

Magellan Infrastructure Fund

Fund Update: 31 December 2011

Key Facts

Portfolio Manager

Gerald Stack

Structure

Infrastructure Fund, \$A hedged

Inception date

1 July 2007

Performance Fee*

10.10% of excess return over the higher of the Index Relative hurdle (UBS Developed Infrastructure & Utilities Net TR Index (\$A Hedged)) and the Absolute Return Hurdle (Australian Government 10-year bond yield). Additionally, the Performance Fees are subject to a high water mark.

MER/ICR*

1.06%

Buy/Sell Spread*

0.25%/0.25%

Fund Size

\$A189.7 million

*All fees are inclusive of the net effect on GST

Performance[†]

	Fund	Excess Return*
1 month	2.33%	0.69%
3 months	5.33%	-0.13%
6 months	1.36%	1.25%
12 months	11.22%	6.51%
2 Years [% p.a.]	11.50%	6.31%
3 Years [% p.a.]	15.56%	8.81%
4 Years [% p.a.]	0.44%	3.54%
Since Inception [% p.a.]	0.87%	2.27%
Since Inception	3.99%	10.12%

*Over benchmark

Top 10 Holdings

in Alphabetical Order	
American Water Works	Water Utilities
Auckland Airport	Airports
ITC Holdings	Transmission and Distribution
Southern Co	Integrated Regulated
Spark Infrastructure	Transmission and Distribution
Transurban Group	Urban Toll Roads
Washington Gas	Gas Utilities
Westar Energy	Integrated Regulated
Wisconsin Energy	Integrated Regulated
Zurich Airport	Airports

Regional Breakdown*

	% of Portfolio
Europe	18.18%
North America	44.18%
Australia	14.32%
United Kingdom	10.12%
Asia ex-Japan	5.61%
Emerging Markets	1.97%
Japan	0.00%
Cash	5.62%
Total	100%

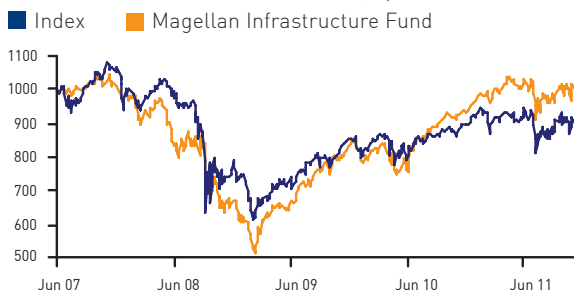
Portfolio Commentary

During the month of December 2011, the Magellan Infrastructure Fund returned 2.33% net of fees compared to the UBS Index return of 1.63%, giving 0.69% outperformance for the month. This brings the funds return for calendar 2011 to 11.22% (6.51% in excess of the benchmark).

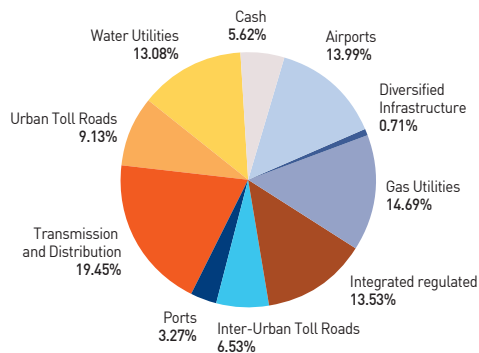
Continuing uncertainty surrounding the solvency of European sovereigns and the implications for economic growth in Europe has led to sub-par returns from European stocks (ex UK) over the past months. This continued in December with the European airport stocks particularly affected.

European stocks represent approximately 20% of the investment portfolio and are concentrated in Germany and Switzerland. The Fund has approximately 50% of the investment portfolio invested in UK and US utilities and these utilities continue to operate reliably and provide reliable returns. Finally, approximately 20% of the Fund's investment portfolio is invested in Australian and New Zealand infrastructure assets which continue to benefit from a combination of low but stable volume growth, inflation indexation and cost control. The stock price of Auckland Airport rose almost 8% during the month.

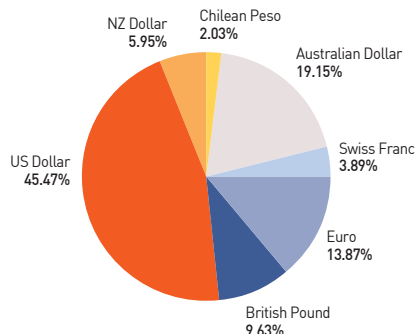
Performance Chart Growth of \$1,000



Industry Breakdown



Currency Breakdown**



*Calculated on a Domicile of Asset basis
 **The foreign currency exposures of the portfolio are fully hedged back into AUD

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[†]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 2007.
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