2,229,014
Value of ordinary issued under DRP (\$'000)	3,475	3,715	3,448
DRP 5% issue price discount (\$'000)	183	196	181
DRP issue date	15 Jan 2021	28 Jul 2020	16 Jan 2020

Notes to the Financial Statements

for the half year ended 31 December 2020

3. Investments and Derivatives

The Fund classifies its equity securities as financial assets and liabilities at fair value through profit or loss.

The Fund discloses 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, or the derivative counterparties' current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Investments (Level 1)		
International listed equity securities		
- United States	715,014	578,979
- Hong Kong	78,517	88,787
- Germany	38,234	55,228
Total Investments	831,765	722,994
Derivative Liabilities (Level 2)		
Forward foreign currency contracts	-	2,439
Total Derivative Liabilities	-	2,439

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 period and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at balance date.

Notes to the Financial Statements

for the half year ended 31 December 2020

4. Unitholders' Equity

	Note	6 Months to 31 Dec 2020 No. of Units '000	16 Jul to 30 Jun 2020 No. of Units '000
Units on Issue			
Opening balance		607,183	-
Units issued - Priority Offer	4.1	-	421,237
Units issued - Wholesale Offer	4.2	-	75,913
Units issued - General Public Offer	4.3	-	77,392
Units issued - Loyalty units issued to eligible unitholders under Priority Offer	4.4	-	31,045
Units issued - IPO Foundation units issued to eligible unitholders under Wholesale and General Public Offers	4.4	-	3,403
Units issued under DRP	2	2,501	2,229
Units bought back on-market and cancelled	4.5	(7,535)	(4,036)
Units on Issue at end of the Period		602,149	607,183

As the Fund has elected into the AMIT regime, units in the Fund are classified as equity under AASB 132 *Financial Instruments: Presentation* ("AASB 132"). As a result, equity transactions including distributions have been included in the Statement Of Changes In Equity.

Ordinary Units

Ordinary units are listed on the ASX. Each ordinary 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 distribution determined in accordance with the provisions of the Fund's Constitution;
- the right to attend and vote at meetings of unitholders;
- the right to participate in the termination and winding up of the Fund;
- redemption of units is not permitted while the Fund is listed on the ASX; and
- there is only one class of units.

4.1. Priority Offer

The Priority Offer was open to eligible unitholders in Magellan Global Trust, the Magellan High Conviction Fund and shareholders in MFG ("Eligible Vehicles"). Priority Applicants were invited to subscribe under the Priority Offer for up to 33,334 Units, equivalent to \$50,001. Priority Applicants with more than one holding across the Eligible Vehicles were able to participate in the Priority Offer for up to 33,334 Units in respect of each holding.

4.2. Wholesale Offer

The Wholesale Offer was open to Wholesale Clients of MFG and Australian Financial Services Licence holders (applying on behalf of their clients) who received an invitation from MFG to participate in the Wholesale Offer

4.3. General Public Offer

The General Public Offer was open to eligible members of the public.

4.4. Loyalty And IPO Foundation Units

Unitholders who subscribed under the Priority Offer were eligible to receive a number of additional units, being Loyalty Units, equivalent to 7.5% of the number of units allotted to them under the Priority Offer. Unitholders who subscribed under the Wholesale and General Public Offers were eligible to receive a number of additional units, being IPO Foundation Units, equivalent to 2.5% of the number of units allotted to them under the Wholesale and/or General Public Offer. Priority, Wholesale, and General Public Offer applicants needed to be a unitholder in the Fund on 31 December 2019, the Loyalty and IPO Foundation Units Determination Date, in order to receive Loyalty and/or IPO Foundation Units. A total of 31,044,775 Loyalty Units and 3,403,156 IPO Foundation Units vested to eligible unitholders on 31 December 2019 and were allotted, as ordinary units, on 15 January 2020.

Notes to the Financial Statements

for the half year ended 31 December 2020

4.5. Unit Buy-back

On 10 October 2019, the Responsible Entity of the Fund announced its intention to undertake an on-market buy-back. On 20 August 2020 an announcement was made to extend the on-market buy-back to 23 October 2021.

During the period ended 31 December 2020 the Fund purchased on-market and cancelled 7,535,365 ordinary units, at a total cost of \$11,185,000. Subsequent to balance date and up until 24 February 2020 the Fund purchased on-market and cancelled 7,869,861 ordinary units, at a total cost of \$11,367,000.

5. Earnings Per Unit

Basic Earnings Per Unit ("EPU") is calculated as profit/(loss) for the period divided by the weighted average number of units on issue. Diluted earnings per unit is calculated by adjusting the basic earnings per unit to take into account the effect of any changes in income or expense associated with dilutive potential units and the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary units.

	31 Dec 2020	31 Dec 2019 ¹
Basic EPU		
Profit/(loss) attributable to unitholders (\$'000)	25,123	70,391
Weighted average number of units for basic EPU ('000)	605,494	574,542
Basic EPU (Cents)	4.15	12.25
Diluted EPU		
Profit/(loss) attributable to unitholders (\$'000)	25,123	70,391
Weighted average number of units for diluted EPU ('000)	605,494	574,542
Diluted EPU (Cents)	4.15	12.25
Earnings Reconciliation		
Profit/(loss) used in the calculation of basic and diluted EPU (\$'000)	25,123	70,391

¹ The weighted average number of units is calculated from 8 October 2019, when the Fund's first unit was allotted, to 31 December 2019.

As the Fund has no potential dilutive units basic and diluted EPU are equal.

6. Net Asset Value Per Unit

The NAV per unit represents the net assets of the Fund presented in the Statement Of Financial Position at balance date divided by the number of units on issue at balance date (refer Note 4).

	31 Dec 2020	30 Jun 2020
	\$	\$
NAV per unit	1.5284	1.5086

The NAV per unit at balance date may differ from the NAV per unit reported to the ASX due to distributions payable and fee accruals.

In a release to the ASX on 22 February 2021, the Fund reported a NAV per unit as at 19 February 2021 of \$1.5888.

7. Segment Information

An operating segment is a distinguishable component of the Fund that is engaged in business activity from which the Fund earns revenues and incurs expenses, whose operating results are regularly reviewed by the Fund's chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision maker has been determined as Dr Brett Cairns.

The Fund's investments are managed on a single portfolio basis and in one business segment being equity investment, as well as in one geographic segment being Australia. The Fund continues to have foreign exposures as it invests in companies which operate internationally.

Notes to the Financial Statements

for the half year ended 31 December 2020

8. Contingent Assets, Contingent Liabilities and Commitments

The Fund has a contingent asset for the amount receivable from MFG where the Fund offers a discount to the NAV per unit on units issued under the DRP in future periods, in accordance with the terms of the MFG Commitment Deed. It is not practical to estimate the future amounts receivable to the Fund as there is uncertainty as to the level of participation in the DRP, the NAV per unit and whether the DRP will be offered (refer Note 2).

At balance date, other than the above the Fund has no contingent assets, contingent liabilities or commitments.

9. Subsequent Events

Other than the items disclosed throughout this financial report, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods. Asset prices move daily and intraday indicative NAV per unit and daily NAV per unit are available on the MFG website and also the ASX website.

Directors' Declaration

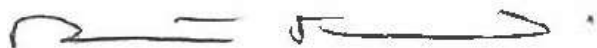
for the half year ended 31 December 2020

In the Directors' opinion,

- a. the financial statements and notes set out on pages 9 to 18 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 2020 and of its performance as represented by the results of its operations and cash flows for the period 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.



Robert Fraser
Chairman

Sydney, 26 February 2021

Independent auditor's review report to the unitholders of Magellan High Conviction Trust

Report on the interim financial report

Conclusion

We have reviewed the accompanying interim financial report of Magellan High Conviction Trust (the Fund), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of profit and loss and comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the interim period 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 interim 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 2020 and of its financial performance for the interim period ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the interim financial report

The Directors of the Responsible Entity are responsible for the preparation of the interim 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 interim 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 interim 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 interim 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 2020 and its financial performance for the interim period 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 an interim 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.



Building a better
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Independence

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

Ernst & Young

Clare Sporle

Partner

Sydney

26 February 2021

Corporate Information

Directors

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

Company Secretary

Marcia Venegas

Registered Office

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Auditor

Ernst & Young
200 George Street
Sydney NSW 2000

Unit Registrar

Boardroom Pty Limited
Level 12, Grosvenor Place
225 George Street
Sydney NSW 2000
Telephone: (Australia) 1300 005 016, (International) +61 2 9290 9600
Fax: 1300 653 459
Email: enquiries@boardroomlimited.com.au

Securities Exchange Listing

Australian Securities Exchange code: MHH

Website

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

Corporate Governance Statement

The Corporate Governance Statement for the Fund can be found on the Magellan website at <http://www.magellangroup.com.au> under Reports and ASX releases for the Fund.