

# Magellan Global Fund

ARSN 126 366 961

## Notice of Meeting and Explanatory Memorandum

This notice is issued by Magellan Asset Management Limited (ACN 120 593 946) (*Magellan*) as responsible entity of the Magellan Global Fund to members of the Magellan Global Fund (*Magellan Global Fund Unitholders*).

### Details of Meeting

**Time:** 9.00am (Sydney time)

**Date:** 25 November 2020

## **VOTE IN FAVOUR**

The Directors of Magellan, the responsible entity of Magellan Global Fund, **RECOMMEND** that Magellan Global Fund Unitholders vote **IN FAVOUR OF** the Magellan Global Fund Unitholder Resolutions, in the absence of a Superior Proposal.

The Independent Expert has determined that the Restructure is in the best interests of Magellan Global Fund Unitholders, in the absence of a Superior Proposal.

This is an important document and requires your immediate attention. You should read the whole document in its entirety before deciding how to vote. If you are in any doubt about how to deal with this document, you should consult your legal, investment or other professional adviser.

# Important Notices & Disclaimer

## General

This Explanatory Memorandum is important and requires your immediate attention. You should read this Explanatory Memorandum in full before making any decision as to how to vote at the Meeting. If you have sold all of your Magellan Global Fund Units, please ignore this Explanatory Memorandum.

If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser.

## Purpose of this document

This Explanatory Memorandum has been prepared for Magellan Global Fund Unitholders in connection with the extraordinary general meeting to be held at 9.00am (Sydney time), on 25 November 2020. The purpose of this Explanatory Memorandum is to provide Magellan Global Fund Unitholders with information about the Restructure and with information that is prescribed by law or which the Directors believe to be material to deciding whether or not to approve the Magellan Global Fund Unitholder Resolutions detailed in the Notice of Meeting included as Schedule 1 to this Explanatory Memorandum.

## Lodgement

A copy of this Explanatory Memorandum was lodged with ASIC on 21 October 2020.

Neither ASIC nor their officers take any responsibility for the contents of this Explanatory Memorandum.

## Court involvement

The Court provided the First Judicial Advice on 20 October 2020. The Court's provision of the First Judicial Advice is not and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on, the Restructure. In particular, the Court's provision of the First Judicial Advice does not mean that the Court:

- has formed any view as to the merits of the Restructure or as to how Magellan Global Fund Unitholders should vote on the Magellan Global Fund Unitholder Resolutions (on these matters Magellan Global Fund Unitholders must reach their own decision); or
- has prepared, or is responsible for, the content of this Explanatory Memorandum.

## Notice of Second Judicial Advice hearing

On the Second Judicial Advice Date, the Court will consider whether to give the Second Judicial Advice following the vote at the Meeting.

Any Magellan Global Fund Unitholder may appear at the Second Judicial Advice hearing, expected to be held on 26 November 2020 at the Supreme Court of New South Wales, 184 Phillip Street, Sydney (or virtually, as required in accordance with any COVID-19 related requirements or recommendations).

It is possible that, because of restrictions imposed in response to the COVID-19 pandemic, that the hearing will be conducted by remote access technology, including "Microsoft Teams" or telephone conferencing. A Magellan Global Fund Unitholder seeking to view the hearing should review the Supreme Court list (available at [http://www.supremecourt.justice.nsw.gov.au/Pages/sco2\\_courtlists/sco2\\_courtlists.aspx](http://www.supremecourt.justice.nsw.gov.au/Pages/sco2_courtlists/sco2_courtlists.aspx)) for details of the hearing and how to view it. The Court's list is usually available by 3.30pm the day before the hearing. Alternatively, you may wish to contact the Supreme Court registry on 1300 679 272 to obtain the details of the hearing.

Any Magellan Global Fund Unitholder who wishes to oppose the Second Judicial Advice at the Second Judicial Advice hearing may do so by filing with the Court and serving on Magellan Global Fund a notice of appearance in the prescribed form together with any affidavit that the Magellan Global Fund Unitholder proposes to rely on.

The address for service is: Deutsche Bank Place, Corner Hunter and Phillip Streets, Sydney NSW 2000, Attention: Kim Reid.

## Responsible entity

Magellan is the responsible entity of Magellan Global Fund. Magellan Global Fund is a managed investment scheme registered under Chapter 5C of the Corporations Act.

Magellan is also the responsible entity of MGE and MGG.

Unless the context otherwise requires in this Explanatory Memorandum, a reference to Magellan Global Fund RE is a reference to Magellan in its capacity as responsible entity of Magellan Global Fund and:

- a reference to MGE RE is a reference to Magellan in its capacity as responsible entity of the MGE; and
- a reference to MGG RE is a reference to Magellan in its capacity as responsible entity of MGG.

## Glossary

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary in Section 11.

## MGF Partnership Offer

The MGF Partnership Offer is subject to the successful implementation of the Restructure and regulatory approvals. A product disclosure statement will be lodged with ASIC by Magellan Global Fund, as issuer, and made available to eligible Magellan Global Fund Unitholders at the time the MGF Partnership Offer is launched, expected to be in January 2021. Once available, eligible Magellan Global Fund Unitholders will need to consider the product disclosure statement in deciding whether or not to subscribe for Closed Class Units and MGF Options. Record dates for participation will be set, in consultation with the ASX, at the time the MGF Partnership Offer is formally undertaken.

## No investment advice

This Explanatory Memorandum contains general financial product advice only and has been prepared without taking account of the investment objectives, financial situation, tax position or particular needs of any Magellan Global Fund Unitholder or any other person. The recommendations contained in this Explanatory Memorandum do not constitute, and should not be taken as, financial product advice.

Before acting on any of the matters described in this Explanatory Memorandum, you should have regard to your investment objectives, financial situation, tax position or particular needs and obtain your own advice by contacting your legal, investment or other professional adviser.

An investment in Magellan Global Fund is subject to investment and other risks, including possible loss of income and principal invested. Magellan Global Fund RE gives no guarantee or assurance as to the performance of Magellan Global Fund, the Magellan Global Fund Units or the repayment of capital.

## Forward looking statements

Some of the statements appearing in this Explanatory Memorandum may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Explanatory Memorandum (including in the Independent Expert's Report) should not be taken to be a forecast or prediction that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words.

Similarly, statements that describe the objectives, plans, goals or expectations of, or relating to, Magellan Global Fund are or may be forward looking statements. You should be aware that such statements are subject to inherent risks and uncertainties.

Those risks and uncertainties include factors and risks specific to the circumstances in which Magellan Global Fund operates, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected.

Neither Magellan Global Fund RE, nor its officers, agents or advisers, or any person named in this Explanatory Memorandum or involved in the preparation of this Explanatory Memorandum (in any capacity) makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

This Explanatory Memorandum also contains forward looking statements based on the current expectations of Magellan Global Fund RE about future events. The prospective information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective information.

Factors which may affect future financial performance and financial position include those matters identified in Section 8, the assumptions underlying any forecast or forward looking statement, financial information not proving correct and other matters not currently known to, or considered by, Magellan Global Fund RE. Magellan Global Fund Unitholders should note that the historical financial performance of Magellan Global Fund is no assurance or indicator of future financial performance of Magellan Global Fund (whether or not the Restructure proceeds). Magellan Global Fund RE does not guarantee any particular rate of return or the performance of Magellan Global Fund nor does it guarantee the repayment of capital or any particular tax treatment in respect of any investment in Magellan Global Fund. The pro forma historical financial information provided in this Explanatory Memorandum is for illustrative purposes only and is not represented as being indicative of Magellan Global Fund RE's views on future financial conditions and/or performance.

# Important Notices & Disclaimer

The forward looking statements in this Explanatory Memorandum reflect facts, circumstances and views held only at the date of this Explanatory Memorandum. Subject to any continuing obligations under the Corporations Act, Magellan Global Fund RE and its officers, employees, agents and advisers disclaim any obligation or undertaking to distribute after the date of this Explanatory Memorandum any updates or revisions to any forward-looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any such statement is based.

## Responsibility statement

Except as outlined below, the information contained in this Explanatory Memorandum other than the Independent Expert's Report has been prepared by Magellan Global Fund RE and is its responsibility alone. Except as outlined below, neither Magellan Global Fund RE nor any of its Controlled Entities, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

Loneragan Edwards & Associates Limited has prepared the Independent Expert's Report (as set out in Schedule 2 to this Explanatory Memorandum) and takes responsibility for that report.

Ernst & Young has prepared the Independent Limited Assurance Report (as set out in Schedule 5 of this Explanatory Memorandum) and takes responsibility for that report.

No consenting party has withdrawn their consent to be named before the date of this Explanatory Memorandum.

## Foreign jurisdictions

The release, publication or distribution of this Explanatory Memorandum in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Explanatory Memorandum should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Explanatory Memorandum and the Restructure does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Explanatory Memorandum has been prepared in accordance with laws of the Commonwealth of Australia and the information contained in this Explanatory Memorandum may not be the same as that which would have been disclosed if this Explanatory Memorandum had been prepared in accordance with the laws and regulations of jurisdictions outside Australia.

This Explanatory Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, the Magellan Global Fund Units in the United States or in any jurisdiction in which such an offer would be illegal. None of the Magellan Global Fund Units have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or under the securities laws of any state or other jurisdiction of the United States, and none of such Magellan Global Fund Units may be offered or sold, directly or indirectly, in the United States.

## Privacy

Magellan Global Fund RE may collect personal information in the process of implementing the Restructure. The type of information that they may collect about you includes your name, contact details and information on your unitholding in Magellan Global Fund and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Meeting, as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Magellan Global Fund RE to conduct the Meeting and to implement the Restructure. Without this information, Magellan Global Fund RE may be hindered in its ability to issue this Explanatory Memorandum and implement the Restructure. Personal information of the type described above may be disclosed to Mainstream Fund Services Pty Ltd, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of Magellan Global Fund RE, Government Agencies, and also where disclosure is otherwise required or allowed by law.

Magellan Global Fund Unitholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of information about you held by Magellan Global Fund RE, please contact the Magellan Global Fund Unitholder Information Line on 1300 127 780 (Australia) or +61 2 8259 8566 (International), between 8:30am and 5:30pm Monday to Friday (Sydney time).

Magellan Global Fund Unitholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Meeting should ensure that they inform that person of the matters relating to the collection and use of personal information outlined above.

## Currency and financial information

Unless stated otherwise, all references to dollars, \$, cents or c in this Explanatory Memorandum are to Australian currency.

## Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Explanatory Memorandum are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available as at 30 September 2020.

## Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Explanatory Memorandum are subject to the effect of rounding.

Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Explanatory Memorandum.

As a result, any calculations you make based on the figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Explanatory Memorandum may differ from the correct answers to those calculations.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

## Timetable and dates

All times and dates referred to in this Explanatory Memorandum are times and dates in Sydney, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Restructure referred to in this Explanatory Memorandum may change and, among other things, are subject to all necessary approvals from Government Agencies.

## Additional information

If, after reading this Explanatory Memorandum, you have any questions regarding the Restructure, please call the Magellan Global Fund Unitholder Information Line on 1300 127 780 (Australia) or +61 2 8259 8566 (International), between 8:30am and 5:30pm Monday to Friday (Sydney time), or consult your legal, investment or other professional adviser.

## Date of Explanatory Memorandum

This Explanatory Memorandum is dated 21 October 2020.

This Explanatory Memorandum may be updated. Any updates will be available for inspection on the website at [www.magellanfundrestructure.com.au](http://www.magellanfundrestructure.com.au). If you access an electronic version of the Explanatory Memorandum you should ensure you download and read the entire Explanatory Memorandum.

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# Letter from the Chairman

Dear Unitholder,

On 3 August 2020, Magellan Asset Management Limited (**Magellan**) announced a restructure proposal to simplify its global equities retail product offering. The restructure proposal, should it proceed, will have the effect of combining the Magellan Global Equities Fund (**MGE**) and the Magellan Global Trust (**MGG**) with the Magellan Global Fund.

On behalf of the Directors of Magellan, as responsible entity of Magellan Global Fund (**Directors**), I am pleased to provide you with this Explanatory Memorandum which contains details about the restructure proposal and the implications for you as an existing investor in the Magellan Global Fund.

## Overview of the Restructure

The restructure involves the proposed acquisition of all of the units in MGE and MGG by Magellan Global Fund.

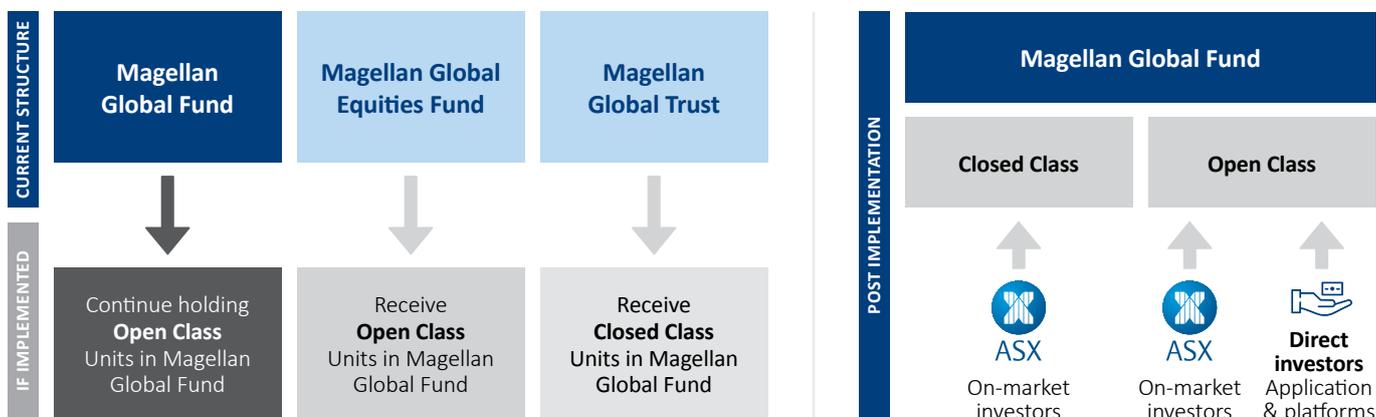
As a unitholder in the Magellan Global Fund, you are being asked to consider proposed changes to the Magellan Global Fund's constitution which are required to facilitate the restructure and will result in Magellan Global Fund having two unit classes on issue:

- Open Class Units, which are the existing units in Magellan Global Fund, will be quoted on the ASX under the AQUA Rules but will also allow the holders of those units to continue to apply for and redeem units directly with Magellan, in its capacity as responsible entity of Magellan Global Fund (**Magellan Global Fund RE**); and
- Closed Class Units, which will be quoted on the ASX under the ASX Listing Rules.

If the restructure proceeds, you will continue to hold the same units in Magellan Global Fund and the number and value of your units will remain unchanged, however we will now refer to these as Open Class Units. You will continue to have the ability to apply for and redeem units directly with Magellan Global Fund RE, however, you will gain the ability to trade your Open Class Units at live market prices on the ASX. This feature is not currently available to Magellan Global Fund Unitholders.

Separately, unitholders in MGE will be offered Open Class Units in exchange for their existing units in MGE, and unitholders in MGG will be offered Closed Class Units in exchange for their existing units in MGG. The value of new units in the Magellan Global Fund that each unitholder in MGE and MGG receives will be equal to the value of the units they hold in MGE and MGG at the time the restructure becomes effective.

If the restructure proceeds, Magellan Global Fund would have approximately \$16.0 billion of assets (on an indicative basis having regard to the value of assets held by the Magellan Global Fund, MGE and MGG as at 30 September 2020). The structure of the Magellan Global Fund following implementation of the restructure is detailed in the following diagram:



## MGF Partnership Offer

Should the restructure proceed, and subject to the necessary regulatory approvals, Magellan Global Fund RE intends to offer all unitholders in the Magellan Global Fund following implementation of the restructure the ability to subscribe for new Closed Class Units (the **MGF Partnership Offer**). We expect to launch the MGF Partnership Offer in January 2021.

The subscription price for the new Closed Class Units under the MGF Partnership Offer will be the NAV per Closed Class Unit on the Business Day immediately prior to their allotment. Successful applicants will also receive:

- a valuable benefit in the form of additional Closed Class Units worth 7.5% of their subscription; and
- a MGF Option for each new Closed Class Unit allotted, which will be exercisable into one Closed Class Unit with the exercise price set at a 7.5% discount to the prevailing net asset value of Closed Class Units at the time of exercise. The MGF Options will have a three-year term and be exercisable in the period commencing three months following their issue. It is intended that MGF Options will be quoted on ASX.

As part of Magellan Group's partnership approach with investors in Closed Class Units and to minimise dilution, Magellan Group will fund both the 7.5% additional Closed Class Unit partnership benefit and the 7.5% MGF Option exercise price discount.

Further details of the MGF Partnership Offer are outlined in Section 7.23.

# Letter from the Chairman

## Magellan Global Fund Unitholder Resolutions and Magellan Directors' Recommendation

Magellan Global Fund Unitholders are being asked to vote at a virtual Meeting proposed to be held at 9.00am (Sydney time) on 25 November 2020 on the proposed amendments to the Magellan Global Fund Constitution required to implement the restructure and a related party resolution (together, the **Magellan Global Fund Unitholder Resolutions**).

The Notice of Meeting contained in Schedule 1 provides further details about how to vote and the arrangements for the virtual Meeting.

The Directors unanimously recommend that Magellan Global Fund Unitholders vote in favour of the Magellan Global Fund Unitholder Resolutions. Each Director intends to vote all Magellan Global Fund units held or controlled by them in favour of the Magellan Global Fund Unitholder Resolutions. The Directors believe that the restructure will provide a range of meaningful benefits to existing Magellan Global Fund Unitholders, including:

- greater flexibility in how you enter and exit your investment;
- enhanced disclosure through the publication of an iNAV throughout the Australian trading day; and
- the opportunity to participate in Magellan Group “partnership benefits” including the MGF Partnership Offer.

Section 3.4 of this Explanatory Memorandum provides a further explanation of the key benefits, disadvantages and risks of the restructure for Magellan Global Fund Unitholders.

When considering the recommendation of Directors, Magellan Global Fund Unitholders should note that Dr. Brett Cairns' (CEO of the Magellan Group and director of Magellan Global Fund RE) annual short term incentive payment takes into account, amongst a range of criteria, the delivery of key strategic projects, such as the restructure. The implementation of the restructure may contribute to the total annual short term incentive payable to Dr. Cairns for the 2021 financial year. The maximum amount payable to Dr. Cairns, should he satisfactorily achieve all of the conditions governing the payment of his short term incentives, as a result of the delivery of key strategic projects including implementation of the restructure, is \$193,125. This matter and other interests of the Magellan Global Fund RE directors in relation to the restructure are set out in Sections 3.5 and 10.1. Dr. Cairns considers that, despite these arrangements, it is appropriate for him to make a recommendation on the restructure. The Magellan Global Fund RE Board (excluding Dr. Cairns) also considers that it is appropriate for him to make a recommendation on the Magellan Global Fund Unitholder Resolutions given his role in the operation and management of Magellan Global Fund and his deep industry knowledge.

It should be noted that the restructure is subject to a number of conditions, including approvals by unitholders in Magellan Global Fund, MGE and MGG, regulatory approvals (including ASX quotation) and receipt of judicial advice from the Court.

## Independent Expert's Opinion

The Directors have appointed Lonergan Edwards & Associates Limited as the Independent Expert to provide an opinion on the restructure (set out in Schedule 2).

The Independent Expert has concluded that the restructure is in the best interests of Magellan Global Fund Unitholders in the absence of a Superior Proposal.

## Conclusion

If, after reading this Explanatory Memorandum, you have any questions regarding the restructure or the Magellan Global Fund Unitholder Resolutions, please call the Magellan Global Fund Unitholder Information Line on 1300 127 780 (Australia) or +61 2 8259 8566 (International) between 8.30am and 5.30pm (Sydney time) Monday to Friday, or consult your legal, investment or other professional adviser.

I look forward to your participation at the Meeting on 25 November 2020 and encourage you to vote in favour of the Magellan Global Fund Unitholder Resolutions.

Yours sincerely



**Robert Fraser**  
Chairman

**Magellan Asset Management Limited**  
as responsible entity of Magellan Global Fund

## Key Dates

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Date of this Explanatory Memorandum	21 October 2020
Time and date by which Proxy Forms must be received	9.00am 23 November 2020
Voting Record Date	7.00pm 23 November 2020
Time and date of the Meeting	9.00am 25 November 2020

If the Magellan Global Fund Unitholder Resolutions are approved by Magellan Global Fund Unitholders and all other Conditions Precedent in connection with the Restructure are fulfilled or waived, the following key dates apply:

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Second Judicial Advice Date	26 November 2020
Effective Date	27 November 2020
Units in Magellan Global Fund commence trading on ASX on a deferred settlement basis	12pm on 30 November 2020
Trust Schemes Record Date	1 December 2020
Implementation Date	8 December 2020
Normal trading in Magellan Global Fund Units commences	9 December 2020

If the Restructure is implemented, the following key dates are expected to apply to the proposed MGF Partnership Offer

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Record date for MGF Partnership Offer	8 December 2020
MGF Partnership Offer Calculation Date	8 January 2021
Expected date the MGF Partnership Offer opens	18 January 2021
Expected date the MGF Partnership Offer closes	23 February 2021
Expected date for the allotment of Closed Class Units and MGF Options under the MGF Partnership Offer	1 March 2021

Dates and times are indicative only and are subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Any changes to the timetable will be made available on the website at [www.magellanfundrestructure.com.au](http://www.magellanfundrestructure.com.au).

# What to Do Next

## Step 1 Carefully Read this Explanatory Memorandum in Full

You should read this Explanatory Memorandum in full before making any decision on how to vote. It contains important information to assist you in deciding how to vote on the Magellan Global Fund Unitholder Resolutions.

It is important that you consider the information disclosed in light of your own particular investment needs, objectives and financial circumstances. The 'Key Questions' in Section 1 of the Explanatory Memorandum may help answer some of your questions.

If, after reading the Explanatory Memorandum, you have any questions regarding the Magellan Global Fund Unitholder Resolutions or the Restructure, contact the Magellan Global Fund Unitholder Information Line on 1300 127 780 (Australia) or +61 2 8259 8566 (International) between 8.30am and 5.30pm (Sydney time) Monday to Friday, or consult an independent, appropriately licensed and authorised professional adviser without delay.

## Step 2 Vote on the Magellan Global Fund Unitholder Resolutions

### Your Vote is Important

If you are a Magellan Global Fund Unitholder on the Voting Record Date you are entitled to vote on the Magellan Global Fund Unitholder Resolutions at the Meeting.

The Meeting will be held as a virtual meeting using an online platform which allows participants to vote, ask questions and participate electronically in real-time, rather than attend the meeting at a physical venue.

You can participate in the Meeting online on the day of the meeting by visiting <https://agmlive.link/MGF20> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. You can vote:

- by participating in the virtual Meeting; or
- by proxy, by attorney or by corporate representative (in the case of a body corporate) in accordance with the instructions in the Notice of Meeting.

The Independent Expert has concluded that the Restructure is in the best interests of Magellan Global Fund Unitholders in the absence of a Superior Proposal. The Directors recommend that Magellan Global Fund Unitholders vote in favour of the Magellan Global Fund Unitholder Resolutions in the absence of a Superior Proposal.

# 1 Key Questions

This Section 1 answers some frequently asked questions about the Restructure and proposed MGF Partnership Offer. It is not intended to address all relevant issues for Magellan Global Fund Unitholders. This Section 1 should be read together with all other parts of this Explanatory Memorandum.

Question	Answer	More Information
<b>The Restructure</b>		
<p><b>1 What is the Restructure?</b></p>	<p>The Restructure is a proposed series of transactions which will have the effect of consolidating three of Magellan’s existing global equities retail funds, being the Magellan Global Fund, MGE and MGG into a single trust (the Magellan Global Fund) which has two unit classes: an Open Class and a Closed Class.</p> <p>There are three key components to the Restructure:</p> <ul style="list-style-type: none"> <li>– Amendments to the Magellan Global Fund constitution to enable it to offer Closed Class Units and Open Class Units (the <b>Magellan Global Fund Constitutional Amendments</b>);</li> <li>– The acquisition of units in MGE by Magellan Global Fund RE in exchange for Open Class Units of Magellan Global Fund by way of a trust scheme (the <b>MGE Trust Scheme</b>); and</li> <li>– The acquisition of units in MGG by Magellan Global Fund RE in exchange for Closed Class Units of Magellan Global Fund by way of a trust scheme (the <b>MGG Trust Scheme</b>),</li> </ul> <p>(together, the <b>Restructure</b>).</p> <p>If the Restructure is implemented, on an indicative basis having regard to funds under management as at 30 September 2020, the restructured Magellan Global Fund would have approximately \$16.0 billion of assets.</p>	Section 3
<p><b>2 Why is the Restructure being undertaken?</b></p>	<p>The Directors of Magellan Global Fund RE believe that the Restructure will deliver a number of benefits to Magellan Global Fund Unitholders and simplify Magellan’s Global Equities Strategy retail product offering.</p>	Section 3.4
<p><b>3 What are the benefits of the Restructure?</b></p>	<p>The Directors of Magellan Global Fund RE consider that the Restructure offers a number of benefits to Magellan Global Fund Unitholders, including:</p> <ul style="list-style-type: none"> <li>– greater choice in how to invest in Open Class Units;</li> <li>– greater efficiency in ASX trading of Open Class Units; and</li> <li>– the opportunity to participate in Magellan Group “partnership benefits” including the MGF Partnership Offer.</li> </ul>	Section 3.4
<p><b>4 What are the potential disadvantages and risks of the Restructure?</b></p>	<p>While the Directors of Magellan Global Fund RE have recommended that Magellan Global Fund Unitholders vote in favour of the Magellan Global Fund Unitholder Resolutions, there are various disadvantages and risks which Magellan Global Fund Unitholders should consider, these include:</p> <ul style="list-style-type: none"> <li>– the relative voting power of an existing Magellan Global Fund Unitholder will be lower in the enlarged Magellan Global Fund;</li> <li>– any borrowing by the Magellan Global Fund (limited to 5% of assets) may expose holders of a specific unit class to cross-collateralisation default risk; and</li> <li>– implementation and execution risks of the Restructure</li> </ul>	Section 3.4
<p><b>5 What will happen to my existing investment in the Magellan Global Fund if the Restructure becomes Effective and is implemented?</b></p>	<p>If the Restructure is implemented, you will continue to hold the same units in Magellan Global Fund. The number and net asset value of the units you hold will not change as a result of the Restructure.</p> <p>However, the Magellan Global Fund Constitutional Amendments will result in some changes to the terms of your Magellan Global Fund Units and the rights you have as a Magellan Global Fund Unitholder.</p> <p>Following the Restructure, your units in Magellan Global Fund will be referred to as Open Class Units and will be quoted on the ASX under the AQUA Rules.</p> <p>A summary of the proposed changes to the Magellan Global Fund Constitution and the features of Open Class Units are contained in Section 9.</p>	Sections 3.2, 3.3 and 9

# 1 Key Questions

Question	Answer	More Information
<p><b>6 What is a Magellan Global Fund Open Class Unit?</b></p>	<p>The Open Class Units are a class of units currently issued by the Magellan Global Fund. Subject to the approval of the MGF Constitutional Amendments, the Open Class Units are intended to be admitted to trading status on the ASX under the AQUA Rules. Open Class Units are expected to trade under the security code: MGOC.</p> <p>Holders of Open Class Units will have the ability to buy and sell their Open Class Units on the ASX or apply for or redeem their Open Class Units directly with the Magellan Global Fund RE at a price based on the NAV per Open Class Unit.</p> <p>Magellan Global Fund RE, on behalf of the Magellan Global Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units.</p>	<p>Section 7.8</p>
<p><b>7 What is a Magellan Global Fund Closed Class Unit?</b></p>	<p>The Closed Class Units are a class of units to be issued by the Magellan Global Fund, subject to the approval of the MGF Constitutional Amendments.</p> <p>Closed Class Units are intended to be quoted on the official list of ASX under the ASX Listing Rules. Closed Class Units are expected to trade under the security code: MGF.</p> <p>Holders of Closed Class Units will have the ability to buy or sell their Closed Class Units on the ASX.</p> <p>Similar to an investment company or investment trust quoted on the official list of ASX, Closed Class Unitholders do not have the ability to apply for or redeem units directly with Magellan Global Fund RE. The Magellan Global Fund RE can only issue or buy back Closed Class Units in accordance with the ASX Listing Rules.</p>	<p>Section 7.8</p>
<p><b>8 What are the main differences between Open Class Units and Closed Class Units in Magellan Global Fund?</b></p>	<p>Both Open Class Units and Closed Class Units will provide investors with interests in the same underlying pool of assets in the Magellan Global Fund. Magellan Global Fund RE manages this pool of assets on behalf of all unitholders in accordance with the Magellan Global Fund's investment strategy.</p> <p>However, there are important differences between Open Class Units and Closed Class Units. These differences include:</p> <p><i>i. Open-ended vs closed-ended capital structure</i></p> <p>Open Class Units are an 'open-ended' unit class in Magellan Global Fund. This means that Magellan Global Fund RE has the power to issue or redeem Open Class Units on a daily basis.</p> <p>Closed Class Units are a 'closed-ended' unit class. Magellan Global Fund RE will only issue or buy back Closed Class Units in accordance with the ASX Listing Rules.</p> <p><i>ii. The ASX rules framework that will apply to each unit class</i></p> <p>Open Class Units will be subject to the AQUA Rules and Closed Class Units will be subject to the ASX Listing Rules.</p> <p><i>iii. Entering and exiting the Magellan Global Fund</i></p> <p>Subject to ASX approval, both the Open Class Units and Closed Class Units will be able to be bought and sold on the ASX.</p> <p>Under the ASX's AQUA Rules, Magellan Global Fund RE may provide liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units. Open Class Unitholders will also have the ability to apply for or redeem their Open Class Units directly with Magellan Global Fund RE using an application form or withdrawal form (as applicable).</p> <p>Under the ASX Listing Rules, Closed Class Unitholders will not have the ability to apply for or redeem Closed Class Units directly with Magellan Global Fund RE.</p> <p>These differences mean that the prices at which the Open Class Units and Closed Class Units trade on the ASX, compared to their respective NAV per Unit, may differ as a result of secondary market liquidity in each unit class on ASX.</p> <p><i>iv. Access partnership benefits offered by Magellan Global Fund RE and Magellan Group</i></p> <p>All Magellan Global Fund Unitholders will be able to participate in the MGF Partnership Offer.</p> <p>Closed Class Unitholders are expected to have the opportunity to access partnership benefits funded by Magellan Group that are not available to Open Class Unitholders. This is expected to include eligibility for the Bonus MGF Option Issue and the ability to participate in a distribution reinvestment plan at a 7.5% discount to the prevailing NAV per Closed Class Unit, for which Magellan Group will bear the dilutive effect associated with the distribution reinvestment plan discount.</p>	<p>Section 7.8</p>

# 1 Key Questions

Question	Answer	More Information
<b>9 In what circumstances might the Restructure not proceed?</b>	<p>The Restructure might not proceed where:</p> <ul style="list-style-type: none"> <li>– A termination right in the MGE Trust Scheme Implementation Deed or MGG Trust Scheme Implementation Deed has been exercised by either the Magellan Global Fund RE, the MGE RE or MGG RE as relevant;</li> <li>– Regulatory approvals required to implement the Restructure are not granted or obtained;</li> <li>– Magellan Global Fund Unitholders, MGE Unitholders and MGG Unitholders do not provide the requisite approvals;</li> <li>– Government or Governmental Agency action prohibits, materially restricts, makes illegal or restrains the completion of the Restructure;</li> <li>– A prescribed occurrence occurs (including insolvency, change in responsible entity, delisting, deregistration as a managed investment scheme under Chapter 5C of the Corporations Act) with respect to MGE or MGG;</li> <li>– The Court declines to grant the Second Judicial Advice or the second judicial advice relating to the MGE Trust Scheme and MGG Trust Scheme; or</li> <li>– ASX does not approve the quotation of the Open Class Units and Closed Class Units.</li> </ul>	<p>Section 3.9 and 10.2</p>
<b>10 Has Magellan Global Fund RE considered alternatives to the Restructure?</b>	<p>Magellan Global Fund RE has considered the alternatives to the Restructure of:</p> <ol style="list-style-type: none"> <li>i. amending the Magellan Global Fund Constitution to allow Magellan Global Fund Units to be quoted on the ASX subject to the AQUA Rules;</li> <li>ii. amending the Magellan Global Fund Constitution (as described in paragraph (i) above) and acquiring all of the units in MGE only; and</li> <li>iii. not undertaking the Restructure and retaining the status quo,</li> </ol> <p>but determined that it would deny some or all of the benefits that Magellan Global Fund RE expects the Restructure to deliver to Magellan Global Fund Unitholders and that the Restructure is in the best interests of Magellan Global Fund Unitholders.</p>	<p>Section 3.7</p>
<b>MGF Partnership Offer</b>		
<b>11 What is the MGF Partnership Offer?</b>	<p>The MGF Partnership Offer is the proposed offer of Closed Class Units (and MGF Options) available to Eligible Magellan Global Fund Unitholders following implementation of the Restructure and is subject to regulatory approvals.</p> <p>Under the MGF Partnership Offer, all Eligible Magellan Global Fund Unitholders will be invited to subscribe for \$1 of Closed Class Units for every \$4 of Magellan Global Fund Units held on the MGF Partnership Offer Calculation Date but capped at the value of their Magellan Global Fund holding on the Implementation Date.</p> <p>The subscription price for the new Closed Class Units will be the NAV per Closed Class Unit on the Business Day immediately prior to their allotment.</p> <p>Successful applicants will also receive a valuable benefit in the form of additional Closed Class Units worth 7.5% of their subscription as part of Magellan Group’s partnership approach with investors in Closed Class Units. Magellan Group will fund the 7.5% partnership benefit to minimise dilution.</p> <p>Successful applicants will also receive one MGF Option for every Closed Class Unit issued to them under the MGF Partnership Offer.</p>	<p>Section 7.23</p>
<b>12 When will the MGF Partnership Offer take place?</b>	<p>The MGF Partnership Offer will take place following implementation of the Restructure and is subject to regulatory approvals.</p> <p>A product disclosure statement is expected to be lodged with ASIC on 8 January 2021.</p>	<p>Section 7.23</p>
<b>13 Who is eligible to participate in the MGF Partnership Offer?</b>	<p>The record date for the MGF Partnership Offer will be the Implementation Date.</p> <p>All unitholders in Magellan Global Fund (including both the Closed Class Units and Open Class Units) at that date will be eligible.</p>	<p>Section 7.23</p>
<b>14 What is the MGF Partnership Offer Calculation Date?</b>	<p>If you hold units on the Implementation Date, you will be eligible to participate in the MGF Partnership Offer. The MGF Partnership Offer Calculation Date is the date on which your entitlement to participate in the MGF Partnership Offer will be calculated and is expected to be 8 January 2021.</p>	<p>Section 7.23</p>

# 1 Key Questions

Question	Answer	More Information
<p><b>15 How are entitlements to participate in the MGF Partnership Offer calculated?</b></p>	<p>Your entitlement in the MGF Partnership Offer will be calculated as \$1 worth of Closed Class Units for every \$4 worth of Open Class Units you hold on the MGF Partnership Offer Calculation Date.</p> <p>The value of your Open Class Units on this date will be calculated as the NAV per Open Class Unit multiplied by the number of Open Class Units you hold on the MGF Partnership Offer Calculation Date, with that number of units capped at the number of Open Class Units you held on the Implementation Date.</p> <p>Only unitholders with a registered address in Australia, New Zealand, Hong Kong or Singapore are expected to be eligible to participate in the MGF Partnership Offer.</p>	<p>Section 7.23</p>
<p><b>16 Is the MGF Partnership Offer part of the Restructure?</b></p>	<p>No, the MGF Partnership Offer is not part of the Restructure.</p> <p>However, the MGF Partnership Offer is dependent on the Restructure having been implemented.</p> <p>Magellan Global Fund RE intends to proceed with the proposed MGF Partnership Offer following implementation, however it is not obliged to do so and the terms of the offer may differ from those outlined in this Explanatory Memorandum.</p>	<p>Sections 7.23 and 7.25</p>
<p><b>17 What are MGF Options?</b></p>	<p>Each MGF Option is an option to acquire one (1) Closed Class Unit in Magellan Global Fund at an exercise price equal to 92.5% of the prevailing net asset value of Closed Class Units at the time of exercise.</p> <p>Importantly, Magellan Group will bear the economic cost associated with the 7.5% discount on the exercise of MGF Options in accordance with the terms of the MFG Equity Commitment Deed.</p> <p>It is expected that MGF Options will be exercisable by the holder on a daily basis from the commencement of the exercise period. The MGF Options will have a three year term.</p> <p>Subject to ASX approval, MGF Options are expected to be quoted and tradeable on ASX.</p>	<p>Section 7.25</p>
<p><b>Independent Expert opinion and the Directors' recommendation</b></p>		
<p><b>18 What is the opinion of the Independent Expert?</b></p>	<p><b>The Independent Expert has concluded that the Restructure is in the best interests of Magellan Global Fund Unitholders in the absence of a Superior Proposal.</b></p> <p>The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Schedule 2 of this Explanatory Memorandum. The Directors strongly encourage you to read this report in its entirety.</p>	<p>Independent Expert's Report (Schedule 2)</p>
<p><b>19 Do the Directors recommend the Restructure?</b></p>	<p>The Directors consider that the Restructure is in the best interests of Magellan Global Fund Unitholders and unanimously recommend that Magellan Global Fund Unitholders vote in favour of the Magellan Global Fund Unitholder Resolutions in the absence of a Superior Proposal.</p> <p>In relation to the recommendation of Dr. Brett Cairns (CEO of the Magellan Group and director of Magellan Global Fund RE), Magellan Global Fund Unitholders should have regard to the fact that Dr. Cairns is eligible to receive an annual short-term incentive payment in respect of a financial year. This short-term incentive payment is determined having regard to a range of criteria which the MFG Board, in consultation with Dr. Cairns, will agree each year. Such criteria may include performance metrics relating to the delivery of key strategic projects, such as the Restructure. Accordingly, implementation of the Restructure may contribute to the total short-term incentive payable to Dr. Cairns for the 2021 financial year. The maximum amount payable to Dr. Cairns, should he satisfactorily achieve all of the conditions governing the payment of his short term incentives, as a result of the delivery of key strategic projects including implementation of the Restructure, is \$193,125.</p> <p>Magellan Global Fund Unitholders should have regard to these arrangements when considering Dr. Cairns' recommendation on the Restructure, which appears throughout this Explanatory Memorandum. Dr. Cairns considers that, despite these arrangements, it is appropriate for him to make a recommendation on the Restructure. The Magellan Global Fund RE Directors (excluding Dr. Cairns) also considers that it is appropriate for him to make a recommendation on the Restructure given his role in the operation and management of Magellan Global Fund and his deep industry knowledge.</p>	<p>Section 3.5</p>

# 1 Key Questions

Question	Answer	More Information
<b>Magellan Global Fund</b>		
<b>20 Will there be any changes to the investment objectives or investment strategy of the Magellan Global Fund if the Restructure is implemented?</b>	<p>No, the investment objectives and investment strategy of the Magellan Global Fund will remain unchanged.</p> <p>The investment objectives of the Magellan Global Fund are to achieve attractive risk-adjusted returns over the medium to long-term, whilst reducing the risk of permanent capital loss.</p> <p>The Magellan Global Fund will continue to employ the Global Equities Strategy, Magellan's flagship investment strategy, which is managed by Magellan's chief investment officer, Hamish Douglass.</p>	Section 7.4
<b>21 When can Magellan Global Fund Units be traded on the ASX?</b>	<p>Subject to approval by ASX, both Open Class Units and Closed Class Units in Magellan Global Fund are expected to commence trading on the ASX on a deferred settlement basis on 30 November 2020, the first Business Day following the Effective Date.</p> <p>Both unit classes are expected to trade on a deferred settlement basis until the date normal trading commences which is expected to be 9 December 2020.</p>	Section 4.6
<b>22 Will there be any changes to the fees on the Magellan Global Fund if the Restructure is implemented?</b>	<p>The level of Magellan Global Fund fees will remain unchanged. Please refer to Section 7.21 for a detailed explanation of fees and costs.</p> <p>At the Effective Date, any accrued management fees and any accrued performance fees in Magellan Global Fund will be crystallised and become payable to Magellan Global Fund RE. The crystallisation of fees and reset of the High Water Mark should not impact the value of your Open Class Units in Magellan Global Fund since the accrued management fee and any accrued performance fee is already included in the NAV per Open Class Unit.</p> <p>A new performance fee Calculation Period will commence after the Effective Date and end on 30 June 2021. The High Water Mark for Magellan Global Fund, MGE, or MGG, whichever is the furthest above the respective fund's NAV per Unit at the Effective Date (in relative terms), will determine the new High Water Mark for Magellan Global Fund Open Class Units.</p>	Section 7.21
<b>23 What distributions will I receive?</b>	<p>Magellan Global Fund RE announced on 24 September 2020 that it intends to target a cash distribution yield of 4% per annum (<b>Target Cash Distribution</b>).</p> <p>For the first four semi-annual distributions following the Restructure, Magellan Global Fund RE intends to pay a Target Cash Distribution per Open Class Unit equal to 2% of the issue price of Open Class Units under the MGE Trust Scheme. This amount will be paid for each six month period ending 30 June 2021, 31 December 2021, 30 June 2022 and 31 December 2022.</p> <p>Due to the timing of the Restructure, Magellan Global Fund RE intends to pay a distribution of 4.88 cents per Magellan Global Fund Unit in respect of the six months ending 31 December 2020. This is expected to be paid to Magellan Global Fund Unitholders in November 2020, prior to the implementation of the Restructure.</p> <p>After 31 December 2022, the Target Cash Distribution will be paid semi-annually based on the average of the month-end NAV per Open Class Unit over a two year rolling period ending on the last Business Day of the prior distribution period.</p> <p>Magellan intends to announce the Target Cash Distribution per Open Class Unit on ASX at the beginning of each semi-annual distribution period.</p> <p>Magellan Global Fund RE retains the discretion to amend the distribution policy of the Magellan Global Fund.</p>	Section 7.10
<b>24 Will the activities of one unit class impact the NAV of the other unit class?</b>	<p>While a Unit will confer on its holder an undivided absolute, vested and indefeasible beneficial interest in Magellan Global Fund as a whole, operationally, the assets and liabilities of the Magellan Global Fund will be allocated proportionately between Closed Class Units and Open Class Units based on their respective net asset values as at the Effective Date. The calculation of the NAV of a unit class will include the impact of transactions specific to that unit class so that they do not impact the NAV per unit of the other unit class. For example, the impact from redemptions of Open Class Units will only impact the NAV of the Open Class and, similarly, the impact from buy-backs of Closed Class Units will only impact the NAV of the Closed Class.</p> <p>As Magellan Global Fund is an AMIT, investors will be assessed for tax on the net income and net capital gains generated by Magellan Global Fund that are attributed to them. Magellan Global Fund RE intends to attribute an estimate of net capital gains realised as a result of the transactions specific to a unit class (such as redemptions of Open Class Units and buy-backs of Closed Class Units) to unitholders in the relevant unit class.</p>	Sections 7.9 and 7.12

# 1 Key Questions

Question	Answer	More Information
<b>Meeting details, voting and approval thresholds</b>		
<b>25 When and where will the Meeting be held?</b>	<p>The Meeting will be held on 25 November 2020, commencing at 9.00am (Sydney time). Magellan Global Fund RE is closely monitoring, planning and responding to the impact of the COVID-19 pandemic in Australia and is following the guidance issued by the federal and state governments. In light of recent health guidance, the Meeting will be held as a virtual meeting using an online platform which allows attendees to vote, ask questions and participate electronically in real-time, rather than attend the meeting at a physical venue.</p> <p>Refer to the Notice of Meeting (Schedule 1) for information on how to participate in the Meeting online.</p>	Notice of Meeting (Schedule 1)
<b>26 Who is eligible to vote at the Meeting?</b>	All Magellan Global Fund Unitholders on the Magellan Global Fund Register as at 7.00pm (Sydney time) on 23 November 2020 (the <b>Voting Record Date</b> ) are entitled to participate and vote at the meeting, except that in accordance with section 253E of the Corporations Act, Magellan Global Fund RE and its Associates are not entitled to vote their interests if they have an interest in a Magellan Global Fund Unitholder Resolution other than as a member of Magellan Global Fund.	Notice of Meeting (Schedule 1)
<b>27 Why should I vote?</b>	Voting is not compulsory. However, your vote will be important in determining whether or not the Restructure will proceed. The Directors recommend that you read this Explanatory Memorandum carefully, including the Independent Expert's Report, and vote in favour of the Magellan Global Fund Unitholder Resolutions, in the absence of a Superior Proposal.	N/A
<b>28 What are the Magellan Global Fund Unitholder Resolutions?</b>	<p>The Magellan Global Fund Unitholder Resolutions consist of the Constitutional Amendment Resolution and the Related Party Resolution.</p> <p>The <b>Constitutional Amendment Resolution</b> is a special resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to the Magellan Global Fund Constitution as set out in the Supplemental Deed Poll. The amendments are necessary to implement the Restructure and for the issuance of Open Class Units to MGE Unitholders under the MGE Trust Scheme and Closed Class Units to MGG Unitholders under the MGG Trust Scheme.</p> <p>The <b>Related Party Resolution</b> is an ordinary resolution for the purposes of Part 2E.1 of the Corporations Act (as modified by Part 5C.7 of the Corporations Act) to approve the provision of financial benefits to Magellan Global Fund RE and its related parties in connection with the Restructure. Magellan Global Fund RE proposes to seek Magellan Global Fund Unitholder approval for the Restructure in the way set out in Chapter 2E of the Corporations Act (as modified by Part 5C.7 of the Corporations Act). The financial benefits being provided to Magellan Global Fund RE and its related parties (being MFG and Magellan) are:</p> <ul style="list-style-type: none"> <li>– a potential increase in, and greater certainty of, Magellan's management fee revenue as a result of the increased number of Closed Class Units that may be on issue as a result of the MGF Partnership Offer and the exercise of MGF Options by holders; and</li> <li>– the potential for performance fees to become payable in funds that would otherwise not have been payable, or to become payable earlier, as a result of the potential alignment of the performance fee periods of Magellan Global Fund, MGE and MGG.</li> </ul> <p>For further details of these financial benefits, see Section 10.4.</p>	Notice of Meeting (Schedule 1)
<b>29 What voting majority is required for the Constitutional Amendment Resolution?</b>	As a special resolution, for the Constitutional Amendment Resolution to be approved, it must be passed by at least 75% of the total number of votes cast on the resolution by Magellan Global Fund Unitholders entitled to vote on the resolution at the Meeting.	Notice of Meeting (Schedule 1)
<b>30 What voting majority is required for the Related Party Resolution?</b>	As an ordinary resolution, for the Related Party Resolution to be approved, it must be passed by at least 50% of the total number of votes cast on the resolution by Magellan Global Fund Unitholders entitled to vote on the resolution at the Meeting.	Notice of Meeting (Schedule 1)

# 1 Key Questions

Question	Answer	More Information
<b>31 How do I vote?</b>	<p>The Meeting will be held as a virtual meeting using an online platform which allows participants to vote, ask questions and participate electronically in real-time, rather than attend the meeting at a physical venue.</p> <p>You can participate in the Meeting online on the day of the meeting by visiting <a href="https://agmlive.link/MGF20">https://agmlive.link/MGF20</a> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible.</p> <p>Please ensure you have your Portfolio Number available (refer to the proxy form or your Notice of Meeting email), and the registered postcode of your holding as you will need to enter these details to access your Voting Card and participate at the meeting. A Virtual Meeting Online Guide is available at <a href="http://www.magellanfundrestructure.com.au">www.magellanfundrestructure.com.au</a>.</p> <p>All Magellan Global Fund Unitholders participating virtually will be taken to be present at the meeting. You may vote by participating in the virtual Meeting (via a webcast or an online voting facility). Alternatively, if you do not want to, or cannot, participate in the Meeting in this way, you can vote by proxy, by attorney or by corporate representative (in the case of a body corporate) in accordance with the instructions in the Notice of Meeting.</p>	Notice of Meeting (Schedule 1)
<b>32 What happens if I vote against the Magellan Global Fund Unitholder Resolutions or do not vote?</b>	<p>If you do not vote, or if you vote against the Magellan Global Fund Unitholder Resolutions, then the Restructure may or may not be approved.</p> <p>The Restructure cannot be implemented unless the Magellan Global Fund Unitholder Resolutions are passed by the requisite majority of Magellan Global Fund Unitholders at the Meeting.</p> <p>However, even if you do not vote or vote against the Magellan Global Fund Unitholder Resolution, this does not mean the Magellan Global Fund Unitholders Resolutions will not be approved. If you vote against the Magellan Global Fund Unitholder Resolutions and they are nonetheless approved, and the Conditions Precedent are satisfied or waived (if applicable) and the MGF Constitutional Amendments become Effective, the Restructure will be implemented.</p>	N/A
<b>33 What if I do not want to participate in the Restructure?</b>	<p>If you do not want to participate in the Restructure, you can redeem your investment in Magellan Global Fund by submitting a withdrawal form to Magellan Global Fund RE at any time up to and including the Implementation Date.</p>	N/A
<b>34 What happens if the Magellan Global Fund Unitholder Resolutions are not approved?</b>	<p>If the Magellan Global Fund Unitholder Resolutions are not approved by the requisite majorities of Magellan Global Fund Unitholders at the Meeting or any other Conditions Precedent are not satisfied or waived (if applicable), the proposed amendments will not be made to the Magellan Global Fund Constitution and the Restructure will not be implemented.</p>	Section 3.9
<b>Implementation and other matters</b>		
<b>35 When will the Restructure be completed and implemented?</b>	<p>If the Magellan Global Fund Unitholder Resolutions are passed and the Conditions Precedent are satisfied or waived (if applicable) and the Restructure becomes Effective, the Restructure will be implemented on the Implementation Date, which is expected to be 8 December 2020.</p>	Key Dates
<b>36 Prior to implementation, can I apply for or redeem Magellan Global Fund Units?</b>	<p>Yes. You can apply for or redeem Magellan Global Fund Units directly with the Magellan Global Fund RE up to and including the Implementation Date.</p>	N/A
<b>37 What are the transaction costs associated with the Restructure?</b>	<p>Magellan Group will be responsible for paying for all transaction costs associated with the Restructure.</p> <p>Unitholders in Magellan Global Fund, MGE and MGG will not pay for these costs.</p>	Sections 3.10 and 7.16
<b>38 Further questions</b>	<p>If after reading this Explanatory Memorandum you have any questions about the Restructure, you should call the Magellan Global Fund Unitholder Information Line on 1300 127 780 (Australia) or +61 2 8259 8566 (International) between 8.30am and 5.30pm (Sydney time) Monday to Friday. If you are in any doubt as to what you should do, you should consult your legal, investment or other professional adviser without delay.</p>	N/A

## 2 Meeting Details and How to Vote

The Magellan Global Fund RE is closely monitoring and responding to the impact of the COVID-19 pandemic in Australia and is following guidance issued by the federal and state governments. In light of government restrictions on meetings in public venues, the Meeting will be held virtually and there will not be a physical meeting where Magellan Global Fund Unitholders can attend.

Under this arrangement, Magellan Global Fund Unitholders will be provided with alternative ways to participate in the Meeting, including the ability to ask questions online.

If it becomes necessary to make further alternative arrangements for the Meeting, Magellan Global Fund Unitholders will be given as much notice as possible. For information on how to vote and participate at the Meeting online, refer to the Notice of Meeting in Schedule 1.

### 2.1 Magellan Global Fund Unitholder Approvals

Magellan Global Fund Unitholders will be asked to consider, and if thought fit, pass the following Magellan Global Fund Unitholder Resolutions:

- a) a special resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to the Magellan Global Fund Constitution as set out in the Supplemental Deed Poll (the **Constitutional Amendment Resolution**); and
- b) an ordinary resolution for the purposes of Part 2E.1 of the Corporations Act (as modified by Part 5.7C of the Corporations Act) to approve the Restructure (the **Related Party Resolution**).

The Magellan Global Fund Unitholder Resolutions are inter-dependent and the Restructure will only proceed if all of the Magellan Global Fund Unitholder Resolutions are passed at the Meeting by the requisite majorities.

### 2.2 Required voting majority, eligibility to vote and voting exclusions

#### a) Persons eligible to vote at the Meeting

Subject to the voting exclusions set out in Section 2.2(b) of this Explanatory Memorandum, each Magellan Global Fund Unitholder registered as holders at the Voting Record Date is entitled to participate and vote at the Meeting either in person (via an online platform), by proxy, by attorney, or in the case of a body corporate, by its corporate representative appointed in accordance with section 253B of the Corporations Act.

In a resolution of Magellan Global Fund determined by poll, each Magellan Global Fund Unitholder present in person (via an online platform) or by proxy, by attorney, or in the case of a body corporate, by its corporate representative appointed in accordance with section 253B of the Corporations Act, has one vote for every dollar of its total interest held in Magellan Global Fund (held via Magellan Global Fund Units). The value of a Magellan Global Fund Unitholder's total interest in Magellan Global Fund will be calculated by reference to the dollar value of their Magellan Global Fund Units based on the amount that would be paid for the Units under the withdrawal provision of the Magellan Global Fund Constitution on the business day immediately before the day on which the poll is taken.

#### b) Required voting majority

For the Magellan Global Fund Unitholder Resolutions to be approved:

- i) The **Constitutional Amendment Resolution** must be passed by at least 75% of the total number of votes cast on the resolution by Magellan Global Fund Unitholders entitled to vote on the resolution at the Meeting.

##### Voting exclusions

For the purposes of the Constitutional Amendment Resolution, in accordance with section 253E of the Corporations Act, Magellan Global Fund RE and its Associates are not entitled to vote their interests if they have an interest in the resolution other than as a member of Magellan Global Fund.

- ii) The **Related Party Resolution** must be passed by at least 50% of the total number of votes cast on the resolution by Magellan Global Fund Unitholders entitled to vote on the resolution at the Meeting.

##### Voting exclusions

For the purposes of the Related Party Resolution, in accordance with section 253E of the Corporations Act, Magellan Global Fund RE and its Associates are not entitled to vote their interests if they have an interest in the resolution other than as a member of Magellan Global Fund.

## 2 Meeting Details and How to Vote

### 2.3 How to vote

The Meeting will be held as a virtual meeting using an online platform which will allow Magellan Global Fund Unitholders to vote, ask questions and participate electronically in real-time, rather than attend the meeting at a physical venue. All Magellan Global Fund Unitholders participating virtually will be deemed to be present at the meeting. You may vote by participating in the Meeting in this way. A Virtual Meeting Online Guide is available at [www.magellanfundrestructure.com.au](http://www.magellanfundrestructure.com.au).

Unitholders of Magellan Global Fund entitled to participate and vote at the virtual Meeting may vote:

- a) **by direct voting online during the Meeting** – you can participate in the Meeting online on the day of the meeting by visiting <https://agmlive.link/MGF20> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. Please ensure you have your Portfolio Number available (refer to the proxy form or your Notice of Meeting email), and the registered postcode of your holding as you will need to enter these details to access your Voting Card and participate at the meeting;
- b) **by appointing a proxy to participate in the Meeting and vote on their behalf** – in order to be valid, online proxy voting or a completed Proxy Form should be submitted and received no later than 9.00am 23 November 2020 using one of the following methods:
  - i) **Vote Online:** at <https://mgfvote.mainstreamfs.com/>
  - ii) **Mail** the Proxy Form to  
Magellan Global Fund  
c/- Mainstream Fund Services – Unit Registry  
GPO Box 143, Sydney, NSW, 2001, Australia
  - iii) **Fax** the Proxy Form to +61 2 9247 2822
  - iv) **Deliver** the Proxy Form to:  
Mainstream Fund Services – Unit Registry  
Level 1, 51-57 Pitt Street, Sydney, NSW, 2000  
during business hours (Monday to Friday, 9.00am to 5.00pm)
- c) **by appointing an attorney to participate in the Meeting and vote on their behalf** – Magellan Global Fund Unitholders may appoint an attorney to participate and vote at the Meeting on their behalf. Such an appointment must be made by a duly executed power of attorney, which must be received by the Unit Registry by 9.00am (Sydney Time), 23 November 2020, unless it has been previously provided to the Unit Registry; or
- d) **by appointing a corporate representative to participate in the Meeting and vote on their behalf** – Magellan Global Fund Unitholders who are bodies corporate may have a corporate representative attend and vote at the Meeting on their behalf. The appointment must comply with section 253B of the Corporations Act. Persons participating in the Meeting as a corporate representative should provide to the Unit Registry evidence of their appointment, including any authority under which the document appointing them as corporate representative was signed.

## 3 Overview of the Restructure

### 3.1 Introduction

On 3 August 2020, Magellan announced a restructure proposal to simplify its Global Equities Strategy retail product offering. The Restructure is a proposed series of transactions which will have the effect of consolidating three of Magellan’s existing retail funds, being the Magellan Global Fund, MGE and MGG, into a single trust (the **Magellan Global Fund**). Should the Restructure be implemented, the Magellan Global Fund will have two unit classes on issue: Open Class Units and Closed Class Units.

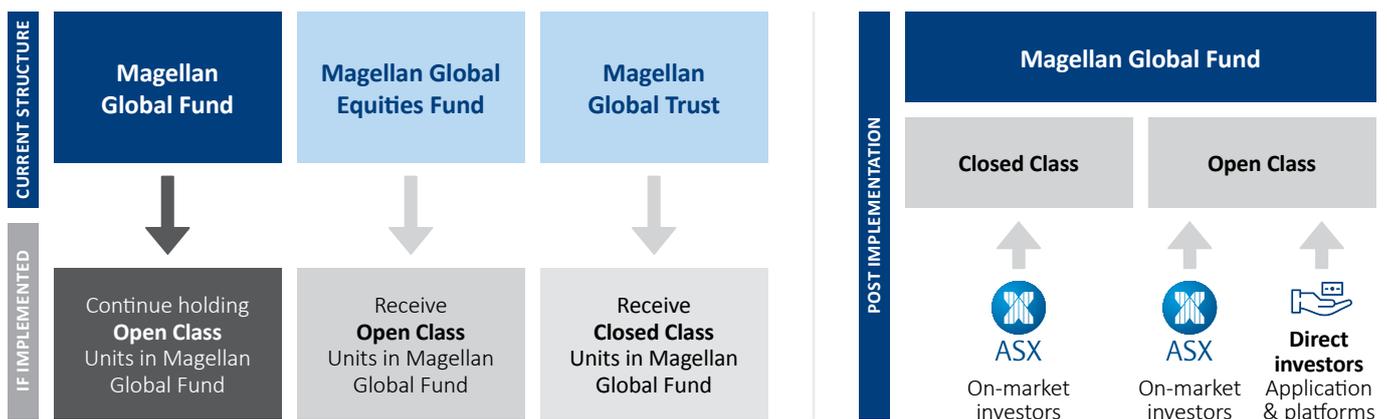
Both Open Class Units and Closed Class Units provide investors with interests in the same underlying pool of assets in the Magellan Global Fund, however:

- Open Class Units will be quoted on the ASX under the AQUA Rules and will provide the holders of these units with the ability to buy and sell units on the ASX or apply and redeem their investment directly with Magellan, in its capacity as responsible entity of the trust, on a daily basis; and
- Closed Class Units will be quoted on the ASX under the ASX Listing Rules.

There are three key components to the Restructure:

- Amendments to the Magellan Global Fund Constitution to enable it to offer Open Class Units and Closed Class Units (the **MGF Constitutional Amendments**);
- The acquisition of units in MGE by Magellan Global Fund RE in exchange for Open Class Units in the Magellan Global Fund by way of a trust scheme (the **MGE Trust Scheme**); and
- The acquisition of units in MGG by Magellan Global Fund RE in exchange for Closed Class Units in the Magellan Global Fund by way of a trust scheme (the **MGG Trust Scheme**).

The structure of the Magellan Global Fund following implementation of the Restructure is detailed in the following diagram:



### 3.2 MGE Trust Scheme

The MGE Trust Scheme is the proposed acquisition of MGE unitholders’ interests in MGE by Magellan Global Fund in exchange for Open Class Units in the Magellan Global Fund via a trust scheme.

The MGE Trust Scheme is conditional upon, among other things, the approval by Magellan Global Fund Unitholders of the Magellan Global Fund Unitholder Resolutions and MGG unitholders of the MGG Trust Scheme.

If the MGE Trust Scheme becomes Effective and is implemented, all of the units in MGE will be transferred to the Magellan Global Fund and the assets of MGE will, indirectly, form part of the assets of the Magellan Global Fund.

MGE Trust Scheme participants (being MGE unitholders other than ineligible foreign MGE unitholders) will receive that number of Open Class Units in Magellan Global Fund that is equal to the MGE Exchange Ratio multiplied by the number of units in MGE that they hold at 7:00pm (Sydney time) on the MGE Trust Scheme record date being 1 December 2020.

Magellan Global Fund RE has entered into the MGE Implementation Deed with MGE RE in respect of the MGE Trust Scheme. Further information on the terms of the MGE Implementation Deed are in Section 4.1.

## 3 Overview of the Restructure

### 3.3 MGG Trust Scheme

The MGG Trust Scheme is the proposed acquisition of MGG unitholders' interests by Magellan Global Fund in exchange for Closed Class Units in the Magellan Global Fund via a trust scheme.

The MGG Trust Scheme is conditional upon, among other things, the approval by Magellan Global Fund Unitholders of the Magellan Global Fund Unitholder Resolutions and MGE unitholders of the MGE Trust Scheme.

If the MGG Trust Scheme becomes Effective and is implemented, all of the units in MGG will be transferred to the Magellan Global Fund and the assets of MGG will, indirectly, form part of the assets of the Magellan Global Fund.

MGG Trust Scheme participants (being MGG unitholders other than ineligible foreign MGG unitholders) will receive that number of Closed Class Units in Magellan Global Fund that is equal to the MGG Exchange Ratio multiplied by the number of units in MGG that they hold at 7:00pm (Sydney time) on the MGG Trust Scheme record date being 1 December 2020.

Magellan Global Fund RE has entered into the MGG Implementation Deed with MGG RE in respect of the MGG Trust Scheme. Further information on the terms of the MGG Implementation Deed are in Section 4.1.

### 3.4 Summary of the key benefits, risks and disadvantages of the Restructure

The table below provides, in no particular order, a summary of the anticipated benefits of the Restructure, as well as the potential risks and disadvantages.

#### Summary of key benefits of the Restructure

##### Greater choice in how to invest in open-ended units

The Open Class Units in Magellan Global Fund bring together the key characteristics of both an unlisted managed investment scheme which provides unitholders with the ability to apply for and redeem units directly with the Magellan Global Fund RE on a daily basis and an Active ETF which gives unitholders the ability to buy and sell units in the secondary market on ASX. This will not only provide unitholders with greater flexibility in how they enter and exit their investment but also how and where they hold or administer their unitholding.

As a consequence of holding Open Class Units, Magellan Global Fund Unitholders will gain the ability to buy or sell Open Class Units at live market prices on the ASX. This ability is not currently available to Magellan Global Fund Unitholders. Magellan Global Fund Unitholders will also benefit from enhanced disclosure through the indicative NAV per Open Class Unit (iNAV) published on Magellan's website throughout the Australian trading day.

##### Greater efficiency in ASX trading of Open Class Units

Magellan Global Fund RE is of the view that secondary market trading in open-ended funds becomes more efficient as the number of unitholders who transact through the ASX increases. This is because, with increased liquidity, it is more likely that trading will occur at prices closer to the prevailing value of the units.

The combination of unitholders in Magellan Global Fund and MGE has the potential to increase the volume of trading that takes place on the ASX. This benefit would not be available to Magellan Global Fund unitholders within a reasonable timeframe if the alternative to quote Magellan Global Fund's units on the ASX, without an acquisition of MGE, was pursued.

##### Magellan Group "partnership benefits" offered to all members

Magellan Group does not currently consider it to be commercially viable to offer partnership benefits to unitholders in open ended vehicles, such as Magellan Global Fund.

However, if the Restructure is implemented, Magellan Global Fund RE intends to provide Magellan Global Fund Unitholders with the opportunity to participate in the MGF Partnership Offer.

The MGF Partnership Offer, outlined in Section 7.23, is expected to be an offer to Magellan Global Fund Unitholders to subscribe for Closed Class Units and receive a valuable benefit in the form of additional Closed Class Units worth 7.5% of their subscription. Under the MGF Partnership Offer, subscribers are also expected to receive MGF Options which are exercisable at a 7.5% discount to the prevailing net asset value of Closed Class Units. These benefits will be funded by the Magellan Group in accordance with the terms of the MFG Equity Commitment Deed outlined in Section 7.22(b).

The MFG Equity Commitment Deed will automatically terminate if Magellan Global Fund RE is removed or retires as responsible entity of Magellan Global Fund and is not replaced by a related body corporate of Magellan Group. If that happens, Magellan Group will not be obligated to fund the benefits outlined above. This may act as a disincentive to Magellan Global Fund Unitholders voting to replace Magellan Global Fund RE until Magellan Group has met its obligations under the MFG Equity Commitment Deed.

There is also a risk that Magellan Group will not be able to pay amounts to Magellan Global Fund when they are due. If Magellan Group is unable or not obligated to pay amounts to Magellan Global Fund, the MGF Partnership Offer and MGF Options, when exercised, will be dilutive to Closed Class Unitholders. Magellan Group credit risk is described in more detail in Section 8.4.

Over time, the opportunity may arise for holders of Open Class Units to receive additional partnership benefits, with Magellan Group funding the partnership benefit from its own resources.

## 3 Overview of the Restructure

### 3.4 Summary of the key benefits, risks and disadvantages of the Restructure *continued*

#### Summary of key disadvantages and risks of the Restructure

*These disadvantages and risks are in addition to those described under Magellan Group “partnership benefits” in the table above.*

#### **A Magellan Global Fund Unitholder’s relative voting power and how votes on certain matters may be impacted**

Following implementation of the Restructure, the Magellan Global Fund will be a larger fund compared to Magellan Global Fund (pre-Restructure). As a result, a Magellan Global Fund Unitholder’s relative voting power (as a percentage of the total) will be lower than the Magellan Global Fund Unitholder’s present percentage interest in Magellan Global Fund. Magellan Global Fund RE observes that this change in voting power is a feature of any open-ended managed investment scheme and changes in relative voting power already occur for Magellan Global Fund Unitholders on a daily basis as a result of units issued and redeemed in respect of applications made to Magellan Global Fund RE.

As further explained in Section 7.8, in some cases, holders of Open Class Units and Closed Class Units will be required to vote separately to approve a matter or proposal before it can be implemented. As a result, even if holders of one class supported a resolution by voting in favour of it by the required majority, the resolution would not be approved unless the other class similarly voted in favour.

The Magellan Global Fund Constitution will contain the class rights attached to the Open Class Units and Closed Class Units and the implications for voting, which may be either along class lines or voting as a whole. The Magellan Global Fund Constitution is compliant with the Corporations Act and the ASX Listing Rules and AQUA Rules (each as varied by applicable waivers and exemptions).

The Corporations Act requires that, on a vote of the Magellan Global Fund decided by a poll, each Magellan Global Fund Unitholder will have one vote for each dollar of value of Closed Class Units or Open Class Units held. The value of Closed Class Units and Open Class Units will be determined based on the last sale price on the ASX trading day immediately prior to the day the poll is taken. As the ASX secondary market price of Closed Class Units and Open Class Units may differ, where a vote is taken as a whole, this may have the result of decreasing the relative voting power of the holders of one unit class in Magellan Global Fund compared with the holders of the other unit class.

#### **Borrowing by the Magellan Global Fund may expose holders of a specific unit class to cross-collateralisation default risk**

Holders of Open Class Units and Closed Class Units have an interest in the same single pool of assets held by Magellan Global Fund RE on trust for all members. Any creditors of Magellan Global Fund RE may have security over or claims in relation to that single pool of trust assets. Magellan Global Fund RE intends to only borrow where the predominant purpose is expected to benefit all members (including Magellan Global Fund Unitholders).

Further, borrowing is limited to 5% of the gross asset value of each unit class which reduces the ability for one unit class to disproportionately expose the other unit class to cross-collateralisation default risk.

#### **Restructure implementation and execution risk**

Magellan Global Fund Unitholders may be subject to execution risk if the Restructure is approved by Magellan Global Fund Unitholders and is subsequently implemented. There is a risk that there are inadequacies with systems and procedures or the skills of the personnel managing implementation of the Restructure, which could lead to some or all of the expected benefits of the Restructure not being achieved.

### 3.5 Recommendations of the Directors

The Directors of Magellan Global Fund RE unanimously recommend that Magellan Global Fund Unitholders vote in favour of the Magellan Global Fund Unitholder Resolutions in the absence of a Superior Proposal as they consider that the Restructure is in the best interests of the Magellan Global Fund Unitholders and that the benefits of the Restructure outweigh the risks and disadvantages.

In forming its recommendation, the Directors of Magellan Global Fund RE have had regard to:

- a) the benefits, risks and disadvantages of the Restructure for Magellan Global Fund Unitholders, as set out in Section 3.4 of this Explanatory Memorandum;
- b) alternative initiatives that may be attractive to Magellan Global Fund Unitholders, as set out in Section 3.7 of this Explanatory Memorandum; and
- c) the report from the Independent Expert, which concludes that the Restructure is in the best interests of Magellan Global Fund Unitholders in the absence of a Superior Proposal.

Each Director intends to vote all Magellan Global Fund Units held or controlled by them in favour of the Magellan Global Fund Unitholder Resolutions. The interests of each Director are disclosed in Section 10.1.

## 3 Overview of the Restructure

### 3.5 Recommendations of the Directors *continued*

In relation to the recommendation of Dr. Brett Cairns (CEO of the Magellan Group and director of Magellan Global Fund RE), Magellan Global Fund Unitholders should have regard to the fact that Dr. Cairns is eligible to receive an annual short-term incentive payment in respect of a financial year. This short-term incentive payment is determined having regard to a range of criteria which the MFG Board, in consultation with Dr. Cairns, will agree each year. Such criteria may include performance metrics relating to the delivery of key strategic projects, such as the Restructure. Accordingly, implementation of the Restructure may contribute to the total short-term incentive payable to Dr. Cairns for the 2021 financial year. The maximum amount payable to Dr. Cairns, should he satisfactorily achieve all of the conditions governing the payment of his short term incentives, as a result of the delivery of key strategic projects including implementation of the Restructure, is \$193,125.

Magellan Global Fund Unitholders should have regard to these arrangements when considering Dr. Cairns' recommendation on the Restructure, which appears throughout this Explanatory Memorandum. Dr. Cairns considers that, despite these arrangements, it is appropriate for him to make a recommendation on the Restructure. The Magellan Global Fund RE Directors (excluding Dr. Cairns) also considers that it is appropriate for him to make a recommendation on the Restructure given his role in the operation and management of Magellan Global Fund and his deep industry knowledge.

### 3.6 Other considerations for Magellan Global Fund Unitholders in respect of their vote

Notwithstanding the benefits, risks and disadvantages summarised in Section 3.4, there may be other considerations for Magellan Global Fund Unitholders in deciding whether or not to vote in favour of the Magellan Global Fund Unitholder Resolutions:

**a) You may disagree with the Magellan Global Fund RE Directors' recommendation and the opinion of the Independent Expert that the Restructure is in your best interests.**

Despite the recommendation of the Magellan Global Fund RE Board and the opinion of the Independent Expert that the Restructure is in the best interests of Magellan Global Fund Unitholders, in the absence of a Superior Proposal, you may believe that the Restructure is not in your best interests or that of other Magellan Global Fund Unitholders.

**b) You may consider that it is appropriate to retain the Magellan Global Fund Constitution in its current form.**

You may consider that the Magellan Global Fund Constitution in its current form and the rights attaching to your current units in Magellan Global Fund pursuant to the Magellan Global Fund Constitution are appropriate for you in light of your current investment objectives or circumstances.

**c) You may believe that there is the potential for a Superior Proposal to be made in the future.**

You may believe that there is a potential for a Superior Proposal to be made in the future. Since the execution of the Implementation Deeds and as at the date of this Explanatory Memorandum, no Superior Proposal has been received by the Magellan Global Fund RE Board.

### 3.7 Alternatives to the Restructure

Magellan Global Fund RE considered the alternatives to the Restructure, specifically:

- a) amending the Magellan Global Fund Constitution to allow Magellan Global Fund Units to be quoted on the ASX subject to the AQUA Rules;
- b) amending the Magellan Global Fund Constitution (as described in paragraph (a) above) and acquiring all of the units in MGE only; and
- c) not undertaking the Restructure and retaining the status quo,

but determined that it would deny some or all of the benefits that Magellan Global Fund RE expects the Restructure to bring. The Magellan Global Fund RE Board considers the Restructure to be superior to the alternatives considered and that the Restructure is in the best interests of Magellan Global Fund Unitholders.

### 3.8 Independent Expert's conclusion

The Magellan Global Fund RE Board appointed the Independent Expert to prepare the Independent Expert's Report to opine on whether the Restructure is in the best interests of Magellan Global Fund Unitholders.

The Independent Expert has concluded that the Restructure is in the best interests of Magellan Global Fund Unitholders in the absence of a Superior Proposal.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy which is included in Schedule 2 of this Explanatory Memorandum, and the Directors strongly encourage you to read this report in its entirety.

## 3 Overview of the Restructure

### 3.9 Conditions Precedent

The Restructure is subject to a number of Conditions Precedent as set out in the relevant Implementation Deeds, including:

- a) All regulatory approvals required to implement the Restructure are granted or obtained;
- b) Magellan Global Fund Unitholders approve the Magellan Global Fund Unitholder Resolutions by the requisite majorities;
- c) MGE unitholders approve the MGE Trust Scheme Resolutions by the requisite majorities;
- d) MGG unitholders approve the MGG Trust Scheme Resolutions by the requisite majorities;
- e) No government or Governmental Agency action prohibits, materially restricts, makes illegal or restrains the completion of the Restructure;
- f) No prescribed occurrence occurs (including insolvency, change in responsible entity, delisting, deregistration as a managed investment scheme under Chapter 5C of the Corporations Act) with respect to MGG or MGE;
- g) The Court provides the Second Judicial Advice in respect of the Magellan Global Fund Unitholder Resolutions, the MGE Trust Scheme and the MGG Trust Scheme;
- h) ASX approves the admission of the Magellan Global Fund to the official list of ASX and the official quotation of the Closed Class Units; and
- i) ASX approves the admission to Trading Status of the Open Class Units.

Further details regarding the Conditions Precedent and their status are set out in Section 10.2 of this Explanatory Memorandum.

### 3.10 Implications if Restructure not approved

If the Restructure is not approved, or any other Conditions Precedent are not satisfied or waived (if applicable), and the Restructure does not proceed:

- a) The Magellan Global Fund Constitution will remain unchanged;
- b) MGE Units and MGG Units will not be acquired by Magellan Global Fund pursuant to the MGE Trust Scheme and MGG Trust Scheme respectively;
- c) Magellan Global Fund will remain as an unlisted registered managed investment scheme and Magellan Global Fund Units will not be quoted on the ASX; and
- d) Magellan Global Fund Unitholders will not have the opportunity to participate in the MGF Partnership Offer.

Any one-off transaction costs that have already been incurred or will be incurred will be paid by Magellan Group (and will not be paid from the assets of Magellan Global Fund) regardless of whether or not the Restructure is implemented.

### 3.11 Court approval

If the Magellan Global Fund Unitholder Resolutions are approved by the requisite majorities of Magellan Global Fund Unitholders at the Meeting and the MGE Trust Scheme and the MGG Trust Scheme are also approved, Magellan Global Fund RE will apply to the Court for the Second Judicial Advice in respect of the Restructure.

Each Magellan Global Fund Unitholder has the right to appear and make submissions at the Court on the Second Judicial Advice Date on 26 November 2020 at the Supreme Court of New South Wales, 184 Phillip Street, Sydney (or virtually, as required in accordance with any COVID-19 related requirements or recommendations). See the 'Important Notices & Disclaimer' section of this Explanatory Memorandum for further information. Any Magellan Global Fund Unitholder who wishes to oppose the Second Judicial Advice at the Second Judicial Advice hearing may do so by filing with the Court and serving on Magellan Global Fund a notice of appearance in the prescribed form together with any affidavit that the Magellan Global Fund Unitholder proposes to rely on.

The address for service is: Deutsche Bank Place, Corner Hunter and Phillip Streets, Sydney NSW 2000, Attention: Kim Reid.

## 4 Implementation of the Restructure

### 4.1 Implementation Deeds

#### a) MGE Implementation Deed

On 2 August 2020, MGE RE and the Magellan Global Fund RE entered into the MGE Implementation Deed in relation to the MGE Trust Scheme under which MGE RE agreed to put the MGE Trust Scheme Resolutions to MGE unitholders at an extraordinary general meeting of MGE unitholders to be held on 25 November 2020. The implementation of the MGE Trust Scheme is subject to a number of Conditions Precedent which are summarised in Sections 3.9 and 10.2 of this Explanatory Memorandum. The Restructure will not proceed unless all of these conditions are satisfied or waived (if applicable) in accordance with the MGE Implementation Deed.

MGE RE and the Magellan Global Fund RE have agreed to use best endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent.

#### b) MGG Implementation Deed

On 2 August 2020, MGG RE and the Magellan Global Fund RE entered into the MGG Implementation Deed in relation to the MGG Trust Scheme under which MGG RE agreed to put the MGG Trust Scheme Resolutions to MGG unitholders at an extraordinary general meeting of MGG unitholders to be held on 25 November 2020. The implementation of the MGG Trust Scheme is subject to a number of Conditions Precedent which are summarised in Sections 3.9 and 10.2 of this Explanatory Memorandum. The MGG Trust Scheme will not proceed unless all of these conditions are satisfied or waived (if applicable) in accordance with the MGG Implementation Deed.

MGG RE and the Magellan Global Fund RE have agreed to use best endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent.

### 4.2 Deeds Poll

#### a) MGE Trust Scheme Deed Poll

On 14 October 2020, Magellan Global Fund RE executed the MGE Trust Scheme Deed Poll, pursuant to which Magellan Global Fund RE has agreed, in favour of all MGE unitholders, to fulfil all obligations contemplated of Magellan Global Fund RE under the MGE Trust Scheme, including the obligation to provide the MGE Trust Scheme Consideration to MGE Trust Scheme participants and the Sale Nominee, subject to the MGE Trust Scheme becoming Effective.

#### b) MGG Trust Scheme Deed Poll

On 14 October 2020, Magellan Global Fund RE executed the MGG Trust Scheme Deed Poll, pursuant to which Magellan Global Fund RE has agreed, in favour of all MGG Unitholders, to fulfil all obligations contemplated of Magellan Global Fund RE under the MGG Trust Scheme, including the obligation to provide the MGG Trust Scheme Consideration to MGG Trust Scheme participants and the Sale Nominee, subject to the MGG Trust Scheme becoming Effective.

### 4.3 Steps to implement the Restructure

The implementation of the Restructure involves five steps. The Restructure will only be implemented if each of the five steps are completed. The steps are:

- a) Magellan Global Fund RE will amend the Magellan Global Fund Constitution to enable it to offer Open Class Units and Closed Class Units under the MGE Trust Scheme and the MGG Trust Scheme, respectively;
- b) MGE RE and MGG RE will each amend the MGE Constitution and MGG Constitution (respectively) to facilitate the Restructure;
- c) Magellan Global Fund RE will acquire all units in MGE from eligible participants in the MGE Trust Scheme by way of a trust scheme of arrangement in exchange for new Open Class Units in Magellan Global Fund;
- d) Magellan Global Fund RE will acquire all MGG Units from eligible participants in the MGG Trust Scheme by way of a trust scheme of arrangement in exchange for new Closed Class Units in Magellan Global Fund; and
- e) Magellan Global Fund will be quoted on the ASX, with Open Class Units to be quoted under the AQUA Rules and Closed Class Units to be quoted under the ASX Listing Rules.

## 4 Implementation of the Restructure

### 4.4 Effective Date

The Restructure will, subject to the Conditions Precedent being satisfied or waived (if applicable) in accordance with the Implementation Deeds, become Effective on the Effective Date. Following the Second Judicial Advice hearing, the Supplemental Deed Poll will be lodged with ASIC.

### 4.5 Delisting and deregistration of MGE and MGG

MGE RE will apply for removal of MGE Units from Trading Status on ASX and MGG RE will apply for removal of MGG from the ASX official list, each with effect after the Effective Date.

Each of MGE RE and MGG RE will apply for deregistration of MGE and MGG as managed investment schemes under Chapter 5C of the Corporations Act following the Implementation Date.

### 4.6 Trading in Magellan Global Fund Units

Subject to ASX admitting Magellan Global Fund to the official list of ASX and approving the quotation of Open Class Units and Closed Class Units, these units will commence trading on ASX on a deferred settlement basis on the first Business Day following the Effective Date.

Normal trading of the units on a T+2 settlement basis is expected to commence on the Business Day following the Implementation Date. All units traded during the Deferred Settlement trading period will settle on the same date as units traded on the first day of normal trading in units, being two Business Days after the commencement of normal trading.

Magellan Global Fund Unitholders who wish to convert or transfer their Open Class Units to an account with a stockbroker will need to provide their stockbroker with their Securityholder Reference Number. You can only convert or transfer whole units and any partial unit holding remaining after the conversion or transfer will be cancelled and become property of Magellan Global Fund. Investors should consult with their stockbroker or financial adviser prior to selling Open Class Units during the deferred settlement trading period.

### 4.7 MFG Commitment Deed

MFG has entered into a commitment deed with Magellan Global Fund RE, whereby MFG covenants in favour of Magellan Global Fund RE to pay the costs and expenses associated with the Restructure, including the MGE Trust Scheme and MGG Trust Scheme (***MFG Commitment Deed***).

MFG has no right to terminate the MGF Commitment Deed. The MGF Commitment Deed will automatically terminate where, in respect of either the MGE Trust Scheme or the MGG Trust Scheme, an Implementation Deed is terminated, either Trust Scheme does not become Effective by 2 August 2021 or on the retirement or removal of Magellan Global Fund RE as responsible entity of Magellan Global Fund.

## 5 Information about MGE

### 5.1 Introduction

MGE is a managed investment scheme structured as a unit trust, which has been registered with ASIC and is quoted under the AQUA Rules.

### 5.2 About the responsible entity and investment manager

Magellan Asset Management Limited is the responsible entity and investment manager for MGE. MGE RE is a wholly owned subsidiary of MFG, which is listed on ASX. MGE RE holds an Australian Financial Services Licence issued by ASIC, which authorises it to operate MGE.

### 5.3 Role of the responsible entity

As the responsible entity, MGE RE is bound by the MGE Constitution, the Corporations Act and the AQUA Rules. MGE RE has lodged a compliance plan with ASIC which sets out the key measures which MGE RE will apply to comply with the MGE Constitution, the Corporations Act and the AQUA Rules.

MGE RE is responsible for overseeing the operations of MGE. As the investment manager, MGE RE is responsible for selecting and managing the assets of MGE.

MGE RE has the power to delegate certain aspects of its duties.

### 5.4 Investment Strategy

The investment objective and investment strategy of MGE are the same as Magellan Global Fund. Both follow the Global Equities Strategy.

### 5.5 Valuation, location and custody of assets

MGE's NAV is calculated daily using a framework for the valuation of financial instruments that is consistent with current industry practice and regulatory requirements.

MGE's NAV is an estimate of the value of MGE at the close of trading in each market in which MGE invests. The estimated NAV per Unit may fluctuate each day as the market value of MGE's assets rises or falls. Magellan's NAV Permitted Discretions Policy provides further information about how the NAV per Unit is calculated. Investors can request a copy of this policy free of charge by contacting MGE RE.

The Northern Trust Company (acting through its Australian branch) (**Northern Trust**) has been appointed by MGE RE to hold the assets of MGE under a Master Custody Agreement. As custodian, Northern Trust will safe-keep the assets of MGE, collect the income of MGE's assets and act on MGE RE's directions to settle MGE's trades. Northern Trust does not make investment decisions in respect of MGE's assets that it holds.

### 5.6 Capital structure

As at 30 September 2020, MGE had net assets of \$1.7 billion and units on issue of 441 million and a net asset value of \$3.9598 per unit.

## 6 Information about MGG

### 6.1 Introduction

MGG is a managed investment scheme structured as a unit trust, which has been registered with ASIC and is quoted under the ASX Listing Rules.

### 6.2 About the responsible entity and investment manager

Magellan Asset Management Limited is the responsible entity and investment manager for MGG. MGG RE is a wholly owned subsidiary of MFG, which is listed on ASX. MGG RE holds an Australian Financial Services Licence issued by ASIC, which authorises it to operate MGG.

### 6.3 Role of the responsible entity

As the responsible entity, MGG RE is bound by the constitution of MGG, the Corporations Act and the ASX Listing Rules. MGG RE has lodged a compliance plan with ASIC which sets out the key measures which MGG RE will apply to comply with the constitution of MGG, the Corporations Act and the ASX Listing Rules.

MGG RE is responsible for overseeing the operations of MGG. As the investment manager, MGG RE is responsible for selecting and managing the assets of MGG.

MGG RE has the power to delegate certain aspects of its duties.

### 6.4 Investment Strategy

The primary objectives of MGG are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss. MGG offers investors an opportunity to invest in a specialised and focused global equity fund.

As the investment manager, MGG RE aims to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time. The MGG RE endeavours to acquire these companies at discounts to their assessed intrinsic value. MGG's portfolio comprises 15 to 35 investments. MGG RE believes such a portfolio will achieve sufficient diversification to ensure MGG is not overly correlated to a single company, or to industry specific or macroeconomic risks.

MGG RE may manage the foreign currency exposure of MGG arising from investments in overseas markets.

### 6.5 Valuation, location and custody of assets

MGG's NAV is calculated daily using a framework for the valuation of financial instruments that is consistent with current industry practice and regulatory requirements.

MGG's NAV is an estimate of the value of MGG at the close of trading in each market in which MGG invests. The estimated NAV per Unit may fluctuate each day as the market value of MGG's assets rises or falls. Magellan's NAV Permitted Discretions Policy provides further information about how the NAV per unit is calculated. Investors can request a copy of this policy free of charge by contacting Magellan.

Northern Trust has been appointed by MGG RE to hold the assets of MGG under a Master Custody Agreement. As custodian, Northern Trust will safe-keep the assets of MGG, collect the income of MGG's assets and act on MGG RE's directions to settle MGG's trades. Northern Trust does not make investment decisions in respect of MGG's assets that it holds.

### 6.6 Capital structure

As at 30 September 2020, MGG had net assets of \$2.3 billion and units on issue of 1,238 million and a net asset value of \$1.8786 per unit.

# 7 About the Magellan Global Fund

*Segments of the information provided in this section disclose the position of Magellan Global Fund as if the Restructure has been implemented.*

## 7.1 Introduction and brief history

The Magellan Global Fund is a managed investment scheme structured as a unit trust, which has been registered with ASIC. The registration date of the Magellan Global Fund is 17 July 2007.

Magellan Asset Management Limited has been the responsible entity and investment manager since inception on 1 July 2007 and has operated Magellan Global Fund as an unlisted fund following Magellan's Global Equities Strategy.

On 2 August 2020, Magellan Global Fund RE and MGE RE entered into an Implementation Deed in relation to the MGE Trust Scheme under which MGE RE agreed to put the MGE Trust Scheme Resolutions to MGE unitholders at a meeting of MGE unitholders. At the same time, Magellan Global Fund RE and MGG RE entered into an Implementation Deed in relation to the MGG Trust Scheme under which MGG RE agreed to put the MGG Trust Scheme Resolutions to MGG unitholders at a meeting of MGG unitholders.

## 7.2 About the responsible entity and investment manager

Magellan Asset Management Limited is the responsible entity and investment manager for the Magellan Global Fund. Magellan Global Fund RE is a wholly owned subsidiary of MFG, which is listed on ASX. Magellan Global Fund RE holds an Australian Financial Services Licence issued by ASIC, which authorises it to operate the Magellan Global Fund.

Magellan Global Fund RE's Board comprises the following Directors:

- a) Robert Fraser, Non-executive Chairman;
- b) Brett Cairns, Chief Executive Officer;
- c) John Eales AM, Non-executive Director;
- d) Paul Lewis, Non-executive Director;
- e) Hamish McLennan, Non-executive Director;
- f) Kirsten Morton, Chief Financial Officer; and
- g) Karen Phin, Non-executive Director.

Biographies for the each of the Directors can be found at [www.magellangroup.com.au/about/director-profiles/](http://www.magellangroup.com.au/about/director-profiles/).

## 7.3 Role of the responsible entity

As responsible entity of the Magellan Global Fund, Magellan Global Fund RE is bound by the Magellan Global Fund Constitution and the Corporations Act. Should the Restructure be implemented and the Open Class Units and Closed Class Units be admitted to quotation by ASX, the Magellan Global Fund RE will also be bound by the AQUA Rules and ASX Listing Rules.

Magellan Global Fund RE has prepared and lodged a compliance plan for the Magellan Global Fund with ASIC. Prior to the Effective Date, Magellan Global Fund RE will prepare and lodge a revised compliance plan for Magellan Global Fund with ASIC, which sets out how Magellan Global Fund RE will ensure compliance with the Corporations Act, the Magellan Global Fund Constitution, the ASX Listing Rules and AQUA Rules when operating the Magellan Global Fund. Magellan Global Fund RE has established a Risk & Compliance Committee to monitor Magellan Global Fund RE's compliance with the compliance plan.

Magellan Global Fund RE is responsible for overseeing the operations of the Magellan Global Fund. As the investment manager, Magellan Global Fund RE is responsible for selecting and managing the assets of the Magellan Global Fund.

Magellan Global Fund RE has the power to delegate certain aspects of its duties.

## 7.4 Investment strategy and objectives

There will be no change to the investment objectives or investment strategy of Magellan Global Fund as a result of the Restructure.

The primary objectives of Magellan Global Fund are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss. Magellan Global Fund offers investors an opportunity to invest in a specialised and focused global equity fund.

As the investment manager, Magellan Global Fund RE aims to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time. The Magellan Global Fund RE endeavours to acquire these companies at discounts to their assessed intrinsic value. Magellan Global Fund's portfolio comprises 20 to 40 investments. Magellan Global Fund RE believes such a portfolio will achieve sufficient diversification to ensure Magellan Global Fund is not overly correlated to a single company, or to industry specific or macroeconomic risks.

It is not Magellan Global Fund RE's intention to hedge the foreign currency exposure of Magellan Global Fund arising from investments in overseas markets.

## 7 About the Magellan Global Fund

### 7.5 Units in the Magellan Global Fund

If the MGF Constitutional Amendments are approved by Magellan Global Fund Unitholders, the Magellan Global Fund will have two unit classes on issue: Open Class Units and Closed Class Units.

Both Open Class Units and Closed Class Units will confer on its holder an undivided absolute, vested and indefeasible beneficial interest in Magellan Global Fund as a whole, subject to Magellan Global Fund's liabilities, not in parts of or single assets. A Unitholder holds a Unit subject to the rights and obligations attaching to that Unit.

### 7.6 Capital structure

As at 30 September 2020 the capital structure of Magellan Global Fund is:

Class of units	Number of units on issue
Ordinary (to be renamed Open Class)	4,580,932,860

The number of Units on issue shown above has been rounded to the nearest whole number.

When the Open Class Units and Closed Class Units in Magellan Global Fund are quoted on ASX on or around 30 November 2020, the number of Units on issue at that time will be different to the number of Units on issue as at 30 September 2020 due to applications and redemptions of units in Magellan Global Fund being accepted up to and including the Effective Date. The number of units quoted will also include Magellan Global Fund RE's estimate of the number of Open Class Units and Closed Class Units to be issued on the Implementation Date following the completion of the Restructure.

Assuming the Restructure was implemented on 30 September 2020, the pro-forma capital structure of Magellan Global Fund is:

Class of units	Number of units to be issued on Implementation Date	Total number of units on issue as at the Implementation Date
Open Class	670,146,135	5,251,078,995
Closed Class	1,237,986,174	1,237,986,174

The table above does not include the issuance of Closed Class Units as a result of the MGF Partnership Offer or Bonus MGF Option Issue. Information about the impact on the capital structure of Magellan Global Fund will be included in the product disclosure statements that will be provided to Magellan Global Fund Unitholders prior to the MGF Partnership Offer being made. Further information about the MGF Partnership Offer and Bonus MGF Option Issue is included in Sections 7.23 to 7.25.

### 7.7 Entity structure

The ownership structure of Magellan Global Fund following completion of the Restructure is detailed in the following diagram:



Following the Restructure, existing Magellan Global Fund unitholders will continue to hold Open Class Units and Magellan Global Fund will hold all of the units in MGE and MGG.

## 7 About the Magellan Global Fund

### 7.8 Overview of Open Class Units and Closed Class Units

There are important differences between Open Class Units and Closed Class Units, a summary of which is provided below.

	Open Class Units (ASX: MGOC)	Closed Class Units (ASX: MGF)	More Information
<b>Responsible Entity</b>	Magellan Global Fund RE		Section 7.2
<b>Investment Manager</b>	Magellan Global Fund RE		Section 7.2
<b>Investment Strategy</b>	Global Equities Strategy		Section 7.4
<b>Capital structure</b>	<p>Open Class of the Magellan Global Fund is an 'open-ended' unit class.</p> <p>This means that the Magellan Global Fund RE has the power to issue or redeem Open Class Units on a daily basis.</p>	<p>Closed Class of the Magellan Global Fund is a 'closed-ended' unit class.</p> <p>This means that Magellan Global Fund RE can only issue new Closed Class Units in accordance with the ASX Listing Rules, for example as a result of an exercise of a MGF Option, unit purchase plan, distribution reinvestment plan or pro-rata entitlement offer.</p> <p>Magellan Global Fund RE may also undertake a buy-back of Closed Class Units which satisfies the requirements of the Corporations Act and the ASX Listing Rules.</p>	Section 7.6
<b>ASX Quotation</b>	Magellan Global Fund RE intends to apply for Open Class Units to be admitted to Trading Status under the AQUA Rules.	Magellan Global Fund RE intends to apply for quotation of Closed Class Units on the official list of ASX under the ASX Listing Rules.	Section 7.15
<b>ASX Ticker</b>	MGOC	MGF	n/a
<b>Buying and selling on ASX</b>	<p>Once Open Class Units are quoted, Open Class Unitholders will be able to buy and sell their Open Class Units on ASX.</p> <p>Magellan Global Fund RE, on behalf of the Magellan Global Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units. Magellan Global Fund RE will appoint a market participant to act as its agent to buy and sell Open Class Units on its behalf.</p> <p>The secondary market price of Open Class Units is generally expected to trade at a tight spread to the prevailing NAV per Open Class Unit.</p>	<p>Once Closed Class Units are quoted, Closed Class Unitholders will be able to buy and sell their Closed Class Units on ASX, subject to there being sufficient liquidity in Closed Class Units.</p> <p>The secondary market price of Closed Class Units may trade at a premium or discount to the NAV per Closed Class Unit.</p>	Section 7.15
<b>Applying and redeeming directly with the Magellan Global Fund RE</b>	<p>Open Class Unitholders can apply for or redeem Open Class Units directly with the Magellan Global Fund RE using an application form or withdrawal form.</p> <p>The Magellan Global Fund RE will issue and redeem Open Class Units at the entry or exit unit price applicable to the Business Day on which a valid application or withdrawal was made by the applicable cut-off times.</p>	Under the ASX Listing Rules, Closed Class Unitholders do not have the ability to apply for or redeem Closed Class Units directly with Magellan Global Fund RE.	Sections 7.13 and 7.14
<b>Distribution policy</b>	Target Cash Distribution yield of 4% per annum paid semi annually		Section 7.10
<b>Distribution Reinvestment Plan</b>	Open Class Unitholders can reinvest their Target Cash Distribution into additional Open Class Units at the NAV per Open Class Units.	Closed Class Unitholders can reinvest their Target Cash Distribution into additional Closed Class Units at a 7.5% discount to the NAV per Closed Class Unit.	Section 7.11

## 7 About the Magellan Global Fund

### 7.8 Overview of Open Class Units and Closed Class Units *continued*

	Open Class Units (ASX: MGOC)	Closed Class Units (ASX: MGF)	More Information
<b>Fees</b>	1.35% per annum management fee inclusive of the estimated net effect of GST) 10% performance fee of the excess return above the higher of the Index Relative Hurdle (the MSCI World Net Total Return Index (AUD)) and the Absolute Return Hurdle (the yield of 10-year Australian Government Bonds) over each six-month period ending 30 June and 31 December in each year subject to exceeding the relevant High Water Mark and applicable performance fee cap <sup>1</sup> .		Sections 7.21 and 9.2
<b>Reports to unitholders</b>	The following disclosures will be published for the Magellan Global Fund: – Daily estimated NAV per Unit for each unit class prior to the commencement of the ASX trading day on Magellan’s website at <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a> – Monthly NAV per Unit on ASX for each unit class and weekly NAV per Closed Class Unit on ASX – Intraday indicative NAV per Unit ( <i>iNAV</i> ) for each unit class on Magellan’s website – Monthly fund factsheets with Top 10 holdings and investment performance (net of fees) calculated for each unit class published on ASX and Magellan’s website – Full portfolio disclosed quarterly within a two-month period published on ASX and Magellan’s website – Half Year and Annual Reports published on ASX and Magellan’s website		Section 7.18
<b>Material voting rights specific to a Unit Class</b>	Matters requiring specific approval of Open Class Unitholders: – Control Transaction as defined under the Magellan Global Fund Constitution – Significant Transactions, as defined under the Magellan Global Fund Constitution – A wind up of the Open Class Unit class and, where Closed Class Unitholders have passed an equivalent resolution, a wind up of Magellan Global Fund – Variation of certain rights relating to the Open Class Units under the Magellan Global Fund Constitution	Matters requiring specific approval of Closed Class Unitholders: – Control Transaction as defined under the Magellan Global Fund Constitution – Matters ASX requires be approved under the ASX Listing Rules – Removal of Magellan Global Fund from the official list of ASX, a wind up of the Closed Class Unit class and, where Open Class Unitholders have passed an equivalent resolution, a wind up of Magellan Global Fund – Variation of certain rights relating to the Closed Class Units under the Magellan Global Fund Constitution	Section 9.2
<b>Removal of Magellan Global Fund RE</b>	The Corporations Act provides for when and how a responsible entity can be changed. In accordance with the Corporations Act, Magellan Global Fund RE can be removed as responsible entity by an ordinary resolution of all unitholders, taken as a whole.		n/a
<b>Access to partnership benefits</b>	Open Class Unitholders may benefit from: – Eligibility to participate in the MGF Partnership Offer	Closed Class Unitholders may benefit from: – Eligibility to participate in the MGF Partnership Offer – Eligibility for the Bonus MGF Option Issue – Ability to elect to participate in a DRP at a 7.5% discount to the NAV per Closed Class Unit	n/a

1. Subject to the first performance fee calculation period being the period from the Effective Date to 30 June 2021.

### 7.9 Valuation, location and custody of assets

The Magellan Global Fund’s NAV is calculated daily using a framework for the valuation of financial instruments that is consistent with current industry practice and regulatory requirements.

The Magellan Global Fund’s NAV is an estimate of the value of the Magellan Global Fund at the close of trading in each market in which the Magellan Global Fund invests. The estimated NAV per Unit for each unit class is the total value of the Magellan Global Fund’s NAV attributable to that unit class divided by the number of units on issue in that class.

The estimated NAV per Unit of each unit class may fluctuate each day as the market value of the Magellan Global Fund’s assets rises or falls. Magellan’s NAV Permitted Discretions Policy provides further information about how the NAV per Unit is calculated. Investors can request a copy of the policy free of charge by contacting Magellan.

# 7 About the Magellan Global Fund

## 7.9 Valuation, location and custody of assets *continued*

Operationally, the assets and liabilities of Magellan Global Fund will be allocated proportionally between the Open Class Units and Closed Class Units based on their respective net asset values as at the Effective Date. The calculation of the NAV of a unit class will include the impact of transactions specific to that unit class so that they do not impact the NAV per unit of the other unit class. The estimated NAV per Unit of each unit class will be based on the NAV of each unit class divided by the number of units on issue in the relevant class as at the end of each Business Day.

Northern Trust has been appointed by Magellan Global Fund RE to hold the assets of the Magellan Global Fund under a Master Custody Agreement. As custodian, Northern Trust will safe-keep the assets of the Magellan Global Fund, collect the income of the Magellan Global Fund's assets and act on Magellan Global Fund RE's directions to settle the Magellan Global Fund's trades. Northern Trust does not make investment decisions in respect of the Magellan Global Fund's assets that it holds.

## 7.10 Distribution policy

On 24 September 2020, Magellan Global Fund RE announced a new distribution policy for Magellan Global Fund.

Under the updated distribution policies, Magellan Global Fund RE intends to target, in respect of each unit class, a cash distribution yield of 4% per annum (**Target Cash Distribution**). The Target Cash Distribution in respect of each unit class will be paid semi-annually (for the periods ending 30 June and 31 December of each year), with the actual amount for each period determined by using the average of the month-end NAV per Unit for each unit class over the two year period ending on the last Business Day of the prior distribution period.

As a result of the timing of the Restructure, Magellan Global Fund RE intends to pay the first Target Cash Distribution of 4.88 cents per Unit for the six month period ending 31 December 2020, on 19 November 2020, prior to the implementation of the Restructure. This distribution will be paid on this date irrespective of whether or not the Restructure is implemented.

For the first four semi-annual distributions following the Restructure, Magellan Global Fund RE intends to pay a Target Cash Distribution per Unit for each of the Open and Closed Class equal to 2% of the issue price of Open and Closed Class Units under the MGE Trust Scheme and MGG Trust Scheme respectively. These amounts will be paid for each six month period ending 30 June 2021, 31 December 2021, 30 June 2022 and 31 December 2022.

Magellan intends to announce the Target Cash Distribution per Unit for each of the Open and Closed Class on ASX at the beginning of each semi-annual distribution period. Magellan Global Fund RE expects that the distribution policy will provide Unitholders with greater certainty on the amount of upcoming distributions.

The Magellan Global Fund may distribute a payment out of the capital invested in addition to a distribution of net income or net capital gains or where the Magellan Global Fund has not generated any net income during the income year.

To be eligible to receive a distribution in respect of Magellan Global Fund Units for a distribution period, you must:

- hold that unit on the last day of the distribution period; or
- have purchased (either on-market or off-market) that unit on or before the last day of the distribution period; or
- in the case of Open Class Units, have applied directly with the Responsible Entity using an Application Form for that unit on or before the last day of the distribution period.

You will not be eligible to receive a distribution in respect of a distribution period on a unit you have sold or redeemed on or before the last day of the distribution period. The distribution is not calculated on a pro-rata basis according to the time that Magellan Global Fund Unitholders have held their Units.

Under the AMIT rules, investors will be assessed for tax on the income of the Magellan Global Fund attributed to them. Where the income of the Magellan Global Fund exceeds the Target Cash Distribution, Magellan Global Fund RE may, in a particular year retain or accumulate in the Magellan Global Fund the amount of income of the Magellan Global Fund that exceeds the Target Cash Distributions, in which case the income of the Magellan Global Fund that is attributed to you (and must be included in your income tax return) will be more than the cash distribution paid. The tax cost base of your units will increase to the extent that the income of the Magellan Global Fund attributed to investors exceeds the cash distribution paid. For more information see Section 7.12.

Distributions paid in cash will be paid directly into Magellan Global Fund Unitholders' Australian dollar or New Zealand dollar bank accounts. Magellan Global Fund Unitholders should contact the Unit Registry or, if applicable, their stockbroker or financial adviser to ask how they can provide bank account details.

Magellan Global Fund RE retains the discretion to amend the distribution policy of Magellan Global Fund. The Magellan Global Fund Constitution permits Magellan Global Fund RE to accumulate part or all of the Magellan Global Fund's income in the Magellan Global Fund and / or reinvest part or all of your distribution, subject to the ASX Listing Rules.

# 7 About the Magellan Global Fund

## 7.11 Distribution Reinvestment Plan

Magellan Global Fund RE has established a distribution reinvestment plan (**DRP**) in respect of distributions made by each unit class in Magellan Global Fund. In respect of each Target Cash Distribution, Magellan Global Fund RE may elect to offer or not offer the **DRP**. Under the **DRP**, Unitholders may elect to have all, or part of their Target Cash Distribution reinvested as additional Units in Magellan Global Fund. The **DRP** Rules provide detail on the methodology for determining the price at which Magellan Global Fund Units are issued to Magellan Global Fund Unitholders and can be found at [www.magellangroup.com.au](http://www.magellangroup.com.au).

Elections to participate in the **DRP** in respect of the Target Cash Distribution must be made by the election date announced by Magellan Global Fund RE in respect of each relevant Target Cash Distribution.

### a) Open Class Units **DRP**

Magellan Global Fund RE intends to offer Open Class Unitholders who elect to participate in the **DRP** the ability to reinvest all or part of their Target Cash Distribution in additional Open Class Units at a price equal to the NAV per Open Class Unit, as provided in the Magellan Global Fund **DRP** Rules.

### b) Closed Class Units **DRP**

Magellan Global Fund RE intends to offer Closed Class Unitholders who elect to participate in the **DRP** the ability to reinvest all or part of their Target Cash Distribution in additional Closed Class Units at a price equal to 7.5% discount to the NAV per Closed Class Unit, as provided in the Magellan Global Fund **DRP** Rules.

The application, and the extent of, a **DRP** discount, in respect of any Target Cash Distribution will be at the discretion of Magellan Global Fund RE.

As an additional benefit to Closed Class Unitholders and to ensure that Closed Class Unitholders who elect not to participate in the **DRP** are not diluted as a result of the discount, the Magellan Group will pay the Magellan Global Fund an amount of consideration equal to the dilutive effect of this discount in accordance with the terms of the MFG **DRP** Commitment Deed and subject to the approval by MFG of each particular discounted **DRP** offer.

As a result of the **DRP** issue price being set with reference to the NAV per Unit of the Closed Class Units, the **DRP** issue price for Closed Class Unitholders could be at a premium to the trading price of Closed Class Units on ASX.

## 7.12 Taxation

The Magellan Global Fund has elected to become an Attribution Managed Investment Trust (**AMIT**). Accordingly, investors will be subject to tax on the income of the Magellan Global Fund that is attributed to them under the **AMIT** rules each year ending 30 June. If there is income of the Magellan Global Fund that is not attributed to an investor, the Magellan Global Fund will be subject to tax at the highest marginal rate (plus the Medicare levy) on that non-attributed income. The Magellan Global Fund Constitution permits Magellan Global Fund RE to accumulate part or all of the Magellan Global Fund's income in the Magellan Global Fund and / or reinvest part or all of your distribution, subject to the ASX Listing Rules, in which case the income of the Magellan Global Fund that is attributed to you (and which must be included in your income tax return) will be more than the total cash distribution you receive.

Investors will be assessed for tax on the net income and net capital gains generated by the Magellan Global Fund that is attributed to them under the **AMIT** rules. Investors will receive a tax statement after the end of each financial year (referred to as an **AMIT** Member Annual Statement) that will provide them with details of the amounts that have been attributed to them by the Magellan Global Fund to assist them in the preparation of their tax return.

Magellan Global Fund may attribute an estimate of net capital gains generated as a result of redemptions of Open Class Units and buy-backs of Closed Class Units to the unitholders of the relevant class. Net capital gains that are otherwise generated in the ordinary operations of the Magellan Global Fund, including as a result of portfolio management will be attributed between unit classes and unitholders on a proportionate basis.

If the Magellan Global Fund was to incur a tax loss for an income year then the Magellan Global Fund could not attribute that loss to investors. However, subject to the Magellan Global Fund meeting certain conditions, the Magellan Global Fund may be able to recoup such a loss against taxable income of the Magellan Global Fund in subsequent income years.

Depending on an investor's particular circumstances, they may also be liable to pay capital gains tax (or income tax if they hold their units on revenue account) when they withdraw units.

## 7.13 Further issues of Magellan Global Fund Units

### a) Open Class Units

Magellan Global Fund RE is permitted, subject to the Magellan Global Fund Constitution, the Corporations Act, the AQUA Rules and applicable laws, on a daily basis, to issue further Open Class Units or redeem and immediately cancel Open Class Units.

### b) Closed Class Units

Magellan Global Fund RE is permitted, subject to the Magellan Global Fund Constitution, the Corporations Act, the ASX Listing Rules and applicable laws, to issue further Closed Class Units after the Magellan Global Fund is admitted to the official list of ASX.

Examples of issuance of further Closed Class Units may include but are not limited to the issue of Closed Class Units under the MGF Partnership Offer, a **DRP**, unit purchase plan, rights issue, placement of Closed Class Units or consideration for a takeover.

# 7 About the Magellan Global Fund

## 7.14 Redemptions and cancellations of Units

### a) Open Class Units

Magellan Global Fund RE is permitted, subject to the Magellan Global Fund Constitution, the Corporations Act, the AQUA Rules and applicable laws, on a daily basis, to redeem and immediately cancel Open Class Units.

### b) Closed Class Units

Under the Magellan Global Fund Constitution and the ASX Listing Rules, while the Closed Class Units are quoted on ASX, Magellan Global Fund RE is not permitted to redeem Closed Class Units.

Subject to any restrictions imposed under the Corporations Act, the ASX Listing Rules (as modified or waived by ASX) and the Magellan Global Fund Constitution, once Closed Class Units are quoted on ASX, Magellan Global Fund RE may undertake an on-market buy-back of Closed Class Units where it determines that this is in the interests of Magellan Global Fund Unitholders. Any Closed Class Units acquired by Magellan Global Fund RE under a buy-back will be immediately cancelled, as required by the Corporations Act. Magellan Global Fund RE will need to obtain Closed Class Unitholder approval for a buy-back and comply with any restrictions in the Corporations Act, ASX Listing Rules and Constitution if it intends to buy back more than 10% of the smallest number of Closed Class Units on issue over the 12 months prior to the buy-back. To fund the buy-back of Closed Class Units, Magellan Global Fund RE may look to liquidate some of the Magellan Global Fund's investments.

## 7.15 Liquidity

### a) Open Class Units

Once the Open Class Units are admitted to trading status on the ASX under the AQUA Rules, investors will be able to buy and sell Open Class Units on ASX. Investors will also be able to apply for and redeem Open Class Units directly with the Magellan Global Fund RE (using an application form or withdrawal form respectively).

Investors will be able to buy and sell Open Class Units on ASX, subject to there being sufficient buyers and sellers (as applicable) of Open Class Units at the investor's desired price, ASX being open for trading and the Open Class Units not being suspended from trading. Open Class Units may be bought and sold on ASX by Open Class Unitholders instructing their stockbroker or through their online broking account.

Magellan Global Fund RE, on behalf of the Magellan Global Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units. At the end of each ASX trading day, Magellan Global Fund RE will create or cancel Open Class Units by applying for or redeeming its net position in Open Class Units bought and sold on the ASX. Magellan Global Fund RE will appoint a market participant to transact and facilitate settlement on its behalf.

The price at which investors may buy or sell Open Class Units on the ASX will be the price that Open Class Units trade on ASX. There is no guarantee that the secondary market trading price of the Open Class Units will reflect the NAV per Open Class Unit.

Investors who apply for or redeem their Open Class Units directly with Magellan Global Fund RE will receive the entry or exit unit price applicable to the Business Day on which Magellan Global Fund RE receives completed documentation and cleared monies (for applications) by the applicable cut-off times on that Business Day.

### b) Closed Class Units

Subject to Magellan Global Fund being admitted to the official list of ASX and its Closed Class Units being quoted, investors will be able to buy and sell Closed Class Units on ASX. The ability to buy and sell Closed Class Units will be subject to there being sufficient buyers and sellers (as applicable) of Closed Class Units at the investor's desired price, ASX being open for trading and the Closed Class Units not being suspended from trading. Closed Class Units may be bought and sold on ASX by Closed Class Unitholders instructing their stockbroker or through their online broking account.

The price at which investors may buy or sell Closed Class Units may not equal the NAV per Closed Class Unit. The Closed Class Units may trade on the ASX at a discount or premium to the NAV per Closed Class Unit.

Magellan Global Fund RE may undertake a buy-back of Closed Class units which satisfies the requirements of the Corporations Act and the ASX Listing Rules. This may act as another source of liquidity to investors wishing to sell Closed Class Units however there is no guarantee that Magellan Global Fund RE will undertake a buy-back.

## 7 About the Magellan Global Fund

### 7.16 Further information about investing in Open Class Units

Following the implementation of the Restructure, investors can invest in the Open Class Unit class either by applying for units directly with Magellan Global Fund RE using an application form or by buying units on the ASX.

Investors can exit the Open Class Unit class either by directly making a withdrawal request to the Magellan Global Fund RE using a withdrawal form or by selling units on the ASX. You need to hold your Open Class Units on the issuer sponsored sub-register to make a withdrawal request directly to Magellan Global Fund RE. Your stockbroker can assist you with this process if you hold your Open Class Units on a HIN.

The method by which you enter the Open Class Unit class does not affect the method by which you can exit the Open Class Unit class. If you enter the Open Class Unit class by buying Open Class Units on the ASX, you can exit the Open Class Unit class by selling Open Class Units on the ASX or by withdrawing directly with Magellan Global Fund RE. If you enter the Open Class Unit class by applying for Open Class Units directly with Magellan Global Fund RE you can exit the Open Class Unit class by selling units on the ASX or by withdrawing directly with Magellan Global Fund RE.

The following table sets out the key differences between entering and exiting the Open Class Unit class via the ASX or by applying for and withdrawing units directly from Magellan Global Fund RE.

	<b>Buying Open Class Units on the ASX</b>	<b>Applying for Open Class Units directly with Magellan Global Fund RE</b>
<b>How do I make an investment in Open Class Units?</b>	<p>Once Open Class Units are quoted on the ASX, an investor can invest in the Open Class Unit class by purchasing Open Class Units via their stockbroker.</p> <p>Investors do not need to complete an application form. An investor's purchase of Open Class Units will be settled via the CHESS settlement service, generally two Business Days following the purchase.</p>	<p>An investor can invest in Open Class Units at any time by sending a correctly completed application form together with the required supporting identification documentation to the Unit Registry.</p> <p>If Magellan Global Fund RE receives your correctly completed application form by 2.00pm (Sydney time) on a Business Day and cleared funds by close of business on the same Business Day, the investor will receive the entry Open Class Unit price applicable to that Business Day. Magellan Global Fund RE will generally issue Open Class Units to you the following Business Day.</p> <p>Otherwise Magellan Global Fund RE will issue Open Class Units to the investor using the entry Open Class Unit price applicable to the Business Day on which it receives your completed documentation and cleared monies (subject to the applicable cut-off times for that Business Day).</p>
<b>What is my entry price when I make an investment in Open Class Units?</b>	<p>An investor's entry price will be the price at which the investor has purchased Open Class Units on the ASX. The investor will receive a transaction confirmation from their stockbroker informing them of this price.</p> <p>An investor may incur customary brokerage fees and commissions when Open Class Units are bought on the ASX. Investors should consult their stockbroker for further information on their fees and charges.</p>	<p>An investor's entry price will be the entry price applicable to the Business Day on which Magellan Global Fund RE receives completed documentation and cleared monies by the applicable cut-off times.</p> <p>The entry price reflects the NAV per Open Class Unit plus an allowance for transaction costs incurred by the Magellan Global Fund RE. The NAV per Open Class Unit estimates the value of the Magellan Global Fund's Open Class Units based on the value of the Magellan Global Fund's assets at the close of trading in each market in which the Magellan Global Fund invests.</p> <p>On any given Business Day, the NAV per Open Class Unit will generally differ from the ASX closing price of Open Class Units as the Magellan Global Fund invests in overseas markets and the close of trading in those markets on a given Business Day may not occur until the following day in Australia.</p>
<b>Is there a minimum number of Open Class Units I need to purchase?</b>	<p>No. There is no minimum number of Open Class Units applicable to investors who buy their Open Class Units on the ASX.</p>	<p>The minimum initial investment amount for investors applying for Open Class Units directly with Magellan Global Fund RE is \$10,000. Additional investments can be made into an existing account at any time. A minimum amount may apply to additional investments depending on the method of payment.</p>

## 7 About the Magellan Global Fund

### 7.16 Further information about investing in Open Class Units *continued*

	Selling Open Class Units on the ASX	Withdrawing Open Class Units directly with Magellan Global Fund RE
<b>How do I withdraw my investment?</b>	<p>An Open Class Unitholder can withdraw from the Open Class Unit class at any time by selling Open Class Units on the ASX via their stockbroker.</p> <p>An Open Class Unitholder's sale of Open Class Units will be settled via the CHESS settlement service, generally two Business Days following the sale.</p>	<p>An Open Class Unitholder can make a withdrawal of their investment in the Open Class Unit class by sending a correctly completed withdrawal form to the Unit Registry.</p> <p>An Open Class Unitholder can request a specified dollar amount to be withdrawn, a specified number of Open Class Units to be withdrawn, or a full redemption of their investment in Open Class Units.</p> <p>To withdraw, an Open Class Unitholder must hold their Open Class Units on the Magellan Global Fund's issuer sponsored sub-register and provide their SRN. Correctly completed withdrawal forms must be received by 2.00pm (Sydney time) on that Business Day.</p> <p>Payment of withdrawal proceeds will usually be paid two Business Days following the withdrawal. An Open Class Unitholder can usually expect to receive payment into your nominated bank account within seven Business Days.</p>
<b>At what price can I sell Open Class Units in the Magellan Global Fund?</b>	<p>An Open Class Unitholder's exit price will be the price at which they sold their Open Class Units on the ASX.</p> <p>Open Class Unitholders will receive a transaction confirmation from their stockbroker informing them of this price.</p> <p>An investor may incur customary brokerage fees and commissions when Open Class Units are sold on the ASX. Investors should consult their stockbroker for further information on their fees and charges.</p>	<p>An Open Class Unitholder's exit price will be the exit unit price applicable to the Business Day on which the Magellan Global Fund RE receives their correctly completed withdrawal form by the applicable cut-off times for that Business Day.</p> <p>The exit price reflects the NAV per Open Class Unit plus an allowance for transaction costs incurred by the Magellan Global Fund at the close of trading in Australia on that Business Day.</p> <p>The NAV per Open Class Unit estimates the value of the Magellan Global Fund's Open Class Units based on the value of the Magellan Global Fund's assets at the close of trading in each market in which the Magellan Global Fund invests.</p> <p>On any given Business Day, the NAV per Open Class Unit will generally differ from the ASX closing price of Open Class Units as the Magellan Global Fund invests in overseas markets and the close of trading in those markets on a given Business Day may not occur until the following day in Australia.</p> <p>If an Open Class Unitholder does not meet the cut-off times they will receive the exit price for the following Business Day, subject to their withdrawal request meeting the applicable cut-off times for that Business Day.</p>
<b>Is there a minimum number of Open Class Units I need to withdraw?</b>	<p>No. There is no minimum number of units applicable to either the sale of Open Class Units on the ASX or withdrawal of Open Class Units directly with the Magellan Global Fund RE.</p> <p>No minimum balance applies to investments in the Magellan Global Fund.</p>	

#### a) Applying for or redeeming Open Class Units directly with Magellan Global Fund RE

##### **How to apply for Open Class Units directly with Magellan Global Fund RE**

1. Send a correctly completed application form with supporting identification documentation to the Unit Registry by the 2.00pm (Sydney time) cut-off time.
2. Make payment of application monies into the application bank account by close of business on the same Business Day.
3. Subject to receipt of cleared funds, on the next Business Day Magellan Global Fund RE will generally:
  - a. Calculate and publish the NAV per Open Class Unit and entry price applicable to applications received on the previous Business Day (in accordance with steps 1 and 2 above); and
  - b. issue Open Class Units to you at that entry price.

##### **Example – Application for Open Class Units**

Application amount	\$10,000	Amount you are investing in Magellan Global Fund. <sup>1</sup>
Entry price applicable to your application	\$2.6083 <sup>2</sup>	Entry price reflects the NAV per Open Class Unit and an allowance for the buy spread of 0.07%. <sup>2</sup>
Units allocated to you based on the entry price	3,833.9148	

1. This worked example assumes that your correctly completed application documentation was received by the Unit Registry before 2pm (Sydney time) on 30 September 2020 and that Magellan Global Fund RE received your application monies (\$10,000) into the Magellan Global Fund application account before close of business on the same day.

2. As at 30 September 2020, based on the NAV per Unit of Magellan Global Fund of \$2.6065, adjusted for transaction costs.

# 7 About the Magellan Global Fund

## 7.16 Further information about investing in Open Class Units *continued*

### **How to redeem Open Class Units directly with Magellan Global Fund RE**

1. You must hold your Open Class Units as an issuer-sponsored holding and have a SRN allocated to you by the Unit Registry.
2. Send a correctly completed withdrawal form to the Unit Registry by the 2.00pm (Sydney time) cut-off time.
3. On the next Business Day, Magellan Global Fund RE will generally calculate and publish the NAV per Open Class Unit and exit price applicable to withdrawals requests received on the previous Business Day (in accordance with step 2 above).
4. Payment of your withdrawal proceeds will usually be made within two business days following your withdrawal. You can usually expect to receive payment into your nominated bank account within seven Business Days.

### **Example – Withdrawal for Open Class Units**

Withdrawal request	\$10,000	Amount you are withdrawing from the Magellan Global Fund. <sup>1</sup>
Exit price applicable to your withdrawal	\$2.6047 <sup>2</sup>	Exit price reflects the NAV per Open Class Unit and an allowance for the sell spread of 0.07%. <sup>2</sup>
Units redeemed based on the exit price	3,839.2137	

1. This worked example assumes that your correctly completed withdrawal form was received by the Unit Registry before 2pm (Sydney time) on 30 September 2020.

2. As at 30 September 2020, based on the NAV per Unit of Magellan Global Fund of \$2.6065, adjusted for transaction costs.

### **b) Restrictions on withdrawals**

No withdrawals or switches, or payment of withdrawal proceeds shall be permitted where the calculation of the NAV of the Open Class Units or withdrawals are suspended. Withdrawals or switches may be suspended for up to 28 days including where:

- i) it is impracticable for the Magellan Global Fund RE, or it is unable, to calculate the NAV of the Open Class Units, for example, because of financial market disruptions or closures;
- ii) redemption would cause Magellan Global Fund RE to breach any applicable law, regulation or obligation;
- iii) the quotation of Units on a securities exchange is suspended, halted or revoked;
- iv) the approval of the Magellan Global Fund RE as an issuer is suspended or revoked;
- v) Magellan Global Fund's investments suspend, delay or restrict the redemption, issue or payment of redemption proceeds (as applicable), or are unable to provide a withdrawal piece;
- vi) the realisation of assets cannot be effected at prices which would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market;
- vii) the payment of withdrawal proceeds involves realising a significant portion of the Magellan Global Fund's assets which would, in the Magellan Global Fund RE'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;
- viii) Magellan Global Fund RE reasonably considers it would be in the interests of investors, or it is otherwise permitted by law; or
- ix) Magellan Global Fund RE receives withdrawal requests of an aggregate value that in the Magellan Global Fund RE's reasonable estimate exceeds 5% of the Magellan Global Fund's assets.

The withdrawal process, including the calculation of the NAV per Open Class Unit, applies only when the Magellan Global Fund is 'liquid' (within the meaning given to that term in the Corporations Act). Where the Magellan Global Fund ceases to be liquid, Open Class Units may only be withdrawn pursuant to a withdrawal offer made to all investors in the Open Class Units in accordance with the Constitution and the Corporations Act. Magellan Global Fund RE is not obliged to make such offers.

Where withdrawals or switches have been suspended, Open Class Units in the Magellan Global Fund may continue trading on the ASX provided that the Magellan Global Fund continues to comply with the AQUA Rules. If the Magellan Global Fund ceases to comply with the AQUA Rules, the ASX Operator may suspend trading of Open Class Units in the Magellan Global Fund on the ASX.

### **b) Compulsory redemptions**

Magellan Global Fund RE may redeem some or all of an investor's Open Class Units without asking them in accordance with the Constitution or as permitted by law, upon providing a Magellan Global Fund Unitholder with a minimum of three business days' notice. As an example, this may occur where an investor breaches their obligations to the Magellan Global Fund RE (for example, where the Magellan Global Fund RE believes that the Open Class Units are held in breach of prohibitions contained within the Constitution) or where the Magellan Global Fund RE believes that the Open Class Units are held in circumstances which might result in a violation of an applicable law or regulation. This only applies to Closed Class Units if the Listing Rules or ASX permits the redemption.

## 7 About the Magellan Global Fund

### 7.16 Further information about investing in Open Class Units *continued*

#### c) Transfer and conversion of units

An investor's stockbroker will initiate the conversion or transfer of units in the following scenarios:

- i) An investor holds units directly with the Magellan Global Fund (SRN holding on the issuer sponsored sub-register) and wishes to convert or transfer their units to an account with a stockbroker (HIN holding on the CHESS sub-register). An investor will need to provide their stockbroker with their SRN. An investor can only convert or transfer whole units and any partial unit remaining after the conversion or transfer will be cancelled and become property of the Magellan Global Fund.
- ii) An investor holds units in an account with their stockbroker (HIN holding on the CHESS sub-register) and wishes to transfer their units to another HIN or to transfer or convert their units to an account directly with the Magellan Global Fund (SRN holding on the issuer sponsored sub-register).

The Unit Registry handles transfers of units for investors who hold units directly with the Magellan Global Fund (SRN holdings on the issuer sponsored sub-register) and wish to transfer to another existing account or a new account directly with the Magellan Global Fund. Transfer instructions must be made in a form and manner approved by Magellan Global Fund RE. Original standard transfer forms must be mailed to the Unit Registry and cannot be faxed, emailed or photocopied.

### 7.17 Corporate governance

#### a) Corporate governance policies

Responsibility for the Magellan Global Fund's proper corporate governance rests with Magellan Global Fund RE as the responsible entity. The overarching principle is to always act in good faith and in the best interests of Magellan Global Fund Unitholders. Magellan Global Fund RE's duties and obligations in relation to the Magellan Global Fund principally arise from: the Constitution of the Magellan Global Fund; the compliance plan for the Magellan Global Fund; ASX Corporate Governance Council Principles and Recommendations, 4th Edition March 2019 (**ASX Corporate Governance Principles**), regulatory requirements of ASIC and legislative and regulatory requirements of jurisdictions in which the responsible entity operates.

The board of directors of MFG (**MFG Board**), in consultation with management and Magellan Global Fund RE, determine appropriate corporate governance practices, taking into account the matters outlined in the preceding paragraph. Where, after due deliberation, Magellan Global Fund RE's corporate governance practices differ from the ASX Corporate Governance Principles, the Corporate Governance Statement will set out the reasons for the difference.

MFG has established a governance framework for MFG and its subsidiaries, which includes Magellan Global Fund RE, and has its own Corporate Governance Statement, details of which can be found in the Shareholder Centre section on the Magellan Group's website at [www.magellangroup.com.au](http://www.magellangroup.com.au) under "Corporate Governance". Except for limited exceptions as set out in its Corporate Governance Statement, Magellan Group follows all recommendations of the ASX Corporate Governance Principles.

Magellan Global Fund RE has, as far as practicable, adopted the governance framework of MFG being cognisant of its fiduciary duty. The composition of the boards of each of MFG and Magellan Global Fund RE are near identical.

As part of the governance process, the MFG Board and management periodically review Magellan Group's policies and practices to ensure that they meet the requirements of stakeholders and that there is a process of continual improvement in governance standards.

Wherever possible, the corporate governance practices of the Magellan Global Fund follow those of Magellan Group.

The key elements of the Magellan Global Fund's corporate governance framework are set out below. Magellan Global Fund RE has also adopted a number of corporate governance policies to provide reasonable assurance that the Magellan Global Fund is governed efficiently and effectively, and in accordance with its fiduciary duty. The policies are available on Magellan's website at [www.magellangroup.com.au](http://www.magellangroup.com.au).

The corporate governance framework and policies are summarised below:

- i) **Code of Ethics** – The Code of Ethics applies to all Directors and employees of the Magellan Group. The purpose of the Code of Ethics is to:
  - A) communicate the standards of behaviour that the Magellan Group expects of its employees;
  - B) encourage the observance of obligations and standards of conduct to protect and promote the interests of the Magellan Group, its clients, funds under management, shareholders, unitholders and other stakeholders;
  - C) guide employees through the practices thought necessary to maintain confidence in the Magellan Group's integrity; and
  - D) set out the responsibilities and accountabilities of employees to report and investigate reports of unethical practices.All employees of the Magellan Group are required to make an annual declaration confirming their compliance with the Code of Ethics.
- ii) **Continuous Disclosure Policy** – The Continuous Disclosure Policy assists with clear and effective communication with unitholders by ensuring:
  - A) the Magellan Global Fund has in place policies and procedures reasonably designed to comply with its continuous disclosure obligations under the Corporations Act, the ASX Listing Rules and the AQUA Rules;
  - B) the Magellan Global Fund provides Magellan Global Fund Unitholders, together with the market, timely, direct and equal access to information issued by it; and
  - C) information which is not generally available and which may have a material effect on the price or value of the Magellan Global Fund Units is identified and appropriately considered for disclosure to the market.

# 7 About the Magellan Global Fund

## 7.17 Corporate governance *continued*

- iii) **Unitholder Communications Policy** – The Unitholder Communications Policy describes the procedures in place to provide Magellan Global Fund Unitholders with appropriate information about the Magellan Global Fund and its governance. In summary, the policy outlines:
- A) methods of communication and types of information provided by Magellan Global Fund RE to unitholders about the Magellan Global Fund;
  - B) timing of such reports and communication; and
  - C) other general information relevant to a Magellan Global Fund Unitholder.

- iv) **Risk Management Framework** – The Risk Management Framework (**RMF**) for the Magellan Group is based on the Australian Standard AS ISO 31000:2018 Risk Management – *Guidelines* and Principle 7 of the ASX Corporate Governance Principles. Consideration has also been given to ASIC RG 259: *Risk management systems of responsible entities*.

The compliance program which sets out the policies and procedures that the Magellan Group has adopted to satisfy its regulatory obligations is an integral part of the RMF. The RMF supports a structured and focused approach to identifying, managing and reviewing risk to complement the strategies adopted to achieve the corporate objectives of the Magellan Group.

- v) **Trading Policy** – The Trading Policy sets out the circumstances in which the Directors and employees of the Magellan Group and Magellan Global Fund RE may trade in units in the Magellan Global Fund. The Trading Policy prohibits Directors and employees from dealing when they are in possession of price-sensitive information that is not generally available to the market and also imposes restrictions and notification requirements, including blackout periods and the need to obtain pre-trade approval. The Trading Policy aligns to the ASX Listing Rules, relevant guidelines and the ASX Corporate Governance Principles.

### b) ASX Corporate Governance Principles

The ASX Corporate Governance Council has developed and released the ASX Corporate Governance Principles for Australian listed entities in order to promote investor confidence and to assist entities to meet stakeholder expectations. The ASX Corporate Governance Principles are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Magellan Global Fund is required to provide a statement in conjunction with its annual report disclosing the extent to which it has followed the ASX Corporate Governance Principles in the reporting period. Where the Magellan Global Fund does not follow a recommendation, it must identify the recommendation that is not being followed and give reasons for not following it. Except as set out below, the responsible entity does not anticipate that the Magellan Global Fund will depart from the ASX Corporate Governance Principles; however, it may do so in the future if it considers that such departure would be reasonable.

The Magellan Global Fund has a Corporate Governance Statement which reports against the ASX Corporate Governance Principles, a summary of which is set out below.

- i) **Principle 1:** Lay solid foundations for management and oversight

As the Magellan Global Fund is externally managed by Magellan Global Fund RE, Principle 1 is not applicable.

In operating the Magellan Global Fund, Magellan Global Fund RE's overarching principle is always to act in good faith and in the best interests of Magellan Global Fund Unitholders in accordance with its fiduciary duty. The Directors of Magellan Global Fund RE, in consultation with management, determine appropriate corporate governance practices for the Magellan Global Fund.

- ii) **Principle 2:** Structure the board to be effective and add value

As the Magellan Global Fund is externally managed by Magellan Global Fund RE, the following recommendations are not applicable:

- 2.1 Nominations Committee;
- 2.2 Board skills matrix;
- 2.4 Independent Directors;
- 2.5 Board chairman independence; and
- 2.6 New director induction.

In relation to recommendations 2.3 and 2.4, five of the seven Directors of Magellan Global Fund RE are independent Non-Executive Directors. Each Director has served on the Magellan Board for periods of between 2 – 13 years.

- iii) **Principle 3:** Instil a culture of acting lawfully, ethically and responsibly

Magellan Global Fund RE has a Code of Ethics in place which also includes provisions relating to anti-bribery and corruption. Magellan Group also maintains a Whistleblower Policy.

- iv) **Principle 4:** Safeguard the integrity of corporate reports

Magellan Global Fund RE has in place policies and procedures to align with this principle in respect of the Magellan Global Fund with the exception of recommendation 4.1 which recommends that an audit committee be chaired by an independent director who is not chair of the board.

The Chairman of the MFG Audit and Risk Committee is also the Chairman of the Magellan Global Fund RE Board. For good governance, the Chairman will not chair a Magellan Global Fund RE Board meeting while the financial statements of either Magellan or its managed investment schemes are being considered.

# 7 About the Magellan Global Fund

## 7.17 Corporate governance *continued*

v) **Principle 5:** Make timely and balanced disclosure

The Magellan Global Fund has in place a Continuous Disclosure Policy to provide reasonable assurance that it meets its disclosure obligations under the Corporations Act, the ASX Listing Rules and AQUA Rules.

vi) **Principle 6:** Respect the rights of security holders

The Magellan Global Fund has in place a Unitholder Communication Policy to provide reasonable assurance that it meets its disclosure obligations under the Corporations Act and the ASX Listing Rules.

vii) **Principle 7:** Recognise and manage risk

The Magellan Group has in place a RMF and related policies and procedures to align with this principle in respect of the Magellan Global Fund with the exception of recommendation 7.1 which recommends a board has in place a committee or committees consisting of a majority of independent directors to oversee risk.

The MFG Audit and Risk Committee is comprised of independent directors and assists the MFG Board to discharge its responsibilities in relation to the effectiveness of the financial risk management framework and associated internal controls.

The Magellan Global Fund RE Board, chaired by an independent non-executive director, otherwise has oversight of the operational risk and compliance frameworks as it considers risk management matters should be a strong focus of the entire Magellan Global Fund RE Board. The RMF is reviewed at least annually by the MFG and Magellan Global Fund RE Boards to ensure that it continues to be adequate.

The Magellan Global Fund RE Board has established a Risk and Compliance Committee (**RCC**) to assist it in discharging its corporate governance and oversight responsibilities in relation to the Magellan Group's obligations, which include the requirement for adequate risk management and compliance systems. The RCC consists of the Chief Executive Officer, responsible managers, and senior Magellan employees including the Chief Compliance Officer.

The Magellan Global Fund RE Board has also established a Management Information Technology Risk Committee (**ITRC**) which has oversight and provides direction on Magellan Group's information technology risk management activities. The ITRC consists of the Chief Executive Officer, Chief Compliance Officer and other senior Magellan Group employees responsible for information technology.

In relation to recommendation 7.3, Magellan does not have an internal audit function although periodic monitoring of compliance with key policies and procedures is performed by Magellan's Risk and Compliance team and the results are reported to the Magellan Global Fund RE Board.

Magellan is subject to an external audit of the design and operating effectiveness of its control environment relating to asset management services. The Magellan Group's culture, size, simple and scalable operations, transparent reporting and flat organisational structure allow the Magellan Group Boards and management full and direct visibility of the key activities undertaken.

The MFG and Magellan Global Fund RE Boards and senior management have the skills and expertise to understand and rigorously review and challenge the information provided and recommendations submitted for approval. Where additional assurance is desired, the relevant Board can commission external independent advice and reviews as necessary.

viii) **Principle 8:** Remunerate fairly and responsibly

As the Magellan Global Fund is externally managed by Magellan Global Fund RE, the following recommendations are not applicable:

- 8.1 Remuneration committee;
- 8.2 Disclosure of remuneration policies and practices; and
- 8.3 Equity based remuneration schemes.

Details of actual management costs paid will be published in the Half Yearly Reports and Annual Reports of the Magellan Global Fund and will be available on the Magellan Group website.

ix) **Principle 9:** Additional recommendations that apply only in certain cases

In relation to recommendation 9.3 (External Auditor attends AGM), the Magellan Global Fund does not intend to hold an annual general meeting and accordingly this recommendation is not applicable. If the Magellan Global Fund were to hold an annual general meeting this recommendation would be followed.

## 7.18 Reports to unitholders

The Magellan Global Fund is a disclosing entity and is required to meet the continuous disclosure requirements of the Corporations Act, the ASX Listing Rules and the AQUA Rules. Accordingly, the Magellan Global Fund will:

- a) prepare and publish on ASX both yearly and half yearly financial statements accompanied by a Directors' statement and report and an audit or review report;
- b) within 14 days after the end of each month, notify ASX of the NAV backing of its Closed Class Units as at the end of that month; and
- c) immediately notify ASX of any information concerning the Magellan Global Fund of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of units, subject to certain limited exceptions related mainly to confidential information.

## 7 About the Magellan Global Fund

### 7.18 Reports to unitholders *continued*

Copies of documents set out above that are lodged by the Magellan Global Fund with ASX may be obtained from ASX, or from Magellan Global Fund RE.

Magellan Global Fund RE intends to publish an estimated NAV per Unit and iNAV for each unit class daily on Magellan Group's website at [www.magellangroup.com.au](http://www.magellangroup.com.au). In addition, Magellan Global Fund RE intends to publish weekly on ASX a NAV per Unit for the Closed Class Units and monthly on ASX a NAV per Unit for each unit class. The iNAV for each unit class will be updated in respect of the Magellan Global Fund's portfolio securities or equivalent securities that have live market prices during the ASX trading day and for foreign exchange movements. No assurance can be given that the iNAV will be published continuously or that it will be up to date or free from error. To the extent permitted by law, neither Magellan Global Fund RE nor its appointed agent shall be liable to any person who relies on the iNAV. Magellan will also produce monthly Magellan Global Fund updates, which will be lodged with ASX, and quarterly and annual investment reports, which will be lodged with ASX. All reports will be available at [www.magellangroup.com.au](http://www.magellangroup.com.au).

### 7.19 About the AQUA Rules and ASX Listing Rules

Subject to ASX approval and the Restructure becoming Effective the:

- a) Open Class Units will be admitted to trading status on the ASX and will be quoted under the AQUA Rules framework.
- b) Closed Class Units will be quoted on the official list of ASX under the ASX Listing Rules.

The AQUA Rules and ASX Listing Rules are accessible at [www.asx.com.au](http://www.asx.com.au).

The following table sets out the key differences between the ASX Listing Rules and the AQUA Rules.

Requirement	ASX Listing Rules	AQUA Rules
<b>Continuous disclosure</b>	Issuers are subject to continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.	<p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements in ASX Listing Rule 3.1 and section 674 of the Corporations Act. Magellan Global Fund RE will comply with the disclosure requirements in section 675 of the Corporations Act. This means that Magellan Global Fund RE will disclose to ASIC information which is not generally available and that a reasonable person would expect, if the information were generally available, to have a material effect on the price or value of the Open Class Units, provided that such information has not already been included in this Explanatory Memorandum (as supplemented or amended). Magellan Global Fund RE will publish such information on the ASX announcements platform and its website at <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a> at the same time as it is disclosed to ASIC.</p> <p>Under AQUA Rule 10A.4, Magellan Global Fund RE must disclose:</p> <ul style="list-style-type: none"> <li>– information about the NAV of the Open Class Unit's underlying investments daily;</li> <li>– information about redemptions in respect of Open Class Units;</li> <li>– information about distributions paid in relation to the Open Class Units;</li> <li>– any other information which is required to be disclosed to ASIC under section 675 of the Corporations Act; and</li> <li>– any other information that would be required to be disclosed to the ASX under section 323DA of the Corporations Act if the Open Class Units were admitted under the ASX Listing Rules.</li> </ul> <p>In addition, under the AQUA Rules Magellan Global Fund RE must immediately notify the ASX of any information the non-disclosure of which may lead to the establishment of a false market in the Open Class Units or which would be likely to materially affect the price of the Open Class Units.</p>
<b>Periodic disclosure</b>	Issuers are required to disclose half-yearly and annual financial information and reports to the ASX announcements platform.	Issuers of products quoted under the AQUA Rules are not required to disclose half-yearly or annual financial information or reports to the ASX announcements platform. Magellan Global Fund RE will disclose financial information and reports in respect of the Magellan Global Fund to the ASX announcements platform and will also lodge such financial information and reports with ASIC under Chapter 2M of the Corporations Act.

## 7 About the Magellan Global Fund

### 7.19 About the AQUA Rules and ASX Listing Rules *continued*

Requirement	ASX Listing Rules	AQUA Rules
<b>Corporate governance</b>	Listed companies and listed managed investment schemes are subject to notification requirements under the Corporations Act and the ASX Listing Rules relating to takeover bids, buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings	Although the Open Class Units are expected to be quoted under the AQUA Rules, as the Magellan Global Fund will also be listed, it will be subject to certain corporate governance requirements.
<b>Related party transactions</b>	Chapter 10 of the ASX Listing Rules relates to transactions between an entity and a person in a position to influence the entity and sets out controls over related party transactions.	Chapter 10 of the ASX Listing Rules does not apply to AQUA Rules quoted products (such as the Open Class Units). Magellan Global Fund RE will still be required to comply with the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.
<b>Auditor rotation obligations</b>	Division 5 of Part 2M.4 of the Corporations Act imposes specific rotation obligations on auditors of listed companies and listed managed investment schemes.	Issuers of products quoted under the AQUA Rules are not subject to the auditor rotation requirements in Division 5 of Part 2M.4 of the Corporations Act. An auditor will be appointed by Magellan Global Fund RE to audit the financial statements and Compliance Plan of the Magellan Global Fund.

### 7.20 Financial information

#### 7.20.1 Introduction

The Magellan Global Fund is a managed investment scheme structured as a unit trust, which has been registered with ASIC. The registration date of the Magellan Global Fund is 17 July 2007.

The financial information contained in this Section 7.20 comprises:

- historical financial information comprising:
    - the historical statements of profit or loss of Magellan Global Fund for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
    - the historical statements of cash flow of Magellan Global Fund for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
    - the historical statement of financial position of Magellan Global Fund as at 30 June 2020;
    - the historical statement of financial position of Magellan Global Equities Fund (MGE) as at 30 June 2020; and
    - the historical statement of financial position of Magellan Global Trust (MGG) as at 30 June 2020;
 (hereafter the **Historical Financial Information**); and
  - the pro forma historical statement of financial position of Magellan Global Fund as at 30 June 2020 as if the Restructure had occurred (hereafter the **Pro Forma Historical Statement of Financial Position**),
- (collectively, the **Financial Information**).

The information in this Section 7.20 should also be read in conjunction with the overview of the Restructure detailed in Section 3 and risk factors set out in Section 8 and other information contained in this Explanatory Memorandum.

The Financial Information (as defined above) has been reviewed by Ernst & Young in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* as stated in its Independent Limited Assurance Report set out in Schedule 5. Investors should note the scope and limitations of the Independent Limited Assurance Report.

#### 7.20.2 Basis of Preparation

The Directors of Magellan Global Fund RE are responsible for the preparation and presentation of the MGF Financial Information included in this Section 7.20.

The Directors of MGE RE are responsible for the preparation and presentation of the MGE Financial Information included in this Section 7.20.

The Directors of MGG RE are responsible for the preparation and presentation of the MGG Financial Information included in this Section 7.20.

The Financial Information included in this Explanatory Memorandum is intended to present Magellan Global Fund Unitholders with information to assist them in understanding the financial position of Magellan Global Fund following the completion of the Restructure.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards (**AAS**) applicable to annual financial reports prepared in accordance with the Corporations Act.

## 7 About the Magellan Global Fund

### 7.20 Financial information *continued*

#### **Preparation of Historical Financial Information**

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in AAS issued by the Australian Accounting Standards Board (AASB). AAS is consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

The historical statements of profit or loss, statements of cash flows and statements of financial position of Magellan Global Fund has been derived from its annual financial statements for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 prepared in accordance with AAS, which has been audited by Ernst & Young. Ernst & Young issued unmodified audit opinions on these annual financial statements.

The historical statement of financial position of MGE as at 30 June 2020 has been derived from its annual financial statements as at and for the year ended 30 June 2020 prepared in accordance with AAS, which has been audited by Ernst & Young. Ernst & Young issued an unmodified audit opinion on these annual financial statements.

The historical statement of financial position of MGG as at 30 June 2020 has been derived from its annual financial statements as at and for the year ended 30 June 2020 prepared in accordance with AAS, which has been audited by Ernst & Young. Ernst & Young issued an unmodified audit opinion on these annual financial statements.

The Historical Financial Information should be read in conjunction with the respective annual financial reports of Magellan Global Fund, MGE and MGG for the year ended 30 June 2020, including a description of the accounting policies contained in the financial statements and notes to those financial statements.

The annual financial reports of Magellan Global Fund, MGE and MGG for the year ended 30 June 2020 are available free of charge at [www.magellangroup.com.au](http://www.magellangroup.com.au).

#### **Preparation of Pro Forma Historical Statement of Financial Position**

The Pro Forma Historical Statement of Financial Position of Magellan Global Fund has been prepared solely for inclusion in this Explanatory Memorandum.

The Pro Forma Historical Financial Information has been derived from the historical statement of financial position of Magellan Global Fund and has been adjusted for the effects of pro forma adjustments described in Section 7.20.5.1 of this Explanatory Memorandum.

The Pro Forma Historical Statement of Financial Position has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 30 June 2020.

The Pro Forma Historical Statement of Financial Position is intended to be illustrative only and may not reflect the actual or prospective financial position of Magellan Global Fund as at the date of this Explanatory Memorandum and does not reflect Magellan Global Fund RE's expectations in respect of the net assets attributable to unitholders before or after implementing the Restructure.

#### **7.20.3 Magellan Global Fund historical statements of profit or loss**

The Magellan Global Fund historical statements of profit or loss for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 are shown in the table below.

	June 2018 \$'000	June 2019 \$'000	June 2020 \$'000
<b>Investment Income</b>			
Dividend and distribution income	136,264	142,466	157,428
Interest income	11,680	31,656	8,948
Net change in fair value of investments	1,431,154	1,785,093	1,115,132
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash	61,236	92,978	(128,944)
Other income	370	327	42
<b>Total Net Investment Income</b>	<b>1,640,704</b>	<b>2,052,520</b>	<b>1,152,606</b>
<b>Expenses</b>			
Management fees	128,077	137,005	159,769
Performance fees	18,861	14,068	3,123
Brokerage fees	633	503	905
Withholding tax on dividends	19,811	20,645	22,387
<b>Total Expenses</b>	<b>167,382</b>	<b>172,221</b>	<b>186,184</b>
<b>Net Operating Profit/(Loss)</b>	<b>1,473,322</b>	<b>1,880,299</b>	<b>966,422</b>
<b>Finance Costs Attributable to Unitholders</b>			
Distributions of income and capital to unitholders <sup>1</sup>	(710,350)	—	—
(Increase)/decrease in net assets attributable to unitholders <sup>1</sup>	(762,972)	—	—
<b>Profit/(Loss) For The Year</b>	<b>—</b>	<b>1,880,299</b>	<b>966,422</b>

1. Effective 30 June 2018, units in the Funds have been classified from a financial liability to equity.

## 7 About the Magellan Global Fund

### 7.20 Financial information *continued*

#### 7.20.4 Magellan Global Fund historical statements of cash flow

The Magellan Global Fund historical statements of cash flow for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 are shown in the table below.

	June 2018 \$'000	June 2019 \$'000	June 2020 \$'000
<b>Cash Flows From Operating Activities</b>			
Interest received	10,735	31,744	9,816
Dividends and distributions received (net of withholding tax)	116,323	125,303	132,726
Other income received	370	327	42
Management and performance fees paid	(135,342)	(154,699)	(167,573)
Other expenses paid	(1,879)	(997)	(1,518)
<b>Net Cash Inflows/(Outflows) From Operating Activities</b>	<b>(9,793)</b>	<b>1,678</b>	<b>(26,507)</b>
<b>Cash Flows From Investing Activities</b>			
Purchase of investments	(2,342,715)	(2,805,682)	(4,100,299)
Proceeds from sale of investments	3,424,495	2,445,142	5,707,917
Net foreign exchange gains/(losses)	(10,240)	133,160	(5,960)
<b>Net Cash Inflows/(Outflows) From Investing Activities</b>	<b>1,071,540</b>	<b>(227,380)</b>	<b>1,601,658</b>
<b>Cash Flows From Financing Activities</b>			
Receipts from issue of units	1,391,037	1,484,264	1,845,675
Payments for redemption of units	(1,888,212)	(1,555,647)	(1,957,586)
Distributions paid	(187,905)	(587,398)	(440,390)
<b>Net Cash Inflows/(Outflows) From Financing Activities</b>	<b>(685,080)</b>	<b>(658,781)</b>	<b>(552,301)</b>
<b>Net Increase/(Decrease) In Cash And Cash Equivalents</b>	<b>376,667</b>	<b>(884,483)</b>	<b>1,022,850</b>
Cash and cash equivalents at the beginning of the period	1,372,498	1,819,756	899,232
Effect of exchange rate fluctuations on cash and cash equivalents	70,591	(36,041)	(144,942)
<b>Cash And Cash Equivalents At End Of Period</b>	<b>1,819,756</b>	<b>899,232</b>	<b>1,777,140</b>

#### 7.20.5 Magellan Global Fund historical statement of financial position and Pro Forma Historical Statement of Financial Position

The Magellan Global Fund historical statement of financial position and Pro Forma Historical Statement of Financial Position as at 30 June 2020 is shown in the table below.

	Historical Statement of Financial Position \$'000	Acquisition of MGE <sup>1</sup> \$'000	Acquisition of MGG <sup>1</sup> \$'000	Reclassification of Unitholders' Funds <sup>2</sup> \$'000	Pro forma Historical Statement of Financial Position \$'000
Cash and cash equivalents	1,777,140	—	—	—	1,777,140
Receivables	21,646	—	—	—	21,646
Investments	9,824,892	1,627,125	2,221,975	—	13,673,992
<b>Total Assets</b>	<b>11,623,678</b>				<b>15,472,778</b>
Payables	26,692	—	—	—	26,692
Distributions payable	463,812	—	—	—	463,812
<b>Total Payables</b>	<b>490,504</b>				<b>490,504</b>
<b>Total Unitholders' Funds</b>	<b>11,133,174</b>	<b>1,627,125</b>	<b>2,221,975</b>	<b>(14,982,274)</b>	<b>—</b>
<b>Net Assets Attributable To Unitholders – Liability</b>	<b>—</b>			<b>14,982,274</b>	<b>14,982,274</b>

1. Refer to 7.20.5.1 (b) for discussion of the acquisitions under AASB 10 *Consolidated Financial Statements* and 7.20.6 for historical statements of financial position of MGE and MGG as at 30 June 2020.

2. Refer to 7.20.5.1 (c) for discussion of reclassification of unitholders' equity to financial liability.

## 7 About the Magellan Global Fund

### 7.20 Financial information *continued*

#### 7.20.5.1 Proforma Adjustments

- Expenses related to the Restructure will be paid by the Magellan Group. No expenses related to the Restructure will be paid out of the assets of Magellan Global Fund, MGE or MGG.
- As an investment entity defined under AASB 10 Consolidated Financial Statements, Magellan Global Fund will record the acquisition of MGE and MGG at the fair value of the equity interests of MGE and MGG. For the purposes of the Pro Forma Historical Statement of Financial Position, the fair value of MGE and MGG is measured at the respective NAV of each fund as the most meaningful value to reflect the terms of the transaction, as disclosed in Section 7.20.6.
- The Units issued by Magellan Global Fund are classified as a financial liability in the pro forma consolidated statement of financial position as Magellan Global Fund has two classes of units that are differentiated by redemption rights. As a consequence, the two classes of units do not have identical features and meet the classification as a financial liability under AASB 132: *Financial Instruments: Presentation*.

#### 7.20.6 MGE and MGG historical statements of financial position

The MGE and MGG historical statements of financial position as at 30 June 2020 is shown in the table below.

	MGE as at June 2020 \$'000	MGG as at June 2020 \$'000
Cash and cash equivalents	256,848	417,424
Receivables	3,076	3,104
Investments	1,437,536	1,853,200
<b>Total Assets</b>	<b>1,697,460</b>	<b>2,273,728</b>
Derivative liabilities	—	6,163
Payables	2,332	3,115
Distributions payable	68,003	42,475
<b>Total Liabilities</b>	<b>70,335</b>	<b>51,753</b>
<b>Total Unitholders' Equity</b>	<b>1,627,125</b>	<b>2,221,975</b>

#### 7.20.7 Pro forma Magellan Global Fund Units and NAV

Pro forma Units on issue and NAV per Unit of Magellan Global Fund following the completion of the Restructure are shown in the table below.

The Pro forma Units on issue and NAV per Unit of Magellan Global Fund is intended to be illustrative only and may not reflect the actual or prospective financial position of Magellan Global Fund as at the date of this Explanatory Memorandum and does not reflect Magellan Global Fund RE's expectations in respect of the Units on issue and NAV per Unit of each unit class before or after implementing the Restructure.

	Historical June 2020 \$'000	Adjustments \$'000	Proforma June 2020 \$'000
<b>Open Class</b>			
Net Asset Value attributable to Open Class Units	11,133,174	1,627,125	12,760,299
Units on Issue	4,417,255	645,589	5,062,844
NAV per Unit	2.5204		2.5204
<b>Closed Class</b>			
Net Asset Value attributable to Closed Class Units	—	2,221,975	2,221,975
Units on Issue	—	1,234,734	1,234,734
NAV per Unit	—	—	1.7996
<b>Net Assets Attributable To Unitholders – Liability</b>			<b>14,982,274</b>

- The proportion of Closed Class Units and Open Class Units has been calculated on the basis that MGG's unitholder funds represents Closed Class Units and the sum of Magellan Global Fund and MGE unitholder funds represents Open Class Units as at 30 June 2020; and
- The number of Open Class Units issued by Magellan Global Fund is based on the MGE Exchange Ratio calculated as at 30 June 2020 multiplied by the number of MGE units on issue at 30 June 2020. The number of MGE units on issue are derived from the audited financial statements of MGE for the year ended 30 June 2020. The number of Closed Class Units issued by Magellan Global Fund is based on the MGG Exchange Ratio calculated as at 30 June 2020 multiplied by the number of MGG Units on issue at 30 June 2020. The number of MGG units on issue is derived from the audited financial statements of MGG for the year ended 30 June 2020.

## 7 About the Magellan Global Fund

### 7.21 Changes to fees and costs

The fees and costs applicable to Magellan Global Fund Unitholders are set out in full in the Magellan Global Fund Product Disclosure Statement dated 18 November 2019. Following the Restructure, management costs will continue to include:

- a management fee of 1.35% per annum.
- a performance fee of 10% of the excess return of the Magellan Global Fund above the higher of the Index Relative Hurdle and the Absolute Return Hurdle over each six-month period ending 30 June and 31 December in each year (**Calculation Period**). Performance fees are paid subject to the performance hurdles and the High Water Mark being met for the relevant Calculation Period and an overall cap.

However, there will be some changes to management costs as a result of the Restructure, as follows.

- a) Subject to implementation of the Restructure, from the Effective Date the management fee paid to Magellan Global Fund RE will be payable based on the daily NAV (before fees) instead of the end of month NAV (before fees). Currently, an estimate of the management fee is accrued daily in the NAV per Unit of Magellan Global Fund based on the daily NAV (before fees), however the actual amount payable to Magellan Global Fund RE is determined based on the end of month NAV (before fees).
- b) Any management fee accrued in the NAV of Magellan Global Fund at the Effective Date will be payable to Magellan Global Fund RE at that time.
- c) The performance fee Calculation Period commencing 1 July 2020 will end on the Effective Date. Any accrued performance fees in Magellan Global Fund as at the Effective Date will be crystallised and become payable to Magellan Global Fund RE. The next Calculation Period will commence the day after the Effective Date and end on 30 June 2021.
- d) Following the Effective Date, the High Water Mark applicable to the Open Class Units will be adjusted to equal the NAV per Open Class Units as at the Effective Date multiplied by the higher of the:
  - i) MGE High Water Mark divided by the NAV of MGE per MGE Unit as at the Effective Date;
  - ii) MGG High Water Mark divided by the NAV of MGG per MGG Unit as at the Effective Date; and
  - iii) the High Water Mark of Magellan Global Fund divided by the NAV per Open Class Unit as at the Effective Date.

The adjustment will set the High Water Mark applicable to the Open Class Units to the level equivalent to the highest High Water Mark across Magellan Global Fund, MGG and MGE.

### 7.22 Material contracts

#### a) MFG Commitment Deed

MFG has entered into the MGF Commitment Deed with Magellan Global Fund RE whereby MFG covenants in favour of Magellan Global Fund RE to pay the costs and expenses associated with the Restructure. Further details of the MFG Commitment Deed are set out in Section 4.7.

#### b) MFG Equity Commitment Deed

MFG has entered into an equity commitment deed with Magellan Global Fund RE in relation to certain other matters relating to the Restructure and set out in this Explanatory Memorandum (**MFG Equity Commitment Deed**).

Under the terms of the MFG Equity Commitment Deed, MFG covenants in favour of Magellan Global Fund RE to:

- i) bear the economic cost associated with the exercise price of the MGF Options (which incorporates a discount to NAV), being the dilutive effect on the NAV per Closed Class Unit, by paying an amount equal to the discount on the issue of the Closed Class Unit(s) on exercise of the MGF Options; and
- ii) bear the economic cost associated with the additional units issued to applicants under the MGF Partnership Offer, being the dilutive effect on NAV per Closed Class Units, by paying an amount equal to 7.5% of the total value of subscription monies received from applicants who are allotted Closed Class Units.

Under the terms of the MFG Equity Commitment Deed, MFG must provide its consent (not to be unreasonably withheld) to the lodgement by Magellan Global Fund RE of the product disclosure statements issued in relation to the Bonus MGF Option Issue and the MGF Partnership Offer. In addition, Magellan Global Fund RE must consult with MFG on the number of Closed Class Units to be allotted under the MGF Partnership Offer and take all actions to adjust such number as MFG may request and Magellan Global Fund RE considers reasonable.

The MFG Equity Commitment Deed will automatically terminate where the MGE Implementation Deed or MGG Implementation Deed is terminated, if either the MGG Trust Scheme or MGE Trust Scheme does not become Effective by 2 August 2021, or on the retirement or removal of Magellan Global Fund RE as responsible entity of the Magellan Global Fund (except where it is replaced as responsible entity by a related body corporate of MFG). MFG may terminate the MFG Equity Commitment Deed prior to the completion of the MGF Partnership Offer and Bonus MGF Option Issue if either certain conditions precedent are not fulfilled, or where Magellan Global Fund RE does not proceed with the MGF Partnership Offer and Bonus MGF Option Issue. Magellan Global Fund RE may terminate the MFG Commitment Deed in certain circumstances, including the insolvency of MFG or if regulatory approvals are not granted or subsequently withdrawn.

## 7 About the Magellan Global Fund

### 7.22 Material contracts *continued*

#### c) MFG DRP Commitment Deed

MFG has entered into an equity commitment deed with Magellan Global Fund RE in relation to the Magellan Global Fund DRP that is proposed to apply following the implementation of the MGE Trust Scheme (**MFG DRP Commitment Deed**).

Under the terms of the MFG DRP Commitment Deed, MFG covenants in favour of Magellan Global Fund RE to pay an amount equal to the dilutive effect of any DRP discount, subject to the approval by MFG of each particular discounted DRP offer.

The MFG DRP Commitment Deed will automatically terminate where the MGE Implementation Deed or the MGG Implementation Deed is terminated, if either the MGG Trust Scheme or MGE Trust Scheme does not become effective by 2 August 2021, or on the retirement or removal of Magellan Global Fund RE as responsible entity of the Magellan Global Fund (except where it is replaced as responsible entity by a related body corporate of MFG). MFG may terminate the MFG DRP Commitment Deed if certain conditions precedent are not fulfilled. Magellan Global Fund RE may terminate the MFG DRP Commitment Deed in certain circumstances, including the insolvency of MFG or if regulatory approvals are not granted or subsequently withdrawn.

### 7.23 Post-Restructure MGF Partnership Offer

Magellan Global Fund RE intends to undertake the MGF Partnership Offer in Magellan Global Fund after the implementation of the Restructure (**MGF Partnership Offer**).

The material terms of the MGF Partnership Offer are outlined below.

The MGF Partnership Offer is subject to the successful implementation of the Restructure and regulatory approvals. A product disclosure statement is expected to be lodged with ASIC by Magellan Global Fund RE, as issuer, on 8 January 2021. Once available, eligible Magellan Global Fund Unitholders will need to consider the product disclosure statement in deciding whether or not to subscribe for Closed Class Units and MGF Options. Relevant dates in respect of the MGF Partnership Offer will be disclosed in the product disclosure statement.

<b>Eligibility to participate</b>	<p>All Magellan Global Fund Unitholders who hold Magellan Global Fund Units (both Closed Class Units and Open Class Units) on the Implementation Date, who have a registered address in Australia, New Zealand, Hong Kong or Singapore are expected to be eligible to participate in the MGF Partnership Offer (<b>Eligible Magellan Global Fund Unitholders</b>).</p> <p>Eligible Magellan Global Fund Unitholders need to be a Magellan Global Fund Unitholder on the MGF Partnership Offer Calculation Date in order to receive their entitlement to participate in the MGF Partnership Offer. Magellan Global Fund RE currently intends that the MGF Partnership Offer Calculation Date will be the date that it submits the product disclosure statement. This is expected to be 8 January 2021.</p>
<b>Offer</b>	<p>Eligible Magellan Global Fund Unitholders will be invited to subscribe for \$1 of Closed Class Units for every \$4 of Magellan Global Fund Units held (the <b>Entitlement</b>).</p> <p>Successful applicants under the MGF Partnership Offer will also receive:</p> <ul style="list-style-type: none"><li>– Additional Closed Class Units worth 7.5% of their subscription at no additional cost.</li><li>– One MGF Option for each Closed Class Unit they are issued under the MGF Partnership Offer.</li></ul> <p>The Entitlement that Eligible Magellan Global Fund Unitholders receive will be calculated based on the Magellan Global Fund Units held on the MGF Partnership Offer Calculation Date. Eligible Magellan Global Fund Unitholders who do not hold any Magellan Global Fund Units on the MGF Partnership Offer Calculation Date will not receive an entitlement to participate in the MGF Partnership Offer.</p> <p>The number of Magellan Global Fund Units held by an Eligible Magellan Global Fund Unitholder, for the purposes of calculating their Entitlement, will be capped at the number of Magellan Global Fund Units held on the Implementation Date.</p> <p>Entitlements will be non-renounceable and therefore if they are not exercised, they will lapse.</p>
<b>Issue price of new Closed Class Units</b>	<p>Each Closed Class Unit will be issued at the NAV per Closed Class Unit on the Business Day immediately prior to the allotment of the new Closed Class Units under the MGF Partnership Offer.</p> <p>As at the date of this Explanatory Memorandum, the issue price is not known.</p> <p>In line with Magellan's partnership approach and in accordance with the terms of the MFG Equity Commitment Deed, Magellan Group will pay to the Magellan Global Fund an amount of consideration equal to the value of the 7.5% of additional Closed Class units to minimise dilution to Magellan Global Fund Unitholders who do not participate in the MGF Partnership Offer.</p>
<b>MGF Option terms</b>	<p>A summary of the rights and liabilities attaching to the MGF Options is provided at Section 7.25.</p>
<b>Number of Closed Class Units to be issued under the MGF Partnership Offer</b>	<p>The number of Closed Class Units to be issued under the MGF Partnership Offer is not yet known as the Issue Price will be set at a future date with reference to the NAV per Closed Class Unit.</p> <p>Based on the pro forma capital structure in Section 7.6 assuming the Restructure is implemented and based on net asset value as at 30 September 2020, the maximum number of Closed Class Units that may be issued as a result of the MGF Partnership Offer is estimated as 2,290,743,718 (if 100% of the offer is subscribed for).</p>

## 7 About the Magellan Global Fund

### 7.23 Post-Restructure MGF Partnership Offer *continued*

<b>Indicative offer dates</b>	As at the date of this Explanatory Memorandum, the MGF Partnership Offer is expected to open on or around 18 January 2021 and close on or around 23 February 2021. These dates are subject to change and are subject to the implementation of the Restructure and regulatory approvals.
<b>Purpose of the MGF Partnership Offer</b>	Magellan Global Fund RE has committed to undertake the MGF Partnership Offer in partnership with Magellan Group to provide partnership benefits to all unitholders of the Magellan Global Fund post implementation of the Restructure. Any funds raised under the MGF Partnership Offer will be invested in line with the Magellan Global Fund investment strategy.
<b>Other conditions</b>	Holdings of Open Class Units on the Implementation Date and the MGF Partnership Offer Calculation Date must be held under the same HIN or SRN at both dates otherwise the Magellan Global Fund Unitholder will not be eligible to participate in the MGF Partnership Offer.  For indirect Magellan Global Fund Unitholders, being persons who hold interests through an intermediary and are not the registered legal owner, it is at the discretion of the intermediary whether to extend the ability to participate in the MGF Partnership Offer to its beneficiaries.

### 7.24 Bonus MGF Option Issue to Closed Class Unitholders

A separate bonus issue of MGF Options (**Bonus MGF Option Issue**) is proposed to be made to eligible Closed Class Unitholders on the basis of one MGF Option for every two Closed Class Units held on the Bonus MGF Option Issue Record Date.

Eligible Closed Class Unitholders will be those Closed Class Unitholders on the register at 7.00pm on the Bonus MGF Option Issue Record Date, being the Business Day immediately prior to the allotment of Closed Class units under the MGF Partnership Offer.

Open Class Unitholders will not be eligible for the Bonus MGF Option Issue.

### 7.25 Terms of the MGF Options

All MGF Options issued either as part of the MGF Partnership Offer or Bonus MGF Option Issue have identical terms. The rights and liabilities attaching to the MGF Options are summarised below as follows:

<b>Term</b>	<b>Description</b>
<b>Issue price</b>	Nil
<b>Underlying security</b>	Each MGF Option is exercisable into one Closed Class Unit in Magellan Global Fund.
<b>Exercise price</b>	Each MGF Option has an exercise price of 92.5% of the prevailing net asset value of Closed Class Units at the time the Option is exercised.  In accordance with the terms of the MFG Equity Commitment Deed, Magellan Group will bear the economic cost associated with the 7.5% discount each time a MGF Option is exercised.
<b>Exercise period</b>	From the date that is three months from the Bonus MGF Option Issue Date until 4.00pm (Sydney time) on the date that is the third anniversary from their issue.
<b>Exercise</b>	May only be exercised during the Exercise Period by completing a document (including in electronic format) approved by the Magellan Global Fund RE and making payment in cleared funds by any payment method approved by Magellan Global Fund RE.
<b>Expiry</b>	If a MGF Option is not exercised during the exercise period, it will automatically lapse/expire at the end of the exercise period.
<b>Participation in new issues or distributions entitlement</b>	No entitlement until MGF Options are exercised. Closed Class Units issued on exercise of a MGF Option will rank equally with then issued Closed Class Units and are subject to the Magellan Global Fund Constitution.
<b>Reconstructions or alterations of capital</b>	Any adjustment to the number of outstanding MGF Options and the exercise price under a restructure or reorganisation of the Magellan Global Fund's capital must be made in accordance with the ASX Listing Rules, subject to any class waiver, at the time of the restructure or reorganisation provided always that the changes to the terms of the MGF Options do not result in any benefit being conferred on the MGF Option holder which is not conferred on Closed Class Unitholders.
<b>ASX Listing</b>	Magellan Global Fund RE will apply to ASX for quotation of the MGF Options on ASX.

## 8 Potential Risks Associated with the Proposed Changes to the Magellan Global Fund

There are a number of risks and uncertainties in relation to the Restructure and the Magellan Global Fund which Magellan Global Fund Unitholders should take into account when considering how to vote on the Magellan Global Fund Unitholder Resolutions. These are in addition to the risks disclosed in the Magellan Global Fund Product Disclosure Statement dated 18 November 2019 and include:

- a) risks specific to the Trust Schemes;
- b) risks specific to Magellan Global Fund;
- c) risks specific to Open Class Units; and
- d) risks specific to Closed Class Units.

All investments carry risk. The likely investment return and the risk of losing money is different for each investment strategy as different strategies carry different levels of risk depending on the underlying mix of assets that makes up each fund. Those assets with potentially the highest long-term return (such as equities) may also have the highest risk of losing money in the shorter term.

Risks can be managed but they cannot be completely eliminated. It is important that you understand that:

- the value of your investment will rise and fall;
- investment returns will vary and future returns may differ from past returns;
- returns are not guaranteed and there is a risk that you may lose some money on any investment you make; and
- laws affecting your investment in a managed investment scheme may change over time.

The appropriate level of risk for you will depend on various factors and may include your age, investment timeframe, where other parts of your wealth are invested and your overall tolerance to risk. You may wish to consult a licensed financial adviser to better understand the risks involved with the Restructure or an investment in the Magellan Global Fund.

The risks identified in this Section 8 are not exhaustive and do not take into account individual Magellan Global Fund Unitholders' investment objectives, financial situation, tax position or particular needs.

### 8.1 Risks specific to the Trust Schemes

#### a) Implementation and execution risk

Magellan Global Fund Unitholders may be subject to execution risk if the Restructure is implemented. There is a risk that there are inadequacies with systems and procedures or the skills of the personnel managing implementation of the Restructure, which could lead to some or all of the expected benefits of the Restructure not being achieved.

### 8.2 Risks specific to the Magellan Global Fund

The significant risks specific to an investment in the Magellan Global Fund include:

- a) **ASX liquidity risk:** The liquidity of trading in the Magellan Global Fund Units on the ASX may be limited. This may affect an investor's ability to buy or sell Magellan Global Fund Units. Investors will not be able to buy or sell Magellan Global Fund Units on the ASX during any period that ASX suspends trading of Magellan Global Fund Units. Further, in regard to the Open Class Units, where trading in the Open Class Units on the ASX has been suspended, the ability of investors to apply directly to Magellan Global Fund RE to withdraw their investment in Open Class Units may be suspended and will be subject to the provisions of the Magellan Global Fund Constitution and the Corporations Act.
- b) **iNAV risk:** The iNAV for each Magellan Global Fund Unit class published by the Magellan Global Fund is indicative only and might not be up to date or might not accurately reflect the underlying value of the Magellan Global Fund.
- c) **Magellan Global Fund risk:** Magellan Global Fund risk refers to specific risks associated with the Magellan Global Fund, such as termination and changes to fees and expenses. The performance of the Magellan Global Fund or the security of an investor's capital is not guaranteed. There is no guarantee that the investment strategy of the Magellan Global Fund will be managed successfully or will meet its objectives. Failure to do so could negatively impact the performance of the Magellan Global Fund. An investment in the Magellan Global Fund is governed by the terms of the Constitution, as amended from time to time. The Magellan Global Fund is also governed by the rules of the ASX and is exposed to risks of listing on that platform, including such things as the platform or settlements process being delayed or failing. ASX may suspend or remove the units from quotation on the ASX. Magellan Global Fund RE may elect, in accordance with the Magellan Global Fund Constitution and the Corporations Act, to terminate the Magellan Global Fund for any reason. Magellan Global Fund assets will be invested, in part or in whole, by holding units in two underlying funds, MGE and MGG and the assets held by Magellan Global Fund, MGE and MGG may differ. There may be a risk that redemptions from the underlying funds are not paid in time to satisfy the liquidity requirements of Magellan Global Fund, or that there may be an increase in operational risk.

## 8 Potential Risks Associated with the Proposed Changes to the Magellan Global Fund

### 8.2 Risks specific to the Magellan Global Fund *continued*

- d) **Pooled investment scheme risk:** Magellan Global Fund is a managed investment scheme that pools investors' capital to acquire assets. An investor's voting power will change with the number and value of Units on issue in Magellan Global Fund and this could result in that investor's voting power being proportionally diluted. Investors will be assessed for tax on their share of net income and net capital gains generated by Magellan Global Fund that is attributed to them under the AMIT rules. The net income and net capital gains may be a result of the activities of other unitholders in the same unit class, such as redemptions of Open Class Units increased sales of Open Class Units by market participants, or due to actions of Magellan Global Fund RE, such as the provision of liquidity in Open Class Units on the ASX, buying back Closed Class Units on ASX or managing the investments of Magellan Global Fund.
- e) **The Magellan Global Fund may be removed from quotation by the ASX or terminated:** The ASX imposes certain requirements for the continued quotation of securities, such as the Open Class Units, on the ASX under the AQUA Rules and Closed Class Units, on the ASX under the ASX Listing Rules. Investors cannot be assured that the Magellan Global Fund will continue to meet the requirements necessary to maintain quotation on the ASX or admission to the official list. In addition, the ASX may change the quotation requirements. Magellan Global Fund RE may elect, in accordance with the Magellan Global Fund Constitution and Corporations Act, to terminate the Magellan Global Fund for any reason including if units cease to be quoted on the ASX.

### 8.3 Risks specific to Open Class Units

The significant risks specific to an investment in the Magellan Global Fund Open Class Units include:

- a) **Magellan Global Fund provision of liquidity on the ASX risk:** Magellan Global Fund RE, on behalf of the Magellan Global Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units in the Magellan Global Fund. Magellan Global Fund RE will appoint an agent to transact and facilitate the settlement of such transactions on the Magellan Global Fund's behalf. Open Class Unitholders will bear the risk of these transactions. There is a risk that Open Class Unitholders could suffer a material cost as a result of the Magellan Global Fund providing liquidity to investors on the ASX which may adversely affect the NAV of the Open Class Units. Such a cost could be caused by either an error in the execution and settlement of transactions or in the price at which units are transacted on the ASX. There is a risk that, if the agent appointed by the Magellan Global Fund RE does not fulfil its obligations in a correct and timely manner, Open Class Unitholders could suffer a loss. In order to manage these risks, Magellan Global Fund RE has the right to cease transacting on the ASX, subject to its obligations under the AQUA Rules, may change the prices at which it transacts on the ASX and may, where Magellan Global Fund RE considers it appropriate to do so, hedge the Open Class Unit trading activities.
- b) **Pooled investment scheme risk:** The market prices at which the Magellan Global Fund is able to invest inflows, or sell assets to fulfil outflows of Open Class Units, may differ from the prices used to calculate the NAV per Open Class Unit (and the iNAV of the Open Class Units). Investors in the Open Class Units may therefore be impacted by other investors entering and exiting the Open Class Units. The impact will depend on the size of inflows or outflows relative to the NAV of the Open Class Units, and on the price volatility of the securities in which the Magellan Global Fund invests. Outflows may also affect the taxable income attributed to an investor during a financial year.
- c) **Price of units on the ASX:** The price at which the Open Class Units may trade on the ASX may differ materially from the NAV per Open Class Unit and the iNAV of the Open Class Units.
- d) **Conflict of interest risk:** Magellan Global Fund RE acts as a buyer and seller of Open Class Units on the ASX. A conflict might arise between the Magellan Global Fund and investors buying or selling Open Class Units from the Magellan Global Fund on the ASX due to the Magellan Global Fund RE's desire to benefit from such trading activities. A conflict might also arise due to the fact that the Magellan Global Fund RE could use such trading activities to influence the perception of the performance of the Magellan Global Fund.
- Magellan Global Fund RE maintains a Conflicts of Interest Policy to ensure that it manages its obligations to the Magellan Global Fund such that all conflicts (if any) are resolved fairly.
- e) **Relative voting power:** The Corporations Act requires that, on a vote of the Magellan Global Fund decided by a poll, each Magellan Global Fund Unitholder will have one vote for each dollar of value of Closed Class Units or Open Class Units held. The value of Closed Class Units and Open Class Units will be determined based on the last sale price on the ASX trading day immediately prior to the day the poll is taken. As the ASX secondary market price of Open Class Units and Closed Class Units may differ, where a vote is taken as a whole, this may have the result of decreasing the relative voting power of Magellan Global Fund Unitholders who hold Open Class Units compared with holders of the Closed Class Units.

## 8 Potential Risks Associated with the Proposed Changes to the Magellan Global Fund

### 8.4 Risks specific to Closed Class Units

The significant risks specific to an investment in the Magellan Global Fund Closed Class Units include:

- a) **Credit risk:** The partnership benefits that are being funded by Magellan Group (for example, pursuant to the MGF Partnership Offer and Bonus MGF Option Issue) will expose Closed Class Unitholders to the risk that Magellan Group is not able to pay amounts to Magellan Global Fund when they are due. If Magellan Group is not able to fund the relevant partnership benefits in accordance with the MFG Equity Commitment Deed and MFG DRP Commitment Deed, then the MGF Partnership Offer, Bonus MGF Option Issue and any discounted DRP offer will be dilutive to Closed Class Unitholders. Magellan Global Fund will be managed so as to avoid the value of an investment in the Open Class Units being impacted in these circumstances (except in the very unlikely event of cross-collateralisation default – see Section 3.4).
- b) **DRP issue price risk:** Because Closed Class Units issued under the DRP are issued at the NAV per Closed Class Unit or a discount to the NAV per Closed Class Unit, there is a risk that the DRP issue price could be at a premium to the trading price of Closed Class Units on ASX at the time of issue.
- c) **No right of redemption:** Closed Class Unitholders cannot redeem their Closed Class Units; they can only sell their Closed Class Units on ASX. There is a risk that buyers of Closed Class Units on ASX are not sufficient to allow a Closed Class Unitholder to exit their investment.
- d) **Pooled investment scheme risk:** The market prices at which the Magellan Global Fund is able to invest the proceeds of capital raisings conducted by Magellan Global Fund may differ from the issue price of Closed Class Units issued as a result of those capital raisings. Therefore, Closed Class Unitholders who have not participated in capital raisings may be impacted by the participation of other Closed Class Unitholders in those capital raisings. The impact will depend on the size of the capital raising relative to the NAV of the Closed Class Units and on the price volatility of the securities in which the Magellan Global Fund invests.
- e) **Price of Units on ASX:** The price at which the Magellan Global Fund's Closed Class Units trade on ASX may not equal the underlying value as reflected in its NAV per Closed Class Unit. The Magellan Global Fund's Closed Class Units may trade on ASX at a discount or a premium to the Magellan Global Fund's NAV per Closed Class Unit. As such, there is a risk that Closed Class Unitholders may not be able to sell their investment in the Closed Class Units at the Magellan Global Fund's NAV per Closed Class Unit.
- f) **Relative voting power:** The Corporations Act requires that, on a vote of the Magellan Global Fund decided by a poll, each Magellan Global Fund Unitholder will have one vote for each dollar of value of Closed Class Units or Open Class Units held. The value of Closed Class Units and Open Class Units will be determined based on the last sale price on the ASX trading day immediately prior to the day the poll is taken. As the ASX secondary market price of Closed Class Units and Open Class Units may differ, where a vote is taken as a whole, this may have the result of decreasing the relative voting power of Magellan Global Fund Unitholders who hold Closed Class Units compared with holders of the Open Class Units.

# 9 Proposed Amendments to the Magellan Global Fund Constitution

## 9.1 Background

In connection with the Restructure, Magellan Global Fund Unitholders are being asked to vote on proposed amendments to the Magellan Global Fund Constitution at the Meeting (the Constitutional Amendment Resolution in the Notice of Meeting in Schedule 1).

Magellan Global Fund RE is proposing amendments to the Magellan Global Fund Constitution to create a new closed ended unit class (the Closed Class Units) and to amend the existing terms of the open ended units that will constitute the Open Class Units. The amendments will facilitate the quotation of the Closed Class Units on ASX under the ASX Listing Rules and the quotation of Open Class Units on ASX under the AQUA Rules.

Magellan Global Fund RE is also proposing other amendments to the Magellan Global Fund Constitution as summarised in Section 9.2 below. The proposed amendments to the Magellan Global Fund Constitution are set out in the Supplemental Deed Poll set out in Schedule 4.

## 9.2 Proposed amendments to the Magellan Global Fund Constitution

A summary of the amendments to the Magellan Global Fund Constitution is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the terms of the Magellan Global Fund Constitution (as amended).

The rights and obligations attaching to ownership of Units are also conferred or affected by the Corporations Act, the ASX Listing Rules or the AQUA Rules (as applicable) and general law.

Subject matter	Existing provision	Proposed Amendment
<b>Creation &amp; variation of unit classes</b>	Magellan Global Fund RE may at any time consolidate, divide, or issue Units; and create and issue Units of different classes. <b>[clauses 6.3, 7.2]</b>	The RE may also issue 'Closed Class Units' and 'Open Class Units' on terms contained in Schedules 1 and 2 of the constitution, respectively. Subject to the relevant Schedule, Closed Class Unitholders and Open Class Unitholders have all rights/obligations attaching to units as set out generally in the Magellan Global Fund Constitution <b>[clause 7.4]</b> . For a summary of the specific rights in Schedules 1 and 2 see below this table.  If there are different classes, the rights attached to each Class may (unless otherwise provided by the terms of that Class) only be varied or cancelled with (a) consent of 3/4th of Unitholders or (b) approval by special resolution at a separate meeting of such Unitholders. <b>[clause 7.5]</b>
<b>Options and Financial Instruments</b>	The RE may at any time grant options to subscribe for Units. <b>[clause 6.3]</b>	The RE may issue Options or other interests or instruments relating to the Trust (eg, derivatives, convertible notes, debentures, hybrid interests, etc) ( <b>Financial Instruments</b> ) on such terms as the RE thinks fit, subject to the Corporations Act, Listing Rules, Operating Rules or terms of ASIC Relief. <b>[clauses 6.3, 6.8, 6.9]</b>  Subject to their terms and the Corporations Act, Options and Financial Instruments do not confer any interest in the Trust or any other rights of a Unitholder; or rights to participate in the income or capital of the trust. <b>[clause 6.10]</b>  Consequential amendments are inserted throughout to refer to Options and Financial instruments <b>[eg, clauses 9.2, 9.7]</b>  The RE has power to issue the Bonus Options, being Options granted for no consideration to subscribe for one Closed Class Unit on terms set out in Schedule 3. <b>[Sch 3]</b>
<b>Subscription for units</b>	Subscriptions must be made in the approved form. <b>[clause 9.1]</b>	The subscription process is expressly subject to the procedures set out in the Listing Rules and Operating Rules and the Corporations Act and any applicable ASIC Relief. <b>[clause 9.1]</b>

## 9 Proposed Amendments to the Magellan Global Fund Constitution

### 9.2 Proposed amendments to the Magellan Global Fund Constitution *continued*

Subject matter	Existing provision	Proposed Amendment
<b>Issue price of units</b>	The issue price of subsequent Units after the first business day is the sum of the NAV and any application transaction costs divided by the sum of the number of Units on issue. <b>[clause 12.2]</b>	A similar issue price formula is included where the RE sells Units on-market that are quoted under the AQUA Rules. <b>[clause 12.2]</b> Provisions are inserted to govern the setting of an issue price for listed Units (and discretions regarding that price) as well as proportionate offers (both classes) and distribution reinvestment plans (both classes). <b>[clauses 12.5-12.8]</b>
<b>Part of units</b>	A part of a Unit may be created, issued and dealt with in proportion that the part bears to a whole Unit. <b>[clause 6.4]</b>	The RE has the express power to round part Units up or down to the nearest number of whole units and excess money or property resulting from such rounding will become Trust Property. The RE may, in its discretion, cancel fractions of units on issue and any money or property attributable to such cancelled fractions of units will become Trust Property. <b>[clauses 6.4, 9.10]</b>
<b>Buy back</b>	No express power to buy back Units on market.	In relation to listed Units only, the RE may, in accordance with the Corporations Act, the Listing Rules, the Operating Rules and the terms of any ASIC Relief, buy back Units on any terms and conditions determined by the RE (including the nature and amount of any consideration payable). <b>[clause 6.6]</b>
<b>Unit transfers</b>	Unitholders may transfer Units in a manner prescribed by the RE. Transfers take effect only when recorded in Register. The RE is not obliged to register a non-compliant transfer. <b>[clauses 22, 6.5]</b>	While listed or quoted, transfers of Units are subject to the Corporations Act, Settlement Rules and Operating Rules, as applicable. <b>[clause 23.1(a)]</b> The RE is not obliged to register a transfer if the RE does not consider it to be in the interests of the Unitholders as a whole. <b>[clause 23.1(e)]</b> An express requirement is inserted providing that a disposal or dealing in a Unit that is not made in accordance with the constitution has no effect, unless the RE determines otherwise. <b>[clause 6.5]</b>
<b>Holding lock</b>	No express provision for holding locks.	While Units are listed or quoted, the RE may request a holding lock be applied to any Units, Options or Financial Instruments in certain circumstances, including where: (a) the RE has a lien (b) RE is served with a court order, (c) registration would contravene a law; (d) law relating to stamp duty prohibits registration; or (e) transfer would not comply with an employee incentive scheme of the RE. <b>[clause 23.2]</b>
<b>RE power to hold and sell units on market</b>	The RE (or related company or associate) acting in good faith may (a) hold Units, (b) represent or contract with Unitholders, (c) deal in any capacity with related bodies corporate, (d) act in any capacity in relation to other trusts and (e) receive and retain profits of any nature in connection with the Trust, without being liable to account to the Trust, to the RE, or to a Unitholder. <b>[clause 27]</b>	The RE may hold Units in a Class from time to time and trade them as the RE determines, subject to the Corporations Act, Listing Rules and Operating Rules. <b>[clause 6.7]</b> The RE has the power to sell Units on-market, including the power to issue Units to itself to facilitate the sale and to determine the price of those Units in its absolute discretion, subject to the Corporations Act, the Operating Rules and any interventions by the market operator. <b>[clause 12.4]</b> An express provision is inserted to allow the RE, acting in good faith and in any capacity, to invest in and deal with the same investments as that of the Trust. <b>[clause 28.1(d)]</b>

# 9 Proposed Amendments to the Magellan Global Fund Constitution

## 9.2 Proposed amendments to the Magellan Global Fund Constitution *continued*

Subject matter	Existing provision	Proposed Amendment
<p><b>Power to request redemption</b></p>	<p>Unitholders may request the RE to redeem Units in an approved manner. <b>[clause 14.1]</b></p>	<p>While a Class is listed Units may not be redeemed, though the Unitholder may sell the Units on the ASX. <b>[clause 14]</b></p> <p>Otherwise, a Unitholder may request a redemption, where the RE determines to allow Redemption Requests. The RE has discretion to determine to allow or accept Redemption Requests from certain classes of unitholders, subject to the Corporations Act or any applicable ASIC Relief. <b>[clause 15.1]</b></p> <p>While a Class is quoted, Unitholders may contract to sell their units on-market to the RE. <b>[clause 15.2]</b></p>
<p><b>Process for redemption &amp; compulsory redemption</b></p>	<p>The RE may redeem at Redemption Price when the Trust is liquid (as defined in the Corporations Act). <b>[clause 14.2]</b></p> <p>Where the Trust is not liquid, a Unitholder may request the RE to redeem only in accordance with terms of any current withdrawal offer made by the RE in compliance with the Corporations Act; and the RE is not obliged to make a withdrawal offer. <b>[clause 14.3]</b></p> <p>The RE has power to suspend the redemption, issue or switching of Units, or the time for the payment of redemption proceeds for up to 28 days in specified circumstances. <b>[clause 15.1]</b></p>	<p>The RE has absolute discretion in determining whether the Trust is liquid (as defined in the Corporations Act). <b>[clause 15.4(c)]</b></p> <p>The RE has the power to make a compulsory redemption, by giving at least three business days' notice to Unitholders, in certain cases, including where: (a) the Units are held in circumstances which would violate applicable law; (b) the Trust is uneconomical to operate; (c) a Unitholder makes a misrepresentation in acquiring units; and (d) for any other reason subject to the Corporations Act, Listing Rules and Operating Rules. <b>[clause 15.11]</b></p> <p>The RE has power to characterise a portion of the Redemption Price as Distributable Income. In doing so, the RE must advise the Unitholder the extent to which the Redemption Price represents a return of Trust capital attributable to that Unit and a distribution. <b>[clause 15.13]</b></p> <p>The RE's power to suspend the redemption, issue or switching of Units, or the time for the payment of redemption proceeds for up to 28 days is extended to cover further circumstances, including: (a) where redemption would cause the RE to breach applicable laws, (b) the quotation of Units is suspended, halted or revoked, (c) the RE's approval as an issuer is suspended, halted or revoked, (d) the Trust's investments prevents the redemption, issue or payment of redemptions and (e) the assets cannot be realised for values reasonably expected in a stable market. <b>[clause 16.1]</b></p>
<p><b>Distributions when Magellan Global Fund (or a relevant class) is not an AMIT</b></p>	<p>The RE expressly may determine to equate the 'Distributable Income' with the net income of the Trust under section 95 of the <i>Income Tax Assessment Act 1936</i> (Cth) less certain non-cash amounts such as a tax credit. <b>[clause 34.2]</b></p> <p>Each Unitholder registered at midnight on the last day of each year is entitled to a share of Distributable Income in the proportion of the number of Units held to all Units then on issue. <b>[clause 34.3]</b></p>	<p>The Distributable Income will be the net income of the Trust under section 95 of the <i>Income Tax Assessment Act 1936</i> (Cth) less the amount of tax credits or notional amounts, unless the RE in its discretion determines another amount to be the Distributable Income. <b>[clause 1.1]</b></p> <p>For the purpose of determining an entitlement to Distributable Income, the purchaser of Units on a Securities Exchange will be treated as the Holder on a relevant date, and the seller of Units will not be the Holder, notwithstanding that the transfer has not yet been recorded on the Register before that date. <b>[clause 34.3(a)(v)]</b></p>

## 9 Proposed Amendments to the Magellan Global Fund Constitution

### 9.2 Proposed amendments to the Magellan Global Fund Constitution *continued*

Subject matter	Existing provision	Proposed Amendment
<b>Distributions when AMIT election made</b>	<p>The RE may make AMIT elections. The RE has all necessary powers and rights to operate as an AMIT. Provision is made to safeguard the validity of decisions made by the RE when purporting to exercise such powers during a period when the Trust does not qualify as an AMIT. <b>[Sch 1, paragraph 2-3]</b></p> <p>Standard AMIT attribution, distribution and deemed payment provisions are prescribed. <b>[Sch 1, paragraph 4-6]</b></p> <p>Unitholder challenge provisions, Unders and Overs provisions, AMIT indemnity provisions, and change in law provisions are prescribed. <b>[Sch 1, paragraph 7-10]</b></p>	<p>The RE may keep accounts of different categories and sources of income and allocate the income from any category or source to any Unitholder. <b>[Sch 4, paragraph 1]</b></p> <p>For the purpose of attributing an amount to a Holder, the purchaser of Units on a Securities Exchange will be treated as the Holder on a relevant date, and the seller of Units will not be the Holder, notwithstanding that the transfer has not yet been recorded on the Register before that date. <b>[Sch 1, paragraph 5]</b></p>
<b>RE powers</b>	<p>The RE has general powers of a natural person, including express powers: to invest; to borrow; to give guarantees, to fetter discretion; and to mix and mingle Trust Property provided it keeps records. <b>[clause 16]</b></p>	<p>Provisions are inserted to provide the RE with additional powers, including to do all things necessary to be listed on ASX; to borrow or raise money (in whatever proportion to trust property); to hold and transact Units (including to conduct market making activities); to grant security; to deal in derivatives; to enter underwriting arrangements; to accept capital contributions without the need to issue units for those contributions. <b>[clause 17.1]</b></p>
<b>RE discretions</b>	<p>The RE has discretion to determine whether to exercise any powers in its absolute discretion. <b>[clause 17]</b></p>	<p>The RE's absolute discretion extends to determining whether to exercise its authorities and duties conferred on it under the constitution, the Corporations Act, the Listing Rules or the Operating Rules. The RE may enter into agreements with Unitholders regarding manner, mode and time of exercising its authorities and duties. Any discretions exercisable by the RE in relation to the trust income must be determined before end of relevant accounting period. <b>[clause 18]</b></p>
<b>RE rights of indemnity</b>	<p>Rights of indemnity are prescribed, including list of illustrative outgoings and expenses. <b>[clauses 19; 32]</b></p>	<p>Provisions inserted to expressly include further outgoings and expenses that the RE may be indemnified for out of the Trust Property, including: fees in connection with gearing facilities; costs, charges fees or spreads in engaging agents and for provision of liquidity and market making conduct; foreign exchange transactions and hedging transactions; admission of the trust to a securities exchange; expenses in connection with insurance; membership fees payable to an external dispute resolution scheme; fees payable to market operators or governmental or regulatory authorities in relation to the Trust, Units or the RE; investor or potential investor promotion tours, publications, reports etc; any restructuring of the Trust; and costs incurred in respect of any controlled entity. <b>[clauses 32.1(e) to (ee)]</b></p> <p>The RE has the power to determine that any particular cost, charge, expense or outgoing is referable to a particular class or Classes of Units. The RE has the discretion to defer an indemnity that it is entitled to for a particular period or in relation to a particular expense, and the deferred expenses will accrue daily until paid. <b>[clauses 32.2 and 32.3]</b></p>

## 9 Proposed Amendments to the Magellan Global Fund Constitution

### 9.2 Proposed amendments to the Magellan Global Fund Constitution *continued*

Subject matter	Existing provision	Proposed Amendment
<b>RE's Management Fee &amp; fees generally</b>	<p>The RE is entitled to a Management Fee up to 1.35% pa of the total value of all Trust Property. <b>[clause 29.1]</b></p> <p>The RE may choose to receive less than this fee, and may pay (from its own resources) a Unitholder any amount which in its discretion it determines by way of offset or rebate <b>[clause 29.2]</b></p>	<p>The RE is entitled to the Management Fee, Total Performance Fee, and such other fees as set out in the constitution. All fees are payable out of the trust property and will accrue daily, be GST exclusive, and are pro-rated for partial periods. <b>[clause 30.1]</b></p> <p>The RE is entitled to a Management Fee in relation to <i>each Class</i> of up to 1.35% pa of the total value of the Portfolio Value referable to that Class, calculated daily and payable monthly in arrears <b>[clause 30.2]</b></p> <p>In addition to the RE's existing discretion to receive less than the prescribed fees, the RE may defer payment of any fee to which it is entitled; and unless the RE determines otherwise, the fee accrues daily until paid <b>[clause 30.4]</b></p>
<b>RE's Performance Fee</b>	<p>The RE is entitled to a performance fee, calculated in accordance with the prescribed formula. <b>[clause 30.1]</b></p>	<p>The performance fee provision has been amended, with the general effect of inserting new definitions (eg a new definition for 'Calculation Period') and making the RE entitled to a performance fee in respect of each Class of Unit, calculated in accordance with an updated performance fee formula. <b>[clause 30.3]</b></p>
<b>Listing of trust</b>	<p>No provisions dealing with listing.</p>	<p>While a Class of Units is listed, the RE must comply with the applicable ASX listing rules or AQUA Rules in relation to the issue and despatch of holding statements, the transfer of Units and the establishment and maintenance of Unit registers. <b>[clause 1.4]</b></p> <p>The RE may resolve that a particular class of listed or quoted units of the Trust will participate in a Settlement Facility. Where such classes of Units participate in a Settlement Facility, the RE must comply with the Settlement Rules (eg the maintenance of registers, issuing holding statements, transferring units) and provide for an issuer sponsored sub register in relation to a class participating in a Settlement Facility. <b>[clauses 1.5, 1.6, 1.7, 1.8]</b></p>
<b>Takeover</b>	<p>No express takeover regime.</p>	<p>Provisions are inserted to govern proportionate takeover bids. These provision do not commence until a Class is listed and will cease to have effect three years after the date of listing, unless renewed in accordance with the Corporations Act. <b>[clause 48.8]</b></p> <p>A Proportional Takeover Bid is prohibited unless an Approving Resolution is passed, being where more than 50% of votes cast on the resolution is in favour of the resolution. Persons holding Units in the relevant Bid Class, other than the Bidder and its associates, are entitled, subject to the Corporations Act, to one vote for each Unit held in the relevant Bid Class. All notices, meetings and voting in connection with a Proportional Takeover Bid must be undertaken in accordance with the administrative requirements prescribed in these provisions. <b>[clauses 48.1 – 48.7]</b></p>
<b>Valuations</b>	<p>Property under management must be valued in accordance with the prescribed procedures. <b>[clause 11]</b></p>	<p>An additional provision is inserted to provide that, while the Trust is registered, the RE's policy for the valuation of Operational Net Trust Value and the Reporting Net Trust Value must be based on the range of ordinary commercial practice by valuing the relevant type of asset and, where used to calculate the Issue Price or Redemption Price of a Unit, the value must be reasonably current. <b>[clause 11.8]</b></p>

## 9 Proposed Amendments to the Magellan Global Fund Constitution

### 9.2 Proposed amendments to the Magellan Global Fund Constitution *continued*

Subject matter	Existing provision	Proposed Amendment
<b>Register</b>	The RE must maintain a unit register. <b>[clause 20.1]</b>	In addition to maintaining a register, the RE must maintain a register of Option and Financial Instrument holders. <b>[clause 21.1]</b>
<b>Calculation procedure</b>	Calculations are required to be to the fourth decimal place or as otherwise determined by the RE. <b>[clause 46]</b>	Calculations are to be determined in manner and at a time prescribed by the RE and in accordance with applicable accounting standards. <b>[clause 46]</b>
<b>Restricted securities</b>	No provision dealing with restricted securities.	While a Class is listed, Unitholders of Restricted Securities are not entitled to any distribution from the Trust, any voting rights or to participate in a return of capital in respect of the Restricted Securities while the breach continues, subject to the terms of the Constitution, the Corporations Act and Listing Rules. To the extent appropriate, these restrictions also apply to Options and Financial Instruments. <b>[clause 49]</b>
<b>Small holdings</b>	No provision dealing with small holdings.	While a Class is listed, the RE may sell or redeem any Units held by a Unitholder in that Class which comprise less than a Marketable Parcel without the consent of the Unitholder, subject to the terms of the constitution, the Corporations Act, the Listing Rules and the Operating Rules. To the extent appropriate, these restrictions also apply to Options and Financial Instruments. <b>[clause 50]</b>

Below are specific rights and protections that apply to Closed Class Units and Open Class Units.

#### a) Open Class Units

- i) Magellan Global Fund RE must seek approval from holders of Open Class Units for a Control Transaction (which is essentially a transaction that would give someone a majority interest in Magellan Global Fund and would be effected by a trust scheme proposed by Magellan Global Fund RE).
- ii) Holders of Open Class Units must approve any matter that requires approval by unitholders under Chapters 10 and 11 of the ASX Listing Rules (for example, a significant change in the activities of Magellan Global Fund or related party transactions and unit issues to related parties).
- iii) Holders of Open Class Units may, subject to some conditions and qualifications, require Magellan Global Fund RE, by special resolution, to cease the quotation of Open Class Units under the AQUA Rules, and to redeem all Open Class Units.

The first approval right is to allow holders of Open Class Units to separately assess a transaction affecting control of Magellan Global Fund that is put forward by Magellan Global Fund RE. The second approval right is provided because such transactions will be significant for both Classes of Units (and the interests of each Class may not be aligned). The redemption right is to simulate a right to wind up Magellan Global Fund insofar as it relates to holders of Open Class Units.

Approval is by an ordinary resolution (unless the applicable ASX Listing Rules require a special resolution) or the consent in writing of 50% of all holders of Open Class Units.

These rights and other rights conferred on holders of Open Class Units are protected as class rights (that is, they cannot be altered without approval by special resolution by, or written consent of three quarters of, holders of Open Class Units).

#### b) Closed Class Units

- i) Magellan Global Fund RE must seek approval from holders of Closed Class Units for a Control Transaction.
- ii) Holders of Closed Class Units must approve any matter that requires approval by unitholders under the ASX Listing Rules (for example, approval of issues of Closed Class Units where the Listing Rules require it).
- iii) Holders of Closed Class Units must approve any issue of Closed Class Units during takeover bids in relation to Closed Class Units or during proposals to remove the responsible entity initiated by a holder of more than 50% of the issued Closed Class Units.
- iv) Holders of Closed Class Units may, subject to some conditions and qualifications, require Magellan Global Fund RE, by special resolution, to apply to de-list Magellan Global Fund from ASX and redeem all Closed Class Units.

The first approval right is to allow holders of Closed Class Units to separately assess a transaction affecting control of Magellan Global Fund that is put forward by Magellan Global Fund RE. The second two are to reflect ASX Listing Rule requirements that would otherwise apply to Magellan Global Fund as a whole. The redemption right is to simulate a right to wind up Magellan Global Fund insofar as it relates to holders of Closed Class Units.

# 9 Proposed Amendments to the Magellan Global Fund Constitution

## 9.2 Proposed amendments to the Magellan Global Fund Constitution *continued*

Approval is by an ordinary resolution (unless the applicable ASX Listing Rules require a special resolution) or the consent in writing of 50% of all holders of Closed Class Units.

These rights and other rights conferred on holders of Closed Class Units are protected as class rights (that is, they cannot be altered without approval by special resolution by, or written consent of three quarters of, holders of Closed Class Units).

In addition, there are various amendments to the Magellan Global Fund Constitution which do not directly relate to the Restructure but will facilitate the efficient operation of the Magellan Global Fund, including by making the Magellan Global Fund Constitution consistent with more recent Magellan funds and to clarify the scope or meaning of some provisions. The amendments will also ensure that the Magellan Global Fund Constitution is compliant with current ASIC regulatory requirements or policies, including ASIC Regulatory Guide 134. The amendments including the following:

- a) **Redemptions:** Magellan Global Fund RE is provided with the power to effect compulsory redemptions in a prescribed list of scenarios. The amendments are designed to protect the Magellan Global Fund and its Unitholders from the acquisition of Units which put the Magellan Global Fund at risk.
- b) **General powers:** Additional examples of the general powers of Magellan Global Fund RE have been set out in the Magellan Global Fund Constitution, including the inclusion of a specific power to accept capital contributions without issuing units in order to meet the expectations of the Australian Taxation Office. The amendments will assist when dealing with lenders to the Magellan Global Fund.
- c) **Fees:** The fee provisions have been amended to provide more explicit details in relation to Magellan Global Fund RE's entitlement to fees and to clarify the calculation of the management fee and performance fee.
- d) **Distributions:** The distribution provisions have been amended to accommodate the existence of multiple unit classes the included to accommodate multiple unit classes. Amendments were also included to address the possibility of the Magellan Global Fund being taxed as a company, and to include details of determining an entitlement for units traded during the end and beginning of an accounting or accrual period.
- e) **Chairperson powers:** The Chair of a meeting is provided the power to refuse the admission of, or expel, a person from a meeting. The amendments will assist with ensuring that meetings are run in an orderly manner and confirms the Chair's general law power to expel persons from a meeting if they obstruct proceedings.
- f) **Proportionate takeovers:** Provisions relating to proportionate takeover bids have been inserted to:
  - i) require Magellan Global Fund Unitholders to vote by ordinary resolution and collectively decide whether to accept or reject a proportionate takeover offer; and
  - ii) make the majority decision of Magellan Global Fund's Unitholders binding on all individual unitholders.

A proportional takeover bid is a takeover bid where the offer made to each Magellan Global Fund Unitholder is only for a proportion of that Unitholder's units (i.e. less than 100 per cent), which may result in a bidder gaining control of Magellan Global Fund without paying an adequate amount for gaining control. The amendments are designed to protect Magellan Global Fund Unitholders from a potential change of control whereby Unitholders are not given the opportunity to dispose of all their Units for a satisfactory control premium, and to avoid Magellan Global Fund Unitholders feeling pressure to accept a proportionate takeover bid even if they do not want it to succeed.

The potential advantages of the proportional takeover approval provisions for Magellan Global Fund Unitholders include:

- i) Magellan Global Fund Unitholders will be given the right to decide by majority vote whether to accept a proportional takeover bid;
- ii) the provisions may help Magellan Global Fund Unitholders avoid being locked in as a minority and may prevent a bidder acquiring control of Magellan Global Fund without paying an adequate control premium (i.e. paying for all of their units);
- iii) the provisions may increase Magellan Global Fund Unitholders' bargaining power and may help ensure that any bid is adequately priced; and
- iv) knowing the view of the majority of Magellan Global Fund Unitholders may help each individual unitholder to decide whether to accept or reject the proportional offer.

The potential disadvantages include:

- i) they may discourage proportional takeover bids being made for units in the Magellan Global Fund;
- ii) Magellan Global Fund Unitholders may lose an opportunity to sell some of their units at a premium; and
- iii) the likelihood of a proportional takeover succeeding may be reduced.

Magellan Global Fund RE does not consider it likely for there to be any proportionate takeover bids for the Magellan Global Fund (and, therefore, that these proportionate takeover provisions will be enlivened while they are operating for the next three years). The Directors of Magellan Global Fund RE consider that the proportional takeover provisions have no potential advantages or disadvantages for them, other than in their capacity as Magellan Global Fund Unitholders.

# 10 Additional Information

## 10.1 Relevant interests of Magellan Global Fund RE Directors

The Relevant Interests of the Magellan Global Fund RE Directors as at 19 October 2020 are set out below.

Director	Position	Number of Magellan Global Fund units	Number of MGE units	Number of MGG units	Number of MFG shares
Robert Fraser	Non-executive Chairman	0	0	201,546	599,109
Brett Cairns	CEO	0	45,503	89,542	1,137,615
John Eales, AM	Non-executive Director	0	0	300,079	77,616
Paul Lewis	Non-executive Director	602,932	0	703,998	1,350,000
Hamish McLennan	Non-executive Director	0	0	89,346	105,248
Kirsten Morton	Chief Financial Officer	0	0	37,196	21,579
Karen Phin	Non-executive Director	0	0	89,542	89,312

## 10.2 Summary of Implementation Deeds

### a) MGE Implementation Deed

Topic	Summary
<b>Parties</b>	<ul style="list-style-type: none"> <li>– MGE RE</li> <li>– Magellan Global Fund RE</li> </ul>
<b>Conditions Precedent and Status</b>	<p>The MGE Trust Scheme is subject to a number of conditions precedent, comprising:</p> <ul style="list-style-type: none"> <li>a) <b>(Regulatory Approvals)</b> all regulatory approvals (being ASIC relief and ASX waivers) required to implement the MGE Trust Scheme are granted; <b>Status:</b> MGE RE has applied to ASIC and ASX for the regulatory approvals required in connection with the MGE Trust Scheme. ASX has granted a number of in-principle waivers and confirmations requested to implement the MGE Trust Scheme (as set out in Section 10.5(a)).</li> <li>b) <b>(MGE Unitholder Approval)</b> MGE unitholders approve the relevant MGE Trust Scheme Resolutions; <b>Status:</b> The MGE unitholder meeting will be held on 25 November 2020.</li> <li>c) <b>(Magellan Global Fund Unitholder Approval)</b> Magellan Global Fund Unitholders approve the Magellan Global Fund Unitholder Resolutions; <b>Status:</b> The Meeting will be held on 25 November 2020.</li> <li>d) <b>(MGG Unitholder Approval)</b> MGG unitholders approve the relevant MGG Trust Scheme Resolutions; <b>Status:</b> The MGG unitholder meeting will be held on 25 November 2020.</li> <li>e) <b>(MGE Judicial Advice)</b> the Court provides the second judicial advice relating to the MGE Trust Scheme; <b>Status:</b> The second judicial advice will be sought on or around 26 November 2020.</li> <li>f) <b>(Magellan Global Fund Judicial Advice)</b> the Court provides the Second Judicial Advice relating to the Magellan Global Fund Unitholder Resolutions; <b>Status:</b> Magellan Global Fund RE will seek the Second Judicial Advice on or around 26 November 2020.</li> <li>g) <b>(Governmental Agency)</b> no government or Governmental Agency action prohibits, materially restricts, makes illegal or restrains the completion of the Restructure; <b>Status:</b> As at the date of this Explanatory Memorandum, neither MGE RE nor Magellan Global Fund RE is aware of anything that will cause this condition precedent not to be satisfied.</li> <li>h) <b>(MGE prescribed occurrence)</b> No MGE prescribed occurrence occurs (including insolvency, change in responsible entity, delisting, deregistration as a managed investment scheme under Chapter 5C of the Corporations Act) with respect to MGE; <b>Status:</b> As at the date of this Explanatory Memorandum, neither MGE RE nor Magellan Global Fund RE is aware of anything that will cause this condition precedent not to be satisfied.</li> <li>i) <b>(Independent Expert's Report for MGE Trust Scheme)</b> the independent expert's report determines that the MGE Trust Scheme is in the best interests of MGE unitholders; <b>Status:</b> Satisfied as at the date of this Explanatory Memorandum.</li> <li>j) <b>(Independent Expert's Report for MGF)</b> the Independent Expert's Report determines that the restructure is in the best interests of Magellan Global Fund Unitholders; <b>Status:</b> Satisfied as at the date of this Explanatory Memorandum.</li> </ul>

# 10 Additional Information

## 10.2 Summary of Implementation Deeds *continued*

Topic	Summary
<b>Conditions Precedent and Status <i>continued</i></b>	<p>k) (<b>Listing of MGF</b>) ASX approves the admission of MGF to the official list of ASX and the official quotation of the Closed Class Units; and  <b>Status:</b> Magellan Global Fund applied to the ASX on 1 October 2020 for the admission of Magellan Global Fund to the official list of ASX and for the official quotation of the Closed Class Units.</p> <p>l) (<b>AQUA Quotation of Open Class Units</b>) ASX approves the admission to Trading Status of the Open Class Units.  <b>Status:</b> Magellan Global Fund applied to the ASX on 1 October 2020 for the admission of the Open Class Units to Trading Status.</p>
<b>Scheme Consideration</b>	<p>In consideration for the transfer of all MGE units to Magellan Global Fund RE pursuant to MGE Trust Scheme, Magellan Global Fund RE will issue MGE Trust Scheme participants with new Open Class Units on a NAV for NAV basis.</p>
<b>MGE RE Board Recommendations and Intentions</b>	<p>MGE RE is required to procure that the MGE RE Board maintains its recommendation that MGE unitholders vote in favour of the MGE Trust Scheme resolutions in the absence of a superior proposal and subject to the independent expert appointed by MGE RE concluding that the MGE Trust Scheme is in the best interests of MGE unitholders.</p> <p>The MGE RE Board may only change, withdraw or qualify its recommendation if the independent expert concludes that the MGE Trust Scheme is not in the best interests of MGE unitholders; or there is a superior proposal, and the MGE RE Board no longer considers the MGE Trust Scheme to be in the best interests of MGE unitholders.</p> <p>MGE RE is required to procure that each director of MGE RE who holds MGE units, or has control over voting rights attaching to MGE units, votes in favour of the MGE Trust Scheme, unless the independent expert concludes that the MGE Trust Scheme is not in the best interests of MGE unitholders and the director no longer considers the MGE Trust Scheme to be in the best interests of MGE unitholders.</p>
<b>Magellan Global Fund RE Board Recommendations and Intentions</b>	<p>Magellan Global Fund RE is required to procure that the Magellan Global Fund RE Board maintains its recommendation that Magellan Global Fund Unitholders vote in favour of the Magellan Global Fund Unitholder Resolutions in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Restructure is in the best interests of Magellan Global Fund Unitholders.</p> <p>Magellan Global Fund RE Board may only change, withdraw or qualify its recommendation if the Independent Expert concludes that the Restructure is not in the best interests of Magellan Global Fund Unitholders; or there is a Superior Proposal, and the Magellan Global Fund RE Board no longer considers the Restructure to be in the best interests of Magellan Global Fund Unitholders.</p> <p>Magellan Global Fund RE is required to procure that each director of Magellan Global Fund RE who holds Magellan Global Fund Units, or has control over voting rights attaching to Magellan Global Fund Units, votes in favour of the Restructure, unless the Independent Expert concludes that the Restructure is not in the best interests of Magellan Global Fund Unitholders and the director no longer considers the restructure to be in the best interests of Magellan Global Fund Unitholders.</p>
<b>Termination Rights</b>	<p><b>Mutual termination rights</b></p> <p>Either MGE RE and Magellan Global Fund RE may terminate the MGE Implementation Deed if:</p> <ul style="list-style-type: none"> <li>– (<b>Conditions Precedent</b>) the conditions precedent are not satisfied or waived (as applicable);</li> <li>– (<b>Material Breach</b>) the other party is in material breach of its obligations under the MGE Implementation Deed, which breach is not remedied within 5 Business Days of receiving notice of the breach;</li> <li>– (<b>Not Effective</b>) the MGE Trust Scheme has not become Effective on or before the end date (12 months from date of the MGE Implementation Deed);</li> <li>– (<b>No Approval by MGE unitholders</b>) the MGE Trust Scheme Resolutions are not approved by the requisite majority at the MGE unitholder meeting;</li> <li>– (<b>No Approval by Magellan Global Fund Unitholders</b>) the Magellan Global Fund Unitholder Resolutions are not approved by the requisite majority at the Meeting; or</li> <li>– (<b>Superior Proposal</b>) MGE RE receives a superior proposal and MGE RE Board publicly recommends, promotes or otherwise endorses the superior proposal.</li> </ul> <p><b>Magellan Global Fund RE termination rights</b></p> <p>Magellan Global Fund RE may terminate the MGE Implementation Deed if:</p> <ul style="list-style-type: none"> <li>– the majority of the Magellan Global Fund RE Board publicly changes or withdraws its recommendation that Magellan Global Fund Unitholders vote in favour of the Restructure (where permitted by the MGE Implementation Deed); or</li> <li>– the MGE RE Board fails to recommend the MGE Trust Scheme.</li> </ul>

# 10 Additional Information

## 10.2 Summary of Implementation Deeds *continued*

Topic	Summary
<b>Termination Rights <i>continued</i></b>	<p><b>MGE RE termination rights</b></p> <p>MGE RE may terminate the MGE Implementation Deed if:</p> <ul style="list-style-type: none"> <li>– the majority of the MGE RE Board publicly changes or withdraws its recommendation that MGE unitholders vote in favour of the MGE Trust Scheme (where permitted by the MGE Implementation Deed); or</li> <li>– the MGF RE Board fails to recommend the Restructure to Magellan Global Fund Unitholders.</li> </ul>
<b>Break fee</b>	The MGE Implementation Deed does not provide for the payment of any break fee.
<b>Representations and warranties and indemnities</b>	<p>Under the MGE Implementation Deed, the parties have given certain representations and warranties which are customary for a deed of this type. The parties also warrant that they each have a right to be fully indemnified out of their respective trust property.</p> <p>The liability of each MGE RE and Magellan Global Fund RE arising under or in connection with the Implementation Deed is limited to the amount that MGE RE or Magellan Global Fund RE, as the case may be, actually receives in the exercise of its right of indemnity from trust property.</p>

### b) MGG Implementation Deed

Topic	Summary
<b>Parties</b>	<ul style="list-style-type: none"> <li>– MGG RE</li> <li>– Magellan Global Fund RE</li> </ul>
<b>Conditions Precedent and Status</b>	<p>The MGG Trust Scheme is subject to a number of conditions precedent, comprising:</p> <ol style="list-style-type: none"> <li>a) <b>(Regulatory Approvals)</b> all regulatory approvals (being ASIC relief and ASX waivers) required to implement the MGG Trust Scheme are granted; <ul style="list-style-type: none"> <li><b>Status:</b> MGG RE has applied to ASIC and ASX for the regulatory approvals required in connection with the MGG Trust Scheme. ASX has granted a number of in-principle waivers and confirmations requested to implement the MGG Trust Scheme (as set out in Section 10.5(a)).</li> </ul> </li> <li>b) <b>(MGG Unitholder Approval)</b> MGG unitholders approve the relevant MGG Trust Scheme Resolutions; <ul style="list-style-type: none"> <li><b>Status:</b> The MGG unitholder meeting will be held on 25 November 2020.</li> </ul> </li> <li>c) <b>(Magellan Global Fund Unitholder Approval)</b> Magellan Global Fund Unitholders approve the Magellan Global Fund Unitholder Resolutions; <ul style="list-style-type: none"> <li><b>Status:</b> The Meeting will be held on 25 November 2020.</li> </ul> </li> <li>d) <b>(MGE unitholder Approval)</b> MGE unitholders approve the relevant MGG Trust Scheme Resolutions; <ul style="list-style-type: none"> <li><b>Status:</b> The MGE unitholder meeting will be held on 25 November 2020.</li> </ul> </li> <li>e) <b>(MGG Judicial Advice)</b> the Court provides the second judicial advice relating to the MGG Trust Scheme; <ul style="list-style-type: none"> <li><b>Status:</b> The second judicial advice will be sought on or around 26 November 2020.</li> </ul> </li> <li>f) <b>(Magellan Global Fund Judicial Advice)</b> the Court provides the Second Judicial Advice relating to the Magellan Global Fund Unitholder Resolutions; <ul style="list-style-type: none"> <li><b>Status:</b> Magellan Global Fund RE will seek the Second Judicial Advice on or around 26 November 2020.</li> </ul> </li> <li>g) <b>(Governmental Agency)</b> no government or Governmental Agency action prohibits, materially restricts, makes illegal or restrains the completion of the Restructure; <ul style="list-style-type: none"> <li><b>Status:</b> As at the date of this Explanatory Memorandum, neither MGG RE nor Magellan Global Fund RE is aware of anything that will cause this condition precedent not to be satisfied.</li> </ul> </li> <li>h) <b>(MGG prescribed occurrence)</b> No MGG prescribed occurrence occurs (including insolvency, change in responsible entity, delisting, deregistration as a managed investment scheme under Chapter 5C of the Corporations Act) with respect to MGG; <ul style="list-style-type: none"> <li><b>Status:</b> As at the date of this Explanatory Memorandum, neither MGG RE nor Magellan Global Fund RE is aware of anything that will cause this condition precedent not to be satisfied.</li> </ul> </li> <li>i) <b>(Independent Expert's Report for MGG Trust Scheme)</b> the independent expert's report determines that the MGG Trust Scheme is in the best interests of MGG unitholders; <ul style="list-style-type: none"> <li><b>Status:</b> Satisfied as at the date of this Explanatory Memorandum.</li> </ul> </li> <li>j) <b>(Independent Expert's Report for MGF)</b> the Independent Expert's Report determines that the restructure is in the best interests of Magellan Global Fund Unitholders; <ul style="list-style-type: none"> <li><b>Status:</b> Satisfied as at the date of this Explanatory Memorandum.</li> </ul> </li> </ol>

# 10 Additional Information

## 10.2 Summary of Implementation Deeds *continued*

Topic	Summary
<b>Conditions Precedent and Status continued</b>	<p>k) (<b>Listing of MGF</b>) ASX approves the admission of MGF to the official list of ASX and the official quotation of the Closed Class Units; and  <b>Status:</b> Magellan Global Fund applied to the ASX on 1 October 2020 for the admission of Magellan Global Fund to the official list of ASX and for the official quotation of the Closed Class Units.</p> <p>l) (<b>AQUA Quotation of Open Class Units</b>) ASX approves the admission to Trading Status of the Open Class Units.  <b>Status:</b> Magellan Global Fund applied to the ASX on 1 October 2020 for the admission of the Open Class Units to Trading Status.</p>
<b>Scheme Consideration</b>	<p>In consideration for the transfer of all MGG units to Magellan Global Fund RE pursuant to MGG Trust Scheme, Magellan Global Fund RE will issue MGG Trust Scheme participants with new Closed Class Units on a NAV for NAV basis.</p>
<b>MGG RE Board Recommendations and Intentions</b>	<p>MGG RE is required to procure that the MGG RE Board maintains its recommendation that MGG Unitholders vote in favour of the MGG Trust Scheme Resolutions in the absence of a superior proposal and subject to the independent expert appointed by MGG RE concluding that the MGG Trust Scheme is in the best interests of MGG unitholders.</p> <p>The MGG RE Board may only change, withdraw or qualify its recommendation if the independent expert concludes that the MGG Trust Scheme is not in the best interests of MGG unitholders; or there is a superior proposal, and the MGG RE Board no longer considers the MGG Trust Scheme to be in the best interests of MGG unitholders.</p> <p>MGG RE is required to procure that each director of MGG RE who holds MGG units, or has control over voting rights attaching to MGG units, votes in favour of the MGG Trust Scheme, unless the independent expert concludes that the MGG Trust Scheme is not in the best interests of MGG Unitholders and the director no longer considers the MGG Trust Scheme to be in the best interests of MGG unitholders.</p>
<b>Magellan Global Fund RE Board Recommendations and Intentions</b>	<p>Magellan Global Fund RE is required to procure that the Magellan Global Fund RE Board maintains its recommendation that Magellan Global Fund Unitholders vote in favour of the Magellan Global Fund Unitholder Resolutions in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Restructure is in the best interests of Magellan Global Fund Unitholders.</p> <p>Magellan Global Fund RE Board may only change, withdraw or qualify its recommendation if the Independent Expert concludes that the Restructure is not in the best interests of Magellan Global Fund Unitholders; or there is a Superior Proposal, and the Magellan Global Fund RE Board no longer considers the Restructure to be in the best interests of Magellan Global Fund Unitholders.</p> <p>Magellan Global Fund RE is required to procure that each director of Magellan Global Fund RE who holds Magellan Global Fund Units, or has control over voting rights attaching to Magellan Global Fund Units, votes in favour of the Restructure, unless the Independent Expert concludes that the Restructure is not in the best interests of Magellan Global Fund Unitholders and the director no longer considers the restructure to be in the best interests of Magellan Global Fund Unitholders.</p>
<b>Termination Rights</b>	<p><b>Mutual termination rights</b></p> <p>Either MGG RE and Magellan Global Fund RE may terminate the MGG Implementation Deed if:</p> <ul style="list-style-type: none"> <li>– (<b>Conditions Precedent</b>) the conditions precedent are not satisfied or waived (as applicable);</li> <li>– (<b>Material Breach</b>) the other party is in material breach of its obligations under the MGG Implementation Deed, which breach is not remedied within 5 Business Days of receiving notice of the breach;</li> <li>– (<b>Not Effective</b>) the MGG Trust Scheme has not become Effective on or before the end date (12 months from date of the MGG Implementation Deed);</li> <li>– (<b>No Approval by MGG Unitholders</b>) the MGG Trust Scheme Resolutions are not approved by the requisite majority at the MGG unitholder meeting;</li> <li>– (<b>No Approval by Magellan Global Fund Unitholders</b>) the Magellan Global Fund Unitholder Resolutions are not approved by the requisite majority at the Meeting; or</li> <li>– (<b>Superior Proposal</b>) MGG RE receives a superior proposal and MGG RE Board publicly recommends, promotes or otherwise endorses the superior proposal.</li> </ul> <p><b>Magellan Global Fund RE termination rights</b></p> <p>Magellan Global Fund RE may terminate the MGG Implementation Deed if:</p> <ul style="list-style-type: none"> <li>– the majority of the Magellan Global Fund RE Board publicly changes or withdraws its recommendation that Magellan Global Fund Unitholders vote in favour of the Restructure (where permitted by the MGG Implementation Deed); or</li> <li>– the MGG RE Board fails to recommend the MGG Trust Scheme.</li> </ul>

# 10 Additional Information

## 10.2 Summary of Implementation Deeds *continued*

Topic	Summary
<b>Termination Rights <i>continued</i></b>	<p><b>MGG RE termination rights</b></p> <p>MGG RE may terminate the MGG Implementation Deed if:</p> <ul style="list-style-type: none"> <li>– the majority of the MGG RE Board publicly changes or withdraws its recommendation that MGG unitholders vote in favour of the MGG Trust Scheme (where permitted by the MGG Implementation Deed); or</li> <li>– the Magellan Global Fund RE Board fails to recommend the Restructure to Magellan Global Fund Unitholders.</li> </ul>
<b>Break fee</b>	The MGG Implementation Deed does not provide for the payment of any break fee.
<b>Representations and warranties and indemnities</b>	<p>Under the MGG Implementation Deed, the parties have given certain representations and warranties which are customary for a deed of this type. The parties also warrant that they each have a right to be fully indemnified out of their respective trust property.</p> <p>The liability of each MGG RE and Magellan Global Fund RE arising under or in connection with the Implementation Deed is limited to the amount that MGG RE or Magellan Global Fund RE, as the case may be, actually receives in the exercise of its right of indemnity from trust property.</p>

## 10.3 Summary of Deeds Poll

### a) MGE Trust Scheme Deed Poll

A summary of the key terms of the MGE Trust Scheme Deed Poll executed by Magellan Global Fund RE in relation to the MGE Trust Scheme is provided below.

Topic	Summary
<b>Executed by</b>	Magellan Global Fund RE
<b>In favour of</b>	MGE unitholders
<b>Covenants</b>	Magellan Global Fund RE covenants in favour of MGE unitholders to observe and perform all obligations contemplated of it under the MGE Trust Scheme, including the obligations relating to the provision of the MGE Trust Scheme Consideration in accordance with the terms of the MGE Trust Scheme.
<b>Conditions precedent</b>	The obligations of Magellan Global Fund RE under the MGE Deed Poll are subject to the MGE Trust Scheme becoming effective.
<b>Termination</b>	The MGE Deed Poll terminates upon the termination of the MGE Implementation Deed or if the MGE Trust Scheme is not effective on or before the End Date.

### b) MGG Trust Scheme Deed Poll

A summary of the key terms of the MGG Trust Scheme Deed Poll executed by Magellan Global Fund RE in relation to the MGE Trust Scheme is provided below.

Topic	Summary
<b>Executed by</b>	Magellan Global Fund RE
<b>In favour of</b>	MGG unitholders
<b>Covenants</b>	Magellan Global Fund RE covenants in favour of MGG unitholders to observe and perform all obligations contemplated of it under the MGG Trust Scheme, including the obligations relating to the provision of the MGG Trust Scheme Consideration in accordance with the terms of the MGG Trust Scheme.
<b>Conditions precedent</b>	The obligations of Magellan Global Fund RE under the MGG Deed Poll are subject to the MGG Trust Scheme becoming Effective.
<b>Termination</b>	The MGG Deed Poll terminates upon the termination of the MGG Implementation Deed or if the MGG Trust Scheme is not Effective on or before the End Date.

# 10 Additional Information

## 10.4 Related Party Resolution

Chapter 2E (as modified by Part 5C.7) of the Corporations Act (the **Related Party Rules**) requires that a responsible entity must not give a financial benefit out of scheme property (or which could endanger scheme property) to itself or a related party without member approval (unless an exception applies).

In accordance with the Related Party Rules, Magellan (in its personal capacity and also as the responsible entity of each of MGE and MGG) and MFG are each related parties of Magellan Global Fund RE in connection with the Restructure.

In determining whether the Restructure will confer a 'financial benefit' on Magellan or MFG, the Related Party Rules require the giving of a broad interpretation to the financial benefits being given. Financial benefits may be given indirectly and do not need to involve the payment of money.

Having regard to the Related Party Rules, Magellan Global Fund RE proposes to seek Magellan Global Fund Unitholder approval for the Restructure in the way set out in Chapter 2E as modified by Part 5C.7 of the Corporations Act (the Related Party Rules).

Section 219 of the Corporations Act requires certain information to be provided to unitholders in connection with the Related Party Resolution. This Explanatory Memorandum sets out the following information in connection with the Related Party Resolution.

### a) Identity of the related party

The parties receiving a financial benefit under the Restructure are MFG and Magellan. MFG owns 100% of Magellan and Magellan is the responsible entity of MGE and MGG. They are therefore both related parties of Magellan Global Fund RE.

### b) Nature of the financial benefit

- i) **(Potential for increased and more certain management fee revenue)** The MGF Partnership Offer may result in a significant increase in the number of Closed Class Units on issue. As these Closed Class Units do not have a redemption right, a larger amount of funds under management of the Magellan Global Fund (pursuant to which Magellan derives its management fee revenue) is expected to be more certain compared to the funds under management of Magellan Global Fund as at the date of this Explanatory Memorandum (as the Magellan Global Fund Units are subject to redemption rights by investors) and therefore be of a benefit to Magellan. In addition, Magellan may experience an increase in funds under management as a result of the exercise of MGF Options by holders. This will increase the number of Closed Class Units on issue and increase Magellan's management fee revenue.
- ii) **(Potential for earlier entitlement to Magellan Global Fund performance fee)** The Restructure may result in the performance fee period being brought forward from 31 December 2020 to the Effective Date in order to align the calculation periods for the performance fees of Magellan Global Fund, MGE and MGG, as the MGE unitholders and MGG unitholders become Open Class Unit and Closed Class Unit holders respectively. This may result in performance fees becoming payable in the funds that would otherwise not have been payable, or becoming payable earlier than they might otherwise have done, resulting in a benefit to Magellan. The impact of this potential change will not be known on the Implementation Date, however, the performance fees are accrued in the daily net asset value of Magellan Global Fund and are therefore already reflected in the unit price.

The value of these benefits is not capable of being accurately quantified, as they are based on a number of variables including the likely uptake of Closed Class Units, the number of MGF Options that are issued and exercised and whether Magellan Global Fund RE will be entitled to a performance fee if the calculation is brought forward.

As MFG is the Holding Company of Magellan, any financial benefits given to Magellan will also accrue to MFG.

### c) Governance and conflicts of interest

Magellan is the responsible entity of each of the three entities that are involved in the Restructure (i.e. Magellan Global Fund, MGE and MGG). In discharging the duties that it owes separately to the unitholders of these three entities, Magellan has considered and given separate and independent consideration to what is in the best interests of each set of unitholders in each of Magellan Global Fund, MGE and MGG.

Magellan has also adopted a number of governance measures to the implementation of the Restructure including, without limitation, appointment of separate legal counsel for each of Magellan Global Fund, MGE and MGG, ASIC review, the seeking of judicial advice and the appointment of the Independent Expert and the commission of three separate independent expert's report for each of the Restructure, the MGE Trust Scheme and MGG Trust Scheme.

### d) Recommendation of each Director of Magellan Global Fund RE

Each of the Magellan Global Fund RE Directors recommend that Magellan Global Fund Unitholders approve the Related Party Resolution for the reasons set out in this Explanatory Memorandum, including that each of the Magellan Global Fund RE Directors consider the Restructure to be in the best interests of the Magellan Global Fund Unitholders.

In forming this recommendation, each Magellan Global Fund RE Director considered the alternatives to the Restructure, specifically:

- i) amending the Magellan Global Fund Constitution to allow Magellan Global Fund Units to be quoted on the ASX subject to the AQUA Rules;
- ii) amending the Magellan Global Fund Constitution (as described in paragraph (i) above) and acquiring all of the units in MGE only; and
- iii) not undertaking the Restructure and retaining the status quo,

but determined that the benefits of the Restructure outweighed the potential risks and disadvantages of the Restructure, as set out in this Explanatory Memorandum. Each Director considered the Restructure to be superior to the alternatives considered and that not proceeding with the Restructure would preclude the Magellan Global Fund Unitholders from realising the benefits that Magellan Global Fund RE expects the Restructure to bring.

# 10 Additional Information

## 10.4 Related Party Resolution *continued*

### e) Interest of each Director in the outcome of the resolution

The Magellan Global Fund RE Directors do not have any direct interest in the outcome of the Related Party Resolutions. Certain of the Magellan Global Fund RE Directors are also directors of MFG, however, that interest is not regarded as material for the purposes of the Related Party Resolution.

The Magellan Global Fund RE Directors may have an indirect interest in the outcome of the Related Party Resolution through their holding of any shares in MFG and units in Magellan Global Fund, MGE or MGG (as the case may be). Details of each directors' holding are set out in Section 10.1.

### f) Additional Information

All other information that is reasonably required to decide whether or not to vote in favour of the Related Party Resolution is disclosed in other sections of this Explanatory Memorandum.

## 10.5 Regulatory consents

### a) ASX waivers/confirmations

Magellan Global Fund RE, MGE RE and MGG RE have applied for, and ASX has granted on an in-principle basis the following:

Waiver from... / Confirmation to...	Summary
ASX Listing Rule 1.1 Condition 1	Confirmation that Magellan Global Fund's structure and operations are appropriate for a listed entity.
ASX Listing Rule 1.1 Condition 2	Confirmation that the Magellan Global Fund Constitution is consistent with the ASX Listing Rules.
ASX Listing Rule 1.1 Condition 3	Confirmation that the provision of the MGG Trust Scheme Explanatory Memorandum and MGE Trust Scheme Explanatory Memorandum satisfies the requirements of ASX Listing Rule 1.1 Condition 3.
ASX Listing Rule 1.1 Condition 5	Waiver to permit Open Class Units being redeemed in accordance with the Magellan Global Fund Constitution.
ASX Listing Rule 1.1 Condition 6 and ASX Listing Rule 6.2	Waiver such that Magellan Global Fund RE is not required to apply for quotation (as an ASX Listing Rule listing) of the Open Class Units and/or a confirmation that the Open Class Units are not considered by ASX to be the "main class" of securities of Magellan Global Fund.
ASX Listing Rules 2.1 Condition 1 and 6.1	Confirmation that the terms that apply to the Closed Class Units are appropriate and equitable.
ASX Listing Rules 2.5 Condition 1 and 6.1	Confirmation that the MGF Options satisfy this condition and that the MGF Options are appropriate and equitable.
ASX Listing Rule 6.12.3	Confirmation that the divestment or redemption of any Open Class Units are approved by ASX under ASX Listing Rule 6.12.3.
ASX Listing Rules 6.16 and 7.22	Waiver from ASX Listing Rule 6.16 that requires an option's terms to be changed to comply with ASX Listing Rule 7.22 and waiver from the operation of ASX Listing Rule 7.22 with respect to the exercise price or exercise ratio of the MGF Options.
ASX Listing Rules 6.21 and 6.23.3	Confirmation that the proposed exercise price of the MGF Options satisfies the relevant listing rules.
ASX Listing Rules 7.1 and 3.10.3	Confirmation (or waiver) that ASX Listing Rules 7.1 and 3.10.3 do not apply to the issue of Open Class Units.
ASX Listing Rule 7.2 (Exception 1)	Confirmation that ASX Listing Rule 7.2, Exception 1 applies in respect of the proposed Bonus MGF Option Issue.
ASX Listing Rule 7.2 (Exception 16)	Confirmation (or waiver) that ASX Listing Rule 7.2, Exception 16 applies in respect of the MGF Partnership Offer.
ASX Listing Rules 7.6	Confirmation (or waiver) that the issuance of the Open Class Units is not subject to ASX Listing Rule 7.6.
ASX Listing Rules 7.9	Confirmation (or waiver) that the issuance of the Open Class Units is not subject to ASX Listing Rule 7.9.

# 10 Additional Information

## 10.5 Regulatory consents *continued*

Waiver from... / Confirmation to...	Summary
ASX Listing Rules 7.29, 7.33 and 7.36 and ASX Listing Rule 1.1 Condition 1	Confirmation to permit Magellan Global Fund RE to conduct on-market buy-backs of Closed Class Units during the five ASX trading days from the date Closed Class Units are listed on ASX at a price which is not above the NAV per Closed Class Unit on the Implementation Date.
ASX Listing Rule 7.36	Confirmation that the buy-back of any Open Class Units is not subject to ASX Listing Rule 7.36.
ASX Listing Rule 10.1	Confirmation that ASX Listing Rule 10.1 does not apply to the MGG Trust Scheme.
ASX Listing Rule 10.12 (Exception 1)	Confirmation that ASX Listing Rule 10.12, Exception 1 applies in respect of the proposed Bonus MGF Option Issue.
ASX Listing Rule 10.12 (Exception 10)	Confirmation or waiver that ASX Listing Rule 10.12 (Exception 10) applies in respect of the MGF Partnership Offer.
Various ASX Listing Rules	Confirmation (or waiver) that Open Class Unitholders are not required to vote on any resolutions required under the ASX Listing Rules as it relates to the Closed Class Units.
ASX Settlement Operating Rules (including Rule 5.19 and 5.22)	Waiver from ASX that ASX Settlement Operating Rules 5.19 and 5.22 that Magellan Global Fund RE will not be required to accept standard exercise forms in respect of the exercise of the MGF Options.
Other	Confirmation that the application for admission of the Magellan Global Fund to the official list of ASX specify a notional subscription amount of Closed Class Units under as the number of Closed Class Units to be quoted.
Rule 10A.3.3(b) of Schedule 10A of the ASX Operating Rules (ASX AQUA Rule 10A.3.3(b))	Confirmation that ASX have no objections under ASX AQUA Rule 10A.3.3(b) with respect to the Open Class Units.
Rule 10A.3.4 of Schedule 10A of the ASX Operating Rules (ASX AQUA Rule 10A.3.4)	Confirmation (or waiver) that ASX AQUA Rule 10A.3.4 would not apply to the Closed Class Units.
Rule 10A.10.8 of Schedule 10A of the ASX Operating Rules (ASX AQUA Rule 10A.10.8)	Waiver to permit Magellan Global Fund RE to appoint Deutsche Bank AG as its AQUA Product Market Making Agent.

### b) ASIC relief

Magellan Global Fund RE, MGE RE and MGG RE have applied to ASIC for the following relief, as set out in the table below:

Relief from/Modification to...	Relief to...
<b>Relief or confirmations related to Magellan Global Fund</b>	
Section 601GA of the Corporations Act, as modified by ASIC Corporations (Chapter 5C – Miscellaneous Provisions) Instrument 2017/125 (Declaration 5)	allow the constitution of Magellan Global Fund to include an ASX Listing Rules consistency provision that refers only to Closed Class Units and the MGF Options.
Section 601GAE of the Corporations Act notionally inserted by ASIC Class Order [CO 13/655]	permit the issue price of Closed Class Units to be the greater of market price and Net Asset Value and MGF Options to be issued by reference to Net Asset Value.
Section 601FC(1)(d) of the Corporations Act, as modified by ASIC Class Order [CO 13/656], paragraph 4(a)	clarify that the reference to listing rules of ASX Limited as at 1 June 2013 refers to the listing rules as in force from time to time as modified by ASX for Magellan Global Fund.
section 601KH of the Corporations Act, as inserted by ASIC Corporations (ASX-listed Schemes On-market Buy-backs) Instrument 2016/1159	clarify that the '10/12' limit in the Instrument applies to the Closed Class Units on issue (not all units on issue) and that 'buy-back' does not include redemptions of Open Class Units.
section 601KH of the Corporations Act, as inserted by ASIC Corporations (ASX-listed Schemes On-market Buy-backs) Instrument 2016/1159	allow an on-market buy-back to operate from the date of listing.

# 10 Additional Information

## 10.5 Regulatory consents *continued*

Relief from/Modification to...	Relief to...
Relief or confirmations related to the MGG Trust Scheme and MGE Trust Scheme	
Item 7 of section 611 of the Corporations Act	allow members of MGG to vote in favour of the MGG Trust Scheme.
Division 5A of Part 7.9 of the Corporations Act	allow Magellan in its capacity as responsible entity of Magellan Global Fund to make an offer to acquire all of units in each of MGG and MGE.
Section 1016A(2) of the Corporations Act and ASIC Corporations (Application Form Requirements) Instrument 2017/241	allow MGG Trust Scheme Consideration and MGE Trust Scheme Consideration to be issued without an application form.
Sections 1013B(1) and 1015C of the Corporations Act, and ASIC Corporations (Capital Reductions and Reconstructions – Technical Disclosure Relief) Instrument 2017/242	remove the requirement that the PDS to be issued by Magellan Global Fund RE be titled 'Product Disclosure Statement' and to make it clear that distribution of the explanatory memorandum for the MGE Trust Scheme and the MGG Trust Scheme to the relevant member's registered physical or electronic address constitutes giving the PDS to that person.
Section 601FC(1)(d) of the Corporations Act	allow ineligible foreign members of MGE and MGG to be excluded from receiving Scheme Consideration.
Section 1020B as modified by ASIC Corporations (Short Selling) Instrument 2018/745	allow deferred settlement trading of Magellan Global Fund Units on ASX.
Sections 1013H, 1016D and 1016E of the Corporations Act	allow ASX application for quotation within 7 days of, and actual quotation within 3 months of, issue of the financial products under the MGE Trust Scheme and MGG Trust Scheme rather than the date of the relevant explanatory memorandum for the MGE Trust Scheme and the MGG Trust Scheme.
Sections 601ED(5), 911A(1), and Divisions 2 to 5 of Part 7.9 of the Corporations Act	facilitate the operation of the Sale Facility for the ineligible foreign MGE unitholders under the MGE Trust Scheme and MGG Trust Scheme.

## 10.6 Summary of First Judicial Advice and Second Judicial Advice Hearing

At the First Judicial Advice hearing on 20 October 2020, the Court made orders that Magellan Global Fund RE would be justified in:

- convening a meeting of Magellan Global Fund Unitholders to consider, and if thought fit, approve the Magellan Global Fund Unitholder Resolutions;
- distributing the Explanatory Memorandum; and
- proceeding on the basis that the Magellan Global Fund Constitutional Amendments would be within the powers of alteration conferred by section 601GC of the Corporations Act.

The Second Judicial Advice hearing is expected to take place on 26 November 2020 at the Supreme Court of New South Wales, 184 Phillip Street, Sydney (or virtually, as required in accordance with any COVID-19 related requirements or recommendations). See the 'Important Notices & Disclaimer' section of this Explanatory Memorandum for further information. Any Magellan Global Fund Unitholder may appear at the Second Judicial Advice hearing.

Any Magellan Global Fund Unitholder who wishes to oppose the Second Judicial Advice at the Second Judicial Advice hearing may do so by filing with the Court and serving on Magellan Global Fund RE a notice of appearance in the prescribed form together with any affidavit that the Magellan Global Fund Unitholder proposes to rely on.

The address for service is: Deutsche Bank Place, Corner Hunter and Phillip Streets, Sydney NSW 2000, Attention: Kim Reid.

# 10 Additional Information

## 10.7 Supplementary Information

To the extent required by the Corporations Act or any other applicable law, Magellan will issue a supplementary document to this Explanatory Memorandum if it becomes aware of any of the following between the date of this Explanatory Memorandum and the date of the Meeting:

- a) a material statement in this Explanatory Memorandum is or becomes false or misleading;
- b) a material omission from this Explanatory Memorandum;
- c) a significant change affecting a matter included in this Explanatory Memorandum; or
- d) a significant new matter has arisen and it would have been required to be included in this Explanatory Memorandum if it had arisen before the date of this Explanatory Memorandum.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Magellan may circulate and publish the supplementary document by any or all of:

- a) placing an advertisement in a prominently published newspaper that is circulated in Australia;
- b) posting the supplementary document on Magellan Global Fund's website at [www.magellangroup.com.au](http://www.magellangroup.com.au);
- c) issuing a supplementary document.

## 10.8 No other information

Other than as contained in this Explanatory Memorandum, there is no information within the knowledge of any member of the Magellan Global Fund RE Board that is material to the making of a decision in relation to the Restructure to be voted on by Magellan Global Fund Unitholders, and that has not been previously disclosed to Magellan Global Fund Unitholders.

# 11 Glossary and Interpretation

## 11.1 Definitions

In this Explanatory Memorandum unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
<b>Absolute Return Hurdle</b>	The published 10-year Australian Government Bond yield as at the first Business Day of the Calculation Period, pro-rated for the number of days in the Calculation Period.
<b>AMIT</b>	Attribution Managed Investment Trust.
<b>AQUA Rules</b>	ASX Operating Rules that apply to the quotation on ASX of funds, exchange trade funds and other structured securities and products such as the Open Class Units.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning set out in the Corporations Act.
<b>ASX</b>	ASX Limited or Australian Securities Exchange, as appropriate.
<b>ASX Listing Rules</b>	the official listing rules of ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX.
<b>ASX Operating Rules</b>	the official operating rules of ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX.
<b>Bonus MGF Option Issue</b>	a bonus issue of MGF Options to all Closed Class unitholders on the basis of one MGF Option for every two Closed Class Units held at a record date to be specified by Magellan Global Fund RE.
<b>Bonus MGF Option Issue Record Date</b>	expected to be the Business Day immediately prior to the allotment date of Closed Class Units under the MGF Partnership Offer.
<b>Business Day</b>	while Units are quoted on the ASX, the days identified by the ASX in the ASX Operating Rules. Otherwise a day not being a Saturday, Sunday or a public holiday in Sydney, New South Wales. For the purposes of calculating management fees and performance fees, a Business Day is any day on which a security held by Magellan Global Fund (on a look-through basis) is open for trading.
<b>Calculation Period</b>	six-month period ending 30 June and 31 December in each year.
<b>CHESS</b>	the Clearing House Electronic Sub-register System for the electronic transfer of securities and other financial products operated by ASX Settlement Pty Limited (ACN 008 504 532).
<b>Closed Class</b>	the class of Closed Class Units in Magellan Global Fund.
<b>Closed Class Unit</b>	a Closed Class Unit in Magellan Global Fund.
<b>Closed Class Unitholder</b>	a registered holder of a Closed Class Unit.
<b>Conditions Precedent</b>	the conditions to the implementation of the Restructure as set out in the Implementation Deeds, as summarised in Sections 3.9 and 10.2 of this Explanatory Memorandum.
<b>Constitutional Amendment Resolution</b>	Resolution 1 to be considered at the Meeting, as set out in the Notice of Meeting.
<b>Control</b>	has the meaning given by section 50AA of the Corporations Act.
<b>Controlled Entity</b>	in relation to any Entity, another entity which is a Subsidiary of it, or which is Controlled by it.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Court</b>	the Supreme Court of New South Wales or such other court of competent jurisdiction as determined by Magellan Global Fund RE.
<b>Deed Poll</b>	the MGE Deed Poll or the MGG Deed Poll.
<b>Directors</b>	the directors of Magellan Global Fund RE.
<b>DRP</b>	distribution reinvestment plan.
<b>DRP Rules</b>	the distribution reinvestment plan rules for the Magellan Global Fund.
<b>Effective</b>	when each of the MGG Trust Scheme, MGG Trust Scheme and the Constitutional Amendment Resolution comes into effect.

# 11 Glossary and Interpretation

## 11.1 Definitions *continued*

Term	Meaning
<b>Effective Date</b>	the date on which the each of the MGG Trust Scheme, MGE Trust Scheme and Constitutional Amendment Resolution becomes Effective (expected to be 27 November 2020).
<b>Eligible Magellan Global Fund Unitholders</b>	Closed Class Unitholders and Open Class Unitholders shown on Magellan Global Fund Register as holding units as at 7:00pm on the Implementation Date of the Restructure, with a registered address in Australia, New Zealand, Hong Kong or Singapore.
<b>End Date</b>	2 August 2021 or another date agreed in writing by MGE RE and the Magellan Global Fund RE (in respect of the MGE Trust Scheme) or by MGG RE and the Magellan Global Fund RE (in respect of the MGG Trust Scheme).
<b>Entity</b>	includes a natural person, a body corporate, a partnership, a trust and the trustee of a trust.
<b>Explanatory Memorandum</b>	this explanatory memorandum, including the attachments to it.
<b>Financial Information</b>	the Historical Financial Information and the Pro Forma Historical Statement of Financial Position as set out in Section 7.20.
<b>First Judicial Advice</b>	the confirmation obtained by Magellan Global Fund RE from the Court confirming, amongst other things, that Magellan Global Fund RE would be justified in convening the Meeting.
<b>First Judicial Advice Date</b>	the date on which the First Judicial Advice was received.
<b>Global Equities Strategy</b>	the Magellan global equities (currency unhedged) investment strategy, offering focused portfolio of the world's outstanding companies that Magellan believes can generate attractive risk-adjusted investment returns over time, while reducing the risk of permanent capital loss.
<b>Government Agency</b>	any government or governmental, semi-governmental, administrative, political, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government of any country.
<b>GST</b>	Australian goods and services tax.
<b>High Water Mark</b>	the NAV per Unit at the end of the most recent Calculation Period for which Magellan Global Fund RE was entitled to a performance fee in the relevant class of Units, less any intervening income or capital distribution.
<b>Historical Financial Information</b>	the historical financial information as set out in Section 7.20.
<b>Holding Company</b>	has the meaning given in the Corporations Act, but as if references to: a) "body corporate" were to "Entity"; and b) "subsidiaries" include Subsidiaries as defined in this document.
<b>Implementation Date</b>	the date that each of the MGG Trust Scheme and MGE Trust Scheme is implemented, being the fifth Business Day following the Trust Schemes Record Date (expected to be 8 December 2020) or such other date as MGE RE and the Magellan Global Fund RE agree in writing (in respect of the MGE Trust Scheme) or such other date as MGG RE and the Magellan Global Fund RE agree in writing (in respect of the MGG Trust Scheme).
<b>Implementation Deed</b>	each of the MGE Implementation Deed and the MGG Implementation Deed.
<b>Independent Expert</b>	means Lonergan Edwards & Associates Limited.
<b>Independent Expert's Report</b>	the report in respect of the Restructure prepared and issued by the Independent Expert for inclusion in the Explanatory Memorandum (or any update or variation to that report). A copy of the Independent Expert's Report is contained in Schedule 2 of this Explanatory Memorandum.
<b>Index Relative Hurdle</b>	the return (expressed as a percentage) of the MSCI World Net Total Return Index (AUD).
<b>Magellan</b>	Magellan Asset Management Limited (ABN 31 120 593 946; AFSL 304 301).
<b>Magellan Global Fund</b>	Magellan Global Fund (ARSN 126 366 961).
<b>Magellan Global Fund Constitution</b>	the constitution of the Magellan Global Fund.

# 11 Glossary and Interpretation

## 11.1 Definitions *continued*

Term	Meaning
<b>Magellan Global Fund Constitutional Amendments</b>	amendments to the Magellan Global Fund Constitution pursuant to the Constitutional Amendment Resolution.
<b>Magellan Global Fund RE</b>	Magellan Asset Management Limited (ABN 31 120 593 946; AFSL 304 301) in its capacity as responsible entity of Magellan Global Fund.
<b>Magellan Global Fund RE Board</b>	the board of directors of Magellan Global Fund RE or a committee of that board.
<b>Magellan Global Fund Register</b>	the register of Magellan Global Fund Unitholders maintained by the Unit Registry in accordance with the Corporations Act.
<b>Magellan Global Fund Unit</b>	a unit in Magellan Global Fund.
<b>Magellan Global Fund Unitholder</b>	a holder of a Magellan Global Fund Unit.
<b>Magellan Global Fund Unitholder Resolutions</b>	the resolutions to be considered at the Meeting, as set out in the Notice of Meeting.
<b>Magellan Group</b>	MFG and its Australian Subsidiaries.
<b>Meeting</b>	the extraordinary general meeting of Magellan Global Fund Unitholders convened by the Notice of Meeting attached to this Explanatory Memorandum.
<b>MFG</b>	Magellan Financial Group Limited (ABN 59 108 437 592).
<b>MFG Commitment Deed</b>	the MFG Commitment Deed, as summarised in Section 7.22(a).
<b>MFG DRP Commitment Deed</b>	means the equity commitment deed, as summarised in Section 7.22(c).
<b>MFG Equity Commitment Deed</b>	the MFG Equity Commitment Deed, as summarised in Section 7.22(b).
<b>MGE</b>	Magellan Global Equities Fund (ARSN 603 395 302).
<b>MGE Constitution</b>	the constitution of MGE.
<b>MGE Exchange Ratio</b>	NAV of MGE per MGE Unit divided by the NAV per Open Class Unit as at the Effective Date.
<b>MGE Implementation Deed</b>	the implementation deed dated 2 August 2020 between MGE RE and the Magellan Global Fund RE relating to the implementation of the MGE Trust Scheme and summarised in Section 10.2 of this Explanatory Memorandum.
<b>MGE RE</b>	Magellan Asset Management Limited (ABN 31 120 593 946; AFSL 304 301) in its capacity as responsible entity of MGE.
<b>MGE Trust Scheme</b>	the arrangement under which all of the units in MGE are transferred to Magellan Global Fund RE from MGE unitholders by way of a trust scheme to be implemented by way of amendments to the MGE Constitution.
<b>MGE Trust Scheme Consideration</b>	Open Class Units determined in accordance with the MGE Trust Scheme.
<b>MGE Trust Scheme Deed Poll</b>	the deed poll entered into by Magellan Global Fund RE on 14 October 2020 in favour of MGE unitholders to fulfil all obligations contemplated of the Magellan Global Fund RE under the MGE Trust Scheme.
<b>MGE Trust Scheme Resolutions</b>	the resolutions to be proposed by MGE RE pursuant to the MGE Trust Scheme.
<b>MGF Partnership Offer</b>	the offer to all Eligible Magellan Global Fund Unitholders to subscribe for new Closed Class Units, and a MGF Option (for each new Closed Class Unit subscribed for), the terms of which are summarised in Section 7.23.
<b>MGF Partnership Offer Calculation Date</b>	a date to be set by Magellan Global Fund RE in connection with the MGF Partnership Offer, which is expected to be a date in January 2021.
<b>MGF Option</b>	an option proposed to be issued by Magellan Global Fund RE on the terms summarised in Section 7.25.
<b>MGG</b>	Magellan Global Trust (ARSN 620 753 728).

# 11 Glossary and Interpretation

## 11.1 Definitions *continued*

Term	Meaning
<b>MGG Constitution</b>	the constitution of MGG.
<b>MGG Exchange Ratio</b>	equal to one (1) and is calculated as the NAV of MGG per MGG Unit divided by the NAV of MGG per MGG Unit (the issue price of Closed Class Units in Magellan Global Fund under the MGG Trust Scheme) as at the Effective Date.
<b>MGG Implementation Deed</b>	the implementation deed dated 2 August 2020 between MGG RE and the Magellan Global Fund RE relating to the implementation of the MGG Trust Scheme and summarised in Section 10.2 of this Explanatory Memorandum.
<b>MGG RE</b>	Magellan Asset Management Limited (ABN 31 120 593 946; AFSL 304 301) in its capacity as responsible entity of MGG.
<b>MGG Trust Scheme</b>	the arrangement under which all of the units in MGG are transferred to Magellan Global Fund RE from MGG unitholders by way of a trust scheme to be implemented by way of amendments to the MGG Constitution.
<b>MGG Trust Scheme Consideration</b>	Closed Class Units determined in accordance with the MGG Trust Scheme.
<b>MGG Trust Scheme Deed Poll</b>	the deed poll entered into by Magellan Global Fund RE on 14 October 2020 in favour of MGG unitholders to fulfil all obligations contemplated of the Magellan Global Fund RE under the MGG Trust Scheme.
<b>MGG Trust Scheme Resolutions</b>	the resolutions to be proposed by MGG RE pursuant to the MGG Trust Scheme.
<b>MFG</b>	Magellan Financial Group Limited (ABN 59 108 437 592).
<b>NAV</b>	Net Asset Value.
<b>NAV Permitted Discretions Policy</b>	Magellan's NAV Permitted Discretions Policy.
<b>Northern Trust</b>	The Northern Trust Company.
<b>Notice of Meeting</b>	the notices of meeting relating to the Magellan Global Fund Unitholder Resolutions which is contained in Schedule 1.
<b>Open Class</b>	the class of Open Class Units in Magellan Global Fund.
<b>Open Class Unit</b>	an Open Class Unit in Magellan Global Fund.
<b>Open Class Unitholder</b>	a registered holder of an Open Class Unit.
<b>Pro Forma Historical Statement of Financial Position</b>	the pro forma historical statement of financial position of Magellan Global Fund as set out in Section 7.20.
<b>Proxy Form</b>	the proxy form for the Meeting accompanying this Explanatory Memorandum.
<b>Related Body Corporate</b>	has the meaning given in the Corporations Act, but as if references to: a) "body corporate" and "body" were to "Entity"; b) "subsidiary" include Subsidiaries as defined in this document; and c) "holding company" include Holding Companies as defined in this document.
<b>Related Party Resolution</b>	Resolution 2 to be considered at the Meeting, as set out in the Notice of Meeting.
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Representative</b>	in relation to a person, means: a) a Controlled Entity of the person; or b) an officer of the person or any of the person's Controlled Entities; or c) an adviser to the person or the person's Controlled Entities.
<b>Restructure</b>	the Magellan Global Fund Constitutional Amendments, the MGE Trust Scheme and the MGG Trust Scheme.
<b>Sale Nominee</b>	Bell Potter Securities Limited (AFSL 243480) as the nominee for ineligible MGG or MGE unitholders to whom the MGE Trust Scheme Consideration consisting of Open Class Units or the MGG Trust Scheme Consideration consisting of Closed Class Units will be issued for sale, with the proceeds (net of brokerage) being distributed to the respective ineligible foreign MGE or MGG unitholders post implementation of the Restructure.

# 11 Glossary and Interpretation

## 11.1 Definitions *continued*

Term	Meaning
<b>Second Judicial Advice</b>	the confirmation obtained by Magellan Global Fund RE from the Court confirming, amongst other things, that Magellan Global Fund RE would be justified in proceeding to implement the Restructure.
<b>Second Judicial Advice Date</b>	the date on which the Second Judicial Advice is obtained (expected to be 26 November 2020).
<b>Subsidiary</b>	has the meaning given in the Corporations Act, but an Entity will also be taken to be a Subsidiary of an Entity if it is Controlled by that Entity and, without limitation: a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; b) an Entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and c) where a trust is a Subsidiary, the trustee of that trust (acting in that capacity) will also be a Subsidiary.
<b>Superior Proposal</b>	a bona fide competing proposal that Magellan Global Fund RE directors, acting in good faith, and after receiving written legal advice from its legal adviser (who must be a reputable legal adviser experienced in transactions in the nature of the transactions contemplated by an Implementation Deed) and written advice from its financial advisor in order to satisfy what Magellan Global Fund RE considers to be its fiduciary or statutory duties, determine: (a) is capable of being valued and completed, taking into account all aspects of the competing proposal, including its conditions precedent; and (b) would, if completed substantially in accordance with its terms, be more favourable to Magellan Global Fund Unitholders (as a whole) than the Restructure, taking into account all the terms and conditions of the competing proposal and all aspects of the Restructure.
<b>Supplemental Deed Poll</b>	The deed poll to be entered into by Magellan Global Fund RE amending the Magellan Global Fund Constitution pursuant to section 601GC(1) as set out in Part A of Schedule 4 of this Explanatory Memorandum.
<b>Target Cash Distribution</b>	the target cash distribution yield of 4% per annum in accordance with the Magellan Global Fund distribution policy.
<b>Trading Status</b>	has the meaning as set out in section 7 of the ASX Operating Rules.
<b>Trust Schemes</b>	the MGE Trust Scheme and MGG Trust Scheme.
<b>Trust Schemes Record Date</b>	the record date for each of the MGG Trust Scheme and MGE Trust Scheme, being 7.00pm on the second Business Day following the Effective Date, or such other date as agreed between the Magellan Global Fund RE and MGE RE or MGG RE respectively, or as may be required by ASX (expected to be 1 December 2020).
<b>Unit Registry</b>	Mainstream Fund Services Pty Limited.
<b>Units</b>	Open Class Units and Closed Class Units.
<b>Voting Record Date</b>	the time and date for determining eligibility to vote at the Meeting (expected to be 7.00pm, 23 November 2020).

## 11.2 Interpretation

In this Explanatory Memorandum, unless the context otherwise appears:

- a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- b) words importing a gender include any gender;
- c) words importing the singular include the plural and vice versa;
- d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- e) a reference to a clause, attachment or schedule is a reference to a clause of and an attachment and schedule to this Explanatory Memorandum as relevant;
- f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- g) headings and bold type are for convenience only and do not affect the interpretation of this Explanatory Memorandum;
- h) a reference to time is a reference to time in Sydney, Australia;
- i) a reference to writing includes electronic and digital communications; and
- j) a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.



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ABN: 31 120 593 946  
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## Notice of Meeting

### Magellan Global Fund (ARSN 126 366 961)

Magellan Asset Management Limited (ABN 31 120 593 946) (**Magellan**) as responsible entity of the Magellan Global Fund (ARSN 126 366 961) (**Magellan Global Fund**) hereby gives notice that a meeting of the unitholders of Magellan Global Fund will be held as a virtual meeting at:

**Time:** 9.00am (Sydney time)

**Date:** 25 November 2020

In light of government restrictions on meetings in public venues, the meeting will be held by virtual means (via a webcast and live online voting facility). There will not be a physical meeting which Magellan Global Fund Unitholders can attend.

#### 1 Business of the meeting

Capitalised terms used but not defined in this Notice of Meeting have the meaning given in the Explanatory Memorandum accompanying, and forming part of, this Notice of Meeting.

The business to be considered at the meeting is to consider, and if thought fit, to pass the following resolutions of members of the Magellan Global Fund (**Magellan Global Fund Unitholder Resolutions**).

#### 2 Resolution 1 – Constitutional Amendment Resolution

To consider, and if thought fit, to pass the following resolution as a special resolution of the members of Magellan Global Fund:

*“That, subject to and conditional on the passing of Resolution 2 and the passing of the MGG Trust Scheme Resolutions and the MGE Trust Scheme Resolutions, as each described in this Notice of Meeting and Explanatory Memorandum:*

- a) *the constitution of the Magellan Global Fund be modified as set out in the Supplemental Deed Poll attached as Schedule 4 to the Explanatory Memorandum (**Supplemental Deed Poll**), with effect from the date on which the Supplemental Deed Poll is lodged with the Australian Securities and Investments Commission (**ASIC**) in accordance with section 601GC(2) of the Corporations Act 2001 (Cth); and*
- b) *Magellan as responsible entity of the Magellan Global Fund, be authorised to execute and lodge with ASIC, the Supplemental Deed Poll.”*

#### 3 Resolution 2 – Related Party Resolution

To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the members of Magellan Global Fund:

*“That, subject to and conditional on the passing of Resolution 1 and the passing of the MGG Trust Scheme Resolutions and the MGE Trust Scheme Resolutions, as each described in this Notice of Meeting and Explanatory Memorandum, the Restructure described in the Explanatory Memorandum is approved for the purpose of Part 2E.1 of the Corporations Act 2001 (Cth) (as modified by Part 5C.7 of that Act), and for all other purposes.”*

The nature of the financial benefits being provided to Magellan Global Fund RE and its related parties (being MFG and Magellan) are set out in Section 10.4 of the Explanatory Memorandum.

#### 4 Reasons for the Magellan Global Fund Unitholder Resolutions

The Magellan Global Fund Unitholder Resolutions should be read in conjunction with the Explanatory Memorandum which sets out a detailed explanation of the reasons for the Magellan Global Fund Unitholder Resolutions, which are being proposed in connection with the Restructure.

#### 5 Eligibility to vote

Subject to the voting exclusions outlined below in Section 6, Magellan Global Fund Unitholders registered as holders of Magellan Global Fund Units in Magellan Global Fund as at 7.00pm (Sydney time) on 23 November 2020 will be entitled to participate and vote at the Meeting.

Accordingly, transfers of Magellan Global Fund Units registered after that time will be disregarded in determining entitlements to participate and vote at the Meeting.

# Schedule 1 Notice of Meeting

## 6 Majority required

For the Magellan Global Fund Unitholder Resolutions to be approved:

- a) The **Constitutional Amendment Resolution** must be passed by at least 75% of the total number of votes cast on the relevant resolution by Magellan Global Fund Unitholders entitled to vote on the resolution at the Meeting. For the purposes of the Constitutional Amendment Resolution, in accordance with section 253E of the Corporations Act, Magellan Global Fund RE and its Associates are not entitled to vote their interests if they have an interest in the resolution other than as a member of Magellan Global Fund.
- b) The **Related Party Resolution** must be passed by at least 50% of the total number of votes cast on the resolutions by Magellan Global Fund Unitholders entitled to vote on the resolution at the Meeting. For the purposes of the Related Party Resolution, in accordance with section 253E of the Corporations Act, Magellan Global Fund RE and its Associates are not entitled to vote their interests if they have an interest in the resolution other than as a member of Magellan Global Fund.

Voting will be conducted by poll.

## 7 How to participate in the Meeting online

You can participate in the Meeting online on the day of the meeting by visiting <https://agmlive.link/MGF20> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible.

The online platform will allow Magellan Global Fund Unitholders to participate in the Meeting by being able to view the meeting, vote and ask questions or make comments in real time. Those who are not Magellan Global Fund Unitholders or not attending as a proxy, corporate representative or attorney of a Magellan Global Fund Unitholder, are welcome to connect to the platform or watch the live webcast, but are not able to vote or ask questions.

Please ensure you have your Portfolio Number available (refer to the proxy form or your Notice of Meeting email), and the registered postcode of your holding as you will need to enter these details to access your Voting Card and participate at the meeting. If you are a proxy you will receive a proxy code no later than 24 hours prior to the meeting. A Virtual Meeting Online Guide available at [www.magellanfundrestructure.com.au](http://www.magellanfundrestructure.com.au).

If it becomes necessary to provide updates or instructions in the lead up to the Meeting, details will be made available at [www.magellanfundrestructure.com.au](http://www.magellanfundrestructure.com.au).

## 8 Voting

### 8.1 Voting

The Meeting will be held as a virtual meeting using an online platform which will allow Magellan Global Fund Unitholders to vote, ask questions and participate electronically in real-time, rather than attend the meeting at a physical venue. All Magellan Global Fund Unitholders participating virtually will be deemed to be present at the meeting. You may vote by participating in the Meeting in this way.

Unitholders of Magellan Global Fund entitled to participate and vote at the virtual Meeting may vote:

- a) by direct voting online during the Meeting;
- b) by appointing a proxy to participate in the Meeting and vote on their behalf in accordance with Section 8.2;
- c) by appointing an attorney to participate in the Meeting and vote on their behalf in accordance with Section 8.3; or
- d) by appointing a corporate representative to participate in the Meeting and vote on their behalf in accordance with Section 8.4.

If it becomes necessary to make further alternative arrangements for the Meeting, Magellan Global Fund Unitholders will be provided with as much notice as possible.

# Schedule 1 Notice of Meeting

## 8.2 Voting by proxy

- a) Each Magellan Global Fund Unitholder entitled to participate and vote has a right to appoint a proxy, and you may appoint the Chairman of the Meeting as your proxy.
- b) If a Magellan Global Fund Unitholder appoints two proxies, the Magellan Global Fund Unitholder may specify the proportion or number of votes each proxy holder is entitled to exercise. Where two proxies are appointed and the appointment does not specify the proportion or number of the Magellan Global Fund Unitholder's votes, each proxy may exercise half of the votes.
- c) A proxy need not be a Magellan Global Fund Unitholder.
- d) The Proxy Form, which accompanies this Notice of Meeting, includes instructions on how to vote and appoint a proxy.
- e) The Chairman intends to vote all undirected proxies in favour of the Magellan Global Fund Unitholder Resolutions.
- f) In order to be valid, online proxy voting or the completed Proxy Form should be submitted and received no later than 9.00am (Sydney Time) on Monday, 23 November 2020 using one of the following methods:

**Vote** Online at: <https://mgfvote.mainstreamfs.com/>

**Mail** the Proxy Form to:

Magellan Global Fund  
c/- Mainstream Fund Services – Unit Registry  
GPO Box 143, Sydney, NSW, 2001, Australia

**Fax** the Proxy Form to: +61 2 9247 2822

**Deliver** the Proxy Form to:

Mainstream Fund Services – Unit Registry  
Level 1, 51-57 Pitt Street, Sydney, NSW, 2000  
during business hours (Monday to Friday, 9.00am to 5.00pm)

- g) **Power of Attorney:** to sign the Proxy Form under power of attorney you must lodge the power of attorney with the Unit Registry, Mainstream Fund Services. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to your Proxy Form when you return it.
- h) **Companies:** where the company has a sole director who is also the sole company secretary, the Proxy Form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone.
- i) Otherwise the Proxy Form must be signed by a director with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

## 8.3 Voting by attorney

You may appoint an attorney to participate and vote at the Meeting on your behalf. Such an appointment must be made by a duly executed power of attorney, which must be received by the Unit Registry by 9.00am (Sydney Time), 23 November 2020 unless it has been previously provided to the Unit Registry.

## 8.4 Voting by corporate representative

- a) Magellan Global Fund Unitholders who are bodies corporate may have a corporate representative attend and vote at the Meeting on their behalf. The appointment must comply with section 253B of the Corporations Act. Persons participating in the Meeting as a corporate representative should provide to the Unit Registry evidence of their appointment, including any authority under which the document appointing them as corporate representative was signed.
- b) If a representative of the corporation is to participate in the Meeting the appropriate "Appointment of Corporate Representative" should be received by the Unit Registry prior to the Meeting. A form may be obtained from the Unit Registry, Mainstream Fund Services. If such evidence is not received, then the representative will not be permitted to act as a representative at the Meeting.

By order of the Board of Magellan Asset Management Limited as responsible entity of Magellan Global Fund.



**Company Secretary**

Magellan Asset Management Limited

21 October 2020

## LONERGAN EDWARDS & ASSOCIATES LIMITED

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The Directors  
Magellan Asset Management Limited  
As responsible entity for Magellan Global Fund  
Level 36 MLC Centre  
19-29 Martin Place  
Sydney NSW 2000

13 October 2020

### **Subject: Proposed Restructure**

Dear Directors

### **Introduction**

- 1 On 3 August 2020, Magellan Asset Management Limited (Magellan) announced a proposed series of transactions which will have the effect of consolidating its three existing global equities retail funds, being the (unlisted, open ended) Magellan Global Fund (MGF), the (listed, open ended) Magellan Global Equities Fund (MGE) and the (listed, closed ended) Magellan Global Trust (MGG) into a single trust (Proposed Restructure). Should the Proposed Restructure be implemented, the three funds will be consolidated into a single fund (MGF) with two unit classes (an Open Class and a Closed Class). It is intended that both classes of the merged trust be quoted on the Australian Securities Exchange (ASX).
- 2 In order to implement the component of the Proposed Restructure as it relates to existing unitholders in MGF, amendments to the current constitution of MGF (Constitution) are proposed to facilitate the issue of a new class of units, the Closed Class, and to amend the terms of the existing open ended unit class, the Open Class, in order for both unit classes to be quoted on the ASX.
- 3 Conditional on approval of these amendments to its Constitution, it is proposed that MGF will acquire all of the existing units in MGE and MGG on a net asset value (NAV) for net asset value basis. Magellan (as responsible entity (RE) for MGF) has entered into two separate Scheme Implementation Deeds with Magellan (as responsible entity for MGG and MGE respectively) which outline the terms and conditions of the proposed acquisitions (the Agreements). The acquisitions are to be implemented via two separate trust schemes of arrangement between MGE and its unitholders (MGE Unitholders) (MGE Scheme) and MGG and its unitholders (MGG Unitholders) (MGG Scheme) (together, the Schemes) and are subject to a number of conditions precedent.

#### **Authorised Representatives:**

Wayne Lonergan • Craig Edwards\* • Hung Chu • Martin Hall • Martin Holt\* • Grant Kepler\* • Julie Planinic\* • Nathan Toscan • Jorge Resende

\* Members of Chartered Accountants Australia and New Zealand and holders of Certificate of Public Practice.  
*Liability limited by a scheme approved under Professional Standards Legislation*

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## Schedule 2 Independent Expert's Report



- 4 If the MGE Scheme is approved and implemented, MGE Unitholders will be offered Open Class units in MGF in exchange for the existing open class MGE units (Existing MGE Units) they hold on the MGE Scheme Record Date<sup>1</sup>, such that they receive both the same class and same underlying NAV of units in MGF as they hold in Existing MGE Units on the MGE Scheme effective date (MGE Scheme Consideration).
- 5 If the MGG Scheme is approved and implemented, MGG Unitholders will be offered new Closed Class units in MGF in exchange for the existing MGG closed class units (Existing MGG Units) they hold on the MGG Scheme Record Date<sup>2</sup>, such that they receive the same number and underlying NAV of units in MGF as they hold in Existing MGG Units on the MGG Scheme effective date (MGG Scheme Consideration).
- 6 Existing unitholders in MGF will continue to hold their existing units, the Open Class units, following implementation of the Schemes.
- 7 Should the Proposed Restructure be approved and implemented<sup>3</sup>, Magellan (as RE for MGF) intends to provide the following additional benefits to eligible unitholders in the enlarged MGF:
  - (a) offer all unitholders (both Open Class and Closed Class) the ability to subscribe for new Closed Class units, and an option for each new Closed Class unit issued (the MGF Partnership Offer)
  - (b) issue bonus options to holders of Closed Class units on the basis of one bonus option for every two Closed Class units held (the Bonus MGF Option issue)<sup>4</sup>.
- 8 The MGF Partnership Offer will entitle eligible MGF unitholders to subscribe for \$1 of new Closed Class units for every \$4 of MGF units held based on their unit balance at the calculation date<sup>5</sup>, capped at the balance of their unitholding at the implementation date of the Schemes. The subscription price for the new Closed Class MGF units will be the NAV per Closed Class unit on the business day immediately prior to their allotment. Successful applicants will also receive a benefit in the form of additional Closed Class units worth 7.5% of the amount subscribed<sup>6</sup>.

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<sup>1</sup> The MGE Scheme Record Date is presently expected to be 7:00pm on the second business day after the MGE Scheme becomes effective.

<sup>2</sup> The MGG Scheme Record Date is presently expected to be 7:00pm on the second business day after the MGG Scheme becomes effective.

<sup>3</sup> In addition to approval from MGF Unitholders, the Proposed Restructure also requires the approval of MGE and MGG unitholders.

<sup>4</sup> The Bonus MGF Option issue will be for the benefit of MGF Closed Class unitholders only. Existing MGF and MGE Open Class unitholders will not be eligible for the Bonus MGF Option issue.

<sup>5</sup> Expected to be determined in January 2021.

<sup>6</sup> Magellan's parent company, Magellan Financial Group Limited (MFG), will pay into MGF an amount equal to the cost of these additional units to minimise NAV per unit dilution.



- 9 Each option issued will be exercisable into a Closed Class unit in MGF, with the exercise price set at a 7.5% discount to the prevailing NAV per unit at the time of exercise<sup>7</sup>. The options will have a three year term and be exercisable daily, subject to an initial holding period. It is intended that all options be quoted on the ASX.

### **Purpose of report**

- 10 While there is no regulatory requirement for MGF to obtain an independent expert's report (IER), the Directors of Magellan have requested that Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in LEA's opinion, the Proposed Restructure is in the best interests of existing MGF unitholders.
- 11 Further, the Schemes as proposed are subject to a number of conditions precedent, including an independent expert concluding that the Proposed Restructure is in the best interests of existing MGF unitholders.
- 12 Accordingly, the Magellan Directors have requested LEA to prepare an IER stating whether, in our opinion, the Proposed Restructure is in the best interests of existing MGF unitholders and the reasons for that opinion.
- 13 LEA is independent of MGF, MGG and MGE (and MFG) and has no other involvement or interest in the Proposed Restructure.

### **Summary of opinion**

- 14 In our opinion, the Proposed Restructure is in the best interests of existing MGF unitholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

### **Assessment of the Proposed Restructure**

- 15 There is no legal definition of the expression "in the best interests". However, Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) states that a proposal may be "*in the best interests of the members of the company*" if there are sufficient reasons for security holders to vote in favour of the proposal.
- 16 In our opinion, in the circumstances, the Proposed Restructure will be in the best interests of the existing unitholders of MGF if the advantages of the Proposed Restructure outweigh the disadvantages from the perspective of the unitholders taken as a whole. In reaching our view in this regard, we have compared (in particular) the position of MGF unitholders both before and after the Proposed Restructure.
- 17 We summarise below the likely advantages and disadvantages of the Proposed Restructure for existing MGF unitholders.

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<sup>7</sup> MFG will also pay into MGF an amount equal to the 7.5% discount to minimise NAV per unit dilution.



## Advantages

- 18 The Proposed Restructure has the following advantages for MGF Open Class unitholders:
- (a) pursuant to the Proposed Restructure, Open Class unitholders in MGF will have enhanced liquidity as regards their investment in the fund, due to the advised intention of Magellan (as RE of MGF) to seek approval to list Open Class MGF units on the ASX
  - (b) MGF Open Class unitholders will be eligible to participate in the MGF Partnership Offer and should they choose to do so, they will receive a significant financial advantage in the form of both additional Closed Class units in MGF (above the number of units subscribed for), together with options (which will be quoted on the ASX and exercisable at a discount). This financial advantage will be in the form of:
    - (i) an immediate increase in the value of a unitholder's investment (based on NAV) of 7.5% of the amount subscribed
    - (ii) an increase of 7.5% in the annual distributions to unitholders on the amount subscribed (noting that this is a "mirror image" of the higher NAV)
    - (iii) three year options offering a further benefit of some 7.5% on further capital able to be subscribed (pursuant to the MGF Partnership Offer)
  - (c) the MGF Partnership Offer of Closed Units will provide permanent unitholder capital without diluting unitholder's equity
  - (d) post the Proposed Restructure some MGF Open Class unitholders can be expected to arbitrage any price gap that may emerge between Open Class and Closed Class units
  - (e) there will be no associated cost attributable to these financial benefits as the costs of the Scheme, together with the costs of the Proposed Restructure generally, and the costs of the MGF Partnership Offer including the costs of the additional units and options, are to be borne by MFG (the parent company of Magellan, the RE of MGF).

## Disadvantages

- 19 As a result of the significant increase in the number of units on issue, the relative voting power of existing MGF Open Class unitholders will reduce. However, in the circumstances of the Scheme, we do not consider this to represent a material disadvantage. Accordingly, in our opinion, there are no material disadvantages that will accrue to existing MGF Open Class unitholders pursuant to implementation of the Scheme.

## Conclusion

- 20 Given the above analysis, we consider the Proposed Restructure to be in the best interests of existing MGF unitholders in the absence of a superior proposal (which in our view is unlikely).

## General

- 21 In preparing this report we have considered the interests of existing unitholders in MGF taken as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual unitholders.

## Schedule 2 Independent Expert's Report



- 22 The impact of approving the Proposed Restructure on the tax position of existing MGF unitholders depends on the individual circumstances of each investor. Existing MGF unitholders should read the Explanatory Memorandum and consult their own professional advisers if in doubt as to the taxation consequences of the Proposed Restructure.
- 23 The ultimate decision whether to approve the Proposed Restructure should be based on each existing unitholder's assessment of their own circumstances. If existing unitholders are in doubt about the action they should take in relation to the Proposed Restructure or matters dealt with in this report, unitholders should seek independent professional advice. For our full opinion on the Proposed Restructure and the reasoning behind our opinion, we recommend that existing unitholders read the remainder of our report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Wayne Lonergan'.

Wayne Lonergan  
Authorised Representative

A handwritten signature in black ink, appearing to read 'Martin Holt'.

Martin Holt  
Authorised Representative

# Schedule 2 Independent Expert's Report



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## I Key terms of the Proposed Restructure

### Terms

- 24 On 3 August 2020, Magellan Asset Management Limited (Magellan) announced a proposed series of transactions which will have the effect of consolidating its three existing global equities retail funds, being the (unlisted, open ended) Magellan Global Fund (MGF), the (listed, open ended) Magellan Global Equities Fund (MGE) and the (listed, closed ended) Magellan Global Trust (MGG) into a single trust (Proposed Restructure). Should the Proposed Restructure be implemented, the three funds will be consolidated into a single fund (MGF) with two unit classes (an Open Class and a Closed Class). It is intended that both classes of the merged trust be quoted on the ASX.
- 25 In order to implement the component of the Proposed Restructure as it relates to existing unitholders in MGF, amendments to the current Constitution of MGF are proposed to facilitate the issue of a new class of units, the Closed Class, and to amend the terms of the existing open ended unit class, the Open Class, in order for both unit classes to be quoted on the ASX.
- 26 Conditional on approval of these amendments to its Constitution, it is proposed that MGF will acquire all of the existing units in MGE and MGG on a NAV for NAV basis. Magellan (as RE for MGF) has entered into two separate Scheme Implementation Deeds with Magellan (as RE for MGG and MGE respectively) which outline the terms and conditions of the proposed acquisitions (the Agreements). The acquisitions are to be implemented via two separate trust schemes of arrangement between MGE and its unitholders (MGE Unitholders) (MGE Scheme) and MGG and its unitholders (MGG Unitholders) (MGG Scheme) (together, the Schemes) and are subject to a number of conditions precedent.
- 27 If the MGE Scheme is approved and implemented, MGE Unitholders will be offered Open Class units in MGF in exchange for the existing open class MGE units (Existing MGE Units) they hold on the MGE Scheme Record Date<sup>8</sup>, such that they receive both the same class and same underlying NAV of units in MGF as they hold in Existing MGE Units on the MGE Scheme effective date (MGE Scheme Consideration).
- 28 If the MGG Scheme is approved and implemented, MGG Unitholders will be offered new Closed Class units in MGF in exchange for the existing MGG closed class units (Existing MGG Units) they hold on the MGG Scheme Record Date<sup>9</sup>, such that they receive the same number and underlying NAV of units in MGF as they hold in Existing MGG Units on the MGG Scheme effective date (MGG Scheme Consideration).
- 29 Existing unitholders in MGF will continue to hold their existing units, the Open Class units, following implementation of the Schemes.

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<sup>8</sup> The MGE Scheme Record Date is presently expected to be 7:00pm on the second business day after the MGE Scheme becomes effective.

<sup>9</sup> The MGG Scheme Record Date is presently expected to be 7:00pm on the second business day after the MGG Scheme becomes effective.

## Schedule 2 Independent Expert's Report



- 30 Should the Proposed Restructure be approved and implemented<sup>10</sup>, Magellan (as RE for MGF) intends to provide the following additional benefits to eligible unitholders in the enlarged MGF:
- (a) offer all unitholders (both Open Class and Closed Class) the ability to subscribe for new Closed Class units, and an option for each new Closed Class unit issued (the MGF Partnership Offer)
  - (b) issue bonus options to holders of Closed Class units on the basis of one bonus option for every two Closed Class units held (the Bonus MGF Option issue)<sup>11</sup>.
- 31 The MGF Partnership Offer will entitle eligible MGF unitholders to subscribe for \$1 of new Closed Class units for every \$4 of MGF units held based on their unit balance at the calculation date<sup>12</sup>, capped at the balance of their unitholding at the implementation date of the Schemes. The subscription price for the new Closed Class MGF units will be the NAV per Closed Class unit on the business day immediately prior to their allotment. Successful applicants will also receive a benefit in the form of additional Closed Class units worth 7.5% of the amount subscribed<sup>13</sup>.
- 32 Each option issued will be exercisable into a Closed Class unit in MGF, with the exercise price set at a 7.5% discount to the prevailing NAV per unit at the time of exercise<sup>14</sup>. The options will have a three year term and be exercisable daily, subject to an initial holding period. It is intended that all options be quoted on the ASX.

### Conditions

- 33 The Proposed Restructure (as it relates to MGF) is subject to the satisfaction of a number of conditions precedent, including:
- (a) respective regulatory approvals from ASIC and the ASX
  - (b) MGF unitholder approval of the transaction resolutions
  - (c) respective MGE and MGG unitholder approval by the requisite majorities at the relevant Scheme meetings
  - (d) judicial advice from the Court relating to the MGF unitholder resolutions
  - (e) an independent expert issues a report which concludes that the Proposed Restructure is in the best interests of existing MGF unitholders
  - (f) ASX approves the admission of MGF to the official list of ASX and the official quotation of the Closed Class units
  - (g) ASX approves the admission to Trading Status of the MGF Open Class units.

<sup>10</sup> In addition to approval from MGF Unitholders, the Proposed Restructure also requires the approval of MGE and MGG unitholders.

<sup>11</sup> The Bonus MGF Option issue will be for the benefit of MGF Closed Class unitholders only. Existing MGF and MGE Open Class unitholders will not be eligible for the Bonus MGF Option issue.

<sup>12</sup> Expected to be determined in January 2021.

<sup>13</sup> Magellan's parent company, MFG, will pay into MGF an amount equal to the cost of these additional units to minimise NAV per unit dilution.

<sup>14</sup> MFG will also pay into MGF an amount equal to the 7.5% discount to minimise NAV per unit dilution.



### **Resolutions**

- 34 Existing MGF unitholders will be asked to vote on the Proposed Restructure in accordance with the resolutions contained in the Notice of Meeting and Explanatory Memorandum:
- (a) a special resolution (i.e. at least 75% of the votes cast) for the purposes of s601GC(1) of the Corporations Act to approve amendments to MGF's Constitution in order to facilitate the implementation of the Proposed Restructure
  - (b) an ordinary resolution (i.e. majority of votes cast) to approve the Proposed Restructure pursuant to Chapter 2E of the Corporations Act (as modified by Part 5C.7 of the Corporations Act).



## II Scope of our report

### Purpose

- 35 While there is no regulatory requirement for MGF to obtain an IER, the Directors of Magellan have requested that LEA prepare an IER stating whether, in LEA's opinion, the Proposed Restructure is in the best interests of existing MGF unitholders.
- 36 Further, the Schemes as proposed are subject to a number of conditions precedent, including an independent expert concluding that the Proposed Restructure is in the best interests of existing MGF unitholders.
- 37 Accordingly, the Magellan Directors have requested LEA to prepare an IER stating whether, in our opinion, the Proposed Restructure is in the best interests of existing MGF unitholders and the reasons for that opinion.
- 38 This report has been prepared to assist the Magellan Directors in making their recommendation to MGF unitholders in relation to the Proposed Restructure and to assist the unitholders of MGF assess the merits of the Proposed Restructure. The sole purpose of this report is to set out LEA's opinion as to whether the Proposed Restructure is in the best interests of existing MGF unitholders. This report should not be used for any other purpose.
- 39 The ultimate decision whether to approve the Proposed Restructure should be based on each unitholder's assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Restructure or matters dealt with in this report, unitholders should seek independent professional advice.

### Basis of assessment

- 40 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111, which outlines the approaches which should be used in IERs when opining on public company transactions.
- 41 There is no legal definition of the expression "in the best interests". However, RG 111 states that a proposal may be "*in the best interests of the members of the company*" if there are sufficient reasons for securityholders to vote in favour of the proposal.
- 42 In our opinion, in the circumstances, the Proposed Restructure will be in the best interests of the existing unitholders of MGF if the advantages of the Proposed Restructure outweigh the disadvantages from the perspective of the unitholders taken as a whole. In reaching our view in this regard, we have compared (in particular) the position of MGF unitholders both before and after the Proposed Restructure.

### Limitations and reliance on information

- 43 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 44 Our report is also based upon financial and other information in respect of MGF provided by Magellan and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to

## Schedule 2 Independent Expert's Report



International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

- 45 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Proposed Restructure from the perspective of existing MGF securityholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 46 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transactions, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion. This report is a result of a complex assessment process that does not lend itself to a partial analysis or summary.
- 47 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 48 In forming our opinion, we have also assumed that the information set out in the Explanatory Memorandum is complete, accurate and fairly presented in all material respects.



## III Profile of Magellan Global Fund (MGF)

### Overview

49 MGF is an unlisted fund for which Magellan acts as both RE and investment manager. It is a specialised and focused long-only global equities fund that invests in an unconstrained, concentrated portfolio of high-quality companies. The units issued by MGF are open ended units<sup>15</sup>. MGF was launched on 1 July 2007 and is available to both retail and institutional investors, with a minimum initial investment requirement of A\$10,000.

### Fund overview

50 MGF is a unit trust registered as a managed investment scheme under the Corporations Act. MGF's RE, Magellan, is a wholly owned subsidiary of MFG, an ASX listed entity. Hamish Douglass (Chairman and Chief Investment Officer of MFG) is the portfolio manager responsible for the investment decisions of MGF. A brief overview of MGF is as follows:

#### MGF – fund overview

Portfolio manager	Hamish Douglass
Structure	Global equity fund, AUD unhedged
Inception date	1 July 2007
Management fee	1.35% per annum
Buy / sell spread <sup>(1)</sup>	0.07% / 0.07%
Fund size <sup>(2)</sup>	A\$11.6 billion
Distribution frequency	Annually at 30 June
Performance fee	10% of excess return of the units of MGF above the higher of the Index Relative Hurdle and the Absolute Return Hurdle. Additionally, the performance fees are subject to a high water mark

#### Note:

- 1 Buy and sell spreads refer to the transaction costs to enter and exit MGF.
- 2 Fund size as at 30 June 2020.

### Fee structure

51 As indicated above, MGF pays both management fees and performance fees to Magellan<sup>16</sup>:

- (a) **management fees** – 1.35% per annum (inclusive of the estimated net effect of goods and services tax (GST) less any reduced input tax credits), which is calculated monthly based on the underlying NAV, with an estimate accrued daily. The management fees cover all fees, costs, charges, expenses and outgoings that are incurred, such as administration and accounting costs, audit and tax fees, and investor reporting expenses. Management fees are paid monthly in arrears, however an estimate is accrued daily and allowed for in the NAV per unit calculation
- (b) **performance fees** – Magellan may be entitled to a performance fee of 10% (inclusive of the estimated net effect of GST less any reduced input tax credits) of the excess return of MGF above the higher of the Index Relative Hurdle (MSCI World Net Total

<sup>15</sup> An open-ended product is one where new units can be created in the fund as investors buy in or units can be cancelled when investors exit the fund. Liquidity is provided by the fund. The entry and exit prices of a unit is based on the NAV of the fund.

<sup>16</sup> These fees may be individually negotiated for wholesale clients.

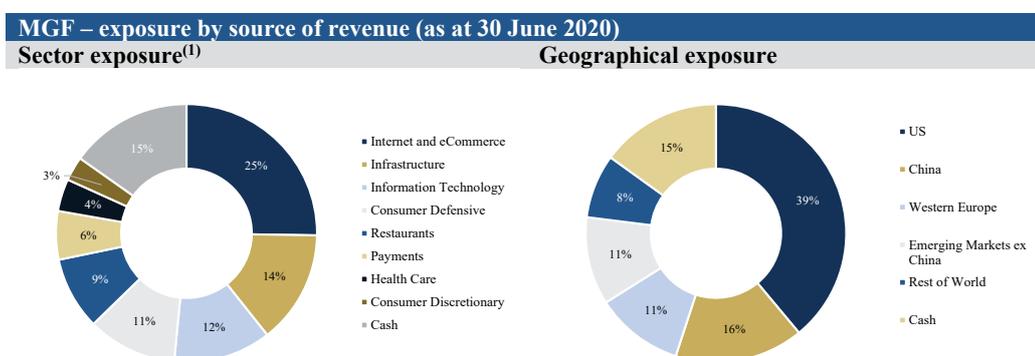
# Schedule 2 Independent Expert's Report



Return Index (AUD)), and the Absolute Return Hurdle (the yield of 10-year Australian Government bonds) over each six month period ending 31 December and 30 June each year. Performance fees are accrued daily in the NAV calculation and are paid subject to the achievement of performance hurdles (and the high water mark) for the relevant period.

## Investment portfolio

- 52 MGF's portfolio typically comprises 20 to 40 investments, including equity securities held across a number of sectors and regions globally, as indicated in the table below:



**Note:**

1 Exposures may not total 100% due to rounding.

## Top 10 holdings

- 53 As at 30 June 2020, MGF's portfolio included 21 companies, with the top 10 investments representing 54.2% of the fund, as shown in the table below:

**MGF – top 10 investments (as at 30 June 2020)**

Company	Sector	% holding
Microsoft Corp	Information Technology	8.1
Tencent Holdings Ltd	Internet & eCommerce	6.7
Alibaba Group Holding Ltd	Internet & eCommerce	6.6
Alphabet Inc	Internet & eCommerce	6.0
Facebook Inc-A	Internet & eCommerce	5.7
Reckitt Benckiser Group	Consumer Defensive	4.7
Starbucks Corp	Restaurants	4.3
Novartis AG	Health Care	4.2
Crown Castle International	Communications	4.0
SAP SE	Information Technology	3.9
<b>Total</b>		<b>54.2</b>

## Strategy

### Investment objectives

- 54 MGF's investment objectives are to provide attractive risk-adjusted returns of 9% per annum over the medium to long term, whilst reducing the risk of permanent capital loss. Magellan aims to achieve these objectives by investing in a portfolio of high quality global companies that provide potential for capital growth over the medium to long term.



## Investment strategy

- 55 Magellan invests in a focused portfolio of high quality global companies, which are distinguished as having a competitive advantage that can be sustainably exploited in order to earn returns on capital that are in excess of the company's cost of capital. Magellan undertakes extensive fundamental company analysis and seeks to purchase investments when they are trading at a discount to their assessed intrinsic value.
- 56 Magellan also undertakes detailed macroeconomic analysis in order to take advantage of mis-pricing of economic cycles to manage investment risk. Magellan is able to invest up to 20% of MGF's gross assets in cash and cash equivalents and borrow up to 5% of MGF's gross assets.
- 57 MGF's investment strategy is benchmark agnostic, as it aims to achieve attractive absolute returns, rather than benchmark-relative returns, and has few similarities to market benchmarks or share market indices. Notwithstanding this, Magellan's performance fee is calculated with reference to benchmark indices.

## Investment process

- 58 Magellan's investment process integrates three key disciplines:
- (a) **intensive bottom-up stock analysis and industry research** – through in-depth, proprietary company research, seeking to identify sustainable competitive advantages that enable businesses to generate excess returns on capital and predictable cash flow streams. This information is then used to identify stock valuation anomalies. Company research includes an assessment of a company's inherent quality based on the following specific key quality criteria:



- (b) **broad and detailed macroeconomic insight** – Magellan also undertakes proprietary macroeconomic research in order to identify and manage risks and opportunities presented by the macroeconomic environment which can be applied in most market conditions to protect the portfolio from external shocks



- (c) **rigorous portfolio construction and risk discipline** – Magellan utilises portfolio construction and formal risk control processes to provide downside protection in falling markets, whilst also providing the flexibility to participate in varying stages of the market cycle.

### Permitted investments

- 59 Whilst MGF predominantly invests in global listed securities, it is permitted to invest in a wide variety of assets, including but not limited to the following:
- (a) securities quoted (or soon to be quoted) on a global securities exchange (including the ASX)
  - (b) specialised investment trusts and other pooled investment vehicles
  - (c) unlisted securities
  - (d) options to purchase or sell any investment which is a permitted investment
  - (e) discounted or purchased bills of exchange, promissory notes or other negotiable instruments accepted, drawn or endorsed by any bank or any corporation
  - (f) convertible notes or preference shares
  - (g) equity swaps; and
  - (h) foreign exchange contracts.

### Investment parameters

- 60 The key investment parameters for the construction of MGF's portfolio are based on the following principles:

MGF – key investment parameters	
Exposure	Guidelines
Number of companies	Typically 20 to 40 companies
Asset classes and allocation ranges	Securities – 80% to 100% Cash and cash equivalents – 0% to 20%
Geographical	MGF invests in securities on global securities exchanges
Currency hedging	MGF's foreign currency exposures arising from investment in overseas markets are unhedged
Borrowing policy	MGF may borrow against all or part of the portfolio, provided that, at the time, aggregated borrowings do not exceed 5% of MGF's gross asset value

### Fund performance

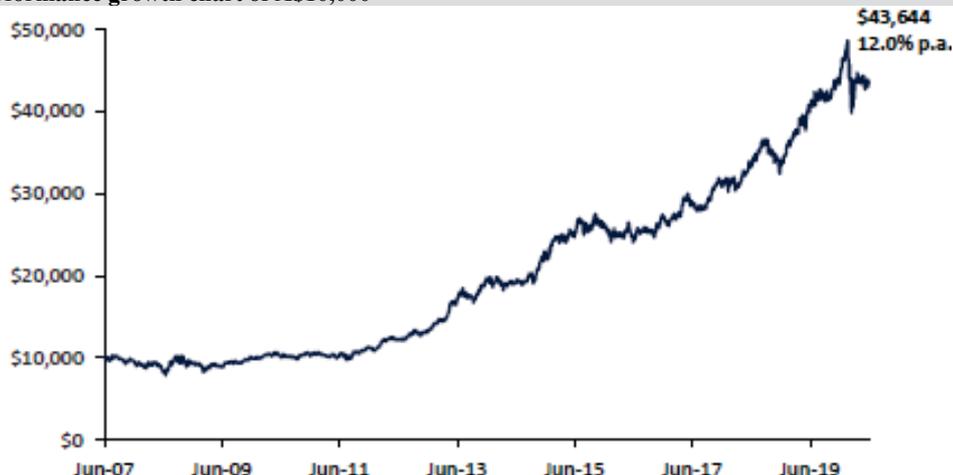
- 61 As at 30 June 2020, MGF had returned an average of 12% per annum since inception, as indicated in the chart below:

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## MGF – fund performance

### Performance growth chart of A\$10,000



**Note:**

1 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).

62 MGF's performance to 30 June 2020 in comparison to the MSCI World Net Total Return Index (AUD) is as follows:

## MGF – fund performance

	Fund <sup>(1)</sup> %	Index <sup>(2)</sup> %	Excess / (deficiency) %
1 month	(1.6)	(1.0)	(0.6)
3 months	1.9	6.1	(4.2)
6 months	0.7	(3.8)	4.5
1 year	9.0	4.8	4.2
3 years (% per annum)	15.3	10.6	4.7
5 years (% per annum)	12.0	9.3	2.7
7 years (% per annum)	14.3	12.9	1.4
10 years (% per annum)	15.8	12.2	3.6
Since inception (% per annum)	12.0	6.3	5.7

**Note:**

1 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).

2 MSCI World Net Total Return Index (AUD).

## Financial performance

63 The financial performance for MGF for the three years ended 30 June 2020 (FY20) is set out below:

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<b>MGF – statement of financial performance<sup>(1)</sup></b>			
	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Total net investment income	136.3	142.5	157.4
Dividend and distribution income	11.7	31.7	8.9
Net change in fair value of investments	1,431.2	1,785.1	1,115.1
Net gains / (losses) on foreign exchange settlements, derivatives contracts and cash	61.2	93.0	(128.9)
Other income	0.4	0.3	0.0
<b>Total net investment income</b>	<b>1,640.7</b>	<b>2,052.5</b>	<b>1,152.6</b>
Management fees	(128.1)	(137.0)	(159.8)
Performance fees	(18.9)	(14.1)	(3.1)
Brokerage costs	(0.6)	(0.5)	(0.9)
Withholding tax on dividends	(19.8)	(20.6)	(22.4)
<b>Total expenses</b>	<b>(167.4)</b>	<b>(172.2)</b>	<b>(186.2)</b>
<b>Profit for the year</b>	<b>1,473.3</b>	<b>1,880.3</b>	<b>966.4</b>
<i>Return after fees</i>	<i>16.9%</i>	<i>20.2%</i>	<i>9.0%</i>
<i>Distributions paid and payable per unit (cents)</i>	<i>16.1</i>	<i>11.8</i>	<i>10.5</i>

**Note:**

1 Rounding differences exist.

- 64 Regarding MGF's FY19 financial performance and outlook, MGF's Annual Fund Review 2019 stated the following:

***“Performance***

*Global stocks rose in the 12 months to June 2019 after companies posted higher-than-expected earnings, the US economy expanded briskly without generating inflation, the Federal Reserve indicated it would stop, and possibly reverse, its gradual tightening of US monetary policy, and the European Central Bank said it would ‘use all the instruments that are in the toolbox’ to help the eurozone’s weak economy. Gains were capped by concerns global growth might slow, driven by China-US tensions and rising political uncertainty in Europe.*

*The portfolio recorded a return after fees of 20.2% for the 12 months, while the hedged version’s return after fees was 13.8%. The stocks that performed best included the investments in Starbucks (+3.7% of the total portfolio return), Microsoft (+2.5%), Visa (+2.0%), Yum! Brands (+1.7%), Mastercard (+1.6%) and HCA Healthcare (+1.5%)...*

*The only stocks to detract from performance to any extent were Kraft Heinz (-2.8%) and Wells Fargo (-0.2%)...*

***Outlook***

*Equity prices rose in the June quarter even though risks remain elevated.*

*While the likelihood of a deal between China and the US plummeted in May, an agreement to restart talks following the G20 meeting in June raised hopes that the two sides would ultimately settle their differences. This buoyed equity prices, as did central banks signalling*



*their willingness to loosen monetary policy in order to counter risks to growth. But the risk persists that protracted China-US negotiations could undermine global growth so much the deterioration would not be offset by a deal or easier central bank settings...*

*Notwithstanding the risks confronting equities, we reduced the cash position in the strategy from 18% to 8% over the 12 months, allocating that cash primarily to 'defensive' stocks. This reflects our decision to adopt a lower-than-historical interest rate in our valuation models and our view that the probability of the third scenario occurring has fallen over the past six months."*

- 65 Regarding MGF's FY20 financial performance and outlook, MGF's Annual Fund Review 2020 stated the following:

***"Performance***

*Global stocks rose in the 12 months to June 2020 after huge fiscal and monetary stimulus offset the damage from the coronavirus to economic activity, company profits and investor confidence. Over the last three months of 2019-2020, stocks recovered from postvirus lows after an ebbing in infection rates in developed countries allowed governments to ease restrictions on everyday life, even though the economic hit from the virus was so stark that the US entered its first recession in nearly 11 years.*

*The portfolio recorded a return after fees of 9.0% for the 12 months, while the hedged version's return after fees was 4.5%. The stocks that performed best included the investments in Microsoft (+3.3% of the total portfolio return), Alphabet (+1.9%) and Apple (+1.6%)...*

*The stocks that detracted from performance included the investments in Yum! Brands (-0.9%) and Anheuser-Busch InBev (-0.9%)...*

***Outlook***

*The outlooks for the economy and equity markets remain uncertain. Key will be the pace of economic reopening and policymaker responses. We continue to see four scenarios.*

*The best scenario is a V-shaped recovery; a fleeting recession. This would require a quick and successful reopening supported by policymakers, with most furloughed workers returning to their pre-pandemic hours. This scenario still appears relatively unlikely.*

*The worst scenario is a depression, where reopening is very slow and there is a policy error, hurting employment and output. This would be the worst outcome for markets but also appears relatively unlikely.*

*The two middle scenarios are a U-shaped recovery from a recession and a prolonged and deep recession. The downturn that occurred after the global financial recession lay between these two scenarios. It is still challenging to definitively predict if the current downturn will be more or less severe than the recession of 2008-2009.*

*Due to our cautious economic outlook and the risks confronting equities, we raised the cash position in the strategy from 8% to 15% over the 12 months."*

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## Financial position

66 The financial position of MGF as at 30 June 2019 and 30 June 2020 is set out below:

<b>MGF – statement of financial position<sup>(1)</sup></b>		
	<b>30 Jun 19</b>	<b>30 Jun 20</b>
	<b>\$m</b>	<b>\$m</b>
Cash and cash equivalents	899.2	1,777.1
Receivables	15.1	21.6
Investments	10,310.8	9,824.9
<b>Total assets</b>	<b>11,225.1</b>	<b>11,623.7</b>
Distributions payable	521.6	463.8
Payables	44.9	26.7
<b>Total liabilities</b>	<b>566.5</b>	<b>490.5</b>
<b>Net assets</b>	<b>10,658.7</b>	<b>11,133.2</b>
<i>Units on issue (million)</i>	<i>4,423.6</i>	<i>4,417.3</i>
<i>NAV per unit (\$)<sup>(2)</sup></i>	<i>2.41</i>	<i>2.52</i>

**Note:**

- 1 Rounding differences exist.
- 2 The NAV per unit represents the net assets presented in the statement of financial position at 30 June divided by the number of units on issue at 30 June each year.

## Cash and cash equivalents

67 Cash and cash equivalents comprises cash at bank and short-term highly liquid investments that are readily convertible to cash. Cash at bank is denominated in various currencies with the primary balance held in United States of America (US) dollars (USD).

## Investments

68 Investments comprise globally listed equity securities, a summary of which as at 30 June 2019 and 30 June 2020 is detailed below:

<b>MGF – internationally listed equity securities<sup>(1)(2)</sup></b>		
	<b>30 Jun 19</b>	<b>30 Jun 20</b>
	<b>\$m</b>	<b>\$m</b>
US	8,093.6	7,041.6
Switzerland	844.3	887.8
Hong Kong	-	776.3
United Kingdom (UK)	402.7	540.1
Germany	509.4	450.1
France	235.2	129.1
Belgium	113.8	-
Netherlands	111.9	-
<b>Total equity securities<sup>(3)</sup></b>	<b>10,310.8</b>	<b>9,824.9</b>



**Note:**

- 1 Rounding differences exist
- 2 Shown by domicile of primary stock exchange listing.
- 3 The fair value of equity securities traded in active markets is based on their quoted market prices at balance date with a deduction for estimated future selling costs. The quoted market price is the closing price for the security as quoted on the relevant stock exchange.

## Currency exposure

- 69 MGF has significant foreign currency exposure arising from its investments in foreign securities, which are predominantly domiciled in the US. Magellan does not hedge the foreign currency exposure of MGF arising from investments in global markets. MGF's total net exposure to fluctuations in foreign currency exchange rates as at 30 June 2019 and 30 June 2020 is shown below:

<b>MGF – exposure to foreign currency</b>		
<b>Assets and liabilities denominated in</b>	<b>30 Jun 19 \$m</b>	<b>30 Jun 20 \$m</b>
USD	8,935.4	8,802.0
Swiss francs	852.3	896.5
Hong Kong dollars	-	776.3
Euros	971.4	579.5
British pounds	402.7	540.1

## Distributions payable

- 70 MGF pays an annual distribution for the 12 months to 30 June. A distribution payable is recognised on the balance sheet where the distribution has been declared but remains unpaid as at the balance sheet date.
- 71 On 24 September 2020 Magellan (as RE of MGF) announced a change in distribution policy to reflect an intention to target a rate of distribution of 4% per annum of the underlying NAV to be paid semi-annually in respect of the Open Class units in MGF.

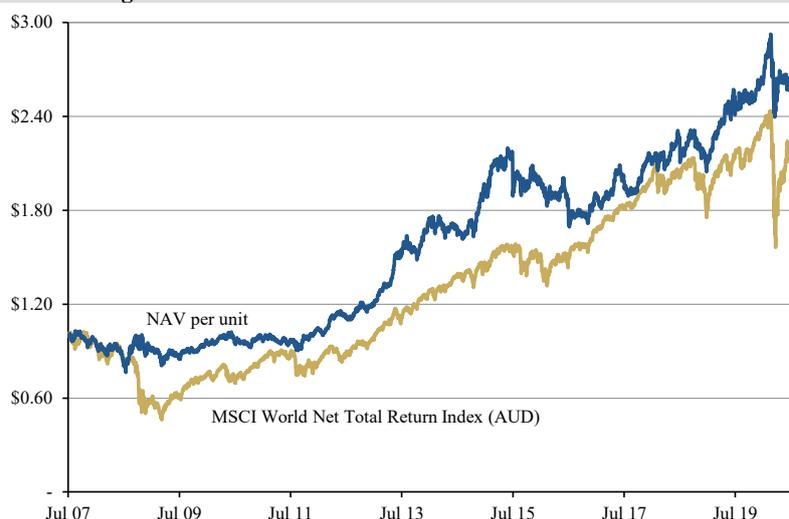
## NAV per unit performance

- 72 MGF's NAV per unit has outperformed the MSCI World Net Total Return Index (AUD) since the fund's inception in July 2007, as shown in the following chart:

# Schedule 2 Independent Expert's Report



## MGF – NAV per unit history<sup>(1)</sup> 1 July 2007 to 31 August 2020



**Note:**

<sup>1</sup> The MSCI World Net Total Return Index (AUD) has been rebased to MGF's issue NAV per unit of \$1.00.

**Source:** Bloomberg and LEA analysis.

## Unit redemptions

- 73 MGF redemptions can be undertaken at any time provided the withdrawal is for at least \$5,000<sup>17</sup>. Unitholders must send a completed withdrawal form or written notice of withdrawal indicating the specified dollar amount to be withdrawn, a specified number of units to be withdrawn, or a full redemption of the unitholder's investment.
- 74 Redemption payments are usually paid into a nominated bank account within seven business days after receipt and acceptance of the withdrawal request. However, during July of each year, or at any other time when MGF is processing a distribution, withdrawal payments may be delayed by up to 15 business days. There may also be other circumstances, such as a freeze on withdrawals or where MGF is illiquid (as defined in the Corporations Act), where the ability to withdraw from MGF is restricted and unitholders may have to wait a period of time before they can withdraw some or all of their investment.

<sup>17</sup> If the withdrawal request results in the remaining investment in MGF falling below \$5,000, the unitholder may be required to withdraw their entire balance.



## IV Profile of Magellan Global Equities Fund (Managed Fund)

### Overview

75 MGE is an open end<sup>18</sup> active exchange traded fund (ETF) for which Magellan acts as both RE and investment manager. It is an actively managed global ETF that invests in a portfolio of between 20 to 40 global stocks. MGE was registered on 24 December 2014 and units commenced trading on the ASX on 5 March 2015. Magellan's parent company, MFG, has a significant investment in MGE, alongside unitholders.

### Fund overview

76 MGE is a unit active ETF which has been registered as a managed investment scheme under the Corporations Act. Magellan, the RE for MGE, is a wholly owned subsidiary of MFG, which is also listed on the ASX. Hamish Douglass (Chairman and Chief Investment Officer of MFG) is the portfolio manager responsible for the investment decisions of MGE. A brief overview of MGE is as follows:

#### MGE – fund overview

Portfolio manager	Hamish Douglass
Structure	ASX-quoted active ETF
Inception date	2 March 2015
Management fee	1.35% per annum
Fund size / NAV price <sup>(1)</sup>	AS\$1.7 billion / \$3.99 per unit
Distribution frequency <sup>(2)</sup>	Annually
Performance fee	10% of excess return of the units of MGE above the higher of the Index Relative Hurdle and the Absolute Return Hurdle. Additionally, the performance fees are subject to a high water mark

#### Note:

- 1 Fund size and NAV price as at 30 June 2020.
- 2 MGE generally pays a cash distribution and offers a distribution reinvestment plan, which allows unitholders to reinvest in MGE at the NAV per unit 10 business days prior to the payment date.

### Fee structure

77 As indicated above, MGE pays both management fees and performance fees to Magellan:

- (a) **management fees** – 1.35% per annum (inclusive of the estimated net effect of GST less any reduced input tax credits), which is calculated daily based on the underlying NAV of MGE on that business day. The management fees cover all fees, costs, charges, expenses and outgoings that are incurred, such as administration and accounting costs, registry fees, audit and tax advice fees, and investor reporting expenses. Management fees are paid monthly in arrears, however an estimate is accrued daily and allowed for in the NAV per unit calculation
- (b) **performance fees** – Magellan may be entitled to a performance fee of 10% (inclusive of the estimated net effect of GST less any reduced input tax credits) of the excess

<sup>18</sup> An open-ended product is one where in addition to investors trading with each other on an exchange, new units can be created in the fund as investors buy in or units can be cancelled when investors exit the fund. Additional liquidity is provided by the fund or an authorised market participant (market maker) buying or selling units directly from investors. The price of the unit or share generally trades in line with the NAV of the fund.

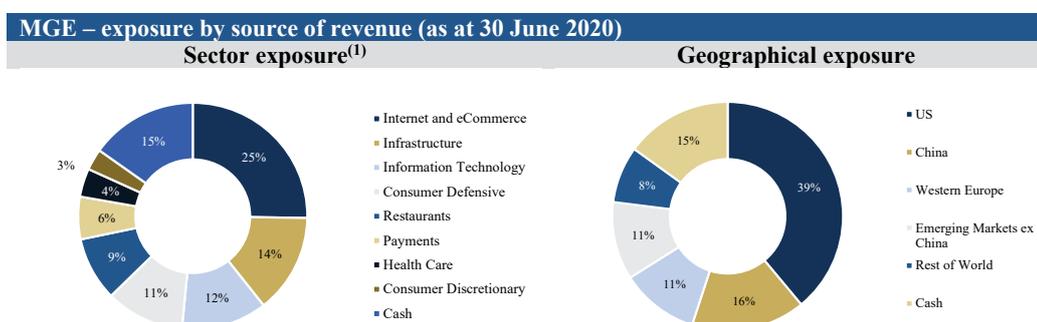
# Schedule 2 Independent Expert's Report



return of MGE above the higher of the Index Relative Hurdle (MSCI World Net Total Return Index (AUD)), and the Absolute Return Hurdle (the yield of 10-year Australian Government bonds) over each six month period ending 30 June and 31 December each year. Performance fees are accrued daily in the NAV and are paid subject to the achievement of performance hurdles (and the high water mark) for the relevant period.

## Investment portfolio

78 MGE's portfolio typically comprises 20 to 40 investments, including equity securities held across a number of sectors and regions globally, as indicated in the table below:



**Note:**

1 Exposures may not total 100% due to rounding.

## Top 10 holdings

79 As at 30 June 2020, MGE's portfolio included 21 companies, with the top 10 investments representing 54.4% of the fund, as shown in the table below:

**MGE – top ten investments (as at 30 June 2020)**

Company	Sector	% holding
Microsoft Corp	Information Technology	8.1
Tencent Holdings Ltd	Internet & eCommerce	6.7
Alibaba Group Holding Ltd	Internet & eCommerce	6.7
Alphabet Inc	Internet & eCommerce	6.0
Facebook Inc-A	Internet & eCommerce	5.8
Reckitt Benckiser Group	Consumer Defensive	4.7
Starbucks Corp	Restaurants	4.3
Novartis AG	Healthcare	4.2
Crown Castle International	Communication	4.0
SAP SE	Information Technology	3.9
<b>Total</b>		<b>54.4</b>

## Strategy

### Investment objectives

80 MGE's investment objectives are to provide attractive risk-adjusted returns of 9% per annum over the medium to long term, whilst reducing the risk of permanent capital loss. Magellan aims to achieve these objectives by investing in a portfolio of high quality global companies that provide potential for capital growth over the medium to long term.



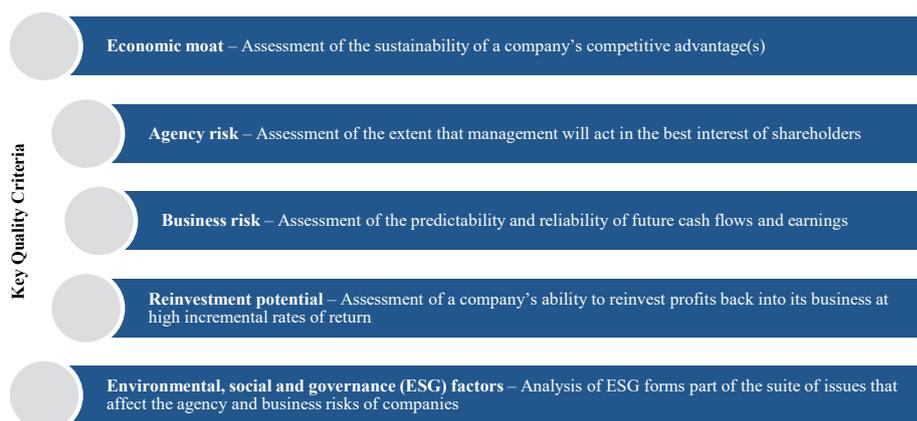
## Investment strategy

- 81 Magellan invests in a focussed portfolio of outstanding global companies, which are considered to have a competitive advantage that can be sustainably exploited in order to earn returns on capital that are in excess of the company's cost of capital. Magellan undertakes extensive fundamental company analysis and seeks to purchase investments when they are trading at a discount to their assessed intrinsic value.
- 82 Magellan also undertakes detailed macroeconomic analysis in order to take advantage of mispricing of economic cycles to manage investment risk. Magellan is able to invest up to 20% of MGE's gross assets in cash and cash equivalents and borrow up to 5% of MGE's gross assets.
- 83 MGE's investment strategy focuses on risk-adjusted returns, rather than benchmark-relative returns. Notwithstanding this, Magellan's performance fee is calculated with reference to benchmark indices.

## Investment process

- 84 Magellan's investment process integrates three key disciplines:
- (a) **intensive bottom-up stock analysis and industry research** – through in-depth, proprietary company research, seeking to identify sustainable competitive advantages that enable businesses to generate excess returns on capital and predictable cash flow streams. This information is then used to identify stock valuation anomalies. Company research includes an assessment of a company's inherent quality based on the following specific key quality criteria:

### MGE – key quality criteria



- (b) **broad and detailed macroeconomic insight** – Magellan also undertakes proprietary macroeconomic research in order to identify and manage risks and opportunities presented by the macroeconomic environment which can be applied in most market conditions to protect the portfolio from external shocks



- (c) **rigorous portfolio construction and risk discipline** – Magellan utilises portfolio construction and formal risk control processes to provide downside protection in falling markets, whilst also providing the flexibility to participate in varying stages of the market cycle.

### Permitted investments

- 85 MGE is permitted to invest in global listed securities (80% to 100% of fund assets) and cash and cash equivalents (0% to 20% of fund assets). The fund may also enter into foreign exchange contracts to settle stock purchases.

### Investment parameters

- 86 The key investment parameters for the construction of MGE's portfolio are based on the following principles:

MGE – key investment parameters	
Exposure	Guidelines
Number of companies	20 to 40 companies
Asset classes and allocation ranges	Securities – 80% to 100% Cash and cash equivalents – 0% to 20%
Geographical	MGE invests in securities on global securities exchanges
Currency hedging	Unhedged
Borrowing policy	MGE may borrow against all or part of the portfolio, provided that, at the time, aggregated borrowings do not exceed 5% of MGE's gross asset value.

### Fund performance

- 87 As at 30 June 2020, MGE had returned an average of 11.3% per annum, since inception, as indicated in the chart below:



**Note:**

- 1 Calculations are based on the monthly ASX released NAV with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable).

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- 88 MGE's performance to 30 June 2020 in comparison to the MSCI World Net Total Return Index (AUD) is as follows:

<b>MGE – fund performance</b>			
	<b>Fund<sup>(1)</sup></b>	<b>Index<sup>(2)</sup></b>	<b>Excess / (deficiency)</b>
	<b>%</b>	<b>%</b>	<b>%</b>
1 month	(1.6)	(1.0)	(0.6)
3 months	2.0	6.1	(4.1)
6 months	0.7	(3.8)	4.5
1 year	8.9	4.8	4.1
3 years (% per annum)	15.2	10.6	4.6
5 years (% per annum)	12.0	9.3	2.7
Since inception (% per annum)	11.3	8.8	2.5

**Note:**

- Calculations are based on the monthly ASX released NAV with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable).
- MSCI World Net Total Return Index (AUD).

## Financial performance

- 89 The financial performance for MGE for the three years ended 30 June 2020 (FY20) is set out below:

<b>MGE – statement of financial performance<sup>(1)</sup></b>			
	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Dividend and distribution income	14.0	17.3	21.8
Interest income	1.3	3.6	1.1
Net change in fair value of investments	145.1	216.0	145.4
Net gains / (losses) on foreign exchange settlements, derivatives contracts and cash	6.7	11.1	(18.9)
Other income	0.0	-	0.0
<b>Total net investment income</b>	<b>167.1</b>	<b>248.0</b>	<b>149.5</b>
Management fees	(13.0)	(16.4)	(21.9)
Performance fees	(2.0)	(1.5)	(0.3)
Settlement processing fees	(0.1)	(0.0)	-
Transaction costs	(0.1)	(0.1)	(0.1)
Withholding tax on dividends	(2.1)	(2.5)	(3.0)
Finance costs	-	(0.0)	(0.0)
<b>Total expenses</b>	<b>(17.3)</b>	<b>(20.6)</b>	<b>(25.3)</b>
<b>Net operating profit for the year</b>	<b>149.8</b>	<b>227.5</b>	<b>124.1</b>
Distributions to unitholders <sup>(2)</sup>	(32.1)	-	-
(Increase) / decrease in net assets attributable to unitholders <sup>(2)</sup>	(117.7)	-	-
<b>Profit for the year</b>	<b>-</b>	<b>227.5</b>	<b>124.1</b>
<i>Return after fees</i>	<i>16.9%</i>	<i>20.0%</i>	<i>8.9%</i>
<i>Earnings per unit (cents)</i>	<i>-<sup>(2)</sup></i>	<i>63.80<sup>(2)</sup></i>	<i>30.38<sup>(2)</sup></i>
<i>Distributions paid and payable per unit (cents)</i>	<i>9.62</i>	<i>11.00</i>	<i>16.00</i>

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**Note:**

- 1 Rounding differences exist.
  - 2 On 5 May 2016, a new tax regime applying to Attributable Managed Investment Trusts (AMIT) was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The AMIT regime allows Managed Investment Trusts that meet certain requirements to make an irrevocable choice to be an AMIT. MGE elected into the AMIT regime effective 30 June 2018. As a consequence, at 30 June 2018, the units in MGE met the definition of equity under AASB 132 – *Financial Instruments: Presentation*. As a result, equity transactions including distributions have been included in the Statement of Changes in Equity.
- 

- 90 Regarding MGE's FY19 financial performance and outlook, MGE's Annual Fund Review 2019 stated the following:

***“Performance***

*Global stocks rose in the 12 months to June 2019 after companies posted higher-than-expected earnings, the US economy expanded briskly without generating inflation, the Federal Reserve indicated it would stop, and possibly reverse, its gradual tightening of US monetary policy, and the European Central Bank said it would ‘use all the instruments that are in the toolbox’ to help the eurozone’s weak economy. Gains were capped by concerns global growth might slow, driven by China-US tensions and rising political uncertainty in Europe.*

*The portfolio recorded a return after fees of 20.0% for the 12 months...*

*The stocks that performed best included the investments in Starbucks (+3.7% of the total portfolio return), Microsoft (+2.5%), Visa (+2.00%), Yum! Brands (+1.7%), Mastercard (+1.6%) and HCA Healthcare (+1.5%)...*

*The only stocks to detract from performance to any extent were Kraft Heinz (-2.8%) and Wells Fargo (-0.2%)...*

***Outlook***

*Equity prices rose in the June quarter even though risks remain elevated.*

*While the likelihood of a deal between China and the US plummeted in May, an agreement to restart talks following the G20 meeting in June raised hopes that the two sides would ultimately settle their differences. This buoyed equity prices, as did central banks signalling their willingness to loosen monetary policy in order to counter risks to growth. But the risk persists that protracted China-US negotiations could undermine global growth so much the deterioration would not be offset by a deal or easier central bank settings...*

*Notwithstanding the risks confronting equities, we reduced the cash position in the strategy from 18% to 8% over the 12 months, allocating that cash primarily to ‘defensive’ stocks. This reflects our decision to adopt a lower-than-historical interest rate in our valuation models and our view that the probability of the third scenario occurring has fallen over the past six months.”*



- 91 Regarding MGE's FY20 financial performance and outlook, MGE's Annual Fund Review 2020 stated the following:

***“Performance***

*Global stocks rose in the 12 months to June 2020 after huge fiscal and monetary stimulus offset the damage from the coronavirus to economic activity, company profits and investor confidence. Over the last three months of 2019-2020, stocks recovered from post-virus lows after an ebbing in infection rates in developed countries allowed governments to ease restrictions on everyday life, even though the economic hit from the virus was so stark that the US entered its first recession in nearly 11 years.*

*The portfolio recorded a return after fees of 8.9% for the 12 months...*

*The stocks that performed best included the investments in Microsoft (+3.3% of the total portfolio return), Alphabet (+1.9%) and Apple (+1.6%)...*

*The stocks that detracted from performance included the investments in Yum! Brands (-0.9%), Anheuser-Busch InBev (-0.9%) and HCA Healthcare (-0.3%)...*

***Outlook***

*The outlooks for the economy and equity markets remain uncertain. Key will be the pace of economic reopening and policymaker responses. We continue to see four scenarios.*

*The best scenario is a V-shaped recovery; a fleeting recession. This would require a quick and successful reopening supported by policymakers, with most furloughed workers returning to their pre-pandemic hours. This scenario still appears relatively unlikely.*

*The worst scenario is a depression, where reopening is very slow and there is a policy error, hurting employment and output. This would be the worst outcome for markets but also appears relatively unlikely.*

*The two middle scenarios are a U-shaped recovery from a recession and a prolonged and deep recession. The downturn that occurred after the global financial recession lay between these two scenarios. It is still challenging to definitively predict if the current downturn will be more or less severe than the recession of 2008-2009.*

*Due to our cautious economic outlook and the risks confronting equities, we raised the cash position in the strategy from 8% to 15% over the 12 months.”*

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## Financial position

92 The financial position of MGE as at 30 June 2019 and 30 June 2020 is set out below:

<b>MGE – statement of financial position<sup>(1)</sup></b>		
	<b>30 Jun 19</b>	<b>30 Jun 20</b>
	<b>\$m</b>	<b>\$m</b>
Cash and cash equivalents	112.4	256.8
Receivables	3.5	3.1
Investments	1,322.0	1,437.5
<b>Total assets</b>	<b>1,437.9</b>	<b>1,697.5</b>
Distributions payable	41.7	68.0
Payables	6.3	2.3
<b>Total liabilities</b>	<b>48.1</b>	<b>70.3</b>
<b>Net assets</b>	<b>1,389.8</b>	<b>1,627.1</b>
<i>Units on issue (million)</i>	<i>379.5</i>	<i>425.0</i>
<i>NAV per unit (\$) <sup>(2)</sup></i>	<i>3.6622</i>	<i>3.8284</i>

### Note:

- 1 Rounding differences exist.
- 2 The NAV per unit represents the net assets presented in the statement of financial position at 30 June divided by the number of units on issue at 30 June each year. This differs to the NAV reported to the ASX on 30 June due primarily to allowance for the final distribution.

## Cash and cash equivalents

93 Cash and cash equivalents comprises cash at bank and short-term highly liquid investments that are readily convertible to cash. Cash at bank is denominated in various currencies with the primary balance held in USD.

## Investments

94 Investments comprise globally listed equity securities, a summary of which as at 30 June 2019 and 30 June 2020 is detailed below:

<b>MGE – internationally listed equity securities<sup>(1) (2)</sup></b>		
	<b>30 Jun 19</b>	<b>30 Jun 20</b>
	<b>\$m</b>	<b>\$m</b>
US	1,037.6	1,030.1
Switzerland	108.3	129.9
China	-	113.6
UK	51.5	79.1
Germany	65.5	65.8
France	30.1	19.0
Belgium	14.8	-
Netherlands	14.3	-
<b>Total equity securities<sup>(3)</sup></b>	<b>1,322.0</b>	<b>1,437.5</b>

**Note:**

- 1 Rounding differences exist.
- 2 Shown by domicile of primary stock exchange listing.
- 3 The fair value of equity securities traded in active markets is based on their quoted market prices at balance date with any deduction for estimated future selling costs. The quoted market price is the closing price for the security as quoted on the relevant stock exchange.

## Currency exposure

- 95 MGE has significant foreign currency exposure arising from its investments in foreign securities, which are predominantly domiciled in the United States. Magellan does not hedge the foreign currency exposure of MGE arising from investments in global markets. MGE's total net exposure to fluctuations in foreign currency exchange rates as at 30 June 2019 and 30 June 2020 is shown below:

<b>MGE – exposure to foreign currency</b>		
<b>Assets and liabilities denominated in</b>	<b>30 Jun 19 \$m</b>	<b>30 Jun 20 \$m</b>
USD	1,142.8	1,286.0
Swiss francs	109.4	131.2
Hong Kong dollars	-	113.6
Euros	124.9	84.9
British pounds	51.5	79.1

## Distributions payable

- 96 MGE generally pays an annual distribution to unitholders for the 12 months to 30 June. A distribution payable is recognised on the balance sheet where the distribution has been declared but remains unpaid as at the balance sheet date.
- 97 On 24 September 2020 Magellan (as RE of MGE) announced a change in distribution policy to reflect an intention to target a rate of distribution of 4% per annum of the underlying NAV to be paid semi-annually in respect of the open class units in MGE.

## Capital structure and ownership

- 98 As at 30 June 2020, MGE had 425.0 million fully paid ordinary units on issue. The 20 largest unitholders accounted for 23.8% of MGE units on issue, with MFG the largest unitholder with an interest of 5.0% of the units on issue.

## Unit price performance

- 99 The following chart illustrates the movement in the unit price of MGE relative to the NAV per unit from 5 March 2015 to 31 August 2020:

## Schedule 2 Independent Expert's Report



### MGE – unit price history<sup>(1)</sup>

5 March 2015 to 31 August 2020



Source: Bloomberg and LEA analysis.

- 100 As noted, MGE's unit price has closely tracked its NAV per unit since the fund listed on the ASX, consistent with the structure and nature of the fund.

### MGE – discount to NAV per unit

Period	Average (%)	Median (%)
5 March 2015 to 30 June 2015	0.26	0.39
1 July 2015 to 30 June 2016	0.28	0.37
1 July 2016 to 30 June 2017	(0.02)	-
1 July 2017 to 30 June 2018	(0.05)	-
1 July 2018 to 30 June 2019	(0.03)	-
1 July 2019 to 30 June 2020	(0.02)	-
1 July 2020 to 31 August 2020	0.01	-

Source: Bloomberg and LEA analysis.

### Liquidity in MGE units

- 101 There is no ability to redeem directly with the RE in respect of the open class units in MGE. Accordingly, those MGE Unitholders seeking to exit their investment must do so by sale on the ASX. The liquidity, inclusive of the liquidity provided by Magellan (as RE of MGE), in MGE units based on trading on the ASX over the 12 month period prior to 31 August 2020 is set out below:

## Schedule 2 Independent Expert's Report



MGE – liquidity in units						
Period	Start date	End date	No. of units traded 000	WANON <sup>(1)</sup> outstanding 000	Implied level of liquidity Period <sup>(2)</sup> %	Implied level of liquidity Annual <sup>(3)</sup> %
1 month	1 Aug 20	31 Aug 20	15,212	431,093	3.5	42.3
3 months	1 Jun 20	31 Aug 20	50,625	429,068	11.8	47.2
6 months	1 Mar 20	31 Aug 20	146,863	423,587	34.7	69.3
1 year	1 Sep 19	31 Aug 20	265,718	417,490	63.6	63.6

**Note:**

- 1 Weighted average number of units outstanding (WANON) during relevant period.
- 2 Number of units traded during the period divided by WANON.
- 3 Implied annualised figure based upon implied level of liquidity for the period.



## V Profile of Magellan Global Trust (MGG)

### Overview

102 MGG is a closed end<sup>19</sup> unit trust for which Magellan acts as both RE and investment manager. It is an actively managed global equities fund with a target cash distribution yield of 4% per annum, paid semi-annually. Units in MGG commenced trading on the ASX on 18 October 2017, after raising \$1,575 million at \$1.50 per unit through an initial public offering.

### Fund overview

103 MGG is a unit trust which has been registered as a managed investment scheme under the Corporations Act. Magellan, the RE for MGG, is a wholly owned subsidiary of MFG, which is also listed on the ASX. There are two portfolio managers responsible for the investment decisions for MGG, Hamish Douglass (Chairman and Chief Investment Officer of MFG), and Stefan Marcionetti (portfolio manager for Magellan). A brief overview of MGG is as follows:

#### MGG – fund overview

Portfolio managers	Hamish Douglass and Stefan Marcionetti
Structure	Listed Investment Trust
Inception date	18 October 2017
Management fee	1.35% per annum
Fund size / NAV price <sup>(1)</sup>	A\$2.3 billion / \$1.834 per unit
Distribution frequency <sup>(2)</sup>	Six monthly
Performance fee	10% of excess return of the units of MGG above the higher of the Index Relative Hurdle and the Absolute Return Hurdle. Additionally, the performance fees are subject to a high water mark

#### Note:

- 1 Fund size and NAV price as at 30 June 2020.
- 2 MGG pays a cash distribution and offers a distribution reinvestment plan, which allows unitholders to reinvest in MGG at a 5% discount to the NAV per unit 10 business days prior to the payment date. To avoid dilution and ensure unitholders electing cash are not disadvantaged, the discount is paid in cash by MFG into the fund.

### Fee structure

104 As indicated above, MGG pays both management fees and performance fees to Magellan:

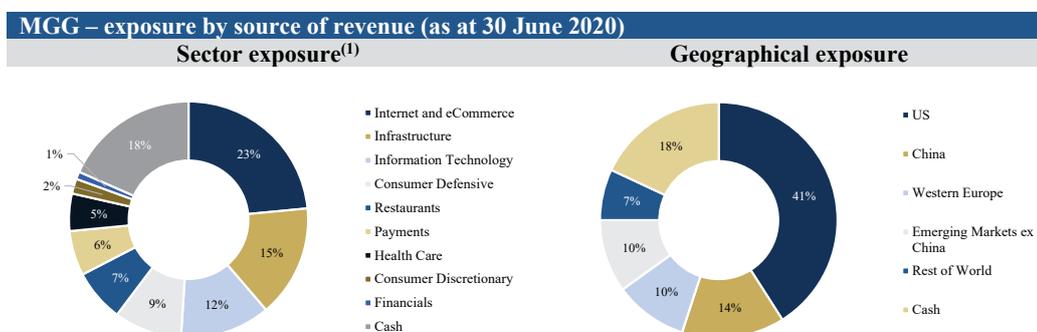
- (a) **management fees** – 1.35% per annum (inclusive of the estimated net effect of GST less any reduced input tax credits), which is calculated daily based on the NAV of MGG on that business day. The management fees cover all fees, costs, charges, expenses and outgoings that are incurred, such as administration and accounting costs, registry fees, audit and tax advice fees, and investor reporting expenses. Management fees are paid monthly in arrears, however an estimate is accrued daily and allowed for in the NAV per unit calculation

<sup>19</sup> A closed ended product is one where the number of units or shares is fixed (subject to entitlement issues, distribution reinvestment plans etc.), meaning that because supply is limited investors have to trade with each other and therefore they set the price of the unit or share.

- (b) **performance fees** – Magellan may be entitled to a performance fee of 10% (inclusive of the estimated net effect of GST less any reduced input tax credits) of the excess return of MGG above the higher of the Index Relative Hurdle (MSCI World Net Total Return Index (AUD)), and the Absolute Return Hurdle (the yield of 10-year Australian Government bonds) over each six month period ending 31 March and 30 September each year. Performance fees are accrued daily in the NAV and are paid subject to the achievement of performance hurdles (and the high water mark) for the relevant period.

## Investment portfolio

- 105 MGG's portfolio typically comprises 15 to 35 investments, including equity securities held across a number of sectors and regions globally, as indicated in the table below:



**Note:**

1 Exposures may not total 100% due to rounding.

## Top 10 holdings

- 106 As at 30 June 2020, MGG's portfolio included 23 companies, with the top 10 investments representing 50.4% of the fund, as shown in the table below:

<b>MGG – top 10 investments (as at 30 June 2020)</b>		
<b>Company</b>	<b>Sector</b>	<b>% holding</b>
Microsoft Corp	Information Technology	9.4
Facebook Inc-A	Internet & eCommerce	6.6
Alibaba Group Holding Ltd	Internet & eCommerce	6.0
Alphabet Inc	Internet & eCommerce	5.9
Tencent Holdings Ltd	Internet & eCommerce	4.9
Reckitt Benckiser Group	Consumer Defensive	4.4
Atmos Energy Corp	Gas Utilities	3.8
Visa Inc	Payments	3.3
Eversource Energy	Integrated Power	3.1
Mastercard Inc	Payments	3.0
<b>Total</b>		<b>50.4</b>

## Strategy

### Investment objectives

107 MGG's investment objectives are to provide attractive risk-adjusted returns over the medium to long-term, whilst reducing the risk of permanent capital loss. Magellan aims to achieve these objectives by investing in a portfolio of high quality global companies that provide potential for capital growth over the medium to long term, and targeting a cash distribution yield of 4% per annum.

### Investment strategy

108 Magellan invests in a focussed portfolio of high quality global companies, which are considered to have a competitive advantage that can be sustainably exploited in order to earn returns on capital that are in excess of the company's cost of capital. Magellan undertakes extensive fundamental company analysis and seeks to purchase investments when they are trading at a discount to their assessed intrinsic value.

109 Magellan also undertakes detailed macroeconomic analysis in order to take advantage of mispricing of economic cycles to manage investment risk. Magellan is able to invest up to 50% of MGG's gross assets in cash and cash equivalents and borrow up to 20% of MGG's gross assets.

110 MGG's investment strategy is benchmark agnostic, as it aims to achieve attractive absolute returns, rather than benchmark-relative returns, and has few similarities to market benchmarks or share market indices. Notwithstanding this, Magellan's performance fee is calculated with reference to benchmark indices.

### Investment process

111 Magellan's investment process integrates three key disciplines:

- (a) **intensive bottom-up stock analysis and industry research** – through in-depth, proprietary company research, seeking to identify sustainable competitive advantages that enable businesses to generate excess returns on capital and predictable cash flow streams. This information is then used to identify stock valuation anomalies. Company research includes an assessment of a company's inherent quality based on the following specific key quality criteria:





- (b) **broad and detailed macroeconomic insight** – Magellan also undertakes proprietary macroeconomic research in order to identify and manage risks and opportunities presented by the macroeconomic environment which can be applied in most market conditions to protect the portfolio from external shocks
- (c) **rigorous portfolio construction and risk discipline** – Magellan utilises portfolio construction and formal risk control processes to provide downside protection in falling markets, whilst also providing the flexibility to participate in varying stages of the market cycle.

### Permitted investments

112 Whilst MGG predominantly invests in global listed securities, it is permitted to invest in a wide variety of assets, including but not limited to the following:

- (a) securities quoted (or soon to be quoted) on a global securities exchange (including the ASX)
- (b) specialised investment trusts and other pooled investment vehicles
- (c) unlisted securities
- (d) options to purchase or sell any investment which is a permitted investment
- (e) discounted or purchased bills of exchange, promissory notes or other negotiable instruments accepted, drawn or endorsed by any bank or any corporation
- (f) convertible notes or preference shares
- (g) equity swaps; and
- (h) foreign exchange contracts.

### Investment parameters

113 The key investment parameters for the construction of MGG's portfolio are based on the following principles:

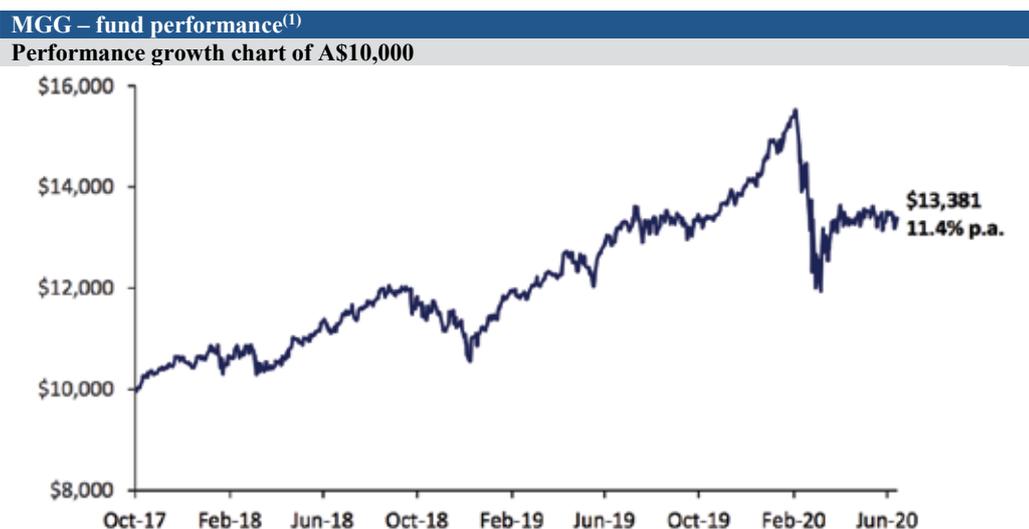
MGG – key investment parameters	
Exposure	Guidelines
Number of companies	Typically 15 to 35 companies
Asset classes and allocation ranges	Securities – 50% to 100% Cash and cash equivalents – 0% to 50%
Geographical	MGG invests in securities on global securities exchanges
Industry / Sector	There are no limitations on industries and sectors, subject to Magellan's commitment to responsible investing
Single security position limit	15% of MGG's gross asset value at the time of purchase
Currency hedging	MGG's foreign currency exposures arising from investment in overseas markets may be hedged
Borrowing policy	MGG may borrow against all or part of the portfolio, provided that, at the time, aggregated borrowings do not exceed 20% of MGG's gross asset value. MGG may also borrow for the predominant purpose of funding a buyback of units and may also, at times, borrow for investment purposes.

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## Fund performance

114 As at 30 June 2020, MGG had returned an average of 11.4% per annum since inception (allowing for reinvestment of unit distributions), as indicated in the chart below:



**Note:**

1 Calculations are based on the ASX released NAV with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable).

115 MGG's performance to 30 June 2020 in comparison to the MSCI World Net Total Return Index (AUD) is as follows:

<b>MGG – fund performance</b>			
	<b>Fund<sup>(1)</sup></b>	<b>Index<sup>(2)</sup></b>	<b>Excess / (deficiency)</b>
	<b>%</b>	<b>%</b>	<b>%</b>
1 month	(1.7)	(1.0)	(0.7)
3 months	3.5	6.1	(2.6)
6 months	(4.6)	(3.8)	(0.8)
1 year	3.7	4.8	(1.1)
2 years (% per annum)	9.6	8.3	1.3
Since inception (% per annum)	11.4	10.2	1.2

**Note:**

1 Calculations are based on the ASX released NAV with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable).

2 MSCI World Net Total Return Index (AUD).

## Financial performance

116 The financial performance for MGG since listing on the ASX, including the period from 11 August 2017 to 30 June 2018, and the two years ended 30 June 2020 (FY20), is set out below:

<b>MGG – statement of financial performance<sup>(1)</sup></b>			
	<b>11 Aug 17 to 30 Jun 18</b>	<b>FY19</b>	<b>FY20</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Dividend and distribution income	14.1	25.4	29.5
Interest income	4.0	6.2	1.6
Net change in fair value of investments	150.3	286.1	108.9
Net gains / (losses) on foreign exchange settlements, derivatives contracts and cash	27.4	18.8	(25.2)
<b>Total net investment income</b>	<b>195.8</b>	<b>336.6</b>	<b>114.8</b>
Management fees	(16.0)	(25.4)	(29.3)
Performance fees	(0.9)	(3.2)	-
Brokerage costs	(0.1)	(0.1)	(0.2)
Withholding tax on dividends	(2.1)	(3.6)	(4.0)
Finance costs	(0.1)	(0.1)	(0.0)
Other expenses			(0.0)
<b>Total expenses</b>	<b>(19.2)</b>	<b>(32.4)</b>	<b>(33.5)</b>
<b>Profit for the year</b>	<b>176.6</b>	<b>304.2</b>	<b>81.3</b>
<i>Return after fees</i>	<i>11.4%<sup>(2)</sup></i>	<i>15.9%</i>	<i>3.7%</i>
<i>Earnings per unit (cents)</i>	<i>16.83</i>	<i>27.54</i>	<i>6.57</i>
<i>Distributions paid and payable per unit (cents)</i>	<i>6.00</i>	<i>6.00</i>	<i>6.74</i>

**Note:**

- 1 Rounding differences exist.
- 2 This return is from 18 October 2017 to 30 June 2018 and therefore does not represent a full year period.

117 Regarding MGG's FY19 financial performance and outlook, MGG's Annual Fund Review 2019 stated the following:

***“Performance***

*Global stocks rose in the 12 months to June 2019 after companies posted higher-than-expected earnings, the US economy expanded briskly without generating inflation, the Federal Reserve indicated it would stop, and possibly reverse, its gradual tightening of US monetary policy, and the European Central Bank said it would ‘use all the instruments that are in the toolbox’ to help the eurozone’s weak economy. Gains were capped by concerns global growth might slow, driven by China-US tensions and rising political uncertainty in Europe.*

*The portfolio recorded a return after fees of 15.9% for the 12 months. The stocks that performed best included the investments in Starbucks (+4.0% of the total portfolio return), Microsoft (+2.5%), HCA Healthcare (+2.0%), Visa (+1.9%), Mastercard (+1.8%) and Yum! Brands (+1.7%)...*



*The only stocks to detract from performance to any extent were Kraft Heinz (-2.7%), eBay (-0.9%) and Wells Fargo (-0.3%)...*

### **Outlook**

*Equity prices rose in the June quarter even though risks remain elevated.*

*While the likelihood of a deal between China and the US plummeted in May, an agreement to restart talks following the G20 meeting in June raised hopes that the two sides would ultimately settle their differences. This buoyed equity prices, as did central banks signalling their willingness to loosen monetary policy in order to counter risks to growth. But the risk persists that protracted China-US negotiations could undermine global growth so much the deterioration would not be offset by a deal or easier central bank settings...*

*Notwithstanding the risks confronting equities, we reduced the cash position in the strategy from 21% to 12% over the 12 months, allocating that cash primarily to 'defensive' stocks. This reflects our decision to adopt a lower-than-historical interest rate in our valuation models and our view that the probability of the third scenario occurring has fallen over the past six months."*

- 118 Regarding MGG's FY20 financial performance and outlook, MGG's Annual Fund Review 2020 stated the following:

### **"Performance**

*Global stocks rose in the 12 months to June 2020 after huge fiscal and monetary stimulus offset the damage from the coronavirus to economic activity, company profits and investor confidence. Over the last three months of 2019-2020, stocks recovered from postvirus lows after an ebbing in infection rates in developed countries allowed governments to ease restrictions on everyday life, even though the economic hit from the virus was so stark that the US entered its first recession in nearly 11 years.*

*The portfolio recorded a return after fees of 3.7% for the 12 months. The stocks that performed best included the investments in Microsoft (+3.9% of the total portfolio return), Alphabet (+2.1%) and Apple (+1.9%)...*

*The stocks that detracted from performance included the investments in Yum! Brands (-1.2%), Anheuser-Busch InBev (-1.0%) and HCA Healthcare (-0.5%)...*

### **Outlook**

*The outlooks for the economy and equity markets remain uncertain. Key will be the pace of economic reopening and policymaker responses. We continue to see four scenarios.*

*The best scenario is a V-shaped recovery; a fleeting recession. This would require a quick and successful reopening supported by policymakers, with most furloughed workers returning to their pre-pandemic hours. This scenario still appears relatively unlikely.*

*The worst scenario is a depression, where reopening is very slow and there is a policy error, hurting employment and output. This would be the worst outcome for markets but also appears relatively unlikely.*



*The two middle scenarios are a U-shaped recovery from a recession and a prolonged and deep recession. The downturn that occurred after the global financial recession lay between these two scenarios. It is still challenging to definitively predict if the current downturn will be more or less severe than the recession of 2008-2009.*

*Due to our cautious economic outlook and the risks confronting equities, we raised the cash position in the strategy from 12% to 18% over the 12 months.”*

## Financial position

119 The financial position of MGG as at 30 June 2019 and 30 June 2020 is set out below:

MGG – statement of financial position <sup>(1)</sup>		
	30 Jun 19	30 Jun 20
	\$m	\$m
Cash and cash equivalents	249.7	417.4
Receivables	2.5	3.1
Investments	1,995.2	1,853.2
Derivative assets	20.1	-
<b>Total assets</b>	<b>2,267.5</b>	<b>2,273.7</b>
Derivative liabilities	-	6.2
Distributions payable	37.1	42.5
Payables	5.3	3.1
<b>Total liabilities</b>	<b>42.4</b>	<b>51.8</b>
<b>Net assets</b>	<b>2,225.1</b>	<b>2,222.0</b>
<i>Units on issue (million)</i>	<i>1,236.5</i>	<i>1,234.7</i>
<i>NAV per unit (\$) <sup>(2)</sup></i>	<i>1.7995</i>	<i>1.7996</i>

### Note:

- 1 Rounding differences exist.
- 2 The NAV per unit represents the net assets presented in the statement of financial position at 30 June divided by the number of units on issue at 30 June each year. This differs to the NAV reported to the ASX on 30 June due primarily to allowance for the final distribution.

## Cash and cash equivalents

120 Cash and cash equivalents comprises cash at bank and short-term highly liquid investments that are readily convertible to cash. Cash at bank is denominated in various currencies, with the majority held in USD.

## Investments and derivatives

121 Investments comprise equity securities, derivative assets and derivative liabilities. A summary of MGG's investments and derivative assets and liabilities as at 30 June 2019 and 30 June 2020 is detailed below:

# Schedule 2 Independent Expert's Report



<b>MGG – investments and derivatives<sup>(1)(2)</sup></b>		
	<b>30 Jun 19</b>	<b>30 Jun 20</b>
	<b>\$m</b>	<b>\$m</b>
<b>Internationally listed equity securities</b>		
US	1,653.2	1,470.9
Switzerland	87.8	111.5
Hong Kong	-	110.5
UK	85.4	99.3
Germany	72.3	61.0
Belgium	58.5	-
France	38.1	-
<b>Total equity securities<sup>(3)</sup></b>	<b>1,995.2</b>	<b>1,853.2</b>
Forward foreign currency contract assets	20.1	-
<b>Total derivative assets<sup>(4)</sup></b>	<b>20.1</b>	<b>-</b>
Forward foreign currency contract liabilities	-	(6.2)
<b>Total derivative liabilities<sup>(4)</sup></b>	<b>-</b>	<b>(6.2)</b>

**Note:**

- 1 Rounding differences exist.
- 2 Shown by domicile of primary stock exchange listing.
- 3 The fair value of equity securities traded in active markets is based on their quoted market prices at balance date with any deduction for estimated future selling costs. The quoted market price is the closing price for the security as quoted on the relevant stock exchange.
- 4 The fair value of derivative contracts are derived from one or more underlying price, index or other variable. Derivatives are classified as an asset when the fair value as at balance sheet is positive, and a liability when the fair value is negative.

## Currency exposure

122 MGG has significant foreign currency exposure arising from its investments in foreign securities, which are predominantly domiciled in the US. MGG's currency exposure is managed by Magellan, and as at 30 June 2020 had 20% of its currency exposure hedged to AUD. MGG's total net exposure to fluctuations in foreign currency exchange rates as at 30 June 2019 and 30 June 2020 is shown below:

<b>MGG – exposure to foreign currency</b>		
	<b>30 Jun 19</b>	<b>30 Jun 20</b>
	<b>\$m</b>	<b>\$m</b>
<b>Assets and liabilities denominated in</b>		
USD	739.3	1,426.6
Swiss francs	88.7	112.7
Hong Kong dollars	-	110.5
British pounds	85.4	99.3
Euros	168.9	61.2

## Distributions payable

123 MGG pays an interim distribution to unitholders for the six months to 31 December and a final distribution for the six months to 30 June. A distribution payable is recognised on the balance sheet where the distribution has been declared but remains unpaid as at the balance sheet date.

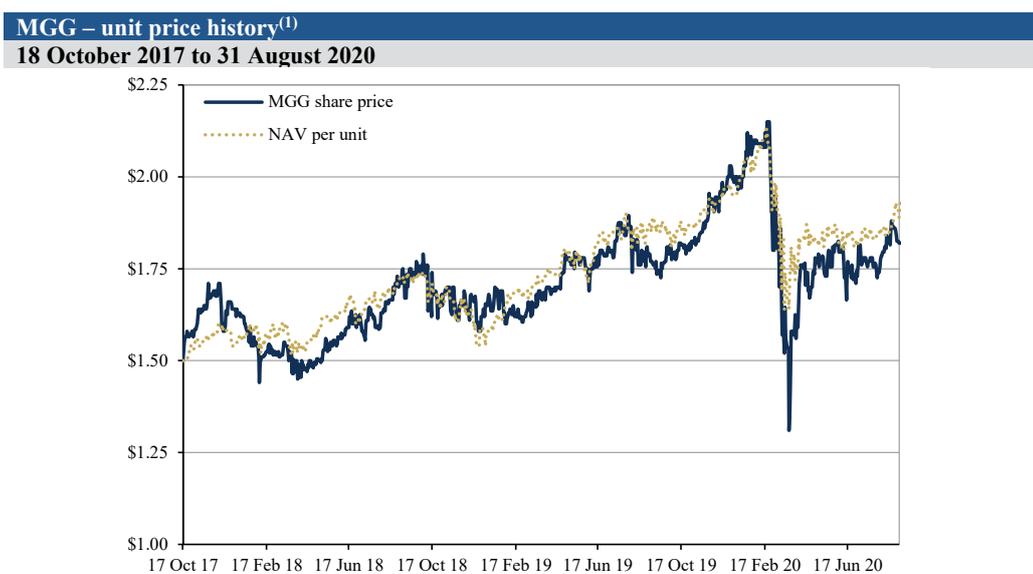


## Capital structure and ownership

- 124 As at 30 June 2020, MGG had 1,234.7 million fully paid ordinary units on issue, with the 20 largest unitholders accounting for 21.3% of the MGG units on issue (including a 0.3% interest held by MFG).
- 125 On 29 January 2019, MGG announced a unit purchase plan offer, providing eligible unitholders the opportunity to acquire up to \$15,000 worth of new fully paid ordinary units in MGG at a 5% discount to NAV per unit, without incurring any brokerage. MGG received applications from more than 21,000 unitholders, raising approximately \$277 million and issuing approximately 181 million new units (on 13 March 2019). To minimise dilution from the offer, MFG paid consideration of approximately \$14.6 million into MGG (in respect of the new units issued), equal to the 5% discount to the NAV per unit from which the offer price was determined.

## Unit price performance

- 126 The following chart illustrates the movement in the unit price of MGG relative to the NAV per unit from 18 October 2017 to 31 August 2020:



- 127 MGG's unit price has generally traded at a discount to its NAV per unit, which has increased in more recent periods, as shown below:

<b>MGG – discount to NAV per unit</b>		
<b>Period</b>	<b>Average (%)</b>	<b>Median (%)</b>
17 October 2017 to 30 June 2018	(0.5)	(2.1)
1 July 2018 to 30 June 2019	(0.6)	(0.8)
1 July 2019 to 30 June 2020	(2.8)	(2.4)
1 July 2020 to 31 August 2020	(2.7)	(3.2)

Source: Bloomberg and LEA analysis.

## Schedule 2 Independent Expert's Report



### Liquidity in MGG units

128 The liquidity in MGG units based on trading on the ASX over the 12 month period prior to 31 August 2020 is set out below:

MGG – liquidity in units						
Period	Start date	End date	No. of units traded 000	WANON <sup>(1)</sup> outstanding 000	Implied level of liquidity Period <sup>(2)</sup> %	Annual <sup>(3)</sup> %
1 month	1 Aug 20	31 Aug 20	26,754	1,249,313	2.1	25.7
3 months	1 Jun 20	31 Aug 20	77,998	1,242,897	6.3	25.1
6 months	1 Mar 20	31 Aug 20	200,117	1,241,284	16.1	32.2
1 year	1 Sep 19	31 Aug 20	361,312	1,240,456	29.1	29.1

**Note:**

- 1 Weighted average number of units outstanding (WANON) during relevant period.
- 2 Number of units traded during the period divided by WANON.
- 3 Implied annualised figure based upon implied level of liquidity for the period.



## VI Evaluation of the Proposed Restructure

- 129 In our opinion, the Proposed Restructure is in the best interests of existing MGF unitholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.
- 130 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a proposal may be “*in the best interests of the members of the company*” if there are sufficient reasons for security holders to vote in favour of the proposal.
- 131 In our opinion, in the circumstances, the Proposed Restructure will be in the best interests of the existing unitholders of MGF if the advantages of the Proposed Restructure outweigh the disadvantages from the perspective of the unitholders taken as a whole. In reaching our view in this regard, we have compared (in particular) the position of MGF unitholders both before and after the Proposed Restructure.

### Comparative position of MGF unitholders

- 132 We have considered the comparative position of MGF unitholders prior to the Proposed Restructure and on the assumption that the Proposed Restructure is implemented, in particular as regards annual distributions received by unitholders, the annual level of management fees payable, the liquid nature of the investment in MGF units, the underlying NAV, together with the underlying portfolio mix of investments and associated investment risk.

### Annual distributions

- 133 MGF presently pays an annual distribution to unitholders for the 12 months to 30 June. MGF generally pays a cash distribution and offers a distribution reinvestment plan, which allows unitholders to reinvest in MGF at the NAV per unit 10 business days prior to the payment date. The level of annual distributions has generally been dependent on the respective income received, of both a capital gain and investment income nature.
- 134 Pursuant to the Proposed Restructure, Magellan (as RE of MGF) has announced:
- (a) an intention to target a rate of distribution of 4% per annum of the underlying NAV to be paid semi-annually in respect of the Open Class units in MGF
  - (b) a proposed distribution reinvestment plan, which will allow MGF Open Class unitholders to reinvest in Open Class units in MGF at the NAV per unit.
- 135 We note that the proposed distribution reinvestment plan in respect of Open Class units in MGF is unchanged from the distribution reinvestment plan currently in place.
- 136 The proposed target rate of distribution in respect of Open Class units in MGF (which is consistent with the proposed target rate of distribution in respect of new Closed Class units in MGF) will be consistent with the change in distribution policy announced on 24 September 2020 (refer to Section III above). This policy change will occur irrespective of the outcome of the Proposed Restructure.
- 137 As noted in Section III, the investment return of the MGF portfolio has generally outperformed relevant benchmarks. Assuming a continuation of this investment performance, together with the implied reinvestment rather than distribution of investment returns pursuant



to the advised MGF targeted rate of distribution, we would expect existing MGF Open Class unitholders to be in no different a position from a total return / value perspective, as any change to annual distribution would be offset by a corresponding change in the level of capital appreciation.

### Management fees

138 As set out in Section III, MGF pays both management fees and performance fees to Magellan:

- (a) **management fees** – 1.35% per annum (inclusive of the estimated net effect of GST less any reduced input tax credits), which is calculated monthly based on the value of the NAV at the end of each month. The management fees cover all fees, costs, charges, expenses and outgoings that are incurred, such as administration and accounting costs, registry fees, audit and tax fees, and investor reporting expenses. Management fees are paid monthly in arrears, however an estimate is accrued daily and allowed for in the NAV per unit calculation
- (b) **performance fees** – Magellan may be entitled to a performance fee of 10% (inclusive of the estimated net effect of GST less any reduced input tax credits) of the excess return of MGF above the higher of the Index Relative Hurdle (MSCI World Net Total Return Index (AUD)), and the Absolute Return Hurdle (the yield of 10-year Australian Government bonds) over each six month period ending 30 June and 31 December each year. Performance fees are accrued daily in the NAV and are paid subject to the achievement of performance hurdles (and the high water mark) for the relevant period.

139 Pursuant to the Proposed Restructure, Magellan (as RE of MGF) has announced that the level of management and performance fees that will apply in respect of the Open Class units in MGF will be unchanged.

### Liquidity of investment

140 Existing Open Class unitholders are able to redeem their investment in MGF Open Class units at the prevailing NAV per unit by direct application to Magellan (as RE of MGF).

141 Pursuant to the Proposed Restructure, Magellan (as RE of MGF) has advised an intention to:

- (a) seek approval to quote Open Class MGF units on the ASX
- (b) continue to provide Open Class unitholders with a redemption option at the prevailing NAV per unit by direct application to Magellan.

142 Pursuant to the Proposed Restructure, Open Class unitholders in MGF will therefore have enhanced liquidity as regards their investment in the fund, as units in the fund will also be able to be bought and sold on the ASX. However, we would not expect any material change in the price at which MGF Open Class unitholders are able to redeem / sell their investment, as we would expect the newly listed Open Class units in MGF to trade at a tight spread to the prevailing NAV per unit.

### Underlying investment portfolio

143 Pursuant to the Proposed Restructure, the investment funds that comprise the majority of the net assets of MGE and MGG will effectively be acquired by MGF. We note that the investment portfolios of both MGE and MGG mirror (to all intents and purposes) the existing



MGF investment portfolio. Accordingly, we would not expect there to be any material change in the investment risk profile of existing MGF unitholders subsequent to implementation of the Proposed Restructure.

### **MGF Partnership Offer**

- 144 As noted above, should the Proposed Restructure be approved and implemented<sup>20</sup>, Magellan (as RE for MGF) intends to provide the following additional benefits to eligible unitholders in the enlarged MGF:
- (a) offer all unitholders (both Open Class and Closed Class) the ability to subscribe for new Closed Class units, and an option for each new Closed Class unit issued (the MGF Partnership Offer)
  - (b) issue bonus options to holders of Closed Class units on the basis of one bonus option for every two Closed Class units held (the Bonus MGF Option issue)<sup>21</sup>.
- 145 The MGF Partnership Offer will entitle eligible MGF unitholders to subscribe for \$1 of new Closed Class units for every \$4 of MGF units held based on their unit balance at the calculation date<sup>22</sup>, capped at the balance of their unitholding at the Scheme implementation date. The subscription price for the new Closed Class units will be the NAV per Closed Class unit on the business day immediately prior to their allotment. Successful applicants will also receive a benefit in the form of additional Closed Class units worth 7.5% of the amount subscribed<sup>23</sup>.
- 146 Each option issued under the MGF Partnership Offer will be exercisable into a Closed Class unit in MGF, with the exercise price set at a 7.5% discount to the prevailing NAV per unit at the time of exercise<sup>24</sup>. The options will have a three year term and be exercisable daily, subject to an initial holding period. It is intended that all options be quoted on the ASX.
- 147 Those existing Open Class MGF unitholders that elect to participate in the MGF Partnership Offer will therefore receive a financial advantage in the form of both additional Closed Class units in MGF (above the number of units subscribed for), together with options (which will be quoted on the ASX and exercisable at a discount). In the prevailing low interest rate environment, we consider these to be significant financial advantages for those unitholders that participate in the MGF Partnership Offer.

### **Arbitrage**

- 148 One of the perceived benefits of the Proposed Restructure is that in circumstances where Closed Class units are trading at a discount to the respective NAV, the market value of Closed Class units should increase if investors can arbitrage the price gap between Open Class units and Closed Class units. It would appear to follow that if this potential arbitrage can result in

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<sup>20</sup> In addition to approval from MGF unitholders, the Proposed Restructure also requires the approval of MGE and MGG unitholders.

<sup>21</sup> The Bonus MGF Option issue will be for the benefit of MGF Closed Class unitholders only. Existing MGF and MGE Open Class unitholders will not be eligible for the Bonus MGF Option issue.

<sup>22</sup> Expected to be determined in January 2021.

<sup>23</sup> Magellan's parent company, MFG, will pay into MGF an amount equal to the cost of these additional units to minimise NAV per unit dilution.

<sup>24</sup> MFG will also pay into MGF an amount equal to the 7.5% discount to minimise NAV per unit dilution.



an increase in the market value of listed Closed Class units, then there must be an opposite effect on the market value of Open Class units.

- 149 In our view, this theoretical potential market price impact is unlikely. This is because the buyback value of redeemed units is a function of the underlying NAV of the portfolio. This provides an effective market price support function, thus protecting the stock market value of the Open Class units.
- 150 There are actually two elements to this price support protection. The first being the underlying NAV that can be accessed via redemption. The second being that market participants are well aware of this price support alternative even if it does not have to actually be accessed. (In technical terms it is an “in substance put option” held by Open Class unitholders.)

### **Costs of the Proposed Restructure**

- 151 The costs of the Proposed Restructure generally are to be borne by MFG (the parent company of Magellan, the RE of MGF). Accordingly, there will be no negative impact on the NAV of the existing Open Class units in MGF pursuant to the Proposed Restructure.

### **Summary of opinion on the Proposed Restructure**

- 152 We summarise below the likely advantages and disadvantages for existing MGF unitholders if the resolutions to implement the Proposed Restructure are approved.

#### **Advantages**

- 153 The Proposed Restructure has the following advantages for MGF Open Class unitholders:
- (a) pursuant to the Proposed Restructure, Open Class unitholders in MGF will have enhanced liquidity as regards their investment in the fund, due to the advised intention of Magellan (as RE of MGF) to seek approval to quote Open Class MGF units on the ASX
  - (b) MGF Open Class unitholders will be eligible to participate in the MGF Partnership Offer and should they choose to do so, they will receive a significant financial advantage in the form of both additional Closed Class units in MGF (above the number of units subscribed for), together with options (which will be quoted on the ASX and exercisable at a discount). This financial advantage will be in the form of:
    - (i) an immediate increase in the value of a unitholder's investment (based on the NAV) of 7.5% of the amount subscribed
    - (ii) an increase of 7.5% in the annual distributions to unitholders on the amount subscribed (noting that this is a “mirror image” of the higher NAV)
    - (iii) three year options offering a further benefit of some 7.5% on further capital able to be subscribed (pursuant to the MGF Partnership Offer)
  - (c) the MGF Partnership Offer of Closed Units will provide permanent unitholder capital without diluting unitholder's equity
  - (d) post the Proposed Restructure some MGF Open Class unitholders can be expected to arbitrage any price gap that may emerge between Open Class and Closed Class units



- (e) there will be no associated cost attributable to these financial benefits as the costs of the Scheme, together with the costs of the Proposed Restructure generally, and the costs of the MGF Partnership Offer including the costs of the additional units and options, are to be borne by MFG (the parent company of Magellan, the RE of MGF).

### **Disadvantages**

- 154 As a result of the significant increase in the number of units on issue, the relative voting power of existing MGF Open Class unitholders will reduce. However, in the circumstances of the Scheme, we do not consider this to represent a material disadvantage. Accordingly, in our opinion, there are no material disadvantages that will accrue to existing MGF Open Class unitholders pursuant to implementation of the Scheme.

### **Conclusion**

- 155 Given the above analysis, we consider the Proposed Restructure to be in the best interests of existing MGF unitholders in the absence of a superior proposal (which in our view is unlikely).



## Appendix A

### Financial Services Guide

#### Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and IERs in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

#### Financial Services Guide

- 3 The Corporations Act authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Explanatory Memorandum to be sent to existing MGF unitholders in connection with the Proposed Restructure.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

#### Financial services we are licensed to provide

- 5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

#### General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

#### Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$70,000 plus GST.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.



### Appendix A

- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

### Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

### Contact details

- 14 LEA can be contacted by sending a letter to the following address:

Level 7  
64 Castlereagh Street  
Sydney NSW 2000  
(or GPO Box 1640, Sydney NSW 2001)



## Appendix B

### Qualifications, declarations and consents

#### Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This report was prepared by Mr Wayne Lonergan and Mr Martin Holt, who are each authorised representatives of LEA. Mr Lonergan and Mr Holt have over 45 years and 35 years experience respectively in the provision of valuation advice (and related advisory services).

#### Declarations

- 3 This report has been prepared at the request of the Directors of Magellan to accompany the Explanatory Memorandum to be sent to existing MGF unitholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Restructure is in the best interests of existing MGF unitholders.

#### Interests

- 4 At the date of this report, neither LEA, Mr Lonergan nor Mr Holt have any interest in the outcome of the Proposed Restructure (or the related Schemes). With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

#### Indemnification

- 6 As a condition of LEA's agreement to prepare this report, Magellan agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of MGF (or MGG or MGE) which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

#### Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

### Glossary

Term	Meaning
AFCA	Australian Financial Complaints Authority
Agreements	Two separate Scheme Implementation Deeds between Magellan as RE of MGE and Magellan as RE of MGF, and Magellan as RE of MGG and Magellan as RE of MGF
AMIT	Attributable Managed Investment Trusts
AMIT regime	On 5 May 2016, a new tax regime applying to AMITs was established under the <i>Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016</i> (Cth)
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Bonus MGF Option issue	Bonus options to be issued to holders of MGF Closed Class units on a 1-for-2 basis
Closed Class	Closed ended units in MGF post the implementation of the Scheme
Constitution	The Constitution of MGF
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	<i>Corporations Regulations 2001</i>
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation of acquired intangibles
EBITDA	Earnings before interest, tax depreciation and amortisation
ETF	Exchange traded fund
Existing MGE Units	Existing open class units in MGE pre implementation of the MGE Scheme
Existing MGG Units	Existing closed ended class units in MGG pre implementation of the MGG Scheme
FSG	Financial Services Guide
FY	Financial year
GST	Goods and services tax
IER	Independent expert's report
LEA	Loneragan Edwards & Associates Limited
Magellan	Magellan Asset Management Limited
MFG	Magellan Financial Group Limited
MGE	Magellan Global Equities Fund
MGE Scheme	The trust scheme proposed to be implemented between MGE and its unitholders to facilitate the Proposed Restructure
MGE Scheme Consideration	Open Class units in MGF to be allotted to MGE unitholders in exchange for their Existing MGE Units
MGE Unitholders	Unitholders of MGE pre implementation of the MGE Scheme
MGF	Magellan Global Fund
MGF Partnership Offer	MGF unitholders post the implementation of the Scheme will be offered the ability to subscribe for new MGF Closed Class units and an option for each new MGF Closed Class unit issued
MGG	Magellan Global Trust
MGG Scheme	The trust scheme proposed to be implemented between MGG and its unitholders to facilitate the Proposed Restructure
MGG Scheme Consideration	Closed Class units in MGF to be allotted to MGG unitholders in exchange for their Existing MGG Units
MGG Unitholders	Unitholders of MGG pre implementation of the MGG Scheme
NAV	Net asset value

## Schedule 2 Independent Expert's Report



### Appendix C

<b>Term</b>	<b>Meaning</b>
Open Class	Open ended units in MGF post the implementation of the Scheme
Proposed Restructure	The consolidation of MGE, MGG and MGF into a single fund
RE	Responsible entity
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
Scheme	Trust scheme of arrangement between MGE and its unitholders
Scheme Consideration	Open Class units in MGF in exchange for existing MGE open class units held
Schemes	Together, the MGE Scheme and the MGG Scheme
TPGN 15	Takeovers Panel Guidance Note 15 – <i>Trust scheme mergers</i>
UK	United Kingdom
US	United States of America
USD	US dollars
WANON	Weighted average number of units outstanding

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Magellan Asset Management Limited as responsible entity of the Magellan Global Fund

## Scheme Deed Poll (MGE)

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Scheme Deed Poll

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Scheme Deed Poll

Allens & Linklaters

**This Deed Poll is made on 14 October 2020**

**By**

**Magellan Asset Management Limited (ACN 120 593 946) as responsible entity of the Magellan Global Fund (ARSN 126 366 961)** of MLC Centre, Level 36, 19 Martin Place, Sydney NSW 2000 (**MGF RE**).

**In favour of each Scheme Unitholder**

**Recitals**

- A MGF RE and Magellan Asset Management Limited as responsible entity of the Magellan Global Equities Fund (ARSN 603 395 302) (the **Target RE**) have entered into an implementation deed dated 2 August 2020 (the **Implementation Deed**).
- B The Target RE has agreed in the Implementation Deed to propose the Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions precedent, MGF RE will acquire all the Scheme Units from the Scheme Unitholders for the Scheme Consideration.
- C In accordance with the Implementation Deed, MGF RE is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Unitholders that it will observe and perform the obligations contemplated of it under the Scheme.

**It is agreed** as follows.

## **1 Definitions and Interpretation**

### **1.1 Definitions**

Terms defined in the Implementation Deed have the same meaning in this Deed Poll, unless the context requires otherwise.

### **1.2 Interpretation**

The provisions of clause 1.2 of the Implementation Deed form part of this Deed Poll as if set out in full in this Deed Poll, and on the basis that references to 'this Deed' and 'this document' in that clause are references to 'this Deed Poll' and clause references are amended as applicable.

## **2 Nature of Deed Poll**

MGF RE acknowledges that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Unitholder in accordance with its terms, even though the Scheme Unitholders are not party to it; and
- (b) under the Scheme, each Scheme Unitholder appoints the Target RE and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this Deed Poll against MGF RE on behalf of that Scheme Unitholder.

## **3 Conditions Precedent and Termination**

### **3.1 Conditions precedent**

MGF RE's obligations under this Deed Poll are subject to the Scheme becoming Effective.

## 3.2 Termination

If the Implementation Deed is terminated before the Effective Date or the Scheme does not become Effective on or before the End Date, the obligations of MGF RE under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no further force or effect, unless the Target RE and MGF RE otherwise agree in accordance with the Implementation Deed.

## 3.3 Consequences of termination

If this Deed Poll is terminated under clause 3.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) MGF RE is released from its obligations under this Deed Poll, except those obligations under clause 8.6; and
- (b) each Scheme Unitholder retains any rights, powers or remedies that the Scheme Unitholder has against MGF RE in respect of any breach of its obligations under this Deed Poll that occurred before termination of this Deed Poll.

## 4 Compliance with Scheme Obligations

### 4.1 Obligations of MGF RE

Subject to clause 3, in consideration for the transfer to MGF RE of the Scheme Units in accordance with the Scheme, MGF RE covenants in favour of each Scheme Unitholder that it will observe and perform all obligations contemplated of it under the Scheme, including the obligations relating to the provision of the Scheme Consideration in accordance with the terms of the Scheme.

### 4.2 Undertaking to issue the Scheme Consideration

On the Implementation Date, MGF RE undertakes in favour of each Scheme Unitholder to provide, or procure the provision of, the Scheme Consideration to each Scheme Unitholder in accordance with the terms of the Scheme.

### 4.3 Scheme Consideration to rank equally

MGF RE covenants in favour of each Scheme Unitholder that the Open Class Units issued as Scheme Consideration will:

- (a) have the rights set out in the MGF Constitution;
- (b) rank equally in all respects among themselves; and
- (c) be fully paid and free from any Encumbrance.

### 4.4 General warranties

MGF RE represents and warrants in favour of each Scheme Unitholder that:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise the entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll;
- (d) this Deed Poll is its valid and binding obligation enforceable in accordance with its terms;
- (e) the execution and performance by it of this Deed Poll and each transaction contemplated by this Deed Poll did not and will not violate in any respect a provision of:

## Scheme Deed Poll

- (i) a law or treaty or a judgment, ruling, order or decree binding on it or any of its Controlled Entities;
  - (ii) the MGF Constitution; or
  - (iii) any other document or agreement that is binding on it or any of its Controlled Entities;
- (f) neither it nor MGF is Insolvent;
- (g) MGF has been duly established and has not been terminated and is a registered managed investment scheme;
- (h) it is the responsible entity of MGF and no action has been taken or proposed to remove it as responsible entity of MGF;
- (i) no action has been taken or proposed to, either:
- (i) terminate MGF; or
  - (ii) wind-up MGF, whether under Chapter 5C of the Corporations Act or otherwise;
- (j) it has the authorisations necessary for it to enter into the documents to which it is a party, perform obligations under them and allow them to be enforced (including any authorisation required under the MGF Constitution (if any));
- (k) entry into the documents to which it is a party is a valid exercise of its powers under the MGF Constitution for the benefit of the MGF Unitholders; and
- (l) it has a right, in accordance with the terms of the MGF Constitution, to be fully indemnified out of the property of MGF in respect of obligations incurred by it under the documents to which it is a party, and, to the best of its knowledge and after reasonable and due enquiry, it is not aware of anything that would prevent it from being fully indemnified out of the property of MGF, in accordance with the terms of the MGF Constitution, for any obligations under or in connection with this Deed Poll, or any of the transactions contemplated by this Deed Poll.

## 5 Limited liability of MGF RE

- (a) MGF RE enters into this Deed Poll only in its capacity as trustee of MGF and in no other capacity. A liability arising under or in connection with this Deed Poll is limited to and can be enforced against MGF RE only to the extent to which it can be satisfied out of the assets out of which MGF RE is entitled to be indemnified for the liability. This limitation of MGF RE's liability applies despite any other provision of this Deed Poll and extends to all liabilities and obligations of MGF RE in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed Poll.
- (b) A Scheme Unitholder may not sue MGF RE under or in respect of this Deed Poll in any capacity other than as trustee of MGF, including the appointment of a receiver (except in relation to property of MGF), a liquidator, an administrator or any similar person to MGF RE or prove in any liquidation, administration or arrangement of or affecting MGF RE (except in relation to assets of MGF).
- (c) MGF RE does not have to incur any obligation under this Deed Poll unless its liability in respect of that obligation is limited in the same manner as in this clause 5.
- (d) The provisions of this clause 5 shall not apply to any obligation or liability of MGF RE to the extent that it is not satisfied because under the MGF Constitution by operation of applicable law there is a reduction in the extent of MGF RE's indemnification out of the assets of MGF, as a result of MGF RE's fraud, negligence or breach of trust.

## 6 Continuing Obligations

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) MGF RE having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll under clause 3.

## 7 Further Assurances

MGF RE will, on its own behalf and, to the extent authorised by the Scheme, on behalf of each Scheme Unitholder, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Deed Poll and the transactions contemplated by it.

## 8 General

### 8.1 Notices

Any notice, demand, consent or other communication to MGF RE (a **Notice**) given or made under this Deed Poll:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;
- (b) must be delivered to MGF RE by email to the email address below or the email address last notified by MGF RE recipient to the sender:  
[legal@magellangroup.com.au](mailto:legal@magellangroup.com.au)
- (c) will be conclusively taken to be duly given or made:
  - (i) in the case of delivery in person, when delivered; and
  - (ii) in the case of email, on the earlier of:
    - (A) when the sender receives an automated message from the email system of the intended recipient confirming delivery; and
    - (B) three hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, within that three hour period, an automated message that the email has not been delivered,

but if the result is that a Notice would be taken to be given or made on a day that is not a Business Day in the place to which the Notice is sent or at a time that is later than 5.00pm in the place to which the Notice is sent, it will be conclusively taken to have been duly given or made at the start of business on the next Business Day in that place.

### 8.2 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by MGF RE or by any Scheme Unitholder operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing and signed by the party granting the waiver.

## 8.3 Remedies cumulative

The rights, powers and remedies of MGF RE and of each Scheme Unitholder under this Deed Poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

## 8.4 Amendment

No amendment or variation of this Deed Poll is valid or binding unless either:

- (a) before the Second Court Date, the amendment or variation is agreed to in writing by the Target RE and MGF RE (which such agreement may be given or withheld without reference to or approval by any Scheme Unitholder); or
- (b) on or after the Second Court Date, the amendment or variation is agreed to in writing by the Target RE and MGF RE (which such agreement may be given or withheld without reference to or approval by any Scheme Unitholder), and is approved by the Court.

## 8.5 Assignment

The rights and obligations of MGF RE and of each Scheme Unitholder under this Deed Poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so without the prior consent of MGF RE and the Target RE.

## 8.6 Costs and duty

MGF RE (or a MGF Group Member) shall bear all costs arising out of the negotiation, preparation and execution of this Deed Poll. All duty (including stamp duty and any fines, penalties and interest) payable on or in connection with this Deed Poll and any instrument executed under or any transaction evidenced by this Deed Poll must be borne by MGF RE (or a MGF Group Member). MGF RE (or a MGF Group Member) must indemnify each Scheme Unitholder on demand against any liability for that duty (including any related fines, penalties and interest).

## 8.7 Governing law and jurisdiction

This Deed Poll is governed by the laws of New South Wales. Each party must submit to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Deed Poll.

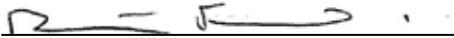
# Schedule 3 Deeds Poll

Scheme Deed Poll

Allens & Linklaters

## Executed and delivered as a Deed Poll

**Executed** in accordance with section 127 of the *Corporations Act 2001* (Cth) by **Magellan Asset Management Limited** as responsible entity for the **Magellan Global Fund**:

  
\_\_\_\_\_  
Director Signature

Robert Fraser  
\_\_\_\_\_  
Print Name

  
\_\_\_\_\_  
Director Signature

Brett Cairns  
\_\_\_\_\_  
Print Name

Allens < Linklaters

Magellan Asset Management Limited as responsible entity of the Magellan Global Fund

## Scheme Deed Poll (MGG)

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Scheme Deed Poll

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Scheme Deed Poll

Allens  Linklaters

**This Deed Poll is made on 14 October 2020**

**By**

**Magellan Asset Management Limited (ACN 120 593 946) as responsible entity of the Magellan Global Fund (ARSN 126 366 961)** of MLC Centre, Level 36, 19 Martin Place, Sydney NSW 2000 (**MGF RE**).

**In favour of each Scheme Unitholder**

**Recitals**

- A MGF RE and Magellan Asset Management Limited as responsible entity of the Magellan Global Trust (ARSN 620 753 728) (the **Target RE**) have entered into an implementation deed dated 2 August 2020 (the **Implementation Deed**).
- B The Target RE has agreed in the Implementation Deed to propose the Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions precedent, MGF RE will acquire all the Scheme Units from the Scheme Unitholders for the Scheme Consideration.
- C In accordance with the Implementation Deed, MGF RE is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Unitholders that it will observe and perform the obligations contemplated of it under the Scheme.

**It is agreed** as follows.

## **1 Definitions and Interpretation**

### **1.1 Definitions**

Terms defined in the Implementation Deed have the same meaning in this Deed Poll, unless the context requires otherwise.

### **1.2 Interpretation**

The provisions of clause 1.2 of the Implementation Deed form part of this Deed Poll as if set out in full in this Deed Poll, and on the basis that references to 'this Deed' and 'this document' in that clause are references to 'this Deed Poll' and clause references are amended as applicable.

## **2 Nature of Deed Poll**

MGF RE acknowledges that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Unitholder in accordance with its terms, even though the Scheme Unitholders are not party to it; and
- (b) under the Scheme, each Scheme Unitholder appoints the Target RE and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this Deed Poll against MGF RE on behalf of that Scheme Unitholder.

## **3 Conditions Precedent and Termination**

### **3.1 Conditions precedent**

MGF RE's obligations under this Deed Poll are subject to the Scheme becoming Effective.

## 3.2 Termination

If the Implementation Deed is terminated before the Effective Date or the Scheme does not become Effective on or before the End Date, the obligations of MGF RE under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no further force or effect, unless the Target RE and MGF RE otherwise agree in accordance with the Implementation Deed.

## 3.3 Consequences of termination

If this Deed Poll is terminated under clause 3.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) MGF RE is released from its obligations under this Deed Poll, except those obligations under clause 8.6; and
- (b) each Scheme Unitholder retains any rights, powers or remedies that the Scheme Unitholder has against MGF RE in respect of any breach of its obligations under this Deed Poll that occurred before termination of this Deed Poll.

## 4 Compliance with Scheme Obligations

### 4.1 Obligations of MGF RE

Subject to clause 3, in consideration for the transfer to MGF RE of the Scheme Units in accordance with the Scheme, MGF RE covenants in favour of each Scheme Unitholder that it will observe and perform all obligations contemplated of it under the Scheme, including the obligations relating to the provision of the Scheme Consideration in accordance with the terms of the Scheme.

### 4.2 Undertaking to issue the Scheme Consideration

On the Implementation Date, MGF RE undertakes in favour of each Scheme Unitholder to provide, or procure the provision of, the Scheme Consideration to each Scheme Unitholder in accordance with the terms of the Scheme.

### 4.3 Scheme Consideration to rank equally

MGF RE covenants in favour of each Scheme Unitholder that the Closed Class Units issued as Scheme Consideration will:

- (a) have the rights set out in the MGF Constitution;
- (b) rank equally in all respects among themselves; and
- (c) be fully paid and free from any Encumbrance.

### 4.4 General warranties

MGF RE represents and warrants in favour of each Scheme Unitholder that:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise the entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll;
- (d) this Deed Poll is its valid and binding obligation enforceable in accordance with its terms;
- (e) the execution and performance by it of this Deed Poll and each transaction contemplated by this Deed Poll did not and will not violate in any respect a provision of:

- (i) a law or treaty or a judgment, ruling, order or decree binding on it or any of its Controlled Entities;
  - (ii) the MGF Constitution; or
  - (iii) any other document or agreement that is binding on it or any of its Controlled Entities;
- (f) neither it nor MGF is Insolvent;
- (g) MGF has been duly established and has not been terminated and is a registered managed investment scheme;
- (h) it is the responsible entity of MGF and no action has been taken or proposed to remove it as responsible entity of MGF;
- (i) no action has been taken or proposed to, either:
- (i) terminate MGF; or
  - (ii) wind-up MGF, whether under Chapter 5C of the Corporations Act or otherwise;
- (j) it has the authorisations necessary for it to enter into the documents to which it is a party, perform obligations under them and allow them to be enforced (including any authorisation required under the MGF Constitution (if any));
- (k) entry into the documents to which it is a party is a valid exercise of its powers under the MGF Constitution for the benefit of the MGF Unitholders; and
- (l) it has a right, in accordance with the terms of the MGF Constitution, to be fully indemnified out of the property of MGF in respect of obligations incurred by it under the documents to which it is a party, and, to the best of its knowledge and after reasonable and due enquiry, it is not aware of anything that would prevent it from being fully indemnified out of the property of MGF, in accordance with the terms of the MGF Constitution, for any obligations under or in connection with this Deed Poll, or any of the transactions contemplated by this Deed Poll.

## 5 Limited liability of MGF RE

- (a) MGF RE enters into this Deed Poll only in its capacity as trustee of MGF and in no other capacity. A liability arising under or in connection with this Deed Poll is limited to and can be enforced against MGF RE only to the extent to which it can be satisfied out of the assets out of which MGF RE is entitled to be indemnified for the liability. This limitation of MGF RE's liability applies despite any other provision of this Deed Poll and extends to all liabilities and obligations of MGF RE in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed Poll.
- (b) A Scheme Unitholder may not sue MGF RE under or in respect of this Deed Poll in any capacity other than as trustee of MGF, including the appointment of a receiver (except in relation to property of MGF), a liquidator, an administrator or any similar person to MGF RE or prove in any liquidation, administration or arrangement of or affecting MGF RE (except in relation to assets of MGF).
- (c) MGF RE does not have to incur any obligation under this Deed Poll unless its liability in respect of that obligation is limited in the same manner as in this clause 5.
- (d) The provisions of this clause 5 shall not apply to any obligation or liability of MGF RE to the extent that it is not satisfied because under the MGF Constitution by operation of applicable law there is a reduction in the extent of MGF RE's indemnification out of the assets of MGF, as a result of MGF RE's fraud, negligence or breach of trust.

## 6 Continuing Obligations

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) MGF RE having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll under clause 3.

## 7 Further Assurances

MGF RE will, on its own behalf and, to the extent authorised by the Scheme, on behalf of each Scheme Unitholder, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Deed Poll and the transactions contemplated by it.

## 8 General

### 8.1 Notices

Any notice, demand, consent or other communication to MGF RE (a **Notice**) given or made under this Deed Poll:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;
- (b) must be delivered to MGF RE by email to the email address below or the email address last notified by MGF RE recipient to the sender:  
[legal@magellangroup.com.au](mailto:legal@magellangroup.com.au)
- (c) will be conclusively taken to be duly given or made:
  - (i) in the case of delivery in person, when delivered; and
  - (ii) in the case of email, on the earlier of:
    - (A) when the sender receives an automated message from the email system of the intended recipient confirming delivery; and
    - (B) three hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, within that three hour period, an automated message that the email has not been delivered,

but if the result is that a Notice would be taken to be given or made on a day that is not a Business Day in the place to which the Notice is sent or at a time that is later than 5.00pm in the place to which the Notice is sent, it will be conclusively taken to have been duly given or made at the start of business on the next Business Day in that place.

### 8.2 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by MGF RE or by any Scheme Unitholder operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing and signed by the party granting the waiver.

### 8.3 Remedies cumulative

The rights, powers and remedies of MGF RE and of each Scheme Unitholder under this Deed Poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

### 8.4 Amendment

No amendment or variation of this Deed Poll is valid or binding unless either:

- (a) before the Second Court Date, the amendment or variation is agreed to in writing by the Target RE and MGF RE (which such agreement may be given or withheld without reference to or approval by any Scheme Unitholder); or
- (b) on or after the Second Court Date, the amendment or variation is agreed to in writing by the Target RE and MGF RE (which such agreement may be given or withheld without reference to or approval by any Scheme Unitholder), and is approved by the Court.

### 8.5 Assignment

The rights and obligations of MGF RE and of each Scheme Unitholder under this Deed Poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so without the prior consent of MGF RE and the Target RE.

### 8.6 Costs and duty

MGF RE (or a MGF Group Member) shall bear all costs arising out of the negotiation, preparation and execution of this Deed Poll. All duty (including stamp duty and any fines, penalties and interest) payable on or in connection with this Deed Poll and any instrument executed under or any transaction evidenced by this Deed Poll must be borne by MGF RE (or a MGF Group Member). MGF RE (or a MGF Group Member) must indemnify each Scheme Unitholder on demand against any liability for that duty (including any related fines, penalties and interest).

### 8.7 Governing law and jurisdiction

This Deed Poll is governed by the laws of New South Wales. Each party must submit to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Deed Poll.

# Schedule 3 Deeds Poll

Scheme Deed Poll

Allens & Linklaters

## Executed and delivered as a Deed Poll

**Executed** in accordance with section 127 of the *Corporations Act 2001* (Cth) by **Magellan Asset Management Limited** as responsible entity for the **Magellan Global Fund**:



Director Signature

Robert Fraser

Print Name



Director Signature

Brett Cairns

Print Name

Allens > < Linklaters

Magellan Global Fund (ARSN 126 366 961)

## Supplemental Deed Poll

Amending the Constitution for the Magellan Global Fund

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# Schedule 4 Supplemental Deed Poll

Supplemental Deed Poll

Allens & Linklaters

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# Schedule 4 Supplemental Deed Poll

Supplemental Deed Poll

Allens  Linklaters

**This Deed** is made on

## Parties

Magellan Asset Management Limited (ACN 120 593 946) as responsible entity of the Magellan Global Fund (ARSN 126 366 961) of Level 36, 19 Martin Place, Sydney, New South Wales, 2000 (the **Responsible Entity**).

## Recitals

- A The Responsible Entity is the responsible entity of the trust known as the Magellan Global Fund (ARSN 126 366 961) (the **Trust**).
- B The Trust is registered under section 601EB of the *Corporations Act 2001* (Cth) (the **Corporations Act**) as a managed investment scheme.
- C Clause 26 of the Constitution permits the Responsible Entity to convene a meeting to consider special resolutions to amend the Constitution or approve other proposed actions for the purpose of facilitating a restructure of the Trust. Clause 44 of the Constitution provides that the Responsible Entity may by supplemental deed amend the Constitution.
- D On **[insert date]** 2020, the Unit Holders by special resolution resolved that the Constitution of the Trust be amended in accordance with this Supplemental Deed Poll. Accordingly, this Supplemental Deed Poll amends the Constitution to give effect to the resolution of the Unit Holders.
- E In accordance with section 601GC(2) of the Corporations Act, the amendments to the Constitution set out in this Supplemental Deed Poll do not take effect until a copy has been lodged with the Australian Securities and Investments Commission (**ASIC**).

**It is declared** as follows.

## 1 Definitions and Interpretation

### 1.1 Definitions

In this Supplemental Deed Poll including the Recitals, the following definitions apply unless the context otherwise requires.

**Constitution** means the constitution constituting the trust dated 22 June 2007, as amended from time to time (including by supplemental deed polls dated 29 June 2007, 11 July 2007, 17 July 2007, 18 December 2009, 21 September 2010 and 9 March 2018).

**Effective Date** means the date and time on which a copy of this Supplemental Deed Poll is lodged with ASIC under section 601GC(2) of the Corporations Act.

**Unit Holder** means a person registered as a holder of units in the Trust (including persons registered jointly).

### 1.2 Interpretation

- (a) Terms used but not defined in this Supplemental Deed Poll have the same meanings given to them in the Constitution.
- (b) Clauses 1.1, 1.2 and 1.3 of the Constitution apply to this Supplemental Deed Poll as if set out in this Supplemental Deed Poll.

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# Schedule 4 Supplemental Deed Poll

Supplemental Deed Poll

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## **1.3 Benefit of this Supplemental Deed Poll**

This Supplemental Deed Poll is made by the Responsible Entity so that it shall enure to the benefit of Unit Holders jointly and severally.

## **2 Amendment of Constitution**

The Responsible Entity amends the Constitution so that, on and from the Effective Date, the text shown as underlined in the schedule is inserted into the Constitution and the text shown as struck through is deleted from the Constitution.

## **3 No Resettlement**

The Responsible Entity confirms that it is not by this Supplemental Deed Poll intending to:

- (a) settle or redeclare the Trust declared under the Constitution; or
- (b) cause the transfer, vesting or accruing of any property comprising the assets of the Trust in any person.

## **4 Governing Law and Jurisdiction**

This Supplemental Deed Poll is governed by the laws of New South Wales, Australia.

# Schedule 4 Supplemental Deed Poll

Supplemental Deed Poll

Allens & Linklaters

**Executed and delivered as a Deed** in Sydney, New South Wales.

**Executed** in accordance with section 127 of the *Corporations Act 2001* by Magellan Asset Management Limited (ACN 120 593 946) as responsible entity for the **Magellan Global Fund**:

\_\_\_\_\_  
Director Signature

\_\_\_\_\_  
Director/Secretary Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

# Schedule 4 Supplemental Deed Poll

Supplemental Deed Poll

Allens & Linklaters

## **Schedule 1**

### **Amendments to the Constitution of Magellan Global Fund**

# Consolidated Constitution

as at ~~9 March 2018~~ <sup>[\*]</sup> 2020

## Magellan Global Fund

---

Magellan Asset Management Limited ABN 31 120 593 946  
(Responsible Entity)

*This document is a consolidated version of the Constitution for the Magellan Global Fund (“Fund”), the terms of which apply to the Fund by virtue of the first (29 June 2007), second (11 July 2007), third (17 July 2007), fourth (18 December 2009) fifth (21 September 2010) ~~and~~ sixth (9 March 2018) and seventh (<sup>[\*]</sup> 2020) Supplemental Deeds each amending the Original Trust Deed dated 22 June 2007.*

*This is not a legally binding document. Reference should be made to the Original Trust Deed and to the subsequent Supplemental Deeds noted above for the operative provisions.*

## Magellan Global Fund constitution

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**Signing page**

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## Details

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### Date

### Responsible entity

Name	<b>Magellan Asset Management Limited</b>
ABN	31 120 593 946
Short form name	<b>Responsible Entity</b>
Notice details	Level 36, 19 <del>Martine</del> <a href="#">Martin</a> Place, Sydney, NSW, 2000, Australia Facsimile +61 2 9235 4800

## Terms

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### 1. Defined terms & interpretation

#### 1.1 Defined terms

In this constitution:

**Accounting Period** means the twelve-month period commencing on 1 July and ending on the following 30 June, except that:

- (a) the first Accounting Period commences on the date on which the Trust commences in accordance with clause 3 and ends on the following 30 June; and
- (b) the final Accounting Period ends on the date on which the assets of the Trust are fully distributed to Holders on or after the Termination Date and commences on the immediately preceding 1 July.

**Accounting Standards** means:

- (a) all accounting standards and principles in force from time to time and required by Australian law to be complied with in respect of the Trust; and
- (b) except to the extent that it is inconsistent with paragraph (a), generally accepted accounting principles applying in Australia from time to time.

**Accrual Period** means the time determined by the Responsible Entity for the purpose of making a distribution under clause 34.

**Accrual Time** means the time determined by the Responsible Entity when the number of Units on issue is calculated for the purpose of making a distribution. Unless determined otherwise by the Responsible Entity, the Accrual Time in respect of any distribution will be:

- (a) while a Class is Quoted or Listed, the end of the last Business Day during which that Class is traded cum-entitlement on the Securities Exchange; or
- (b) if a Class is not Quoted or Listed, the end of the day on the last day of the Accrual Period or Accounting Period.

**Application Transaction Costs** means the costs determined under clause 12.3.

**AMIT** (or attribution managed investment trust) has the meaning given to it in the Tax Act.

**ASIC** means the Australian Securities and Investments Commission or any body replacing it.

**ASX** means ASX Limited (ACN 008 624 691) or a Securities Exchange operated by ASX Limited, as the context requires.

**Approving Resolution** means a resolution passed in accordance with clause 48.

**Approving Resolution Deadline** in relation to a Proportional Takeover Bid means the day that is the 14th calendar day before the last day of the Bid Period.

**Attribution Amount** means, for a period, any amount calculated by the Responsible Entity and attributed to a Holder on a fair and reasonable basis and in accordance with this constitution and the Trust's constituent documents, for the purposes of Division 276 of the Tax Act and may include or be adjusted by:

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- (a) components of an income character (including assessable, exempt and non-assessable, non-exempt characters);
- (b) components of a tax offset character;
- (c) any amount the Responsible Entity determines; and
- (d) an Under or Over.

**Base Performance Fee Per Unit** has the meaning given in clause 30.3(b).

**Bid Class** has the same meaning as 'bid class' in the Corporations Act.

**Bidder** has the same meaning as 'bidder' in the Corporations Act.

**Bid Period** has the same meaning as 'bid period' in the Corporations Act.

**Business Day** means:-

- (a) for the purposes of clause 30, a day on which the primary securities exchange for any security that forms part of the Trust Property is open for trading;
- (b) subject to paragraph (a), where a Class of Units is Listed, has the meaning given in the Listing Rules;
- (c) subject to paragraph (a), where a Class of Units is Quoted, has the meaning given in the Operating Rules; and
- (d) otherwise, subject to paragraph (a), a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.

**Business Hours** means 9.00am to 5.00pm on a Business Day.

**CHESS** has the meaning given in the Listing Rules.

**Class** means a class of Units, being Units which have the same rights (disregarding any difference connected with the first distribution following an issue of Units). If all Units have the same rights (disregarding any difference connected with the first distribution following an issue of Units), there is only one class.

**Class is Listed** means where a Class of Units is Listed.

**Class is Quoted** means where a Class of Units is Quoted (and includes quotation of the Open Class Units).

**Class Waiver** means each Listing Rule Waiver granted to the Responsible Entity by a Market Operator in relation to the Trust relating to official listing of the Trust and quotation of the Closed Class Units in connection with that listing.

**Closed Class Options** means Options which have the Terms described in this constitution, including Schedule 3.

**Closed Class Units** means Units in the Trust which have the Terms described in this constitution, including Schedule 1.

**Controlled Entity** means an entity, including a body corporate, trust or partnership, regarding which the Responsible Entity (as responsible entity) has the capacity to determine the outcomes of decisions about the financial and operating policies of that entity.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**CPI Adjusted** means increased each year by an amount not exceeding any percentage increase during the previous year ended 30 June, in the Consumer Price Index (All Capital Cities) or any

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~~replacement index.~~

~~**Distributable Income** means the distributable income of the Trust.~~

**Current Trading Price** of a Unit in a Class where the Class is Listed is (on the day the price is being determined):

- (a) the amount equal to the average of the daily volume weighted average price for all Unit sales (excluding sales that are special crossings, crossings prior to the commencement of normal trading, crossings during the closing phase and after hours adjust phase, or any overseas trades or trades pursuant to the exercise of options, any overnight crossings or any other sales which the Responsible Entity considers may not be reflective of natural supply and demand) on any applicable Securities Exchange during the previous 10 Trading Days immediately preceding that day; or
- (b) if:
  - (i) Units have not been traded for at least 10 consecutive Trading Days before the relevant day; or
  - (ii) in the Responsible Entity's opinion, a determination under paragraph (a) would not provide a fair reflection of the market value of the Unit having regard to the nature of the proposed offer of Units and the circumstances in which the proposed offer is made,  
the price per Unit determined by an advisor who:
    - (iii) is independent of the Responsible Entity; and
    - (iv) has relevant market experience in determining the issue price of securities in circumstances similar to those in which the determination of the Current Trading Price of a Unit is being made,  
to be the fair market price of the Unit, having regard but not limited to:
      - (v) the nature of the proposed offer of Units for which purpose the Current Trading Price of a Unit is being calculated;
      - (vi) the circumstances in which the proposed offer of Units will be made; and
      - (vii) the interests of Unit Holders generally.

**Derivative Transaction** means any derivative (as defined in the Corporations Act) or any transaction in respect of a derivative.

**Distributable Income** for an Accrual Period or an Accounting Period (as applicable) will be the net income of the Trust under section 95 of the *Income Tax Assessment Act 1936* (Cth) (calculated by the Responsible Entity) less amounts attributable to franking credits, foreign tax credits and other notional and deemed amounts, unless the Responsible Entity in its discretion before the end of the Accrual Period or Accounting Period (as applicable) determines another amount to be the Distributable Income.

**Distribution Reinvestment** means the reinvestment in the ~~Fund—Trust Property~~ of distributions. ~~**Entry Fee** means the fee payable to the Responsible Entity on an application for Units. **Exit Fee** means the fee payable to the Responsible Entity on redemption of Units.~~

**DRP Rules** means the Distribution Reinvestment Plan Rules of the Trust as may be amended by the Responsible Entity from time to time.

**Fees** has the meaning given in clause 30.1.

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**Financial Instrument** has the meaning given in clause 6.9.

**Financial Instrument Holder** means the registered holder of a Financial Instrument and includes persons jointly registered.

**Fund** means the Trust Property.

**GST** has the meaning given to it in the GST Act.

**GST Act** means *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Hedge Agreement** means any contract, agreement or arrangement setting out the terms and conditions of a Derivative Transaction. It includes any master agreement as published by the International Swaps and Derivatives Association, Inc. from time to time, and any schedule to, and any derivative, transaction or confirmation under or as defined in, such a master agreement.

**Holder** means a Unit Holder ~~of a Unit or Units~~, an Option Holder or a Financial Instrument Holder.

**Holding Lock** means, as defined by the Market Operator from time to time, a facility that prevents securities from being deducted from, or entered into, a holding pursuant to a transfer or conversion.

**Initial Minimum Investment** means the amount determined by the Responsible Entity from time to time as the minimum number of Units or value of Units for which application may be made by a new Holder.

**Issue Price** means the price at which a Unit is ~~created and~~ issued.

**Listed** means where the Trust is admitted to the official list of a Securities Exchange and a Class of Units is, or Options or Financial Instruments are, quoted on the main board of that Securities Exchange in connection with that listing (and includes listing of the Trust on a Securities Exchange and quotation of the Closed Class Units).

**Listing Rules** means the listing rules a Market Operator from time to time (as modified or varied by any Listing Rule Waiver, including the Class Waiver) and includes applicable Operating Rules.

**Listing Rule Waiver** means an exemption from or modification to the Listing Rules granted by the Market Operator.

**Management Fee** means the management fee payable to the Responsible Entity from time to time for managing the Trust.

**Marketable Parcel** has the meaning given in applicable Operating Rules in force from time to time.

**Market Operator** means any entity that operates a Securities Exchange on which Units are Listed or Quoted.

**Meeting** means a meeting of Unit Holders or ~~a class of~~ any other Holders (and includes a meeting of a Class).

**Minimum Balance** means the amount determined by the Responsible Entity from time to time as the usual minimum number of Units in a Class or value of Units in that Class to be held by a Holder.

**Minimum Redemption Amount** means an amount determined by the Responsible Entity from time to time as the usual minimum number of Units in a Class or value of Units in that Class for which a Redemption Request may be made by a Holder.

~~**Net Performance Fee** means the performance fee payable to the Responsible Entity from time to~~

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~~time for managing the Trust as provided in clause 30.1.~~

**Offering** means the offer and issue of Closed Class Units or Open Class Units to members of Magellan Global Trust (ARSN 620 753 728) and Magellan Global Equities Fund (ARSN 603 395 302) respectively (each, an Other Scheme) in consideration for those members' units in the Other Scheme where the issue has been approved by the members of each Other Scheme (by special resolution approving amendments to the constitution of the Other Scheme).

**Offering Effective Date** has the meaning given in Schedule 1.

**Open Class Units** means Units in the Trust which have the Terms described in this constitution, including Schedule 2.

**Operating Rules** means the operating rules of the Market Operator as modified or supplemented in relation to the Trust.

**Operational Net Trust Value** means the total value of all Trust Property less all Trust Liabilities except for Redemption Liabilities.

**Option** means an option to subscribe for a Unit.

**Option Holder** means a person registered as the holder of an Option and includes persons jointly registered.

**Placement** means any issue of Units permitted under section 601GAD of the Corporations Act (as added by ASIC Class Order [CO 13/655]) and any equivalent provision under any successor or replacement legislative instrument.

**Portfolio Value** means, for the purposes of clause 30, the Operational Net Trust Value determined as at the close of each market on a particular Business Day, exclusive of any accruals for Management Fees and the Total Performance Fee.

**Proportional Takeover Bid** has the same meaning as 'proportional takeover bid' in the Corporations Act.

**Quoted** means quoted on a Securities Exchange in accordance with applicable Operating Rules (including quotation of the Open Class Units) but does not include where the quotation is of Units on the main board of a Securities Exchange in connection with the Trust being admitted to the official list of that Securities Exchange.

**Redemption Liabilities** means the liabilities representing the Redemption Price for each Unit (including RE Units).

**Redemption Price** means the price payable on the redemption of a Unit.

**Redemption Request** means a request by a Holder to the Responsible Entity to redeem Units.

**Redemption Transaction Costs** means the costs determined under clause 15.6.

**Register** means ~~the unit a~~ register for the Trust referred to in clause ~~20~~21.

**Registered** means a trust that is registered with ASIC as a managed investment scheme under Chapter 5C of the Corporations Act.

**Relief** means any declaration made or exemption granted by ASIC that is applicable to the Trust (including in respect of a Class) or the Responsible Entity and that is in force and includes legislative instruments and class orders made by ASIC under the Corporations Act.

**Reporting Net Trust Value** means the total value of Trust Property less all Trust Liabilities in accordance with the requirements under the Corporations Act from time to time in relation to the preparation of accounts and financial reporting.

**Responsible Entity** means the body named in this constitution as responsible entity while it

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remains as responsible entity of the Trust and also means any subsequent responsible entity of the Trust from time to time.

**Restricted Securities** has the same meaning as in the Listing Rules.

**Retail Client** has the meaning given to it in the Corporations Act.

**Securities Exchange** means a financial market on which Units, Options or Financial Instruments are traded (or, where applicable, it is proposed they be traded).

**Security Interest** means any mortgage, charge, pledge, lien, encumbrance, arrangement for the retention of title or any other similar right, interest, power or arrangement of any nature having the effect of providing security.

**Settlement Facility** means a clearing and settlement facility in Australia and includes CHESS and any successor system to CHESS.

**Settlement Facility Operator** means ASX Settlement Pty Ltd (ABN 49 008 504 532) and any other entity that operates a Settlement Facility.

**Settlement Rules** means the operating rules, procedures, practices, directions, decisions and requirements of the Settlement Facility Operator.

**Specified Time** means a time determined by the Responsible Entity from time to time for the purpose of accepting applications for, issuing or redeeming Units.

**Subsequent Minimum Investment** means the amount determined by the Responsible Entity from time to time as the usual minimum number of Units or value of Units for which application may be made by an existing Holder.

**Switch** means an application for Units in the Trust by a person who is (or was) a holder of units in another fund of which the Responsible Entity is also the responsible entity (or in the case of a superannuation or retirement product, the trustee), where the consideration for the application represents an amount payable to the applicant on redemption in respect of units in that other fund.

~~**Switching Fee** means a fee in relation to a Switch.~~

**Tax Act** means *Income Tax Assessment Act 1997 (Cth)*.

**Taxes** means all taxes, including without limitation income, capital gains, recoupment, debits, land, sales, payroll, fringe benefits, group, profit, interest, property, undistributed profits, withholding, GST and wealth taxes, stamp, documentary, financial institutions, registration and other duties, municipal rates, and all other imposts, deductions and charges, related interest, penalties, charges, fees or other amounts assessed, charged, assessable or chargeable by or payable to any national, state or municipal taxation authority.

**Termination Date** means the time specified in any notice sent by the Responsible Entity to the Unit Holders as the time from which termination of the Trust commences.

**Terms** means the rights, obligations and restrictions attaching to a particular Unit (or Class of Units), Option or Financial Instrument and includes the terms of issue.

**Total Performance Fee** has the meaning given in clause 30.3(a).

**Trust** means Magellan Global Fund ~~-(ARSN 126 366 961)~~.

**Trust Liabilities** include, except as otherwise provided in this constitution, borrowings, accrued costs, charges, expenses and outgoings, contingent liabilities, provisions the Responsible Entity decides to make (including a provision for accrued Management Fees), unpaid distributions due to Holders and other unpaid remuneration (if any) due to the Responsible Entity.

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**Trust Property** means all property, rights and income of the Trust.

**Unit** means a beneficial interest in the Fund.

**Unit Class Value** of a Unit of a Class on a particular day is an amount equal to Operational Net Trust Value referable to that Class of Units plus any Application Transaction Costs (in the case of an Application) or less any Redemption Transaction Costs (in the case of a Redemption Request) divided by the number of Units on issue in that Class.

**Unit Holder** means a person appearing on the Register as a holder of a Unit or Units and, where required by the Corporations Act, a person determined under the Corporations Act to be a member of the Trust.

**Valuation Time** means a time as at which the Responsible Entity calculates-:

- (a) the Operational Net Trust Value ~~or~~ for the purposes of clauses 12.2, 15.5 and 35.3(b); or
  - (b) Reporting Net Trust Value,
- as the case may be.

## 1.2 Interpretation

In this constitution, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this constitution, and a reference to this constitution includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to **A\$, \$A, dollar** or **\$** is to Australian currency;
- (f) a reference to time is to Sydney, Australia time;
- (g) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) a reference to the Corporations Act means that Act as modified by applicable Relief;
- (j) ~~(j)~~ a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (k) ~~(k)~~ the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (l) ~~(l)~~ a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this constitution or any part of it; ~~and~~
- (m) ~~(m)~~ if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day;
- (n) where a rule in this constitution is stated to apply 'subject to the Listing Rules' or 'while a Class is Listed' (or a similar expression), that phrase only relates to a Class that is Listed

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(and only when that Class is Listed):

- (o) where a rule in this constitution is stated to apply 'subject to the Listing Rules' or 'while an Option or Financial Instrument is Listed' (or a similar expression), that phrase only relates to an Option or Financial Instrument that is Listed (and only when that Option or Financial Instrument is Listed); and
- (p) where a rule in this constitution is stated to apply 'subject to the Operating Rules' or 'while a Class is Quoted' (or a similar expression), that phrase only relates only to a Class that is Quoted (and only when that Class is Quoted).

## **1.3 Headings**

Headings are for ease of reference only and do not affect interpretation.

## **1.4 Listing Rules**

- (a) While a Class is Listed or a Class is Quoted, the Responsible Entity must comply with the applicable Listing Rules and Operating Rules in relation to the issue and despatch of holding statements, the transfer and transmission of Units in that Class and the establishment and maintenance of Registers.
- (b) While a Class is Listed, in relation to that Class and subject to the Corporations Act:
  - (i) despite anything contained in this constitution, if the Listing Rules prohibit an act being done, that act shall not be done;
  - (ii) nothing contained in this constitution prevents an act being done that the Listing Rules requires to be done;
  - (iii) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
  - (iv) if the Listing Rules require this constitution to contain a provision and it does not contain such a provision, this constitution is deemed to contain that provision;
  - (v) if the Listing Rules requires this constitution not to contain a provision and it contains such provision, this constitution is deemed not to contain that provision; and
  - (vi) if any provision of this constitution is or becomes inconsistent with the Listing Rules, this document is deemed not to contain that provision to the extent of the inconsistency.
- (c) Subject to Relief applying, a change in the text of this constitution because of the operation of clause 1.4(b) is not a modification of, or the repeal or replacement of the constitution for the purposes of subsections 601GC(1) and 601GC(2) of the Corporations Act.

## **1.5 Participation in Settlement Facility**

- (a) While a Class is Listed or a Class is Quoted (or in anticipation of either), the Responsible Entity may at any time resolve that the Trust will participate in a Settlement Facility in relation to that Class.
- (b) Clauses 1.6 to 1.9 will apply if the Trust is granted participation in a Settlement Facility in relation to a Class.

## **1.6 Compliance with Settlement Rules**

The Trust must comply with the Settlement Rules in relation to a Class if Units in the Class

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participate in the Settlement Facility. In particular, the Trust must comply with the requirements of the Settlement Rules regarding the maintenance of registers, the issuing of holding statements and transfers of Units.

## **1.7 Registers**

If the Units in a Class are participating in a Settlement Facility, in addition to any subregister required by the Settlement Rules, the Responsible Entity must provide for an issuer sponsored subregister, or a certificated subregister, or both in relation to that Class (at least if the Trust has restricted securities on issue that are Units in that Class).

## **1.8 No interference with proper transfer**

The Responsible Entity must not in any way prevent, delay or interfere with the generation of a proper transfer in accordance with the Settlement Rules or the registration of a paper-based transfer in registrable form (which satisfies the requirements of clause 23), except as permitted by clause 23.2, the Operating Rules or the Settlement Rules.

## **1.9 Options and Financial Instruments and Settlement Facilities**

While Options or Financial Instruments are Listed (or in anticipation of being so), clauses 1.4 to 1.8 apply to those Options or Financial Instruments (as if those clauses referred to Options or Financial Instruments as applicable and with any other necessary changes).

## **1.10 Record Time**

Unless this constitution otherwise provides and subject to the Listing Rules and Operating Rules, the Responsible Entity will determine the record or similar date for determining Holders' entitlements including their entitlements to participate in new issues and distributions of income and capital.

## **2. Constitution**

### **2.1 Constitution**

This is the constitution of the Trust for the purposes of the Corporations Act.

### **2.2 Unit trust**

By this constitution the Responsible Entity constitutes a unit trust called Magellan Global Fund.

### **2.3 Benefit of the Trust**

The Trust is constituted for the benefit of Unit Holders.

### **2.4 Responsible entity**

The Responsible Entity is the responsible entity of the Trust for the purposes of the Corporations Act and the trustee of the Trust.

### **2.5 Constitution binding**

This constitution binds the Holders and the Responsible Entity.

## **3. Commencement**

This constitution takes effect upon registration of the Trust as a registered scheme under the Corporations Act and the Trust commences on the Units first being issued.

## **4. Vesting**

The Trust Property vests in the Responsible Entity on trust for the Unit Holders.

## **5. Fund**

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## 5.1 Separate fund

The Responsible Entity must hold the Fund as a separate fund which is not available to meet liabilities of any other trust. The Responsible Entity may mingle Trust Property with other property to the extent legally permitted.

## 5.2 Trust Liabilities

Except as otherwise provided in this constitution, Trust Liabilities are determined in accordance with ~~generally accepted the~~ Accounting ~~principles~~ Standards.

## 6. Units

### 6.1 Beneficial interest

The beneficial interest in the Fund is divided into Units.

### 6.2 Rights of Unit Holders

A Unit confers on its Holder an undivided beneficial interest in the Fund as a whole, subject to Trust Liabilities, not in parts or single assets. All Units confer identical interests and rights except as otherwise provided in this constitution or by their respective Terms ~~of issue~~.

### 6.3 Consolidation, division and issue of Units

Subject to the Corporations Act, the Listing Rules and the Operating Rules, the Responsible Entity may at any time consolidate, divide, or issue Units ~~;~~ or create and issue Units of different Classes ~~;~~ or grant options to subscribe for Units.

### 6.4 Parts of Units

- (a) Subject to clause 6.4(b), a part of a Unit may be created and issued and dealt with in the proportion that the part bears to a whole Unit.
- (b) While a Class is Listed or a Class is Quoted, clause 6.4(a) is subject to the Listing Rules and the Operating Rules (as applicable) in relation to that Class.
- (c) Where any calculation performed under this constitution, or the terms of a withdrawal offer, results in the issue, redemption or holding of a part of one Unit, the number of Units to be issued, redeemed or held may be rounded up or down to the nearest number of whole Units as the Responsible Entity determines. Any excess application or other money or property which results from rounding shall be dealt with in accordance with clause 9.10.
- (d) Where any fractions of Units are on issue, the Responsible Entity may, in its discretion, cancel the fractions of Units on issue in respect of a Class or a particular fraction of a Unit on issue and any money or property attributable to the cancelled fractions of Units shall become a part of the Trust Property.

### 6.5 Holders not to interfere

A Holder may not interfere with, or exercise powers of, the Responsible Entity in respect of any Trust Property, Trust Liability or obligation and has no right to lodge a caveat affecting any Trust Property. A Unit Holder must not dispose of or otherwise deal with its Units other than in accordance with this constitution. Any disposal or other dealing in a Unit holder's Units other than in accordance with this constitution has no effect unless the Responsible Entity determines otherwise.

### 6.6 Buy backs

The Responsible Entity may, in accordance with the Corporations Act, the Listing Rules, the Operating Rules and the terms of any Relief, buy back Units in a particular Class on any terms

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and conditions determined by the Responsible Entity (including the nature and amount of any consideration payable).

### **6.7 Responsible Entity may hold Units in the Trust**

Subject to the Corporations Act, the Listing Rules and the Operating Rules (as applicable), the Responsible Entity may hold Units in a Class from time to time and trade them as the Responsible Entity determines.

### **6.8 Options**

- (a) The Responsible Entity may, subject to the Corporations Act, the Listing Rules, the Operating Rules and the terms of any Relief, issue Options on such terms and conditions as it determines and the issue price of Options shall be such price (including nil) as the Responsible Entity determines in its discretion. Subject to the Listing Rules and the Operating Rules, the Responsible Entity may at any time reorganise Options in accordance with their terms. To the extent required by the Corporations Act, subject to Relief, the Terms of an Option must be set out in this constitution.
- (b) Without limiting clause 6.8(a), or any other provisions of, or powers under, this constitution, the Responsible Entity may issue Closed Class Options. If there is an inconsistency between the general provisions of this constitution and Schedule 3, Schedule 3 prevails to the extent of the inconsistency (except to the extent this would result in a breach of the Corporations Act or the Listing Rules).
- (c) Without limiting clauses 6.8(a) or 6.8(b), or any other provisions of, or powers under, this constitution, the Responsible Entity may issue Options on the terms set out or determined under Schedule 5. Schedule 5 prevails to the extent of the inconsistency (except to the extent this would result in a breach of the Corporations Act or the Listing Rules).

### **6.9 Financial Instruments**

Subject to the Corporations Act, the Listing Rules, the Operating Rules and the terms of any Relief, in addition to Units and Options, the Responsible Entity may issue other interests, rights or instruments relating to the Trust (including derivatives, convertible notes, debentures and other instruments in the nature of a debt, equity or hybrid) (**Financial Instruments**) on such terms and for such consideration as the Responsibility Entity determines. To the extent required by the Corporations Act, subject to Relief, the Terms of a Financial Instrument must be set out in this constitution.

### **6.10 Limits on rights attaching to Options and Financial Instruments**

- (a) An Option will not, except as otherwise required by the Corporations Act, confer any interest in the Trust or any right to participate in the income or capital of the Trust or, subject to their Terms, any other rights of a Unit Holder.
- (b) Subject to their Terms, a Financial Instrument will not confer any interest in the Trust or any other rights of a Unit Holder.
- (c) Except as otherwise required by the Corporations Act, and subject to the Listing Rules, the Operating Rules and their Terms, Options and Financial Instruments will not confer on Holders the right to receive notice of, or attend, meetings of Unit Holders.
- (d) Each Option Holder and, subject to the Terms of the Financial Instrument, each Financial Instrument Holder, agrees not to:
  - (i) interfere with any rights or powers of the Responsible Entity under this constitution;

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- (ii) [exercise or purport to exercise a right in respect of Trust Property or claim any interest in Trust Property \(for example, by lodging a caveat affecting any particular item of Trust Property\); or](#)
- (iii) [require any item of Trust Property to be transferred to them or any other person.](#)

## 7. Classes of Units

### 7.1 Management Fees, expenses or tax referable to a Class

If a Class is created in accordance with clause 6.3 and Units in the Class have at any time:

- (a) a Management Fee or ~~Net-Total~~ Performance Fee that is referable to that Class that is different to the Management Fee or ~~Net-Total~~ Performance Fee that is referable to another Class; or
- (b) a type or a particular expense or tax or a proportion of a particular expense or tax referable to that Class,

the Responsible Entity must:

- (c) calculate each Holder's share of Distributable Income or amount distributed under clause ~~33-34~~ by first calculating for each Class of Unit held by the Holder that proportion of the variables in clause ~~34-33~~ that the Responsible Entity determines is properly referable to the Class and the Units held by the Holder and then aggregating those amounts; and
- (d) determine the proportion of net proceeds of realisation under clause ~~25.4-26.3~~ that is properly referable to each Class and each proportion referable to each Class must be distributed pro rata to Holders according to the number of Units in that Class they hold.

### 7.2 No limitation of Class rights or obligations

Clause 7.1 does not limit the extent to which a Class:

- (a) may have rights, obligations or restrictions other than or in addition to those specified in clause 7.1 different from any other Class; or
- (b) [subject to the Corporations Act, the Listing Rules, the Operating Rules and the terms of any Relief,](#) may have different rights, obligations or restrictions because of a determination by the Responsible Entity under this constitution, including in relation to issue and redemption prices applicable to different Classes of Units.

[Subject to any applicable Relief and to the extent required under the Corporations Act, any rights, obligations or restrictions in relation to matters that are dealt with in sections 601GA and 601GB of the Corporations Act will remain subject to the terms of this constitution.](#)

### 7.3 Determination of variables in relation to a Class

The Responsible Entity in making any determination of variables properly referable to a Class under this constitution must ensure that any variable which relates:

- (a) only to a particular Class is solely referable to that Class, and
- (b) to more than one Class, is apportioned between those Classes in the same proportions as the aggregate value of Units on issue in each Class as at the most recent Valuation Time bears to the aggregate value of Units in all Classes on issue at that Valuation Time, to which the variable relates.

### ~~7.4 Value of class Units~~

~~In clause 7.3, the value of a Unit in a class is the mid-point between the applicable Issue Price and~~

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~~Redemption Price for Units in that class at the most recent Valuation Time.~~

## **7.4 Closed Class Units and Open Class Units**

- (a) Without limiting clause 6.3 or any other provisions of, or powers under, this constitution, the Responsible Entity may issue Closed Class Units.
- (b) If there is an inconsistency between the general provisions of this constitution and Schedule 1, Schedule 1 prevails to the extent of the inconsistency (except to the extent that this would result in a breach of the Corporations Act or the Listing Rules).
- (c) Without limiting clause 6.3 or any other provisions of, or powers under, this constitution, the Responsible Entity may issue Open Class Units.
- (d) If there is an inconsistency between the general provisions of this constitution and Schedule 2, Schedule 2 prevails to the extent of the inconsistency (except to the extent that this would result in a breach of the Corporations Act or the Operating Rules).

## **7.5 Variation of Class rights**

If there are different Classes of Units, the rights attached to a Class may, unless otherwise provided by the Terms of the Units of that Class, only be varied or cancelled with:

- (a) the consent in writing of the Holders of at least three-quarters of the issued Units of that Class; or
- (b) approval by way of a special resolution passed at a separate meeting of the Holders of the issued Units of that Class.

## **8. Specified Time**

Subject to the Corporations Act, the Listing Rules and the Operating Rules, the Responsible Entity may determine (and whenever it elects, vary) one or more times during each Business Day for the purposes of ~~any or all of:~~

- (a) applications for Units in a Class;
- (b) the issue of Units in a Class; and
- (c) Redemption Requests in relation to a Class,

different times being applicable to different Classes of Units, locations or methods of communication or payment. The times relevant to applications for Units, issues of Units and to Redemption Requests may differ.

## **9. Applications for Units**

### **9.1 Application ~~for~~ Units**

Except as otherwise provided in this constitution and subject to the Corporations Act (including any Relief), the relevant procedures set out in the Listing Rules and Operating Rules (for a Class that is Listed or a Class that is Quoted or Options or Financial Instruments that are Listed or Quoted) and the terms of any applicable Relief, a person intending to subscribe for Units ~~must in a Class, Options or Financial Instruments must (other than in relation to Distribution Reinvestment):~~

- (a) ~~(other than on Distribution Reinvestment) give the Responsible Entity an application-~~ subscribe in a form and manner approved by the Responsible Entity from time to time; and
- (b) give consideration to the Responsible Entity or custodian (where there is one) in relation to ~~any Entry Fee and by way of a~~ subscription for Units, including by payment of application money, or transfer of other property.

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## 9.2 Payment in kind

A person intending to subscribe for Units- [Options or Financial Instruments](#) may only transfer property (other than money) to pay for [some or all of the consideration payable in relation to a subscription for](#) those Units, [Options or Financial Instruments](#), if:

- (a) the Responsible Entity permits;
- (b) the property is in a form permitted by the Responsible Entity; and
- (c) the property is accompanied by a valuation acceptable to the Responsible Entity.

## 9.3 Responsible Entity may deduct

The Responsible Entity or custodian may deduct Taxes and costs incurred in receiving, and in calculating the value of, consideration for Units, [Options or Financial Instruments](#).

## 9.4 Separate bank account

The Responsible Entity or custodian may hold application money for Units- [Options or Financial Instruments](#) in a single account containing application money for one or more schemes.

## 9.5 Responsible Entity may set investment minimums

[Subject to the Operating Rules \(while a Class is Quoted\) and the conditions and restrictions in any applicable Relief](#), the Responsible Entity from time to time may determine and may vary the current Initial Minimum Investment, Subsequent Minimum Investment and Minimum Balance.

## 9.6 Amount or value of consideration for Units

[Subject to the Listing Rules \(while a Class is Listed\) or the Operating Rules \(while a Class is Quoted\) and the conditions and restrictions in any applicable Relief](#), the amount or value of the consideration for Units [of that Class](#) on application must equal or exceed the Initial Minimum Investment (or in the case of a subsequent investment, Subsequent Minimum Investment) except if:

- (a) the consideration is received under a savings plan or Distribution Reinvestment or paid by the Responsible Entity on behalf of a Holder; or
- (b) the Responsible Entity elects to accept lower consideration where it reasonably expects that this will not cause any material adverse effect on other Holders.

## 9.7 Responsible Entity may reject applications

The Responsible Entity may reject an application for Units- [Options or Financial Instruments](#) without giving a reason. [Where the Responsible Entity rejects an application under this clause 9.7 it must tell the applicant of the refusal](#).

## 9.8 Timing

Consideration may be provided at or within such time before or after the Responsible Entity is given the application as the Responsible Entity may determine or accept from time to time.

## 9.9 Issue of Units, [Options and Financial Products](#)

~~Units~~ [Other than as contemplated by the applicable Terms, Units, Options or Financial Instruments](#) are created and issued when the Responsible Entity has received both the application (if relevant) and either the consideration or a commitment in a form acceptable to the Responsible Entity to provide the consideration [and, while a Class is Quoted or a Class is Listed, in relation to that Class or while Options or Financial Instruments are Listed or Quoted, in any other way the Settlement Rules or the Operating Rules contemplate](#). [Subject to the applicable Terms](#), ~~Units- Options or Financial Instruments~~ issued against consideration paid other than in cleared funds are void if the

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funds are not subsequently cleared or the consideration is not provided or transferred at or within the time specified by the Responsible Entity.

## **9.10 Rounding**

Any excess application or other money or property which results from rounding under any provision of this constitution becomes a part of the Trust Property.

## **10. Duration**

### **10.1 End of Trust**

The Trust ends on the date determined by the Responsible Entity or at any earlier time provided by this constitution or by law.

### **10.2 No issue of units after 80th anniversary**

No units may be issued after the 80th anniversary of the date of this constitution if that issue would cause a contravention of the rule against perpetuities or any other rule of law or equity.

## **11. Valuation**

### **11.1 Responsible Entity's expertise**

The Responsible Entity does not have any special expertise in valuing property.

### **11.2 Use of Reporting Net Trust Value and Operational Net Trust Value**

Subject to clause 11.8, the Responsible Entity must use the Reporting Net Trust Value of the Trust if a calculation on that basis is required by the Corporations Act but otherwise must use the Operational Net Trust Value.

### **11.3 Calculation of Operational Net Trust Value and Reporting Net Trust Value**

Subject to clause 11.8, the Responsible Entity must calculate:

- (a) the Operational Net Trust Value by determining the total value of all Trust Property on the basis ~~of the 'last sale' price, net of estimated disposal costs of each item~~ set out in this clause 11; and
- (b) the Reporting Net Trust Value, by determining the total value of all Trust Property in accordance with the requirements under the Corporations Act from time to time in relation to the preparation of accounts and financial reporting.

### **11.4 Value**

Subject to clauses 11.3- ~~11.5(a)~~ and 11.5(a)11.8, the value of any property is the market value, the net fair value, or other value appropriate to the nature of the property and the nature of the Trust and ~~where required,~~ meeting ~~Australian~~ Accounting Standards ~~from time to time.~~ Property acquired must be valued at cost until revalued.

### **11.5 Determining value**

Subject to clauses 11.2 ~~and~~ 11.3 and 11.8, the value of any Trust Property must be determined by:

- (a) a valuer who is independent of the Responsible Entity; or
- (b) a method determined by a valuer who is independent of the Responsible Entity; or
- (c) the Responsible Entity using any other appropriate method the Responsible Entity decides to adopt which is capable of being verified independently by a registered company auditor including estimates of value based on objective criteria where actual figures are not available and the Responsible Entity reasonably considers that there is no significant detriment to any Unit Holder.

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## 11.6 Revaluation

Subject to clause 11.8, the Responsible Entity may cause some or all of the Trust Property to be revalued whenever it sees fit and shall do so from time to time having regard to the nature of the property.

## 11.7 Time of calculation

Subject to clause 11.8, the Responsible Entity may calculate the Operational Net Trust Value or Reporting Net Trust Value as at ~~any~~ the Valuation Time determined by the Responsible Entity, ~~but must do so~~. The Responsible Entity must calculate the Operational Net Trust Value, other than when redemption or other transactions are suspended, at least once each ~~week~~ Business Day on the basis of the most recent valuation of each item of Trust Property and determination of Trust Liabilities. The Responsible Entity may calculate Operational Net Trust Value more than once a day.

## 11.8 Valuation while the Trust is Registered

While the Trust is Registered, the Responsible Entity's policy for the valuation of Operational Net Trust Value and the Reporting Net Trust Value must be based on the range of ordinary commercial practice by valuing the relevant type of asset and, where used to calculate the Issue Price or Redemption Price of a Unit, the value must be reasonably current.

## 12. Issue

### 12.1 Initial Units

The Issue Price of all Units issued on the first Business Day on which Units are issued is \$1.

### 12.2 Subsequent Units

(a) Subject to this clause 12, clause 28.2 and the Terms of a Class, the Issue Price of Units in a Class issued after the first Business Day on which Units are issued is the sum of:

(i) ~~(a)~~ the Operational Net Trust Value referable to that Class as at the first Valuation Time after the next applicable Specified Time, after receipt of both the application for Units and either the consideration for the Units or a commitment in a form acceptable to the Responsible Entity to provide the consideration; plus

(ii) ~~(b)~~ any Application Transaction Costs,

divided by ~~the sum of~~ the number of Units on issue in that Class at that Valuation Time.

(b) Subject to clause 12.2(c), where the Responsible Entity issues Units to itself in circumstances set out in clause 12.4(a)(ii), the Issue Price of Units issued after the first Business Day on which Units are issued is:

(i) the Operational Net Trust Value referable to that Class as at the Valuation Time immediately prior to the next applicable Specified Time, after receipt of both the application for Units and either the consideration for the Units or a commitment in a form acceptable to the Responsible Entity to provide the consideration; plus

(ii) any Application Transaction Costs,

divided by the number of Units on issue in that Class at that Valuation Time.

(c) While a Class is Quoted, the Responsible Entity will comply with the Operating Rules applicable to the issue and the conditions and restrictions in any applicable Relief.

### 12.3 Application Transaction Costs

The Application Transaction Costs in relation to a Class are:

(a) an estimate by the Responsible Entity of the proportion referable to the Class of the total

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transaction costs the Trust would incur to acquire afresh the Trust Property;

- (b) if appropriate having regard to the actual cost which would be incurred because of the issue or sale of the Units (including in relation to Units issued by way of Distribution Reinvestment), the Responsible Entity's estimate of a portion of the total transaction costs, determined under clause 12.3(a), which may be zero; or
- (c) if the Responsible Entity does not make an estimate, zero.

### **12.4 Responsible Entity may sell Units on-market**

- (a) While a Class is Quoted and subject to the Operating Rules, the Responsible Entity may, in relation to that Class:
  - (i) offer and/or agree to sell Units on-market; and
  - (ii) issue Units of that Class to itself as determined by the Responsible Entity for the purposes of fulfilling the sale of Units on-market in accordance with clause 12.4(a)(i).
- (b) Where the Responsible Entity sells Units on-market as specified in clause 12.4(a)(i) the Responsible Entity will honour any contract to sell Units it enters into in accordance with any applicable settlement procedures under the Listing Rules, Settlement Rules and Operating Rules.
- (c) The price at which the Responsible Entity offers or agrees to sell Units on-market in accordance with clause 12.4(a)(i) is at the absolute discretion of the Responsible Entity subject to its obligations under the Corporations Act and the Operating Rules.
- (d) Any offers for the sale of Units that the Responsible Entity places on-market will be subject to:
  - (i) the Listing Rules and Operating Rules; and
  - (ii) interventions by the Market Operator, including, for example, suspensions and trading halts.
- (e) Where the Responsible Entity offers and/or agrees to sell Units on-market pursuant to clause 12.4(a)(i) it has a presently exercisable and unconditional power and right to issue to itself, and vest title in, the corresponding number of Units and take any other action necessary so that it has the absolute ability to issue to itself, and vest title in, the corresponding number of Units.
- (f) Without limiting clause 12.4(e), any Units that the Responsible Entity has sold on-market (other than Units sold on-market during that Business Day in respect of which the Responsible Entity has previously issued and/or vested title in pursuant to clause 12.4(e) in excess of Units acquired on market by the Responsible Entity (on a particular Business Day)) will be issued by the Responsible Entity to itself as soon as reasonably practicable for the purposes of enabling the Responsible Entity to fulfil its obligations under settlement of the sale of those Units.
- (g) This clause 12.4 does not apply to Units of a Class while that Class is Listed. Nothing in this clause limits the Responsible Entity's right to purchase or acquire Units in a Class while that Class is Listed.

### **12.5 Issue Price for Units when a Class is Listed – Standard position**

Subject to Schedule 1, Schedule 2 and Schedule 3 and clauses 12.6, 12.7 and 12.8, while a Class is Listed or subject to Relief, the Issue Price for Units in that Class is:

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- (a) the Current Trading Price of Units in that Class; or
- (b) the Unit Class Value of Units where greater than or equal to the Issue Price for a Unit calculated under paragraph (a) above,

immediately before the date on which or as at which the Issue Price is to be calculated. If no Relief is granted or Relief lapses, subject to Schedule 3 and the clauses referred to above, the Issue Price is the Current Trading Price of Units in that Class as calculated above.

### **12.6 Issue Price for Units when a Class is Listed - Placements and Unit Purchase Plans**

While a Class is Listed, the Responsible Entity may at any time issue Units in that Class by way of a Placement or under a Unit purchase plan at a price and on terms determined by the Responsible Entity, provided that the Responsible Entity complies with the Listing Rules applicable to the issue and the conditions of any Relief.

### **12.7 Issue Price for Proportionate Offers**

Subject to the terms of any Relief, the Listing Rules (while a Class is Listed) and the Operating Rules (while a Class is Quoted), the Responsible Entity may offer Units for subscription at a price determined by the Responsible Entity to those persons who were Unit Holders (or Unit Holders in a Class) on a date determined by the Responsible Entity:

- (a) provided that, subject to paragraph (b) below, all Unit Holders are offered Units in proportion to the value of the Unit Holder's Units (or, where the offer is made only to Unit Holders who hold Units in a Class, to the value of the Unit Holder's Units in that Class) at the relevant date; but
- (b) the Responsible Entity may exclude a Unit Holder from the pro rata offer if doing so would not be in contravention of paragraph 601FC(1)(d) of the Corporations Act, as modified by any Relief,

whether or not the right of entitlement is renounceable.

### **12.8 Issue Price for Distribution Reinvestment Plans**

- (a) If Distribution Reinvestment applies to a Class while the Class is Listed, then, subject to the Listing Rules and the conditions of any Relief, the Issue Price for each additional Unit issued or transferred upon reinvestment is the price determined by the Responsible Entity at its discretion, which may include determining that the Issue Price is to be issued at a discount to the Unit Class Value for part of the Distribution Reinvestment and determining a different Issue Price for another part of the Distribution Reinvestment. If Relief is not available or the Responsible Entity has not determined the Issue Price by the date at which Units are to be issued upon reinvestment, the price will be the Unit Class Value on the first Business Day after the end of the period to which the distribution relates.
- (b) If Distribution Reinvestment applies to any other Class, then, subject to the conditions of Relief, the Issue Price payable for each additional Unit on Distribution Reinvestment is the price determined by the Responsible Entity. If Relief is not available or the Responsible Entity has not determined the Issue Price by the date at which Units are to be issued upon reinvestment, the Issue Price will be the Unit Class Value on the first Business Day after the end of the period to which the distribution relates.

## 13. Savings plan

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- (a) ~~A-Subject to clause 13(b), a Unit~~ Holder may acquire Units under any savings plan the Responsible Entity elects to offer, by lodging an application in a form approved by, and a direction for future amounts to be subscribed in a manner acceptable to, the Responsible Entity and (unless the Responsible Entity otherwise decides) for reinvestment of distributions into the Trust. The Responsible Entity may at any time terminate any savings plan or a Unit Holder's participation in a savings plan.
- (b) The Responsible Entity will comply with the Listing Rules (while a Class is Listed) and the Operating Rules (while a Class is Quoted) as applicable, and to any applicable provisions of the Corporations Act and any applicable Relief.

### 14. Redemption while a Class is Listed

While a Class is Listed, clauses 15 and 16 do not apply to that Class except to the extent permitted by the Listing Rules or the Market Operator.

### 15. ~~14.~~ Redemption of Units

#### 15.1 ~~14.1~~ Holder may redeem Units

- (a) ~~A-If the Responsible Entity determines to allow Redemption Requests, a Unit~~ Holder may request the Responsible Entity to redeem the Unit Holder's Units. The Redemption Request must be made in ~~a way approved~~ writing (including electronically) and must contain such information as required by the Responsible Entity, and is subject to the provisions of this clause 15. The Responsible Entity may require a Unit Holder who holds their Units on a Settlement Facility sub-register to have their Units the subject of a Redemption Request on an issuer sponsored sub-register and to provide such information as the Responsible Entity determines prior to processing a Redemption Request.
- (b) Subject to the Corporations Act and any Relief, the Responsible Entity may, in its discretion, determine to allow and/or accept Redemption Requests from certain types of Unit Holders or Holders of certain Classes of Units.
- (c) Subject to this clause 15, the Responsible Entity may reject a Redemption Request without giving a reason.

#### 15.2 Redeeming via on-market disposal

- (a) While a Class is Quoted and subject to the Operating Rules, Unit Holders have the right to withdraw their investment in Units in the Trust where they contract to sell their Units on-market to the Responsible Entity.
- (b) Where the Responsible Entity acquires Units on-market to facilitate a Holder's withdrawal as specified in paragraph (a) immediately above, the Responsible Entity will honour any contract to buy Units it enters into in accordance with any applicable settlement procedures under the Listing Rules, Settlement Rules and Operating Rules.
- (c) Subject to the Corporations Act, the price at which the Responsible Entity transacts on-market in accordance with clause 15.2(a) will be based on the Responsible Entity's assessment of market conditions at the time it transacts.
- (d) Any bids for the Units the Responsible Entity places on-market will be subject to:
  - (i) the Listing Rules and Operating Rules; and

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- (ii) interventions by the Market Operator, including, for example, suspensions and trading halts.
- (e) Any Units that the Responsible Entity has acquired on-market in excess of Units sold on-market by the Responsible Entity (on a particular Business Day) will be cancelled by the Responsible Entity as soon as reasonably practicable upon settlement of those Units.
- (f) Subject to the Operating Rules and Corporations Act, the Responsible Entity will make a market and provide liquidity in respect of the Units for so long as the Responsible Entity is required to do so under the Operating Rules. The Responsible Entity may make a market and provide liquidity in respect of the Units thereafter, but is not obliged to do so.

### **15.3 ~~14.2~~ Redemption while Trust is liquid**

- (a) Subject to clauses 15.10, 15.11(a), 15.11(b) and 16, the Responsible Entity may redeem Units the subject of a Redemption Request at the Redemption Price from the Trust Property.
- (b) The Responsible Entity must reject the Redemption Request if accepting the Redemption Request would cause the Responsible Entity to breach any law, regulation or obligation under which the Responsible Entity operates. If the Responsible Entity does not satisfy a Redemption Request, it must tell the relevant Holder who submitted the Redemption Request.
- (c) If Units the subject of a Redemption Request are to be redeemed:
  - (i) the Redemption Request must be satisfied by paying the Redemption Price;
  - (ii) subject to clause 16.1, the payment referred to in clause 15.3(c)(i) must be made within seven Business Days' of receipt of the Redemption Request; and
  - (iii) the Units the subject of the Redemption Request are deemed to be redeemed at the time at which both the applicable Redemption Price is calculated and the Redemption Request is processed, and from that time until payment, the former Unit Holder of the redeemed Units ceases to be a Unit Holder in respect of those Units and is a creditor of the Trust in respect of the redemption proceeds.

### **15.4 ~~14.3~~ Situation where Trust is not liquid**

- (a) If the Trust is not liquid, a Unit Holder may request the Responsible Entity to redeem the Unit Holder's Units only in accordance with the terms of any current withdrawal offer made by the Responsible Entity in compliance with the provisions of the Corporations Act (including any Relief) regulating offers of that kind. If there is no withdrawal offer currently open for acceptance by Unit Holders, a Unit Holder has no right to make a Redemption Request.
- (b) The Responsible Entity does not have to make a withdrawal offer.
- (c) The Responsible Entity will determine whether or not the Trust is liquid in its absolute discretion.

### **15.5 ~~14.4~~ Redemption Price**

- (a) Subject to clauses 15.5(b) and 15.5(c), the Redemption Price per Unit ~~is the sum of in a Class shall be:~~
  - (i) ~~(+)~~ the Operational Net Trust Value referable to that Class (having regard to clause 7.1) as at the first Valuation Time after the next applicable Specified Time following communication to the Responsible Entity of a Holder's

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Redemption Request; minus

(ii) ~~(b)~~ any Redemption Transaction Costs,

divided by the number of Units on issue in that Class at that Valuation Time.

(b) Subject to clause 15.5(c), where the Responsible Entity acquires Units on-market in circumstances set out in clause 15.2, the Redemption Price per Unit shall be:

(i) the Operational Net Trust Value referable to that Class as at the Valuation Time immediately prior to the next applicable Specified Time following communication to the Responsible Entity of a Redemption Request; minus

(ii) any Redemption Transaction Costs,

divided by the number of Units on issue in that Class at the Valuation Time.

(c) While a Class is Quoted, the Responsible Entity will comply with the Operating Rules applicable to the redemption and the conditions and restrictions in any applicable Relief.

### **15.6 ~~14.5~~ Redemption Transaction Costs**

The **Redemption Transaction Costs** in relation to a Class are:

- (a) an estimate by the Responsible Entity of the proportion referable to the Class of the total transaction costs the Trust would incur to sell the Trust Property;
- (b) if appropriate having regard to the actual cost which would be incurred because of the redemption, the Responsible Entity's estimate of a portion of the total transaction costs, determined under clause 15.6(a), which may be zero; or
- (c) if the Responsible Entity does not make an estimate, zero.

### **~~14.6—Deduction of Exit Fee and Taxes~~**

~~The Responsible Entity may deduct from the Redemption Price any applicable Exit Fee or any amount for which it may be reimbursed under this constitution.~~

### **15.7 ~~14.7~~ Determination of Minimum Redemption Amount**

Subject to the Operating Rules (while a Class is Quoted) and the conditions and restrictions of any applicable Relief, the Responsible Entity may from time to time determine or vary the Minimum Redemption Amount.

### **15.8 ~~14.8~~ Redemption Requests for less than the Minimum Redemption Amount**

Subject to the Operating Rules (while a Class is Quoted) and the conditions and restrictions of any applicable Relief, the Responsible Entity may reject a Redemption Request if the amount payable to the Holder is less than the applicable Minimum Redemption Amount ~~for the Trust~~ (unless the Redemption Request is for all Units in that Class held by the Unit Holder).

### **15.9 ~~14.9~~ Deemed Redemption Request for all Units in a Class**

Subject to the Operating Rules (while a Class is Quoted) and the conditions and restrictions of any applicable Relief, if a Redemption Request would leave a holding worth, at the Redemption Price, less than the applicable current Minimum Balance, the Responsible Entity may treat the Redemption Request as applicable to all Units in that Class held by that Unit Holder.

### **15.10 Situation where Trust has been suspended from Quotation**

While a Class is Quoted and without limiting clauses 15.1 or 15.4, where the Trust is liquid and trading in the Units on the Securities Exchange has been suspended, for any reason, for five

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consecutive Business Days, then the Responsible Entity will facilitate direct redemptions of Units the subject of a Redemption Request at the Redemption Price.

### **15.11 Compulsory redemption**

The Responsible Entity may in its absolute discretion, upon a minimum of three Business Days' notice to a Unit Holder, redeem all or a portion of Units held by such Holder in its absolute discretion:

- (a) if the Responsible Entity believes that the Units are held in breach of prohibitions contained in this constitution;
- (b) if the Responsible Entity believes that the Units are held in circumstances which might result in a violation of an applicable law or regulation, or subject the Trust to taxation or otherwise adversely affect the Trust in any material respect;
- (c) if a Unit Holder made a misrepresentation in acquiring its Units; or
- (d) if the Responsible Entity determines that the continued participation of a Holder might cause the Responsible Entity or any Holder to violate any law or if any litigation is commenced or threatened against the Responsible Entity or any Holder arising out of the participation of the Holder in the Trust.

### **15.12~~14.10~~ Transfer of assets on redemption**

Except in relation to a redemption contemplated under clause 15.2, the Responsible Entity may satisfy the amount payable on a redemption of Units (partly or fully) by transferring those assets in specie as the Responsible Entity in its discretion may select, to be credited at asset values consistent with the range of ordinary commercial practice for valuing assets of the relevant type determined as at the same time the Redemption Price is determined, without deduction for any costs or Taxes payable by the Unit Holder in respect of the transfer.

### **15.13 Character of Redemption Price and notification to Unit Holder**

- (a) The Responsible Entity may determine the portion of the Redemption Price for a Unit to be Distributable Income to which the Unit Holder is entitled, for the Accounting Period in which the Unit was redeemed. Any remaining amount of the Redemption Price will represent a return of Trust capital attributable to that Unit.
- (b) Where the Responsible Entity has made a determination under paragraph (a), the Responsible Entity must advise the Unit Holder the extent to which the Redemption Price represents a return of Trust capital attributable to that Unit and a distribution of Distributable Income.

### **15.14~~14.14~~ Application of proceeds to units in another trust**

- (a) Where this facility is offered by the Responsible Entity, a Holder may request the Responsible Entity, in a manner acceptable to the Responsible Entity, to apply proceeds from a Redemption Request to subscribe for units in another trust, in which case any application money for ~~the~~ units in the other trust is taken to be paid to the responsible entity of the other trust when the relevant Units in this Trust are redeemed in accordance with this constitution.
- (b) Subject to paragraph (c), the Responsible Entity may also, in its absolute discretion, offer a facility to permit Switching.
- (c) Without limiting clause 14, paragraphs (a) and (b) do not apply to a Class while the Class is Listed and do not apply between Classes.

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### 16. ~~15.~~ Suspension of redemption

#### 16.1 ~~15.4~~ Responsible Entity may suspend redemption

Subject to any other provision of this constitution, the Responsible Entity at any time may suspend the redemption, issue or Switching of Units in the Trust or the payment of the proceeds of redemptions for up to 28 days, if:

- (a) it is impracticable for the Responsible Entity to calculate the Operational Net Trust Value, for example because of an inability to value Trust Property, closure of, or trading restrictions ~~on, or suspensions of any~~ stock, commodities, futures or securities exchanges or over-the-counter market on which any significant portion of the investments of the Trust is Listed, Quoted, traded or dealt, an emergency or other state of affairs, ~~or on declaration of a moratorium in a country where the Trust invests or under the Corporations Act;~~
- (b) where redemption would cause the Responsible Entity to breach any law, regulation or obligation under which the Responsible Entity operates;
- (c) quotation of Units on a Securities Exchange is suspended, halted or revoked;
- (d) the approval of the Responsible Entity as an issuer is suspended or revoked by a Market Operator;
- (e) the Trust's investments suspend, delay or restrict the redemption, issue or payment of redemption proceeds (as applicable), or are unable to provide a withdrawal price;
- (f) the realisation of assets cannot be effected at prices which would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market;
- (g) ~~(b)~~ the Responsible Entity reasonably estimates that it must sell 5% or more (by value) of all Trust Property to meet current unmet Redemption Requests;
- (h) ~~(e)~~ there have been, or the Responsible Entity anticipates that there will be, Redemption Requests that involve realising a significant amount of the Trust Property and the Responsible Entity considers that if those Redemption Requests are all met immediately, Unit Holders who continue to hold Units may bear a disproportionate burden of capital gains tax or other expenses, or the meeting of those Redemption Requests would otherwise be to the existing Unit Holders' disadvantage including a material diminution in the value of the Trust Property or departure from the investment strategy of the Trust;
- (i) ~~(d)~~ the Responsible Entity reasonably considers that it is in the interests of the Unit Holders or an affected Class of Unit Holders; ~~or~~
- (j) it is allowed by any form of Relief; or
- (k) ~~(e)~~ it is otherwise legally permitted.

#### 16.2 ~~15.2~~ Redemption Requests during suspension

A Holder's Redemption Request lodged during any period of suspension is taken to be lodged immediately after the end of the period.

#### 16.3 Payment of cash proceeds

The Responsible Entity will pay cash proceeds it receives in relation to a specific redemption to a Unit Holder within 21 days of the redemption of that Unit Holder's Units.

### 17. ~~16.~~ Responsible Entity's powers

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### 17.1 ~~16.1~~ General powers

- (a) The Responsible Entity has within and outside Australia all the powers in relation to the Trust, its Trust Property and Trust Liabilities, that it is legally possible for a natural person, corporation, trustee or responsible entity to have, including to ~~invest in real or personal property of any nature, to borrow or raise money, give guarantees and incur liabilities and obligations of any kind, to fetter its own discretion, as if it were the absolute and beneficial owner of all Trust Property:~~
- (i) invest in real or personal property of any nature (including all financial instruments, derivatives and forward rate and currency exchange agreements for speculative or other purposes) and may vary any investment at any time in its absolute discretion;
  - (ii) borrow or raise money (in whatever proportion to Trust Property);
  - (iii) hold and transact Units, including for, but not limited to, the purpose of conducting market making activities in respect of the Trust;
  - (iv) do all such acts and things which it considers necessary, desirable or reasonably incidental to give effect to the Trust being included on the official list of a Securities Exchange or Units in a Class, Options or Financial Instruments being quoted and traded on a financial market, including a Securities Exchange;
  - (v) grant a Security Interest of any kind over Trust Property;
  - (vi) give guarantees and incur liabilities and obligations of any kind (including cross guarantees and other Security Interests between Classes);
  - (vii) enter into or deal with any Derivative Transaction or Hedge Agreement in connection with any actual or prospective investment of the Trust or any borrowing of, or raising money by, the Trust or otherwise;
  - (viii) enter into an arrangement relating to underwriting the subscription or purchase of Units, Options or Financial Instruments;
  - (ix) elect that the Trust or a Class be an AMIT (and take any steps to make that election);
  - (x) with or without issuing Units, Options or Financial Instruments in consideration, accept cash contributions from any person and hold and invest any such cash contributions as Trust Property; and
  - (xi) fetter its own discretion, as if it were the absolute and beneficial owner of all Trust Property.
- (b) Without limiting this clause ~~16.1~~ 17.1 and subject to the Corporations Act, the Responsible Entity has power to mix and mingle Trust Property with the property of ~~other co-investors~~ others (in which case it must keep appropriate records of the Trust's interests ~~in the co-investments~~).

### 17.2 ~~16.2~~ Responsible Entity may delegate powers

The Responsible Entity, by power of attorney, agency, contract or otherwise, may authorise one or more persons whether or not related to or associated with it, to do anything that it may lawfully delegate, including holding any Trust Property and executing documents on its behalf.

### 18. ~~17.~~ Discretion

The Responsible Entity may determine whether to exercise, and the manner, mode and time of

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exercise of, its powers, ~~in its absolute discretion~~ authorities and duties conferred on it under this constitution, the Corporations Act, the Listing Rules or the Operating Rules, in its absolute discretion. In exercising its powers and duties, the Responsible Entity may enter into agreements with Holders as to the manner, mode and time of exercise of those powers and duties. However, any discretions exercisable in relation to the Trust income must be determined before the end of the relevant Accounting Period.

## 19. ~~18.~~ Management of the Trust

### 19.1 ~~18.1~~ Responsible Entity to manage Trust

The Responsible Entity must manage the Trust and its Trust Property and Trust Liabilities while any remain.

### 19.2 ~~18.2~~ Responsible Entity may engage advisers and agents

The Responsible Entity may, as it sees fit, in connection with performance of its duties, engage (whether or not related to or associated with the Responsible Entity) investment managers, administrators, custodians and any advisers, agents, brokers, contractors, underwriters or other persons.

## 20. ~~19.~~ Indemnity

To the extent permitted from time to time by the Corporations Act, the Responsible Entity is indemnified out of the Trust Property for any liability incurred by it in performing properly any of its duties ~~or including, further to such duties,~~ exercising any of its powers in relation to the Trust or attempting to do so. The Responsible Entity is not required to do anything for which it does not have a full right of indemnity out of Trust Property available for that purpose. Any indemnity to which the Responsible Entity is entitled under this constitution is in addition to any indemnity legally permitted. When calculating the amount of any liability incurred or to be incurred by the Responsible Entity for which it is entitled to be reimbursed or indemnified under this constitution, the Responsible Entity must deduct an amount equal to any input tax credit (as defined in the GST Act) to which the Responsible Entity is entitled in connection with the liability.

## 21. ~~20.~~ Register

### 21.1 ~~20.1~~ Unit Register

The Responsible Entity must establish a ~~unit register~~ register of Unit Holders and, if any Options or Financial Instruments are issued, a register of Option Holders and Financial Instrument Holders. The register of Unit Holders must record details of each Class on issue.

### 21.2 ~~20.2~~ Branch registers

The Responsible Entity may establish branch unit registers anywhere in Australia.

### 21.3 ~~20.3~~ Notice of trust

The Responsible Entity need not enter notice of any trust on the Register.

### 21.4 ~~20.4~~ Registered Holder is owner

The Responsible Entity may treat the registered Holder as the holder and absolute owner of the Units, Options and Financial Instruments registered in the Holder's name and is not bound to take notice of any trust or equity affecting ~~a Unit~~ those Units, Options or Financial Products. Entry on the Register is conclusive evidence of a Holder's title to the relevant Units, Options or Financial Products.

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### 22. ~~21.~~ Certificates for Units

~~Certificates are not issued~~ Subject to the Corporations Act, while the Trust is admitted to an uncertificated trading system, a holding statement in accordance with the requirements of the Operating Rules may be issued to evidence the holding of Units, Options or Financial Instruments. The Responsible Entity is under no obligation to, and may decline to issue certificates for Units, Options or Financial Instruments. The Responsible Entity at any time may send a Holder details of Units, Options or Financial Instruments held by, ~~Unit~~ transactions of, or distributions to, the Holder.

### 23. ~~22.~~ Transfers of Units, Options or Financial Instruments

#### 23.1 Transfer

- (a) While a Class is Quoted, a Class is Listed, or an Option or Financial Instrument is Listed, this clause 23 is subject to the operation of the Corporations Act, Listing Rules, Settlement Rules and the Operating Rules (as applicable).
- (b) Subject to this constitution, a Holder may transfer Units, Options or Financial Instruments in the manner as the Responsible Entity from time to time prescribes. ~~A transfer of Units takes effect only when recorded in the Register. The Responsible Entity is not obliged to register a transfer where the transferee does not meet the Responsible Entity's criteria for a Holder, the transfer is not duly stamped (where required), or any amount payable by the transferee to the Responsible Entity in respect any of the transferor's Units remains unpaid.~~
- (c) While a Class is Quoted, a Class is Listed or an Option or Financial Instrument is Listed, an instrument of transfer must be accompanied by such evidence (if any) as the Responsible Entity, Settlement Rules or the Market Operator requires to prove the transferor's title or right to transfer the financial product.
- (d) A transfer takes effect only when recorded in the Register and, while a Class is Quoted or a Class is Listed or an Option or Financial Instrument is Listed, and the Class of Units, Options or Financial Instruments are participating in a Settlement Facility in accordance with the Settlement Rules, are dealt with as the Settlement Rules contemplate and the Operating Rules make such transfer effective.
- (e) Subject to the Listing Rules, Settlement Rules and the Operating Rules (as applicable), the Responsible Entity is not obliged to register a transfer where the transferee does not meet the Responsible Entity's criteria for a Holder, the Responsible Entity considers that the proposed transaction is not in the interests of Holders as a whole, the transfer is not duly stamped (where required), or any amount payable by the transferee to the Responsible Entity in respect any of the transferor's Units, Options or Financial Products (as applicable) remains unpaid.

#### 23.2 Holding Lock

While a Class is Quoted, a Class is Listed or an Option or Financial Instrument is Listed and subject to the Listing Rules and the Operating Rules, the Responsible Entity may request a Holding Lock be applied to any Units, Options or Financial Instruments where:

- (a) the Responsible Entity has a lien on the financial product the subject of the transfer;
- (b) the Responsible Entity is served with a court order that restricts a Holder's capacity to transfer the financial product;
- (c) registration of the transfer may break an Australian law and the Market Operator has

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- agreed in writing to the application of a Holding Lock (which must not breach the Settlement Rules) or that the Responsible Entity may refuse to register a transfer;
- (d) if the transfer is paper-based, either a law related to stamp duty prohibits the Responsible Entity from registering it or the Responsible Entity is otherwise allowed to refuse to register it under the Operating Rules;
  - (e) the transfer does not comply with the terms of any employee incentive scheme of the Responsible Entity;
  - (f) if the transfer is paper-based, registration of the transfer will create a new holding which at the time the transfer is lodged is less than a Marketable Parcel as defined in the Operating Rules;
  - (g) the relevant Holder has agreed in writing to the application of a Holding Lock (which must not breach the Settlement Rules) or that the Responsible Entity may refuse to register a transfer; or
  - (h) it is otherwise permitted under the Operating Rules, and the Responsible Entity must do so if the Operating Rules require, but must tell the Holder or the Holder's broker (if applicable) as the Corporations Act or the Operating Rules require.

### 24. ~~23.~~Mortgage

#### 24.1 ~~23.1~~Recording of mortgagee

On the Holder's written request, the Responsible Entity may ~~;~~ but is under no obligation to, record a mortgagee (sole or joint) of Units ~~in the,~~ Options or Financial Instruments in a Register and on the mortgagee's written request may delete that record.

#### 24.2 ~~23.2~~Payments to mortgagees

Where a mortgagee of Units has been recorded in a Register under clause 24.1, redemption proceeds of Units, capital distributions (not representing part of Distributable Income) and distributions after termination of the Trust must be paid to the recorded mortgagee of the Units in the Register (or as it otherwise directs in writing).

#### 24.3 ~~23.3~~Transfer of mortgaged Units

A transfer of Units ~~;~~ Options or Financial Instruments is subject to any existing mortgagee record so that Units ~~;~~ Options or Financial Instruments in respect of which a mortgagee is recorded on ~~the a~~ Register cannot be transferred without the written consent of the mortgagee.

#### 24.4 ~~23.4~~Responsible Entity not have notice of mortgage or charge

The Responsible Entity is not taken to have notice of the terms of any mortgage or charge and has no liability to a mortgagee of Units Options or Financial Instruments.

### 25. ~~24.~~Death and insolvency

The Responsible Entity only recognises the following persons as having an interest in a Holder's Units Options or Financial Instruments in the following circumstances:

- (a) if a Holder dies, or becomes subject to a legal disability, the Holder's legal personal representative;
- (b) if a joint Holder dies, the surviving joint Holder or Holders; and
- (c) if a Holder becomes bankrupt or enters into liquidation, the person legally entitled to the

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Holder's Units, Options or Financial Instruments consequent on bankruptcy or liquidation.

### 26. ~~25.~~ Termination

#### 26.1 ~~25.1~~ Responsible Entity may terminate

Subject to the Corporations Act, the Responsible Entity at any time may terminate the Trust by written notice to the Unit Holders with effect from the Termination Date specified in the notice.

#### 26.2 ~~25.2~~ Issue, Switching and redemption stops

From the date on which the notice is given, the issue, Switching and redemption of Units ceases.

#### 26.3 ~~25.3~~ Action on termination

(a) From the Termination Date, the Responsible Entity must, subject to the Terms of a Class:

- (i) ~~(a)~~ realise all Trust Property;
- (ii) ~~(b)~~ then, pay, discharge or provide for all Trust Liabilities (except Redemption Liabilities) and expenses of termination and winding up from the Trust Property; and
- (iii) ~~(c)~~ then, subject to clause 7 and paragraph (b) below and the Terms of a Class, distribute the net proceeds among Unit Holders pro rata to the number of Units held on the Termination Date.

(b) The net proceeds referable to a Class:

- (i) will be those proceeds that the Responsible Entity determines to be properly referable to that Class having regard to the Terms of the Units of that Class; and
- (ii) must be distributed by the Responsible Entity to Unit Holders in that Class pro rata to the number of Units the Unit Holder holds in that Class on the Termination Date.

#### 26.4 ~~25.4~~ Realisation of Trust Property

The Responsible Entity may postpone realising Trust Property and is not responsible for any resulting loss unless caused by its negligence or breach of trust.

#### 26.5 ~~25.5~~ Distributable Income

Each Unit Holder registered on the Termination Date continues to be entitled to their proportionate share of Distributable Income during the winding up period. The Responsible Entity may make partial distributions of Trust proceeds during the winding up period.

#### 26.6 ~~25.6~~ Auditing of winding up accounts

The Responsible Entity must, if ASIC policy or the Corporations Act (including any Relief) so requires, cause the final accounts ~~of the winding up~~ to be independently audited by a registered company auditor or firm of chartered accountants of which at least one partner is a registered company auditor.

### 27. ~~26.~~ Restructure

Subject to this constitution, the Corporations Act (including any Relief), the Listing Rules and the Operating Rules, the Responsible Entity may convene a Meeting to consider special

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resolutions to amend this constitution or approve other proposed actions for the purpose of facilitating a restructure of the Trust by merging or combining the Trust with one or more other managed investment schemes, including:

- (a) for the Trust to acquire assets of other schemes;
- (b) to issue Units to holders of units in other schemes at a price different from the price then provided for in the constitution;
- (c) to authorise the Responsible Entity on behalf of each Holder to subscribe for units in other schemes;
- (d) to cancel or redeem some or all existing Units;
- (e) to terminate the Trust (but without limiting any other rights of the Responsible Entity in respect of termination); or
- (f) otherwise to authorise actions that the Responsible Entity proposes in order to facilitate the proposed restructure, including treating Holders resident outside Australia on a different basis where it is impractical or unduly expensive to treat them on the same basis as other Holders.

### 28. ~~27.~~ Independent rights

#### 28.1 Other rights and capabilities

Subject to the Corporations Act, the Responsible Entity, and any related ~~company body~~ corporate or associate of the Responsible Entity, may, subject always to acting in good faith to Unit Holders:

- (a) hold Units, Options or Financial Instruments;
- (b) represent or act for, or contract with, individual Holders;
- (c) deal in any capacity with the Responsible Entity or with any related body corporate or associate of the Responsible Entity or with any trust;
- (d) invest in and deal with, in any capacity, the same investments as that of the Trust, on similar or different terms;
- (e) ~~(e)~~ act in any capacity in relation to any other trusts, including subscribing for units in other trusts on behalf of Holders; or
- (f) ~~(e)~~ receive and retain profits or benefits of any nature, in connection with the Trust or otherwise, including buying or selling Trust Property from or to itself in another capacity,

without being liable to account to the Trust, to the Responsible Entity, or to a Holder.

#### 28.2 Other rights and capabilities relating to the issue of Units

Without limiting clause 28.1, the Responsible Entity may, subject to the Corporations Act and the Listing Rules, enter into arrangements with any related body corporate regarding the Responsible Entity's issue of Units to Holders or a Class of Holders under which the related body corporate pays money into the Trust:

- (a) to fund the Issue Price of Units issued to those Holders where no consideration has been required from, or is payable by, those Holders;
- (b) to fund any discount offered to those Holders whose Units have been issued at an Issue Price that has been set at a discount to the Unit Class Value; or
- (c) in respect of any other payment arrangement agreed between the Responsible Entity and the

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related body corporate from time to time in relation to the Responsible Entity's issue of Units, on such terms determined by the Responsible Entity, to Holders or to a Class of Holders.

(each, a Top-Up Issue). Each Holder of Units appoints the Responsible Entity as its attorney to take any steps necessary or desirable to give effect to the issue of Units to the Holder under a Top-Up Issue.

### 29. ~~28.~~ Responsible Entity's liability

To the extent legally permitted (and in no way limiting or purporting to exclude, or reduce liability under, the Corporations Act in particular), where the Responsible Entity acts without fraud, negligence or a breach of trust involving a failure to show the degree of care and diligence required of it having regard to the powers, authorities or discretions conferred on it by this constitution, the Responsible Entity is not liable to any future responsible entity or trustee, any Holder or any other person:

- (a) for loss caused by:
  - (i) the Responsible Entity's acts or omissions in reliance on:
    - (A) the Register;
    - (B) the authenticity of any document;
    - (C) the opinion, advice or information of any barrister, solicitor, accountant, valuer or other expert instructed by the Responsible Entity; or
    - (D) information from any banker or the auditor of the Trust,  
if the Responsible Entity has no reason to believe the relevant material not to be authentic, the instructions not to be authorised, or the expert not to have the relevant expertise;
  - (ii) any act, omission, neglect or default of another person;
  - (iii) any act or omission required (or believed to be required) by law or by a court of competent jurisdiction;
  - (iv) any particular price or reserve not having been realised;
  - (v) any unnecessary payment having been made to a fiscal authority;
  - (vi) any act or omission of an operator of a securities title, transfer or holding system;
  - (vii) another reason; or
- (b) in any event, to a greater extent than the investments, cash and other property to which the Responsible Entity is entitled and does recover through its right of indemnity from Trust Property actually vested in the Responsible Entity in accordance with this constitution.

### ~~29.~~ **Management Fee**

#### ~~29.1~~ **Amount**

### 30. Responsible Entity's Fees

#### 30.1 Fees

- (a) The Responsible Entity is entitled to each of the Management Fee, Total Performance Fee and such other fees as provided for under this clause 30 and any other provision of

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this constitution (the Fees).

- (b) The entitlement to Fees commences on the date the Trust is established and ends on the date of final distribution on winding up of the Trust.
- (c) All Fees are payable out of the Trust Property, unless otherwise provided in the Terms of a Unit or Class or in a disclosure document relating to the Trust.
- (d) All Fees are to be pro-rated for partial periods.
- (e) All Fees accrue daily.
- (f) All Fees are exclusive of GST, unless otherwise stated.

### **30.2 Management Fees**

- (a) Before and after termination of the Trust, subject to the Terms of a Class, the Responsible Entity is entitled to a Management Fee ~~of in relation to each Class of up to~~ 1.35% (exclusive of GST) per annum of the ~~total value of all Trust Property (determined on the basis of the 'last sale' price, net of estimated disposal costs of each item), calculated and payable on the last Business Day of each calendar month or calendar quarter or at Portfolio Value referable to that Class, calculated daily and payable monthly in arrears or otherwise, payable at such~~ other times as the Responsible Entity in its discretion may determine ~~out of Trust income, but if Trust income is insufficient then out of Trust capital.~~
- (b) Any Management Fee accrued as at the Offering Effective Date is immediately payable to the Responsible Entity ~~may receive less.~~

### **30.3 Performance Fee**

- (a) Before and after the Termination Date, the Responsible Entity ~~may~~ is entitled to a Total Performance Fee in respect of each Class for each calculation period nominated by the Responsible Entity (the Calculation Period) during which Units in that Class are on issue.
- ~~(a) chose to receive less than the fees under clauses 29.1 or 30 in respect of any Holder or all or any Units (whether determined by reference to a minimum balance or on another basis and whether for the life of a particular offer document or otherwise); and~~
- ~~(b) may pay (from its own resources) a Holder any amount which in its discretion it determines by way of offset or rebate of fees.~~

## ~~30. Other fees of the Responsible Entity~~

### ~~30.1 Performance Fee~~

- ~~(b) (i) Before and after Termination the Responsible Entity is entitled to a performance fee (Total Performance Fee) in respect of each Holder's Units for each calculation period nominated by the Responsible Entity (the Calculation Period) during which those Units are in issue. The Total Performance Fee for a Calculation Period ~~The Total Performance Fee for a Calculation Period in relation to each Class~~ is the **Base Performance Fee Per Unit for that Class** at the end of the Calculation Period multiplied by the number of Units that were on issue for that Class at the end of the Calculation Period (or at the end of a notional Calculation Period in accordance with ~~subparagraph (v) clause 30.3(g)~~ less the Total Equalisation Reserve for that Class, calculated in accordance with ~~subparagraph (iv) clause 30.3(f)~~. The Total Performance Fee Per Unit for that Class is the Total Performance Fee for that Class divided by the number of Units on issue in the relevant Class at the end of a particular Calculation Period, subject to the conditions set out in clause 30.3(i).~~

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- (c) If the Total Performance Fee as described above is less than zero, the Total Performance Fee payable is nil.
- (d) For the purpose of this clause 30.3:
- (i) the Before-Performance Fee Value Per Unit (BVU) for a Class is the Portfolio Value referable to that Class less the accrued Management Fee for a Class, less any Total Performance Fee that has become payable to the Responsible Entity for that Class (in accordance with clause 30.3(g)), plus the sum of all Daily Equalisation Adjustments calculated during a Calculation Period for that Class, divided by the number of Units on issue in that Class at the end of that Business Day; and
- (ii) the After-Performance Fee Value Per Unit (AVU) for each Class is the Portfolio Value referable to that Class less the accrued Management Fee for that Class and accrued Total Performance Fee for that Class, divided by the number of Units on issue in that Class at the end of that Business Day.
- (e) ~~(ii) The Base Performance Fee Per Unit is for each Class shall be up to 10% (exclusive of GST) (or any lesser percentage the Responsible Entity may elect) of the Excess Return (if any) Per Unit of each Unit-Class during a Calculation Period, subject to any adjustment required by subparagraph (vii)(D). Us.~~

The Excess Return Per Unit during a Calculation Period =  $ER \times BVUs$

$$\text{Total Return Per Unit} = \frac{U_E + D - U_S}{U_S} \frac{BVU_e + D - BVU_s}{BVU_s}$$

where:

**ER** is the Excess Return (expressed as a percentage) ~~and is calculated as Total Return Per Unit minus the higher of the MSCI Return or the Bond Yield Return for a Class;~~

~~$U_E$  is the Unit Price~~  $BVU_e$  is the BVU for each Class at the end of the Calculation Period  ~~$U_S$ ;~~

$BVU_s$  is the ~~Unit Price~~ BVU for each Class at the start of the Calculation Period ~~;~~ and

**D** is the income and capital distributions to which a Unit for each Class conferred an entitlement during the Calculation Period.

Excess Return in respect of a Class is equal to:

- (i) Total Return Per Unit for that Class minus the higher of Index Performance Hurdle or the Bond Yield Hurdle if the Total Return Per Unit for that Class is greater than both the Index Performance Hurdle and the Bond Yield Hurdle; or
- (ii) nil if Total Return Per Unit for that Class is less than or equal to either the Index Performance Hurdle or the Bond Yield Hurdle.

~~MSCI Return is the performance of the Morgan Stanley Capital International World~~ **Index Performance Hurdle** is the performance (expressed as a percentage) of the MSCI

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World Total Return Index (Net ~~Dividend~~Dividends) (measured in US dollars and converted to Australian dollars) over the Calculation Period.

The **Bond Yield Return Hurdle** is equal to the yield (expressed as a percentage) of 10 ~~year-year~~ Australian government bonds at the start of the Calculation Period ~~divided by~~ 365.

- ~~(iii) For the purpose of calculating the Total Performance Fee Per Unit and the Base Performance Fee Per Unit, the Unit Price is the net assets of the Fund after deduction of accrued management fees divided by the number of units on issue on that day and excluding the effect of application transaction costs.~~
- ~~(iv) The Total Equalisation Reserve~~ The Total Equalisation Reserve for each Class is the lesser of:
- ~~(i) (A) the sum of all Daily Equalisation Adjustments for that Class calculated during a Calculation Period—(A Daily Equalisation Adjustment is equal to the Base Performance Fee Per Unit accrued in the applicable Unit price on the Business Day a new Unit is issued, multiplied by the number of new Units issued on that Business Day; or incorporated in the AVU for that Class, multiplied by, the number of Units issued with reference to that AVU, provided that where the Responsible Entity issues Units to itself under clause 12.4(a)(ii), such Units will be issued with reference to the prior Business Day's AVU); or~~
  - ~~(ii) (B) the total number of new Units issued—the sum of Units issued in the relevant Class during the Calculation Period multiplied by the prevailing Base Performance Fee Per Unit for that Class.~~
- ~~(v) If a Unit in a Class is redeemed during a Calculation Period, the date of redemption is deemed to be the end of a—the notional Calculation Period with respect to that Unit including for the purposes of subparagraph (vi). The Total Performance Fee in respect of a Unit redeemed during a calculation Period becomes payable to the Responsible Entity at the date of redemption. clause 30.3(h) is:~~
- ~~(i) for a Unit redeemed under clause 15.1(a), the date of Redemption Request; or~~
  - ~~(ii) for a Unit redeemed under clause 15.2(a) or under clause 6.6, the Business Day prior to the date of Redemption Request or buy back.~~
- ~~The Total Performance Fee in respect of a Unit redeemed during a Calculation Period becomes payable to the Responsible Entity at the date of redemption.~~
- ~~(h) An estimate of the Total Performance Fee is accrued daily and in the AVU for each Class. The Total Performance Fee is payable at the end of each Calculation Period.~~
- ~~(vi) The Responsible Entity's entitlement to the Total Performance Fee for a Class is subject to the following:~~
- ~~(i) (A) Total Return Per Unit for that Class being greater than the MSCI Return (Index Performance Hurdle);~~
  - ~~(ii) (B) Total Return Per Unit for that Class also being greater than the Bond Yield Return (Bond Yield Hurdle);~~
  - ~~(iii) The AVU for that Class at the end of the relevant Calculation Period exceeding the High Water Mark for that Class.~~
- ~~(C) the Unit Price at the end of the relevant Calculation Period (adjusted to~~

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~~exclude the effect of application transaction costs and by adding back any income and capital distributions to which Units of that Class conferred an entitlement) exceeding the Unit Price (adjusted to excluded the effect of application transaction costs). The High Water Mark for each Class is the AVU for that Class at the end of the then most recent Calculation Period in respect of which the Responsible Entity was entitled to a Total Performance Fee for that Class (that adjusted Unit Price being the High Water Mark). For the first Calculation Period after commencement of the Trust except for when the Total Performance Fee payable is solely resultant from clause 30.3(h), less any income and capital distributions to which Units in that Class have subsequently conferred an entitlement, and the High Water Mark is taken to be \$1.00; subject to any adjustment required under clause 30.3(i)(iii)(A).~~

For the first Calculation Period of the commencement of a Class of Units, the High Water Mark is taken to be the Issue Price of the first Units issued in that Class, subject to any adjustment required under clause 30.3(i)(iii)(A).

(A) For the Calculation Period immediately following the Offering Effective Date and for any subsequent Calculation Period until a new High Water Mark is set for a Class of Units in accordance with this clause 30.3(i)(iii), the High Water Mark for each Class is to be adjusted by multiplying the AVU for that Class as at the Offering Effective Date (or the Issue Price of the MGF Units as the case may be) by the greater of:

- (1) the MGE High Water Mark immediately following the Offering Effective Date divided by the MGE NAV per Unit as at the Offering Effective Date;
- (2) the MGG High Water Mark immediately following the Offering Effective Date divided by the MGG Unit Current Market Value as at the Offering Effective Date; or
- (3) the High Water Mark for the MGF Units immediately following the Offering Effective Date, divided by the AVU as at the Offering Effective Date for those Units (before any adjustment under this subparagraph (i)(iii)(A).

For the avoidance of doubt, the adjustment under this clause 30.3(i)(iii)(A) is to be made: after any necessary reduction for income or capital distributions made prior to the Offering Effective Date; and, before any necessary reduction for income and capital distributions made subsequent to the Offering Effective Date.

For the purposes of this clause 30.3(i)(iii)(A), words and phrases defined in Schedule 1 or 2 have the same meaning in this subparagraph and:

**MGE High Water Mark** means the High Water Mark for MGE Units as defined and calculated in accordance with the MGE Constitution;

**MGE NAV per Unit** means the Operational Net Trust Value of MGE (as defined and calculated in accordance with the MGE Constitution) divided by the number of MGE units on issue;

**MGG High Water Mark** means the High Water Mark for MGG Units as defined and calculated in accordance with the MGG Constitution;

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and

MGG Unit Current Market Value means the Current Market Value (as defined in the MGG Constitution) of an MGG Unit as determined by the responsible entity of MGG in accordance with the MGG Constitution.

(iv) ~~(D)~~ If the calculation of a Total Performance Fee Per Unit for the relevant Class would result ~~either in:~~ in the AVU at the end of the relevant Calculation Period (after adding back any income and capital distributions to which the Units conferred an entitlement) being less than the applicable High Water Mark for that Class, then the Responsible Entity must reduce the amount of the Total Performance Fee Per Unit for that Class by so much so that the AVU for that Class (as adjusted in accordance with this clause 30.3(i)(iv)) equals the applicable High Water Mark for that Class.

~~(I) — the Total Return in respect of Units being less than the Index Performance Hurdle or the Bond Yield Hurdle; or~~

~~(II) — the Issue Price at the end of the relevant Calculation Period (adjusted to exclude the effect of application transaction costs and by adding back any income and capital distributions to which the Units of that Class conferred an entitlement) being less than the applicable High Water Mark (if any);~~

~~then the Responsible Entity must reduce the amount of the Total Performance Fee Per Unit by so much so that:~~

~~(III) — the Total Return Per Unit after deduction of the Base Performance Fee Per Unit at least equals whichever is the higher of those Hurdles; or~~

~~(IV) — the Unit Price (as so adjusted in sub-paragraph (D)(II)) equals the applicable High Water Mark;~~

~~whichever is the greater.~~

If the index ~~described in paragraphs (ii) and (vii)~~ contemplated in clauses 30.3(e), 30.3(i)(i) and 30.3(i)(ii) is no longer published (or made available to the Responsible Entity), then the Responsible Entity may nominate an equivalent replacement index to apply in that subparagraph in place of that index.

(i) ~~(viii)~~ The amount of the Total Performance Fee for each Class is payable out of the income of the ~~Fund-Trust~~ and if that is insufficient, out of ~~Fund-Trust~~ capital.

(k) In the event of any capital reorganisation such as Unit divisions or consolidations during a Calculation Period, the ~~Issue-Prices-AVU and BVU~~ where used in the calculation of ~~Total-Base~~ Performance Fee Per Unit (and the corresponding adjustments applied to ~~Issue-Prices-AVU and BVU~~ in accordance with this clause ~~30.1-30.3~~) (and including the initial High Water Mark under ~~sub-paragraph (vii)~~ clause 30.3(i)(iii) (if it is still applicable)) are to be adjusted by multiplying the relevant ~~Issue-Price-AVU and BVU~~ (and the corresponding adjustments applied in accordance with this clause ~~30.1-30.3~~) by the quotient of the number of Units on issue in the relevant Class ~~on issue~~ immediately prior to the reorganisation divided by the number of Units on issue in that Class immediately after the ~~reorganisation~~ reorganization.

### **30.2—Entry Fee**

**30.4** ~~Before and after termination of the Trust, the Responsible Entity is entitled to an Entry Fee of 1.25% (exclusive of GST) of the consideration payable on an application for~~

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## Units may receive less

The Responsible Entity may, from time to time:

- (a) determine that it is entitled to a fee that is less than the fees referred to under this clause 30 in respect of a Class or any Holder or all or any Units (whether determined by reference to a minimum balance or on another basis and whether for the life of a particular offer document or otherwise) and may change that determination at any time;  
and
- (b) pay (from its own resources) a Unit Holder any amount which in its discretion it determines by way of offset or rebate of fees or for any other reason.

The Responsible Entity may also, in its discretion, defer payment of any fee (or part of any fee) to which it is entitled. Unless the Responsible Entity determines otherwise, where payment is deferred, the fee (or applicable part) accrues daily until paid.

## **30.5 ~~30.3~~ Proper Performance of Duties**

The Responsible Entity's entitlement to be paid fees under this constitution is only available in relation to the Responsible Entity's proper performance of its duties.

## **31. GST**

### **31.1 Defined terms**

In this clause 31, a word or expression defined in the ~~*A New Tax System (Goods and Services Tax) Act 1999 (Cth)*~~ GST Act has the meaning given to it in that Act.

### **31.2 Responsible Entity reimbursed for GST**

If the Responsible Entity is liable for GST on any supply made under or in connection with this constitution (including, the supply of any goods, services, rights, benefits or things), the Responsible Entity is entitled to receive, unless the consideration for the supply is specifically described in this constitution as being inclusive of GST, in addition to any consideration for that supply, or any other fee, amount or consideration, an additional amount on account of GST, equal to the GST payable by the Responsible Entity, and the Responsible Entity is entitled to be reimbursed or indemnified for the amount out of the relevant Trust Property.

### **31.3 Tax invoice**

The Responsible Entity is not entitled to be reimbursed or indemnified under clause 31.2 until it issues a tax invoice for the supply.

### **31.4 GST inclusive supply**

Where the consideration for a supply made under or in connection with this constitution is specifically described as being inclusive of GST and:

- (a) the Supply is not subject to GST, and the GST rate is the same as at the date of this constitution, the consideration to be provided for that Supply is reduced by one-eleventh;  
or
- (b) there is a change to the prevailing rate of GST, the consideration is increased or decreased in proportion to the change in the rate of GST.

### **31.5 Input tax credits**

When calculating the amount of any costs, charges, expenses or outgoings incurred by the Responsible Entity for which it is entitled to be reimbursed out of the Trust Property, the Responsible Entity must deduct an amount equal to any input tax credit to which the

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Responsible Entity is entitled in its personal capacity in connection with the costs, charges, expenses or outgoings sought to be reimbursed.

## 32. Outgoings

### 32.1 Expenses

All costs, charges, expenses and outgoings reasonably and properly incurred by the Responsible Entity in the proper performance of its duties, including in connection with the following matters or of the following nature in relation to the Trust, are payable or reimbursable out of Trust Property (and if referable to more than one trust, apportioned in a manner determined by the Responsible Entity):

- (a) preparation, approval, stamping, execution and printing of this constitution and any deed amending this constitution;
- (b) retirement and appointment of the Responsible Entity and any custodian;
- (c) institution, prosecution, defence and compromise of any court proceedings, arbitration or dispute resolution proceedings in relation to this constitution or the Trust (but the Responsible Entity must repay to the Fund any amount it has been advanced in respect of outgoings in connection with proceedings in which it is found by a court to be liable for its own negligence, fraud, breach of trust or breach of duty);
- (d) convening and holding a meeting of Holders and implementing a resolution of the meeting;
- (e) bank fees, interest, discount and acceptance fees for bill facilities and like amounts;
- (f) all Taxes;
- (g) any actual or proposed investment, acquisition, realisation, disposal, valuation, maintenance, alteration, improvement, enhancement, receipt, collection or distribution of any Trust Property;
- (h) costs, fees, charges or spreads in relation to the engagement of agents, including in relation to the provision of liquidity and market making conduct;
- (i) foreign exchange transactions and foreign exchange hedging transactions;
- (j) ~~(j)~~ fees payable to a person authorised by the Responsible Entity to hold Trust Property;
- (k) admission of the Trust to a Securities Exchange, its continuing compliance with the rules of a Securities Exchange, or in relation to any removal of the Trust from the official list of the Securities Exchange or the suspension of any Units, Options or Financial Instruments from trading by the Market Operator;
- (l) ~~(l)~~ all expenses in connection with the establishment and conduct of any compliance committee and compliance officer including:
  - (i) remuneration of committee members;
  - (ii) the expenses of independent legal, accounting or other professional advice or assistance properly commissioned by the compliance committee; and
  - (iii) to the extent permitted by the Corporations Act, directly or indirectly, indemnifying or insuring a person who has been a compliance committee member for or against any liability, including costs, expenses and liabilities incurred by the person in defending civil or criminal proceedings;

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- (m) any membership fees payable to an external dispute resolution scheme in relation to the Trust;
- (n) ~~(+)~~ establishing and maintaining the Register, the Trust accounting system and records and the investment register (including operation and development of computer facilities, both software and hardware, salaries and on-costs);
- (o) ~~(+)~~ fees payable to a Market Operator, ASIC or ~~another~~ any governmental or regulatory authority in relation to the Trust, the Units or the Responsible Entity;
- (p) ~~(+)~~ preparing and printing reports, notices, accounts, cheques and documents, posting them to Holders, or paying Holders;
- (q) ~~(+)~~ any offer or invitation in respect of Units, Options or Financial Instruments, including preparation, lodgment, registration, distribution and promotion of Trust prospectuses, information memoranda or product disclosure statements;
- (r) ~~(+)~~ amounts payable to administrators, advisers, agents, brokers, contractors, custodians, investment managers, underwriters or other persons engaged by the Responsible Entity under the constitution (including legal costs on a full indemnity basis);
- (s) ~~(+)~~ fees incurred by an auditor of the Trust or the compliance plan;
- (t) ~~(+)~~ preparation and lodgment of taxation and other returns for the Trust;
- (u) ~~(+)~~ terminating and winding up of the Trust;
- (v) ~~(+)~~ entering the Trust in a survey;
- (w) ~~(+)~~ fees payable to a ratings organisation;
- (x) ~~(+)~~ fees payable to a securities system authorised by the Responsible Entity to hold Trust Property;
- (y) ~~(+)~~ performance of the Responsible Entity's duties, exercise of the Responsible Entity's rights or powers, compliance with the law or administration of the Trust;
- (z) ~~(+)~~ establishment, development, maintenance and operation of computer facilities, both software and hardware for the administration of the Trust;
- (aa) ~~(+)~~ establishing a gearing facility; ~~and~~
- (bb) ~~(+)~~ dealing with ~~applications~~ application for and redemption of Units, Options and Financial Instruments and determining the Issue Price and Redemption Price; ~~and~~
- (cc) in respect of any Controlled Entity of the Trust, as if the charges, expenses and outgoings described in clauses 32.1(a) to 32.1(bb) applied to a Controlled Entity with any necessary modification (including those charges, expenses and outgoings of any Controlled Entity itself).

### **32.2 Class allocation of expenses**

Without limiting clause 7.1 but subject to the Terms of a Class, the Responsible Entity may make a determination that any particular cost, charge, expense or outgoing (or part or class of cost, charge, expense or outgoing) is referable to a particular Class or Classes of Units.

## **33. Recoveries**

### **33.1 Holders' liabilities**

Each Holder or former Holder is liable for:

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- (a) all fees, Taxes ~~and~~, costs and other liabilities in relation to the Holder's or former Holder's entitlement to, or payment of, income or capital and Attribution Amounts attributed to the Holder or former Holder;
- (b) any act or omission requested by the Holder or former Holder;
- (c) unpaid amounts owing by the Holder to the Responsible Entity in relation to the Trust; and
- (d) fees determined and chargeable by the Responsible Entity from time to time for any act or work carried out at the Holder's request which goes beyond the Responsible Entity's duties under the constitution, charged at market rates for the services provided.

## 33.2 Responsible Entity may withhold or recover

The Responsible Entity may:

- (a) withhold payment of any money payable to a Holder until the liability is discharged; or
- (b) meet the liability and recover the amount:
  - (i) from any money or property held for the Holder;
  - (ii) from any distribution or other payment payable to the Holder; or
  - (iii) if applicable, by redeeming any or all of the Holder's Units.

## 34. Distributions

### 34.1 A Distributions where not an AMIT

This clause 34 applies for each Accrual Period when the Trust (or the relevant Class of Units) is not an AMIT.

### ~~34.1 Defined term~~

~~In clause 34, **Non-Cash Income** means any amount properly included in the Trust's net income (such as, but not limited to, any amount representing grossing up of income for tax credits) which is not in the form of cash or other property derived by the Trust.~~

### ~~34.2 Distributable Income~~

~~The Distributable Income is at least the minimum amount the Responsible Entity must distribute if it is not to be assessable or liable to pay more than the lowest amount of tax properly assessable in respect of a year of income under the *Income Tax Assessment Act, 1936* (Cth) or the *Income Tax Assessment Act, 1997* (Cth), except if before the end of the tax year the Responsible Entity determines in its discretion that the Distributable Income is another amount equal to or greater than net income for the purposes of section 95 of the *Income Tax Assessment Act, 1936* (Cth), less Non-Cash Income.~~

### 34.2 Determination of Income and Reserves

The Responsible Entity must determine before the end of the relevant Accounting Period the classification of an item as being income or capital and the extent to which the income of the Trust is to be adjusted by allocating such amount as it considers proper in accordance with the Accounting Standards to a provision or any reserve account for the purposes of meeting anticipated expenses or obligations of the Trust.

### 34.3 Distributions

~~Before and after termination of the Trust, the Responsible Entity at any time may elect that an~~

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~~amount being:~~

~~(a) capital or income other than Non-Cash Income, be distributed from the Trust to Holders, and~~

~~(b) Non-Cash Income, be allocated to Holders,~~

(a) Except in any income year in which the Trust is taxed as a Corporate Tax Entity:

(i) before the termination of the Trust, the Responsible Entity may at any time elect that for an Accounting Period or Accrual Period, an amount (capital or income) be distributed from the Trust to Holders of Eligible Units. A distribution made by the Responsible Entity to a Holder of an Eligible Unit will be taken to be a distribution of Distributable Income of an Accounting Period or an Accrual Period to the extent the Responsible Entity determines the distribution constitutes a distribution of Distributable Income of that Accounting Period or Accrual Period;

(ii) except as otherwise provided by this deed, the distribution (whether of Distributable Income or otherwise) referable to a Class for each Accounting Period or Accrual Period must be distributed to Holders of Eligible Units in that Class pro rata to the number of Units they hold in that Class at the end of the Accounting Period or Accrual Period;

~~(iii) in each case, pro rata to the number of Units on issue held as at an Accrual Time or in accordance with this constitution. Each Holder registered each Holder of an Eligible Unit at midnight on the last day of each year of income for purposes of the *Income Tax Assessment Act, 1936* (Cth) or the *Income Tax Assessment Act, 1997* (Cth), as applicable, Accounting Period has a vested and indefeasible interest in and is presently entitled to a share of Distributable Income for that year Accounting Period not previously distributed in the proportion of the number of Units held to all Units then on issue in the Trust any prior Accrual Period for each Eligible Unit held by that Holder set out in clause 34.3(a)(ii) above;~~

(iv) to the extent that Distributable Income for that Accounting Period has not been distributed on or before the end of the Accounting Period, an amount equal to the shortfall must be distributed by the Responsible Entity to each entitled Holder as soon as reasonably practicable after the end of the Accounting Period; and

(v) for the purposes of this clause 34 and clause 35.3, a Holder of an Eligible Unit:

(A) includes, when a Class is participating in a Settlement Facility, a person who has purchased Units on a Securities Exchange before the end of the Accounting Period or an Accrual Period but the transfer has not yet been recorded on the Register by the end of that Accounting Period or Accrual Period. Each such Unit is, in relation to that Holder, an *Eligible Unit*, and

(B) excludes, when a Class is participating in a Settlement Facility, a person who has sold Units on a Securities Exchange before the end of the Accounting Period or an Accrual Period but the transfer of those Units has not yet been recorded on the Register by the end of the Accounting Period or Accrual Period. Each such Unit ceases to be an *Eligible Unit* for that person. A person

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only ceases to be a Holder under this paragraph in relation to Units sold as contemplated by this paragraph (not any other Units that the person may hold at the end of the applicable Accounting Period or Accrual Period).

- (b) Where in any income year the Trust is taxed as a Corporate Tax Entity, then each Holder of an Eligible Unit registered at midnight on the last day of each Accounting Period does not have a vested and indefeasible interest in a share of the Distributable Income for that Accounting Period and the Responsible Entity may, at its discretion, choose to make distributions of after tax profits, income, capital or any related taxation or imputation credits provided that all Distributable Income is distributed at the final termination of the Trust.

### 34.4 Change in the law

If the law changes in respect of Taxes so that the Trust or the Responsible Entity becomes subject to Taxes on income and gains derived by the Trust even where all available income is distributed to Holders of Eligible Units, or regardless of the present entitlement of the Holders of Eligible Units, then the Responsible Entity does not have to make distributions in accordance with this clause 34 and instead the Responsible Entity, at its discretion, may choose when to make distributions of profits, income, capital or any taxation or imputation credits that have become available in relation to the Trust.

### ~~34A~~ ~~35A~~ AMIT

Schedule ~~4~~ to this constitution is incorporated into this constitution as set out in full.

## 35. Distribution Reinvestment

### 35.1 Discretion of Responsible Entity and Issue Price

- (a) The Responsible Entity may offer or require Distribution Reinvestment for all or some Units or in relation to a Class.
- (b) For the purposes of this clause 35.1 the Responsible Entity may, subject to the Corporations Act, Listing Rules, Operating Rules and any Relief, determine:
- (i) the terms of the DRP Rules, including on terms that:
- (A) a Holder may subscribe for Units in any Class or Classes of Unit (and whether or not holding Units in a particular Class) or only a specified Class; or
- (B) it may be available only to holders of a Class of Unit or to certain Unit Holders of a Class of Units; and
- (ii) that Distribution Reinvestment in respect of a period is optional, mandatory or comprises both optional and mandatory components, and, where it is mandatory, on such terms that may require the reinvestment of an amount of distributions paid or payable in excess of a specified distribution amount for that period.
- (c) Unit Holders will be bound by the DRP Rules.
- (d) The Responsible Entity has power to do all such acts and things which it considers necessary, desirable or reasonably incidental to give effect to the terms of the DRP Rules.

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- (e) If the Responsible Entity decides to permit or require Distribution Reinvestment, then it must notify Unit Holders of the terms of, and procedure for, reinvestment and any change to those terms or procedures.
- (f) For reinvestment in respect of Units, the Responsible Entity is taken to have received an application to reinvest distributions by way of the acquisition of existing Units or the issue of new Units on the Business Day that the distribution is paid.
- (g) For the avoidance of doubt, a Unit issued on Distribution Reinvestment will not have a right to distributions in respect of the period to which the reinvested distribution relates.
- (h) To the extent permitted by the Listing Rules (when a Class is Listed) and Relief, Distribution Reinvestment does not need to be offered to Unit Holders with a registered address outside Australia and New Zealand.

### 35.2 Distribution Reinvestment at Holder's request

If the Responsible Entity offers Distribution Reinvestment, a Holder may request the Responsible Entity to invest future income distributions wholly (or with the Responsible Entity's approval, partly) in subscriptions for additional Units at the Issue Price ~~next~~ determined ~~after the Accrual Time at which the entitlement arises~~ in accordance with clause 12.8. A request or cancellation in respect of the distribution entitlement arising at that and subsequent Accrual Times must be received in a mode and by a time determined by the Responsible Entity.

### 35.3 Distribution Reinvestment by Responsible Entity for and on behalf of Holder

If the Responsible Entity requires Distribution Reinvestment:

- (a) at the Accrual Time each Holder of an Eligible Unit has an absolute vested and indefeasible interest in the share of Distributable Income to which the Holder is presently entitled;
- (b) that amount of Distributable Income will be applied by the Responsible Entity for and on behalf of the Holder in subscriptions for additional Units at the Issue Price ~~next as at~~ the Valuation Time determined by the Responsible Entity in its discretion after the Accrual Time at which the entitlement arises; and
- (c) the Holder may lodge a Redemption Request at any time in respect of the Units acquired ~~as a result of the Distribution Reinvestment~~ under this clause 35.3 where permitted to do so under clause 15.

## 36. Standing request

### 36.1 Standing request

If the Responsible Entity permits, a Holder may make a standing request to the Responsible Entity to deposit into an account with a bank or other financial institution approved by the Responsible Entity, a series of specified sums calculated in a specified manner each sum being not less than \$100 unless the Responsible Entity otherwise agrees.

### 36.2 Redemption of Units to cover specified sums

The Holder appoints the Responsible Entity as agent to redeem those of the Holder's Units in the Trust as the Responsible Entity from time to time in its discretion judges necessary to cover the amount of those specified sums due or payable to the Holder under clause 36.1. Any money remaining is to be retained in the Trust and accounted for as a Trust Liability and applied towards the next specified sum paid to that Holder.

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### 36.3 Terminate standing request

The Responsible Entity may reject, or accept subject to those conditions as it may require, or at any time terminate any standing request under clause 36.1.

### ~~36.4 Distribution Reinvestment applies to a standing request~~

~~Unless the Responsible Entity otherwise agrees, Distribution Reinvestment applies to the balance of any distribution to a Holder which is not dealt with as a standing request under clause 36.1.~~

## 37. Payments

### 37.1 Means of payment

Any money payable by the Responsible Entity to a Holder may be:

- (a) ~~be~~ deposited into an account with a bank or other financial institution approved by the Responsible Entity and nominated by the Holder;
- (b) applied in another manner as the Responsible Entity is directed in writing by the Holder (if the Responsible Entity agrees); or
- (c) paid by cheque posted to the Holder.

The obligations of the Responsible Entity are fully discharged in respect of any money so paid.

### 37.2 If payment not effective

If a distribution cheque or a cheque issued in payment of a Redemption Request is returned unclaimed, or is not presented for payment within a reasonable period (which the Responsible Entity may determine from time to time), or an attempted deposit is rejected, the ~~Responsible Entity must reinvest the relevant amount for the Holder in the Trust as from such date as the Responsible Entity selects as appropriate.~~ money may be:

- (a) (in the case of a Unit Holder and subject to the Listing Rules and Operating Rules) reinvested in Units of the relevant Class at the Issue Price prevailing at the next Valuation Time);
- (b) held by the Responsible Entity for the benefit of the Holder; or
- (c) paid by the Responsible Entity in accordance with applicable unclaimed money legislation.

### 37.3 Rounding

The Responsible Entity may in its discretion round any amount due as a payment up or down to the nearest whole cent, and clause 9.10 applies to any remaining fraction of a cent.

### 37.4 Deduction of Tax or amounts owing

Without limiting clause 33, the Responsible Entity may deduct from any amount to be paid to a Holder, or received from a Holder, any amount of Taxes (or an estimate of it) or any other liability owed by the Holder to the Responsible Entity or any other person which the Responsible Entity is required or authorised to deduct by law or by this constitution or which the Responsible Entity considers should be deducted.

## 38. Auditor

The Responsible Entity must appoint and may at any time replace as auditor of the Trust either a registered company auditor, ~~or~~ a firm of chartered accountants of which at least one partner is a registered company auditor, or the Auditor ~~General~~ of New South Wales.

## 39. Meetings

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## **39.1 Convening Meetings**

A Meeting may be convened and conducted in accordance with this constitution and the Corporations Act.

## **39.2 Failure to give notice**

Accidental omission to give notice to, or non-receipt of notice by, a [Unit](#) Holder does not invalidate a Meeting nor a resolution passed at a Meeting.

## **39.3 Rights of proxy**

A proxy may attend, speak and vote for a [Unit](#) Holder even if the [Unit](#) Holder is present at the Meeting.

## **39.4 Proxy appointments**

An appointment of a proxy is valid even if it does not include the [Unit](#) Holder's address or the Trust's name. An appointment of a proxy for a Meeting is effective if received by the Responsible Entity by a time before the time the Meeting is due to start that the Responsible Entity considers appropriate.

## **~~39.5 Other types of Units~~**

~~Clause 39 applies also, to the extent appropriate, to meetings of Holders of any type or class of Unit.~~

## **39.5 Other meetings**

This clause 39 applies also to meetings of Unit Holders of any type. The provisions of Part 2G.3 of the Corporations Act are taken to apply (with necessary changes) to convening and conducting a meeting of Holders of any type as if they were the only members of the Trust.

## **40. Conduct of Meetings**

### **40.1 Closing of Register**

When a Meeting is to be held the Responsible Entity must close the Register at an appropriate date and time to determine those [Unit](#) Holders entitled to vote at the Meeting, and entitled to notification of the meeting.

### **40.2 Joint [Unit](#) Holders**

The first named of joint [Unit](#) Holders shown in the Register (or if that person does not vote, the next named joint Holder, or if that person does not vote, the next named, and so forth) may exercise the voting rights of jointly-held Units.

### **40.3 Ordinary resolution**

An ordinary resolution is passed if a simple majority of votes cast are in favour.

### **40.4 Validity of vote**

The chairperson's declaration of the validity of any vote and the result of voting is conclusive.

### **40.5 Resolutions binding**

A resolution duly passed binds all [Unit](#) Holders, whether or not present at the Meeting.

### **40.6 ~~Chair person~~ [Chairperson](#) may adjourn Meeting**

The chairperson may adjourn a Meeting to a time and place as the chairperson sees fit.

### **40.7 [Chairperson may require person to leave meeting](#)**

The chairperson may refuse any person admission to, or require a person to leave and remain out of, a Meeting if that person, in the opinion of the chairperson, is not complying with the reasonable

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[directions of the chairperson.](#)

## **40.8 ~~40.7~~ Minutes**

Minutes of a Meeting signed by the chairperson constitute conclusive evidence of the proceedings of the Meeting.

## **40.9 ~~40.8~~ Postal ballot**

[Subject to the Corporations Act and the requirements of applicable Relief](#), a Meeting may be conducted by postal ballot in accordance with arrangements the Responsible Entity may determine reflecting, as closely as may be practicable, the provisions of this constitution.

## **40.10 ~~40.9~~ Other types of Units [and interests](#)**

[This](#) clause 40 applies ~~also, to the extent appropriate,~~ to meetings of Holders of any type ~~or class of Unit~~.

## **41. Responsible Entity's retirement**

### **41.1 Responsible Entity may retire**

Subject to the Corporations Act, the Responsible Entity may retire as Responsible Entity of the Trust by giving not less than one month's prior notice to the [Unit](#) Holders, effective on the appointment of a replacement Responsible Entity.

### **41.2 Responsible Entity's indemnity**

On the Responsible Entity retiring or being removed from the Trust or otherwise ceasing to be the Responsible Entity, to the extent legally permitted (and in no way limiting or purporting to exclude, or reduce liability under, the Corporations Act in particular) the Responsible Entity is completely released from this constitution as it affects the Trust and is indemnified out of Trust Property against any claims arising out of its conduct as Responsible Entity of the Trust except claims in respect of gross neglect or default by the Responsible Entity and without limiting liability of the Responsible Entity to the [Unit](#) Holders.

## **42. Liability of Holders**

[Subject to this constitution \(including clause 32 and clause 37.4\) and the Terms of a Class, Option or Financial Instrument\):](#)

- (a) ~~Subject to this constitution,~~ the liability of each Holder is limited to the amount subscribed, or agreed to be subscribed by the Holder, ~~for Units. Recourse of the Responsible Entity and Trust creditors is limited to Trust Property.~~
- (b) [recourse of the Responsible Entity and Trust creditors is limited to Trust Property; and](#)
- (c) any relationship of partnership or agency between the Responsible Entity and a Holder in relation to the Trust, this constitution or anything done under this constitution, is expressly excluded.

## **43. Complaints**

### **43.1 [Complaints by Retail Clients](#)**

- (a) [The Responsible Entity has adopted the definition of a complaint from Australian/New Zealand Standard AS/NZS 10002:2014 and ASIC RG 165:](#)

[A complaint is an expression of dissatisfaction made to an organisation, related to its products or services, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.](#)

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- (b) While the Trust is Registered, if a Holder submits to the Responsible Entity a complaint in relation to the Trust or its operations, the Responsible Entity must, if the Holder is a Retail Client, comply with the requirements of section 912A(2) of the Corporations Act applicable to the complaint.

### **43.2 Process of handling complaints**

- (a) In respect of a complaint from a Holder who is not a Retail Client, the Responsible Entity must:
- (i) ~~(a)~~ immediately acknowledge the receipt of any complaint received from a Holder ~~as soon as practicable~~ and in any event within 14 days from receipt;
  - (ii) ~~(b)~~ investigate, properly consider and decide what action (if any) to take or offer regarding the complaint;
  - (iii) ~~(c)~~ within a maximum of 45 days, communicate its decision to the Holder, at the same time informing the Holder of remedies available to the Holder of which the Responsible Entity is aware and any available avenue of complaint against the decision to an external dispute resolution scheme or other body; and
  - (iv) ~~(d)~~ include in any disclosure document an explanation of its procedures for handling complaints.
- (b) The Responsible Entity may, in its discretion, give any of the following remedies to the complainant:
- (i) information and explanation regarding the circumstances giving rise to the complaint;
  - (ii) an apology;
  - (iii) compensation for loss incurred by the Holder as a direct result of the breach (if any); and / or
  - (iv) such other remedies as the Responsible Entity considers appropriate.
- (c) For the avoidance of doubt, despite a Unit Holder's Units being redeemed by the Responsible Entity in accordance with clause 15.2, the former Holder's rights under this clause 43 will continue until such time that the Responsible Entity has satisfied the Redemption Request by paying the redemption proceeds to the former Holder in accordance with clause 15.2.

## 44. Changing the constitution

### **44.1 Responsible Entity may amend**

- (a) Subject to Corporations Act, the Responsible Entity may by supplemental deed modify, add to or delete from, this constitution.
- (b) Without limiting the generality of clause 44.1(a), the Responsible Entity may exercise its power under clause 44.1(a) to ensure that the Trust qualifies to participate in the specialised regime for the taxation of 'managed investment trusts' or any other similar regime introduced or amended from time to time.

### **44.2 Compliance with regulatory required provisions**

If:

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- (a) the Corporations Act or ASIC Class Order [CO 13/655] (or any other Relief on which the Responsible Entity has determined it wishes to rely or which is expressly applicable to the Trust and the Responsible Entity) requires that this constitution contain certain provisions or can only be relied upon if this constitution contains certain provisions (**Regulatory Required Provisions**); or
- (b) any part of this constitution (**Regulatory Required Part**) is included to comply with the requirements of the Corporations Act, Operating Rules, Listing Rules, ASIC or the Securities Exchange (if and as applicable) (**Regulatory Requirement**), and the Regulatory Requirement ceases or changes,

then, to the extent the Corporations Act allows and subject to clause 44.3, this constitution is taken to be amended so that the Regulatory Required Provisions are included as separate provisions, or the Regulatory Required Part is deleted or amended to reflect the amended Regulatory Requirement. The Regulatory Required Provisions prevail over any other provisions of this constitution to the extent of any inconsistency.

### **44.3 Regulatory Required Part – Classes**

If a Regulatory Requirement ceases or changes and the cessation or change only relates to or affects a Class (for example, when a Class is Listed) then this constitution is taken to be amended under clause 44.2 only insofar as it relates to that Class. This clause also applies if the cessation or change affects more than one Class but not all Classes.

### **44.4 Severance**

If all or part of any provision contained in this constitution is void, invalid, inconsistent with the Corporations Act or would otherwise result in all or part of this constitution being void, invalid, or inconsistent with the Corporations Act for any reason, then such part is to be severed from this constitution without affecting the validity or operation of any other provision of this constitution.

### **44.5 Holders authorisation**

The Holders:

- (a) authorise the Responsible Entity to make the amendments referred to in clause 44.2 (subject to, and having regard to, clause 44.3) in a deed and, if required, to lodge it with ASIC; and
- (b) agree that, subject to the Corporations Act, their rights under this constitution do not include or extend to a right not to have this constitution amended to comply with a Regulatory Requirement or to include Regulatory Required Provisions.

## 45. Change of name

If Magellan Asset Management Limited is no longer the Responsible Entity then from that time the name of the Trust and relevant references in this constitution are taken to be amended to omit the words "Magellan", except if Magellan Asset Management Limited agrees otherwise.

## 46. Calculations

~~Any~~ Unless this constitution otherwise provides, any amount or item requiring calculation or determination for the purposes of this constitution ~~must be to the fourth decimal place or, in any case, as otherwise is to be calculated or~~ determined by the Responsible Entity ~~from time to time in a manner and as at a time prescribed by the Responsible Entity and in accordance with applicable Accounting Standards.~~

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## 47. Notices and cheques

### 47.1 Notices

Any consent, notice, report or statement required to be in writing may be sent to a Holder or joint Holders:

- (a) by prepaid post to the address of the Holder or first named joint Holder shown in the Register, and is taken to be received on the next Business Day after posting; or
- (b) electronically or by facsimile to any electronic address or facsimile number given by the Holder or the first named joint Holder shown on the Register, from time to time, and is taken to be received:
  - (i) when it is sent; or
  - (ii) if it is sent not on a Business Day or after 5.00pm on a Business Day, at 9.00am on the next Business Day.

### 47.2 Cheques

Any cheque required to be sent to a Holder or joint Holders may be sent by prepaid post to the address of the Holder or first named joint Holder shown in the Register, and is taken to be received on the next Business Day after posting.

## 48. Proportionate Takeover Bid

### 48.1 Transfers

Registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under a Proportional Takeover Bid is prohibited unless and until an Approving Resolution approving the Proportional Takeover Bid is passed.

### 48.2 Voting entitlements

A person (other than the Bidder or an associate of the Bidder) who, as at the end of the day on which the first offer under the Proportional Takeover Bid was made, held Units in a Bid Class:

- (a) is entitled to vote on an Approving Resolution; and
- (b) ~~48.~~subject to the Corporations Act, has one vote for each Unit held in a Bid Class.

### 48.3 Meeting

Where offers have been made under a Proportional Takeover Bid, the Responsible Entity must ensure that an Approving Resolution is voted on at a meeting of the persons described in clause 48.2 before the Approving Resolution Deadline.

### 48.4 Voting threshold

An Approving Resolution is passed if more than 50% of the votes cast on the resolution are cast in favour of the resolution, and otherwise is taken to have been rejected.

### 48.5 Meeting rules

The provisions of this constitution that apply to a Meeting apply, with such modifications as the circumstances require, to a meeting that is called under this clause as if the meeting was a Meeting.

### 48.6 Notice of vote outcome

If an Approving Resolution to approve the Proportional Takeover Bid is voted on in accordance with this clause 48 before the Approving Resolution Deadline, the Trust must, on or before the Approving Resolution Deadline, give:

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- (a) the Bidder; and
- (b) each Market Operator.

a written notice stating that an Approving Resolution to approve the Proportional Takeover Bid has been voted on and whether it was passed or rejected.

### **48.7 No vote**

If no resolution has been voted on in accordance with this clause as at the end of the day before the Approving Resolution Deadline, a resolution to approve the Proportional Takeover Bid is taken, for the purposes of this clause, to have been passed in accordance with this clause.

### **48.8 Cessation of clause**

This clause 48 does not commence operation until a Class is Listed. Thereafter, this clause 48 will automatically cease to have effect upon three years from the date the Class is Listed unless renewed in accordance with the Corporations Act prior to that date.

## **49. Restricted Securities**

- (a) Paragraphs (b), (d) and (e) below only operate:
  - (i) while a Class is Listed; and
  - (ii) to the extent they are consistent with the Corporations Act.
- (b) During a breach of a restriction agreement relating to Units which are Restricted Securities or of paragraph (d)(i) below, the Unit Holder who holds the Units which are Restricted Securities is not entitled to any distribution from the Trust, nor to exercise any voting rights, in respect of those Units for so long as the breach continues.
- (c) Except as permitted by the Listing Rules or the Market Operator, a Holder of Restricted Securities will not be entitled to participate in any return of capital on those Restricted Securities during the applicable escrow period.
- (d) While a Class is Listed, during the applicable escrow period:
  - (i) a Holder may not dispose (as defined in the Listing Rules) of, or agree to offer to dispose of, Restricted Securities except as permitted by the Listing Rules
  - (ii) if the Restricted Securities are in a Class that is Listed, the Holder of the Restricted Securities is taken to have agreed in writing that the Restricted Securities are to be kept on the Trust's issuer sponsored subregister and are to have a Holding Lock applied for the duration of the escrow period; and
  - (iii) except as permitted by the Listing Rules or the Market Operator, the Responsible Entity will refuse to acknowledge a disposal (including registering a transfer) of Restricted Securities.
- (e) This clause 49 applies to the extent appropriate, and with any necessary changes, to Options and Financial Instruments.

## **50. Small holdings**

While a Class is Listed, subject to applicable Listing Rules and Operating Rules, the Responsible Entity may sell or redeem any Units in that Class held by Unit Holders which comprise less than a Marketable Parcel, without request from the Unit Holder. To the extent required by applicable

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## Listing Rules:

- (a) the Responsible Entity may only sell or redeem Units as permitted by this clause once in any 12 month period;
- (b) the Responsible Entity must notify each Unit Holder in writing of its intention to sell or redeem (as the case may be), the Units;
- (c) the Unit Holder must be given at least 6 weeks from the date of the notice to inform the Responsible Entity that they wish to retain the holding and if the Holder does so advise then the Responsible Entity may not sell or redeem the Units;
- (d) if the Units are sold, the Responsible Entity or purchaser must pay the costs of sale;
- (e) the proceeds of sale will not be sent until the Responsible Entity has received any certificate relating to the Units (or is satisfied that the certificate has been lost or destroyed);
- (f) the proceeds of sale (less the costs of sale) or of redemption must be sent to the Holder; and
- (g) the Responsible Entity' power to sell or redeem Units under this clause lapse following the announcement of a full takeover bid of the Trust or a Class. The powers will apply again once such takeover offer closes.

If a Unit is redeemed under this clause 50, the redemption price for the Unit is its Unit Class Value. This clause applies to the extent appropriate, and with any necessary changes, to Options and Financial Instruments.

## **~~48.1—Compliance with Relief and things required to be in constitution~~**

~~While the Trust is registered as a managed investment scheme under the Corporations Act, the Responsible Entity and each Holder must, subject to the Corporations Act and to any Relief applicable to the Trust, comply with:~~

- ~~(a) — any conditions of, and any covenants required to be contained in this constitution as a condition of the Relief, for so long as it applies; and~~
- ~~(b) — all provisions required from time to time to be contained in this constitution as a condition of any class order applicable to the Trust, for so long as it applies.~~

## **~~48.2—Matters required to be in constitution~~**

~~For so long as the Trust is registered as a managed investment scheme:~~

- ~~(a) — any covenants required to be contained in this constitution as a condition of any Relief are taken to be contained in this constitution for so long as the Relief applies; and~~
- ~~(b) — all provisions required from time to time to be contained in this constitution as a condition of any class order applicable to the Trust are taken to be contained in this constitution to the extent that they are not specifically set out in this constitution for so long as the class order applies.~~

## **~~49.—Application of accounting principles and standards~~**

### **~~49.1—Application of standards in force before 1 January 2005~~**

~~Notwithstanding any other provision of this Constitution, where:~~

- ~~(a) — the effect of this Constitution is that any of the amounts referred to in clause 49.1(b) are required to be calculated by reference to:~~

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- ~~(i) the value of Trust Property, or~~
  - ~~(ii) the amount of any liability that under the Constitution may be discharged from Trust Property, or~~
  - ~~(iii) the income of the Trust,~~
- ~~and the effect of the Constitution is that the value or amount is to be worked out by applying generally accepted accounting principles or methodology set out in an accounting standard (including Australian Accounting Standards) as generally accepted or in force from time to time, and~~

- ~~(b) the relevant amounts are:~~
  - ~~(i) the consideration to be paid to acquire a Unit;~~
  - ~~(ii) the amount to be paid on a withdrawal from the Trust;~~
  - ~~(iii) the remuneration or fees payable to the Responsible Entity, any agent of the Responsible Entity or any custodian who holds Trust Property;~~
  - ~~(iv) the extent of any limitation on borrowing or on the investment of Trust Property; and~~
  - ~~(v) the amount of a distribution payable to Holders;~~

~~then, to the extent to which clause 49.1(a) applies to any of the relevant amounts referred to in clause 49.1(b), the amounts referred to in clause 49.1(b) may be calculated instead by applying generally accepted accounting principles or accounting standards as generally accepted or in force immediately before 1 January 2005.~~

### **49.2 Treatment of certain liabilities**

~~Notwithstanding any other provision of this Constitution, where:~~

- ~~(a) the effect of current generally accepted accounting principles or methodology set out in an accounting standard (including Australian Accounting Standards) as generally accepted or in force from time to time is that the Constitution should be interpreted (whether because of the existence of a perpetuities clause in the Constitution or otherwise) on the basis that liabilities representing interests in, or rights attaching to, Units:~~
  - ~~(i) at any time during the life of the Trust,~~
  - ~~(ii) on termination of the Trust, or~~
  - ~~(iii) on the vesting of any interest in the Trust,~~

~~should be treated as a liability in the accounts of the Trust;~~

- ~~(b) then, as from 1 January 2005, those liabilities continue to be treated for Trust operational purposes (but not for the purpose of financial reporting) in accordance with the accounting principles or methodology set out in accounting standards generally accepted or in force immediately before 1 January 2005.~~

## **51. Governing law**

This constitution is governed by the law [of New South Wales](#).

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## **Schedule 1 – Closed Class Units**

### **1 Defined terms and interpretation**

#### **1.1 Defined terms**

Unless the contrary intention appears, capitalised terms not defined in this Schedule 1 have the same meaning as they have elsewhere in the Constitution (including Schedule 2) and:

*Approval* means:

- (a) if permitted by the Listing Rules (where relevant), the consent in writing of the Holders of the Requisite Number of the issued Closed Class Units; or
- (b) otherwise, approval by way of a Resolution passed at a Meeting of the Holders of the Closed Class Units.

*Constitution* means the constitution establishing the Trust of which this Schedule 1 forms an operative part.

*Control Transaction* means any transaction or series of transactions that requires any amendment to the Constitution, and that, if implemented, would result in a person having a relevant interest in more than 50% of the issued Units in the Trust.

*Effective* means, in relation to the MGG Scheme and the MGE Scheme, when the amendments to the MGG Constitution and the MGE Constitution respectively take effect pursuant to section 601GC(2) of the Corporations Act.

*MGG* means Magellan Global Trust (ARSN 620 753 728).

*MGG Constitution* means the constitution of MGG as amended from time to time.

*MGG Scheme* means the amendments to the MGG Constitution giving effect to the Offering.

*MGG Unit Current Market Value* means the Current Market Value (as defined in the MGG Constitution) of MGG Units as determined by the responsible entity of MGG in accordance with the MGG Constitution.

*NAV* means the net asset value of the Trust referable to Closed Class Units.

*NAV per Unit* means the NAV divided by the number of Closed Class Units.

*Offering Effective Date* means the date the MGG Scheme and the MGE Scheme become Effective.

*Requisite Number* means, in relation to consent in writing, at least 50% of the Holders.

*Resolution* means an ordinary resolution (unless a special resolution is required by the Listing Rules).

#### **1.2 Interpretation**

Unless the contrary intention appears, in this Schedule 1 a reference to a "paragraph" is a reference to a numbered paragraph of this Schedule 1.

### **2 Implementation**

#### **2.1 General power**

The Responsible Entity has the power to do all things which it considers are necessary, desirable or reasonably incidental to give effect to the matters set out in this Schedule 1.

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### **2.2 Express power**

Without limiting paragraph 2.1 of Schedule 1 and despite any other provision in the Constitution, the Responsible Entity has the power to do each of the things referred to as actions to be taken by the Responsible Entity in this Schedule 1.

### **2.3 Closed Class Units**

The Responsible Entity may at any time issue Units with the rights and obligations set out or referred to in this Schedule 1.

### **2.4 Terms of Closed Class Units**

- (a) The Issue Price for Closed Class Units as part of the Offering is an amount equal to the MGG Unit Current Market Value as at the Offering Effective Date. The Responsible Entity may accept, as consideration for issuing Closed Class Units under the Offering, issued units in MGG.
- (b) The Responsible Entity must use reasonable endeavours to procure that, upon issue of Closed Class Units as part of the Offering, the Trust is admitted to the official list of a Market Operator and those Units are quoted on the main board of a Securities Exchange (or application has been made for such quotation).
- (c) Subject to this Schedule 1, the Closed Class Units have all the rights and obligations attaching to Units as set out in the Constitution and conferred by the Corporations Act, including those rights and obligations set out in clauses 1.4, 9.9, 12.5, 14 and 44.3 each as they relate to a Class.
- (d) The fees payable to the Responsible Entity in relation to Closed Class Units are set out in clause 30.
- (e) Despite any provision in the Constitution, the Responsible Entity cannot enter into or give effect to a Control Transaction without Approval of that Control Transaction by Holders of Closed Class Units.
- (f) Despite any provision in the Constitution, the Responsible Entity must seek the Approval of Holders of Closed Class Units of any matter that the Market Operator requires be approved by securityholders under the Listing Rules (including the issue of Closed Class Units when the Market Operator requires approval of that issue in accordance with the Listing Rules).
- (g) If Holders of Closed Class Units convene and hold a Meeting and pass a special resolution requiring it, the Responsible Entity must take all steps to remove the Trust from the official list of the Securities Exchange and redeem all Units in the Class at a Redemption Price determined in accordance with clause 15 of the Constitution (but not until the period of 60 days referred to later in this paragraph has ended). The obligation to effect redemptions is subject to the Corporations Act (including Part 5C.6). Also, if the Holders of Open Class Units pass a resolution under paragraph 2.4(g) of Schedule 2 within 60 Business Days of a special resolution being passed under this paragraph then the Responsible Entity must instead proceed to wind up the Trust in accordance with clause 26 of the Constitution and will have no further obligations under this paragraph.
- (h) Despite any provision in the Constitution, if the Responsible Entity is advised in writing that a person is making, or proposes to make, a takeover bid (as defined in section 9 of the Corporations Act) in relation to Closed Class Units then the Responsible Entity must not issue

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or agree to issue Closed Class Units (or any Options or Financial Instruments referable to Closed Class Units) for a period of three months from the date it was so advised without the Approval of Holders of Closed Class Units. This paragraph does not apply if the Listing Rules do not require such Approval.

- (i) Despite any provision in the Constitution, if the Responsible Entity is advised in writing by a person (or persons) holding more than 50% of the issued Closed Class Units that they intend to call, or request the Responsible Entity to call, a meeting of Unit Holders to remove the Responsible Entity, then the Responsible Entity must not issue or agree to issue Closed Class Units (or any Options or Financial Instruments referable to Closed Class Units) for a period of 3 months from the date it was so advised without the Approval of Holders of Closed Class Units.
  - (ii) Without limiting paragraph 2.4(c) of this Schedule 1, or clause 7.5 itself, clause 7.5 of the Constitution (Variation of Class Rights) applies to the following provisions as they relate to Closed Class Units: 1.4, 7, 12, 14, 23, 44.3, 49 and 50 and this Schedule 1.
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## **Schedule 2 – Open Class Units**

### **1 Defined terms and interpretation**

#### **1.1 Defined terms**

Unless the contrary intention appears, capitalised terms not defined in this Schedule 2 have the same meaning as they have elsewhere in the Constitution (including Schedule 1) and:

**Approval** means:

- (a) if permitted by the Listing Rules (where relevant) the consent in writing of the Holders of the Requisite Number of the issued Open Class Units; or
- (b) approval by way of a Resolution passed at a Meeting of the Holders of the Open Class Units.

**Constitution** means the constitution establishing the Trust of which this Schedule 2 forms an operative part.

**Control Transaction** means any transaction, or series of transactions, that requires any amendment to the Constitution, and that, if implemented, would result in a person having a relevant interest in more than 50% of the issued Units in the Trust.

**MGE** means Magellan Global Equities Fund (ARSN 603 395 302).

**MGE Constitution** means the constitution of MGE as amended from time to time.

**MGE Scheme** means the amendments to the MGE Constitution giving effect to the Offering.

**MGF Units** means the units on issue in the Trust, with the rights and obligations that applied under the Constitution, immediately before the MGE Scheme and MGG Scheme become Effective.

**Requisite Number** means, in relation to consent in writing, at least 50% of the Holders.

**Resolution** means an ordinary resolution (unless a special resolution is required by the Listing Rules).

**Significant Transaction** means any transaction (including an issue of Units) that the Market Operator requires that Holders of Closed Class Units approve under any rule in Chapters 10 or 11 of the Listing Rules (or under any equivalent rule in the Listing Rules of a Market Operator that is not the ASX).

#### **1.2 Interpretation**

Unless the contrary intention appears, in this Schedule 2 a reference to a "paragraph" is a reference to a numbered paragraph of this Schedule 2.

### **2 Implementation**

#### **2.1 General power**

The Responsible Entity has the power to do all things which it considers are necessary, desirable or reasonably incidental to give effect to the matters set out in this Schedule 2.

#### **2.2 Express power**

Without limiting paragraph 2.1 and despite any other provision in the Constitution, the Responsible Entity has the power to do each of the things referred to as actions to be taken by the Responsible Entity in this Schedule 2.

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### **2.3 Open Class Units**

The Responsible Entity may at any time issue Units with the rights and obligations set out or referred to in this Schedule 2.

### **2.4 Terms of Open Class Units**

- (a) The Issue Price for Open Class Units as part of the Offering is the Operational Net Trust Value divided by the number of MGF Units at the Valuation Time on the Offering Effective Date. The Responsible Entity may accept, as consideration for issuing Open Class Units under the Offering, issued units in MGE.
  - (b) The Responsible Entity must use reasonable endeavours to procure that, upon issue of Open Class Units as part of the Offering, those Units are Quoted (or application has been made for such quotation).
  - (c) Subject to this Schedule 2, the Open Class Units have all the rights and obligations attaching to Units as set out in the Constitution and conferred by the Corporations Act, including those rights and obligations set out in clauses 1.4, 9.9, 12.2, 15 and 44.3 each as they relate to a Class.
  - (d) The fees payable to the Responsible Entity in relation to Open Class Units are set out in clause 30.
  - (e) Despite any provision in the Constitution, the Responsible Entity cannot enter into or give effect to a Control Transaction without Approval of that Control Transaction by Holders of Open Class Units.
  - (f) Despite any provision in the Constitution, the Responsible Entity must seek the Approval of Holders of Open Class Units in relation to any Significant Transaction. The content requirements under the Listing Rules for a notice of meeting in connection with the Significant Transaction will, to the extent relevant, apply to any meeting of Holders convened in accordance with this paragraph.
  - (g) If Holders of Open Class Units convene and hold a Meeting and pass a special resolution requiring it, the Responsible Entity must take all steps to cease quotation of Open Class Units and redeem all Units in the Class at a Redemption Price determined in accordance with clause [15] (but not until the period of 60 days referred to later in this paragraph has ended). The obligation to effect redemptions is subject to the Corporations Act (including Part 5C.6). Also, if the Holders of Closed Class Units pass a resolution under paragraph 2.4(g) of Schedule 1 within 60 Business Days of a special resolution being passed under this paragraph then the Responsible Entity must instead proceed to wind up the Trust in accordance with clause and will have no further obligations under this paragraph.
  - (h) Without limiting paragraph 2.4(c), or clause 7.5 itself, clause 7.5 of the Constitution (Variation of Class Rights) applies to the following provisions as they relate to Open Class Units: 1.4, 7, 12, 15, 23 and 44.3 and this Schedule 2.
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## **Schedule 3 – Closed Class Options**

### **1 Defined terms and interpretation**

#### **1.1 Defined terms**

Unless the contrary intention appears, capitalised terms not defined in this Schedule 3 have the same meaning as they have elsewhere in the Constitution and:

*Constitution* means the constitution establishing the Trust of which this Schedule 3 forms an operative part.

*Exercise Period* has the meaning given in paragraph 2.4(d).

*Exercise Price* has the meaning given in paragraph 2.4(c).

*Expiry Date* has the meaning given in paragraph 2.4(d).

*Holder* has the meaning given in paragraph 2.4(f)(i).

*NAV* means the net asset value of the Trust referable to Closed Class Units.

*NAV per Unit* means the NAV divided by the number of Closed Class Units.

*Issue Date* has the meaning given in paragraph 2.4(d).

*Option* means an option with the terms set out in this Schedule 3.

*Trading Day* has the meaning given in the Listing Rules.

#### **1.2 Interpretation**

Unless the contrary intention appears, in this Schedule 3 a reference to a "paragraph" is a reference to a numbered paragraph of this Schedule 3.

### **2 Implementation**

#### **2.1 General power**

The Responsible Entity has the power to do all things which it considers are necessary, desirable or reasonably incidental to give effect to the matters set out in this Schedule 3.

#### **2.2 Express powers**

Without limiting paragraph 2.1:

- (a) the Responsible Entity may enter into arrangements and agreements with any party, including a related body corporate of the Responsible Entity, relating to funding the Options and payments into the Trust referable to the discount to NAV in the Exercise Price; and
- (b) despite any other provision in the Constitution, the Responsible Entity has the power to do each of the things referred to as actions to be taken by the Responsible Entity in this Schedule 3.

#### **2.3 Closed Class Options**

The Responsible Entity may at any time issue options with the rights and obligations set out or referred to in this Schedule 3.

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### 2.4 Terms of Closed Class Options

- (a) **Option**  
Each Option is an option to subscribe for one Closed Class Unit.
- (b) **Consideration**  
Each Option is granted for no consideration.
- (c) **Exercise Price**  
Each Option has an exercise price of 92.5% of the NAV per Unit for the Closed Class Units, prevailing at the time the Option is exercised in accordance with paragraph 2.4(f) (the **Exercise Price**).
- (d) **Exercise Period**  
Unless the Responsible Entity determines a different period or periods, the period in which each Option may be exercised (the **Exercise Period**) is from the date that is 3 months from the date of issue of the Option (the **Issue Date**) until 4:00pm (Sydney time) on the third anniversary of the Issue Date (the **Expiry Date**). The Responsible Entity may also specify times during a day when an Option may (or may not) be exercised. Unless the Responsible Entity determines otherwise, an Option may only be exercised on a Business Day.
- (e) **Lapse**  
Each Option lapses:
- (i) on exercise of the Option under paragraph 2.4(f); or
- (ii) if the Option is not exercised under paragraph 2.4(f) during the Exercise Period, automatically at the end of the Exercise Period.
- (f) **Exercise of Options**
- (i) The person registered as the holder of Options in the Register of Options maintained by the Responsible Entity (the **Holder**) may, subject to the paragraphs below, exercise any of those Options during the Exercise Period.
- (ii) An Option can only be exercised by the Holder (or a representative of the Holder approved by the Responsible Entity) completing a document (including in electronic format) approved by the Responsible Entity from time to time.
- (iii) Unless the Responsible Entity agrees otherwise, the Holder must pay the full amount of the Exercise Price in immediately available cleared funds in accordance with paragraph 2.4(g).
- (iv) A Holder may only exercise Options in multiples of 500 unless the Holder exercises all Options held by that Holder.
- (g) **Payment**  
All payments of the Exercise Price for Options must be made in a manner and form approved by the Responsible Entity.
- (h) **Allotment and issue**  
Subject to paragraph 2.4(j) and the Listing Rules, if there is an effective exercise of an Option, the Responsible Entity must allot and issue to the Holder the Closed Class Unit the subject of an Option within five Trading Days of exercise.
- (i) **Closed Class Units**

## Schedule 4 Supplemental Deed Poll

Subject to paragraph 2.4(j), the Closed Class Unit allotted and issued following the exercise of an Option shall rank equally in all respects (including as to distributions the entitlement to which is determined after the allotment) with those then issued Closed Class Units and are subject to the Constitution.

(j) **Transfer instead of issue**

If there is an effective exercise of an Option, the Responsible Entity may, instead of issuing a Closed Class Unit, transfer (or procure the transfer of) a Closed Class Unit to the Holder. The Holder agrees to that transfer and appoints the Responsible Entity as its attorney for the purposes of effecting that transfer.

(k) **Constitution**

Each Holder who exercises Options consents to becoming a Holder of Closed Class Units and agrees to be bound by the Constitution.

(l) **Quotation**

(i) The Responsible Entity must use all reasonable endeavours to apply for, and furnish all documents, information and undertakings as may be reasonably necessary in order to procure, the quotation of the Options on a Securities Exchange.

(ii) The Responsible Entity must use all reasonable endeavours to apply for, and furnish all documents, information and undertakings as may be reasonably necessary in order to procure quotation on a Securities Exchange of the Closed Class Unit to be issued to any Holder upon exercise of an Option.

(m) **Participation in new issues**

Where at any time from the Issue Date up to the end of the Exercise Period, the Responsible Entity makes any offer or invitation of Units or other financial products relating to the Trust to Holders of Closed Class Units (or of any other Class), the Holder, in respect of that Holder's Options, will not have the right to participate in that offer or invitation.

(n) **Reorganisation**

If there is a reconstruction or reorganisation of the Trust (including any Unit consolidation or sub-division or reduction or return of the capital of the Trust), the rights of a Holder will, subject to any Class Waiver, be changed in accordance with the Listing Rules applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Holder which is not conferred on Holders of Closed Class Units.

(o) **Notices**

Notices may be given by the Responsible Entity to the Holder in the manner prescribed by the Constitution for the giving of notices to Holders of Closed Class Units and the relevant provisions of the Constitution will apply with all necessary modification to notices to be given to the Holder.

(p) **Adjustments Calculations**

The Responsible Entity will make any adjustments or calculations which are required for the purposes of these terms which, in the absence of manifest error, will be final and conclusive and binding on the Responsible Entity and each Holder.

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- (q) ~~50-Governing Law~~  
~~This constitution is~~ The terms of the Options will be governed by the law and construed in accordance with the laws for the time being in force in the State of New South Wales.
- (r) **Option limits**
- (i) A Holder of an Option has no rights to change the Exercise Price or the number of Units over which an Option can be exercised.
- (ii) An Option does not confer any right to:
- (A) participate in any new issues of Units, Options or Financial Instruments;
- (B) distributions of capital or income of the Trust; or
- (C) require the Responsible Entity to redeem or repurchase the Option.
- (iii) An Option confers a right to vote only to the extent the Corporations Act requires and the extent of that right is to be determined in accordance with the Corporations Act.
- (s) **Information**
- (i) The Responsible Entity must send to a Holder of an Option copies of all notices (including notices of meetings) sent to Holders of Closed Class Units and, to the extent required to the Corporations Act (and subject to any elections or choices made by the Holder under the Corporations Act), all financial statements and reports of the Trust.
- (ii) For so long as the Options are Listed, the Responsible Entity must provide to the Holder of an Option all the notices and information required by the Listing Rules (including notice of the expiry date of the Option).
- (t) **Other rights and obligations**  
Subject to this Schedule 3, the Options have all the rights and obligations attaching to Options as set out in the Constitution and conferred by the Corporations Act, including those rights and obligations set out in clauses 1.4, 6.8, 6.10, 23, 24, 25, 39.5, 40.10, 42, 49 and 50 each as they relate to an Option.
-

# Schedule 4 Supplemental Deed Poll

## Schedule 4 ~~Schedule 4~~ - AMIT

### 1 Income categories

The Responsible Entity may keep accounts of different categories and sources of income and allocate the income from any category or source to any Holder.

### 2 ~~4~~ Application

This Schedule 4 applies:

- (a) for each period in which the Trust (or the relevant Class of Units) is an AMIT;
- (b) to Attribution Amounts relating to any period in which the Trust is or was an AMIT; and
- (c) at any other time required to ensure that paragraph ~~3~~4 of this Schedule 4 operates as intended.

### 3 ~~2~~ Elections and other powers

- (a) Without limiting this Schedule 4 or clause ~~15~~17, the Responsible Entity may:
  - (i) determine to make a choice for the purposes of subparagraph 276-10(1)(e)(i) of the Tax Act; and/or
  - (ii) determine to treat each Class of Units as a separate AMIT.
- (b) In addition to any other powers provided for under this constitution, the Responsible Entity has all of the powers and rights which are necessary for or incidental to the Trust being able to be operated as an AMIT in the manner permitted in the Tax Act, including complying with the requirements of Division 276 of the Tax Act and the issue or amendment of any AMMA Statements.
- (c) The Responsible Entity may issue or amend AMMA Statements and Holders acknowledge that amended AMMA Statements may affect the rights or interests of Holders, including former Holders.

### 4 ~~3~~ Validity of decisions of Responsible Entity

- (a) Any decision which the Responsible Entity purports to make in reliance on the powers in this Schedule 4 will not be invalid by reason of the fact that the Trust is not an AMIT in the relevant Accrual Period, provided that:
  - (i) the Responsible Entity was not aware that the Trust did not qualify as an AMIT in the relevant Accrual Period; and
  - (ii) the Responsible Entity was not grossly negligent in relying on the powers in this Schedule 4 in purporting to make the relevant decision~~s~~.
- (b) The Responsible Entity has such powers to make any decisions and to take such actions to, as far as reasonably possible, put the Holders, former Holders and the Trust in the same position as if the decisions purported to have been made under the powers in this Schedule 4 had been validly made under this Schedule 4.

### 5 ~~4~~ Attribution

- (a) The Responsible Entity will attribute an Attribution Amount during an Accrual Period to a Holder in accordance with this constitution and any other constituent documents of the Trust. For the purposes of this Schedule 4, when a Class is participating in a Settlement Facility, a person will be taken:
  - (i) to be a Holder in relation to Units if the Units were purchased on a Securities

## Schedule 4 Supplemental Deed Poll

Exchange before the end of the Accrual Period but the transfer has not yet been recorded on the Register by the end of the Accrual Period; and

(ii) not to be a Holder in relation to Units if the Units were sold on a Securities Exchange before the end of the Accrual Period but the transfer has not yet been recorded on the Register by the end of the Accrual Period.

- (b) The Responsible Entity must attribute all of the Determined Trust Components of the Trust (or the relevant Class of Units) in such a manner so as not to be liable for shortfall or excess taxation under subdivision 276-G of the Tax Act.
- (c) The Responsible Entity may attribute an amount to a Holder on redemption of a Unit.
- (d) Notwithstanding any other provision in this constitution, the attribution must:
  - (i) be worked out on a fair and reasonable basis in accordance with this constitution and any other constituent documents of the Trust; and
  - (ii) not be worked out because of the tax characteristics of the Holder or former Holder for the purposes of Division 276 of the Tax Act.
- (e) Where this paragraph ~~4-5~~ applies, clause ~~33-34~~ in relation to distributions does not apply.

### **6** ~~5.~~Distribution

Before the termination of the Trust, the Responsible Entity at any time may elect that any amount, including income or capital, be distributed from the Trust to Holders in accordance with the provisions of this constitution.

### **7** ~~6.~~Deemed payment

For the purposes of paragraphs ~~4-5~~ and ~~5-6~~ and above, any amount the Responsible Entity has paid or remitted in accordance with clause ~~32-2-33.2~~ in relation to a Holder is taken to be made for that Holder.

### **8** ~~7.~~Holder challenge

Where a Holder intends to choose, or chooses, a different Determined Member Component to that recorded in an AMMA Statement:

- (a) the Holder agrees to:
  - (i) provide the Responsible Entity with a notice of their intention to choose a different Determined Member Component at least ~~7~~seven days prior to contacting the Commissioner of Taxation;
  - (ii) provide a summary of the reasons why the Holder considers the attribution in the AMMA Statement is inappropriate at least ~~7~~seven days prior to contacting the Commissioner of Taxation;
  - (iii) provide any additional information requested by the Responsible Entity to assist the Responsible Entity in assessing the Holder's decision to choose a different Determined Member Component;
  - (iv) meet all costs and liabilities incurred by the Responsible Entity as a result of the Holder's decision to choose a different Determined Member Component; and
- (b) the Responsible Entity has no liability in respect of any act, matter or thing done by the Holder.

# Schedule 4 Supplemental Deed Poll

## 9 ~~8~~ Unders and Overs

- (a) The Responsible Entity may make an allocation of an Under or Over notwithstanding that a Holder at the time of the allocation was not a Holder for the Accrual Period to which the Under or Over relates.
- (b) Holders acknowledge and agree that the choice of allocation of an Under or Over may result in a greater or lesser amount of any one or more of the following being attributed to the Holder in the Accrual Period in which it is discovered or to which it relates:
  - (i) assessable income; or
  - (ii) tax offset.

## 10 ~~9~~ AMIT indemnity

- (a) Except in the case of fraud, negligence or breach of trust of or by the Responsible Entity, the Responsible Entity shall be indemnified from the Trust Property in relation to any income tax liability incurred under a Tax Act because the Trust (or a Class of Units) is an AMIT.
- (b) The indemnity in this paragraph ~~9-10~~ is in addition to the indemnity in clause ~~19~~20.

## 11 ~~10~~ Change in law

If the law changes in respect of Taxes so that the Trust or Responsible Entity becomes subject to Taxes on income and gains derived by the Trust even where all available income is attributed to Holders, then the Responsible Entity, at its discretion, may choose when to attribute any of the profits, income, capital or any taxation or imputation credits that have become available in relation to the Trust and the amounts of those attributions.

## 12 ~~11~~ Definitions

For the purposes of ~~his~~ this Schedule ~~4~~, capitalised terms that are not defined in this constitution have the following meanings:

**AMIT** (or attribution managed investment trust) has the meaning given to it in the Tax Act.

**AMMA Statement** means an AMIT Member Annual Statement as defined in and issued under subdivision 276-H of the Tax Act.

**Attribution Amount** means, for a period, any amount calculated by the Responsible Entity and attributed to a Holder on a fair and reasonable basis and in accordance with this constitution and the Trust's constituent documents, for the purposes of Division 276 of the Tax Act and may include or be adjusted by:

- (i) components of an income character (including assessable, exempt and nonassessable, non-exempt characters);
- (ii) components of a tax offset character;
- (iv) any amount the Responsible Entity determines; and
- (v) an Under or Over.

**Determined Member Component** has the meaning given to it by the Tax Act.

**Determined Trust Components** has the meaning given to it in the Tax Act.

[Over has the meaning given to it in the Tax Act.](#)

## Schedule 4 Supplemental Deed Poll

**Tax Act** means Income Tax Assessment Act 1997 (Cth).

**Under** has the meaning given to it in the Tax Act.

# Schedule 4 Supplemental Deed Poll

## **Schedule 5 – Option general terms**

### **1 Defined terms and interpretation**

#### **1.1 Defined terms**

Unless the contrary intention appears, capitalised terms not defined in this Schedule 5 have the same meaning as they have elsewhere in the Constitution and:

*Constitution* means the constitution establishing the Trust of which this Schedule 5 forms an operative part.

*Exercise Period* means the period during which an Option can be exercised as determined under paragraph 2.4(d).

*Exercise Price* means the exercise price of an Option as determined under paragraph 2.4(c).

*Expiry Date* means the date that the Exercised Period ends as determined under paragraph 2.4(d).

*Holder* has the meaning given in paragraph 2.4(f)(i).

*NAV* means the net asset value of the Trust referable to Units of the applicable Class.

*NAV per Unit* means the NAV divided by the number of Units in the applicable Class.

*Issue Date* means the issue date of an Option as determined under paragraph 2.4(d).

*Option* means an option with the terms set out in or determined under this Schedule 5.

*Series* means Options that have the same terms and are issued at the same time or in tranches over a period as determined by the Responsible Entity.

#### **1.2 Interpretation**

Unless the contrary intention appears, in this Schedule 5 a reference to a "paragraph" is a reference to a numbered paragraph of this Schedule 5.

### **2 Implementation**

#### **2.1 General power**

The Responsible Entity has the power to do all things which it considers are necessary, desirable or reasonably incidental to give effect to the matters set out in this Schedule 5.

#### **2.2 Express powers**

Without limiting paragraph 2.1:

- (a) the Responsible Entity may enter into arrangements and agreements with any party, including a related body corporate of the Responsible Entity, relating to funding the Options and payments into the Trust referable to the discount to NAV in the Exercise Price; and
- (b) despite any other provision in the Constitution, the Responsible Entity has the power to do each of the things referred to as actions to be taken by the Responsible Entity in this Schedule 5.

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### 2.3 **Options**

The Responsible Entity may at any time issue options with the rights and obligations set out or referred to in this Schedule 5 with any variations determined by the Responsible Entity subject, where applicable, to the Corporations Act and any Relief.

### 2.4 **Terms of Options**

#### (a) **Option**

Unless the Responsible Entity determines otherwise in relation to a Series, each Option is an option to subscribe for one Unit. In relation to a Series, the Unit may either be a Closed Class Unit or an Open Class Unit.

#### (b) **Consideration**

Unless the Responsible Entity determines otherwise in relation to a Series (subject to the Corporations Act and Relief), each Option is granted for no consideration.

#### (c) **Exercise Price**

Unless the Responsible Entity determines a different exercise price in relation to a Series (subject to the Corporations Act and Relief), each Option has an exercise price of the NAV per unit for the Closed Class Units, prevailing at the time the Option is exercised in accordance with paragraph 2.4(f).

#### (d) **Exercise Period**

Unless the Responsible Entity determines a different period or periods, the period in which each Option may be exercised (the ***Exercise Period***) is from the date that is 3 months from the date of issue of the Option (the ***Issue Date***) until 4:00pm (Sydney time) on the third anniversary of the Issue Date (the ***Expiry Date***). The Responsible Entity may also specify times during a day when an Option may (or may not) be exercised. Unless the Responsible Entity determines otherwise, an Option may only be exercised on a Business Day.

#### (e) **Lapse**

Each Option lapses:

- (i) on exercise of the Option under paragraph 2.4(f); or
- (ii) if the Option is not exercised under paragraph 2.4(f), during the Exercise Period, automatically at the end of the Exercise Period.

#### (f) **Exercise of Options**

- (i) The person registered as the holder of Options in the Register of Options maintained by the Responsible Entity (the ***Holder***) may, subject to the paragraphs below, exercise any of those Options during the Exercise Period.
- (ii) An Option can only be exercised by the Holder (or a representative of the Holder approved by the Responsible Entity) completing a document (including in electronic format) approved by the Responsible Entity from time to time.
- (iii) Unless the Responsible Entity agrees otherwise, the Holder must pay the full amount of the Exercise Price in immediately available cleared funds in accordance with paragraph 2.4(g).

## Schedule 4 Supplemental Deed Poll

- (iv) Unless the Responsible Entity determines otherwise in relation to a Series, a Holder may only exercise Options in multiples of 500 unless the Holder exercises all Options held by that Holder.
- (g) **Payment**  
All payments of the Exercise Price for Options must be made in a manner and form approved by the Responsible Entity.
- (h) **Allotment and issue**  
Subject to paragraph 2.4(j) and, if applicable, the Listing Rules, if there is an effective exercise of an Option, the Responsible Entity must allot and issue to the Holder the Unit the subject of an Option within five Business Days of exercise.
- (i) **Units**  
Subject to paragraph 2.4(j), the Unit allotted and issued following the exercise of an Option shall rank equally in all respects (including as to distributions the entitlement to which is determined after the allotment) with those then issued Units and are subject to the Constitution.
- (j) **Transfer instead of issue**  
If there is an effective exercise of an Option, the Responsible Entity may, instead of issuing a Unit, transfer (or procure the transfer of) a Unit to the Holder. The Holder agrees to that transfer and appoints the Responsible Entity as its attorney for the purposes of effecting that transfer.
- (k) **Constitution**  
Each Holder who exercises Options consents to becoming a Holder of Units of the relevant Class and agrees to be bound by the Constitution.
- (l) **Quotation**
- (i) If the Options are in relation to Closed Class Units, unless, subject to the Listing Rules, the Responsible Entity determines otherwise in relation to a Series, the Responsible Entity must use all reasonable endeavours to apply for, and furnish all documents, information and undertakings as may be reasonably necessary in order to procure, the quotation of the Options on a Securities Exchange.
- (ii) The Responsible Entity must use all reasonable endeavours to apply for, and furnish all documents, information and undertakings as may be reasonably necessary in order to procure quotation on a Securities Exchange of the Closed Class Unit to be issued to any Holder upon exercise of an Option.
- (m) **Participation in new issues**  
Where at any time from the Issue Date up to the end of the Exercise Period, the Responsible Entity makes any offer or invitation of Units or other financial products relating to the Trust to Holders of Units in the applicable Class (or of any other Class), the Holder, in respect of that Holder's Options, will not have the right to participate in that offer or invitation.
- (n) **Reorganisation**  
If the Options are in relation to Closed Class Units and there is a reconstruction or reorganisation of the Trust (including any Unit consolidation or sub-division or reduction or

## Schedule 4 Supplemental Deed Poll

return of the capital of the Trust), the rights of a Holder will, subject to any Class Waiver, be changed in accordance with the Listing Rules applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Holder which is not conferred on Holders of Closed Class Units.

(o) **Notices**

Notices may be given by the Responsible Entity to the Holder in the manner prescribed by the Constitution for the giving of notices to Holders of Units and the relevant provisions of the Constitution will apply with all necessary modification to notices to be given to the Holder.

(p) **Adjustments Calculations**

The Responsible Entity will make any adjustments or calculations which are required for the purposes of these terms which, in the absence of manifest error, will be final and conclusive and binding on the Responsible Entity and each Holder.

(q) **Governing Law**

The terms of the Options will be governed by and construed in accordance with the laws for the time being in force in the State of New South Wales.

(r) **Options limits**

(i) A Holder of an Option has no rights to change the Exercise Price or the number of Units over which an Option can be exercised.

(ii) An Option does not confer any right to:

(A) participate in any new issues of Units, Options or Financial Instruments;

(B) distributions of capital or income of the Trust; or

(C) require the Responsible Entity to redeem or repurchase the Option.

(iii) An Option confers a right to vote only to the extent the Corporations Act requires and the extent of that right is to be determined in accordance with the Corporations Act.

(s) **Information**

(i) The Responsible Entity must send to a Holder of an Option copies of all notices (including notices of meetings) sent to Holders of Units of the applicable Class and, to the extent required to the Corporations Act (and subject to any elections or choices made by the Holder under the Corporations Act), all financial statements and reports of the Trust.

(ii) If and for so long as the Options are Listed, the Responsible Entity must provide to the Holder of an Option all the notices and information required by the Listing Rules (including notice of the expiry date of the Option).

(t) **Other rights and obligations**

Subject to this Schedule, the Options have all the rights and obligations attaching to Options as set out in the Constitution and conferred by the Corporations Act, including those rights and obligations set out in clauses 1.4, 6.8, 6.10, 23, 24, 25, 39.5, 40.10, 42, 49 and 50 each as they relate to an Option.

# Schedule 5 Independent Limited Assurance Report



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15 October 2020

The Board of Directors  
Magellan Asset Management Limited  
In its capacity as Responsible Entity for Magellan Global Fund  
MLC Centre  
Level 36, 19 Martin Place  
Sydney NSW 2000

Dear Directors

## **INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL FINANCIAL INFORMATION AND PRO FORMA HISTORICAL FINANCIAL INFORMATION**

### **1. Introduction**

We have been engaged by Magellan Asset Management Limited (“you” or “MAM”) as Responsible Entity for Magellan Global Fund to report on the historical financial information and pro forma historical financial information of Magellan Global Fund, Magellan Global Trust and Magellan Global Equities Fund, for inclusion in the explanatory memorandum to be dated on or about 15 October 2020 (“Explanatory Memorandum”), and to be issued by MAM, in respect of the acquisition of all of the units in Magellan Global Trust (“MGG”) in exchange for new closed class units in Magellan Global Fund on a ‘NAV for NAV’ basis by way of a trust scheme and acquisition of all of the units in Magellan Global Equities Fund (“MGE”) in exchange for new open class units in Magellan Global Fund on a ‘NAV for NAV’ basis by way of a trust scheme (the “Restructure”).

Expressions and terms defined in the Explanatory Memorandum have the same meaning in this report.

### **2. Scope**

#### ***Historical Financial Information***

You have requested Ernst & Young to review the following historical financial information:

- ▶ the historical statements of profit or loss of Magellan Global Fund for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 set out in section 7.20.3 of the Explanatory Memorandum;
- ▶ the historical statements of cash flow of Magellan Global Fund for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 set out in section 7.20.4 of the Explanatory Memorandum;
- ▶ the historical statement of financial position of Magellan Global Fund as at 30 June 2020 as set out in section 7.20.5 of the Explanatory Memorandum;
- ▶ the historical statement of financial position of MGE as at 30 June 2020 as set out in section 7.20.6 of the Explanatory Memorandum; and
- ▶ the historical statement of financial position of MGG as at 30 June 2020 as set out in section 7.20.6 of the Explanatory Memorandum.

(Hereafter the “Historical Financial Information”).



The historical statements of profit or loss, statements of cash flows and statement of financial position of Magellan Global Fund has been derived from its annual financial statements for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 prepared in accordance with Australian Accounting Standards (“AAS”), which has been audited by Ernst & Young. Ernst & Young issued unmodified audit opinions on these annual financial statements.

The historical statement of financial position of MGE as at 30 June 2020 has been derived from its annual financial statements as at and for the year ended 30 June 2020 prepared in accordance with AAS, which has been audited by Ernst & Young. Ernst & Young issued an unmodified audit opinion on these annual financial statements.

The historical statement of financial position of MGG as at 30 June 2020 has been derived from its annual financial statements as at and for the year ended 30 June 2020 prepared in accordance with AAS, which has been audited by Ernst & Young. Ernst & Young issued an unmodified audit opinion on these annual financial statements.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles prescribed in AAS issued by the Australian Accounting Standards Board (AASB). AAS is consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

#### ***Pro Forma Historical Financial Information***

You have requested Ernst & Young to review the following pro forma historical financial information:

- ▶ the pro forma historical statement of financial position of Magellan Global Fund as at 30 June 2020 as set out in section 7.20.5 of the Explanatory Memorandum.

(Hereafter the “Pro Forma Historical Financial Information”).

(the Historical Financial Information and Pro Forma Historical Financial Information is collectively referred to as the “Financial Information”).

The Pro Forma Historical Financial Information has been derived from the historical statement of financial position of Magellan Global Fund and has been adjusted for the effects of pro forma adjustments described in section 7.20.5.1 of the Explanatory Memorandum.

The Pro Forma Historical Statement of Financial Position has been prepared in accordance with the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 30 June 2020.

Due to its nature, the Pro Forma Historical Financial Information does not represent Magellan Global Fund’s actual or prospective financial position.

The Financial Information is presented in the Explanatory Memorandum in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.



### 3. Directors' Responsibility

The directors of MAM as Responsible Entity for Magellan Global Fund, MGE and MGG are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

### 4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

### 5. Conclusions

#### *Historical Financial Information*

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information comprising:

- ▶ the historical statements of profit or loss of Magellan Global Fund for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 set out in section 7.20.3 of the Explanatory Memorandum;
- ▶ the historical statements of cash flow of Magellan Global Fund for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 set out in section 7.20.4 of the Explanatory Memorandum;
- ▶ the historical statement of financial position of Magellan Global Fund as at 30 June 2020 as set out in section 7.20.5 of the Explanatory Memorandum;
- ▶ the historical statement of financial position of MGE as at 30 June 2020 as set out in section 7.20.6 of the Explanatory Memorandum; and
- ▶ the historical statement of financial position of MGG as at 30 June 2020 as set out in section 7.20.6 of the Explanatory Memorandum.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 7.20.2 of the Explanatory Memorandum.



## *Pro Forma Historical Financial Information*

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information comprising:

- ▶ the pro forma historical statement of financial position of Magellan Global Fund as at 30 June 2020 as set out in section 7.20.5 of the Explanatory Memorandum

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 7.20.2 of the Explanatory Memorandum.

## **6. Restriction on Use**

Without modifying our conclusions, we draw attention to section 7.20.2 of the Explanatory Memorandum, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

## **7. Consent**

Ernst & Young has consented to the inclusion of this limited assurance report in the Explanatory Memorandum in the form and context in which it is included.

## **8. Independence or Disclosure of Interest**

Ernst & Young does not have any interests in the outcome of this Restructure other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully

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

Ernst & Young

# Corporate Directory

## **Magellan Global Fund**

### **Magellan Global Fund**

ARSN 126 366 961  
Level 36, MLC Centre  
19 Martin Place  
Sydney NSW 2000

## **Responsible Entity**

### **Magellan Asset Management Limited**

ABN 31 120 593 946  
AFSL 304 301  
Level 36, MLC Centre  
19 Martin Place  
Sydney NSW 2000

## **Legal Adviser**

### **Allens**

Level 28, 126 Phillip Street  
Sydney NSW 2000 Australia

## **Auditor and Investigating Accountant**

### **Ernst & Young**

200 George Street  
Sydney NSW 2000

## **Magellan Global Fund Unit Registry**

### **Mainstream Fund Services**

Phone: 1300 127 780  
or +61 2 8259 8566)  
Fax (general): +61 2 9247 2822  
Fax (voting): +61 2 9247 2822  
Email: [magellanfunds@mainstreamgroup.com](mailto:magellanfunds@mainstreamgroup.com)

