

# Magellan Global Fund (Closed Class)



TICKER: MGF | ARSN: 126 366 961

AS AT 31 JULY 2023

## PORTFOLIO MANAGERS

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### INVESTMENT PHILOSOPHY

To invest in outstanding companies at attractive prices, while exercising a deep understanding of the macroeconomic environment to manage investment risk.

### OBJECTIVES

To achieve attractive risk-adjusted returns over the medium to long term; while reducing the risk of permanent capital loss.

Aims to deliver 9% p.a. net of fees over the economic cycle.

### PORTFOLIO CONSTRUCTION

A relatively concentrated portfolio of 20-40 high quality securities constructed with strict risk discipline and macroeconomic insight seeking to achieve strong risk-adjusted, not benchmark-relative returns.

Typical cash and cash equivalents exposure between 0 - 20%.

## MAGELLAN GLOBAL FUND (CLOSED CLASS): KEY PORTFOLIO INFORMATION

| TICKER | FUND SIZE             | NAV PER UNIT      | MANAGEMENT AND PERFORMANCE FEES <sup>1</sup>                                    | INCEPTION DATE   |
|--------|-----------------------|-------------------|---|------------------|
| MGF    | AUD \$2,780.7 million | \$1.9319 per unit | 1.35% p.a. and performance fee of 10% of dual hurdle excess return <sup>^</sup> | 30 November 2020 |

<sup>^</sup> 10.0% of the excess return of the Closed Class units of the fund above the higher of the Index Relative Hurdle (MSCI World NTR Index (AUD)) and the Absolute Return Hurdle (the yield of 10-year Australian Government Bonds). Additionally, the Performance Fees are subject to a high water mark.

| CLOSING MARKET PRICE | VALUE OF UNITS BOUGHT BACK SINCE INCEPTION <sup>2</sup> | % UNITS BOUGHT BACK SINCE INCEPTION | DISTRIBUTION YIELD <sup>3</sup> |
|----------------------|---|-------------------------------------|---------------------------------|
| \$1.695 per unit     | \$426.6 million   | 21.3%                               | 4.5%                            |

## PERFORMANCE<sup>4</sup>

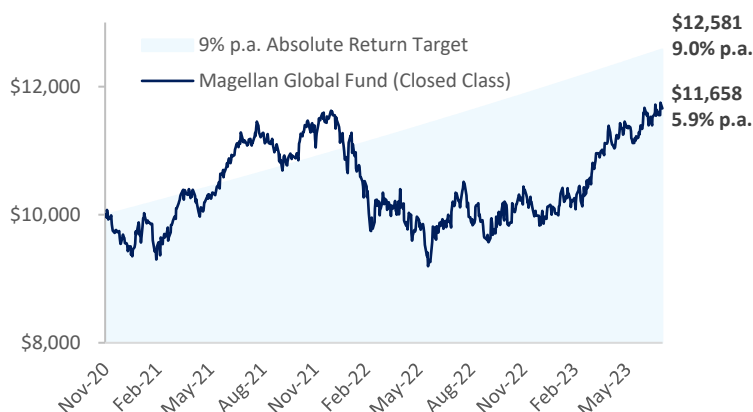
|                             | 1 MONTH (%) | 3 MONTHS (%) | 6 MONTHS (%) | 1 YEAR (%) | 2 YEARS (% p.a.) | Since Inception (% p.a.) |
|-----------------------------|-------------|--------------|--------------|------------|------------------|--------------------------|
| MGF                         | -0.1        | 2.4          | 15.1         | 14.3       | 2.2              | 5.9                      |
| MSCI World NTR Index (AUD)* | 2.1         | 6.4          | 16.2         | 17.5       | 6.0              | 11.9                     |
| Excess                      | -2.2        | -4.0         | -1.1         | -3.2       | -3.8             | -6.0                     |

## CALENDAR YEAR RETURNS

|                             | CYTD (%) | 2022 (%) | 2021 (%) | 2020 (% part year) |
|-----------------------------|----------|----------|----------|--------------------|
| MGF                         | 18.5     | -14.8    | 19.8     | -3.6               |
| MSCI World NTR Index (AUD)* | 19.7     | -12.2    | 29.3     | -0.8               |
| Excess                      | -1.2     | -2.6     | -9.5     | -2.8               |

Past performance is not a reliable indicator of future performance.

## PERFORMANCE CHART GROWTH OF AUD \$10,000<sup>4</sup>



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<sup>1</sup> Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST.

<sup>2</sup> The Fund has been exercising its ability to buy back units on market since 11 January 2021.

<sup>3</sup> Distribution Yield calculated by applying the aggregate distribution per unit paid over 12 months to 31 December 2022 against the closing market price as at 31 December 2022.

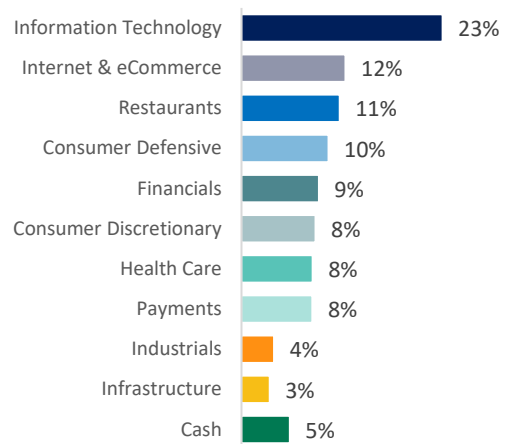
<sup>4</sup> Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.

\*MSCI World Net Total Return Index (AUD). All MSCI data used is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI and its affiliates assume no liability for or in connection with the data. Please see complete disclaimer in [www.magellangroup.com.au/funds/benchmark-information/](http://www.magellangroup.com.au/funds/benchmark-information/)

## TOP 10 HOLDINGS (ALPHABETICAL ORDER)

| STOCK                         | SECTOR <sup>5</sup>    |
|-------------------------------|------------------------|
| Amazon.com Inc                | Internet & eCommerce   |
| Apple Inc                     | Information Technology |
| ASML Holding NV               | Information Technology |
| Intercontinental Exchange Inc | Financials             |
| Intuit Inc                    | Information Technology |
| Lowe's Co Inc                 | Consumer Discretionary |
| LVMH                          | Consumer Discretionary |
| Microsoft Corporation         | Information Technology |
| SAP SE                        | Information Technology |
| Visa Inc                      | Payments               |

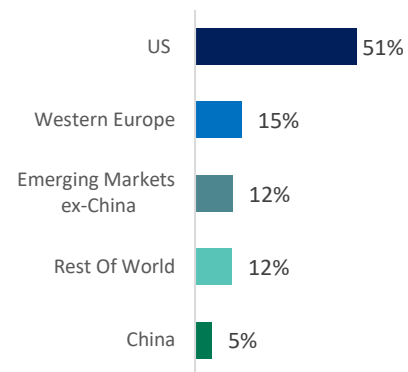
## SECTOR EXPOSURE BY SOURCE OF REVENUE<sup>5</sup>



## TOP CONTRIBUTORS/DETRACTORS 1 YEAR<sup>6</sup>

| TOP 3 CONTRIBUTORS | CONTRIBUTION TO RETURN (%) |
|--------------------|----------------------------|
| SAP SE             | 1.7                        |
| LVMH               | 1.3                        |
| ASML Holding NV    | 1.3                        |
| TOP 3 DETRACTORS   | CONTRIBUTION TO RETURN (%) |
| US Bancorp         | -0.8                       |
| Crown Castle Inc   | -0.6                       |
| Eversource Energy  | -0.3                       |

## GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE<sup>5</sup>



## MONTHLY SUMMARY

The portfolio was flat for the month and up 15.1% for the six months to end July. Chipotle Mexican Grill and HCA Healthcare fell back during July, while Intuit and Alphabet were up over 10% to lead the positive contributions. Alphabet reported reassuring results, pointing to strong investments in Generative AI and cost improvements.

Over the past six months, markets have been strong as economic data shows resilience, inflation decreases, and net zero and Generative AI investments provide new opportunities. The US is central to this strength, while other developed markets are experiencing greater economic pain. The MSCI World Index (USD) is up 11.1%, the Nasdaq up 23.8%, Japan's Nikkei up 21.4%, and China's CSI 300 down 3.4%.

Challenges to the consensus view of a mild or no US recession, while inflation falls sufficiently for central banks to pause rate increases, may come from growth or inflation data. If growth is too good (or inflation data not good enough), investors will worry about inflation reaccelerating and thus renewed rate increases. If growth falls more rapidly or suddenly, inflation concerns will dissipate and rates will likely stay on pause. We do not anticipate rate cuts in 2023 unless a large, disruptive event occurs. These risks are balanced through our portfolio construction process and staying focused on our long-term absolute return objective.

*Index movements and stock contributors/detractors are based in local currency terms unless stated otherwise.*

<sup>5</sup> Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding.

<sup>6</sup> Shows how much the stock has contributed to the fund's gross return for the period in AUD. Excludes non-disclosed positions established in the latest quarter.

## IMPORTANT INFORMATION

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