Magellan High Conviction Fund
ARSN: 164 285 947

MAGELLAN HIGH CONVICTION FUND CLASS A | APIR: MGE0005AU
MAGELLAN HIGH CONVICTION FUND CLASS B | APIR: MGE9885AU

MAGELLAN ASSET MANAGEMENT

AS AT 29 FEBRUARY 2024

PORTFOLIO MANAGERS	NIKKI THOMAS, CFA AND ALAN PULLEN

INVESTMENT OBJECTIVE AND PHILOSOPHY

Objectives: To achieve attractive risk-adjusted returns over the medium to long-term.

Aims to deliver 10% p.a. net of fees over the economic cycle.

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

PORTFOLIO CONSTRUCTION

A concentrated portfolio of 10-20 high quality companies meaningfully diversified in risk exposure and correlations seeking to achieve strong risk-adjusted, not benchmark-relative returns.

Cash and cash equivalents exposure between 0 - 50%.

The fund may, from time to time, 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.

INVESTMENT RISKS

All investments carry risk. While it is not possible to identify every risk relevant to an investment in the fund, we have provided details of risks in the relevant Product Disclosure Statement or offer document. You can view the PDS for the fund on Magellan's website www.magellangroup.com.au

MAGELLAN HIGH CONVICTION FUND: KEY PORTFOLIO INFORMATION

CLASS	FUND SIZE	BUY/SELL SPREAD	MANAGEMENT AND PERFORMANCE FEES[1]	INCEPTION DATE
A	AUD $186.3 million	0.07% / 0.07%	1.50% p.a. and performance fee of 10% of excess return^	1 July 2013
B	AUD $38.0 million	0.07% / 0.07%	0.78% p.a. and performance fee of 20% of excess return^^	15 November 2017

^ 10.0% of the excess return of Class A Units of the Fund above the Absolute Return Performance Hurdle of 10% per annum. Additionally, Performance Fees are subject to a high water mark.

^^ 20.0% of the excess return of Class B units of the Fund above the Absolute Return Performance hurdle of 10% per annum. Additionally, Performance Fees are subject to a high water mark. The performance fee for Class B Units is subject to a cap of 2.22% per annum.
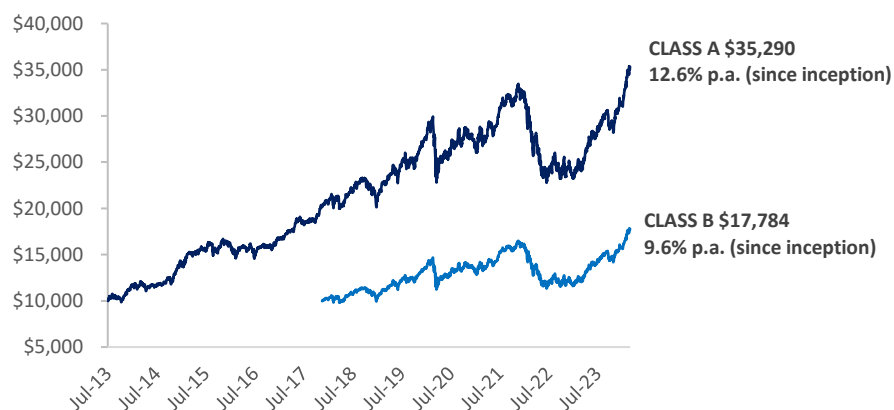
PERFORMANCE[2]

	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	5 YEARS (% p.a.)	7 YEARS (% p.a.)	10 YEARS (% p.a.)	Since Inception (% p.a.)	OUTPERFORMANCE CONSISTENCY+
Magellan High Conviction Fund - Class A	6.5	15.8	45.1	8.8	9.4	10.8	11.3	12.6	69%
Magellan High Conviction Fund - Class B	7.0	15.9	46.1	9.5	9.9	-	-	9.6	30%

	CYTD (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017* (%)	2016 (%)	2015 (%)	2014 (%)	2013 (part year)
Magellan High Conviction Fund - Class A	12.5	34.5	-27.8	20.8	-2.4	29.6	3.4	23.3	3.5	13.6	19.8	17.7
Magellan High Conviction Fund - Class B	12.6	35.5	-27.3	21.1	-1.9	29.2	3.3	1.0	-	-	-	-

Past performance is not a reliable indicator of future performance. *Class B part year return, inception date 15-Nov-2017

PERFORMANCE CHART GROWTH OF AUD $10,000[2]

CLASS A $35,290
12.6% p.a. (since inception)

CLASS B $17,784
9.6% p.a. (since inception)

FUND CHARACTERISTICS[3]

3-YEAR	AVERAGE	HIGH	LOW
Cash Weight	4.7%	18.4%	1.0%
Number of Stocks	12	16	10
Hedging Weight	0.3%	10.2%	0.0%

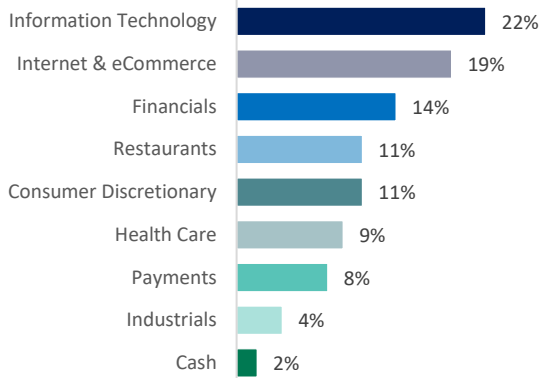Past performance is not a reliable indicator of future performance.

[1] Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST.
[2] 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.
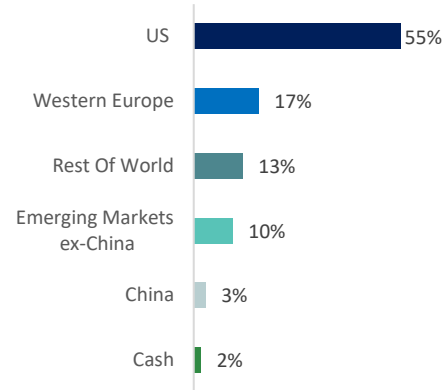[3] Fund characteristics averages are calculated using the last day of each month in the 3-year period.
+ Outperformance consistency indicates the percentage of positive excess returns for rolling 3 year returns since inception.

SECTOR EXPOSURE BY SOURCE OF REVENUE[4]

Sector	%
Information Technology	22%
Internet & eCommerce	19%
Financials	14%
Restaurants	11%
Consumer Discretionary	11%
Health Care	9%
Payments	8%
Industrials	4%
Cash	2%

GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE[4]

Region	%
US	55%
Western Europe	17%
Rest Of World	13%
Emerging Markets ex-China	10%
China	3%
Cash	2%

TOP 5 HOLDINGS (ALPHABETICAL ORDER)

STOCK	SECTOR[4]
Amazon.com Inc	Internet & eCommerce
Booking Holdings Inc	Consumer Discretionary
Intercontinental Exchange Inc	Financials
Microsoft Corporation	Information Technology
Visa Inc	Payments

TOP CONTRIBUTORS/DETRACTORS 1 YEAR[5]

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Microsoft Corporation	7.4
Amazon.com Inc	7.1
Chipotle Mexican Grill Inc	5.0

TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
WEC Energy Group Inc	-0.4
UnitedHealth Group Inc	-0.3
Diageo Plc	-0.2

MONTHLY SUMMARY

The MSCI World Index gained 4.6% in February, led by Consumer Discretionary (+8.0%), Information Technology (+6.3%) and Industrials (6.3%). Only Utilities fell (-0.8%). In local currencies, the US S&P 500 rose 5.2% and the Nasdaq Composite climbed 6.1%, Japan's Nikkei 225 added 7.9%, Europe's STOXX Europe 600 rose 1.8%, Australia's ASX 200 gained 0.8% and China's CSI 300 index rose 9.4%.

Numerous company results reported for the December quarter resulted in strong and widespread upgrades to earnings expectations, especially among cyclical sectors. December quarter US GDP grew at a 3.2% annualised rate, while US unemployment remained low at 3.7%. US inflation picked up slightly, which saw the US 10-year government yield rise 36bp to 4.25% as investors reduced and pushed out Fed rate cut expectations. Europe and Japan's economic growth were comparatively weak, and it remains likely the ECB (European Central Bank) will also cut policy rates during 2024. German 10-year bond yields rose 26bp to 2.38%. In China, the property bubble unwind is continuing, deflation is evident, confidence is weak and government stimulus, thus far, is insufficient to boost economic growth.

In February, the portfolio rose strongly, benefiting from strong markets, good underlying company performances and an AUD tailwind of 1.4%. Price gains were led by Amazon, Safran and Chipotle Mexican Grill, all up over 10% as each delivered excellent quarter and year 2023 results and strong outlooks. Price declines remained widespread in Utilities and WEC Energy saw a 4.7% decline in the month. UnitedHealth was also slightly weaker. Both moves reflect a general shift away from defensives as economic data continues to show resilience in the US. Our top contributors were Amazon, Intercontinental Exchange, Chipotle, ASML and Salesforce. We remain convinced of their return prospects, with several supported by upside from leveraging AI (Artificial Intelligence).

Stock contributors/detractors are based in local currency terms unless stated otherwise.

---

[4] 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.
[5] 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

MHCF45351