



MAGELLAN
ASSET MANAGEMENT LIMITED

Trading Policy

**Magellan Asset Management Limited as
Responsible Entity for Magellan High
Conviction Trust**

ARSN 634 789 754

12 August 2019

1. INTRODUCTION

1.1 Application

This Policy is authorised by the Board of Magellan Asset Management Limited ('**MAM**'), a wholly owned subsidiary of Magellan Financial Group Limited ('**Magellan**') in its capacity as Responsible Entity for Magellan High Conviction Trust ('**MHH**') and relates specifically to trading in MHH Securities.

MAM has adopted a Personal Trading Policy which applies to Trades in MHH Securities together with other securities related to the activities of MAM and Magellan (collectively, the '**Group**'). The Personal Trading Policy together with this Policy apply to all Access Persons of the Group.

1.2 Purpose

The Purpose of this Policy is to:

- set out the circumstances in which Access Persons may Trade in MHH Securities;
- assist Access Persons avoid conduct known as Insider Trading or market misconduct; and
- prevent actual or perceived conflicts of interest and protect the reputation of Magellan.

2. GENERAL RESTRICTION

If an Access Person possesses Inside Information in relation to MHH Securities, they must not:

- Trade in the MHH Securities in any way;
- arrange or encourage another person to Trade (including on their behalf) in MHH Securities; or
- directly or indirectly, give the Inside Information to another person if they know, or should know, that the other person would be likely to do any of the activities described above.

3. TRADING IN MHH SECURITIES

3.1 Blackout Periods

Blackout Periods operate during which time Access Persons must not Trade in MHH Securities. Blackout Periods operate during:

- the two week period prior to the MHH annual ex-dividend date; and
- any other period as decided by the MAM Directors.

The MAM Directors and MHH Portfolio Managers are not permitted to trade in MHH Securities during an open window of trading within MHH is authorised to buy back its units, as outlined in the MHH Buy Back Policy. Specifically, trading is not permitted when the unit price of MHH is trading at a greater discount to the intra-day Net Asset Value (at purchase) than the minimum discount set by the MAM Board.

Trades in MHH by MAM Directors and MHH Portfolio Managers require pre-clearance by the Chief Compliance Officer of MAM.

3.2 Short-Term Trading

Short term trading in MHH Securities is discouraged. Buying and selling of MHH Securities within a thirty (30) calendar day period is considered short-term. The Chief Compliance Officer and the Chief Executive Officer of MAM monitor all transactions and may recommend that Access Persons reduce the frequency of their transactions or deny a preclearance request.

3.3 Other Trading Prohibitions

Access Persons are prohibited from entering into transactions:

- in derivative instruments or other products associated with MHH Securities which operate to limit the economic risk of their holding in MHH Securities;
- which amount to 'short selling' of MHH Securities;

- with the same individual employee at a broker/dealer firm that MAM conducts business with on behalf of MHH's unitholders;
- which otherwise enable an Access Person to profit from a decrease in the market price of MHH Securities.

3.4 **Trading in MHH Securities under Exceptional Circumstances**

An Access Person wishing to:

- Trade in MHH Securities during a Blackout Period; or
- engage in the matters covered by clauses 3.2 and 3.3,

may apply in writing to the Chief Compliance Officer for consent to do so. The Chief Compliance Officer will generally withhold prior written consent unless special circumstances exist (such as financial hardship or a court order requiring the sale of securities) and the Board of MAM has agreed to the granting of consent. Any consent provided to an Access Person will be provided in writing. In any event, consent will not be granted where it is reasonably believed that the Access Person may be in possession of Inside Information relating to the proposed Trade.

4. EXEMPTIONS FROM THIS POLICY

4.1 This Policy does not apply to Access Persons in the following circumstances:

- Trading in MHH Securities under a distribution reinvestment plan, rights issue, security purchase plan or other securities offer that is broadly available to holders of securities of the same class;
- Trading in MHH Securities under a bonus issue made to all holders of securities of the same class;
- Transfers of MHH Securities already held by an Access Person into a superannuation fund in which the Access Person is a beneficiary;
- Undertakings to accept, or the acceptance of, a takeover offer for MHH Securities;
- A disposal of MHH Securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; and
- Trading in MHH Securities under an employee unit purchase plan in accordance with the rules of a Magellan Board approved unit purchase plan.

4.2 Any Trading contemplated by this clause 4 is subject to the overriding prohibition on Insider Trading.

5. PROCESS FOR TRADING IN MHH SECURITIES

- Subject to clauses 3.1 to 3.4 (inclusive), and provided that an Access Person is not in possession of any Inside Information, an Access Person who wishes to Trade in MHH Securities must submit a pre-clearance request and receive approval prior to trading.
- The Chief Compliance Officer will withhold consent to the proposed Trade in circumstances where the Trade would be in breach of clauses 3.1, 3.2, or 3.3, or where it is reasonably believed the Access Person may be in possession of Inside Information relating to the proposed Trade;
- The Access Person will be notified by the Chief Compliance Officer if the consent to Trade is subsequently withdrawn;
- Upon the execution of a Trade, the Access Person's broker is required to send a duplicate trade confirmation to Risk and Compliance; and
- In the event the proposed Trade has not taken place within the consent window, the Access Person is required to submit a new pre-clearance request should the Access Person still wish to proceed with the proposed Trade.

6. CONSEQUENCES FOR BREACHES OF THIS POLICY

6.1 Any breaches of this Policy will be treated seriously and may give rise to disciplinary action. Any Access Person who becomes aware of a violation of this Policy should immediately report the violation to the Chief Compliance Officer.

- 6.2 Insider Trading is a crime and can result in imprisonment, fines, orders to pay compensation and other penalties against MAM and Access Persons.

7. EXPLANATION OF TERMS

For the purposes of this Policy:

'**Access Person**' is defined as

- Directors of Magellan and MAM;
- any employee of MAM;
- contractors, consultants, workers or interns of Magellan globally as determined by the Chief Compliance Officer.

'**Beneficiary**' means any person who has the opportunity, directly or indirectly, to profit or share in any gains derived from Trades in MHH Securities. As a guide, MHH Securities accounts in which an Access Person is likely to be deemed to have a beneficial ownership interest include accounts held by immediate family members with whom they share the same household (a family member is deemed to share the same household if they reside with an Access Person for 6 months out of any 12 month period).

Immediate family members include children, step-children, grandchildren, parents, step-parents, grandparents, spouses, domestic partners, siblings, parents-in-law, and children-in-law, as well as adoptive relationships.

'**Blackout Period**' has the meaning outlined in clause 3.1 of this Policy.

'**Generally Available**' means information is generally available where the information is readily observable, has been made known in a manner that would, or would be likely to, bring it to the attention of people who commonly invest in securities of a kind whose price may be affected by the information, and a reasonable period has elapsed to allow the information to be disseminated; or consists of deductions, conclusions or inferences made or drawn from those types of the information.

'**Inside Information**' is information that is not generally available and if the information was generally available, a reasonable person would expect it to have a material effect on the price or value of securities.

'**Inside Trading**' means in general terms, someone will commit Insider Trading if they deal in securities while they possess Inside Information or communicate Inside Information to another person knowing (or where they should have reasonably known) that the other person would use, or would be likely to use, that information to deal in, or procure a third person to deal in, securities.

'**Magellan**' means Magellan Financial Group Limited.

'**MAM**' means Magellan Asset Management Limited.

'**Material Effect on Price**' means a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to Trade in the securities in any way.

'**MHH**' means Magellan High Conviction Trust.

'**MHH Securities**' means any units, options and any other securities issued by MAM in relation to MHH, as well as any other financial products issued or created over MHH Securities by third parties.

'**Trade**' includes subscribing for, purchasing, acquiring, selling or disposing of MHH Securities or entering into an agreement to do any of those things, and '**Trading**' has a corresponding meaning.

'**Trading Day**' means a day on which shares are traded on the Australian Securities Exchange.