

MAGELLAN GLOBAL FUND

ARSN 126 366 961

INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

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DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946), the Responsible Entity of Magellan Global Fund ("the Fund"), present their report together with the interim financial report in respect of the six months ended 31 December 2009 and the review report thereon.

Directors

The following persons were Directors of Magellan Asset Management Limited during the period and up to the date of this report unless otherwise noted.

Name	Directorship	Appointed	Resigned	Re-appointed
Naomi Milgrom	Independent Non-Executive Director	23 July 2007	26 May 2009	24 July 2009
Paul Lewis	Independent Non-Executive Director	23 July 2007	-	-
Hamish Douglass	Executive Director and Chairman of the Board	31 July 2006	-	-
Brett Cairns	Independent Non-Executive Director	23 July 2007	10 November 2008	26 May 2009

Result of Operations

The Fund commenced on 1 July 2007 and invests in companies and businesses in the global financial services, consumer and retail, and infrastructure sectors, in accordance with its investment strategy as detailed in the current Product Disclosure Statement. There have been no significant changes to the investment strategy of the Fund or to the operational circumstances since the publication of the initial Product Disclosure Statement.

Net assets attributable to unit holders of the Fund at 31 December 2009 were \$168.9 million (2008: \$69.4 million).

The results of the Fund's operations and its performance for the six months ended 31 December 2009 were as follows:

Results	31 December	31 December
	2009	2008
	\$'000	\$'000
Net profit attributable to unit holders	<u>12,243</u>	<u>2,510</u>
Performance		
Growth return	12.34%	12.87%
Distribution return	-	-
Total return	12.34%	12.87%
Redemption unit price as at 31 December (\$)	0.9505	0.9101
Indirect cost ratio	1.35%	1.35%

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DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

No distribution has been paid or is payable in respect of the six month periods ended 31 December 2009 (31 December 2008: nil).

Returns have been calculated after fees and assuming reinvestment of distributions, in accordance with IFSA Standard No. 6 - Product Performance: Calculation of Returns.

The Indirect cost ratio is the ratio of the Fund's management costs over its average net assets attributable for the year, expressed as a percentage. Management costs include management fees and other reimbursements deducted in relation to the Fund, but do not include transactional and operational costs such as brokerage or foreign withholding tax. Management costs are accrued within the Fund's unit prices on a daily basis.

Matters Subsequent to the end of the Financial Half-Year

There have been no matters or circumstances arising after the balance sheet date that have significantly affected, or may significantly affect, the Fund's operations in future financial years, the results of those operations, or the Fund's state of affairs in future financial years.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3 and forms part of the Directors' Report for the six months ended 31 December 2009.

Rounding off

The Fund is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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



Hamish Douglass
Chairman
Magellan Asset Management Limited

Sydney
22 February 2010



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Magellan Asset Management Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



KPMG



Robert Warren
Partner

Sydney

22 February 2010

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	<u>31 December 2009</u>	<u>31 December 2008</u>
	\$'000	\$'000
Investment income		
Interest income	159	168
Dividend and distribution income	1,128	288
Net changes in the fair value of investments	12,249	1,755
Net foreign exchange (loss) / gain	(267)	530
Net investment income	13,269	2,741
Expenses		
Management fees	861	193
Transaction costs	32	20
Withholding tax on foreign dividends	133	18
Total expenses	1,026	231
Profit from operating activities	12,243	2,510
Change in net assets attributable to unit holders / Total comprehensive income	12,243	2,510

The notes on pages 7 to 9 are an integral part of these financial statements

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	31 December 2009	30 June 2009
		\$'000	\$'000
Assets			
Cash and cash equivalents		8,334	8,772
Loans and receivables		575	688
Investments	4	162,088	61,643
Total assets		170,997	71,103
Liabilities			
Payables		2,106	1,682
Total liabilities (excluding net assets attributable to unit holders)		2,106	1,682
Net assets attributable to unit holders	5	168,891	69,421

The notes on pages 7 to 9 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

The Fund's net assets attributable to unit holders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Fund has no equity, and no items of changes in equity have been presented for the current or comparative period.

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STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	31 December 2009	31 December 2008
	\$'000	\$'000
Cash flows from operating activities		
Interest received	159	163
Dividends and distributions received	965	267
Responsible Entity fees paid	(773)	(184)
Net cash inflow/(outflow) from operating activities	351	246
Cash flows from investing activities		
Purchase of investments	(91,121)	(11,833)
Proceeds from sale of investments	4,684	5,073
Net foreign exchange losses	(7)	(129)
Net cash inflow/(outflow) from investing activities	(86,444)	(6,889)
Cash flows from financing activities		
Receipts from issue of units	93,586	13,817
Payments for redemption of units	(6,612)	(2,259)
Distributions paid	(1,058)	(189)
Net cash inflow/(outflow) from financing activities	85,916	11,369
Net (decrease)/increase in cash and cash equivalents	(177)	4,726
Cash and cash equivalents at beginning of the period	8,772	5,778
Effect of exchange rate fluctuations on cash and cash equivalents	(261)	660
Cash and cash equivalents at the end of the period	8,334	11,164

The notes on pages 7 to 9 are an integral part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

1. Reporting entity

Magellan Global Fund (the 'Fund') is a registered managed investment scheme under the *Corporations Act 2001*. The condensed financial report of the Fund is for the six months ended 31 December 2009.

The Responsible Entity of the Scheme is Magellan Asset Management Limited ("Responsible Entity"). The Responsible Entity's registered office is Level 7, 1 Castlereagh Street, Sydney, NSW 2000. The financial report is presented in Australian currency.

2. Statement of compliance

The condensed interim financial report is a general purpose financial report that has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Fund for the year ended 30 June 2009.

The condensed interim financial report was authorised for issue by the directors of the Responsible Entity on 22 February 2010.

The Fund is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with the Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Summary of significant accounting policies

The accounting policies applied by the Fund in this condensed interim financial report are the same as those applied by the Fund for the year ended 30 June 2009.

The Fund has adopted the following new and amended Australian Accounting Standards and AASB interpretations which are applicable for interim and annual periods beginning on or after 1 January 2009:

- AASB 101 Presentation of Financial Statements (revised 2007) effective 1 January 2009. The Statement of Comprehensive Income presents all items of recognised income and expense, either in one single statement or in two linked statements. The fund has elected to present one statement.
- The Fund applies accounting standard AASB 2008-02 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation*. There has been no change to the classification of the units issued by the Fund as a result of the application of this standard. As such the application of the standard has not had an impact on any amounts recognised within the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

4. Investments

	31 December 2009	30 June 2009
	\$'000	\$'000
Securities		
Listed shares- Australian	12,045	1,363
Listed shares- International	150,043	60,280
Total investments	162,088	61,643

All investments are designated as fair value through profit or loss

5. Net assets attributable to unit holders

	31 December 2009		31 December 2008	
(a) Changes in net assets attributable to unit holders	Number of units		Number of units	
	'000	\$'000	'000	\$'000
Balance at the beginning of the period	81,882	69,421	26,669	21,542
Profit from operating activities	-	12,243	-	2,510
Transactions with unit holders in their capacity as unit holders				
Applications	102,722	93,736	15,213	14,154
Redemptions	(7,170)	(6,509)	(2,478)	(2,267)
Closing balance	177,434	168,891	39,404	35,939

(b) Net assets attributable to unit holders are represented by:	31 December 2009	30 June 2009
	\$'000	\$'000
Net assets attributable to unit holders at redemption prices	168,651	69,281
Differences between redemption and net asset unit prices	426	172
Adjustments arising from different unit pricing and AIFRS valuation principles	(186)	(32)
Net assets attributable to unit holders	168,891	69,421

Net assets attributable to unit holders comprise unrealised changes in the fair value of investments, accumulated capital losses, and undistributed income, which may include income not yet assessable and expenses not yet deductible.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

6. Related parties

There have been no significant changes to the related party transactions disclosed in the last Annual Report.

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time director-related entities may invest in or withdraw from the Fund. These investments or withdrawals are on the same terms and conditions as those entered into by other Fund investors.

7. Events subsequent to reporting date

There have been no matters or circumstances arising after the balance sheet date that have significantly affected, or may significantly affect the Fund's operations in future periods, the results of those operations, or the Fund's state of affairs in future periods.

8. Contingent assets and liabilities and commitments

There were no contingent assets or liabilities or commitments as at 31 December 2009 (30 June 2009: nil)

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**DIRECTORS DECLARATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

In the opinion of the Directors of Magellan Asset Management Limited, the Responsible Entity for the Magellan Global Fund ('the Fund'):

- (a) the financial statements, notes and the additional disclosures included in the Directors Report designated as audited, of the Fund 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 2009 and of its performance for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*; 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.

Signed in accordance with a resolution of the directors of Magellan Asset Management Limited:



Hamish Douglass
Chairman
Magellan Asset Management Limited

Sydney
22 February 2010



Independent auditor's review report to the unitholders of Magellan Global Fund

We have reviewed the accompanying interim financial report of Magellan Global Fund ("the Fund"), which comprises the interim statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date, a description of accounting policies, other explanatory notes 1 to 8 and the directors' declaration set out on pages 4 to 10.

Directors' responsibility for the financial report

The directors of Magellan Asset Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 2009 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Magellan Global Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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.



Independence


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

Conclusion

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 Magellan Global 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 2009 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


KPMG


Robert Warren
Partner

Sydney

22 February 2010