



MAGELLAN
ASSET MANAGEMENT LIMITED

Magellan High Conviction Trust

Interim Report

For the half year ended 31 December 2022

ABN 25 531 724 961

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Chairman's Report

for the half year ended 31 December 2022

Dear Unitholders,

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

The Fund is an open-ended active ETF quoted on the ASX under the AQUA Rules. As at 31 December 2022, the Fund had net assets of \$439 million and a net asset value of \$1.2568 per unit after providing for a distribution of 2.44 cents per unit for the six months to 31 December 2022.

The Fund's portfolio is actively managed by MAM and aims to achieve attractive risk-adjusted returns over the medium to long term for unitholders through investment in a concentrated portfolio. During the period, the Fund invested in a portfolio of between 10 and 20 high-quality global equity stocks, as assessed by MAM, and had the ability to manage equity market risk by holding up to 50% of its net assets in cash.

The Fund continues to be weighted towards MAM's highest conviction ideas and, in addition, reflects MAM's desire to:

- invest in high-quality businesses having a smaller market capitalisation where potential returns may be greater;
- increase position sizing flexibility and portfolio balance;
- improve risk management and the diversification of common exposures; and
- enhance MAM's ability to respond to corporate actions undertaken by portfolio companies.

The Fund paid a cash distribution of 2.44 cents per in respect of the six months to 31 December 2022. This is consistent with MAM's stated intention to target a cash distribution yield of 3% per annum of the average of the month-end NAV per Unit over the two year rolling period ending on the last Business Day of the prior distribution period.

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 at: www.magellangroup.com.au.

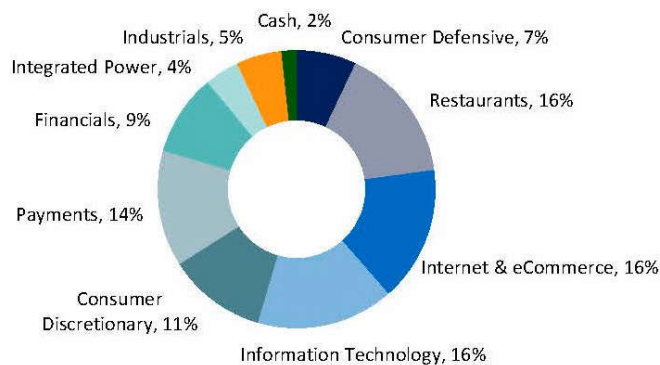
As at the 31 December 2022 Fund Update, the Fund consisted of investments in 14 companies. The Fund's cash position was 2% of the portfolio which was predominantly held in US Dollars. The Fund's industry exposure by source of revenues is highlighted below.

Top 5 Holdings

In alphabetical order	Sector [#]
Alphabet Inc	Internet & eCommerce
Intercontinental Exchange Inc	Financials
Microsoft Corporation	Information Technology
Visa Inc	Payments
Yum! Brands Inc	Restaurants

[#] Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not add to 100% due to rounding.

Sector Exposure by Source of Revenue[#]



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

Robert Fraser
Chairman

Sydney, 27 February 2023

Responsible Entity's Report

for the half year ended 31 December 2022

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 2022.

1. Directors

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

		Appointed	Resigned
Robert Fraser	Chairman	23 April 2014	
David Dixon	Deputy Chairman and Non-Executive Director ¹	1 November 2022	
John Eales	Non-Executive Director	1 July 2017	
Colette Garnsey	Non-Executive Director	30 November 2020	
David George	Managing Director, Chief Executive Officer and Chief Investment Officer ²	19 July 2022	
Hamish McLennan	Non-Executive Director	1 March 2016	
Kirsten Morton	Chief Operating Officer and Chief Financial Officer	5 October 2018	
Karen Phin	Non-Executive Director	23 April 2014	20 October 2022

¹ Mr Dixon was appointed Deputy Chairman and Non-Executive Director on 1 November 2022.

² Mr George was appointed Managing Director and Chief Executive Officer on 19 July 2022, and Chief Investment Officer on 17 October 2022.

2. Principal Activity

The Fund is a registered managed investment scheme, domiciled in Australia, with the principal place of business at Level 36, 25 Martin Place, Sydney, New South Wales, 2000 and quoted on the Australian Securities Exchange ("ASX") under the AQUA Rules (ticker code: MHHT).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund. MAM is also Investment Manager, 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 Portfolio will typically comprise 10 to 20 investments and is 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.

While the Fund adopts a largely unhedged approach to foreign currency exposures arising from portfolio investments in foreign markets, the Fund retains the flexibility to occasionally utilise hedging to reduce the impact of foreign currency exposures associated with identified event risks.

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 on 16 December 2022).

3. Significant Changes in State of Affairs

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

Responsible Entity's Report

for the half year ended 31 December 2022

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 periods ended 31 December, was as follows:

	31 Dec 2022	31 Dec 2021
Results		
Total net investment income/(loss) (\$'000)	4,480	63,696
Total expenses (\$'000)	(4,243)	(8,830)
Profit/(Loss) (\$'000)	237	54,866
Distributions		
Distribution paid and payable (\$'000)	8,525	11,178
Distribution paid and payable (CPU) ¹	2.44	2.38
Unit Price (NAV per Unit) (\$)²	1.2568	1.8059
ASX Reported NAV per Unit (\$)³	1.2813⁴	1.8297

¹ Cents per unit.

² The Net Asset 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 (refer Note 6 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.

⁴ ASX reported NAV per unit at 30 December 2022 being the last business day of the period.

The final distribution for the year ended 30 June 2022 of 2.460 cents per unit amounting to \$9,982,000 was paid on 21 July 2022.

4.2. Total Indirect Cost Ratio

The Total Indirect Cost Ratio ("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 2022 %	12 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %	12 Months to 31 Dec 2021 %
Management fee	0.76	1.50	0.76	1.50
Performance fee ¹	-	-	0.11	1.15
Total Indirect Cost Ratio	0.76	1.50	0.87	2.65

¹ Performance fees are calculated on six monthly measurement periods ending on 30 June and 31 December of each calendar year. The Performance fee 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 redemption unit price of the Fund, which is after fees and expenses, assuming the reinvestment of distributions. The returns are calculated daily, compounded to produce longer period returns.

	6 Months to 31 Dec 2022 %	12 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %	12 Months to 31 Dec 2021 %
Growth return ¹	(2.4)	(30.4)	4.1	18.1
Distribution return ²	1.9	2.7	1.4	3.1
Total Return³	(0.5)	(27.7)	5.5	21.2

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

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

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

Responsible Entity's Report

for the half year ended 31 December 2022

5. 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.

The Fund provides daily unit prices, monthly fund updates, quarterly portfolio disclosures and annual investor reports, which can be found in the 'Our Funds' section of the MFG website, www.magellangroup.com.au and also the ASX website. 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.

8. Subsequent Events

NAV moves as a result of a number of factors, including movements in asset prices, exchange rates, and unitholder subscriptions and redemptions. Subsequent to balance date, as at 17 February 2023, the Fund had a NAV per unit of \$1.3355 with net asset value of \$454,259,000 and 340,133,000 units. Asset prices move daily and intraday indicative NAV per unit and daily NAV per unit are available on the MFG website www.magellangroup.com.au and also the ASX website.

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

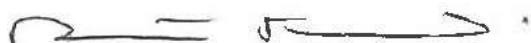
9. Rounding of Amounts

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.

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 7.

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



Robert Fraser

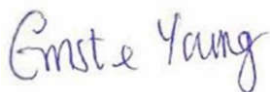
Chairman

Sydney, 27 February 2023

Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as Responsible Entity for Magellan High Conviction Trust

As lead auditor for the review of the interim financial report of Magellan High Conviction Trust for the half-year period ended 31 December 2022, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.



Ernst & Young



Clare Sporle

Partner

Sydney, 27 February 2023

Statement of Profit or Loss and Comprehensive Income

for the half year ended 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Investment Income			
Dividend and distribution income		1,354	1,580
Interest income		357	-
Net change in fair value of investments		1,709	60,962
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash		1,060	1,154
Total Net Investment Income/(Loss)		4,480	63,696
Expenses			
Management fees		3,830	7,215
Performance fees		-	1,052
Withholding tax on dividends and distributions		203	237
Transaction costs		210	326
Total Expenses		4,243	8,830
Profit/(Loss)		237	54,866
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		237	54,866
Basic Earnings Per Unit (Cents)	5	0.06	10.47
Diluted Earnings Per Unit (Cents)	5	0.06	10.47

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 2022

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Assets			
Cash and cash equivalents		8,294	100,735
Receivables		266	324
Investments	3	440,569	433,452
Total Assets		449,129	534,511
Liabilities			
Distributions payable	2	8,525	9,982
Payables		1,476	1,788
Total Liabilities		10,001	11,770
Total Unitholders' Equity		439,128	522,741

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 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Total Unitholders' Equity at the beginning of the Period		522,741	1,006,205
Transactions with Unitholders in their Capacity as Owners:			
Units issued		51	306
Units issued under Distribution Reinvestment Plan	2	2,260	3,273
Units redeemed		(77,636)	(204,826)
Units bought back on-market and cancelled		-	(639)
		(75,325)	(201,886)
MFG contribution to offset dilutionary impact of DRP discount	2	-	172
Distributions paid and payable	2	(8,525)	(11,178)
Total Transactions with Unitholders		(83,850)	(212,892)
Profit/(loss)		237	54,866
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		237	54,866
Total Unitholders' Equity at the end of the Period		439,128	848,179

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 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash Flows from Operating Activities			
Dividends and distributions received (net of withholding tax)		1,160	1,484
Interest received		359	-
Management and performance fees paid		(3,860)	(17,232)
Transaction costs paid		(210)	(326)
Net Cash Inflow/(Outflow) from Operating Activities		(2,551)	(16,074)
Cash Flows from Investing Activities			
Purchase of investments		(216,821)	(164,150)
Proceeds from sale of investments		211,309	401,697
Net foreign exchange gain/(loss)		4,327	2,670
Net Cash Inflow/(Outflow) from Investing Activities		(1,185)	240,217
Cash Flows from Financing Activities			
Receipts from issue of units		51	306
MFG contribution to offset dilutionary impact of DRP discount	2	-	172
Payments for redemption of units		(77,861)	(204,594)
Payments for buyback of units		-	(639)
Distributions paid		(7,722)	(9,788)
Net Cash Inflow/(Outflow) from Financing Activities		(85,532)	(214,543)
Net Increase/(Decrease) in Cash and Cash Equivalents			
Cash and cash equivalents at the beginning of the period		100,735	35,930
Effect of exchange rate fluctuations on cash and cash equivalents		(3,173)	(955)
Cash and Cash Equivalents at the end of the Period		8,294	44,575

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 2022

Overview

The Magellan High Conviction Trust (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 on 31 August 2021 (ticker code: MHHT). 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 interim financial report was authorised for issue by the Directors of the Responsible Entity on 27 February 2023. The Directors have the power to amend and reissue this interim financial report.

The Fund is considered a for-profit unit trust for the purpose of this interim 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 2022 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 balance 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. 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

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

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may however move materially with movements in market prices (refer Note 3). As all investments are valued with reference to the listed quoted prices and the Fund's cash is held at strongly rated financial institutions, 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 2022

2. Distributions to Unitholders

Distributions for the periods ended 31 December are as follows:

	\$'000	CPU	Date Paid
Period ended 31 December 2022			
Prior year final distribution paid	9,982	2.460	21 Jul 2022
Interim distribution payable	8,525	2.440	18 Jan 2023

	\$'000	CPU	Date Paid
Period ended 31 December 2021			
Prior year final distribution paid	13,061	2.250	21 Jul 2021
Interim distribution payable	11,178	2.380	19 Jan 2022

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

On 5 January 2023 MAM announced the Target Cash Distribution for the six month period ended 30 June 2023 will be 2.340 CPU.

Distribution Reinvestment Plan

The Fund's Distribution Reinvestment Plan ("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.

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

	31 Dec 2022 Interim Distribution	30 Jun 2022 Final Distribution	31 Dec 2021 Interim Distribution	30 Jun 2021 Final Distribution
DRP issue price (\$)	1.2569	1.2882	1.8059	1.6467
DRP unitholder participation rate (%)	23.15	22.64	27.81	25.06
Number of units issued under DRP	1,570,551	1,754,277	1,721,342	1,987,611
Value of ordinary issued under DRP (\$'000)	1,974	2,260	3,109	3,273
DRP 5% issue price discount (\$'000)	-	-	-	172 ¹
DRP issue date	18 Jan 2023	21 Jul 2022	19 Jan 2022	21 Jul 2021

¹ Until 31 August 2021, when the Fund transitioned from a closed-ended unit trust to an active ETF, investors who participated in the DRP were entitled to reinvest distributions and receive units at an issue price which included a specified discount to prevailing NAV per unit. To prevent dilution to existing unitholders MFG paid the Fund consideration equal to the cost of this discount in accordance with the MFG Commitment Deed.

Notes to the Financial Statements

for the half year ended 31 December 2022

3. Investments and Derivatives

The Fund classifies its equity securities, derivative assets and derivative liabilities 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.

The equity securities, including stock exchange domicile, held by the Fund are:

	Domicile	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Investments (Level 1)			
Alphabet Class C	United States	48,973	60,927
Microsoft	United States	44,602	63,879
Intercontinental Exchange	United States	42,430	44,045
Visa Class A	United States	42,124	55,257
Yum! Brands	United States	40,288	46,566
Diageo	United Kingdom	31,514	-
Chipotle Mexican Grill	United States	30,596	-
Booking Holdings	United States	29,108	-
SAP	Germany	27,095	46,824
Safran	France	23,677	31,553
Lowe's	United States	22,216	-
Amazon.com	United States	21,553	48,550
MasterCard	United States	18,451	-
WEC Energy Group	United States	17,942	-
Meta Platforms - Class A	United States	-	18,169
Netflix	United States	-	17,682
Total Investments		440,569	433,452

The Fund does not hold any level 2 or 3 financial assets or liabilities. 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 2022

4. Unitholders' Equity

	Note	6 Months to 31 Dec 2022 No. of Units '000	12 Months to 30 Jun 2022 No. of Units '000
Units on Issue			
Opening balance		405,789	580,492
Units issued		38	868
Units issued under DRP	2	1,754	3,709
Units redeemed		(58,187)	(178,899)
Units bought back on-market and cancelled		-	(381) ¹
Units on Issue at end of the Period		349,394	405,789

¹ As a result of the Fund's transition from a closed-ended unit trust to an active ETF on 31 August 2021, the on-market buy-back was cancelled with a final buy-back notice being lodged on 27 August 2021.

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

Ordinary Units

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

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 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; and
- the right to redeem units, subject to restrictions disclosed in the Fund's PDS. 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 NAV 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.

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

Notes to the Financial Statements

for the half year ended 31 December 2022

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 2022	31 Dec 2021
Basic EPU		
Profit/(loss) attributable to unitholders (\$'000)	237	54,866
Weighted average number of units for basic EPU ('000)	378,595	524,060
Basic EPU (Cents)	0.06	10.47
Diluted EPU		
Profit/(loss) attributable to unitholders (\$'000)	237	54,866
Weighted average number of units for diluted EPU ('000)	378,595	524,060
Diluted EPU (Cents)	0.06	10.47
Earnings Reconciliation		
Profit/(loss) used in the calculation of basic and diluted EPU (\$'000)	237	54,866

As the Fund has no potential dilutive units basic and diluted EPU are equal. Since the end of the period, the Fund has issued ordinary units under the DRP (refer Note 2).

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 2022	30 Jun 2022
	\$	\$
NAV per unit	1.2568	1.2882

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.

NAV moves as a result of a number of factors including movements in asset prices, exchange rates and unitholder subscriptions and redemptions. 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. Subsequent to balance date, as at 17 February 2023, the Fund had a NAV per unit of \$1.3355 with net asset value of \$454,259,000 and 340,133,000 units.

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 the Chief Executive Officer.

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.

8. Contingent Assets, Contingent Liabilities and Commitments

At balance date the Fund has no contingent assets, liabilities or commitments at balance date (June 2022: nil).

Notes to the Financial Statements

for the half year ended 31 December 2022

9. Subsequent Events

Other than the items disclosed throughout this interim 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.

Directors' Declaration

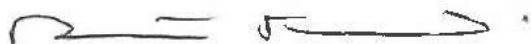
for the half year ended 31 December 2022

In the Directors' opinion,

- a. the Financial Statements and Notes set out on pages 8 to 17 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 2022 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 declarations that 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, 27 February 2023

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

Conclusion

We have reviewed the accompanying interim financial report of Magellan High Conviction Trust (the "Fund"), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and comprehensive income, the 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, we have not become aware of any matter that makes us believe that the interim financial report of the Fund does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Fund's financial position as at 31 December 2022 and of 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

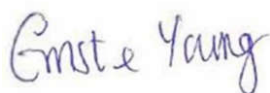
Directors' responsibilities for the interim financial report

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.



Ernst & Young



Clare Sporle

Partner

Sydney, 27 February 2023

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Corporate Information

Directors

Robert Fraser - Chairman

David Dixon - Deputy Chairman

John Eales AM

Colette Garnsey OAM

David George - Managing Director, Chief Executive Officer and Chief Investment Officer

Hamish McLennan

Kirsten Morton - Chief Operating Officer and Chief Financial Officer

Company Secretaries of the Responsible Entity

Marcia Venegas

Registered Office

Level 36, 25 Martin Place

Sydney NSW 2000

Telephone: 1800 6243 5526 (Australia), +61 2 9235 4888 (International)

Fax: +61 2 9235 4800

Email: info@magellangroup.com.au

Website

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

Auditor

Ernst & Young

200 George Street

Sydney NSW 2000

Unit Registrar

Automic Pty Ltd

Level 5, 126 Phillip Street

Sydney, NSW, 2000

Telephone: 1300 408 792 (Australia), +61 2 8072 1481 (International)

Fax: +61 2 8072 1409

Email: magellanfunds@automicgroup.com.au