

# Quarterly Stocks in Focus

## Magellan Global Fund (ARSN: 126 366 961)

AS AT 31 MARCH 2024

**amazon** Amazon.com is a cloud-computing and retail giant that generated almost US\$575 billion in revenue in fiscal 2023. Amazon's AWS segment, which generates the majority of group profit, is the leading global hyperscale cloud platform. The Retail segment, which generates the majority of revenue but around a third of group profit, is a dominant e-commerce platform comprising a commerce marketplace, third-party fulfilment and logistics services, a digital advertising business, and subscription services.

### Brands



**ASML** ASML is the dominant provider of semiconductor lithography machines that are crucial for the manufacture of integrated circuits, also known as chips. Lithography is the most complex and expensive part of the chip manufacturing process. In the area of advanced lithography known as extreme ultraviolet, ASML commands a monopoly position. The company generated over €27 billion of revenue in 2023 and supplies virtually every chip manufacturer in the world.

### Brands



**CHIPOTLE** Chipotle Mexican Grill, Inc., often known simply as Chipotle, is a Mexican fast-casual restaurant chain that specialises in Mexican bowls, burritos and tacos made to order in front of the customer. In fiscal 2023, Chipotle generated US\$9.9 billion in revenue from operating over 3,000 restaurants, primarily in the United States. Over the long term, the company is targeting to grow its North America store base to 7,000 restaurants.

### Brands



**ICE** Intercontinental Exchange, which promotes itself as ICE and generated US\$8 billion in revenue in fiscal 2023, has grown from a small company facilitating trading in US energy derivatives to one of the world's largest exchange groups. It owns 12 global exchanges and six clearing houses, including leading derivatives exchanges servicing the energy, agricultural and financial sectors, as well as the New York Stock Exchange. The company provides essential data to fixed income and other financial markets and is providing technology and infrastructure to digitise the US mortgage market.

### Brands



**INTUIT** Intuit is a leading provider of business management and tax preparation software to small businesses and consumers, generating US\$14.4 billion in revenue in fiscal 2023, of which 92% came from the US. Intuit's QuickBooks Online has nearly 6m small business customers that rely on it to run their business while Intuit's TurboTax helps nearly 50m people file their taxes each year. Intuit is well positioned to benefit from a continuation of small business digitalisation and the shift away from full service accountants.

### Brands



**mastercard** Mastercard is the world's second-largest global payment network, with the total volume of payments across its network reaching US\$7.3 trillion in 2023. Mastercard's product capabilities are similar to those of its bigger competitor, Visa, but it has a smaller presence in the US and a larger exposure to the fast growing Value-Added-Services space. Mastercard's operations span more than 210 countries, 100m merchants and 3.1 billion credentials.

### Brands



**Microsoft** Microsoft is the world's largest software company, with US\$212 billion of sales in fiscal 2023. As well as being a leading provider of business applications, infrastructure software and PC operating systems, Microsoft has established itself as a global leader in cloud computing outside China. Companies around the world are shifting to the cloud and Microsoft is a beneficiary of this major trend. The company also owns consumer franchises in areas like search and gaming.

### Brands



**SAP** SAP is a leading provider of enterprise application software with over €31 billion of revenue generated in 2023. SAP's software is used to run the businesses of over 400,000 customers around the world, including over 90% of the Forbes Global 2000. The company has expanded into cloud software, which contributes nearly half its total software revenue, and this is expected to rise as customers modernise their digital technology.

### Brands



**UNITEDHEALTH GROUP** UnitedHealth Group (UHG) is the leading managed care organisation in the US with key positions in health insurance, healthcare services and pharmacy benefits management, generating US\$372bn in revenue in 2023. UHG's vertically integrated model and its ability to gain unique insights into industry-wide healthcare expenditure places it in good stead to deliver the most efficient and effective healthcare delivery amongst peers and positively address rising US healthcare costs.

### Brands



**VISA** Visa is the largest global payment network – the total volume of payments over Visa's network in 2023 reached US\$12.4 trillion. Across the globe, Visa connects more than 4.1 billion cardholders across more than 200 countries. Connecting to more than 100 million merchant locations and over 15,000 financial institutions. Replicating the breadth of Visa's network is extremely challenging, therefore making the businesses of Visa and its three peers resilient to aspiring competitors. Visa benefits from scale advantages.

### Brands



# MAGELLAN

Magellan Asset Management Limited ('Magellan') are experts in global investing and invest in portfolios of outstanding global companies with the aim to grow and safeguard the wealth of clients. Magellan has a highly experienced team of investment professionals that oversees over A\$37 billion\* in client assets.

\*As at 31 March 2024.

## Why global investing?

A key question for many Australian investors is whether or not they should have the vast majority of their equity investments in Australian shares when 97% of the world's listed companies are found overseas. Having limited exposure to global equities could restrict Australian investors' investment opportunities. Investing in international equities can broaden investment opportunities and may bring diversification.

At Magellan, we invest in a concentrated portfolio of what we consider as the world's best businesses that are positioned to thrive in the years ahead.

## PROTECTING INVESTOR CAPITAL

At Magellan we believe that conservative investors sleep well. All our investments are made in accordance with our investment philosophy, that is, to invest in outstanding businesses that have attractive underlying business economics because they are protected by sustainable long-term competitive advantages, or in Warren Buffett's words, an "economic moat". In our opinion, investing in terrific businesses at appropriate prices is a low-risk investment style and will produce more certain investment returns over time than many other approaches. The core of our investment philosophy is to minimise the risk of a permanent capital loss. We seek to construct our investment portfolio with a meaningful margin of safety and with risk characteristics that we believe should enable the portfolio to have materially less downside in the event of large market corrections.

## Access the world's best companies by investing in one of our global funds

Magellan offers a range of listed and unlisted global equity funds.

Fund Name	Holdings	Cash Level	Distribution	Management Fees & Costs	Performance Fee	Hedging
<b>Magellan Global Fund</b> Open Class (ASX:MGOC) Closed Class (ASX:MGF)	20-40 companies	Typically 0-20% cash level	Target cash yield of 4% per annum paid semi-annually	1.35% p.a Management fee	Performance fee information*	Currency unhedged
<b>Magellan High Conviction Fund</b>	10-20 companies	Typically 0-50% cash level	Target cash yield of 3% per annum paid semi-annually	1.50% p.a (Class A) 0.78% p.a (Class B) Management fee	Performance fee information**	Currency unhedged^
<b>Magellan High Conviction Trust (ASX:MHHT)</b>	10-20 companies	Typically 0-50% cash level	Target cash yield of 3% per annum paid semi-annually	1.50% p.a Management fee	Performance fee information***	Currency unhedged^
<b>Magellan Sustainable Fund (Cboe:MSUF)</b>	20-50 companies	Typically 0-20% cash level	Target cash yield of 4% per annum paid semi-annually	1.35% p.a Management fee	Performance fee information*	Currency unhedged^
<b>Magellan Global Fund (Hedged)</b>	20-40 companies	Typically 0-20% cash level	Target cash yield of 4% per annum paid semi-annually	1.35% p.a Management fee	Performance fee information****	Currency hedged
<b>Magellan Global Equities Fund (Currency Hedged) (ASX:MHG)</b>						

\*10% of the excess return above the higher of the index relative hurdle (MSCI World Net Total Return 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.

\*\*Magellan High Conviction Fund Class A: 10% of the excess return of Class A Units above the Absolute Return hurdle (10% per annum). Magellan High Conviction Fund Class B: 20% of the excess return of Class B Units above the Absolute Return hurdle (10% per annum). The performance fee for Class B Units is subject to a cap of 2.22% per annum. Performance fees are subject to a high-water mark.

\*\*\*Magellan High Conviction Trust: 10% of the excess return of the Trust above the Absolute Return performance hurdle (10% per annum). Additionally, the Performance Fees are subject to a high water mark.

\*\*\*\*10% of the excess return above the higher of the index relative hurdle (MSCI World Net Total Return Index (Hedged to 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.

^From time to time, the Fund/Trust may manage its foreign currency exposures to reduce currency risk of the Fund/Trust.

Transaction costs may also apply - refer to the Product Disclosure Statement. All fees described above are inclusive of the estimated net effect of GST.



[www.magellangroup.com.au](http://www.magellangroup.com.au)



+61 2 9235 4888



[info@magellangroup.com.au](mailto:info@magellangroup.com.au)

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