

# Annual Financial Report

for the year ended 30 June 2017

MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED) (Managed Fund): ARSN 606 840 206

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## Chairman's Report

for the year ended 30 June 2017

Dear Unitholders,

We are pleased to present the annual financial report for Magellan Global Equities Fund (Currency Hedged) (Managed Fund) ("MHG" or the "Fund"). MHG is a managed investment scheme for which Magellan Asset Management Limited ("Magellan") acts as both Responsible Entity and Investment Manager.

MHG is quoted on the ASX (code: MHG) and commenced trading on 10 August 2015. As at 30 June 2017, MHG had net assets of \$54 million and a net asset value of \$2.7550 per unit. The Fund paid a distribution of 5 cents per unit for the year ended 30 June 2017.

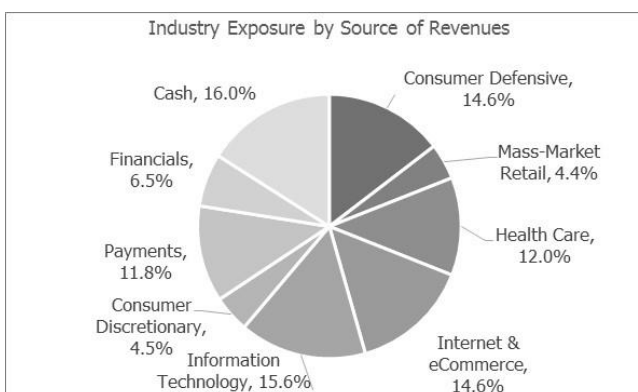
MHG's portfolio is actively managed by Magellan and is the currency hedged version of the Magellan Global Equities Fund (ASX code: MGE). For the 12 months to 30 June 2017, the Fund has produced a total return of 20.2% net of fees assuming distributions are reinvested. Magellan aims to achieve attractive risk-adjusted returns over the medium to long term for unitholders, while reducing the risk of permanent capital loss.

To achieve this, Magellan undertakes rigorous company research to identify what it assesses to be high quality companies with enduring competitive advantages. This combined with an assessment of the macro-economic environment and a disciplined risk controlled approach to portfolio construction results in a portfolio of between 20 and 40 high-quality global equity stocks. The portfolio manager can manage equity market risk by holding up to 20% of its net assets in cash. Currency exposure is substantially hedged back to Australian Dollars.

In the recent Annual Investor Report, released on the ASX on 27 July 2017, the Fund's portfolio manager, Hamish Douglass, discussed some of the lessons learned over the last 10 years of managing Magellan's global equities strategy across a range of market conditions. Hamish also looked forward and provided his thoughts on the impact of technology, particularly as it pertains to investing. These are important topics and we would encourage you to read this report, which together with the monthly and quarterly Fund Reports, provide valuable insights into our investment strategies and portfolio manager's thoughts. These reports are released on the ASX and can also be found on our website: [www.magellangroup.com.au](http://www.magellangroup.com.au).

As at 30 June 2017, the Fund consisted of investments in 22 companies and a predominantly Australian Dollar cash position of 16.0%. The Fund's industry exposure at that time, by source of revenues, is highlighted below together with the top 10 investments. Of the 22 companies in the portfolio, 16 were multinational businesses that represent approximately 66% of the overall portfolio, four were US domestic businesses and two were UK businesses. A full list of the companies in the portfolio at 30 June 2017 can be found on page 19 of this report. Portfolio holdings are updated quarterly and released to the ASX.

Top 10 holdings (as at 30 June 2017)	% of Fund
Apple	7.2
Alphabet	5.8
Visa	5.0
Facebook - class A shares	4.9
Lowe's Co	4.5
Microsoft	4.4
Wells Fargo & Co	4.0
Oracle	4.0
eBay	3.9
Nestle	3.9
<b>Top 10 Total</b>	<b>47.6</b>



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

**Brett Cairns**  
Executive Chairman

1 September 2017

# MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

## Responsible Entity's Report for the year ended 30 June 2017

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan Global Equities Fund (Currency Hedged) (the "Fund" or "MHG") present their report on the Fund for the year ended 30 June 2017.

### 1.0 Directors

The following persons unless otherwise stated were Directors of MAM during the year and up to the date of this report:

Name	Directorship	Appointed
Brett Cairns	Executive Chairman	22 January 2007
Hamish Douglass	CEO and Chief Investment Officer	21 November 2006
John Eales	Non-Executive Director	1 July 2017
Robert Fraser	Non-Executive Director and Senior Independent Director	23 April 2014
Paul Lewis	Non-Executive Director	20 December 2006
Hamish McLennan	Non-Executive Director	1 March 2016
Karen Phin	Non-Executive Director	23 April 2014

### 1.1 Principal Activity

The Fund is a registered managed investment scheme domiciled in Australia and quoted on the Australian Securities Exchange (ASX) under the AQUA Rules (ticker code MHG). It was registered on 14 July 2015 and commenced trading on 10 August 2015.

MHG is a currency hedged version of the ASX quoted Magellan Global Equities Fund (ASX ticker code: MGE) and invests in a portfolio of between 20 and 40 high quality global equity stocks. To achieve this MAM undertakes rigorous company research to identify what it assesses to be high quality companies combined with an assessment of the macro-economic environment and a disciplined risk controlled approach to portfolio construction. The Fund has the ability to manage equity market risk by holding up to 20% of its net assets in cash and currency exposure is substantially hedged to Australian Dollars.

The Fund's investment objectives are 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 current Product Disclosure Statement, issued 7 July 2016 and the Constitution).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund. As the Investment Manager, it is 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 Fund's principal place of business is Level 36, 19 Martin Place, Sydney, New South Wales 2000.

### 1.2 Significant Changes in State of Affairs

There were no significant changes in the nature of the Fund's activities during the year.

### 1.3 Distribution

On 22 June 2017, the Directors declared a distribution of 5.0 cents per unit (June 2016: 5.0 cents per unit), amounting to \$975,111 for the year ended 30 June 2017 (June 2016: \$622,000). The distribution comprised of \$160,517 in distributable income and a \$814,594 return of capital, was paid on 31 July 2017.

## MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

# Responsible Entity's Report

for the year ended 30 June 2017

### 1.4 Review of Financial Results and Operations

#### a) Financial Results for the Year

The performance of the Fund, as represented by the results of its operations for the year ended 30 June, was as follows:

	30 June 2017	14 July 2015 to 30 June 2016
<b>Results</b>		
Total net investment income/(loss) (\$'000)	8,155	(210)
Total expenses (\$'000)	794	319
<b>Net operating profit/(loss) (\$'000)</b>	7,361	(529)
<b>Distributions</b>		
Distribution paid and payable to unitholders for the year (\$'000)	975	622
Distribution - cents per unit	5.00	5.00
<b>Indirect cost ratio - management fees</b>		
Management fee (% p.a.)	1.35%	1.23%
Performance fee (% p.a.)	0.28%	-
<b>Total indirect cost ratio (% p.a.)</b>	1.63%	1.23%
<b>Net asset value per unit (ex-distribution) (\$)</b>	\$2.7550	\$2.3343

The Total Indirect Cost Ratio (ICR) is the ratio of the Fund's actual management costs over the average gross assets attributable to unitholders expressed in terms of a per annum percentage, with the exception of the 14 July 2015 to 30 June 2016 comparative, which expresses the ratio from 10 August 2015, being the date the Fund commenced trading, to 30 June 2016. Management costs, accrued within the Fund's unit prices on a daily basis, include management, administration and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

#### b) Performance Returns

The performance returns shown in the table below are for the 12 months ended 30 June 2017 and the period ended 30 June 2016 since inception due to the Fund commencing trading on 10 August 2015. The performance returns have been calculated using the net asset value per unit for the Fund, which is after fees and expenses, assuming reinvestment of distributions. The returns are calculated daily and compounded to produce longer period returns.

	12 months to 30 June 2017	Inception to 30 June 2016 <sup>(A)</sup>
	%	%
<b>Performance</b>		
Growth return <sup>(B)</sup>	18.0	(6.6)
Distribution return <sup>(C)</sup>	2.2	2.0
<b>Total return<sup>(D)</sup></b>	20.2	(4.6)

<sup>(A)</sup> The Fund commenced trading on 10 August 2015 ("inception"). As a result, performance was recorded for the period from inception date to 30 June 2016.

<sup>(B)</sup> The Growth return is calculated as a percentage by dividing the end of period Net Asset Value per unit by the Net Asset Value per unit at the start of the period minus 1.

<sup>(C)</sup> The Distribution return is calculated as a percentage by subtracting the Growth return from the Total return.

<sup>(D)</sup> The Total return is calculated as a percentage by dividing the end of period net asset value per unit (cum-distribution) by the Net Asset Value per unit at the start of the period minus 1.

# MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

## Responsible Entity's Report for the year ended 30 June 2017

### 1.4 Review of Financial Results and Operations (continued)

#### b) Performance Returns (continued)

Performance fees are calculated on six monthly calculation periods ending on 30 June and 31 December of each year. The Responsible Entity's entitlement to a performance fee is dependent on the Fund exceeding both index relative and absolute return hurdles over a given calculation period, as well as exceeding the applicable high watermark and an overall cap. Performance fees crystallise at the end of a calculation period, or from the commencement of the Fund to 30 June 2016 in the case of the first performance fee calculation period. Further details of the performance fees can be found in the Fund's Product Disclosure Statement which is available at [www.magellangroup.com.au](http://www.magellangroup.com.au).

#### c) 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.

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations. The Fund provides daily unit prices, quarterly portfolio disclosure and annual investor report which can be found in the Magellan Funds section of the Magellan Financial Group Limited website, [www.magellangroup.com.au](http://www.magellangroup.com.au) and also the ASX website. The Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

### 1.5 Interest in the Fund

The movement in units on issue in the Fund is disclosed in note 7 a) to the financial statements.

As at 30 June 2017, the net assets attributable to unitholders of the Fund are \$53,812,000 (June 2016: \$29,069,000).

### 1.6 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 Product Disclosure Statement. The method of operating the Fund is not expected to change in the foreseeable future however the results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and past returns should not be used to predict future returns.

### 1.7 Events Subsequent to the End of the Year

In the latest release to the ASX on 7 August 2017, the Fund reported a net asset value per unit of \$2.8015 and 19,374,807 units on issue as at 31 July 2017.

Other than the above and the payment of the distribution for the year ended 30 June 2017 (refer to section 1.3), there have been no matters or circumstances arising after the end of the year that have significantly affected, or may significantly affect, the Fund's operations in future financial years, the results of its operations, or the Fund's state of affairs in future financial years. Asset prices move daily and daily unit prices are available on the Magellan Financial Group Limited website, [www.magellangroup.com.au](http://www.magellangroup.com.au) and also the ASX website.

### 1.8 Indemnification and Insurance of Directors and Officers

The Directors and Officers of the Responsible Entity in office are insured to the extent permitted by law for losses, liabilities, costs and charges in defending any legal proceedings arising out of their conduct while acting in their capacity of Directors and Officers of the Responsible Entity, other than for conduct involving a wilful breach of duty in relation to the Responsible Entity.

During the year, Magellan Financial Group Limited paid, on behalf of the Responsible Entity, an insurance premium to insure the Directors and Officers of the Responsible Entity. The terms of the contract prohibit the disclosure of the premiums paid.

### 1.9 Rounding of Amounts

The Fund is of a kind referred to in the *Australian Securities & Investments Commission's Corporations (Rounding in Financial/Responsible Entity's 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 year ended 30 June 2017

## **1.10 Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

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



**Brett Cairns**  
Executive Chairman

Sydney,  
1 September 2017

## Auditor's independence declaration to the unitholders of Magellan Global Equities Fund (Currency Hedged)

As lead auditor for the audit of the Magellan Global Equities Fund (Currency Hedged) for the financial year ended 30 June 2017, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Rita Da Silva  
Partner

1 September 2017



## MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2017

	Note	30 June 2017 \$'000	14 July 2015 to 30 June 2016 <sup>(A)</sup> \$'000
<b>Investment income</b>			
Dividend and distribution income		704	347
Interest income		81	50
Net change in fair value of investments held for trading		1,081	789
Net change in fair value of investments designated at fair value through profit or loss		6,298	(1,350)
Net foreign exchange gain/(loss) on foreign currency cash and settlements		(9)	(46)
<b>Total net investment income/(loss)</b>		8,155	(210)
<b>Expenses</b>			
Management and administration fees	9 c)(i)	563	262
Performance fees	9 c)(ii)	120	-
Settlement processing fees		8	6
Brokerage costs		6	7
Withholding tax on dividends		97	44
<b>Total expenses</b>		794	319
<b>Net operating profit/(loss)</b>		7,361	(529)
<b>Finance costs attributable to unitholders</b>			
Distributions of income and capital to unitholders	2	(975)	(622)
(Increase)/decrease in net assets attributable to unitholders	7 b)	(6,386)	1,151
<b>Profit / (loss) for the year</b>		-	-
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		-	-

<sup>(A)</sup> The Fund was registered on 14 July 2015 and commenced trading on 10 August 2015. The comparative represents the Fund's first reporting period covering 14 July 2015 to 30 June 2016.

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

Earnings per unit for the year ended 30 June 2017 is \$nil (2016: \$nil). The Fund has nil equity as the units issued by the Fund are classified as financial liabilities. Refer to Note 1 p) for further details.

## MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

# Statement of Financial Position

as at 30 June 2017

	Note	30 June 2017 \$'000	30 June 2016 \$'000
<b>Assets</b>			
Cash and cash equivalents	3	8,229	4,850
Receivables	4	136	64
Investments	5	46,599	24,810
<b>Total assets</b>		<b>54,964</b>	<b>29,724</b>
<b>Liabilities</b>			
Distribution payable	2	975	622
Payables	6	177	33
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>1,152</b>	<b>655</b>
<b>Net assets attributable to unitholders</b>	7 b)	<b>53,812</b>	<b>29,069</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

## **MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)**

# Statement of Changes in Equity

for the year ended 30 June 2017

Under Australian Accounting Standards, the net assets attributable to unitholders are classified as a liability. As a result the Fund has no equity for financial reporting purposes and there are no changes in equity at the start or end of the year.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.

# MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

## Statement of Cash Flows

for the year ended 30 June 2017

	Note	30 June 2017 \$'000	14 July 2015 to to 30 June 2016 (A) \$'000
<b>Cash flows from operating activities</b>			
Dividends and distributions received		686	341
Interest received		79	44
Management fees paid		(539)	(229)
Settlement processing fees paid		(8)	(7)
Withholding tax paid		(97)	(44)
Other expenses paid		(13)	(15)
<b>Net cash inflows/(outflows) from operating activities</b>	8 a)	108	90
<b>Cash flows from investing activities</b>			
Purchase of investments		(28,892)	(31,603)
Proceeds from sale of investments		14,312	5,879
Net foreign exchange gains/(losses)		158	305
<b>Net cash inflows/(outflows) from investing activities</b>		(14,422)	(25,419)
<b>Cash flows from financing activities</b>			
Receipts from issue of units		28,277	31,902
Payments for redemption of units	7 b)	(9,963)	(1,723)
Distributions paid	2	(622)	-
<b>Net cash inflows/(outflows) from financing activities</b>		17,692	30,179
<b>Net increase/(decrease) in cash and cash equivalents</b>		3,378	4,850
Cash and cash equivalents at the beginning of the period		4,850	-
Effect of exchange rate fluctuations on cash and cash equivalents		-	-
<b>Cash and cash equivalents at the end of the period</b>	3	8,228	4,850

<sup>(A)</sup> The Fund was registered on 14 July 2015 and commenced trading on 10 August 2015. The comparative represents the Fund's first reporting period covers 14 July 2015 to 30 June 2016.

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 year ended 30 June 2017

#### 1. Summary of Significant Accounting Policies

Magellan Global Equities Fund (Currency Hedged) ("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. The Fund was registered on 14 July 2015 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 10 August 2015. The Fund terminates on the day immediately preceding the 80<sup>th</sup> anniversary of the date of commencement, unless terminated earlier in accordance with the Fund's Constitution.

Magellan Asset Management Limited (ABN 31 120 593 946) is the Responsible Entity of the Fund.

The financial report was authorised for issue by the Directors of the Responsible Entity on 1 September 2017. The Directors have the power to amend and reissue this financial report.

The principal accounting policies applied in the preparation of these financial statements are set out below.

##### a) Basis of Preparation

The financial report is a general purpose financial report and prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, other mandatory professional reporting requirements and the Fund's Constitution. It is presented in Australian Dollars.

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

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 and net assets attributable to unitholders. The amount expected to be recovered or settled within 12 months in relation to these balances cannot be reliably determined.

The principal accounting policies applied in the preparation of these financial statements are set out below.

##### Compliance with IFRS

The financial report complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

##### *Changes in accounting policy, accounting standards and interpretations*

###### i) New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period except for the adoption of the new standards and amendments which became mandatory for the first time this reporting period commencing 1 July 2016. None of the new standards or amendments affected any of the amounts or the disclosures in the current or prior year.

###### ii) Accounting Standards and interpretations issued but not yet effective

The Australian and International Accounting Standards issued, but not yet effective, for the 30 June 2017 reporting period have not been adopted by the Fund in the preparation of this financial report. An assessment of the impact of the new standards and interpretations, which may have a material impact on the Fund, is set out below:

- **AASB 9: Financial Instruments (AASB 9) (effective 1 July 2018)**

AASB 9 contains new requirements for classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 *Financial Instruments: Recognition and Measurement*. Under the new requirements the four current categories of financial assets will be replaced with two measurement categories: fair value and amortised cost which are discussed at note 1 j). Financial assets will only be able to be measured at amortised cost where very specific conditions are met. Equity securities are measured at fair value through profit or loss unless an election is made at initial recognition, to present fair value changes in other comprehensive income. This option is irrevocable and applies only to equity instruments which are not held for trading. Gains and losses in other comprehensive income are not recycled on disposal of the securities, however the cumulative gain or loss may be transferred within equity.

## Notes to the Financial Statements

### for the year ended 30 June 2017

#### 1. Summary of Significant Accounting Policies (continued)

##### a) Basis of Preparation (continued)

##### Changes in accounting policy, accounting standards and interpretations (continued)

- AASB 9: Financial Instruments (AASB 9) (effective 1 July 2018) (continued)**

AASB 9 was revised in December 2014 to include new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. It also introduced a new expected-loss impairment model that requires credit losses to be recognised when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

At 30 June 2017, no material financial impact is expected on adoption of AASB 9 as the Fund currently classifies financial assets and financial liabilities at either fair value or amortised cost and the carrying value of investments measured at amortised cost approximates fair value and the Fund does not apply hedge accounting.

- AASB 15: Revenue from Contracts with Customers (AASB 15) (effective 1 July 2018)**

AASB 15 supersedes the revenue recognition guidance in AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. Although AASB 15 is principles-based, it is a significant change from the current revenue requirements and will involve more judgements and estimates. The core principle in AASB 15 is that an entity recognises revenue at an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for selling goods or services to customers.

The Fund has undertaken an assessment of the impact of AASB 15. Based on the assessment completed to date, no material change to the timing or manner of recognition of the Fund's key revenues is expected as interest revenue, dividend and distribution income and investment gains/(losses) are excluded from the scope of AASB 15.

There are no other pronouncements or accounting standards, not yet effective at this time, that are expected to have a material impact to the financial statements in future reporting periods.

##### b) Foreign Currency Translation

The functional and presentation currency of the Fund is the Australian dollar, as determined in accordance with AASB 121: *The Effects of Changes in Foreign Exchange Rates*. Transactions denominated in foreign currencies are translated into Australian currency at the foreign currency exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate at the reporting date.

Foreign currency exchange differences arising on translation, and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian Dollars at the foreign currency closing exchange rates at the dates that the values were determined. Foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in the Statement of Profit or Loss and Other Comprehensive Income.

##### c) Investment Income

###### Dividend/distribution income

Dividend and distribution income is recognised on the applicable ex-dividend/distribution date gross of withholding tax. Foreign dividends and trust distributions received are recognised gross of withholding tax in the Statement of Cash Flows, with the foreign withholding tax recorded as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

###### Net changes in fair value of investments

Realised and unrealised gains and losses on investments are measured at fair value through profit or loss are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

###### Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

## Notes to the Financial Statements

### for the year ended 30 June 2017

#### 1. Summary of Significant Accounting Policies (continued)

##### d) Expenses

All expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

Management and performance fees are set out in note 9 c). Settlement processing fees are paid to a third party market participant to facilitate settlement of MHG units issued and redeemed. The Responsible Entity appointed a market participant as its agent to execute its market making activities on behalf of the Fund in order to provide liquidity in the Fund's units on the ASX.

##### e) Distributions

The Fund has a contractual obligation under the Fund's Constitution to distribute all its distributable income to unitholders, by cash or reinvestment. Distributions are recognised as finance costs attributable to unitholders in the Statement of Profit or Loss and Other Comprehensive Income. A distribution payable is recognised in the Statement of Financial Position where the amount remains unpaid at reporting date.

##### f) Income Tax

Under current income tax legislation, the Fund is not subject to income tax provided the net taxable income of the Fund is fully distributed to unitholders.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain would be included in net taxable income. Realised capital losses can only be utilised to offset any realised capital gains. Net realised capital losses are retained in the Funds to be offset against any future realised capital gains.

Net realised tax losses are not distributed to unitholders but are retained in the Fund to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to the unitholders.

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income. The benefits of foreign withholding tax paid, and of imputation credits attaching to Australian franked dividends, are passed onto unitholders.

##### g) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties, such as custodial services and investment management and administration fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 55%-75% and is also eligible to recover GST on offshore transactions. Management, administration and performance fees and other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position as a receivable or payable. Cash flows are included in the Statement of Cash Flows on a gross basis.

##### h) Cash and Cash Equivalents

Cash includes cash at bank and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

##### i) Receivables

Receivables comprise amounts due from brokers for sales of assets and applications for units in the Fund unsettled at the end of the reporting period, dividends and trust distributions declared but not yet received, and reclaimable taxes. They are recognised and carried at amortised cost using the effective interest rate method, which in the case of the Fund is cost and adjusted for changes in foreign exchange rates where applicable, less a provision for uncollectible amounts.

##### j) Financial Assets and Liabilities

The Fund classifies its financial assets in one of the four following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. Designation is re-evaluated each financial year, but there are restrictions on reclassifying to other categories. Financial liabilities are classified as financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost. The classification of financial assets and liabilities depends on the purpose for which the assets are acquired and liabilities incurred.

## Notes to the Financial Statements

for the year ended 30 June 2017

### 1. Summary of Significant Accounting Policies (continued)

#### j) Financial Assets and Liabilities (continued)

The Fund's financial assets and liabilities are classified and measured as follows:

Financial asset/liability	Classification	Valuation basis	
Receivables	Loans and receivables	Amortised cost	Refer to Note 1 i)
Investments	Fair value through profit or loss	Fair value	Refer to Note 1 j)
Distributions payable	Financial liability at amortised cost	Amortised cost	Refer to Note 1 e)
Payables	Financial liability at amortised cost	Amortised cost	Refer to Note 1 l)

Financial assets and financial liabilities are derecognised when the Fund no longer controls the contractual rights that comprise the financial instrument which is normally the case when the instrument is sold or the liability discharged.

#### Fair value through profit or loss

All equity securities are designated as fair value through profit or loss on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund (as set out in the Fund's Product Disclosure Statement and Constitution).

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, which in the case of the Fund is the transaction price. Transaction costs are expensed immediately in the Statement of Profit or Loss and Other Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities classified at fair value through profit or loss are measured at fair value. Changes in fair value are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The fair value of equity securities traded in active markets is based on their quoted market prices at the end of the reporting date without any deduction for estimated future selling costs. The quoted market price used for securities held by the Fund is the current bid price and the quoted market price for financial liabilities is the current asking price. If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques including of recent arm's length market transactions, reference to the current fair value of other instruments that are substantially the same, discounted cash flows techniques, option pricing models or any other valuation techniques commonly used by market participants.

Financial liabilities, other than those at fair value through the Statement of Profit or Loss and Other Comprehensive Income, are measured at amortised cost using the effective interest rate.

#### k) Derivatives

Derivatives are contracts whose value is derived from one or more underlying price, index or other variable. Derivatives not designated in hedge accounting arrangements under AASB 139 *Financial Instruments: Recognition and Measurement* are recognised at fair value. Changes in the fair value are recorded in the Statement of Profit or Loss and Other Comprehensive Income and are included in 'net change in fair value of investments held for trading'. Derivatives are included in the Statement of Financial Position as a current asset when the fair value at reporting date is positive and classified as a current liability when the fair value at reporting date is negative.

#### l) Payables

Payables comprise trade creditors and accrued expenses owing by the Fund at reporting date which are unpaid. Trade creditors are unsecured and usually paid within 30 days of recognition. Payables are recognised at amortised cost at the point where the Fund becomes obliged to make payments in respect of the purchase of these goods and services.

Refer to note 1 e) for the distribution payable.

#### m) Net Assets Attributable to Unitholders

The units issued by the Fund are classified as a liability in the Statement of Financial Position as the Fund's Constitution requires the net income of the Fund to be distributed to unitholders of the Fund. Changes in net assets attributable to unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.



## Notes to the Financial Statements

### for the year ended 30 June 2017

#### 1. Summary of Significant Accounting Policies (continued)

##### n) Applications and Redemptions

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 or redeemed when settled, which is trade date.

##### o) 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 Portfolio Manager, Mr Hamish Douglass.

##### p) Earnings Per Unit

The earnings per unit results is \$nil as AASB 133 *Earnings per Share* refers to equity and the Fund has nil equity as the units issued by the Fund are classified as financial liabilities (refer to note 1 m)).

##### q) Offsetting Financial Instruments

Financial assets and financial liabilities are presented net in the Statement of Financial Position where the Fund has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Refer to note 10 g) for further detail.

##### r) Rounding of Amounts

The Fund is of a kind referred to in the *Australian Securities & Investments Commission's Corporations (Rounding in Financial/Responsible Entity's Reports) Instrument 2016/191* and consequently amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

##### s) Critical Accounting Estimates and Judgements

The preparation of the 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, the result of which forms the basis of the carrying values of assets and liabilities. As such, 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 reporting date (refer to note 10 e)). Fair values may however move materially with movements in market prices. As the equity security investments are valued with reference to the listed quoted prices and the Fund's cash is held with strongly rated financial institutions, the Fund's financial assets are not subject to significant judgement or complexity nor are the Fund's liabilities.

#### 2. Distribution to Unitholders

On 22 June 2017, the Directors declared a distribution of 5.0 cents per unit (June 2016: 5.0 cents per unit), amounting to \$975,111 for the year ended 30 June 2017 (June 2016: \$622,000). The distribution comprised of \$160,517 in distributable income and a \$814,594 return of capital and was paid on 31 July 2017.

##### a) Distribution Reinvestment Plan (DRP)

The Fund's DRP was available to eligible unitholders during the year ended 30 June 2017.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest their distributions in additional MHG units, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a predetermined price, less any discount that the Directors may elect to apply from time to time. No discount has been applied to the units issued under the DRP in respect of the distribution paid on 31 July 2017. The DRP issue price is equal to the Operational Net Trust Value (as defined in the Constitution) divided by the number of units on issue on 17 July 2017, being 10 business days prior to the distribution payment date. The DRP issue price for the year ended 30 June 2017 was \$2.8035 (2016: \$2.4073), as announced on 19 July 2017 to the ASX.

# MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

## Notes to the Financial Statements

for the year ended 30 June 2017

### 3. Cash and Cash Equivalents

	30 June 2017 \$'000	30 June 2016 \$'000
<b>Cash and cash equivalents</b>		
Cash at bank - denominated in A\$	8,079	4,783
Cash at bank - denominated in US\$	127	44
Cash at bank - denominated in British Pounds	9	9
Cash at bank - denominated in Euros	7	7
Cash at bank - denominated in Swiss francs	7	7
<b>Total cash and cash equivalents</b>	<b>8,229</b>	<b>4,850</b>

### 4. Receivables

	30 June 2017 \$'000	30 June 2016 \$'000
Applications receivable	84	41
Recoverable GST and foreign withholding tax	44	17
Interest receivable	8	6
<b>Total receivables</b>	<b>136</b>	<b>64</b>

### 5. Investments

	30 June 2017 \$'000	30 June 2016 \$'000
<b>Financial assets designated at fair value through profit or loss</b>		
Australian listed equity securities	-	618
International listed equity securities		
- United States	37,421	19,925
- Switzerland	3,756	1,327
- United Kingdom	2,566	1,608
- France	1,597	912
<b>Total financial assets designated at fair value through profit or loss</b>	<b>45,340</b>	<b>24,390</b>
<b>Financial assets held for trading</b>		
Foreign currency contracts	1,259	420
<b>Total financial assets held for trading</b>	<b>1,259</b>	<b>420</b>
<b>Total investments</b>	<b>46,599</b>	<b>24,810</b>

# MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

## Notes to the Financial Statements for the year ended 30 June 2017

### 5. Investments (continued)

The investments by domicile of primary stock exchange, held by the Fund are:

Company name	Domicile of Principal Exchange Listing	30 June 2017 \$'000	30 June 2016 \$'000
Apple	United States	3,870	1,730
Alphabet - class C shares	United States	2,721	1,153
Visa - class A shares	United States	2,703	1,417
Facebook - class A shares	United States	2,626	-
Lowe's Co	United States	2,417	1,282
Microsoft	United States	2,401	1,601
Wells Fargo & Co	United States	2,175	1,109
Oracle	United States	2,162	1,318
eBay	United States	2,100	1,154
Nestle	Switzerland	2,098	425
McDonald's	United States	2,098	-
PayPal Holdings	United States	2,065	1,110
Yum! Brands	United States	1,864	1,379
Starbucks	United States	1,803	-
CVS Health	United States	1,797	1,149
Novartis	Switzerland	1,658	902
MasterCard	United States	1,620	772
Sanofi	France	1,597	912
HCA Holdings	United States	1,426	577
Lloyds Banking Group	United Kingdom	1,360	760
Tesco	United Kingdom	1,206	848
Costco Wholesale	United States	1,155	-
Alphabet - class A shares	United States	418	203
Intel <sup>(A)</sup>	United States	-	1,189
Target <sup>(A)</sup>	United States	-	1,009
Woolworths <sup>(A)</sup>	Australia	-	617
IBM <sup>(A)</sup>	United States	-	611
Bank of New York Mellon <sup>(A)</sup>	United States	-	571
Qualcomm <sup>(A)</sup>	United States	-	592
<b>Total investments</b>		<b>45,340</b>	<b>24,390</b>

<sup>(A)</sup> These investments are no longer held by the Fund as at 30 June 2017.

### Fair Value Disclosures

An overview of the risk exposures and fair value measurement relating to investments held at fair value through profit or loss, is included in note 10 e).

### 6. Payables

	30 June 2017 \$'000	30 June 2016 \$'000
Management fees payable	57	33
Performance fees payable	120	-
<b>Total payables</b>	<b>177</b>	<b>33</b>

# MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

## Notes to the Financial Statements

for the year ended 30 June 2017

### 7. Net Assets Attributable to Unitholders

	30 June 2017 No. of units '000	30 June 2016 No. of units '000
<b>a) Units on issue</b>		
Units on issue as at beginning of year	12,453	-
Units issued during the year	10,970	13,180
Units redeemed during the year	(3,891)	(727)
<b>Units on issue at the end of the year</b>	<b>19,532</b>	<b>12,453</b>

#### Terms and Conditions of Units

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 share of any distribution determined by the Responsible Entity in proportion to the units held on the distribution date;
- 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 Product Disclosure Statement. 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 net asset value 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.

	30 June 2017 \$'000	30 June 2016 \$'000
<b>b) Changes in net assets attributable to unitholders</b>		
Opening balance	29,069	-
Applications	28,320	31,943
Redemptions	(9,963)	(1,723)
Increase/(decrease) in net assets attributable to unitholders	6,386	(1,151)
<b>Closing balance</b>	<b>53,812</b>	<b>29,069</b>

# MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

## Notes to the Financial Statements

for the year ended 30 June 2017

### 8. Statement of Cash Flows Reconciliation

	30 June 2017 \$'000	30 June 2016 \$'000
<b>a) Reconciliation of net profit to net cash flows from operating activities</b>		
Net operating profit/(loss)	7,361	(529)
Adjusted for:		
Net changes in fair value of held for trading investments	(1,081)	(789)
Net changes in fair value of investments designated at fair value through profit or loss	(6,298)	1,350
Net foreign exchange (gain)/loss on foreign currency cash and settlements	9	46
Changes in operating receivables and payables		
- Net (increase)/decrease in receivables	(29)	(21)
- Net increase/(decrease) in payables	146	33
<b>Net cash flows from operating activities</b>	<b>108</b>	<b>90</b>
<b>b) Reconciliation of cash</b>		
Reconciliation of cash at the end of the period (as shown in the Statement of Cash Flows) to the related item in the Statement of Financial Position:		
Cash and cash equivalents	8,228	4,850
<b>c) Non-cash investing and financing activities</b>		
Distributions reinvested into units in the Fund	53	341

### 9. Related Parties

#### a) Responsible Entity

The Responsible Entity of the Fund is Magellan Asset Management Limited ("MAM"). MAM is a wholly-owned subsidiary of Magellan Financial Group Limited (ASX code: MFG), the immediate and ultimate parent entity of the Responsible Entity, and both are considered to be related parties of the Fund. Refer to note 9 c) for detail on Responsible Entity's fees.

MAM provides Responsible Entity/investment management services to the Fund.

#### b) Key Management Personnel

Key management personnel ("KMP") are those persons or corporate entities who have authority and responsibility for planning, directing and controlling the activities of the Fund. The Responsible Entity is responsible for managing the activities of the Fund and considered to be a KMP. The Fund does not employ personnel in its own right.

#### i) Directors

The Directors of MAM are considered to be KMP. Unless otherwise stated, the Directors during the year and up to the date of this report were:

Name	Directorship	Appointed
Brett Cairns	Executive Chairman	22 January 2007
Hamish Douglass	CEO and Chief Investment Officer	21 November 2006
John Eales	Non-Executive Director	1 July 2017
Robert Fraser	Non-Executive Director and Senior Independent Director	23 April 2014
Paul Lewis	Non-Executive Director	20 December 2006
Hamish McLennan	Non-Executive Director	1 March 2016
Karen Phin	Non-Executive Director	23 April 2014

# MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

## Notes to the Financial Statements

for the year ended 30 June 2017

### 9. Related Parties (continued)

#### b) Key Management Personnel (continued)

##### ii) Other Key Management Personnel

In addition to the Directors, the following employees of MAM also had authority for the strategic direction and management of the Fund, directly or indirectly, during the year:

Name	Position	Employer
Frank Casarotti	General Manager – Distribution	MAM
Gerald Stack	Head of Investments	MAM
Kirsten Morton	Chief Financial Officer	MAM
Marcia Venegas <sup>(A)</sup>	Head of Risk, Compliance and Legal	MAM
Craig Wright <sup>(A)</sup>	Head of Governance & Advisory	MAM
Nerida Campbell	Chief Operating Officer (ceased 1 February 2017)	MAM

<sup>(A)</sup> Ms Marcia Venegas and Mr Craig Wright were not KMPs for the year ended 30 June 2016.

#### Remuneration of KMP

The KMP are not compensated by the Fund and no payments made by the Fund to MAM include any amounts directly attributable to the compensation of KMP.

AASB 124 *Related Party Disclosures* requires compensation provided by the Responsible Entity on behalf of the Fund to be disclosed. A portion of the compensation paid by MAM to each KMP relates to managing the affairs of the Fund, however MAM has not made any determination as to what proportion of the KMPs compensation relates to the Fund. MAM compensated the KMP the following amounts during the year:

	30 June 2017	30 June 2016 <sup>(A)</sup>
	\$	\$
Short-term benefits		
- salary	6,333,330	4,228,847
- cash bonus	3,461,121	3,992,887
Post-employment benefits	161,768	125,970
Long-term benefits	284,346	50,804
Termination benefits	432,597	-
Other benefits	124,178	116,980
<b>Total remuneration paid to KMP</b>	<b>10,797,340</b>	<b>8,515,488</b>

<sup>(A)</sup> Ms Marcia Venegas and Mr Craig Wright were not KMPs for the year ended 30 June 2016.

#### c) Responsible Entity Fees

Compensation is paid to the Responsible Entity in the form of fees as follows:

##### i) Management Fees

The Responsible Entity is entitled to receive management fees from the Fund. The Fund pays a management fee to the Responsible Entity for managing the assets of the Fund and overseeing the operations of the Fund. The management fee is 1.25% per annum of the value of the Fund, calculated daily. It also pays an administration fee of 0.10% per annum to the Responsible Entity from which the operating expenses of the Fund, such as audit and tax compliance fees, distribution costs, investor reporting, custody and fund administration costs, are paid. Management fees are calculated daily based on the net asset value (before fees) of the Fund on that day and are payable at the end of the month. Management and administration fees are collectively referred to as management fees in these financial statements.

The management fees paid/payable by the Fund during the year are net of any applicable reduced input tax credits. Refer to note 1 g) for further details.

# MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

## Notes to the Financial Statements

for the year ended 30 June 2017

### 9. Related Parties (continued)

#### c) Responsible Entity fees (continued)

##### ii) Performance Fees

Performance fees are calculated on six monthly calculation periods ending on 30 June and 31 December of each year. The Responsible Entity's entitlement to a performance fee is dependent on the Fund exceeding both index relative and absolute return hurdles over a given calculation period, as well as exceeding the applicable high watermark and an overall cap. Performance fees crystallise at the end of a calculation period. Further details of the performance fees can be found in the Fund's Product Disclosure Statement which is available at [www.magellangroup.com.au](http://www.magellangroup.com.au).

The management, administration and performance fees paid/payable by the Fund during the year are set out below:

	30 June 2017		30 June 2016 (A)	
	% pa	\$	% pa	\$
Management fee	1.25	521,146	1.14	243,495
Administration fee	0.10	41,692	0.09	19,480
Total management and administration fees	1.35	562,838	1.23	262,975
Performance fee		120,319		-
<b>Total fees expensed per Statement of Profit or Loss and Other Comprehensive Income</b>		683,156		262,975
<b>Total fees payable per the Statement of Financial Position</b>		176,752		33,392

(A) The Fund was registered on 14 July 2015 and commenced trading on 10 August 2015. The comparative represents the Fund's first reporting period covers 14 July 2015 to 30 June 2016.

#### d) Transactions with Related Parties

The following transactions occurred with related parties:

For the year ended 30 June		Units acquired during the year	Units redeemed during the year	Units held at end of year		Distribution paid or payable
		Number	Number	Number		\$
Magellan Financial Group Limited	2017	124,621	-	6,124,621	45.3	306,231
	2016	6,000,000	-	6,000,000	48.2	300,000
<b>Directors</b>						
Brett Cairns	2017	-	-	10,000	0.1	500
	2016	10,000	-	10,000	0.1	500
Hamish Douglass	2017	10,385	-	510,385	3.8	25,519
	2016	500,000	-	500,000	4.0	25,000

Transactions between the Fund and related parties are subject to the same terms and conditions as those entered into by other unitholders. Unless specified above, no other KMP held units in the Fund.



## Notes to the Financial Statements

for the year ended 30 June 2017

### 10. Capital and Financial Risk Management

#### a) Financial Risk Management

The Fund's investment portfolio primarily comprises listed equity investments. 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 current Product Disclosure Statement, issued 7 July 2016 and the Constitution). The Fund's investing activities expose it to various types of risks; market risks, credit risk and liquidity risk.

Financial risk management is carried out under policies approved by the Responsible Entity. The risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

The following disclosures in relation to the various risks of the Fund's portfolio have been based on the Fund's direct holdings.

#### b) Concentration Risk

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. The Fund holds a concentrated portfolio of investments, and the returns of the Fund may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in the Fund's unit price, and also increases the risk of poor performance.

The Fund's concentration risk is managed in accordance with the Portfolio Risk Controls for the Fund, which are approved by the Investment Committee.

#### c) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, foreign exchange rates, and interest rates.

#### Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. The size and diversification of the portfolio is sufficient to ensure the Fund's returns are not overly correlated to a single company, industry specific or macroeconomic risk but the returns of the portfolio are not expected to be perfectly correlated to any market or sector index. If equity markets as a whole rise or fall by 5%, the return of the Fund may increase or decrease by different amounts.

An increase of 5% in the market prices of each of the Fund's equity security investments held at the end of the year would have increased the net assets attributable to unitholders and the net operating profit, as follows:

	30 June 2017 \$'000	30 June 2016 \$'000
Impact on the net assets attributable to unitholders and net operating profit	2,267	1,241

A decrease of 5% in the market prices of each of the Fund's equity security investments would have had an equal but opposite effect on the net assets attributable to unitholders and net operating profit.

#### Currency Risk

Currency risk is the risk that the fair value of financial assets and liabilities will fluctuate due to changes in foreign exchange rates. Assets and liabilities that the Fund may typically own and that can be affected by foreign exchange rate fluctuations include equities listed on foreign exchanges, cash, forward foreign currency contracts, outstanding broker settlements, and outstanding receipts of income from foreign companies.

The Fund invests in financial assets denominated in currencies other than the Australian dollar, and is therefore exposed to the risk that the movement in the foreign exchange rates will cause fluctuations in profit or loss. The Fund uses forward foreign currency contracts to mitigate this risk by hedging the underlying exposure to financial assets denominated in currencies other than the Australian dollar.



# MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

## Notes to the Financial Statements

for the year ended 30 June 2017

### 10. Capital and Financial Risk Management

#### c) Market Risk (continued)

##### Currency Risk (continued)

Due to daily changes in the fair value of underlying assets, the face value of hedging contracts will not always completely eliminate currency exposure. The appropriateness of the amounts hedged is monitored daily and adjusted if the total net exposure of the Fund to any individual foreign currency is greater than 5% of the net assets of the Fund.

The Fund's total net exposure to fluctuations in foreign currency exchange rates at the Statement of Financial Position date is:

	30 June 2017 \$'000	30 June 2016 \$'000
US Dollars	(295)	133
Euro	(68)	70
British Pounds	93	(79)
Swiss francs	(24)	54

The changes in net assets attributable to unitholders and profit or loss that would arise from a 5% increase or decrease in the Australian Dollar relative to each currency to which the Fund is exposed (based on assets and liabilities), at 30 June are as follows:

	30 June 2017		30 June 2016	
	5% increase A\$'000	5% decrease A\$'000	5% increase A\$'000	5% decrease A\$'000
US Dollars	20	(22)	(4)	5
Euro	4	(4)	(3)	3
British Pounds	(4)	4	4	(5)
Swiss francs	1	(2)	(2)	2

##### Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Funds' exposure to interest rate risk relates to cash balances.

The primary exposure to interest rates arises on cash balances held by the Fund, which are all held in floating interest rate accounts. Based on the Australian dollar cash balances and US dollar cash balances held by the Fund at 30 June, an increase of 10 basis points in floating interest rates, assuming all other variables remain constant, would increase the annual interest income earned by the Fund as follows:

	30 June 2017 \$'000	30 June 2016 \$'000
Australian dollar cash balances	8	5
US dollars cash balances	-	-

A decrease of 10 basis points in floating interest rates would have an equal but opposite effect on interest income earned. The level of cash held by the Fund may vary from time to time, depending on the level of recent capital flows into and out of the Fund, and on the Responsible Entity's judgement. The cash balances held by the Fund as at 30 June 2017 may therefore not be typical of the amounts of cash generally held by the Fund.

The Fund does not hold significant cash balances exposed to interest rates in other currencies and does not have any borrowings or other financial liabilities or assets with direct exposure to changes in interest rates.

# Notes to the Financial Statements

## for the year ended 30 June 2017

**10. Capital and Financial Risk Management (continued)****c) Market Risk (continued)****Market Making Risk**

The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of MHG units. At the end of each Business Day, the Responsible Entity, on behalf of the Fund, may create or cancel units by applying for or redeeming its net position in units bought or sold on the ASX. The Responsible Entity has appointed an independent market participant to act as its agent to transact and facilitate settlement on its behalf.

Market making risk comprises:

- i) the risk that the market making agent makes an error in executing the Fund's market making services. If the market making agent does not fulfil its settlement processing obligations in a correct and timely manner, the Fund could suffer a loss; and
- ii) the risk of an error in the execution of market making activities, or in the price at which units are transacted on the ASX. As many overseas stock exchange markets in which the Fund invests are closed during the ASX trading day, it is not possible for the Responsible Entity to hedge the Fund's market making activities. This may result in either a cost or a benefit to the Fund.

In order to mitigate this risk, the Responsible Entity, on behalf of the Fund, has the discretion to increase the spread at which it makes a market and also has the right to cease making a market subject to its obligations under the AQUA Rules and ASX Operating Rules.

**d) Liquidity Risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities on the due date or will be forced to sell financial assets at a value which is less than they are worth.

This risk is managed by the Fund maintaining sufficient cash and cash equivalents to meet its normal operating requirements and primarily holds investments that are traded in an active market and can be readily disposed. The majority of the Fund's listed securities are considered readily realisable as they are listed on Stock Exchanges around the world.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to suspend capital withdrawals from the Fund for up to 28 days if it is impracticable for the Responsible Entity or if the Responsible Entity is unable to calculate the net asset value of the Fund, the withdrawal request would reasonably require the Responsible Entity to sell 5% or more (by value of the net assets of the Fund), the payment of withdrawals would disadvantage remaining unitholders by imposing a disproportionate share of capital gains tax liabilities, or if the Responsible Entity reasonably considers it to be in the interests of remaining unitholders of the Fund.

The Fund had an obligation to settle payables with cash and cash equivalents as set out in the table below:

	<b>30 June 2017 \$'000</b>	<b>30 June 2016 \$'000</b>
Cash and cash equivalents	8,228	4,850
<b>Liabilities</b>		
Payables	177	33
Distribution payable	975	622

**Maturities of Financial Liabilities**

At 30 June 2017, the Fund's financial liabilities comprised payables which mature in 0 to 30 days (refer to note 6) (June 2016: 0 to 30 days).

## Notes to the Financial Statements

### for the year ended 30 June 2017

#### 10. Capital and Financial Risk Management (continued)

##### e) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets and liabilities when valued at fair value.

The Fund minimises concentrations of credit risk by undertaking transactions with numerous reputable brokers, and by ensuring cash balances are held with and managed by counterparties that are reputable financial intermediaries with acceptable credit ratings determined by a recognised rating agency. In addition, the credit rating and financial positions of the brokers used by the Fund are regularly monitored to mitigate this risk further. Credit risk relating to outstanding settlements is considered small due to the short settlement period involved.

The Fund uses derivative financial instruments for currency hedging purposes. Derivatives are not used to gear (leverage) the portfolio. The Fund may have credit risk arising from forward foreign currency positions if the market value of those positions is positive. At 30 June 2017, the market value of the forward foreign currency contracts was \$1,259,000 (June 2016: \$420,000).

The Responsible Entity has appointed The Northern Trust Company (NT) as the custodian of the Fund. In acting as custodian, NT is required to comply with the relevant provisions of the *Corporations Act 2001*, applicable ASIC regulatory guides and class orders relating to registered managed investment scheme property arrangements with custodians.

The credit quality of NT's senior debt is rated, as at 30 June 2017, by Standard and Poor's as A+ and by Moody's as A2 (A+ and A2 respectively at 30 June 2016). At 30 June 2017, the Fund's maximum exposure to credit risk is the carrying value of the financial assets recognised in the Statement of Financial Position.

##### Ageing Analysis of Receivables

At 30 June 2017, excluding recoverable GST and foreign withholding tax, the Fund's receivables were due within 0 to 30 days (refer to note 4) (June 2016: 0 to 30 days). Recoverable GST is due within 30 to 90 days (June 2016: 30 to 90 days). Foreign withholding tax is due within 2 to 5 years dependent on the jurisdiction (June 2016: 2 to 5 years). No amounts are impaired or past due at 30 June 2017.

##### f) Fair Value Disclosures

The Fund classifies the fair value measurements of financial assets and financial liabilities using the three level fair value hierarchy set out below to reflect the source of valuation inputs used when determining the fair value:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these securities is based on the closing bid 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; and
- Level 3: valuation techniques using non-market observable inputs.

The following table presents the fair value measurement hierarchy of the Fund's financial assets:

	30 June 2017 \$'000	30 June 2016 \$'000
<b>Assets measured at fair value</b>		
Level 1: Investments - valued using quoted price <sup>(A)</sup>	45,341	24,390
Level 2: Forward foreign currency contracts	1,259	420
<b>Total financial assets</b>	<b>46,600</b>	<b>24,810</b>

<sup>(A)</sup> All Australian and international equity securities held by the Fund are level 1 assets.

The Fund does not hold any level 3 assets. There have been no transfers between any of the three levels in the hierarchy during the year and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of each reporting period.

# Notes to the Financial Statements

for the year ended 30 June 2017

## 10. Capital and Financial Risk Management (continued)

### g) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented net in the Statements of Financial Position where the Fund currently has a legally enforceable right to offset the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Derivative assets and liabilities that are subject to legally enforceable master netting agreements, such as an International Swaps and Derivatives Association (ISDA) master netting agreements. Foreign currency contracts are contracted individually with the intention to settle the forward asset or liability simultaneously if required.

The following table presents the Fund's gross and net positions of derivative assets and liabilities that have been offset:

	Gross amounts of financial assets/ liabilities \$'000	Gross amounts offset in the Statement of Financial Position \$'000	Net amount of financial assets presented in the Statement of Financial \$'000
<b>30 June 2017</b>			
<b>Financial assets</b>			
Foreign currency contracts	1,260	(1)	1,259
<b>Total</b>	1,260	(1)	1,259
<b>Financial liabilities</b>			
Foreign currency contracts	(1)	1	-
<b>Total</b>	(1)	1	-
<b>30 June 2016</b>			
<b>Financial assets</b>			
Foreign currency contracts	420	-	420
<b>Total</b>	420	-	420
<b>Financial liabilities</b>			
Foreign currency contracts	-	-	-
<b>Total</b>	-	-	-

## 11. Segment Information

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, Australia. The Fund continues to have foreign exposures as it invests in companies which operate internationally.

## MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

# Notes to the Financial Statements

for the year ended 30 June 2017

### 12. Auditor's Remuneration

During the year, the following amounts were paid or payable by the Responsible Entity on behalf of the Fund for services provided by the auditor of the Fund, Ernst & Young:

	30 June 2017 \$	30 June 2016 \$
<b>Audit services</b>		
Statutory audit and review of financial report	27,400	37,500
Other audit services	2,000	3,000
Total remuneration for audit services	29,400	40,500
<b>Non-audit services</b>		
Tax compliance services	6,500	10,500
Total remuneration for non-audit services	6,500	10,500
<b>Total auditor's remuneration</b>	<b>35,900</b>	<b>51,000</b>

### 13. Contingent Assets, Contingent Liabilities and Commitments

The Fund has no contingent assets, contingent liabilities or commitments at 30 June 2017 (June 2016: nil).

### 14. Events Subsequent to the End of the Year

In the latest release to the ASX on 7 August 2017, the Fund reported a net asset value per unit of \$2.8015 and 19,374,807 units on issue as at 31 July 2017.

Other than the above and the payment of the distribution for the year ended 30 June 2017 (refer to note 2), there have been no matters or circumstances arising after the end of the year that have significantly affected, or may significantly affect, the Fund's operations in future financial years, the results of its operations, or the Fund's state of affairs in future financial years. Asset prices move daily and daily unit prices are available on the Magellan Financial Group Limited website, [www.magellangroup.com.au](http://www.magellangroup.com.au) and also the ASX website.

# Directors' Declaration

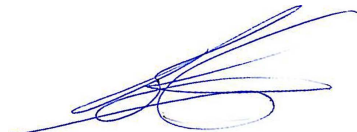
for the year ended 30 June 2017

In the opinion of the Directors,

- a) the financial statements and notes of Magellan Global Equities Fund (Currency Hedged) (the Fund) as set out on pages 9 to 29 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 30 June 2017 and of its performance as represented by the results of its operations and cash flows for the year ended on that date; and
  - ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- 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; and
- c) note 1 a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2017.

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



**Brett Cairns**  
Executive Chairman

1 September 2017

## INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Magellan Global Equities Fund (Currency Hedged)

### Report on the Audit of the Financial Report Opinion

We have audited the financial report of Magellan Global Equities Fund (Currency Hedged) (the Scheme), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Magellan Global Equities Fund (Currency Hedged) is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Scheme's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Scheme in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## 1. Investment existence and valuation

Why significant	How our audit addressed the key audit matter
<p>As a listed managed investment scheme, the Scheme has a significant investment portfolio consisting primarily of listed equities, foreign currency forward contracts and cash accounts. As at 30 June 2017, the value of the listed equities, per Note 5 to the financial report was \$45,341,000 which equates to 82% of the total assets held by the Scheme.</p> <p>As detailed in the Scheme's accounting policy, as described in Note 1j) to the financial report, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standard - AASB 139: Financial Instruments: Recognition and Measurement (AASB 139).</p> <p>Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report, therefore valuation of the investment portfolio is considered a key area of focus.</p>	<p>We assessed the design and operating effectiveness of the relevant controls in place around the recognition and valuation of investments, through assessment of the audited internal controls report prepared under ASAE 3402 Assurance Reports on Controls at a Service Organisation, of the Scheme's administrator. We relied on these controls to gain assurance over the recognition and valuation of the investment balances.</p> <p>We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2017.</p> <p>We checked the valuation of all positions in the investment portfolio held at 30 June 2017. To validate the fair value in accordance with AASB 13: Fair Value Measurement (AASB 13), we agreed the listed securities to independent pricing sources.</p> <p>We assessed the adequacy of the disclosures in Note 10 to the financial report in accordance with the requirements of AASB 139, AASB 7: Financial Instruments Disclosures and AASB 13.</p>

## 2. Management and performance Fees

Why significant	How our audit addressed the key audit matter
<p>Management and performance fees, paid to the investment manager, Magellan Asset Management Limited, are the most significant expense for the Scheme.</p> <p>The Scheme's accounting policy for management and performance fees is described in Note 1d) and Note 9c) to the financial report. All expenses are recognised on an accruals basis, with performance fees recognised in the financial report if the performance hurdles for the Scheme have been met at the end of the relevant measurement period, which is the date that the criteria have been met and the liability has been crystallised.</p> <p>As at 30 June 2017, management and performance fees totalled \$683,000 which equates to 86% of total expenses. Of this amount,</p>	<p>We assessed the design and operating effectiveness of the relevant controls in place in relation to the calculation of management and performance fees, through review of the internal controls of the investment manager, Magellan Asset Management Limited.</p> <p>We performed a recalculation of management and performance fees, in accordance with the Product Disclosure Statement and Constitution including assessing the performance fee eligibility criteria and calculations.</p> <p>We assessed the adequacy of the disclosures in Note 9c) to the financial statements.</p>



### Why significant

### How our audit addressed the key audit matter

performance fees (excluding GST recovered) totalled \$120,000 which equates to 15% of total expenses.

The assessment of performance fee arrangements can be complex and judgmental due to uncertainty around future performance.

The quantum of these expenses and the impact that volatility in the market can have on the recognition and payment of performance fees results in this being a key area of audit focus. The disclosure of these amounts is included in Note 9c) to the financial report.

### Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information is the Chairman's Report and the Responsible Entity's report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Report

The Directors of the Scheme are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Scheme or cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young



Rita Da Silva  
Partner

Sydney  
1 September 2017

# MAGELLAN GLOBAL EQUITIES FUND (CURRENCY HEDGED)

## Unitholder Information

As at 29 August 2017

### Distribution of Unitholders

The distribution of unitholders of the Fund as at 29 August 2017 is presented below:

Distribution of holdings	Number of unit holders	Number of units	Percentage of units on issue %
1-1,000	47	16,426	0.08
1,001-5,000	156	484,340	2.48
5,001-10,000	149	1,161,659	5.94
10,001-100,000	231	5,345,075	27.34
100,001 and over	12	12,545,885	64.16
<b>Total</b>	<b>595</b>	<b>19,553,385</b>	<b>100.00</b>
Number of holders with less than a marketable parcel of units	15	490	0.00

### Twenty Largest Unitholders

The names of the 20 largest unitholders in the Fund as at 29 August 2017 are listed below.

Holder name	Number of units	Percentage of units on issue %
Merrill Lynch (Australia) Nominees Pty Limited	6,124,621	31.32
HSBC Custody Nominees (Australia) Limited - A/C 2	3,676,117	18.80
Mr William Andrew McGowan	770,000	3.94
Midas Touch Investments Pty Ltd	510,385	2.61
IOOF Investment Management Limited	356,032	1.82
Invia Custodian Pty Limited	212,000	1.08
Delliner Pty Ltd	210,000	1.07
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	185,999	0.95
Netwealth Investments Ltd	133,554	0.68
Town Inns (Holdings) Pty Ltd	125,000	0.64
HSBC Custody Nominees (Australia) Limited	124,067	0.63
Bond Street Custodians Ltd	118,110	0.60
Dr Robert Gordon Henderson & Mrs Lindy Anne Henderson	93,000	0.48
Grace Spyrou Super Pty Ltd	86,600	0.44
Dr Harry Merkur & Mrs Bronwyn Narelle Merkur	83,682	0.43
RB Chard Super Pty Ltd	83,190	0.43
IOOF Investment Management Limited (IPS Super a/c)	81,735	0.42
National Nominees Ltd	76,966	0.39
IOOF Investment Management Limited (IPS IDPS a/c)	76,959	0.39
BT Portfolio Services Limited	66,986	0.34
<b>Total units held by the 20 largest unitholders</b>	<b>13,195,003</b>	<b>67.48</b>
<b>Total units on issue</b>	<b>19,553,385</b>	<b>100.00</b>

### Units

All issued units carry one vote per unit and the right to distributions.

### Stock Exchange Listing

The Fund's ASX code is "MHG" for its units.

## Corporate Information

### **Directors of the Responsible Entity**

Brett Cairns (Chairman)  
Hamish Douglass  
John Eales  
Robert Fraser  
Paul Lewis  
Hamish McLennan  
Karen Phin

### **Company Secretary of the Responsible Entity**

Geoffrey Stirton

### **Registered Office**

Level 36, 19 Martin Place  
Sydney NSW 2000  
Telephone: +61 2 9235 4888  
Fax: +61 2 9235 4800  
Email: [info@magellangroup.com.au](mailto:info@magellangroup.com.au)

### **Auditor and Tax Adviser**

Ernst & Young  
200 George Street  
Sydney NSW 2000

### **Unit Registrar**

LINK Market Services Limited  
Level 12  
680 George Street NSW 2000  
Telephone: 1300 554 474  
Fax: +61 2 9287 0303  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

### **Securities Exchange Listing**

Australian Securities Exchange  
ASX Code: MHG

### **Website**

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