



INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

MAGELLAN GLOBAL EQUITIES FUND (Managed Fund): ARSN 603 395 302

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MAGELLAN GLOBAL EQUITIES FUND

Chairman's Report for the half year ended 31 December 2017

Dear Unitholders,

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

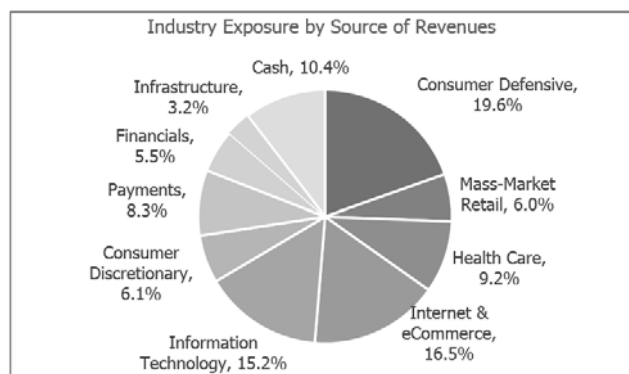
MGE is quoted on the ASX (code: MGE) and commenced trading on 5 March 2015. As at 31 December 2017, MGE had net assets of \$970 million and a net asset value of \$2.9957 per unit.

MGE's portfolio is actively managed by Magellan and mirrors, to all intents and purposes, the unlisted Magellan Global Fund. For the six months to 31 December 2017, the Fund returned 8.1% net of fees. 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, the Fund invests in a portfolio of between 20 and 40 high-quality global equity stocks, as assessed by Magellan, and has the ability to manage equity market risk by holding up to 20% of its net assets in cash. The portfolio is currency unhedged.

We would encourage you to read our Investor Letters and monthly and quarterly Fund Reports which provide valuable insight into our investment strategies and portfolio managers' thoughts. These are released on ASX and can also be found on our website: www.magellangroup.com.au.

As at 31 December 2017, the Fund consisted of investments in 22 companies, with the top 10 investments (listed below) representing 52.7% of the investment portfolio. The Fund's cash position was 10.4% which was predominantly held in US Dollars. The Fund's industry exposure by source of revenues is highlighted below.

Top 10 holdings (as at 31 December 2017)	%
Apple	7.5
Alphabet - class A and class C shares	6.6
Facebook - class A shares	6.1
Lowe's Co	6.1
Visa - class A shares	5.1
Starbucks	4.8
Kraft Heinz	4.4
Microsoft	4.2
Wells Fargo	4.0
HCA Holdings	3.9
Top 10 Total	52.7



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

Brett Cairns
Executive Chairman
27 February 2018

Responsible Entity's Report for the half year ended 31 December 2017

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

1.0 Directors

The following persons were Directors of MAM during the half 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 MGE).

The Fund 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. It can use foreign exchange contracts to facilitate settlement of stock purchases. It is not the Responsible Entity's intention to hedge the foreign currency exposure of the Fund arising from investments in overseas markets.

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 28 September 2017).

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 half year.

1.3 Distribution

No distribution was declared for the half year ended 31 December 2017 (December 2016: nil). A distribution of 5.0 cents per unit, amounting to \$15,199,936 for the year ended 30 June 2017 was paid on 31 July 2017.

Responsible Entity's Report

for the half year ended 31 December 2017

1.4 Review Of Financial Results And Operations

a) Financial Results For The Half Year

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

	31 December 2017	31 December 2016
Results		
Total net investment income (\$'000)	77,129	62,383
Total expenses (\$'000)	7,048	5,068
Net Operating Profit (\$'000)	70,081	57,315
Net Asset Value Per Unit (\$)	2.9957	2.6683

b) Total Indirect Cost Ratio

The Total Indirect Cost Ratio (ICR) is the ratio of the Fund's actual management costs over the average gross assets attributable to unitholders, for the periods presented below, expressed as a percentage. Management costs, accrued within the Fund's unit price 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.

The ICR of the Fund is below:

	6 months to 31 December 2017	6 months to 31 December 2016	12 months to 31 December 2017	12 months to 31 December 2016
Indirect Cost Ratio				
Management fee (%)	0.68	0.68	1.35	1.35
Performance fee (%)	-	-	0.12	-
Total Indirect Cost Ratio (%)	0.68	0.68	1.47	1.35

c) Performance Returns

The performance returns shown in the table below are for the 6 and 12 months ended 31 December 2017 and 31 December 2016 respectively, and have been calculated using the net asset value per unit for the Fund, which is after fees and expenses, assuming reinvestment of distributions at the net asset value. The returns are calculated daily and compounded to produce longer period returns.

	6 months to 31 December 2017	6 months to 31 December 2016	12 months to 31 December 2017	12 months to 31 December 2016
Performance				
Growth return (%) ^(A)	8.1	9.3	12.3	1.8
Distribution return (%) ^(B)	-	-	2.0	2.1
Total Return (%)^(C)	8.1	9.3	14.3	3.9

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

^(B) The Distribution return is calculated as a percentage by subtracting the Growth return from the Total Return.

^(C) The Total Return is calculated daily as a percentage by dividing the net asset value per unit (cum-distribution) by the previous day's net asset value per unit (ex-distribution) minus 1; the daily Total Returns are then compounded to produce longer period returns.

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.

Responsible Entity's Report

for the half year ended 31 December 2017

1.4 Review Of Financial Results And Operations (continued)

d) 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 monthly fund updates, quarterly portfolio disclosure and annual investor reports which can be found in the Funds section of the Magellan Financial Group Limited website, 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 4 a) to the financial statements.

As at 31 December 2017, the net assets attributable to unitholders of the Fund are \$970,036,000 (June 2017: \$846,528,000).

1.6 Likely Developments And Expected Results Of Operations

On 5 May 2016, the Attribution Managed Investment Trust ('AMIT') regime, applying to Managed Investment Trusts ('MITs') was introduced under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Fund intends to elect into the AMIT regime from the financial year commencing 1 July 2017 and a notice has been published on the website www.magellangroup.com.au to notify unitholders of the proposed amendments to the Fund's Constitution to effect the election. The Fund's operations are not expected to be affected by operating under the AMIT regime.

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 Half Year

In the latest release to the ASX on 2 February 2018, the Fund reported a net asset value per unit of \$3.0503 and 328,646,089 units on issue as at 31 January 2018.

Other than the above there have been no matters or circumstances arising after the end of the half 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 and also the ASX website.

1.8 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.

MAGELLAN GLOBAL EQUITIES FUND


Responsible Entity's Report

for the half year ended 31 December 2017

1.9 Auditor

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.



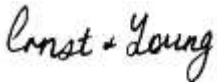
Brett Cairns
Executive Chairman

Sydney,
27 February 2018

Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as the Responsible Entity of Magellan Global Equities Fund

As lead auditor for the review of Magellan Global Equities Fund for the half-year ended 31 December 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Rita Da Silva
Partner
27 February 2018

MAGELLAN GLOBAL EQUITIES FUND

Statement Of Profit Or Loss And Other Comprehensive Income

for the half year ended 31 December 2017

	Note	31 December 2017 \$'000	31 December 2016 \$'000
Investment Income			
Dividend and distribution income		5,302	4,214
Interest income		390	30
Net change in fair value of investments			
- designated at fair value through profit or loss		74,711	54,819
Net foreign exchange gain/(loss) on foreign currency cash and settlements		(3,274)	3,320
Total Net Investment Income		77,129	62,383
Expenses			
Management and administration fees		6,220	4,397
Performance fees		-	1
Brokerage costs		37	38
Settlement processing fees		63	59
Withholding tax on dividends		728	573
Total Expenses		7,048	5,068
Net Operating Profit		70,081	57,315
Finance Costs Attributable To Unitholders			
Distributions to unitholders		-	-
(Increase)/decrease in net assets attributable to unitholders	4 b)	(70,081)	(57,315)
Profit/(Loss) For The Half Year		-	-
Other comprehensive income for the half year		-	-
Total Comprehensive Income For The Half Year		-	-

Earnings per unit for the half year ended 31 December 2017 is \$nil (December 2016: \$nil). The Fund has nil equity as the units issued by the Fund are classified as financial liabilities.

The above Statement Of Profit Or Loss And Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN GLOBAL EQUITIES FUND

Statement Of Financial Position

as at 31 December 2017

	Note	31 December 2017 \$'000	30 June 2017 \$'000
Assets			
Cash and cash equivalents		100,659	128,682
Receivables		1,771	16,607
Investments	3 a)	870,353	721,490
Total Assets		972,783	866,779
Liabilities			
Financial liabilities held at fair value through profit or loss	3 b)	1	-
Distribution payable		-	15,200
Payables		2,746	5,051
Total Liabilities (Excluding Net Assets Attributable To Unitholders)		2,747	20,251
Net Assets Attributable To Unitholders	4 b)	970,036	846,528

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

MAGELLAN GLOBAL EQUITIES FUND

Statement Of Changes In Equity

for the half year ended 31 December 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 half 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

Statement Of Cash Flows

for the half year ended 31 December 2017

	31 December 2017 \$'000	31 December 2016 \$'000
Cash Flows From Operating Activities		
Dividends and distributions received	5,313	4,150
Interest received	342	32
Management and performance fees paid	(7,022)	(4,216)
Settlement processing fees paid	(63)	(59)
Withholding tax paid	(728)	(573)
Other expenses paid	(72)	(32)
Net Cash Inflows/(Outflows) From Operating Activities	(2,230)	(698)
Cash Flows From Investing Activities		
Purchase of investments	(210,067)	(183,827)
Proceeds from sale of investments	145,747	84,619
Net foreign exchange gains/(losses)	(4,816)	(182)
Net Cash Inflows/(Outflows) From Investing Activities	(69,136)	(99,390)
Cash Flows From Financing Activities		
Receipts from issue of units	105,633	130,636
Payments for redemption of units	(49,017)	(14,256)
Distributions paid	(14,520)	(11,138)
Net Cash Inflows/(Outflows) From Financing Activities	42,096	105,242
Net Increase/(Decrease) In Cash And Cash Equivalents	(29,270)	5,154
Cash and cash equivalents at the beginning of the half year	128,682	90,670
Effect of exchange rate fluctuations on cash and cash equivalents	1,247	3,736
Cash And Cash Equivalents At The End Of The Half Year	100,659	99,560

The above Statement Of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

Notes To The Financial Statements for the half year ended 31 December 2017

1. Summary Of Significant Accounting Policies

Magellan Global Equities Fund ("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 24 December 2014 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 5 March 2015. The Fund terminates on the day immediately preceding the 80th 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.

This interim financial report was authorised for issue by the Directors of the Responsible Entity on 27 February 2018. 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 interim financial report is a general purpose financial report and has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, other mandatory professional reporting requirements and the Fund's Constitution. It is presented in Australian Dollars.

The Fund is a for-profit unit trust for the purpose of preparing the interim 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 interim financial report does not include all the information and disclosures normally included in the Fund's annual financial report. Accordingly, this report should be read in conjunction with the Fund's 30 June 2017 Annual Report and any public announcements made during the half year.

Changes In Accounting Policy, Accounting Standards And Interpretations

i) New And Amended Standards And Interpretations

The accounting policies 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 2017. 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 mandatory for the 31 December 2017 interim reporting period have not been adopted by the Fund in the preparation of this interim 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 the 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, and financial assets will only 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.

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.

Notes To The Financial Statements for the half year ended 31 December 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)**

At 31 December 2017, no material financial impact is expected on adoption of AASB 9 as the Fund currently classifies financial assets and financial liabilities at fair value or amortised cost. The classification of these is not expected to change upon adoption of AASB 9. The Fund does not apply hedge accounting.

- **AASB 15: Revenue From Contracts With Customers (effective 1 July 2018) (AASB 15)**

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 and does not expect any material change to the timing or manner of recognition of the Fund's key revenues 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 on the Fund's financial statements in future reporting periods.

b) 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.

c) 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 3 c)). 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. Distributions To Unitholders

No distribution was declared for the half year ended 31 December 2017 (December 2016: nil).

A distribution of 5.0 cents per unit, amounting to \$15,199,936 for the year ended 30 June 2017 was paid on 31 July 2017.

MAGELLAN GLOBAL EQUITIES FUND

Notes To The Financial Statements

for the half year ended 31 December 2017

3. Investments

	31 December 2017 \$'000	30 June 2017 \$'000
a) Financial Assets Designated At Fair Value Through Profit Or Loss		
International listed equity securities		
- United States	745,269	595,701
- Switzerland	66,354	59,606
- United Kingdom	39,603	40,792
- France	19,127	25,382
Total Equity Securities	870,353	721,481
Financial Assets Held For Trading		
Foreign currency contracts	-	9
Total Financial Assets Held For Trading	-	9
Total Investments	870,353	721,490
b) Financial Liabilities Held For Trading		
Foreign currency contracts	1	-
Total Financial Liabilities Held For Trading	1	-
Total Financial Liabilities Held At Fair Value Through Profit Or Loss	1	-

MAGELLAN GLOBAL EQUITIES FUND

Notes To The Financial Statements

for the half year ended 31 December 2017

3. Investments (continued)

The equity securities by domicile of primary stock exchange listing held by the Fund are:

Company Name	Domicile Of Principal Exchange Listing	31 December 2017 \$'000	30 June 2017 \$'000
Apple	United States	73,318	61,512
Facebook - class A shares	United States	59,715	41,913
Lowe's	United States	58,866	38,533
Alphabet - class C shares	United States	56,421	43,371
Visa - class A shares	United States	49,350	43,114
Starbucks	United States	46,294	28,614
Kraft Heinz	United States	42,695	-
Microsoft	United States	40,601	38,328
Wells Fargo	United States	39,196	34,683
HCA Healthcare	United States	37,454	22,586
eBay	United States	36,224	33,501
Nestle	Switzerland	34,088	33,316
Yum! Brands	United States	33,833	29,578
Oracle	United States	33,543	34,470
MasterCard	United States	33,352	25,721
McDonald's	United States	33,144	33,456
Costco Wholesale	United States	32,625	18,324
Novartis	Switzerland	32,266	26,290
Crown Castle International	United States	31,021	-
Tesco	United Kingdom	25,471	19,162
Sanofi	France	19,127	25,382
Lloyds Banking Group	United Kingdom	14,132	21,630
Alphabet - class A shares	United States	7,617	6,531
Paypal ^(A)	United States	-	32,985
CVS Health ^(A)	United States	-	28,481
Total Equity Securities		870,353	721,481

^(A) These investments are no longer held by the Fund at 31 December 2017.

MAGELLAN GLOBAL EQUITIES FUND

Notes To The Financial Statements

for the half year ended 31 December 2017

3. Investments (continued)

c) 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 and financial liabilities:

	31 December 2017 \$'000	30 June 2017 \$'000
Assets Measured At Fair Value		
Level 1: Investments - valued using quoted price ^(A)	870,353	721,481
Level 2: foreign currency contracts	-	9
Total	870,353	721,490
Liabilities Measured At Fair Value		
Level 2: foreign currency contracts	1	-
Total	1	721,490

^(A) All 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 half 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 half year ended 31 December 2017

4. Net Assets Attributable To Unitholders

	31 December 2017 (A)	30 June 2017 (B)
	No. of units '000	No. of units '000
a) Units On Issue		
Units on issue as at beginning of the period	305,547	224,004
Units issued during the period	35,976	90,483
Units issued under distribution reinvestment plan during the period	-	246
Units redeemed during the period	(17,796)	(9,186)
Units On Issue At The End Of The Period	323,727	305,547

(A) The period to 31 December 2017 is for 6 months from 1 July 2017 to 31 December 2017.

(B) The period to 30 June 2017 is for 12 months from 1 July 2016 to 30 June 2017.

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.

	31 December 2017 (A)	30 June 2017 (B)
	\$'000	\$'000
b) Changes In Net Assets Attributable To Unitholders		
Opening balance	846,528	546,681
Applications	102,442	238,884
Reinvestment of distributions	-	680
Redemptions	(49,015)	(23,685)
Increase/(decrease) in net assets attributable to unitholders	70,081	83,968
Closing Balance	970,036	846,528

(A) The period to 31 December 2017 is for 6 months from 1 July 2017 to 31 December 2017.

(B) The period to 30 June 2017 is for 12 months from 1 July 2016 to 30 June 2017.

Notes To The Financial Statements

for the half year ended 31 December 2017

5. Contingent Assets, Contingent Liabilities And Commitments

The Fund has no contingent assets, contingent liabilities or commitments at 31 December 2017 (June 2017: nil).

6. Events Subsequent To The End Of The Half Year

In the latest release to the ASX on 2 February 2018, the Fund reported a net asset value per unit of \$3.0503 and 328,646,089 units on issue as at 31 January 2018.

Other than the above there have been no matters or circumstances arising after the end of the half 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 and also the ASX website.

Directors' Declaration

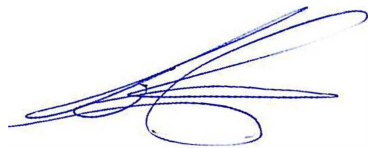
for the half year ended 31 December 2017

In the opinion of the Directors,

- a) the financial statements and notes of Magellan Global Equities Fund as set out on pages 9 to 19 are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the financial position of the Fund as at 31 December 2017 and of its performance as represented by the results of its operations and cash flows for the half year ended on that date; and
 - ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Chief Executive Officer and Chief Financial Officer which mirror section 295A of the *Corporations Act 2001* and are recommended by the ASX Corporate Governance Principles and Recommendations.

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



Brett Cairns
Executive Chairman

27 February 2018

Independent Auditor's Review Report to the Unitholders of Magellan Global Equities Fund

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Magellan Global Equities Fund (the "Fund"), which comprises the statement of financial position as at 31 December 2017, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Fund's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

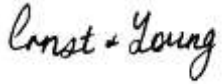
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Ernst & Young



Rita Da Silva
Partner
Sydney
27 February 2018

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

Auditor And Tax

Ernst & Young
200 George Street
Sydney NSW 2000

Unit Registrar

LINK Market Services Limited
Level 12
680 George Street NSW 2000
Telephone: 1800 206 847
Fax: +61 2 9287 0303
Email: magellan@linkmarketservices.com.au

Securities Exchange Listing

Australian Securities Exchange
ASX Code: MGE

Website

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