



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

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## Interim Reports

For the half year ended 31 December 2022

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

# Contents

<b>Responsible Entity's Report</b>	<b>3</b>	1. Basis of Preparation	14
<b>Auditor's Independence Declaration</b>	<b>9</b>	2. Distributions to Unitholders	15
<b>Financial Statements</b>		3. Investments and Derivatives	17
Statements of Profit or Loss and Comprehensive Income	10	4. Unitholders' Equity	19
Statements of Financial Position	11	5. Contingent Assets, Contingent Liabilities and Commitments	19
Statements of Changes in Equity	12	6. Subsequent Events	20
Statements of Cash Flows	13	<b>Directors' Declaration</b>	<b>21</b>
Notes to the Financial Statements	14	<b>Independent Auditor's Report</b>	<b>22</b>
		<b>Corporate Information</b>	<b>24</b>

# Responsible Entity's Report

for the half year ended 31 December 2022

The Directors of Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946), the Responsible Entity of Magellan Global Fund (Hedged) ("MGFH"), Magellan Infrastructure Fund ("MIF") and Magellan Infrastructure Fund (Unhedged) ("MIFU"), (collectively "the Funds") present their half year reports on the Funds 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 <sup>1</sup>	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 <sup>2</sup>	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

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

<sup>2</sup> 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 Funds are registered managed investment schemes domiciled in Australia, with the principal place of business at Level 36, 25 Martin Place, Sydney, New South Wales 2000. MAM is both the Responsible Entity and the Investment Manager of the Funds.

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

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

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

# Responsible Entity's Report

for the half year ended 31 December 2022

The investment strategies of the Funds are detailed in the Product Disclosure Statements ("PDSs"), issued 16 December 2022.

## 3. Significant Changes in State of Affairs

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

## 4. Review of Operations

### 4.1. Financial Results for the Period

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

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>Results</b>						
Total net investment income/(loss) (\$'000)	<b>4,386</b>	69,493	<b>(77,100)</b>	272,827	<b>(5,497)</b>	129,412
Total expenses (\$'000)	<b>(5,643)</b>	(12,235)	<b>(18,408)</b>	(25,351)	<b>(7,832)</b>	(10,130)
<b>Profit/(Loss) (\$'000)</b>	<b>(1,257)</b>	57,258	<b>(95,508)</b>	247,476	<b>(13,329)</b>	119,282
<b>Distributions</b>						
Distribution paid and payable (\$'000)	<b>14,675</b>	26,741	<b>49,357</b>	56,251	<b>20,027</b>	23,645
Distribution paid and payable (CPU) <sup>1</sup>	<b>3.6900</b>	3.5600	<b>2.6300</b>	2.6600	<b>3.5700</b>	3.6900
<b>Unit Price</b>						
Unit price (net asset value) (ex-distribution) (\$)	<b>1.4763</b>	1.9812	<b>1.2526</b>	1.3865	<b>1.7953</b>	1.8911
Redemption unit price (ex-distribution) (\$)	<b>1.4753</b>	1.9798	<b>1.2507</b>	1.3844	<b>1.7926</b>	1.8883

<sup>1</sup> Cents per unit.

The final distributions for the year ended 30 June 2022, paid on 21 July 2022, were MGFH: \$18,438,000 or 3.680 CPU, MIF: \$52,459,000 or 2.600 CPU, and MIFU: \$22,223,000 or 3.590 CPU.

# Responsible Entity's Report

for the half year ended 31 December 2022

## 4.2. Total Indirect Cost Ratio

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

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	6 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %
Management fee	<b>0.68</b>	0.68	<b>0.53</b>	0.54	<b>0.53</b>	0.53
Performance fee <sup>1</sup>	-	-	-	0.19	-	0.17
<b>Total Indirect Cost Ratio</b>	<b>0.68</b>	0.68	<b>0.53</b>	0.73	<b>0.53</b>	0.70

	12 Months to 31 Dec 2022 %		12 Months to 31 Dec 2021 %		12 Months to 31 Dec 2021 %	
	12 Months to 31 Dec 2022 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2022 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2022 %	12 Months to 31 Dec 2021 %
Management fee	<b>1.36</b>	1.35	<b>1.06</b>	1.06	<b>1.06</b>	1.06
Performance fee <sup>1</sup>	-	-	-	0.20	-	0.18
<b>Total Indirect Cost Ratio</b>	<b>1.36</b>	1.35	<b>1.06</b>	1.26	<b>1.06</b>	1.24

<sup>1</sup> 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.

# Responsible Entity's Report

for the half year ended 31 December 2022

## 4.3. Performance Returns

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

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	6 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %	6 Months to 31 Dec 2022 %	6 Months to 31 Dec 2021 %
Growth return <sup>1</sup>	(3.2)	1.9	(5.7)	7.0	(3.1)	8.8
Distribution return <sup>2</sup>	2.4	1.8	2.0	2.1	1.9	2.1
<b>Total Return<sup>3</sup></b>	<b>(0.8)</b>	3.7	<b>(3.7)</b>	9.1	<b>(1.2)</b>	10.9

	12 Months to 31 Dec 2022 %		12 Months to 31 Dec 2021 %		12 Months to 31 Dec 2022 %		12 Months to 31 Dec 2021 %	
	12 Months to 31 Dec 2022 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2022 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2022 %	12 Months to 31 Dec 2021 %	12 Months to 31 Dec 2022 %	12 Months to 31 Dec 2021 %
Growth return <sup>1</sup>	(25.5)	9.5	(9.6)	10.7	(5.1)	14.4		
Distribution return <sup>2</sup>	3.7	3.9	3.7	4.5	3.8	4.8		
<b>Total Return<sup>3</sup></b>	<b>(21.8)</b>	13.4	<b>(5.9)</b>	15.2	<b>(1.3)</b>	19.2		

<sup>1</sup> 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.

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

<sup>3</sup> 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.

## 5. Strategy and Future Outlook

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

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

## 6. Interest in the Funds

The movements in units on issue of the Funds is disclosed in Note 4 to the Financial Statements.

# Responsible Entity's Report

for the half year ended 31 December 2022

## 7. Likely Developments and Expected Results of Operations

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

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

## 8. Subsequent Events

Net asset value ("NAV") moves as a result of a number of factors including movements in asset prices, distributions, 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. Subsequent to balance date, as at 24 February 2023, the relevant NAV information is as follows:

	Magellan Global Fund (Hedged)	Magellan Infrastructure Fund	Magellan Infrastructure Fund (Unhedged)
NAV per unit (\$)	1.5195	1.2759	1.8350
Net asset value (\$'000)	574,324	2,322,296	991,633
Units ('000)	377,961	1,820,137	540,396

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 Funds' operations, the results of those operations, or the Funds' state of affairs in future financial periods.

## 9. 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.

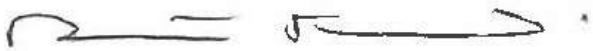
# Responsible Entity's Report

for the half year ended 31 December 2022

## 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 9.

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



**Robert Fraser**

Chairman

Sydney, 6 March 2023





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

As lead auditor for the review of the interim financial reports of the Funds for the half-year 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, 6 March 2023

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# Statements of Profit or Loss and Comprehensive Income

for the half year ended 31 December 2022

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Investment Income</b>						
Dividend and distribution income	4,414	7,855	34,850	36,935	14,952	15,069
Interest income	390	-	1,362	50	603	-
Net change in fair value of investments	(423)	61,548	(113,292)	235,405	(22,626)	112,840
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash	(215)	63	(23)	164	1,573	1,386
Other income	220	27	3	273	1	117
<b>Total Net Investment Income/(Loss)</b>	<b>4,386</b>	<b>69,493</b>	<b>(77,100)</b>	<b>272,827</b>	<b>(5,497)</b>	<b>129,412</b>
<b>Expenses</b>						
Management fees	4,723	10,832	13,648	15,297	5,823	6,260
Performance fees	8	13	17	5,527	7	1,993
Interest expenses	1	-	2	4	1	3
Transaction costs	87	320	866	526	337	243
Withholding tax on dividends and distributions	824	1,070	3,875	3,997	1,664	1,631
<b>Total Expenses</b>	<b>5,643</b>	<b>12,235</b>	<b>18,408</b>	<b>25,351</b>	<b>7,832</b>	<b>10,130</b>
<b>Profit/(Loss)</b>	<b>(1,257)</b>	<b>57,258</b>	<b>(95,508)</b>	<b>247,476</b>	<b>(13,329)</b>	<b>119,282</b>
Other comprehensive income	-	-	-	-	-	-
<b>Total Comprehensive Income/(Loss)</b>	<b>(1,257)</b>	<b>57,258</b>	<b>(95,508)</b>	<b>247,476</b>	<b>(13,329)</b>	<b>119,282</b>

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 2022

	Note	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>Assets</b>							
Cash and cash equivalents		34,479	66,984	52,839	142,568	31,792	57,110
Receivables		2,319	6,891	13,015	25,198	5,676	8,801
Derivative assets	3	22,377	2,376	49,878	6,015	-	-
Investments	3	548,612	729,151	2,300,184	2,606,987	991,528	1,106,413
<b>Total Assets</b>		<b>607,787</b>	<b>805,402</b>	<b>2,415,916</b>	<b>2,780,768</b>	<b>1,028,996</b>	<b>1,172,324</b>
<b>Liabilities</b>							
Distributions payable	2	14,675	18,438	49,357	52,459	20,027	22,223
Payables		2,377	4,361	3,505	6,442	1,726	2,964
Derivative liabilities	3	3,630	18,132	12,265	41,606	-	-
<b>Total Liabilities</b>		<b>20,682</b>	<b>40,931</b>	<b>65,127</b>	<b>100,507</b>	<b>21,753</b>	<b>25,187</b>
<b>Total Unitholders' Equity</b>		<b>587,105</b>	<b>764,471</b>	<b>2,350,789</b>	<b>2,680,261</b>	<b>1,007,243</b>	<b>1,147,137</b>

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 2022

	Note	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Unitholders' Equity at beginning of the Period</b>		<b>764,471</b>	1,646,488	<b>2,680,261</b>	2,711,132	<b>1,147,137</b>	1,068,337
<b>Transactions with Unitholders in their Capacity as Owners:</b>							
Issue of units		<b>61,432</b>	156,219	<b>261,587</b>	396,164	<b>62,635</b>	162,238
Issue of units under Distribution Reinvestment Plan and management fee rebates		<b>1,007</b>	1,465	<b>4,943</b>	6,020	<b>1,966</b>	1,940
Units redeemed		<b>(223,873)</b>	(346,490)	<b>(451,137)</b>	(372,388)	<b>(171,139)</b>	(116,197)
Distributions paid and payable	2	<b>(14,675)</b>	(26,741)	<b>(49,357)</b>	(56,251)	<b>(20,027)</b>	(23,644)
<b>Total Transactions with Unitholders</b>		<b>(176,109)</b>	(215,547)	<b>(233,964)</b>	(26,455)	<b>(126,565)</b>	24,337
Profit/(loss)		<b>(1,257)</b>	57,258	<b>(95,508)</b>	247,476	<b>(13,329)</b>	119,282
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income/(loss)		<b>(1,257)</b>	57,258	<b>(95,508)</b>	247,476	<b>(13,329)</b>	119,282
<b>Total Unitholders' Equity at the end of the Period</b>		<b>587,105</b>	1,488,199	<b>2,350,789</b>	2,932,153	<b>1,007,243</b>	1,211,956

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 2022

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Cash Flows from Operating Activities</b>						
Dividends and distributions received (net of withholding tax)	3,801	6,424	37,375	39,898	16,005	15,925
Interest received	373	-	1,311	50	533	-
Other income received	220	27	3	273	1	117
Management and performance fees paid	(4,714)	(10,806)	(13,499)	(14,674)	(5,396)	(5,673)
Interest paid	(1)	-	(2)	(4)	(1)	(3)
Transaction costs paid	(87)	(320)	(866)	(526)	(337)	(243)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>(408)</b>	<b>(4,675)</b>	<b>24,322</b>	<b>25,017</b>	<b>10,805</b>	<b>10,123</b>
<b>Cash Flows from Investing Activities</b>						
Purchase of investments	(135,927)	(146,479)	(432,172)	(270,022)	(151,467)	(140,569)
Proceeds from sale of investments	337,233	484,088	686,282	426,031	244,467	126,828
Net foreign exchange gain/(loss)	243	1,627	(346)	(95)	3,277	2,736
Net cash flows from settlement of forward foreign currency contracts	(53,122)	(67,806)	(128,577)	(84,421)	-	-
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>148,427</b>	<b>271,430</b>	<b>125,187</b>	<b>71,493</b>	<b>96,277</b>	<b>(11,005)</b>
<b>Cash Flows from Financing Activities</b>						
Receipts from issue of units	61,556	156,437	262,390	397,824	62,613	162,461
Payments for redemption of units	(224,632)	(347,435)	(453,852)	(374,556)	(172,280)	(117,016)
Distributions paid	(17,504)	(27,675)	(47,739)	(51,244)	(20,739)	(21,957)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>(180,580)</b>	<b>(218,673)</b>	<b>(239,201)</b>	<b>(27,976)</b>	<b>(130,406)</b>	<b>23,488</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(32,561)</b>	<b>48,082</b>	<b>(89,692)</b>	<b>68,534</b>	<b>(23,324)</b>	<b>22,606</b>
Cash and cash equivalents at the beginning of period	66,984	95,248	142,568	98,800	57,110	40,157
Effect of exchange rate fluctuations on cash and cash equivalents	56	51	(37)	(75)	(1,994)	(1,331)
<b>Cash and Cash Equivalents at end of Period</b>	<b>34,479</b>	<b>143,381</b>	<b>52,839</b>	<b>167,259</b>	<b>31,792</b>	<b>61,432</b>

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 2022

## Overview

These half year financial reports are for the Funds, as individual entities, for the period ended 31 December 2022.

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

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

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

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

The interim financial reports were authorised for issue by the Directors of the Responsible Entity on 6 March 2023. The Directors have the power to amend and reissue the interim financial reports.

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, presented in Australian Dollars, 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.

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 2022 Annual Reports and any public announcements made during the period.

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

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

# Notes to the Financial Statements

for the half year ended 31 December 2022

## 1.1. Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The Funds have not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at balance date.

## 1.2. Critical Accounting Estimates and Judgements

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

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may however move materially with movements in market prices. As all investments for the period ended 31 December 2022 are valued with reference to the listed quoted prices and the Funds' cash is held at strongly rated financial institutions, the Funds' financial assets and liabilities are not subject to significant judgement or complexity.

## 1.3. 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.

## 2. Distributions to Unitholders

Distributions for the periods ended 31 December are as follows:

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)		Date Paid
	\$'000	CPU	\$'000	CPU	\$'000	CPU	
<b>Period ended 31 December 2022</b>							
Prior year final distribution paid	18,438	3.680	52,459	2.600	22,223	3.590	21 Jul 2022
Interim distribution payable	14,675	3.690	49,357	2.630	20,027	3.570	18 Jan 2023
	\$'000	CPU	\$'000	CPU	\$'000	CPU	Date Paid
<b>Period ended 31 December 2021</b>							
Prior year final distribution paid	29,039	3.430	56,730	2.710	23,290	3.790	21 Jul 2021
Interim distribution payable	26,741	3.560	56,251	2.660	23,645	3.690	19 Jan 2022

# Notes to the Financial Statements

for the half year ended 31 December 2022

Distributions payable are recognised in the Statements of Financial Position where the distributions have been declared but remain 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:

- MGFH: 3.56 CPU,
- MIF: 2.65 CPU, and
- MIFU: 3.63 CPU.

## Distribution Reinvestment Plan

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

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2022 Interim Distribution	30 Jun 2022 Final Distribution	31 Dec 2022 Interim Distribution	30 Jun 2022 Final Distribution	31 Dec 2022 Interim Distribution	30 Jun 2022 Final Distribution
DRP issue price (\$)	<b>1.4764</b>	1.5257	<b>1.2527</b>	1.3284	<b>1.7954</b>	1.8530
DRP unitholder participation rate (%)	<b>5.41</b>	5.07	<b>5.69</b>	9.00	<b>6.27</b>	6.69
Number of units issued under DRP	<b>537,187</b>	612,453	<b>2,242,407</b>	3,553,200	<b>698,842</b>	801,032
Value of units issued under DRP (\$'000)	<b>793</b>	934	<b>2,809</b>	4,720	<b>1,255</b>	1,484
DRP issue date	<b>1 Jan 2023</b>	1 Jul 2022	<b>1 Jan 2023</b>	1 Jul 2022	<b>1 Jan 2023</b>	1 Jul 2022
	31 Dec 2021 Interim Distribution	30 Jun 2021 Final Distribution	31 Dec 2021 Interim Distribution	30 Jun 2021 Final Distribution	31 Dec 2021 Interim Distribution	30 Jun 2021 Final Distribution
DRP issue price (\$)	1.9812	1.9448	1.3865	1.2956	1.8911	1.7392
DRP unitholder participation rate (%)	4.06	5.35	9.85	9.94	7.49	5.73
Number of units issued under DRP	547,902	701,595	3,996,319	4,234,426	936,197	766,263
Value of units issued under DRP (\$'000)	1,086	1,364	5,541	5,486	1,770	1,333
DRP issue date	1 Jan 2022	1 July 2021	1 Jan 2022	1 July 2021	1 Jan 2022	1 July 2021



# Notes to the Financial Statements

for the half year ended 31 December 2022

## 3. Investments and Derivatives

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

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

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

# Notes to the Financial Statements

for the half year ended 31 December 2022

## Details of Investments and Derivatives

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>Investments (Level 1)</b>						
Australian listed equity securities	-	-	278,749	326,040	119,936	139,283
International listed equity securities:						
United States	355,868	509,416	999,010	1,283,419	430,786	543,963
United Kingdom	43,331	67,674	289,622	283,789	124,462	120,423
France	38,123	30,922	230,582	230,240	99,163	97,576
Spain	9,998	13,113	272,173	197,668	117,454	84,274
Italy	-	-	119,309	175,306	51,691	74,453
Canada	18,270	-	53,422	66,236	23,071	27,766
Switzerland	41,874	62,256	-	-	-	-
Netherlands	22,926	24,037	33,001	18,974	14,236	7,910
Germany	18,222	21,733	-	-	-	-
New Zealand	-	-	24,316	25,315	10,729	10,765
<b>Total Investments</b>	<b>548,612</b>	<b>729,151</b>	<b>2,300,184</b>	<b>2,606,987</b>	<b>991,528</b>	<b>1,106,413</b>
<b>Derivative Assets (Level 2)</b>						
Forward foreign currency contracts	22,377	2,376	49,878	6,015	-	-
<b>Total Derivative Assets</b>	<b>22,377</b>	<b>2,376</b>	<b>49,878</b>	<b>6,015</b>	<b>-</b>	<b>-</b>
<b>Derivative Liabilities (Level 2)</b>						
Forward foreign currency contracts	3,630	18,132	12,265	41,606	-	-
<b>Total Derivative Liabilities</b>	<b>3,630</b>	<b>18,132</b>	<b>12,265</b>	<b>41,606</b>	<b>-</b>	<b>-</b>

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

# Notes to the Financial Statements

for the half year ended 31 December 2022

## 4. Unitholders' Equity

	Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	6 Months to 31 Dec 2022 No. of Units '000	12 Months to 30 Jun 2022 No. of Units '000	6 Months to 31 Dec 2022 No. of Units '000	12 Months to 30 Jun 2022 No. of Units '000	6 Months to 31 Dec 2022 No. of Units '000	12 Months to 30 Jun 2022 No. of Units '000
<b>Units on Issue</b>						
Opening balance	501,041	846,624	2,017,641	2,093,372	619,039	614,505
Units issued	39,257	107,112	200,011	445,969	33,736	135,803
Units issued under DRP and management fee rebates	665	1,334	3,741	8,723	1,061	2,205
Units redeemed	(143,274)	(454,029)	(344,708)	(530,423)	(92,845)	(133,474)
<b>Units on Issue at the end of the Period</b>	<b>397,689</b>	501,041	<b>1,876,685</b>	2,017,641	<b>560,991</b>	619,039

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

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

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

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

## 5. Contingent Assets, Contingent Liabilities and Commitments

At balance date the Funds have no contingent assets, contingent liabilities or commitments (June 2022: nil).

# Notes to the Financial Statements

for the half year ended 31 December 2022

## 6. Subsequent Events

Net asset value ("NAV") moves as a result of a number of factors including movements in asset prices, distributions, exchange rates and unitholder subscriptions and redemptions. Subsequent to balance date, as at 24 February 2023, the relevant NAV information is as follows:

	<b>Magellan Global Fund (Hedged)</b>	<b>Magellan Infrastructure Fund</b>	<b>Magellan Infrastructure Fund (Unhedged)</b>
NAV per unit (\$)	<b>1.5195</b>	<b>1.2759</b>	<b>1.8350</b>
Net asset value (\$'000)	<b>574,324</b>	<b>2,322,296</b>	<b>991,633</b>
Units ('000)	<b>377,961</b>	<b>1,820,137</b>	<b>540,396</b>

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

# Directors' Declaration

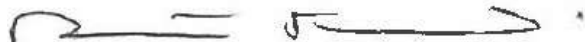
for the half year ended 31 December 2022

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

Magellan Global Fund (Hedged)  
Magellan Infrastructure Fund; and  
Magellan Infrastructure Fund (Unhedged), (collectively the "Funds") as set out on pages 10 to 20;

- 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 2022 and of their performance as represented by the results of their operations and their 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 Funds will be able to pay their debts as and when they become due and payable.

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



**Robert Fraser**  
Chairman

Sydney, 6 March 2023

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

### Conclusion

We have reviewed the accompanying Interim Financial Reports of 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 2022, 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Funds does not comply with the *Corporations Act 2001*, including:

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

### Basis for conclusion

We conducted our reviews 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 Funds 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 reports that give 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 reports that gives a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditor's responsibilities for the interim financial report

Our responsibility is to express a conclusion on the interim financial reports based on our reviews. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial reports are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Funds' financial position as at 31 December 2022 and their 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.

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

**Ernst & Young**

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

**Clare Sporle**

Partner

Sydney, 6 March 2023

# Corporate Information

## Directors of the Responsible Entity

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 Secretary of the Responsible Entity

Marcia Venegas

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## Website

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

## Auditor

Ernst & Young  
200 George Street  
Sydney NSW 2000

## Unit Registrar

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