

Magellan High Conviction Trust (Managed Fund)

ARSN: 634 789 754

Ticker: MHHT

Trust Facts

Structure	Global Equity Fund	
Inception Date	11 October 2019	
Management Fee ¹	1.50% per annum	
Trust Size / NAV Price	AUD \$662.4 million / \$1.5303 per unit	
Distribution Frequency	Semi-annually	
Performance Fee ¹	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.	
Tickers	Solactive iNAV	ICE iNAV
Bloomberg (MHHT AU Equity)	MHHTAUIV Index	MHHTIV Index
Refinitive (MHHT.AX)	MHHTAUDINAV=SOLA	MHHTAUiv.P
IRESS (MHHT.ASX)	MHHTAUDINAV.ETF	MHHT-AUINAV.NGIF

¹All fees are inclusive of the net effect of GST

Trust Features

- 'Open-ended' active ETF
- 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
- Minimum administration for investors; no paperwork needed to trade
- Investors can buy or sell units on the ASX like any other listed security or apply and redeem directly with the Responsible Entity
- Settlement via CHES

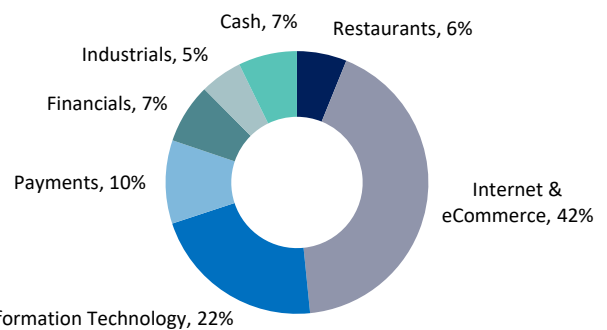
Trust Performance[^]

	Magellan High Conviction Trust (Managed Fund) (%)
1 Month	-2.5
3 Months	-15.3
1 Year	-1.7
Since Inception (% p.a.)	3.7

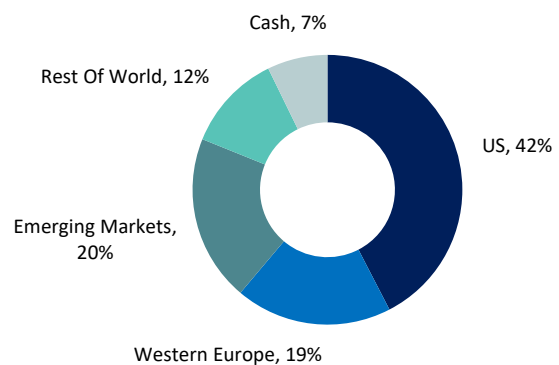
Top 5 Holdings

In alphabetical order	Sector [#]
Alphabet Inc	Internet & eCommerce
Amazon.com Inc	Internet & eCommerce
Microsoft Corporation	Information Technology
Netflix Inc	Internet & eCommerce
Visa Inc	Payments

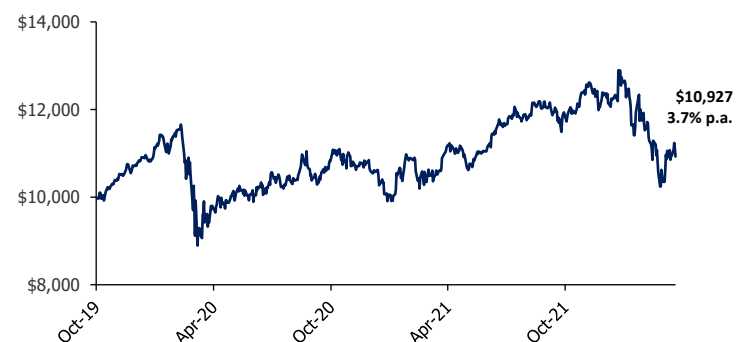
Sector Exposure by Source of Revenue[#]



Geographical Exposure by Source of Revenue[#]



Performance Chart growth of AUD \$10,000[^]


[#] 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.

^{*} 3-year returns are calculated and rolled monthly in AUD, with the outperformance consistency indicating the percentage of positive excess returns since inception. Based on the Magellan High Conviction Fund - Class A.

[^] 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). Trust Inception 11 October 2019. Returns denoted in AUD.

Market Commentary

Global stocks tumbled in the March quarter after Russia's invasion of Ukraine heightened uncertainty about the global economic outlook and boosted energy and grain prices in a world where inflation is at decade highs, and the Federal Reserve embarked on the first of an expected series of rate increases to quell US inflation which is at its highest in 40 years. During the quarter, eight of the 11 sectors fell in US-dollar terms. Consumer discretionary (-11%) plunged the most while energy (+31%) soared most. The Morgan Stanley Capital International World Index dropped 5.2% in US dollars and 8.2% in Australian currency.

US stocks slid as bond yields surged, companies said higher inflation would curb margins and investors readied for up to another 11 US rate increases by the end of 2023. Inflation reached 7.9% in the 12 months to February, the fastest pace since 1982. Soon after, the Fed raised the US cash rate by 0.25% from close to zero. Projections released after the central bank's policy-setting board meeting showed the median board member expects to authorise another 11 rate increases of 25 basis points by the end of 2023 that would lift the key rate to 2.8%. Fed Chair Jerome Powell further boosted bond yields when he warned the central bank might increase the cash rate in steps of 50 basis points if inflation stayed high. The S&P 500 Index lost 4.9%.

European stocks fell as higher inflation prompted the European Central Bank to warn it would tighten monetary policy even though the Russian invasions of Ukraine raised prospects of a eurozone recession, boosted energy and grain prices and prompted sanctions designed to wreck Russia's economy. Eurozone inflation accelerated to a record high of 5.8% in the 12 months to February. The ECB signalled it was more worried about high inflation than slowing economic growth when it said it would phase out its bond-buying program by September or even sooner, overriding previous guidance the purchases would last until October at least. The Bank of England in March lifted its key rate by 0.25% to 0.75%, marking three rate increases in three months, to curb inflation that reached 6.2% in the 12 months to February, its highest in three decades. The Euro Stoxx 50 Index plunged 9.2%.

Japan's Nikkei 225 Index lost 3.4% amid global uncertainty. Australia's S&P/ASX 200 Accumulation Index, however, gained 2.2% as commodity and energy prices rose, reports showed the economy was strong, and the government delivered a generous budget as it readied for an election in May. China's CSI 300 Index dived 14.5% after covid-19 infections prompted lockdowns, investors speculated that sanctions against its ally Russia could spread to China and after a crisis in property slowed economic growth to a 12-month rate of 4% in the December quarter. The MSCI Emerging Markets Index lost 7.3% in US dollars as Russia's economic outlook collapsed and there was talk that higher US bond yields would lead to sovereign defaults.

Fund Commentary

The portfolio recorded a negative return for the quarter. The biggest detractors were the investments in Netflix, Meta Platforms and Starbucks. Netflix fell after the streaming service said it expected subscriber growth to slow and profit margins to narrow. Meta fell after the owner of Facebook offered only a weak revenue forecast due to Apple privacy restrictions inhibiting the reach and effectiveness of its advertising and its Facebook site suffered its first drop in regular users in part due to the popularity among the young of TikTok. Starbucks slid on reduced guidance.

The biggest contributors were the investments in Visa and Amazon. Visa jumped after its first-quarter 2022 results beat forecasts as payments volumes including across borders increased, which enabled the company to hold back on costly client incentives. Amazon rallied after its fourth-quarter earnings report – that showed net sales jumped 9% to US\$137.4 billion – smashed expectations, highlighted just how many growth prospects the e-retailer enjoys, and the company raised the price of its Prime membership scheme.

Index movements and stock contributors/detractors are based in local currency terms unless stated otherwise.

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