

Magellan Sustainable Fund (Managed Fund)



TICKER: MSUF | APIR: MGE4669AU | ARSN: 645 516 187

AS AT 31 JULY 2023

PORTFOLIO MANAGER

ALAN PULLEN

INVESTMENT PHILOSOPHY

To invest in outstanding companies at attractive prices within a framework that considers environmental, social and governance risks and delivers very low carbon exposure, while exercising a deep understanding of the macroeconomic environment to manage investment risk.

OBJECTIVES

To achieve attractive risk-adjusted returns over the medium to long-term while reducing the risk of permanent capital loss. This incorporates consideration of environmental, social and governance risks and the application of a proprietary low carbon framework.

PORTFOLIO CONSTRUCTION

High conviction (20 - 50 securities), with high quality focus. Integration of ESG screens and risk assessment together with a proprietary low carbon framework overlay. Typical cash and cash equivalents exposure between 0 - 20%.

INVESTMENT RISKS

All investments carry risk. While it is not possible to identify every risk relevant to an investment in the fund, we have provided details of risks in the Product Disclosure Statement. You can view the PDS for the fund on Magellan's website www.magellangroup.com.au.

ENVIRONMENTAL, SOCIAL, GOVERNANCE AND LOW CARBON

The fund excludes companies whose activities, as assessed by Magellan, may have wide-ranging detrimental impacts on society. These exclusions encompass companies with material exposures to the production of tobacco products, gambling, as well as companies involved in the production of alcohol, adult entertainment and handguns. Materiality is normally assessed as greater than 10% of a company's revenues exposed to the exclusionary activity. Revenues are sourced from MSCI ESG Manager.

Companies are reviewed for the materiality of their exposures to environmental, social and governance issues, with assessments incorporated into our perspectives on business risks.

We overlay our proprietary low carbon framework to deliver a portfolio with meaningfully lower carbon intensity than broader equity markets.

MAGELLAN SUSTAINABLE FUND (MANAGED FUND): KEY PORTFOLIO INFORMATION

TICKER	FUND SIZE	BUY/SELL SPREAD ¹	MANAGEMENT AND PERFORMANCE FEES ²	INCEPTION DATE
MSUF	AUD \$7.5 million	0.07% / 0.07%	1.37% p.a. and performance fee of 10% of dual hurdle excess return [^]	11 December 2020

[^] 10.0% of the excess return of the units of the Fund above the higher of the Index Relative Hurdle (MSCI World NTR Index (AUD)) and the Absolute Return Hurdle (the yield of 10-year Australian Government Bonds). Additionally, the Performance Fees are subject to a high water mark.

PERFORMANCE³

	1 MONTH (%)	3 MONTHS (%)	6 MONTHS (%)	1 YEAR (%)	2 YEARS (% p.a.)	Since Inception (% p.a.)
MSUF	2.1	3.7	19.1	18.4	3.6	8.6
MSCI World NTR Index (AUD)*	2.1	6.4	16.2	17.5	6.0	12.2
Excess	0.0	-2.7	2.9	0.9	-2.4	-3.6

CALENDAR YEAR RETURNS	CYTD (%)	2022 (%)	2021 (%)	2020 (part year)
MSUF	24.0	-17.1	22.3	-1.2
MSCI World NTR Index (AUD)*	19.7	-12.2	29.3	-0.3
Excess	4.3	-4.9	-7.0	-0.9

Past performance is not a reliable indicator of future performance.

PERFORMANCE CHART GROWTH OF AUD \$10,000³



30 June 2023 [#]	FUND	INDEX*
CARBON INTENSITY (CO ₂ T/US\$1M REVENUE)	23	118

[#] Carbon intensity data available on a quarterly basis. Certain information ©2023 MSCI ESG Research LLC. Reproduced by permission.

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¹ Only applicable to investors who apply for units directly with the Responsible Entity.

² Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST.

³ 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). Returns denoted in AUD.

* MSCI World Net Total Return Index (AUD). All MSCI data used is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI and its affiliates assume no liability for or in connection with the data. Please see complete disclaimer in www.magellangroup.com.au/funds/benchmark-information/

TOP 10 HOLDINGS (ALPHABETICAL ORDER)

STOCK	SECTOR ⁴
Alphabet Inc	Internet & eCommerce
Amazon.com Inc	Internet & eCommerce
Booking Holdings Inc	Consumer Discretionary
Meta Platforms Inc	Internet & eCommerce
Microsoft Corporation	Information Technology
Nestlé SA	Consumer Defensive
Novartis AG	Health Care
SAP SE	Information Technology
US Bancorp	Financials
Yum! Brands Inc	Restaurants

TOP CONTRIBUTORS/DETRACTORS 1 YEAR⁵

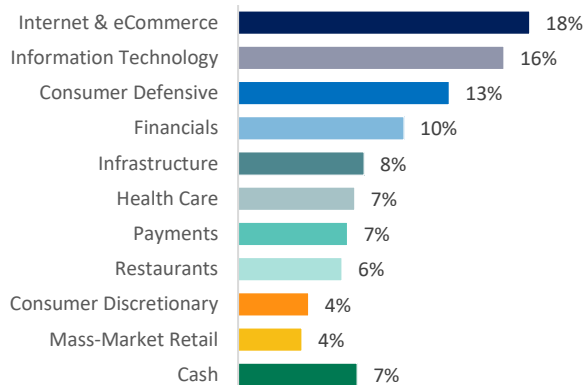
TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Meta Platforms Inc	4.8
SAP SE	2.3
Microsoft Corporation	1.7
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Dollar General Corporation	-0.8
American Tower Corporation	-0.7
PayPal Holdings Inc	-0.6

MONTHLY SUMMARY

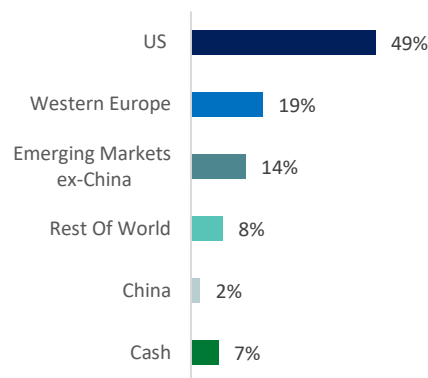
The portfolio's solid July performance has now driven year-to-date returns up to 24%, with markets rerating as inflation fears have moderated over the first half of the year. Portfolio activity was limited in July and we remain comfortable with the quality and long-term prospects of portfolio holdings, as evidenced by the generally solid results delivered by our companies during the month. However, the market now appears to be largely pricing in a goldilocks scenario, with inflation easing back to central banks' targets without significant economic fallout. While recent economic data had been encouraging, there remains a risk that inflation settles at higher levels than anticipated, resulting in additional tightening by central banks impacting economic activity and markets. With current market pricing leaving little margin of error for downside surprises, we continue to ensure that the portfolio is positioned to weather a range of market conditions going forward.

Index movements and stock contributors/detractors are based in local currency terms unless stated otherwise.

SECTOR EXPOSURE BY SOURCE OF REVENUE⁴



GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE⁴



⁴ Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding.

⁵ Shows how much the stock has contributed to the fund's gross return for the period in AUD. Excludes non-disclosed positions established in the latest quarter.

IMPORTANT INFORMATION

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Past performance is not necessarily indicative of future results and no person guarantees the future performance of the fund, the amount or timing of any return from it, that asset allocations will be met, that it will be able to implement its investment strategy or that its investment objectives will be achieved. Statements contained in this material that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Magellan. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. This material may contain 'forward-looking statements'. Actual events or results or the actual performance of a Magellan financial product or service may differ materially from those reflected or contemplated in such forward-looking statements. This material may include data, research and other information from third-party sources. Magellan makes no guarantee that such information is accurate, complete or timely and does not provide any warranties regarding results obtained from its use. No representation or warranty is made with respect to the accuracy or completeness of any of the information contained in this material. Magellan will not be responsible or liable for any losses arising from your use or reliance on any part of the information contained in this material. Further information regarding any benchmark referred to herein can be found at www.magellangroup.com.au/funds/benchmark-information. Any third-party trademarks contained herein are used for information purposes only and are the property of their respective owners. Magellan claims no ownership in, nor any affiliation with, such trademarks. This material and the information contained within it may not be reproduced, or disclosed, in whole or in part, without the prior written consent of Magellan.