

# Magellan High Conviction Trust

ARSN: 634 789 754

Ticker: MHH

## Trust Facts

Portfolio Managers	Hamish Douglass and Chris Wheldon		
Structure	Listed Investment Trust		
Inception Date	11 October 2019		
Management Fee <sup>1</sup>	1.50% per annum		
Trust Size / NAV Price	AUD \$1,030.4 million / \$1.7559 per unit <sup>2</sup>		
Distribution Frequency	Semi-annually		
Performance Fee <sup>1</sup>	10% of the excess return of the units of the Trust above the Absolute Return performance hurdle (10% per annum). Additionally, the Performance Fees are subject to a high water mark.		
iNAV tickers	Bloomberg Thomson Reuters IRESS	MHH AU Equity MHH.AX MHH.ASX	MHHIV Index MHHAUiv.P MHH-AUINAV.NGIF

<sup>1</sup> All fees are inclusive of the net effect of GST;

<sup>2</sup> NAV per unit is cum distribution and includes a distribution of 2.25 cents per unit distribution payable on 21 July 2021.

## Fund Features

- ASX listed investment trust
- Actively managed global equities trust, invested in 8-12 of Magellan's best ideas
- Target Cash Distribution yield of 3% per annum paid semi-annually
- An attractive distribution reinvestment plan with a 5% discount to the NAV per Unit in respect of the Target Cash Distribution. The discount will be paid by the Magellan Group
- Minimum administration for investors; no paperwork needed to trade
- Units can be bought or sold on the ASX like any other listed security
- Settlement via CHESS

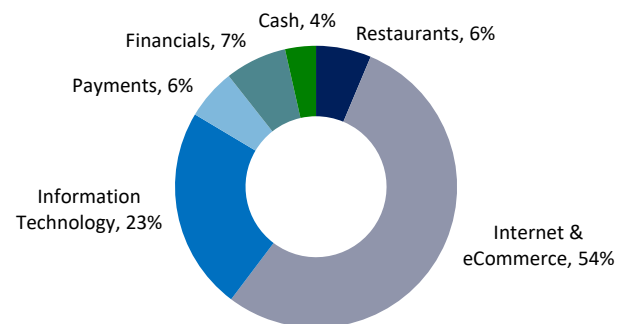
## Trust Performance\*

	Magellan High Conviction Trust (%)
1 Month	6.2
3 Months	10.0
1 Year	18.1
Since Inception (p.a.)	12.4

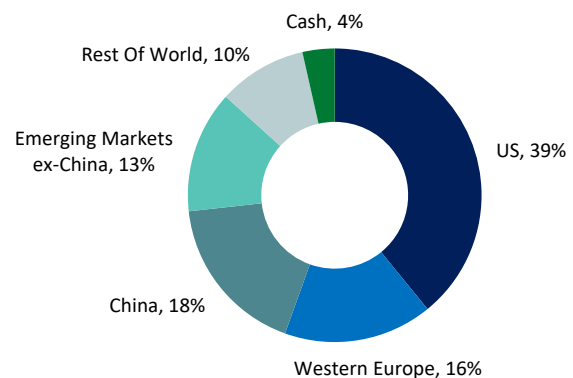
## Top 5 Holdings

In alphabetical order	Sector <sup>#</sup>
Alibaba Group Holding Ltd	Internet & eCommerce
Alphabet Inc	Internet & eCommerce
Facebook Inc	Internet & eCommerce
Microsoft Corporation	Information Technology
Netflix Inc	Internet & eCommerce

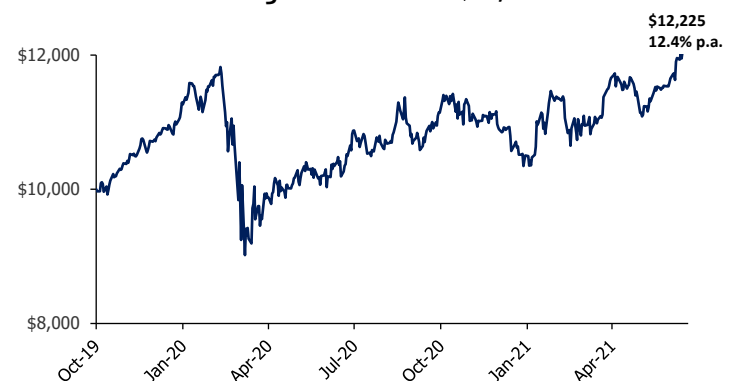
## Sector Exposure by Source of Revenue<sup>#</sup>



## Geographical Exposure by Source of Revenue<sup>#</sup>



## Performance Chart growth of AUD \$10,000<sup>^</sup>



\* Calculations are based on NAV prices with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable).

<sup>#</sup> 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 add to 100% due to rounding.

## Market Commentary

Global stocks soared to record highs as they rose for the ninth quarter in 10 during the three months to June after investors backed that vaccines and more government spending would drive economies, dismissed an acceleration in inflation as transitory, and thus believed statements from central banks they would keep monetary policy loose. During the quarter, 10 of the 11 sectors rose in US-dollar terms. Information technology (+12%) climbed the most on healthy earnings while utilities (-0.7%) declined on concerns that longer-term bond yields might rise. The Morgan Stanley Capital International World Index surged 7.7% in US dollars and 9.3% in Australian currency.

US stocks gained as companies, especially tech ones and the banks, reported healthy earnings reports for the first quarter, the administration of President Joe Biden announced plans for another US\$4 trillion in spending (that Congress is still to approve), consumers spent as they grew in confidence, and, by the White House count, 67% of adults have received one vaccine dose. Reports, however, on inflation provoked spasmodic caution. Consumer inflation rose 5.0% in the 12 months to May, the fastest pace since 2008, while producer prices surged 6.6% in the year to May. These reports fanned talk the US Federal Reserve might rethink its loose monetary policy. A Fed survey of its policymakers show they had brought forward their expectations of when they would sanction a higher US cash rate. They (as represented by their median forecast) now expect to approve two increases in the cash rate from close to 0% by the end of 2023. The S&P 500 rallied 8.2%.

European stocks rose as countries relaxed pandemic restrictions as vaccine programs rolled out and the European Central Bank said it would keep aggressive monetary stimulus in place, though gains were limited by news that an ever-more debt-heavy eurozone economy is contracting. A report showed the eurozone economy shrank 0.3% in the March quarter, which followed a contraction of 0.6% in the December quarter. Another report showed government debt stood at 98% of eurozone GDP at the end of December. The Euro Stoxx 50 Index rose 3.7%.

Japan's Nikkei 225 Index defied the global trend and fell 1.3% after a resurgence in covid-19 infections extended restrictions and a report said the economy shrank 1.0% in the first quarter. China's CSI 300 Index rose 3.5% as a release showed the economy expanded a record 18.3% in the March quarter from a year earlier. Australia's S&P/ASX 200 Accumulation Index gained 8.3% after the major banks reported upbeat results, energy and material prices climbed (iron ore prices reached record highs), the federal government's budget for 2021-22 came with more stimulus, and a report showed the economy expanded 1.8% in the March quarter, to be larger than before the pandemic. The MSCI Emerging Markets Index increased 4.4% in US dollars on signs the world economy is recovering even as covid-19 ravaged emerging countries especially India.

## Trust Commentary

The portfolio recorded a positive return for the quarter. The biggest contributors were the investments in Alphabet, Microsoft and Facebook. Alphabet rallied after the parent of Google reported that rising spending on digital ads boosted first-quarter sales to US\$55.3 billion, a higher-than-expected rise of 34% from a year earlier. Microsoft rose as rising demand for PCs, gaming consoles, and digital services delivered over the cloud boosted the software giant's first-quarter sales by a higher-than-expected 19% to US\$41.7 billion. As well, in April, Microsoft agreed to buy speech-recognition firm Nuance Communications for US\$19.7 billion, to expand the services it can offer business customers. Facebook surged after first-quarter sales smashed expectations to rise 48% to US\$26.2 billion as advertisers sought access to the social media platform's 2.9 billion users and a US judge unexpectedly dismissed two complaints against the social-media giant from the US regulator because the judge said the Federal Trade Commission failed to prove the company was a monopoly.

The only stock to decline in local-currency terms was Tencent Holdings. The Chinese tech company fell as the Chinese government stepped up regulatory scrutiny of the country's largest technology companies.

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

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