

Magellan High Conviction Fund

ARSN: 164 285 947

Fund Facts

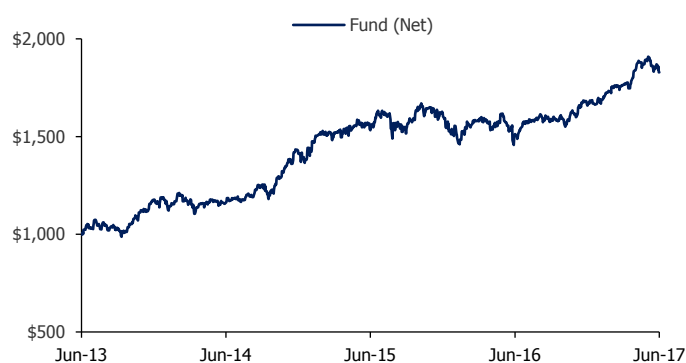
Portfolio Manager	Hamish Douglass
Structure	Global Equity Fund
Inception Date	1 July 2013
Management & Administration Fee ¹	1.50% per annum
Buy/Sell Spread ¹	0.10%/0.10%
Fund Size	AUD \$339.4 million
Distribution Frequency	Annually at 30 June
Performance Fee ¹	10.0% of the excess return of the units of the Fund above the Absolute Return performance hurdle (10% per annum). Additionally, the Performance Fees are subject to a high water mark.

¹All fees are inclusive of the net effect of GST

Fund Features

- Unconstrained, long-only, highly concentrated
- High quality global equity strategy
- High individual stock exposure – 8 to 12 stocks
- Ability to actively hedge currency exposures, currently 43% hedged to AUD[†]
- Maximum cash position of 50%
- \$10,000 minimum initial investment.

Performance Chart growth of AUD \$1,000*



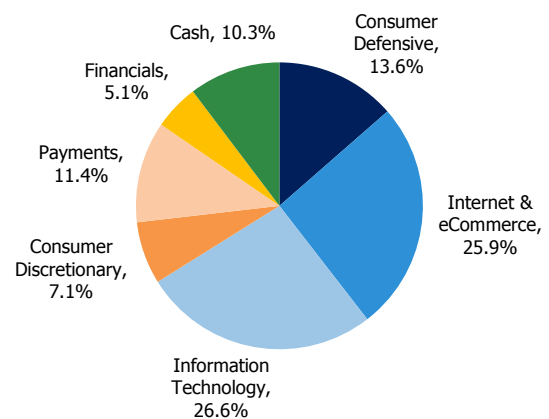
Fund Performance*

	Magellan High Conviction Fund (%)	Magellan Global Fund (%)
1 Month	-3.1	-3.6
3 Months	3.6	4.2
6 Months	10.2	5.7
1 Year	20.8	15.4
3 Years (% p.a.)	16.3	14.3
Since Inception (% p.a.)	16.3	

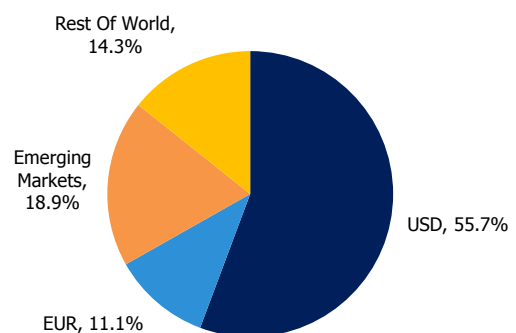
Top 5 Holdings

In alphabetical order	Sector [#]
Alphabet Inc	Internet & eCommerce
Apple Inc	Information Technology
Facebook Inc-A	Internet & eCommerce
Visa Inc	Payments
Yum! Brands Inc	Consumer Defensive

Sector Exposure by Source of Revenues[#]



Geographical Exposure by Source of Revenues[#]



[†] The Fund is currently exercising its ability to hedge some of the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian dollars.

^{*} 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). Fund Inception 1 July 2013. Returns denoted in AUD.

[#] 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.

Market Commentary

Global stocks set record highs in the June quarter after US companies posted better-than-expected earnings for the first quarter, readings showed the US economy was expanding sufficiently and the Federal Reserve reconfirmed that monetary policy would only be tightened gradually. Gains were capped when higher bond yields and the Conservative Party's unexpected loss of its parliamentary majority in the UK election undermined European stocks.

In the US, the Fed raised the cash rate by a quarter point to between 1% and 1.25% and outlined a plan that was seen as credible to reduce its balance sheet. Economic reports released over the quarter were judged as passable. They showed the US economy expanded at an annual pace of 1.4% in the first quarter and that 362,000 jobs were added from March to May, while the jobless rate fell to a post-crisis low of 4.3% in May. The S&P 500 Index rose 2.6%.

In Europe, the Conservatives were only able to form a minority government in the UK and talk is mounting of another general election before too long. Bond yields rose after the European Central Bank said the reflating economy might allow it to reduce its asset purchases in early 2018. The German 10-year government bond yield, for example, rose from 0.20% to 0.46% over the three months, while a report showed the eurozone economy expanded 0.6% in the first quarter, and 1.9% from a year earlier, thanks to a rise in investment. Stock losses were limited as investors were reassured when the pro-EU Emmanuel Macron defeated the anti-euro populist Marine Le Pen in the French presidential election that was held over two rounds in April and May. The Stoxx Europe 600 Index slid 0.5%.

Movements in the S&P 500 and Stoxx Europe 600 indices and stocks are in local currency.

Fund Commentary

The portfolio recorded a positive return in the quarter.

At a stock level, the best performers included investments in Oracle and Lloyds Banking of the UK. Oracle rose to a record high as growth in its cloud-computing business resulted in higher-than-expected fiscal fourth-quarter revenue. Lloyds rose after its first-quarter result beat expectations and showed lending margins are rising, and the UK government sold its remaining stake.

Stocks that lagged included investments in Lowe's and Tesco. Lowe's fell after the US home-improvement chain posted first-quarter comparable-store growth that was below that of The Home Depot. Tesco fell along with other brick and mortar retailers when Amazon's purchase of Whole Foods signalled further disruption for traditional retailers, despite announcing better-than-expected like-for-like growth during its June trading update.

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