

# Magellan Infrastructure Fund

Fund Update: 31 March 2013

## Key Facts

Portfolio Manager Gerald Stack	Management and Administration Fee <sup>1</sup> 1.06% p.a.
Structure Infrastructure Fund, \$A hedged	Buy/Sell Spread <sup>1</sup> 0.15%/0.15%
Inception date 1 July 2007	Fund Size AUD \$370.3 million
Performance Fee <sup>1</sup> 10.1% of excess return over the higher of the Index Relative hurdle (UBS Developed Infrastructure & Utilities Net TR Index (\$AUD Hedged)) and the Absolute Return Hurdle (Australian Government 10-year bond yield). Additionally, the Performance Fees are subject to a high water mark.	

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

## Performance<sup>2</sup>

	Fund %	Index % <sup>3</sup>	Excess Return %
1 Month	2.2	4.3	-2.1
3 Months	7.6	9.5	-1.9
6 Months	10.8	11.4	-0.6
1 Year	19.4	15.9	3.5
2 Years (p.a.)	13.3	10.6	2.7
3 Years (p.a.)	16.0	9.4	6.6
4 Years (p.a.)	20.3	13.9	6.4
5 Years (p.a.)	7.0	3.3	3.7
Since Inception (p.a.)	4.5	2.0	2.5
Since Inception	28.9	12.2	16.7

<sup>2</sup>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.

<sup>3</sup>UBS Developed Infrastructure & Utilities Net TR Index (\$A Hedged)

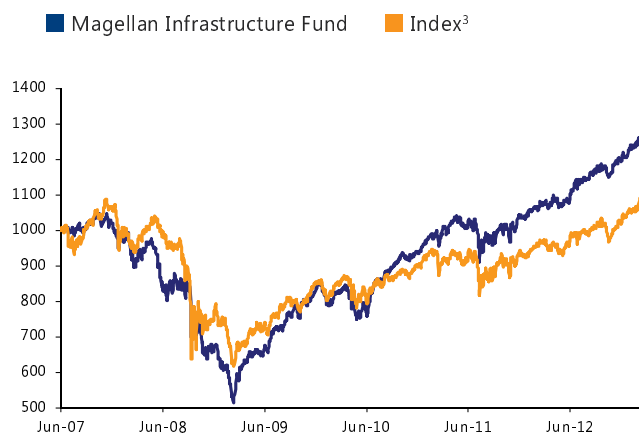
## Top 10 Holdings

	Sector	% of Fund
Transurban Group	Urban Toll Roads	8.9
National Grid	Transmission and Distribution	7.1
Auckland Airport	Airports	5.3
American Water Works	Water Utilities	5.3
Zurich Airport	Airports	5.0
ITC Holdings	Transmission and Distribution	4.5
SES	Communications	4.4
Eutelsat Communications	Communications	4.1
Spark Infrastructure	Transmission and Distribution	4.0
Aguas Andinas	Water Utilities	4.0

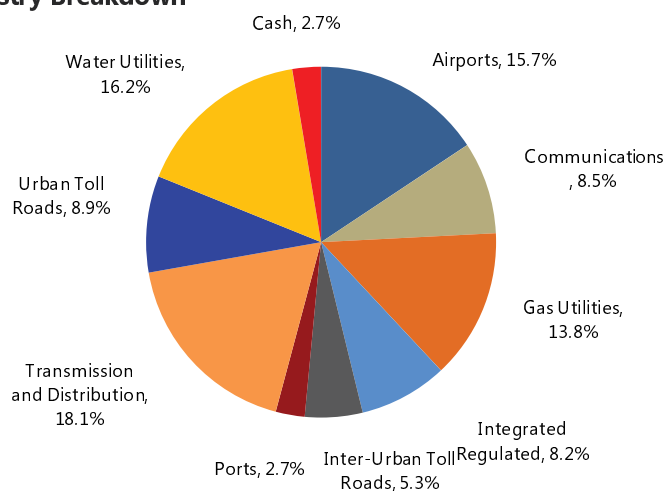
## Regional Breakdown<sup>4</sup>

	% of Fund
North America	32.9
Europe ex-UK	23.5
United Kingdom	16.0
Developed Asia	0.1
Emerging Markets	5.4
Australia	13.7
New Zealand	5.5
Other	0.1
Cash	2.7
Total	100

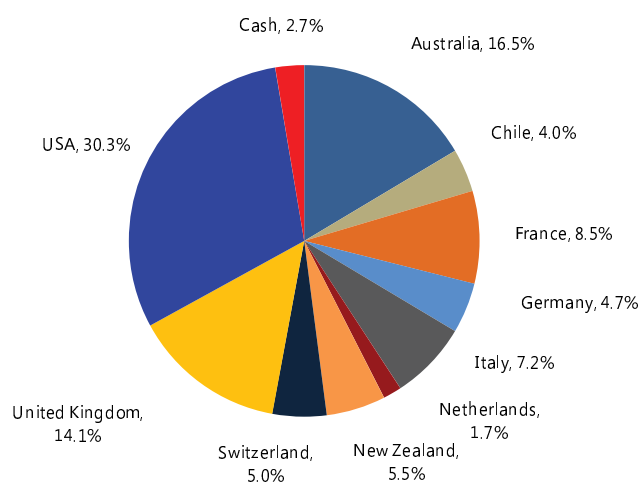
## Performance Chart Growth of AUD \$1,000<sup>2</sup>



## Industry Breakdown



## Country Exposure by domicile of listing<sup>5</sup>



<sup>4</sup>Calculated on a domicile of asset basis

<sup>5</sup>The foreign currency exposures of the portfolio are fully hedged back into AUD. The exposures are by domicile of listing.

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Important Information: Units in the Magellan Infrastructure Fund ('Fund') are issued by Magellan Asset Management Limited (ABN 31 120 593 946, AFS Licence No 304 301). Past performance is not necessarily indicative of future results and no person guarantees the future performance of the Fund, the amount or timing of any return from it, or that it will achieve its investment objective. This material has been provided for general information purposes and must not be construed as investment advice. This material has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. Investors should consider obtaining professional investment advice tailored to their specific circumstances and should read the relevant Product Disclosure Statement (PDS) prior to making any investment decisions. The PDS is available at [www.magellangroup.com.au](http://www.magellangroup.com.au) or can be obtained by calling 02 8114 1888.



## Fund Commentary

For the quarter ended 31 March 2013, the Magellan Infrastructure Fund (the Fund) showed a net return of +7.6%. This under-performed the market benchmark (the UBS Global Infrastructure & Utilities Index) by 1.9%.

Under-performing in such a strongly rising market is not surprising given the investment philosophy of the Fund. The Fund uses a more conservative definition of what constitutes the investible universe of infrastructure stocks than seen in the benchmark index. This is designed to provide investors with more reliable, inflation linked returns than a broader definition will deliver. Given the definition used by Magellan, we expect the Fund to perform defensively i.e. in a strongly rising market we expect the Fund will perform strongly but will be susceptible to under-performing market benchmarks.

The March quarter saw a strong recovery in the share prices of stocks that are in the benchmark, have been very poor performers in recent years and fall outside Magellan's infrastructure universe. For instance, Japanese rail companies generated an average total shareholder return of more than 38% for the quarter while Japanese gas utilities recorded an average return of more than 22%. Competitive power generation stocks also recovered some of their lost ground, generating a 10%+ return for the quarter. These stocks fall outside Magellan's infrastructure universe because Magellan assesses their financial performance to not possess the requisite reliability that we believe infrastructure investors seek.

Within the top ten Fund holdings, the three stocks with the strongest returns in local currency during the quarter, were US electricity transmission company, ITC (+17%), Auckland International Airport (+13%) and satellite company SES (+13%). Only one stock in the top 10, Fraport (whose key asset is Frankfurt Airport), provided a negative return for the quarter (-1%).

The weighting to the utilities sectors (both energy and water) remained at a combined 56%.

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