MAGELLAN

Magellan Core Infrastructure Fund

(MANAGED FUND) (TICKER:MCSI)

A diversified portfolio of 70-100 of the world's best infrastructure companies

ARSN 646 028 131 APIR MGE9182AU **AS AT 31 DECEMBER 2023**

PLEASE NOTE: The name of this fund has been changed to 'MAGELLAN CORE INFRASTRUCTURE FUND'.

Fund Features

- An actively constructed portfolio of 70 - 100 securities that meet our proprietary definition of infrastructure, rebalanced in a systematic manner
- Highly defensive, inflation-linked exposure
- Investors can buy or sell units on the Cboe securities exchange like any other listed security or apply and redeem directly with the Responsible Entity

Fund Facts

Portfolio Manager	Gerald Stack	
Structure	Global Listed Infrastructure Fund, A$ Hedged	
Objective	Achieve attractive risk-adjusted returns over the medium to long term through investment in a diversified exposure to infrastructure securities that meets the Investment Manager's definition of infrastructure.	
Investment Risks	All investments carry risk. While it is not possible to identify every risk relevant to your investment, we have provided details of the risks that may affect your investment in the relevant Product Disclosure Statement. You can view the PDS for the fund at www.magellancoreseries.com.au.	
Inception Date^	17 December 2009	
Management Fee[1]	0.50% per annum	
Buy/Sell Spread[2]	0.15%/0.15%	
Minimum Investment[2]	AUD$10,000	
Fund Size/NAV Price[3]	AUD $374.5 million / $1.5161 per unit	
Distribution Frequency	Semi-annually	
Cboe Ticker	MCSI	
Tickers	**Solactive iNAV**	**ICE iNAV**
Bloomberg (MCSI AU Equity) **Refinitiv (MCSI.CHA)** **IRESS (MCSI.CXA)**	MCSIAIV MCSIAUDINAV=SOLA MCSIAUDINAV	MCSIAUIV Index MCSIAUiv.P MCSI-AUINAV.NGIF

Visit www.magellancoreseries.com.au for more information, including: fund performance, unit prices and iNAV, investment insights, PDS & forms

[1] Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST;

[2] Only applicable to investors who apply for units directly with the Responsible Entity.

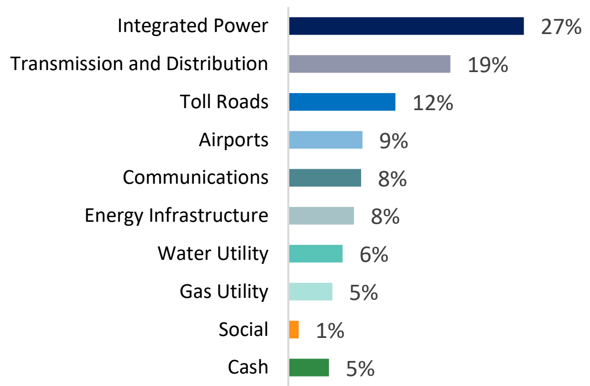
[3] NAV price is cum distribution and therefore includes the distribution of $0.0324 per unit payable on 17 January 2024.

Performance*

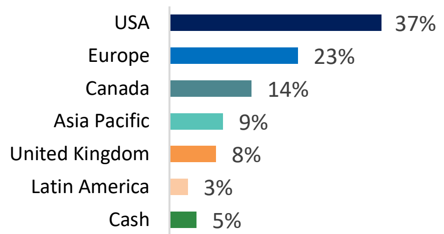
	Fund (%)	Index (%)**	Excess (%)
1 Month	2.3	3.0	-0.7
3 Months	9.2	7.8	1.4
6 Months	-0.1	0.8	-0.9
1 Year	1.2	3.4	-2.2
3 Years (p.a.)	3.7	6.0	-2.3
5 Years (p.a.)	6.0	5.6	0.4
7 Years (p.a.)	5.8	4.9	0.9
10 Years (p.a.)	8.3	6.4	1.9
Since Inception (p.a.)	10.4	7.3	3.1

Past performance is not a reliable indicator of future performance.

Sector Exposure#

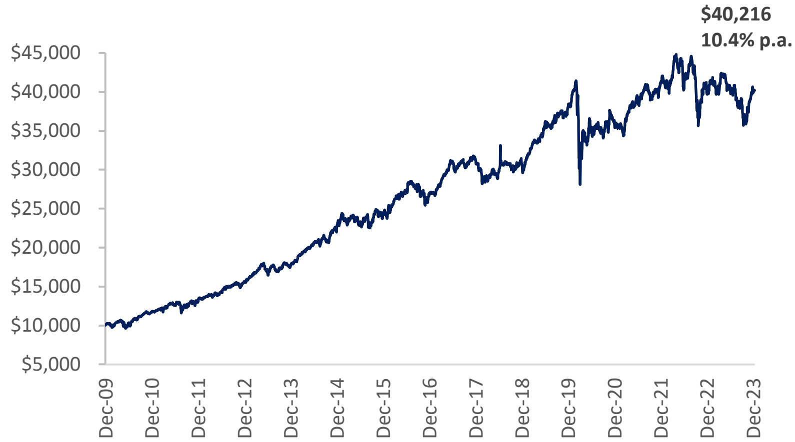


Geographical Exposure#



^ The Fund was established on 17 December 2009 as an unregistered managed investment scheme. On 19 November 2020, the Fund's name was changed to MFG Core Infrastructure Fund and on 30 November 2020 the Fund was registered with ASIC as a registered managed investment scheme and became available to retail investors.
* Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Fund Inception 17 December 2009. Returns denoted in AUD.
** S&P Global Infrastructure Index A$ Hedged Net Total Return spliced with UBS Developed Infrastructure and Utilities Index (A$ Hedged) Net Total Return prior to 1 January 2015. Note: as the UBS Developed Infrastructure and Utilities Index (A$ Hedged) Net Total Return ceased to be published from 31 May 2015, it was replaced by Magellan on 1 January 2015 with the S&P Global Infrastructure Index (A$ Hedged) Net Total Return.
# Sectors are internally defined. Geographical exposure is by domicile of listing. Cash exposure includes profit/loss on currency hedging. Exposures may not sum to 100% due to rounding.

Performance Chart growth of AUD $10,000*



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Top 10 Positions

Company	Sector#	%
Ferrovial SE	Toll Roads	2.96
Transurban Group	Toll Roads	2.94
TC Energy Corporation	Energy Infrastructure	2.92
National Grid Plc	Transmission and Distribution	2.92
Enbridge Inc	Energy Infrastructure	2.91
Fortis Inc	Transmission and Distribution	2.90
Cellnex Telecom SA	Communications	2.89
Vinci SA	Toll Roads	2.89
Aena SME SA	Airports	2.46
Terna SpA	Transmission and Distribution	2.16
	TOTAL:	27.95

Fund Commentary

The portfolio recorded a positive return for the quarter ended 31 December, with 10-year bond rates declining amid easing concerns around inflation, suggesting central banks were less likely to push benchmark interest rates any higher.

Stocks that contributed most were US communications companies American Tower and Crown Castle, as well as Spain-based infrastructure company Ferrovial. Shares of both American Tower and Crown Castle climbed during the period as falling bond yields reflected better-than-expected inflation numbers. Ferrovial saw strong share price performance over the quarter after reporting strong Q3 traffic across its airports and toll roads. The company also announced the sale of its stake in Heathrow Airport for a price above what many in the market believed it could achieve.

Some of the largest detractors over the three months included Grupo Aeroportuario del Centro Norte (OMA), Exelon and Vopak. Mexican airport operator OMA declined over the period following news of the Mexican government's proposal to implement significant changes to regulated airport tariffs. Shares of US utility, Exelon, fell after the Illinois state regulator issued lower-than-expected returns and denied capital investments for its largest operating subsidiary. Dutch storage company Vopak was down slightly as the company didn't provide any meaningful new information at their capital markets day during November, therefore disappointing the market.

Stock contributors/detractors are based in local currency terms unless stated otherwise.

Outlook

Notwithstanding our expectations for greater volatility in the short to medium term driven by inflation and interest rates, we are confident that the underlying businesses we have included in our defined universe and in our investment strategy will prove resilient over the longer term. We regard the businesses we invest in to be of high quality and, while short-term movements in share prices reflect issues of the day, we expect that share prices in the longer term will reflect the underlying cash flows leading to investment returns consistent with our expectations.

The strategy seeks to provide investors with attractive risk-adjusted returns from infrastructure securities. It does this by investing in a portfolio of listed infrastructure companies that meet our strict definition of infrastructure. We believe that infrastructure assets, with requisite earnings reliability and a linkage of earnings to inflation, offer attractive, long-term investment propositions. Furthermore, we believe the resilient nature of earnings and the structural linkage of those earnings to inflation means that investment returns typically generated by infrastructure stocks are different from standard asset classes and offer investors diversification when included in an investment portfolio. In the current uncertain economic and investment climate, the historically reliable financial performance of infrastructure investments makes them attractive, and an investment in listed infrastructure has the potential to reward patient investors with a long-term time frame.

Stock Story: Vinci

(Ben McVicar – Fund Manager)

VINCI

Vinci is built around the pillars of its concessions and contracting operations. From our perspective, the most attractive part of its business is the large and diversified concessions holdings. These provide the lion's share of earnings and deliver a stable and reliable income stream for investors.

The concessions business is diverse, spanning a wide array of assets. These include everything from toll roads and airports to renewable power and even the Stade de France stadium. This business is without doubt the most important earnings contributor due to the strong profit margins on which it operates. However, the contracting business is also a large operation. Capabilities for this contracting business are significant with the business operating in over 120 countries, with an employee base of more than 270,000 and project types including road construction, buildings, and electrical networks and data centres.

Within the concession business, the most important economic engine comprises the toll roads concessions in France, known as Vinci Autoroutes. Autoroutes operates a collection of road networks covering 4,443 km that represent around half the toll road market in the country and one third of the total motorway network. These motorways are mature concessions and typically grow modestly but predictably as traffic increases and tolls are lifted by 70% of the recorded inflation rate each year. This leads to modest but steady inflation-linked growth in cash flow from these assets. Due to the mature nature of these concessions, they generate significant cash flow, with EBITDA (a cash flow proxy for motorways) of €4.4bn in 2022.

Airports have been an area of growth for the company. In 2019 (the last full year before COVID-19 affected air traffic), Vinci owned or operated airports that moved 255 million passengers, a figure it looks likely to have surpassed in 2023. In 2013, Vinci took relatively modest airport operations and grew them through the acquisition of the airport operator in Portugal, ANA. This asset added key airports such as Lisbon and Porto to its portfolio. Since then, Vinci has taken stakes in airports in the UK, Mexico and Japan. These assets provide a link to the ongoing structural growth in global aviation.

Vinci has continued to look for areas of growth in which it can profitably deploy capital generated from its existing business. The company has stated its aspirations for significant growth into renewable power. This has arisen through the acquisition of the contractor Cobra IS and its renewable energy development platform. The company has stated a target of over 12 GW of capacity by 2030 as it continues to deploy increasing capital into this opportunity.

Finally, while a minority of Vinci's earnings, contracting is a large part of the overall business in terms of volume of work. The company is currently sitting on an order book of €63.3bn or around 13.6 months of activity for the group.

We expect this operation will continue to generate a meaningful and growing profit contribution, particularly through its energy and electric engineering teams that are benefiting from ongoing expenditure in energy transition and digital transformation. Importantly from a risk point of view, the contracts are highly diversified, with any single 'difficult to complete' construction project likely to be a headwind to earnings rather than a significant financial problem for the company.

We consider that the outlook for the business should be steady and predictable with a well-diversified portfolio of infrastructure concession businesses. Meanwhile, management will be focused on continued capital deployment of the significant free cash flow the company generates for its shareholders.