



# INTERIM FINANCIAL REPORT

## FOR THE HALF YEAR ENDED 31 DECEMBER 2019

**MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED):** ARSN 612 467 580

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# MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

## Chairman's Report

for the half year ended 31 December 2019

Dear Unitholders,

We are pleased to present the Interim Financial Report for Magellan Infrastructure Fund (Currency Hedged) (Managed Fund) (the "Fund"). The Fund is a managed investment scheme for which Magellan Asset Management Limited ("MAM") acts as both Responsible Entity and Investment Manager.

The Fund is quoted on the Australian Securities Exchange (ticker code: MICH) and commenced trading on 22 July 2016. As at 31 December 2019, the Fund had net assets of \$575 million and a net asset value of \$3.25 per unit after providing for a distribution of 4.7 cents per unit for the six months ended 31 December 2019.

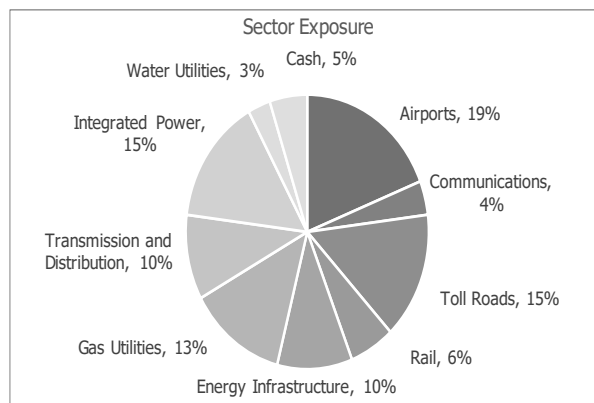
The Fund's portfolio is actively managed by MAM and mirrors, to all intents and purposes the unlisted Magellan Infrastructure Fund. MAM aims to achieve attractive risk-adjusted returns over the medium to long term for unitholders, while reducing the risk of permanent capital loss. To achieve this, the Fund invests in a portfolio of between 20 and 40 high-quality global equity stocks, as assessed by MAM, whose primary business is the ownership and operation of infrastructure assets. The Fund has the ability to manage equity market risk by holding up to 20% of its net assets in cash. Currency exposure is substantially hedged back to Australian Dollars. For the six months to 31 December 2019, the Fund returned 5.3% net of fees. This compares to the return of the index (S&P Global Infrastructure Index Hedged to Australian Dollars) of 5.2% over the same period.

MAM believes that infrastructure assets, with requisite earnings reliability and a linkage of earnings to inflation, offer an attractive, long-term investment proposition. MAM has established a proprietary classification criteria to define infrastructure which seeks to identify outstanding companies that exhibit reliable demand and stable cash flow generation and importantly, excludes companies where MAM has assessed their earnings to have material direct exposure to commodity prices, competitive pressure or sovereign risk. We believe applying a disciplined, clearly defined set of parameters to capture the desired characteristics of infrastructure provides a solid framework for generating attractive, stable returns over the long term.

We would encourage you to read our monthly and quarterly Fund Reports which provide valuable insight into our investment strategies and portfolio managers' thoughts. These are released on ASX and can also be found on our website: [www.magellangroup.com.au](http://www.magellangroup.com.au).

As at 31 December 2019, the Fund consisted of investments in 30 companies, with the top 10 investments (listed below) representing 50.4% of the Fund. The Fund's cash position was 5% which was predominantly held in Australian Dollars. The Fund's industry exposure by source of revenues is highlighted below.

Top 10 holdings (as at 31 December 2019)	% of Fund
Transurban Group	6.5
Atmos Energy	5.8
Atlas Arteria	5.3
Enbridge	5.1
Aena SA	5.0
Aeroports De Paris	4.9
Xcel Energy	4.9
Eversource Energy	4.7
Sempra Energy	4.4
Crown Castle International	3.8
<b>Top 10 Total</b>	<b>50.4</b>



The following report contains relevant financial statements and information which we encourage you to read carefully.

**Robert Fraser**  
Chairman  
27 February 2020

# MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

## Responsible Entity's Report for the half year ended 31 December 2019

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan Infrastructure Fund (Currency Hedged) ("the Fund" or "MICH") present their half year report on the Fund for the period ended 31 December 2019.

### 1. Directors

The following persons were Directors of MAM during the period and up to the date of this report:

Name	Directorship	Appointed
Brett Cairns	Chief Executive Officer	22 January 2007
John Eales	Non-Executive Director	1 July 2017
Robert Fraser	Chairman	23 April 2014
Paul Lewis	Non-Executive Director	20 December 2006
Hamish McLennan	Non-Executive Director	1 March 2016
Kirsten Morton	Chief Financial Officer	5 October 2018
Karen Phin	Non-Executive Director	23 April 2014

### 2. Principal Activity

The Fund is a registered managed investment scheme domiciled in Australia and quoted on the Australian Securities Exchange ("ASX") under the AQUA Rules (ticker code MICH). It was registered on 31 May 2016 and commenced trading on 22 July 2016.

The Fund invests in a portfolio of between 20 and 40 high quality global equity stocks that generate the dominant part of their earnings from the ownership of infrastructure assets. To achieve this MAM undertakes rigorous company research to identify what it assesses to be high quality companies combined with an assessment of the macroeconomic environment and a disciplined risk controlled approach to portfolio construction. The Fund can use foreign exchange contracts to facilitate settlement of stock purchases. It is the Responsible Entity's intention to substantially hedge the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars.

The Fund's investment objectives are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the Product Disclosure Statement, issued 18 November 2019).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund. As the Investment Manager, it is responsible for selecting and managing the assets of the Fund. In addition, the Responsible Entity, on behalf of the Fund, may also provide trading liquidity to investors on the ASX under the AQUA Rules by acting as a buyer and seller of units in the Fund. The Responsible Entity has appointed an independent market participant to act as its agent to execute its market making activities.

The Fund's principal place of business is Level 36, 19 Martin Place, Sydney, New South Wales 2000.

### 3. Significant Changes In State Of Affairs

There were no significant changes in the state of affairs of the Fund during the period.

### 4. Distribution

On 27 December 2019, the Directors declared a distribution of 4.70 cents per unit (December 2018: 3.45 cents per unit), amounting to \$8,313,000 for the period ended 31 December 2019 (December 2018: \$2,939,000). The distribution was paid on 15 January 2020.

A distribution of 5.00 cents per unit, amounting to \$5,901,000 for the year ended 30 June 2019 was paid on 29 July 2019.

# MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

## Responsible Entity's Report for the half year ended 31 December 2019

### 5. Review Of Financial Results And Operations

#### a) Financial Results For The Period

The performance of the Fund, as represented by the results of its operations for the periods ended 31 December, was as follows:

	31 December 2019	31 December 2018
<b>Results</b>		
Total net investment income (\$'000)	27,697	(3,480)
Total expenses (\$'000)	3,188	1,362
<b>Profit/(Loss) (\$'000)</b>	24,509	(4,842)
<b>Net Asset Value ("NAV") Per Unit (\$) <sup>(A)</sup></b>	3.2501	2.6695

<sup>(A)</sup> The NAV Per Unit represents the net assets of the Fund presented in the Statement Of Financial Position at reporting date divided by the number of units on issue at reporting date (refer Note 4 and Note 6 to the financial statements).

#### b) Total Indirect Cost Ratio ("ICR")

The ICR, for the 6 and 12 months ended 31 December, is the ratio of the Fund's actual management costs over the average portfolio value, expressed as a percentage. Management costs, accrued within the Fund's unit price on a daily basis, include management, administration and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

	6 months to 31 December 2019	6 months to 31 December 2018	12 months to 31 December 2019	12 months to 31 December 2018
<b>Indirect Cost Ratio</b>				
Management fee (%)	0.53	0.53	1.05	1.05
Performance fee (%)	0.01	-	0.02	0.05
<b>Total Indirect Cost Ratio (%)</b>	0.54	0.53	1.07	1.10

#### c) Performance Returns

The performance returns for the 6 and 12 months ended 31 December shown in the table below have been calculated using the NAV per unit for the Fund, which is after fees and expenses, assuming the reinvestment of distributions at NAV. The returns are calculated daily, compounded to produce longer period returns.

	6 months to 31 December 2019	6 months to 31 December 2018	12 months to 31 December 2019	12 months to 31 December 2018
<b>Performance</b>				
Growth return (%) <sup>(A)</sup>	3.8	(3.4)	21.8	(3.4)
Distribution return (%) <sup>(B)</sup>	1.5	1.3	3.7	3.0
<b>Total Return (%) <sup>(C)</sup></b>	5.3	(2.1)	25.5	(0.4)

<sup>(A)</sup> The Growth return is calculated daily as a percentage by dividing the NAV per unit (ex-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

<sup>(B)</sup> The Distribution return is calculated as a percentage by subtracting the Growth return from the Total Return.

<sup>(C)</sup> The Total Return is calculated daily as a percentage by dividing the NAV per unit (cum-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Total returns are then compounded to produce longer period returns.

Performance fees are calculated on six monthly measurement periods ending on 30 June and 31 December of each year. The Responsible Entity's entitlement to a performance fee is dependent on the Fund exceeding both index relative and absolute return hurdles over a given measurement period, as well as exceeding the applicable high watermark and an overall cap. Performance fees crystallise at the end of a measurement period. Further details of the performance fees can be found in the Fund's Product Disclosure Statement which is available at [www.magellangroup.com.au](http://www.magellangroup.com.au).

## Responsible Entity's Report for the half year ended 31 December 2019

### 5. Review Of Financial Results And Operations (continued)

#### d) Strategy And Future Outlook

The Fund's investment objective is unchanged. The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Therefore, investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement of expected results of operations. The Fund provides monthly fund updates, quarterly portfolio disclosure and annual investor reports, which can be found in 'Our Funds' section of the Magellan Financial Group Limited website, [www.magellangroup.com.au](http://www.magellangroup.com.au) and also the ASX website. The Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

### 6. Interest In The Fund

The movement in units on issue in the Fund is disclosed in Note 4 to the financial statements.

### 7. Likely Developments And Expected Results Of Operations

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the Product Disclosure Statement. The method of operating the Fund is not expected to change in the foreseeable future however the results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and past returns should not be used to predict future returns.

### 8. Subsequent Events

In a release to the ASX on 5 February 2020, the Fund reported a NAV per unit of \$3.3460 and 182,744,782 units on issue as at 31 January 2020.

Other than the items disclosed throughout this Interim Financial Report and the above, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods. Asset prices move daily and daily unit prices are available on the Magellan Financial Group Limited website, [www.magellangroup.com.au](http://www.magellangroup.com.au) and also the ASX website.

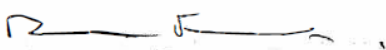
### 9. Rounding Of Amounts

The Fund is of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and consequently amounts in the Responsible Entity's Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

### 10. Auditor

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.



#### Robert Fraser

Chairman  
Sydney, 27 February 2020



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## **Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as the Responsible Entity of Magellan Infrastructure Fund (Currency Hedged)**

As lead auditor for the review of the interim financial report of Magellan Infrastructure Fund (Currency Hedged) for the period ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Clare Sporle  
Partner  
27 February 2020

## MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

# Statement Of Profit Or Loss And Comprehensive Income

for the half year ended 31 December 2019

	Note	31 December 2019 \$'000	31 December 2018 \$'000
<b>Investment Income</b>			
Dividend and distribution income		5,940	2,839
Interest income		86	125
Net change in fair value of investments		21,683	(6,453)
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash		(12)	9
<b>Total Net Investment Income</b>		<b>27,697</b>	<b>(3,480)</b>
<b>Expenses</b>			
Management fees		2,529	1,088
Performance fees		51	2
Settlement processing fees		-	9
Transaction costs		40	18
Withholding tax on dividends		567	245
Finance costs		1	-
<b>Total Expenses</b>		<b>3,188</b>	<b>1,362</b>
<b>Profit/(Loss)</b>		<b>24,509</b>	<b>(4,842)</b>
Other comprehensive income		-	-
<b>Total Comprehensive Income</b>		<b>24,509</b>	<b>(4,842)</b>
<b>Basic Earnings Per Unit (Cents)</b>	5	16.64	(6.47)
<b>Diluted Earnings Per Unit (Cents)</b>	5	16.64	(6.47)

The above Statement Of Profit Or Loss And Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.



## MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

# Statement Of Financial Position

as at 31 December 2019

	Note	31 December 2019 \$'000	30 June 2019 \$'000
<b>Assets</b>			
Cash and cash equivalents		20,415	17,162
Receivables		3,496	3,181
Investments	3 a)	552,991	356,072
Derivative assets	3 b)	7,830	1,023
<b>Total Assets</b>		<b>584,732</b>	<b>377,438</b>
<b>Liabilities</b>			
Derivative liabilities	3 c)	357	-
Payables		1,193	2,133
Distribution payable		8,313	5,901
<b>Total Liabilities</b>		<b>9,863</b>	<b>8,034</b>
<b>Total Unitholders' Equity</b>		<b>574,869</b>	<b>369,404</b>

The above Statement Of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

## MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

# Statement Of Changes In Equity

for the half year ended 31 December 2019

	31 December 2019 \$'000	31 December 2018 \$'000
<b>Unitholders' Equity At The Beginning Of The Period</b>	369,404	179,206
Transactions with unitholders in their capacity as owners:		
Units issued	188,994	56,213
Units issued under distribution reinvestment plan	275	397
Units redeemed	-	(621)
Distributions paid and payable	(8,313)	(2,939)
Total transactions with unitholders	180,956	53,050
Comprehensive income for the period:		
Profit/(loss)	24,509	(4,842)
Other comprehensive income	-	-
Total comprehensive income for the period	24,509	(4,842)
<b>Total Unitholders' Equity At The End Of The Period</b>	<b>574,869</b>	<b>227,414</b>

The above Statement Of Changes In Equity should be read in conjunction with the accompanying notes to the financial statements.

## MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

# Statement Of Cash Flows

for the half year ended 31 December 2019

	31 December 2019 \$'000	31 December 2018 \$'000
<b>Cash Flows From Operating Activities</b>		
Dividends and distributions received (net of withholding tax)	4,861	2,558
Interest received	94	119
Interest paid	(1)	-
Management and performance fees paid	(2,382)	(1,148)
Settlement processing fees paid	-	(9)
Other expenses paid	(40)	(19)
<b>Net Cash Inflows/(Outflows) From Operating Activities</b>	<b>2,532</b>	<b>1,501</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(203,219)	(72,328)
Proceeds from sale of investments	21,940	27,584
Net foreign exchange gains/(losses)	(20)	117
Net cash flows from forward foreign currency contracts	(1,591)	(4,511)
<b>Net Cash Inflows/(Outflows) From Investing Activities</b>	<b>(182,890)</b>	<b>(49,138)</b>
<b>Cash Flows From Financing Activities</b>		
Receipts from issue of units	189,238	56,309
Payments for redemption of units	-	(463)
Distributions paid	(5,626)	(2,844)
<b>Net Cash Inflows/(Outflows) From Financing Activities</b>	<b>183,612</b>	<b>53,002</b>
<b>Net Increase/(Decrease) In Cash And Cash Equivalents</b>	<b>3,254</b>	<b>5,365</b>
Cash and cash equivalents at the beginning of the period	17,162	19,196
Effect of exchange rate fluctuations on cash and cash equivalents	(1)	(8)
<b>Cash And Cash Equivalents At The End Of The Period</b>	<b>20,415</b>	<b>24,553</b>

The above Statement Of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

# MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

## Notes To The Financial Statements

for the half year ended 31 December 2019

### Overview

Magellan Infrastructure Fund (Currency Hedged) ("the Fund") is a registered managed investment scheme under the *Corporations Act 2001* and is admitted to trading status on the ASX under the AQUA Rules. The Fund was registered on 31 May 2016 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 22 July 2016. The Fund terminates on the day immediately preceding the 80<sup>th</sup> anniversary of the date of commencement, unless terminated earlier in accordance with the Fund's Constitution.

Magellan Asset Management Limited (ABN 31 120 593 946) is the Responsible Entity of the Fund.

This financial report was authorised for issue by the Directors of the Responsible Entity on 27 February 2020. The Directors have the power to amend and reissue this financial report.

The Fund is considered a for-profit unit trust for the purpose of this interim financial report.

### 1. Basis Of Preparation

The condensed interim financial report is a general purpose financial report, presented in Australian Dollars, and has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, other mandatory professional reporting requirements and the Fund's Constitution.

The condensed interim financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2019 Annual Report and any public announcements made during the period.

The Statement Of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss. These fair value assets and liabilities comprise mainly investments that are managed based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. Consequently, the investments that may be realised within 12 months cannot be determined at reporting date.

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000) or in certain cases, the nearest dollar, unless otherwise stated in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

#### a) Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new standards that are described in Note 1 b). The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### b) New And Amended Accounting Standards

There are no standards, interpretations or amendments to existing standards that are effective as of 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

#### c) Critical Accounting Estimates And Judgements

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates.

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at reporting date. Fair values may however move materially with movements in market prices (refer Note 3). As most investments are valued with reference to the listed quoted prices and the Fund's cash is held with strongly rated financial institutions, the Fund's financial assets are not subject to significant judgement or complexity nor are the Fund's liabilities.

# MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

## Notes To The Financial Statements

for the half year ended 31 December 2019

### 2. Distributions To Unitholders

On 27 December 2019, the Directors declared a distribution of 4.70 cents per unit (December 2018: 3.45 cents per unit), amounting to \$8,313,000 for the half year ended 31 December 2019 (December 2018: \$2,939,000). The distribution was paid on 15 January 2020.

A distribution of 5.0 cents per unit, amounting to \$5,901,000 for the year ended 30 June 2019 was paid on 29 July 2019.

#### a) Distribution Reinvestment Plan ("DRP")

The Fund's DRP was available to eligible unitholders during the period ended 31 December 2019.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest their distributions in additional MICH units, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a predetermined price, less any discount that the Directors may elect to apply from time to time. No discount has been applied to the units issued under the DRP in respect of the distribution paid on 15 January 2019. The DRP issue price is equal to the Operational Net Trust Value (as defined in the Constitution) divided by the number of units on issue on 31 December.

Details for the DRP for the distributions for the relevant periods ended 31 December are as follows:

	31 December 2019	31 December 2018
DRP issue price (\$)	3.2504	2.6698
DRP unitholder participation rate (%)	6.61	10.48
Number of units issued under DRP	169,168	115,288
Value of units issued under DRP (\$'000)	550	308
Distribution payment date	15 January 2020	15 January 2019

# MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

## Notes To The Financial Statements

for the half year ended 31 December 2019

### 3. Investments

#### Fair Value Disclosures

The Fund classifies the fair value measurements of financial assets and financial liabilities using the three level fair value hierarchy set out below to reflect the source of valuation inputs used when determining the fair value:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of level 1 securities is based on the closing price for the security as quoted on the relevant exchange.
- Level 2: valuation techniques using observable inputs either directly (as prices) or indirectly (derived from prices). The fair value of derivatives is based on a discounted cash flow analysis using quoted market inputs (spot and forward rates, volatility) adjusted for specific features of the instruments and applied debit and credit valuation adjustments based on the Fund's, or the derivative counterparties', current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

	31 December 2019 \$'000	30 June 2019 \$'000
<b>a) Investments (Level 1)</b>		
Australian listed equity securities	111,838	70,053
International listed equity securities:		
- United States	224,243	140,139
- Canada	44,092	27,326
- Spain	43,028	19,899
- Italy	39,466	30,460
- France	34,539	21,455
- Netherlands	34,418	21,469
- Switzerland	7,833	5,490
- New Zealand	7,812	9,883
- Chile	5,722	5,331
- United Kingdom	-	4,567
<b>Total Investments</b>	<b>552,991</b>	<b>356,072</b>
<b>b) Derivative Assets (Level 2)</b>		
Forward foreign currency contracts	7,473	1,023
<b>Total Derivative Assets</b>	<b>7,830</b>	<b>1,023</b>
<b>c) Derivative Liabilities (Level 2)</b>		
Forward foreign currency contracts	357	-
<b>Total Derivative Liabilities</b>	<b>357</b>	<b>-</b>

The Fund does not hold any level 3 assets. There have been no transfers between any of the three levels in the hierarchy during the period and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at balance date.

## MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

# Notes To The Financial Statements

for the half year ended 31 December 2019

### 3. Investments (continued)

The equity securities by domicile of primary stock exchange listing held by the Fund are:

Company Name	Domicile of Principal Exchange Listing	31 December 2019 \$'000	30 June 2019 \$'000
Transurban Group	Australia	38,058	23,311
Atmos Energy	United States	33,940	22,144
Atlas Arteria	Australia	31,184	16,610
Enbridge	Canada	29,814	18,415
Aena	Spain	29,025	19,899
Aéroports De Paris	France	28,757	17,816
Xcel Energy	United States	28,485	18,304
Eversource Energy	United States	27,459	14,895
Sempra Energy	United States	25,938	16,073
Crown Castle International	United States	22,278	13,807
Sydney Airports	Australia	22,151	12,095
Vopak	Netherlands	21,571	12,420
Evergy	United States	21,307	10,004
FirstEnergy	United States	18,441	11,106
WEC Energy Group	United States	14,678	9,101
Snam Rete Gas	Italy	14,403	12,554
Canadian Pacific Railway	Canada	14,278	8,911
SIAS	Italy	14,144	10,719
Red Electrica	Spain	14,003	-
Fraport	Netherlands	12,847	9,049
Spark Infrastructure	Australia	12,123	10,240
American Water Works	United States	11,939	7,726
Union Pacific	United States	11,839	7,556
Terna	Italy	10,919	7,187
APA Group	Australia	8,322	7,797
CSX	United States	7,939	5,660
Flughafen Zuerich	Switzerland	7,833	5,490
Auckland International Airport	New Zealand	7,812	9,883
Getlink	France	5,782	3,639
Aguas Andinas	Chile	5,722	5,331
National Grid	United Kingdom	-	4,567
American Tower	United States	-	3,763
<b>Total Equity Securities</b>		<b>552,991</b>	<b>356,072</b>

# MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

## Notes To The Financial Statements

for the half year ended 31 December 2019

### 4. Unitholders' Equity

	6 months to 31 December 2019 No. of units '000	12 months to 30 June 2019 No. of units '000
<b>a) Units On Issue</b>		
Opening balance - 1 July	118,025	64,965
Units issued	58,768	53,269
Units issued under DRP	87	258
Units redeemed	-	(467)
<b>Total Units On Issue</b>	<b>176,880</b>	<b>118,025</b>

#### Terms And Conditions Of Units

Each unit confers upon the unitholder an equal interest in the Fund, and is of equal value to other units in the Fund. A unit does not confer upon the holder any interest in any particular asset or investment of the Fund. The rights of unitholders are contained in the Fund's Constitution and include:

- the right to receive a distribution determined in accordance with the provisions of the Fund's Constitution;
- the right to attend and vote at meetings of unitholders;
- the right to participate in the termination and winding up of the Fund; and
- the right to redeem units, subject to restrictions disclosed in the Fund's Product Disclosure Statement. Those restrictions may include where trading in units on the ASX are suspended for five consecutive business days. In this case, unitholders may apply to the Responsible Entity to make an off-market withdrawal of their investment from the Fund when the Fund is liquid. Where the Fund ceases to be liquid, units may only be withdrawn once an offer is made to all investors in the Fund in accordance with the Fund's Constitution.

There may be other circumstances where off-market withdrawals from the Fund are suspended for up to 28 days, including where:

- a) it is impracticable for the Responsible Entity, or the Responsible Entity is unable, to calculate the net asset value ("NAV") of the Fund;
- b) the payment of withdrawal proceeds involves realising a significant portion of the Fund's assets which would, in the Responsible Entity's opinion, result in remaining investors bearing a disproportionate amount of capital gains tax or expenses, or suffering any other disadvantage or diminution of the value of units held;
- c) the Responsible Entity reasonably considers it would be in the interests of investors, or it is otherwise permitted by law; or
- d) the Responsible Entity receives withdrawal requests of an aggregate value that in its reasonable estimate exceeds 5% of the Fund's assets.

There are no separate classes of units and each unit in the Fund has the same rights attaching to it as all other units of the Fund.



# MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

## Notes To The Financial Statements

for the half year ended 31 December 2019

### 5. Earnings Per Unit

Basic earnings per unit ("EPU") is calculated as profit/ (loss) for the period divided by the weighted average number of units on issue. Diluted earnings per share is calculated by adjusting the basic earnings per unit to take into account the effect of any changes in income or expense associated with dilutive potential units and the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary units.

	31 December 2019	31 December 2018
<b>Basic EPU</b>		
Profit/(loss) attributable to unitholders (\$'000)	24,509	(4,842)
Weighted average number of units for basic EPU ('000)	147,291	74,798
<b>Basic EPU (Cents)</b>	<b>16.64</b>	<b>(6.47)</b>
<b>Diluted EPU</b>		
Profit/(loss) attributable to unitholders (\$'000)	24,509	(4,842)
Weighted average number of units for diluted EPU ('000)	147,291	74,798
<b>Diluted EPU (Cents)</b>	<b>16.64</b>	<b>(6.47)</b>
<b>Reconciliation Of Earnings Used In Calculating EPU</b>		
Profit/(loss) used in the calculation of basic and diluted EPU (\$'000)	24,509	(4,842)

As the Fund has no potential, dilutive units, basic and diluted EPU are equal.

### 6. Net Asset Value Per Unit

The Net Asset Value ("NAV") per unit represents the net assets of the Fund presented in the Statement Of Financial Position at balance date divided by the number of units on issue at reporting date (refer Note 4).

	31 December 2019 \$'000	30 June 2019 \$'000
NAV Per Unit	3.2501	3.1298

The NAV per unit at balance date may differ from the NAV per unit reported to the ASX due to distributions payable and accruals for fees and minor expenses.

### 7. Segment Information

An operating segment is a distinguishable component of the Fund that is engaged in business activity from which the Fund earns revenues and incurs expenses, whose operating results are regularly reviewed by the Fund's chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision maker has been determined as Dr Brett Cairns.

### 8. Contingent Assets, Contingent Liabilities And Commitments

At balance date, the Fund has no contingent assets, contingent liabilities or commitments (June 2019: nil).

### 9. Subsequent Events

In a release to the ASX on 5 February 2020, the Fund reported a NAV per unit of \$3.3460 and 182,744,782 units on issue as at 31 January 2020.

# Notes To The Financial Statements

for the half year ended 31 December 2019

### **9. Subsequent Events (continued)**

Other than the items disclosed throughout this Interim Financial Report and the above, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future periods. Asset prices move daily and daily unit prices are available on the Magellan Financial Group Limited website, [www.magellangroup.com.au](http://www.magellangroup.com.au) and also the ASX website.

# MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

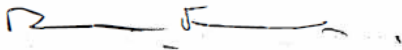
## Directors' Declaration for the half year ended 31 December 2019

In the opinion of the Directors,

- a) the financial statements and notes of Magellan Infrastructure Fund (Currency Hedged) as set out on pages 8 to 18 are in accordance with the *Corporations Act 2001*, including:
  - i) giving a true and fair view of the financial position of the Fund as at 31 December 2019 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
  - ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Chief Executive Officer and Chief Financial Officer which mirror section 295A of the *Corporations Act 2001* and are recommended by the ASX Corporate Governance Principles and Recommendations.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.



**Robert Fraser**  
Chairman  
Sydney, 27 February 2020



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## Independent Auditor's Review Report to the members of Magellan Infrastructure Fund (Currency Hedged)

### Report on the Interim Financial Report

#### Conclusion

We have reviewed the accompanying interim financial report of Magellan Infrastructure Fund (Currency Hedged) (the Fund), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of profit and loss and comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its financial performance for the period ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' Responsibility for the Interim Financial Report

The Directors of the Responsible Entity are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2019 and its financial performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Clare Sporle'.

Clare Sporle

Partner

Sydney

27 February 2020

# MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

## Corporate Information

### **Directors Of The Responsible Entity**

Brett Cairns (Chief Executive Officer)

John Eales

Robert Fraser (Chairman)

Paul Lewis

Hamish McLennan

Kirsten Morton (Chief Financial Officer)

Karen Phin

### **Company Secretary Of The Responsible Entity**

Marcia Venegas

### **Registered Office**

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### **Auditor**

Ernst & Young

200 George Street

Sydney NSW 2000

### **Unit Registrar**

LINK Market Services Limited

Level 12

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Telephone: 1800 206 847

Fax: +61 2 9287 0303

Email: [magellan@linkmarketservices.com.au](mailto:magellan@linkmarketservices.com.au)

### **Securities Exchange Listing**

Australian Securities Exchange

ASX Code: MICH

### **Website**

<http://www.magellangroup.com.au>