



Plan For Life
Actuaries & Researchers

Plan For Life Product Rating & Benchmarking

Magellan FuturePay

Date Issued 15 December 2021

Based on research and data up to 15 December 2021





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Executive Summary

Magellan FuturePay	
Benchmark Rating	High level of strengths in product and product support
Product Rating	Recommended

Magellan Asset Management Limited (Magellan) was incorporated in Victoria, Australia on 6 July 2006, and is a wholly owned subsidiary of Magellan Financial Group (MFG). MFG is listed on the ASX. Magellan operates as a fund manager, focusing on global listed equities and global listed infrastructure, made available to retail and wholesale investors, and is the key operating entity of the consolidated group. It is the employer entity and directly controls all service providers that are required for it to undertake investment management activities. For the year ending 30/6/21, over 90% of the revenue of the consolidated group was generated by Magellan. Significant milestones in Magellan’s activities have been: in 2009, launch of the Core Infrastructure Strategy, in 2013, launch of the High Conviction Fund, in 2016 launches of the Active ETF- Infrastructure Fund (Currency Hedged) and the Global Sustainable Strategy, in 2018 acquisition of Airlie Funds Management and Frontier Partners Group and in 2020, launches of the Sustainable Fund and the MFG Core Series – Core International, Core ESG and Core Infrastructure.

Magellan launched FuturePay on 2 June 2021, a product which is designed to attract moneys from retail investors who wish to obtain predictable, monthly distributions growing with inflation and to have reduced risk of permanent capital loss. Trustees of self-managed superannuation funds may also invest in FuturePay.

FuturePay was benchmarked and rated by Plan For Life as at 15 December 2021, using a methodology which scores key factors that reflect the product, the operations of Magellan and where appropriate MFG, in the financial, operational, market-related and investment support services for the product. The factors and the methodology used are:

Product	A comparison of FuturePay features against those of a peer group of product issuers
Financial	A review of key aspects of the financial position of MFG as they affect FuturePay, based on current and past performance
Management	A review of the investment management and broader management structures within MFG, Magellan and FuturePay
Investment Performance	A review of FuturePay investment performance to date, and given that there has only been a short period since the fund commenced, a review of Magellan’s International Equity Plus and Core Infrastructure Funds as proxies for past performance
Investment and Administration Process	A review of the specific investment and administration processes employed by Magellan and FuturePay



Benchmarking and Product Rating Results: FuturePay

- The overall result of the benchmarking is that in Plan For Life’s view, FuturePay is a product with **High Product and Product Support Strengths**.
- Based on this benchmarking result and the other review factors considered, we assign a **Recommended Product Rating** to FuturePay.

This rating means that Plan For Life considers that Magellan as the product issuer and FuturePay as the financial product, have comparative advantages in most areas of assessment of the financial, operational, market-related and investment support services for the product and as a whole, a high level of quality in its management team, risk and compliance frameworks, investment menus process and the range of product design features.

Benchmarking Status: **FuturePay**

Benchmark Strength Factor	Benchmark Score: FuturePay	Maximum Score	Description
Product Strength	8.75	10.00	High level
Financial Strength	9.00	10.00	High level
Management Strength	9.50	10.00	Very high level
Investment Performance Strength	9.00	10.00	High level
Investment and Administration Process Strength	9.50	10.00	Very high level
Overall Score	45.75	50.00	High Level

The Overall Scoring Range below sets out the appropriate benchmarks.

Overall Scoring Range	Description
48.00 - 50.00	Extremely High Product and Product Support Strengths
46.00 - 47.99	Very High Product and Product Support Strength
40.00 –45.99	High Product and Product Support Strengths



Introduction

Report Overview

The purpose of this report is to benchmark FuturePay and to assign an independent Product Rating as at 15 December 2021.

This reflects the product and the operations of Magellan in its financial, operational, market-related and investment support services for the product.

To prepare the report Plan For Life reviewed a considerable number of information sources, including the FuturePay PDS 25 May 2021, Magellan Annual Financial Reports for years ending 30 June 2017, 2018, 2019, 2020 and 2021, Financial Services Council Investment Management Questionnaire dated 30 June 2021.

The data used in the benchmarking is from two sources:

- Plan For Life’s research product base covering annuities, pensions and income-stream products
- Information in the documents itemized above and in the References section.

About Plan For Life, Actuarial & Researchers

Plan For Life, Actuarial & Researchers (PFL) is a research and analytics business, part of ISS Market Intelligence (ISS MI), a division of Institutional Shareholder Services (ISS).

For over 30 years, Plan For Life has specialised in the fact-based measurement and analysis of Australian retail and wholesale financial services, investment, retirement, and life insurance markets.

PFL Benchmarking Research covers Australian Life Insurance companies and investment managers and their products including life insurance, investment bonds, annuities and managed funds.

PFL Benchmarking is an objective methodology which focuses on parameters capable of being compared and scored against a combination of the product issuer’s peer group, share market indices and the product issuer’s own financial, administrative, management and investment past performance especially where the parameters are based on numeric quantities. This minimises the extent of subjectiveness in the process, apart from the use of descriptive terms which are needed to distinguish between the varying levels within each parameter.

PFL Benchmarking also takes into consideration four other review factors which need to demonstrate adequate levels of performance. These are not scored but can potentially result in reductions to the scores if determined to be below these levels, however all of these satisfied the requirements. These are: (1) Distribution (2) Risk and Compliance (3) Inflows and (4) Fund Retention.

Risks to the user of FuturePay, which are an inherent nature of the Product, have additionally been identified.

Refer to the full “Conditions of Use, Disclaimers and Disclosure” covering this report.

Part A. Market Environment & Magellan

The Income Stream Market

Plan For Life views the Australian Income Stream Market as comprising a variety of products and funds, including annuities, deferred annuities, allocated pensions, account-based pensions, managed funds and investment bonds. The Australian Government's Retirement Covenant, due for introduction on 1 July 2022, now provides a major opportunity for product and fund managers to offer income-generating products which are designed to assist in meeting retirees' needs through their use in investment accounts, both inside and outside superannuation.

The income-stream products currently available and those likely to be developed going forward, can be broadly regarded as those providing full or partial guarantees on the levels of future income, such as in the case of life insurers' lifetime annuities, and those which employ market-linkage coupled with investment expertise, as in the case of both insurers and fund managers.

In the case of market linked products, we believe that those product providers which can assist in generating a regular income, growing with inflation, and exposing the underlying investment account to as little downward fluctuation as possible, will be in a strong position to take advantage of the forthcoming opportunities.

Magellan and Magellan FuturePay (the 'Fund')

Magellan holds an Australian Financial Services License and is the Responsible Entity for the Fund. As at 30 June 2021, it employed 139 members of staff, of whom 34 were investment professionals, including portfolio managers and investment analysts.

The Fund is a managed investment scheme registered with ASIC on 7 May 2021. It is not an insurance product or superannuation fund. Investors (including trustees of superannuation funds) are able to make investments in the Fund. As at 31 October 2021 the Fund stood at \$18.6 million.

Executive Management & Staff

- Paddy McCrudden, FuturePay Portfolio Manager and Head of Retirement Solutions and Data Science (CFA, B Sc Hons, PhD), who joined in 2017, with prior experience at Blackrock (16 years) which included building quantitative models for global equities, lead strategy for active equities and Portfolio Head for Australian equities, overseeing index, active and long-short funds.
- Domenico Giuliano, Deputy CIO and Portfolio Manager (MBA, B Econ, FIAA), joined Magellan in 2007 with responsibility for research coverage of the financial sector. Since 2014 he has held the Deputy CIO position and been portfolio manager of Global Sustainable and Global ESG strategies. Prior to Magellan he was executive director at Morgan Stanley (covering Asia Pacific insurance companies) and also worked as a consultant with Tillinghast-Towers Perrin.



Gerald Stack, Head of Investments, Head of Infrastructure and Portfolio Manager (B Econ, MBA, CA) joined Magellan in 2007, and leads the team which manages infrastructure portfolios, and researches companies in infrastructure, transport and the industrials sector. Prior to Magellan he was director at Capital Partners, heading up securities research and a member of the management and investment committees. He has extensive experience in analysis and investment of listed and unlisted debt, equity and hybrid assets on a global basis.

- Vihari Ross, Head of Research and Head of Core Series / Portfolio Manager, joined Magellan in 2007. Prior to her appointment to Head of Research she was Head of the Franchises team and retains responsibility for research coverage of franchises stocks. Before joining the Franchises team in 2009, Vihari was a Senior Analyst on the Financials team. Prior to Magellan, Vihari spent four years as an equity analyst at Ausbil Dexia, covering the financials and consumer sectors, and worked as a quantitative analyst at Commonwealth Investment Management (now Colonial First State). Vihari holds a Bachelor of Commerce majoring in Actuarial Studies and Finance and a Master of Commerce majoring in Finance from the University of New South Wales. She is an Associate of the Institute of Actuaries. Vihari is a member of Magellan’s Investment Committee.
- Arvid Streimann, Head of Macro Research and Co-Portfolio Manager Global Equity Strategy (B Econ Hons 1st Class, CFA Charterholder), joined Magellan in 2014 as Senior Analyst Financials. Previously he worked for 10 years in Morgan Stanley and UBS’ research departments (financial institutions and economics), assisted insurers growth strategies at AON and had 4 years with the Reserve Bank (economics and financial markets)

Part B. Product Features

The following is a summary based on the statements set out in the FuturePay PDS dated 25 May 2021. It is not in any way a substitute for information in that PDS and readers of this PFL Report must read the PDS to obtain full details and explanations of the Product.

FuturePay

FuturePay is a managed fund which has the primary objectives of providing investors with predictable, monthly cash distributions which grow with inflation, while reducing the risk of permanent loss of capital. There is no guarantee provided to the Fund or investors from any insurance provider, government scheme or Magellan. Magellan states that the minimum suggested time frame for holding an investment is at least 7 to 10 years. To invest in the Fund (Magellan FuturePay), investors can either apply for units (Units) directly to the Responsible Entity (Magellan) by completing an application form, or by buying Units on the Securities Exchange (Chi-X Australia) which is an alternative trading venue to the ASX. To achieve the above-mentioned objectives, the Fund has targeted an initial cash distribution of \$0.2436 per Unit per annum paid in monthly instalments of \$0.0203 per Unit (Target Monthly Income). Magellan advised that at 2 June 2021 this was equivalent to a yield of approximately 4.25% p.a.

The Target Monthly Income will be adjusted for inflation on a quarterly basis, in arrears, using the Australian Consumer Price Index (All Groups) (‘Inflation Index’) which is published by the Australian Bureau of Statistics and available at www.abs.gov.au. Where the change in the Inflation Index is negative the Target Monthly Income will not be reduced. However, the Inflation Index must exceed its previous level



before Magellan will again commence increasing the Target Monthly Income with inflation.

Magellan invests in a portfolio of companies listed on securities around the world, where it believes it can deliver risk adjusted returns over the medium to long term. The portfolio, which also has a small cash component, is blended by using two investment strategies, the Global Equities Plus Strategy (International equities) and the Infrastructure Core Strategy. Whilst the exact blend of the two Strategies is not defined by Magellan (and may in any event change from time to time), illustrations of a 55%/45% (Global Equities Plus/Core Infrastructure) blend have been advised as suitable by Magellan for reviewing performance and are referred to further under the section 'Investment Performance Strength'.

Support Trust

The Support Trust is a pool of assets, separate to the Fund, set up as a discretionary trust of which the Responsible Entity is a beneficiary, and is managed with the intention of supporting the Fund in paying its Target Monthly Income to investors over the long term. Funding of the Support Trust arises from three sources: (1) a monthly 'Adequacy Contribution' paid from the Fund (2) a monthly amount based on the investment performance of the Fund (the 'Outperformance Contribution') and (3) a 'Magellan Group Contribution' of up to \$50 million paid by MFG out of its own funds. The first two of these items are a cost to the Fund and may affect the net asset value of the Fund. The purpose of (1) is to help maintain the Support Trust when the number of units in the Fund increases, that of (2) is to reserve excess investment returns earned in the Fund so that these can be used at a later stage in supporting investors' returns, and (3) is to support the Responsible Entity making additional contributions to the Support Trust. (Refer to

Support Payments, page 8, FuturePay PDS for full details regarding conditions of Support Payments).

MFG Reserve Facility

The MFG Reserve Facility is based on a funding facility deed between the Responsible Entity and MFG, whereby additional support to the Fund in meeting the Target Monthly Income, can be provided through a loan from MFG. The maximum amount of the loan is the lower of 2% of the Fund's portfolio value at the end of the previous month or \$100 million. (Refer to MFG Reserve Facility, page 9, FuturePay PDS for full details of conditions of loan drawing and repayment).

Support Trust Rights, Net Asset Value and Mutualisation Amount

The Responsible Entity holds certain legal rights to the Support Trust, in particular the right to the due administration of the Support Trust in accordance with the Trust Deed. These rights and the arrangement between FuturePay and the Support Trust create, for valuation purposes, an expectation of payment, which is readily translatable into a series of cash flows, and therefore something that can be valued.

The Net Asset Value (NAV) of FuturePay is calculated daily, the calculation being based on the aggregate value of the assets, less any management fees, investment fees and anticipated Reserve Contributions. The value of the Support Trust Rights is included in the NAV. By dividing the NAV by the number of Units in the Fund at that time, the NAV per Unit is calculated.

The Mutualisation Amount equals the value of the Support Rights, subject to a cap of 7.5%, and is deducted from the NAV per Unit when determining the Exit Unit Price (refer section below). The Mutualisation Amount in each



withdrawal is then retained by the Fund for the benefit of remaining investors.

Entry Unit Price

If the investment is made through an application, the Entry Unit Price is based on the NAV per Unit plus an allowance for transaction costs incurred by the Fund (0.1%), whereas if it is made by purchasing Units on the Securities Exchange, the Entry Unit Price depends on the price set by traders in the market. The prices which apply in these two situations may differ.

Exit Unit Price

If a withdrawal or part-withdrawal is made by a request to the Responsible Entity, the Exit Unit Price is based on the NAV per Unit plus an allowance for transaction costs incurred (0.1%) and the Mutualisation Amount (refer section above). If the withdrawal is made by selling units on the Securities Exchange, the Exit Unit Price depends on the price set by traders in the market, however if the Responsible Entity purchases Units on the Securities Exchange on behalf of the Fund, the price will include an estimate of the Mutualisation Amount. The Exit Unit Prices which apply in these three situations may differ. When units are sold on the Securities Exchange, the price they are sold at may include a premium, namely the perceived benefit of the Support Trust Rights, subject to a cap, paid by the purchasing investor. This means that by selling on the Exchange, the seller has the opportunity to earn this premium.

Outperformance Contributions, Outperformance Reserves and Portfolio Value

Outperformance Contributions: Contributions made by the Responsible Entity to the Support Trust from Outperformance Reserves.

Outperformance Reserves: Amounts that the Responsible Entity intends to contribute to the Support Trust and, if required, to repay to the MFG Reserve Facility, from the investment performance of the Fund (refer to Section 10 of the FuturePay PDS for a detailed description)

Portfolio Value: This equals the Fund's NAV before fees and any Outperformance Contributions and excluding the value of Support Trust Rights.

Fees

Establishment and Contribution Fees: Nil

Withdrawal Fee: When investors withdraw Units directly from the Responsible Entity, an amount equal to the value of the Support Rights per Unit, (subject to a maximum of 7.5% of the Fund's estimated Portfolio Value per Unit and the value of the Support Trust Rights per Unit) for each Unit withdrawn.

When the Responsible Entity, on behalf of the Fund, buys Units on the Securities Exchange, the price at which the Units are purchased will include an estimate of the Mutualisation Amount.

Management Fee: 1% p.a. calculated daily on the Fund's Portfolio Value (inclusive of GST less any reduced input tax credits). Fees are not a charge on the Support Trust, nor on the value of the Support Trust Rights. There are no performance fees.

Estimated net Reserve Contributions: 0.52% p.a. Reserve Contributions made from FuturePay to the Support Trust represent a potential cost to FuturePay and will reduce the value of an



investor's investment but are not a fee paid to Magellan. Reserve Contributions do not leave the system, as they remain available to investors. These amounts are held as cash reserves as a future benefit to unitholders to provide income support to FuturePay during adverse markets¹. As reserves are building, the estimated cost of Reserve Contributions, net of Support Payments received, over a 5-year period is 0.52% p.a. The investor's actual experience will vary and could be a net cost or a net benefit.

Switches: Where the investor holds Units directly with the Fund, switching all or part of the investment to another fund managed by Magellan is permitted, providing that both funds have the same Unit Registry. There is no switching fee but exit prices and unit prices will be applied.

For 'Taxation and FuturePay' refer to the Appendix in this report.

¹ There is no guarantee that the Support Trust will make a Support Payment to FuturePay

Part C. Benchmarking

Five factors have been used to benchmark FuturePay:

1. Product Strength
2. Financial Strength
3. Management Strength
4. Investment Performance Strength
5. Investment and Administration Process Strength

1. Product Strength

In benchmarking FuturePay as a product, the approach is to treat it as operating within the income-stream market. Two life insurers, Allianz and QInsure, offer recently introduced annuity and pension products and these have been used to enable benchmark comparisons to be made with FuturePay. However, it is important to note that FuturePay is not an insurance/annuity product and there is no guarantee provided to FuturePay from any insurance provider, government scheme or Magellan. FuturePay is a registered managed investment scheme which means that when an investor makes an investment in FuturePay, the money is pooled together with other investors' money. Magellan uses this pool to buy investments and manage them on behalf of all investors in FuturePay to achieve FuturePay's objectives.

Product Benchmarked against Annuities

Comparison	FuturePay	Future Safe	QSuper Lifetime Pension
Income Stream Product structure	Registered managed investment scheme	Product issued by an APRA regulated life insurance company	Product issued by an APRA regulated life insurance company
Income Stream Product Documentation	2 June 2021 PDS	13 February 2021 PDS and 5 October 2021 update	5 October 2021
Size	\$18.6 million at 31 October 2021	Not available	\$61 million at 31 August 2021
Time in Market	6 months	2 years 8 months	8 months



Features	FuturePay	Future Safe	QSuper Lifetime Pension
Type of Investment	Superannuation and Non-Super	Superannuation and Non-Super	Superannuation
Withdrawal and fee	Full and part withdrawal available. Fee of up to 7.5% of the amount withdrawn	Full and part withdrawal available. One withdrawal p.a. (with a limit) at no charge; amounts above this subject to market value adjustment	Not available. The pension benefits are based on the investment remaining in the fund.
Death payment	Available. Account balance subject to a Fee as shown under Full Withdrawal, however if the estate or beneficiary wants to leave the balance in the account, there is no transfer fee	Account balance without applying a market value adjustment, subject to any legislative limit	Original investment less any pensions paid, subject to any legislative limit
Term	The Fund has daily liquidity. There is no term as such and the PDS suggests that the investment should be for at least 7 to 10 years	7 or 10-year terms	Lifetime
Investment option and management Fee	1% p.a. plus: 0.52% (estimated) for Reserve Contribution	0.8 p.a.	Varies from 0.22% p.a. (Cash option) to 0.78% (Aggressive option)
Investment Options	1 (Blended Global Equities and Infrastructure)	5	8
Earnings or rate support	Magellan Support Reserve of up to \$50 million, retained earnings, bucketing and withdrawal surplus used towards meeting targeted annual cash distributions	Use of a Caps and Floors approach which enables the investor to determine the level of growth and exposure to market declines	Use of a mutual approach in which surpluses from mortality assist in meeting payment of pension for life
Other Unique Features	(1) Ability to withdraw funds through the Securities Exchange. (2) Facility for loans to FuturePay by MFG	Not applicable	(1) High commencing annuity rates (e.g. Single Life \$6,164 per \$100,000 of funds)

Buy/sell margins on entry and exit may be applied in setting unit prices in the products; these have not been compared.



Future Pay Feature scores	FuturePay Points
Types of investment available – 1 point for each of two types offered	2.0
Withdrawal fee: Lowest fee 1 point, next lowest 0.5 points	0.5
Death payment: Highest payment 1 point, next highest 0.75 points, next highest 0.5 points	0.75
Investment Fee: Lowest 2 points, next lowest 1.5 points, highest 1 point	1.0
Investment Options available: Over 8 options 2 points, 6-8 options 1.75 points, 5-7 options 1.5 points, less than 5 options 1 point	1.0
Earnings or Rate Support: Highest level 2 points, next highest 1 point	2.0
Unique Features: 0.75 points per item, maximum of two: Support Reserve 0.75, Securities Exchange withdrawals 0.75)	1.5
Total	8.75

Applying the above scoring, FuturePay scores 8.75 points out of 10 which places it in the high level of product strength range.

Product Strength Scoring

Extremely high level of product strength	9.00 - 10.0 points
High level of product strength	8.00 - 9.00 points
Medium level of product strength	7.50 - 7.90 points



2. Financial Strength

When investors make an investment in FuturePay, their money is pooled together with other investors' money. Magellan uses this pool to buy investments and manage them on behalf of all investors in FuturePay to achieve the product's objectives of providing investors with predictable, monthly income which grows with inflation, while also aiming to grow investor's capital at or above the rate of inflation, even after making monthly income payments.

FuturePay is not an insurance product or superannuation fund and there is no guarantee provided to FuturePay or investors from any insurance provider, government scheme or Magellan.

Magellan, the Responsible Entity, and investment manager of FuturePay, is a wholly owned subsidiary of Magellan Financial Group Limited (MFG). MFG provides financial support to FuturePay in two respects:

1. On the launch of FuturePay, MFG committed to contribute up to \$50 million of its own capital to FuturePay to assist with the initial capitalisation of the Support Trust (the Magellan Group Contribution). MFG's contribution will be made incrementally, when there is a net issuance of Units in FuturePay (refer to 'Magellan Group Contribution' on page 9, FuturePay PDS for full details on MFG's capital commitment); and
2. The MFG Reserve Facility (discussed above in Section B).

As a result, MFG's financial strength is relevant to an assessment of these benefits.

Rather than compare MFG's financial data to peer fund managers, it was felt to be more appropriate to make a comparison against MFG's own, recent results, which are shown in the table below. The method used for scoring financial strength is to allocate 10 points, less a deduction of 0.50 points for each major ratio (Net Profit and Net Assets) that reduced when comparing the 30/6/21 financial results against those of 30/6/20.

Two aspects of the 30/6/21 results stand out: Expenses which started to increase from 30/6/19 to 30/6/20, continued their upward trend from 30/6/20 to 30/6/21, while Net Assets excluding intangibles, reduced from \$925 million to \$876 million over the 12 months ending 30/6/21. The consequent effect of the increased expenditure has been to reduce the 2020/21 profit to \$265 million, down from its 2019/20 level of \$397 million. We accept that the cause of the increased 2020/21 expenditure is due to '*...transaction costs of \$220.2 million (\$154.1 million after tax) in relation to strategic initiatives (such as the Magellan Global Fund Partnership Offer and options issue, the restructure of the Magellan Global Fund and the launch of Magellan FuturePay) and our share of the after-tax losses of \$41.8 million from our investments in Barrenjoey, GYG and FinClear.*' (Refer 30 June 2021 MFG Financial Report, page 6).

However, from a sustainability viewpoint, the reduction in Net Assets, coupled with a rise in funds over the year, has had the effect of reducing what we term the 'Sustainability Ratio' (the ratio of Net Assets to Funds at 30 June), from 0.95% as at 30/6/20 to 0.77% as at 30/6/21. Having said this, we should make the point that the Net Asset value of \$876 million is still substantial in relation to funds of almost \$114 billion. While generally speaking Net Assets will not necessarily be able to sustain an organisation in extreme financial situations, they do nonetheless provide a cushion and a certain degree of protection to the underlying business operations.



MFG 5 Year Results based on published Accounts

	30/6/21	30/6/20	30/6/19	30/6/18	30/6/17
Total Revenue \$m	715	694	617	453	338
Total Expenses \$m	336	179	124	181	82
Net Profit after Tax \$m	265	396	377	212	196
Ratio Net Profit/Funds	0.233%	0.407%	0.435%	0.305%	0.387%
Closing Funds \$m	113,902	97,184	86,718	69,509	50,597
Net Assets excluding intangibles \$m	876	925	609.5	515.4	447.6
Ratio Net Assets /Funds	0.77%	0.95%	0.70%	0.74%	0.88%
Ratio Total Expenses to Total Revenue	47.0%	25.8%	20.1%	40.0%	24.3%

Scoring of Financial Strength has been based on a score out of 5 for the Net Assets/Funds Ratio and 5 for the Net Profit/Funds Ratio at 30 June 2021. Each measure scores 5 points less 0.5 points deducted for the reduction in the ratios from 2020 to 2021. As a result of making the deductions, a score of 9 points out of 10 applies to FuturePay's Financial Strength.

Financial Strength Scoring

Extremely high level of financial strength	9.5-10.00 points
High level financial strength	9.0 - 9.49 points
Fairly high level of financial strength	8.5 - 8.99 points



3. Management Strength

The management structure within the Magellan Financial Group incorporates a series of hierarchical Boards and Committees. The structure in ascending order is:

1. Magellan FuturePay Investment Management, FuturePay Investment Committee and FuturePay Support Trust Trustees
2. Magellan Management
3. Magellan Board of Directors
4. MFG Board of Directors

The individuals serving on these advisory groups have a combination of qualifications and in many cases, considerable experience in the Funds Management Industry (refer Part A of this PFL Report and the Appendix for details).

Taking into account the reporting lines and responsibilities, we consider the administration structure of the Magellan to be very well-established for an organisation of its size, and to have a good blend of managers with experience across the different aspects of operation. As regards the issue of key person risk, we believe that it is extremely difficult for an organisation to completely eliminate all such a risk. In FuturePay’s case there are individuals who could take over responsibilities, supported by a well-trained team at least for an interim period, if the three most senior personnel were to leave or to become indisposed. While this would ensure continuity, it does not altogether remove a certain amount of risk, at least in the short term. Consequently, we’ve awarded Futurity’s Management Strength 9.5 out of 10 points, which as the following table shows, lies in the Extremely High range.

Management Strength Scoring

Extremely high level of management experience, skills and structure and some key person risk	9.5
Very high level of management experience, skills and structure and some key person risk	9.0
High level of management experience, skills and structure and more key person risk	8.5

4. Investment Performance Strength

To determine FuturePay’s investment performance strength we would normally require at least one year and preferably three to five year’s investment earnings experience. However, as FuturePay has only been operating since 2 June 2021, an alternative approach is needed which is based on:

- A score out of 8 points using performance against internally-set benchmarks of available Magellan funds as proxies. The two funds chosen for this purpose are the International Equities Plus Strategy and the Core Infrastructure Strategy and these have been treated as making up a 55% international equities/45% infrastructure mix (as advised to us by Magellan). We regard this as a reasonable basis to measure past performance. For comparison to the first of these, the MSCI Net Return Index (hedged to the Australian dollar), has also been used, but we don’t necessarily regard this as a perfect benchmark given its wide coverage globally (over 1500 stocks), compared to the much smaller (20 to 30 stocks) used in Magellan’s funds. Similarly, the S&P Global Infrastructure NTR has been used for comparison purposes, but also has the drawback of including a very large number of stocks, compared to 70 to 100 in the case of the Core Infrastructure Strategy.
- A score out of 2 points based on the performance against internally-set benchmarks of FuturePay over 12 months, with points scaled back for the actual period from 1 June 2021 to 31 October 2021.

Proxy Funds Investment Performance

	1 Year Return p.a.	3 Year Return p.a.	5 Year Return p.a.	10 Year Return p.a.
Magellan 55%/45% Mix	10.41%	10.81%	10.73%	14.31%
Global Equities	10.77%	13.21%	14.37%	16.66%
Core Infrastructure	9.96%	7.87%	6.28%	11.44%
MSCI NTR	27.52%	14.38%	14.64%	14.65%
S&P Global Infrastructure NTR*	17.23%	3.34%	4.81%	7.91%

* As advised by Magellan the S&P Global Infrastructure Index (Au\$ Hedged), and the UBS Developed Infrastructure and Utilities Index (Au\$ Hedged) up to 2015.

In reviewing these performance figures we’ve taken into account Magellan’s strategy which in the case of the International Equities Plus Strategy is stated in the MFG Financial Report 30 June 2021, page 4 as having two objectives:

‘to achieve superior risk-adjusted returns (our objective, which is not a guarantee), is to achieve a minimum average return of 9% per annum net of fees over the medium to long term; and to minimise the risk of permanent capital loss’. The returns achieved over the 3, 5 and 10-year periods by the Global Equities Strategy meets this return objective. The extent of minimisation of capital loss is difficult to quantify and to test it would need exhaustive analysis of investments made at different times and over differing periods, however on the face of the return figures, the objective has been met for the particular periods chosen.



The objective for the Core Infrastructure Strategy (refer www.magellangroup.com.au/funds) is stated as being:

‘to achieve attractive risk adjusted returns over the medium to long term while reducing the risk of permanent capital loss’. The returns achieved can be said to reasonably meet the return objective, albeit with a dip over 5-year period, which is below the 3 and 10-year returns. Similar comments to those for the International Equities Plus Strategy regarding capital loss minimisation apply to the Core Infrastructure Strategy

Viewed as a Blended Fund the Magellan 55%/45% Mix achieves an excess of at least 1% over 9% p.a. for each of the 1, 3, 5 and 10 year-periods. Considering FuturePay investment performance from 1 June 2021 to 31 October 2021, Magellan advised the FuturePay net return of 2.07% for the 5-month period. This exceeds the targeted rate of 4.25% on an annualised basis, however the period is too short to be fully benchmarked. The score awarded was half of the score of 2 points.

Investment Performance Strength Scoring

The scoring was based on a maximum of 8 points (Proxy funds) and 2 points (FuturePay).

Proxy fund investment performance scored 8 points and FuturePay investment performance scored 1 point, so a total of 9 points out of 10 was scored for Investment Performance Strength, which is described as being at a high level.

Proxy Blended Fund

Extremely high level of investment performance (at least 1% over 9% p.a.) relative to benchmark and meeting all benchmarks	8.0
High level of investment performance (up to 1% over 9% p.a.) relative to benchmark and meeting benchmarks except in one case	7.5

FuturePay

Extremely high level of investment performance meeting all benchmarks and at least 12 months performance	2.0
High level of investment performance meeting benchmarks and between 6 months and 11 months performance	1.0



5. Investment and Administration Process Strength

We reviewed the investment and administrative processes which Magellan employs, broadly in its activities as a fund manager and in particular, those relating to FuturePay. The processes that we reviewed are set out in more detail in the Appendix.

The method employed in scoring Investment Process and Administration is one of awarding 10 points and then making a deduction of 0.5 points for any material aspects which we found to be lacking or omitted. Other than the comment made below regarding the fairly short period that FuturePay has been operating, for which 0.5 points was deducted, we found no such adverse aspects of the processes and administration.

The 5-month period for review of FuturePay’s processes including the determination of Support Trust Rights Valuation and Reserving Mechanics (transfer of Adequacy Contributions, Outperformance Reserving and Support Payments) is somewhat short, and we would like to see a data trail covering a full 12 months of operations.

Investment Process and Administration Strength consequently scored 9.5 points out of 10, which is a very high level.

Investment and Administration Process Strength Scoring

Extremely high level of investment and administration process meeting all benchmarks	10.0
Very High level of investment and administration process meeting all benchmarks except in one case	9.5

6. Factors considered but not benchmarked

We reviewed a number of other aspects of Magellan FuturePay's operations so as to satisfy ourselves that either measures were in place to meet the requirements or were operating at high standards. These were not rated but could lose points if found to be unsatisfactory, however this was not the case and the scoring was unaffected.

Distribution

Magellan advised that over the last five years it has broadened its exposure to a number of dealer group approved product lists, master fund and platform menus. Marketing efforts have been increased to build greater awareness of Magellan's investment strategies and their suitability for client portfolios. We regard the current approach as being satisfactory. Further time is needed so as to gauge how well it is operating, especially as regards FuturePay sales.

Risk and Compliance

Marcia Venegas is the Head of Risk, Compliance and Legal, Chief Compliance Officer (CCO, as well as Company Secretary. There is also a dedicated Risk and Compliance team responsible for design, implementation and maintenance of the risk management and compliance frameworks, as well any associated activities including controls assurance.

The CCO reports directly to the Chief Executive Officer (Kirsten Morton) and indirectly to Magellan's Board of Directors on all risk and compliance matters. There is a Compliance Manual of written policies and procedures that form part of the overall Compliance Framework.

Inflows

Inflows have been \$8.6 million to 31 October 2021. Once FuturePay has been operating for 12 months and more experience gained, this factor would be taken into account in benchmark scoring.

Fund Retention

FuturePay funds stood at \$18.6 million at 31 October 2021, including initial seeding of \$10 million by Magellan. Retention will become a benchmarking factor once FuturePay has been operating for 12 months and over.

Risks

There are a number of risks to which MFG, Magellan, FuturePay and the investments made within the Fund, are exposed.

While those risks listed below are believed by Plan For Life to be the more prominent ones, and should accordingly be noted, users of this report should nonetheless consider whether there are other risks which may affect investor clients in particular situations. There are further risks which are identified by Magellan (refer to Section 8 of the FuturePay PDS for details), namely Concentration risk, Conflicts of interest, Counterparty risk, Currency risk, Derivatives risk, Distribution policy risk, Emerging market risk, Fund provision of liquidity on the Securities Exchange risk, Fund risk, iNAV risk, Liquidity of investments risk, Mutualisation Amount risk, Pooled investment scheme risk, Price of Units on the Security Exchange risk, Support Trust contributions risk, Target Monthly Income risk and the risk that the Fund may be removed from quotation by the Securities Exchange Operator or terminated. In the case of the broad risks listed by Plan For Life, particular risks and the risks set out in the FuturePay PDS, Plan For Life recommends that users of this Report keep abreast of any changes to MFG, Magellan, FuturePay and the investments made, and where necessary take appropriate steps to minimise their risk.

Corporate Risk

Whilst MFG, which is the holding company of Magellan, has net assets excluding intangibles of \$876 million as at 30 June 2021, Investors should however be aware, that whilst these assets provide a certain amount of protection to the business' operations they cannot necessarily prevent a worst-case scenario in which MFG and its holdings became insolvent.

Tax and Regulatory Risk

There is a risk that tax and regulatory treatment of the Fund which is favourable to the investor may change.

Administrative Risk

There is the risk that Magellan may not be able to maintain the software, systems and administrative functions which support FuturePay.

Management and Key Person Risk

There is the risk that Magellan may not be able to replace managers who leave, and in particular may not be able to replace key persons such as the Chief Executive Officer and the Head of Investments.



Investment Risk

There is a broad risk that downturns in the investment markets and social, political and economic reasons may result in generally reduced investment performance in the securities within FuturePay (infrastructure, equities and other investments), including scenarios where the performance is negative or others where FuturePay may not achieve its objectives.

Investment Options Risk

There is a risk that the particular investment options selected by an investor may not perform according to the investor's expectations and may result in reduced investment performance, including scenarios where the performance is negative.

Unit Price Risk

Daily unit pricing of investment options available to investors within FuturePay may result in large changes from one day to the next. This creates the risk that the variance in price may adversely affect new invested amounts or withdrawal of amounts from FuturePay.



7. Overall FuturePay Benchmarks and Conclusion

Benchmarking Status: **FuturePay**

Benchmark Strength Factor	Benchmark Score: FuturePay	Maximum Score	Description
Product Strength	8.75	10.00	High level
Financial Strength	9.00	10.00	High level
Management Strength	9.50	10.00	Very high level
Investment Performance Strength	9.00	10.00	High level
Investment and Administration Process Strength	9.50	10.00	Very high level
Overall Score	45.75	50.00	High Level

The overall result of the benchmarking is that in Plan For Life’s view, FuturePay is a product with High Product and Product Support Strengths and has been awarded a Recommended Rating.



Appendix

Reference Material

The following documents were examined:

- Magellan FuturePay PDS 25 May 2021
- Magellan FuturePay: FSC Questionnaire 30 June 2021
- Magellan FuturePay Presentation November 21: Support Rights Valuation, Mechanics of Reserving – Adequacy a) Magellan Adequacy Contributions b) Outperformance Reserves and Support payment
- Magellan FuturePay 5 May 2021: Review of Retirement Solution – Rice Warner
- Magellan FuturePay Investment Profile October 2021
- Magellan FuturePay Valuation of Support Trust Rights November 2021
- Magellan FuturePay Presentation– Research Review 12 October 2021
- Magellan – UBS Report October 2021
- Magellan Derivatives Risk Statement June 2021
- Magellan Financial Group Financial Reports as at 30 June – 2017, 2018, 2019, 2020, 2021
- Allianz Future Safe PDS 15 February 2021 and 5 October 2021
- QSuper Life Pension PDS 5 October 2021

Administrative Processes

The following administrative processes are carried out by Magellan using (where indicated) outsourced service providers and are set out in detail in the document ‘FSC Investment Management Questionnaire (June 2021)’.

Custody of Assets

Magellan’s Australian domiciled exchange quoted and unlisted funds are in the custody of the Northern Trust Company.

Fund Administration, Reporting and Fund Accounting

These services are provided by Mainstream Financial Services and include portfolio valuations, asset and cash reconciliations against custody records and post-trade compliance for all funds as well as unit registry services for Magellan’s Australian-domiciled unlisted funds; preparation of data used for client reporting; accounting and record keeping relating to Magellan’s Australian-domiciled unlisted funds, unit pricing and financial reporting. Hi-Port and Hi-Trust are the principal systems for fund administration and transfer agency respectively.

Unit Registry/Transfer Agency Services

The services of applications, redemptions, distributions, unit-holder maintenance and management of investor queries related to FuturePay are provided by Automic.

Provision of Information Technology Services

Strong Solutions P/L provides these including management of web-based trading and execution management platforms provided by external global service providers; web-based post-trade, pre-settlement matching services; email hosting; delivery and support of IT system functions

Compliance and Risk Management Process

Marcia Venegas is the Head of Risk, Compliance and Legal, Chief Compliance Officer (CCO, as well as Company Secretary. There is also a dedicated Risk and Compliance team responsible for design, implementation and maintenance of the risk management and compliance frameworks, as well as any associated activities including controls assurance. The CCO reports directly to the Chief



Executive Officer (Kirsten Morton) and indirectly to Magellan’s Board of Directors on all risk and compliance matters. There is a Compliance Manual of written policies and procedures that form part of the overall Compliance Framework.

Risk and Compliance Committee Members: Marcia Venegas, Chair; Lisa Dyson, Alternative Chair, Anthony Wallace, Member; Frank Casarotti, Member; Gerald Stack, Member; Kirsten Morton, Member.

Compliance policies include: Risk Framework Management, Compliance Program, Anti-Money Laundering and Counter Terrorism Finance Program, Business Continuity Program, Code of Ethics, Conflicts of Interest Policy and Conflicts of Interest Register.

FuturePay Performance and Reserve Contribution Process

Details of FuturePay’s processing of Performance and Reserve Contributions were provided, enabling an examination of the processes to be made. These all appear to have operated correctly, albeit over a limited period of 5 months.

The actual results of this process were:

- June: Performance contribution of 2.63 cents per unit, which is equivalent to a monthly return of 0.49%
- July: Performance contribution of 5.27 cents per unit, which is equivalent to a monthly return of 0.97%
- August: Reserve contribution of 0.0012 cents per unit
- September: Portfolio value fell marginally below the inflation index and a 0.01 cents per unit Support Payment was made
- October: A Reserve contribution of 0.0023 cents per unit was made

Management

Magellan FuturePay Investment Management

The FuturePay investment team is headed up by Paddy McCrudden, FuturePay Portfolio Manager and Head of Retirement Solutions and Data Science.

Hamish Douglas – Portfolio Manager, Global Plus Gerald Stack, Portfolio Manager, Global Infrastructure are the responsible Portfolio Managers for the underlying strategies.

FuturePay Investment Committee

- Paddy McCrudden (Chair)
- Domenico Giuliano, Deputy CIO and Portfolio Manager
- Gerald Stack, Head of Investments, Head of Infrastructure and Portfolio Manager
- Vihari Ross, Head of Research and Head of Core Series / Portfolio Manager
- Arvid Streimann, Head of Macro Research and Co-Portfolio Manager Global Equity Strategy

FuturePay Support Trust

- Paddy McCrudden
- Alex Fergusson, Director and Magellan Capital & Advisory

Magellan Management and Board of Directors

Magellan’s Chief Investment Officer is Hamish Douglass, with Gerald Stack (Head of Investments) reporting to him. Kirsten Morton (Chief Executive Officer) is responsible for seven divisions, namely Distribution/Marketing, Finance/Operations, Capital/Advisory and IT, Risk/Compliance and Legal, Retirement Solutions and Data Science, Airlie Funds Management and North America. The Directors are:

- Kirsten Morton, CEO (Interim) CFO (appointed October 2018)
- Paul Lewis, Independent Non-executive Director (appointed July 2007)



- Karen Phin, Independent Non-executive Director (appointed April 2014)
- Robert Fraser, Chairman, Independent Non-executive Director (appointed April 2014)
- Hamish McLennan, Deputy Chair, Independent Non-executive Director (appointed March 2016)
- John Eales, Independent Non-executive Director (appointed July 2017)
- Collette Garnsey (appointed November 2020)

MFG Board of Directors (the majority are independent directors)

- Hamish Douglass, Executive Chairman
- Kirsten Morton, CEO (Interim) and CFO
- Paul Lewis, Independent Non-executive Director (appointed July 2007)
- Karen Phin, Independent Non-executive Director (appointed April 2014)
- Robert Fraser, Independent Non-executive Director (appointed April 2014)
- Hamish McLennan, Deputy Chair, Independent Non-executive Director (appointed March 2016)
- John Eales, Independent Non-executive Director (appointed July 2017)
- Collette Garnsey (appointed November 2020)

Investment Processes

Investment Philosophy

Magellan advises that it adopts the following philosophy, comprising:

- A long-term investment approach focused on capital preservation and absolute wealth accumulation, driven by the reduction of downside risk.
- Consideration of investments in companies with sustainable competitive advantages which can generate returns on capital in excess of their costs of capital for a sustained period, with Magellan endeavouring to

acquire these companies at discounts to their assessed intrinsic value.

- Referring to studies which illustrate how superior long-term returns are achievable by eliminating/minimizing negative shocks to a portfolio, and in-depth research which shows that high quality, low volatility stocks tend to achieve superior long-term, risk-adjusted performance.

Applying this philosophy to the two portfolios used as a blend, the Global Plus Strategy and the Infrastructure Core Strategy, Magellan states further that the Fund's primary objectives are to provide investors with predictable, monthly distributions that grow with inflation, while reducing the risk of permanent capital loss. It also believes that for investors with a medium to long investment horizon the best way to achieve these objectives is by investing in high quality, globally diversified, defensive equities, and to support this with a tailored risk management strategy through reserving. A portfolio which achieves the above objectives is believed to be one which has a combination of global equity assets and listed infrastructure assets.

Companies which fit the stated philosophy are those which have one or more of the following features – a sustainable competitive advantage, low agency risk, predictable future cash flows and earnings, a high margin of safety and high re-investment potential.

When considering the strategic asset allocation, the FPIC analyses the investment strategies by using metrics which include: the strategy's expected real rate of return, its CPI-relative annualised risk, its beta, downside capture, probability that the fund return in a year exceeds the target of CPI plus distributions, correlation with other candidate strategies, and the interaction of strategies with the reserving process and the utility for clients.



FuturePay Investment Committee (FPIC)

The FPIC was set up for governance of FuturePay investment issues, and has a primary objective of ensuring that FuturePay and the FuturePay Support Trust are managed according to the Product Disclosure Statement or the Investment Management Agreement. In achieving this, the FPIC:

- Reviews strategies to determine if they meet the criteria for designation as investment grade for FuturePay. All investment grade strategies are deemed to be Approved Assets.
- Approves the strategic allocation and tolerances of Approved Assets.
- Approves the hedge ratio and tolerances of FuturePay.
- Reviews securities and cash to determine if they meet the criteria for designation as investment grade for the FuturePay Support Trust. All investment grade securities and cash are deemed to be Approved Assets for the Support Trust.
- Approves maximum absolute and/or relative holdings in securities and cash for the Support Trust.
- Reviews investments on the Approved Assets lists to ensure they continue to meet requirements for designation as investment grade.
- Reviews areas for further analysis and investigation by the investment team
- Review and approves the portfolio risk controls set by the portfolio manager for FuturePay and the Support Trust.

FPIC - Steps in Global Plus Stock Selection

The process is described as one of selection from companies with market capitalisations greater than US \$25 billion, excluding energy and mining stocks, with the universe of stocks being typically up to approximately 200. There is a maximum allocation of 20% to countries which are members of the MSCI World Index. The steps used are:

- Screening to arrive at companies with sufficient scale and sustainable competitive advantages, including qualitative assessment of economic moat, agency risk, business risk, reinvestment potential and ESG factors. A 3-stage discounted cash flow model and 3-year forecast of shareholder return measure, are also used.
- Every stock is reviewed to determine if it is investment grade, otherwise it's not included.
- Proprietary macroeconomic research is undertaken and combined with insight into global equity markets to identify and manage risks and opportunities presented by the macroeconomic environment.
- The portfolio construction process integrates rigorous bottom-up stock analysis, including assessment of quality and value, and detailed macroeconomic research within a robust risk management framework.

FPIC - Steps in Core Infrastructure Strategy Stock Selection

The Infrastructure Selection process is one of selection from companies that generate the dominant part of their earnings from owning infrastructure assets. Between 70 and 100 investments are chosen for the fund. The steps used are:

- Determination of the infrastructure universe based on the criteria of the asset being essential for the effective functioning of a community and the asset operating in an industry that exhibits little or no competitive pressure, avoids sovereign risk and is relatively insensitive to commodity price fluctuations.
- A detailed screening to determine investible companies with limited competitive risk, acceptable sovereign risk, an acceptable regulatory regime, limited commodity price exposures and a minimum of 75% of a company's earnings derived from assets that Magellan classifies as infrastructure assets. ESG screening is then applied together with portfolio filters.



- The portfolio is then constructed using pre-determined rules based off free-float indices and portfolio controls.
- Rigorous ongoing reviews of assets and investments are applied.

Asset Allocation

Magellan advises that the FPIC has approved Magellan Global Plus and Core Infrastructure for investment at a strategic asset allocation of 50% to 60% for Magellan Global Plus and 40% to 50% for Core Infrastructure.

In determining the approved strategic asset allocation, the FPIC is seeking to maximise the probability of meeting the primary objectives of FuturePay. These objectives are to provide investors with predictable, monthly distributions that grow with inflation, while reducing the risk of permanent capital loss. As such, the FPIC considered several metrics when considering the strategic asset allocation including:

- The expected return of the strategy: this should exceed CPI after paying distributions (4.25% p.a.) and fees (1.0% p.a.).
- The CPI relative annualised risk of the strategy: this should be at or below the CPI relative annualised risk of the market in AUD terms.
- The beta of the strategy with respect to the market should be materially below 1.0.
- The downside capture of the funds should be materially below 1.0.
- The probability that the fund return in a year exceeds the target of CPI + distributions (4.25%) plus fees (1.0%) is greater than 50%.

Given this historical information, and Magellan's forward-looking expectations, a strategic asset allocation of 50% to 60% to the global fund provides a good balance across the desired metrics. Any changes to these allocations must be approved by the FPIC.

Underlying strategies

Regional and country allocations: exposures are adjusted via physical securities. FuturePay does not invest in ETFs or other funds to attain or adjust exposures. Equity swaps are permitted as an alternative to holding physical securities but this is not typically done.

Currency: currency is not a primary driver of the stock and country allocations made. Monitoring is applied at portfolio to ensure that no single currency is dominant.

Hedging: the FPIC is responsible for approving the FuturePay strategic hedge ratio, which is currently 45% with a tolerance of around 10%.

Shorting: short selling or security lending arrangements are not undertaken.

Selling down securities when a particular market cap is reached: FuturePay does not have this policy. The Global Plus Strategy does not invest in stocks with a market capitalisation of less than US \$25 billion and if a stock fell materially below this level the asset would be exited.

Trade allocations: this is determined on a basis which is fair, reasonable and equitable to all Magellan clients.

Excess cash: small cash balances are maintained for transactional and settlement purposes. A cash report is received daily. Any future expected cash flows are highlighted in the report which is reviewed by the Portfolio Manager each day.

Steps to monitor and minimise transaction costs: All orders go via a centralised trading desk in Magellan's Sydney office using a pre-approved panel of brokers. Direct market Access (DMA) is the preferred electronic trading method, but phone or email may be used in certain circumstances. Foreign exchange transactions are executed T+1 and FX-ALL, a multi-broker FX platform is used in most cases. Reasonable steps are taken to ensure that trade orders are



executed in the clients’ best interest, allowing for price, price improvement, cost, speed or immediacy, size, nature, liquidity, brokers’ financial conditions and reputation, quality of settlement process and execution certainty. Execution quality of approved brokers is monitored daily and where appropriate, Magellan corrects any deficiencies. Magellan typically uses DMA to place trades to reduce transaction costs and has developed a standardised commission rate card that enforces competitive commission rates across the market for each approved broker. Magellan’s policy is to ensure brokerage costs are minimised.

Net Returns p.a.

- FuturePay holds the securities of the underlying strategies directly and no fee is charged on these underlying strategies – it is not a fund-of-fund structure.
- The blended of the fees on the underlying strategies is not equal to the fee on FuturePay. For example, there is a performance fee on the Global Plus strategy, while there is no performance fee on FuturePay.
- Magellan is entitled to a management fee of 1.00% p.a. on the value of FuturePay’s investment portfolio only, rather than on the entire NAV of FuturePay.
- There are no fees payable to Magellan in respect of the value of the Support Trust Rights nor for managing the assets of the Support Trust.
- There are no performance fees
- Furthermore, Magellan’s management fee will be reduced by an equivalent amount of any income it receives from Support Trust (subject to the management fee not falling below zero).

Other Matters

Taxation and FuturePay

Magellan advises that FuturePay has elected to become an AMIT and investors will be assessed for tax on their attributed income in the Fund. Where this income exceeds the cash distributions paid, the tax cost base of the investor’s units will increase to the extent that the income of the Fund attributable to investors exceeds the cash distribution paid. FuturePay is a pass-through entity and does not pay tax at the entity level and the ultimate tax outcome depends on the circumstances of the unit-holder.

Corporate Ratings

MFG and Magellan don’t have corporate ratings

Fund Ratings

The MFG Core Infrastructure Fund is the retail version of the original Core Listed Infrastructure Fund that was exclusively institutional. MFG Core Infrastructure was made available to retail investors on 10 December 2020.

MFG Core Infrastructure Fund

Zenith – Recommended – March 2021
 Lonsec – Recommended – August 2021
 Morningstar – Silver Rating – August 2021

Magellan Global Plus Strategy is not a retail fund and therefore does not have any retail research ratings. It is a subset of the Magellan Global Equities Strategy with the restriction that investments have a market capitalisation greater than US\$25b rather than US\$10b. Approximately 94% of stocks in the Global investment universe have a market cap > US\$25b. Since inception of Global Plus, rolling 3-year return correlation has exceeded 99.9%

Magellan Global Fund

Zenith – Highly Recommended – November 2021
 Lonsec – Recommended – June 2021
 Morningstar – Gold – April 2021



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