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Auditor's Independence Declaration to the unitholders of Magellan Global Trust

As lead auditor for the audit of Magellan Global Trust for the period ended 30 June 2018, 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

Rita Da Silva
Partner
31 August 2018

MAGELLAN GLOBAL TRUST

Statement Of Profit Or Loss And Other Comprehensive Income

for the period 11 August 2017 to 30 June 2018

	Note	11 August 2017 to 30 June 2018 (A) \$'000
Investment Income		
Dividend and distribution income		14,078
Interest income		4,035
Net change in fair value of investments		
- held for trading		3,933
- designated at fair value through profit or loss		146,382
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash		27,421
Total Net Investment Income		195,849
Expenses		
Management and administration fees	10 c)	15,990
Performance fee	10 c)	877
Brokerage costs		144
Withholding tax on dividends		2,132
Finance costs		67
Total Expenses		19,210
Profit/(Loss) For The Period		176,639
Other comprehensive income for the period		-
Total Comprehensive Income For The Period		176,639
Basic Earnings Per Unit (cents)	8	16.83
Diluted Earnings Per Unit (cents)	8	16.83

^(A) The Fund was registered on 11 August 2017 and commenced trading on 18 October 2017. The Fund's first reporting period covers 11 August 2017 to 30 June 2018 and as a result there are no prior period comparatives.

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 TRUST

Statement Of Financial Position

as at 30 June 2018

	Note	30 June 2018 (A) \$'000
Assets		
Cash and cash equivalents	3	382,816
Receivables	4	23,382
Investments	5	1,340,350
Total Assets		1,746,548
Liabilities		
Derivative liabilities	5 b)	22,076
Distributions payable	2	31,522
Payables	6	3,161
Total Liabilities		56,759
Total Unitholders' Equity		1,689,789

^(A) The Fund was registered on 11 August 2017 and commenced trading on 18 October 2017. The Fund's first reporting period covers 11 August 2017 to 30 June 2018 and as a result there are no prior period comparatives.

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

MAGELLAN GLOBAL TRUST

Statement Of Changes In Equity

for the period 11 August 2017 to 30 June 2018

	Note	11 August 2017 to 30 June 2018 (A) \$'000
Total Unitholders' Equity At Beginning Of The Period		-
Transactions with unitholders for the period:		
Ordinary units:		
- units issued - priority offer		922,376
- units issued - general and broker offer		592,775
- issue of loyalty units to eligible unitholders under priority offer		57,200
- issue on conversion of Class A units		2,420
- issued of units under DRP		3,899
		<u>1,578,670</u>
Class A units:		
- units issued		59,620
- consolidation of Class A units		(57,200)
- conversion of Class A units to Ordinary units		(2,420)
		<u>-</u>
Contribution from MFG to offset dilutionary impact of DRP discount	2 a)	205
Units bought back and cancelled	7 iii)	(2,708)
Distributions paid and payable	2	(63,017)
Total transactions with unitholders for the period		<u>1,513,150</u>
Comprehensive income for the period:		
Profit/(Loss) for the period		176,639
Other comprehensive income for the period		-
Total comprehensive income for the period		<u>176,639</u>
Total Unitholders' Equity At End Of The Period		<u>1,689,789</u>

^(A) The Fund was registered on 11 August 2017 and commenced trading on 18 October 2017. The Fund's first reporting period covers 11 August 2017 to 30 June 2018 and as a result there are no prior period comparatives.

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

MAGELLAN GLOBAL TRUST

Statement Of Cash Flows

for the period 11 August 2017 to 30 June 2018

	Note	11 August 2017 to 30 June 2018 ^(A) \$'000
Cash Flows From Operating Activities		
Dividends and distributions received		13,688
Interest received		3,637
Management and administration fees paid		(13,915)
Brokerage costs paid		(144)
Withholding tax paid		(2,132)
Interest paid		(67)
Other expenses paid		(760)
Net Cash Inflows/(Outflows) From Operating Activities	9 a)	<u>307</u>
Cash Flows From Investing Activities		
Purchase of investments		(1,312,188)
Proceeds from sale of investments		91,034
Net cash flows from forward foreign currency contracts		19,797
Net foreign exchange gains/(losses)		26,009
Net Cash Inflows/(Outflows) From Investing Activities		<u>(1,175,348)</u>
Cash Flows From Financing Activities		
Receipts from issue of units		1,574,771
Contribution from MFG to offset dilutionary impact of DRP discount	2 a)	205
Payments for buyback of units		(2,708)
Distributions paid		(27,596)
Net Cash Inflows/(Outflows) From Financing Activities		<u>1,544,672</u>
Net Increase/(Decrease) In Cash And Cash Equivalents		369,631
Cash and cash equivalents at the beginning of the period		-
Effect of exchange rate fluctuations on cash and cash equivalents		13,185
Cash And Cash Equivalents At The End Of The Period	3	<u>382,816</u>

^(A) The Fund was registered on 11 August 2017 and commenced trading on 18 October 2017. The Fund's first reporting period covers 11 August 2017 to 30 June 2018 and as a result there are no prior period comparatives.

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 period 11 August 2017 to 30 June 2018

1. Summary Of Significant Accounting Policies

Magellan Global Trust was registered on 11 August 2017 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 12 October 2017. The Fund terminates on the earlier of the time provided by the Fund's Constitution or by law.

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

This is the first annual financial report of the Fund and covers the period 11 August 2017 to 30 June 2018. It was authorised for issue by the Directors of the Responsible Entity on 31 August 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

This general purpose financial report is presented in Australian dollars and have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards ("AASB") and Interpretations issued by the Australian Accounting Standards Board, other mandatory professional reporting and the Fund's Constitution. They also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Fund is considered a for-profit unit trust for the purpose of this 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. These fair value assets and liabilities comprise mainly investments, are managed based on the economic circumstances at any given point in time as well as to meet any liquidity requirements. Consequently, the investments that may be realised within 12 months cannot be determined at reporting date.

Adoption of Attribution Managed Investment Trust ("AMIT") regime

On 5 May 2016, a new tax regime applying to Managed Investment Trusts was established under the Tax Laws Amendment (*New Tax System for Managed Investment Trusts*) Act 2016. The AMIT regime allows Managed Investment Trusts that meet certain requirements to make an irrevocable choice to be an AMIT. As announced in the Product Disclosure Statement dated 21 August 2017, the Fund has elected into the Attribution Managed Investment Trust ("AMIT") regime effective from the date of registration. The contractual wording in the Fund's Constitution does not give rise to an obligation, for accounting purposes, to distribute income to unit holders.

As a consequence, the units in the Fund meet the definition of equity under AASB 132 *Financial Instruments: Presentation* (AASB 132) (refer to Note 1(m)). As a result, equity transactions including distributions have been included in the Statement Of Changes In Equity.

New And Amended Accounting Standards

i) Accounting Standards And Interpretations Issued But Not Yet Effective

The Fund has not early adopted any new standards, amendments to standards and interpretations that are not yet effective. None of the new standards and interpretations materially impact the Fund with the exception of those mentioned 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. AASB 9 also introduces new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

The new expected-loss impairment model requires credit losses to be recognised when financial instruments are first recognised, and results in full lifetime expected credit losses recognised when there is a significant increase in credit risk. The balance of financial assets scoped into AASB 9 impairment requirements are not material.

There was no impact on the Fund upon adoption of AASB 9 on 1 July 2018 as the Fund currently classifies financial assets and financial liabilities at fair value through profit or loss or amortised cost, and the Fund does not apply hedge accounting.

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

1. Summary Of Significant Accounting Policies (continued)

New And Amended Accounting Standards (continued)

i) Accounting Standards And Interpretations Issued But Not Yet Effective (continued)

• AASB 15: Revenue From Contracts With Customers (effective 1 July 2018) (AASB 15) (continued)

AASB 15 supersedes AASB 118 *Revenue* and AASB 111 *Construction Contracts*. Although AASB 15 is principles-based, it is a significant change from the current revenue requirements and will involve more judgements and estimates as revenue is recognised when control of a good or service transfers to a customer, or on satisfaction of performance obligations under contracts, which replaces the existing notion of risk and rewards.

There was no impact on the Fund upon adoption of AASB 15 on 1 July 2018 as the Fund's revenue recognition of interest, dividend and distribution income, investment gains/(losses) and foreign exchange gains/(losses) were unaffected as these items are excluded from the scope of AASB 15.

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 And Distribution Income

Dividend and distribution income are recognised on the applicable ex-dividend/distribution date gross of withholding tax. Foreign dividends and distributions received by the Fund are presented net 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 measured at fair value through profit or loss.

Interest Income

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

d) Expenses

All expenses are recognised in the Statement Of Profit Or Loss And Other Comprehensive Income on an accruals basis. Management and administration fees are set out in Note 10 c).

Performance fees

A performance fee in respect of a period is recognised in the Statement Of Financial Position where the Fund's performance exceeds certain hurdles over the relevant measurement period. The end of the relevant measurement period is the date where certainty exists that the criteria has been met and a liability is crystallised. Performance fees are set out in note 10 c).

e) Distributions

Distributions are determined by the Responsible Entity of the Fund and are payable as set out in the Fund's Product Disclosure Statement. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that are recognised as income are transferred to unitholders' equity and are not assessable and distributable until realised. Net realised capital losses and tax losses are not distributed to unitholders but are retained to be offset against any realised capital gains and future assessable income respectively.

Distributions to unitholders are recognised directly in equity, and presented in the Statement Of Changes In Equity. A distribution payable is recognised in the Statement Of Financial Position where the distribution has been declared but remains unpaid at reporting date.

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

1. Summary Of Significant Accounting Policies (continued)

f) Income Tax

Under current income tax legislation, the Fund is not subject to income tax provided the Fund attributes the entirety of its taxable income to 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 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. 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) Financial Assets And Liabilities

The Fund may classify its financial assets in one of the 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.

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 j)
Investments	Fair value through profit or loss	Fair value	Refer to Note 1 h)
Derivative assets and liabilities	Fair value through profit or loss – held for trading	Fair value	Refer to Note 1 k)
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)

Fair Value Through Profit Or Loss

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.

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership are passed to a third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

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). 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 recent arm's length market transactions, reference to the current fair value of other instruments that are substantially the same, discontinued cash flow techniques, option pricing models or any other valuation techniques commonly used by market participants.

Financial liabilities, other than those at fair value through the profit or loss, are measured at amortised cost using the effective interest rate method.

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

1. Summary Of Significant Accounting Policies (continued)

i) Cash And Cash Equivalents

Cash comprises cash at bank. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

j) 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, and adjusted for changes in foreign exchange rates where applicable, less a provision for uncollectible amounts.

k) Derivatives

Derivatives are contracts or other financial instruments which are settled at a future date and whose value is derived from one or more underlying prices, indices or other variables. Derivatives not designated in hedge accounting arrangements under AASB 139 *Financial Instruments: Recognition and Measurement* are recognised at fair value. Changes in 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 an asset when the fair value at reporting date is positive and classified as a 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. Amounts due to brokers relating to the purchase of investments are usually settled between two and five days after trade date. Payables and accruals 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 distribution payable.

m) Unitholders' Equity

Under the Constitution, the Fund has no obligation to distribute income. The units issued by the Fund are classified as equity as they satisfy the below criteria under AASB 132 *Financials Instruments Presentation*:

- the units entitle unitholders to a pro-rata share of the net assets in the event of the Fund's liquidation;
- all units have the same rights and features;
- the units do not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and
- the total expected cash flows attributable to the units over their life are based substantially on the Fund's net profit/(loss).

Units are recognised at the value of consideration received by the Fund. Where the Fund purchases its own issued units under a buyback, the consideration paid, including any directly attributable transaction costs, is deducted from unitholders' equity.

n) 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 Mr Hamish Douglass.

o) Earnings Per Unit

Basic earnings per unit is calculated as profit/(loss) for the period divided by the weighted number of units on issue. Diluted earnings per share is calculated by adjusting the basic earnings per unit to take into account the effect of any costs associated with dilutive potential units and the weighted average number of additional Ordinary units that would have been outstanding assuming the conversion of all dilutive potential Ordinary units.

p) 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.

q) Rounding Of Amounts

All amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, unless otherwise stated in accordance with the Australian Securities & Investments Commission's *Corporations (Rounding in Financial/Responsible Entity's Reports) Instrument 2016/191*.

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

1. Summary Of Significant Accounting Policies (continued)

r) 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. Fair values may however move materially with movements in market prices (refer to further detail in Note 11 f)). As the 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.

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

2. Distributions To Unitholders

	11 August 2017 to 30 June 2018
Interim distribution paid to unitholders (\$'000)	31,495
Final distribution payable to unitholders (\$'000)	31,522
Total Distribution To Unitholders (\$'000)	63,017
The total distribution consisted of:	
Income (\$'000)	4,981
Return of capital (\$'000)	58,036
Total Distribution Cents Per Unit	6.00

The interim distribution for the six months ended 31 December 2017 was paid on 16 January 2018. The final distribution for the six months ended 30 June 2018 was paid on 31 July 2018 and recognised as a distribution payable in the Statement Of Financial Position at 30 June 2018.

a) Distribution Reinvestment Plan (DRP)

The Fund's DRP was available to eligible unitholders during the period ended 30 June 2018.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest all or part of their cash distributions in additional units in the Fund, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a price that is determined by MAM in accordance with the DRP Rules.

Investors who participated in the DRP received units at an issue price that includes a 5% discount to the Net Trust Value ("NAV") per unit. To ensure that unitholders who do not to participate in the DRP suffer no dilution as a result of any discount, Magellan Financial Group Limited ("MFG") will pay the Fund consideration equal to the cost of this discount in accordance with the terms of the MFG Subscription and Commitment Deed. The 5% DRP issue price discount, in respect of the final distribution for the period ended 30 June 2018, payable by MFG, is recognised as a receivable in the Statement Of Financial Position.

As the DRP issue price may be set with reference to the NAV per unit, the DRP issue price could be at a premium to the trading price of units on the ASX.

Details of the DRP for the interim and final distribution are as follows:

	Interim Distribution Paid 31 December 2017	Final Distribution Payable 30 June 2018
DRP issue price (\$)	1.4637	1.5852
DRP unitholder participation rate (%)	12.38	13.65
Number of ordinary units issued under DRP	2,664,196	2,508,324
Value of ordinary units issued under DRP (\$'000)	3,899	3,976
DRP 5% issue price discount (\$'000)	205	209
Date DRP announced to ASX	4 January 2018	18 July 2018
DRP issue date (distribution payment date)	16 January 2018	31 July 2018

MAGELLAN GLOBAL TRUST

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

3. Cash And Cash Equivalents

	30 June 2018 \$'000
Cash at bank - denominated in A\$	1,473
Cash at bank - denominated in foreign currency:	
- United States Dollars	381,282
- Euros	29
- British Pounds	18
- Swiss Francs	14
Total Cash And Cash Equivalents	382,816

4. Receivables

	30 June 2018 \$'000
Due from brokers - receivable for securities sold	21,470
Recoverable GST and foreign withholding tax	1,149
Interest receivable	398
Other receivable	365
Total receivables	23,382

MAGELLAN GLOBAL TRUST

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

5. Investments And Derivatives

	30 June \$'000
a) Investments	
International listed equity securities	
- United States	1,277,648
- Switzerland	59,542
- United Kingdom	3,160
Total Investments	1,340,350
b) Derivative Liabilities	
Forward foreign currency contracts	22,076
Total Derivative Liabilities	22,076

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

Company Name	Domicile of Principal Exchange Listing	30 June 2018 Holding	31 December 2017 Holding	30 June 2018 \$'000
Facebook - class A shares	United States	561,608	570,660	147,690
Alphabet - class C shares	United States	80,207	461,158	121,102
Lowe's Co	United States	724,824	736,507	93,775
Kraft Heinz	United States	1,060,866	873,276	90,185
HCA Healthcare	United States	636,409	646,667	88,357
Apple	United States	349,415	81,500	86,501
Visa - class A shares	United States	467,194	474,724	83,891
Wells Fargo	United States	1,091,082	882,458	81,914
Starbucks	United States	1,075,741	1,093,080	71,124
MasterCard	United States	266,756	271,056	70,963
Oracle	United States	1,083,584	1,101,049	64,618
Microsoft	United States	452,287	459,577	60,364
Yum! Brands	United States	506,993	416,065	53,688
eBay	United States	1,020,374	1,330,144	50,076
Crown Castle International	United States	342,226	347,742	49,964
Novartis	Switzerland	431,649	438,606	44,292
McDonald's	United States	199,954	74,816	42,413
Costco Wholesale	United States	74,332	75,530	21,023
Nestle	Switzerland	145,635	147,982	15,250
Lloyds Banking Group	United Kingdom	2,804,839	16,945,003	3,160
Total Equity Securities				1,340,350

i) Fair Value Disclosures

An overview of the risk exposures and fair value measurement relating to investments held at fair value through the profit and loss, is included in Note 11 f).

6. Payables

	Note	30 June 2018 \$'000
Management fees payable	10 c)	2,110
Performance fees payable	10 c)	842
Accrued expenses		209
Total payables		3,161

MAGELLAN GLOBAL TRUST

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

7. Unitholders' Equity

	Note	30 June 2018 Number of units '000
a) Ordinary Units		
Opening balance		-
Units issued - priority offer		614,917
Units issued - general and broker offer		395,183
Issue of loyalty units to eligible unitholders under priority offer		38,134
Issue on conversion of Class A units		1,613
Issue of units under DRP	2 a)	2,664
Units bought back on-market and cancelled	7 iii)	(1,794)
Closing balance		1,050,717
b) Class A Units		
Opening balance		-
Units issued		39,747
Consolidation of Class A units		(38,134)
Conversion of Class A units to Ordinary units		(1,613)
Closing balance		-
Total Units At End Of Year		1,050,717

Terms And Conditions Of Units

i) Ordinary Units

Ordinary units are listed on the Australian Securities Exchange ("ASX").

Each Ordinary 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 distribution determined in accordance with the provisions of the Fund's Constitution;
- the right to attend and vote at meetings of unitholders; and
- the right to participate in the termination and winding up of the Fund.

Redemption of units is permitted while the Fund is listed on the ASX.

There are no separate classes of units and each unit in the Fund has the same rights attaching to it as all other units of the Fund.

MAGELLAN GLOBAL TRUST

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

7. Unitholders' Equity (continued)

Terms And Conditions Of Units (continued)

ii) Class A Units

Class A units had the same terms and conditions as Ordinary units and also rank equally with Ordinary units, except for the consolidation and conversion to Ordinary units. Class A units were not listed on the ASX.

Unitholders who subscribed under the priority offer were entitled to loyalty units worth 6.25% of the value of their initial unit allotment providing those units were held on 11 December 2017 ("eligible unitholders"). To facilitate the issue of loyalty units, 39,747,290 Class A units were issued on 13 October 2017.

On 11 December 2017, 38,134,220 loyalty units vested to eligible unitholders and these were issued on 15 January 2018. Contemporaneously, 38,134,220 Class A units were consolidated. Following the consolidation, the 1,613,070 residual Class A units were converted into Ordinary units on a one-for-one basis. Following the consolidation and conversion, the number of Class A units on issue was nil and the number of Ordinary units on issue increased by 39,747,290.

iii) Unit Buyback

On 17 October 2017, the Responsible Entity of the Fund announced its intention to undertake an on-market buyback of up to 101,009,956 units. On 31 August 2018 an announcement was made to extend the on-market buyback to 17 October 2019.

During the period the Fund purchased on-market and cancelled 1,794,196 Ordinary units, at a total cost of \$2,708,079. Since the end of the year, the Fund purchased on-market and cancelled an additional 81,612 Ordinary units at a total cost of \$128,602.

8. Earnings Per Unit (EPU)

	11 August 2017 to 30 June 2018
Basic EPU	
Profit/(loss) attributable to unitholders (\$'000)	176,639
Weighted average number of units for basic EPU ('000)	1,049,430
Basic EPU (Cents)	16.83
Diluted EPU	
Profit/(loss) attributable to unitholders (\$'000)	176,639
Weighted average number of units for diluted EPU ('000)	1,049,430
Diluted EPU (Cents)	16.83
Earnings Reconciliation	
Profit/(loss) used in the calculation of basic and diluted EPU (\$'000)	176,639

As the Fund has no potential, dilutive ordinary shares, basic and diluted EPU are equal. Since the end of the year the Responsible Entity has bought back and cancelled Ordinary units (refer Note 7 iii)), and issued Ordinary units under the DRP (refer Note 2 a)).

MAGELLAN GLOBAL TRUST

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

10. Related Parties (continued)

c) Responsible Entity Fees (continued)

iii) Total Management, Administration And Performance Fees

Management, administration and performance fees paid/payable by the Fund during the period are net of any applicable reduced input tax credits. Refer to Note 1 g) for further details.

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

	% pa	11 August 2017 to 30 June 2018 \$
Management fee	1.25	14,805,317
Administration fee	0.10	1,184,425
Total management and administration fees	1.35	15,989,742
Performance fee		877,123
Total Fees Expensed In The Statement Of Profit Or Loss And Other Comprehensive Income		16,866,865
Total Fees Payable In The Statement Of Financial Position		2,951,870

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

10. Related Parties (continued)

d) Transactions With Related Parties

i) Unitholdings In Magellan Global Trust

Number of units held during the period by each KMP, including their personally-related parties, in the Fund are as follows:

	30 June 2018						
	Units allotted 12 October 2017 (B)	Loyalty units allotted 15 January 2018 (C)	Interim distribution DRP units allotted 16 January 2018	Units acquired/ (disposed) during period	Units held at end of period		Distribution paid/ payable at end of period (D)
	Number	Number	Number	Number	Number	%	\$
MGT Investment Corp Pty Limited (A)	1,613,070	-	-	(1,613,070)	-	-	-
Magellan Financial Group Limited	-	-	-	2,553,611	2,553,611	0.24	1,268,427
Directors							
Brett Cairns	66,666	4,166	1,366	-	72,198	(E)	4,166
Hamish Douglass	13,666,668	-	280,112	-	13,946,780	1.33	828,403
John Eales	213,432	4,166	-	-	217,598	(E)	12,931
Robert Fraser	166,666	4,166	3,417	-	174,249	(E)	10,228
Paul Lewis	86,666	4,166	1,366	-	92,198	(E)	5,366
Hamish McLennan	66,500	4,156	1,363	-	72,019	(E)	4,156
Karen Phin	66,666	4,166	1,366	-	72,198	(E)	4,166
Group Executives (Other KMP)							
Frank Casarotti	130,000	8,125	2,665	-	140,790	(E)	8,124
Kirsten Morton	26,000	1,625	-	-	27,625	(E)	1,609
Gerald Stack	97,497	6,094	1,997	-	105,588	(E)	6,093
Marcia Venegas	10,000	625	205	-	10,830	(E)	625
Craig Wright	33,335	2,083	683	-	36,101	(E)	2,083

(A) On 13 October 2017, MGT Investment Corp Pty Limited ("MGTI"), a wholly owned company of Magellan Financial Group Limited, subscribed for 39,747,290 Class A units of the Fund to facilitate the issue of the loyalty units to eligible unitholders under the priority offer. After the additional loyalty units vested to eligible unitholders on 11 December 2017, the remaining 1,613,070 units were initially retained as an investment by MGTI, and subsequently transferred to MFG. Refer to note 7 ii) for further details.

(B) The Offer comprised a broker firm/general public offer and a priority offer. The priority offer was available to existing shareholders of MFG and unitholders in Magellan funds as at 1 August 2017. Under the priority offer the Directors' participation was capped at \$100,000, or 66,666 units per Director.

(C) Loyalty units vested to unitholders, who subscribed under the priority offer, on 11 December 2017. Refer to note 7 ii) for further details.

(D) Represents the 2018 interim distribution comprising cash paid and DRP units issued, along with the 2018 final distribution payable.

(E) Holding less than 0.1%.

ii) Other Transactions With Related Parties

	Note	11 August 2017 to 30 June 2018 \$'000
Cash contribution from MFG to offset the dilutionary impact of the DRP for the interim and final distributions	2 a)	414
Subscription for 39,747,290 Class A units by MGTI to facilitate the issuance of loyalty units to priority offer unitholders	7 ii)	59,620

The subscription for units and distribution for the period ended 30 June 2018 were on the same terms and conditions that applied to other unitholders.

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

11. Capital And Financial Risk Management

a) Financial Risk Management

The Fund's investment portfolio primarily comprises listed equity investments. The investment objectives of the Fund are to achieve risk-adjusted returns over the medium to long-term, whilst reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the current Product Disclosure Statement). The Fund's investing activities expose it to various types of risks including concentration risk, market risk, liquidity risk, and credit 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.

i) 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 returns of the Fund may increase or decrease by different amounts.

An increase of 5% in the market price of each of the Fund's investments held at reporting date, assuming all other variables remain constant, would have had the following impact on the Fund's net operating profit and unitholders' equity.

	30 June 2018 \$'000
Impact on unitholders' equity and net operating profit	67,018

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

ii) 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 may hedge some or all of the capital component of the foreign currency exposure of the fund, arising from investments in overseas markets, back to Australian dollars. However there is no guarantee that any or all of the Fund will be hedged at any point in time.

MAGELLAN GLOBAL TRUST

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

11. Capital And Financial Risk Management (continued)

c) Market Risk (continued)

ii) Currency Risk (continued)

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

	30 June 2018 \$'000
Assets and liabilities denominated in:	
United States Dollars	1,015,795
Swiss Francs	59,945
British Pounds	3,178
Euros	29

The changes in unitholders' equity 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 2018	
	5% increase A\$'000	5% decrease A\$'000
Assets and liabilities denominated in:		
United States Dollars	(48,371)	53,463
Swiss Francs	(2,855)	3,155
British Pounds	(151)	167
Euros	(1)	2

iii) 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 Fund's 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 and US dollar cash balances held by the Fund, an increase of 10 basis points in floating interest rates, assuming all other variables remain constant, would have had the following impact on the Fund's net operating profit and unitholders' equity, at reporting date:

	30 June 2018 \$'000
Australian Dollar cash balances	1
US Dollar cash balances	381

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 at reporting date may therefore not be typical of the amounts of cash generally held by the Fund.

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

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 reserves to meet its normal operating requirements and holding investments that are traded in active markets and can be readily disposed.

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

11. Capital And Financial Risk Management (continued)

d) Liquidity Risk (continued)

At reporting date, the Fund had an obligation to settle payables (including distribution payable) of \$34,683,000 and derivative liabilities of \$22,076,000 within 30 days. The Fund had cash and receivables totalling \$406,198,000 to cover these liabilities.

In addition, from 16 July 2018, the fund had access to a \$200 million multi-currency uncommitted line of credit, which is available for both funding the unit buyback (refer Note 7 iii)) and investment purposes. This floating rate facility, provided by Northern Trust ("NT"), may be drawn at any time either in Australian dollars, United States dollars, or another currency agreed with NT. The facility may be terminated by either party without notice and any amount drawn under the facility is repayable on demand within five business days. A nominal line fee applies for the provision of the facility and covenants under this facility are not considered onerous. At 31 August 2018 this facility remains undrawn.

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 further mitigate this risk. Credit risk relating to outstanding settlements is considered small due to the short settlement periods involved.

The Responsible Entity has appointed NT as the Fund's custodian. 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 schemes property arrangements with custodians. The credit quality of NT's senior debt is rated, as at reporting date, by Standard and Poor's as A+ and by Moody's as A2.

At reporting date 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 reporting date, the Fund's receivables, excluding recoverable GST and foreign withholding tax, were due within 0 to 30 days (refer Note 4). Recoverable GST is due within 30 to 90 days. Foreign withholding tax is due within 2 to 10 years dependent on the jurisdiction. No amounts are impaired or past due at reporting date.

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 or the derivative counterparties' current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

11. Capital And Financial Risk Management (continued)

f) Fair Value Disclosures (continued)

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

	30 June 2018 \$'000
Financial Assets Measured At	
Level 1: Investments - valued using quoted price ^(A)	1,340,350
Level 2: Forward foreign currency contracts	-
Total Financial Assets Measured at Fair Value	1,340,350
Financial Liabilities Measured At	
Level 2: Forward foreign currency contracts	22,076
Total Financial Liabilities Measured At Fair Value	22,076

^(A) 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 period and the Fund's policies are to recognise transfers into and out of fair value hierarchy levels as at the end of each reporting period.

g) Offsetting Financial Assets And Financial Liabilities

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

There are no derivative assets and liabilities offset as at reporting date.

12. 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.

13. Auditor's Remuneration

The following amounts were paid or payable by the Responsible Entity on behalf of the Fund:

	30 June 2018 \$
Audit services	
Audit and review of financial reports	52,000
Other assurance services	37,600
Non-Audit services	
Taxation	10,000
Total Auditor's Remuneration of Ernst & Young Australia	99,600

Notes To The Financial Statements

for the period 11 August 2017 to 30 June 2018

14. Contingent Assets, Contingent Liabilities And Commitments

Other than any performance fee for the six months to 30 September 2018 (refer Note 10 c)), the Fund has no contingent liabilities or commitments at re30 June 2018.

The Fund has a contingent asset for the amount receivable from MFG where the Fund offers a discount to the NAV per unit on units issued under the DRP in future periods, in accordance with the terms of the MFG Subscription and Commitment Deed. It is not practical to estimate the future amounts receivable to the Fund as there is uncertainty as to the level of participation in the DRP, the NAV per unit and whether the DRP will be offered (refer Note 2 a)).

15. Events Subsequent To The End Of The Period

In the latest release to the ASX on 27 August 2018, the Fund reported a NAV per unit as at 24 August 2018 of \$1.6986.

Other than the above and the unit buybacks since 30 June 2018 (refer Note 7 iii)), there have been no other matters or circumstances arising after the period that have significantly affected, or may significantly affect, the results of the Fund's operations or its state of affairs in future financial years. Asset prices move daily and intraday indicative NAV and daily NAV's are available on the Magellan Financial Group Limited website, www.magellangroup.com.au and also the ASX website.

16. NAV Per Unit

The following table reconciles the NAV per unit presented in the Statement Of Financial Position as at 30 June 2018 to the NAV per unit for unit pricing purposes.

	30 June 2018 \$
ASX reported NAV per unit ^(A)	1.6091
NAV per unit ^(B)	1.6082

^(A) The NAV per unit reported to the ASX on 2 July 2018.

^(B) The NAV per unit represents the net assets of the Fund presented in the Statement Of Financial Position at reporting date divided by the number of units on issue at reporting date (refer Note 7).

The NAV per unit in the financial report differs from the NAV per unit reported to the ASX on 2 July 2018 as set out below:

- (1) the Fund's investments were valued by reference to the quoted market bid price at reporting date, in accordance with AASB 13 *Fair Value Measurement*. For unit pricing purposes, the investments were valued using the last quoted price. This has resulted in the NAV per unit in the financial report being lower by \$854,000, and
- (2) accruals for fees and minor expenses of the Fund.

MAGELLAN GLOBAL TRUST

Directors' Declaration

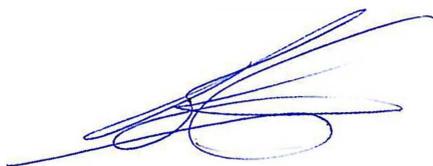
for the period 11 August 2017 to 30 June 2018

In the opinion of the Directors,

- a) the financial statements and as of Magellan Global Trust as set out on pages 9 to 31 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 2018 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
 - ii) complying Australian Accounting Standards, the *Corporations Regulations 2001*, International Financial Reporting Standards as disclosed in Note 1 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 required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 30 June 2018.

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



Brett Cairns
Executive Chairman

Sydney, 31 August 2018

Independent Auditor's Report to the members of Magellan Global Trust

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Magellan Global Trust (the Fund), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period 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 Magellan Global Trust is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its financial performance for the period 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 Fund in accordance with the auditor independence requirements of 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 period. 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>The Fund has a significant investment portfolio consisting primarily of listed equities. As at 30 June 2018, the value of these listed equities, was \$1,340,350,000 which equates to 77% of the total assets of the Fund.</p> <p>As detailed in Fund's accounting policy, described in Note 1h of the financial report, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards.</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. Accordingly, valuation of the investment portfolio was considered a key audit matter.</p>	<p>We assessed the effectiveness of the controls relating to the recognition and valuation of investments.</p> <p>We obtained and considered the assurance report on the controls of the Fund's administrator in relation to Fund Administration Services for the year ended 30 June 2018 and considered the auditor's qualifications and objectivity and results of their procedures.</p> <p>We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2018.</p> <p>We assessed the fair value of all investments in the portfolio held at 30 June 2018 to independently sourced market prices.</p> <p>We assessed the adequacy of the disclosures in Note 11 of the financial report in accordance with the requirements of Australian Accounting Standards.</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 Fund.</p> <p>The Fund's accounting policy for management and performance fees is described in Note 1d and Note 10c 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 Fund 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 2018, management and performance fees totalled \$15,682,000 which equates to 82% of total expenses. Of this amount, performance fees (excluding GST recovered) totalled \$877,000 which equates to 5% of total expenses.</p> <p>The assessment of performance fee arrangements can be complex and judgmental due to uncertainty around future performance.</p> <p>The quantum of these expenses and the impact that market volatility can have on the recognition of performance fees relating to future periods, resulted in this being a key audit matter. The disclosure of these amounts is included in Note 9c to the financial report.</p>	<p>We assessed the effectiveness of the controls in relation to the calculation of management and performance fees of the investment manager.</p> <p>We obtained and considered the assurance report on the controls of the Fund's administrator in relation to Fund Administration Services for the year ended 30 June 2018 and considered the auditor's qualifications and objectivity and results of their procedures.</p> <p>We performed a recalculation of management and performance fees, in accordance with the Product Disclosure Statement and Constitution.</p> <p>We assessed the performance fee calculations, including testing the inputs into the calculation model and assessed whether the calculation was in line with the relevant agreement.</p> <p>We assessed the adequacy of the disclosures in Note 10c to the financial statements.</p>

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in Fund's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

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 Fund 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Fund 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 the 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 the 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 Fund'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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 report represents 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 period 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
31 August 2018

MAGELLAN GLOBAL TRUST

Unitholder Information

Distribution of Unitholders

The distribution of unitholders of the Fund as at 27 August 2018 is as follows:

Distribution of holdings	Number of unit holders	Number of units	Percentage of units on issue %
1-1,000	531	281,638	0.027
1,001-5,000	4,031	11,729,763	1.114
5,001-10,000	4,485	34,126,450	3.240
10,001-100,000	24,427	640,250,893	60.794
100,001 and over	756	366,754,820	34.826
Total	34,230	1,053,143,564	100.001
Number of holders with less than a marketable parcel of	245	65,541	0.006

Twenty Largest Unitholders

The names of the 20 largest unitholders in the Fund as at 27 August 2018 are listed below:

Holder Name	Number of units	Percentage of units on issue %
NULIS NOMINEES (AUSTRALIA) LIMITED	51,103,985	4.853
NAVIGATOR AUSTRALIA LTD	44,543,910	4.230
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,165,537	2.200
NETWEALTH INVESTMENTS LIMITED	22,293,799	2.117
MIDAS TOUCH INVESTMENTS P/L	13,864,120	1.316
FORSYTH BARR CUSTODIANS LTD	12,402,921	1.178
NETWEALTH INVESTMENTS LIMITED	12,274,297	1.165
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	7,255,925	0.689
IOOF INVESTMENT MANAGEMENT LIMITED	7,188,420	0.683
AVANTEOS INVESTMENTS LIMITED	3,201,249	0.304
NOTA BENE INVESTMENTS PTY LTD	2,833,333	0.269
MUTUAL TRUST PTY LTD	2,653,032	0.252
MAGELLAN FINANCIAL GROUP LIMITED	2,601,938	0.247
AUSTRALIAN EXECUTOR TRUSTEES LIMITED	2,460,162	0.234
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,351,862	0.223
INVESTMENT CUSTODIAL SERVICES LIMITED	1,744,132	0.166
CITICORP NOMINEES PTY LIMITED	1,629,622	0.155
NAVIGATOR AUSTRALIA LIMITED	1,509,816	0.143
CITICORP NOMINEES PTY LIMITED	1,494,797	0.142
NULIS NOMINEES (AUSTRALIA) LIMITED	1,444,401	0.137
Total Units Held By The 20 Largest Unitholders	218,017,258	20.702
Total Units On Issue	1,053,143,564	

Units

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

MAGELLAN GLOBAL TRUST

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

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Telephone: +61 2 9290 9600
Fax: +61 2 9279 0664
Email: enquiries@boardroomlimited.com.au

Securities Exchange Listing

Australian Securities Exchange
ASX Code: MGG

Website

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

Corporate Governance Statement

The Corporate Governance Statement for MGG can be found on the Magellan website at <http://www.magellangroup.com.au> under Reports and ASX releases for the Fund.