



MAGELLAN
ASSET MANAGEMENT LIMITED

Corporate Governance Statement

Magellan Asset Management Limited

as Responsible Entity for Magellan Global Trust

ARSN 620 753 728

Current as at and approved by the Board on 14 August 2017

Overview

Magellan Asset Management Limited (**'Responsible Entity'**, or **'MAM'**) is the responsible entity for the Magellan Global Trust (**'Trust'**, **'MGG'**, ASX:MGG), a registered managed investment scheme that is listed on the Australian Securities Exchange (**'ASX'**). The Responsible Entity is a wholly owned subsidiary of Magellan Financial Group Limited (ASX:MFG) (**'Magellan'** or **'Group'**) and the key operating subsidiary.

MAM is the holder of an Australian Financial Securities Licence (AFSL) 304301 and is registered as an investment adviser in the United States and as a Promoter and Investment Manager to Irish authorised collective investment schemes. In addition to MGG, MAM is the Responsible Entity of the:

- Magellan Global Fund;
- Magellan Global Fund Hedged;
- Magellan Infrastructure Fund;
- Magellan Infrastructure Fund Unhedged;
- Magellan High Conviction Fund,

together with the ASX AQUA quoted Funds the;

- Magellan Global Equities Fund (ASX:MGE);
- Magellan Global Equities Fund (Currency Hedged) (ASX:MHG); and
- Magellan Infrastructure Fund (Currency Hedged) (ASX:MICH).

MAM is the Trustee of the unregistered managed investment scheme, Magellan Core Infrastructure Fund. MAM has statutory and fiduciary obligations to act in the best interest of the funds, the unitholders and direct investors and clients.

This Corporate Governance Statement reports against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition, March 2014 (**'ASX Corporate Governance Principles'**).

Principle 1: Lay solid foundations for management and oversight

1.1 Role and Responsibilities of the Board

As the Trust is externally managed by MAM the following recommendations are not applicable:

- 1.1 Role and Responsibilities of the Board
- 1.2 Board composition
- 1.3 Written agreements with directors and senior executives
- 1.4 Role of company secretary
- 1.5 Diversity
- 1.6 Evaluation of board and committee performance
- 1.7 Evaluation of senior executive performance

In operating the Trust, the Responsible Entity's overarching principle is always to act in good faith and in the best interests of the Trust's unitholders in accordance with its fiduciary duty. The Responsible Entity's duties and obligations in relation to the Trust principally arise from: the Constitution of the Trust; the Compliance Plan for the Trust; ASX Corporate Governance Principles, regulatory requirements of the Australian Securities & Investments Commission and legislative and regulatory requirements of jurisdictions in which Magellan and the Responsible Entity operate.

The Board of Directors of Magellan and the Responsible Entity, in consultation with management, determine appropriate corporate governance practices, taking into account the matters outlined in the preceding paragraph. Where, after due deliberation, corporate governance practices differ from an ASX Corporate Governance Principle, this Corporate Governance Statement will set out the reasons for the difference.

The Responsible Entity has, as far as practicable, adopted the governance framework of Magellan being cognisant of its fiduciary duty. The composition of the Boards of both Magellan and the Responsible Entity are identical and they have adopted a common Audit and Risk Committee and Remuneration and Nominations Committee.

As part of the governance process, the Magellan Board and management periodically review the Group's policies and practices to provide reasonable assurance that they meet the requirements of stakeholders and that there is a process of continual improvement in governance standards. A copy of the charters and policies mentioned in this document is available in the Shareholder Centre section on the Magellan website at www.magellangroup.com.au under Other information in respect of the Trust.

Principle 2: Structure the Board to add value

As the Trust is externally managed the following recommendations are not applicable:

- 2.1 Nominations Committee
- 2.2 Board skills matrix
- 2.5 Board chairman independence
- 2.6 New director induction

2.3 Details of independent directors

Based on the ASX Corporate Governance Council guidance, the following table provides the analysis of the Independent Directors of Magellan and the Responsible Entity:

Director Name	Independent Yes/No	Reason if No	Length of Service (Date Appointed)
Brett Cairns (Executive Chairman)	No	Executive	22 Jan 2007
Hamish Douglass (CEO)	No	Executive, significant shareholding	21 Nov 2006
John Eales	Yes	-	1 July 2017
Robert Fraser	Yes	-	23 April 2014
Paul Lewis	Yes	-	20 Dec 2006
Hamish McLennan	Yes	-	1 March 2016
Karen Phin	Yes	-	23 April 2014

An independent Non-Executive Director is a Non-Executive Director who is independent of Magellan and free of any interest, position, association or relationship that could materially influence, or could reasonably be perceived to materially influence their capacity to bring an independent judgement to bear on issues before the Boards and to act in the best interests of the Group, its securityholders generally, and in the case of the Responsible Entity, in the best interests of unitholders. In making this determination, the Magellan Board has reviewed and assessed previous and current relationships.

2.4 Board comprises a majority of independent directors

The Magellan and Responsible Entity Boards comprise a majority of independent Non-Executive Directors.

Principle 3: Act ethically and responsibly

3.1 Code of Conduct

Magellan has a Code of Ethics that applies to all Directors and employees of the Group. The Board requires all Directors and employees to comply with the Code. The purpose of this Code is to:

- articulate and reflect the standards of fiduciary obligations and conduct that Magellan expects of its employees;
- encourage the observance of obligations and standards of conduct to protect and promote the interests of Magellan, its clients, funds under management, shareholders, unitholders and other stakeholders;
- guide employees through the practices thought necessary to maintain confidence in Magellan's integrity; and
- set out the responsibilities and accountabilities of employees to report and investigate reports of unethical practices.

A copy of the Code of Ethics can be found in the Shareholder Centre section on the Magellan website at www.magellangroup.com.au under Corporate Governance.

3.2 Conflicts of interest

The Boards have adopted procedures to recognise, manage and monitor actual or perceived conflicts of interest. Directors are required to disclose events or circumstances that may affect, or may be perceived to affect, their ability to exercise independent judgement. Where a Director has an actual or perceived conflict of interest, they must leave the meeting and take no part in any discussion or decision-making regarding that matter unless in accordance with the Corporations Act. MAM has adopted an additional Conflicts of Interest Policy and related Procedures. These are required to meet Australian Financial Services Licencing and international regulatory requirements.

3.3 Trading Policy

The Responsible Entity has a Trading Policy that sets out the circumstances in which the Group's Directors and employees may trade in MGG securities. 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 places restrictions and notification requirements, including the imposition of blackout periods and the need to obtain pre-trade approval. The Trading Policy aligns to the ASX Listing Rules and relevant guidelines. A copy of the Trading Policy will be lodged with the ASX on listing and can be found on the Magellan website at www.magellangroup.com.au under Other information for the Trust. MAM has also adopted a Personal Trading Policy covering employee trading activity in various securities, including MFG and other securities held within investment portfolios managed by MAM.

Principle 4: Safeguard integrity in corporate reporting

4.1 Audit committee

The Boards have established an Audit and Risk Committee ('**ARC**') under a separate Charter which can be found in the Shareholder Centre section on the Magellan website at www.magellangroup.com.au under Corporate Governance. The Charter contains the delegated role, responsibilities, functions and powers of the ARC and is reviewed periodically, or whenever significant change occurs. The ARC allows the Board to devote and focus time and effort that may not be possible at a wider Board meeting. The ARC comprises the five independent Non-Executive Directors. Details of the ARC members' qualifications and experience are contained in Magellan's Annual Report. The number of times the ARC met during the year, including individual attendances of members, is also set out in Magellan's Annual Report and is available on the Magellan website.

The Chairman of the ARC is an independent, Non-Executive Director who is a resident of Australia and not the Chairman of either Board. The role of the ARC is to oversee the Group's responsibilities relating to financial reporting, relevant statutory requirements, statutory external financial audits and audits in relation to some aspects of the risk management and compliance frameworks. The ARC will meet at minimum, three times each year. The Chairman of the ARC will report to the Magellan Board in respect of each ARC meeting. The ARC conducts an assessment of its performance in accordance with the Charter every two years.

The Group's independent external auditor is Ernst & Young. The ARC is responsible for recommending to the Board the appointment and removal of the external auditor. The independence and effectiveness of the external auditor is reviewed periodically. The ARC is also responsible for ensuring that the external audit engagement partners are rotated in accordance with relevant statutory requirements. The external auditors regularly attend the ARC's meetings and when the Group's Financial Statements are being considered or where relevant items are on the ARC's agenda.

4.2 CEO and CFO Declaration

The Responsible Entity's Chief Executive Officer and Chief Financial Officer make the following certifications to the Responsible Entity Board prior to the approval of the Trust's half year and annual financial statements:

- the financial records of the Trust for the financial year have been properly maintained;
- the Trust's Financial Statements and notes applicable thereto give a true and fair view of its financial position and performance and comply with the requirements of the Accounting Standards, Corporations Act and Corporations Regulations;
- the integrity of the Trust's financial statements is founded on a sound system of risk management and internal compliance and control which, in all material aspects, implements the policies adopted by the Responsible Entity's Board; and
- the risk management and internal compliance and control systems are sound, appropriate, operating efficiently and effectively managing the Trust's material risks.

4.3 External auditor attends AGM

As the Trust does not intend to hold an Annual General Meeting this Recommendation is not applicable. If the Trust were to hold an Annual General Meeting in the future, the Recommendation would be complied with.

Principle 5: Make timely and balanced disclosure

5.1 Continuous disclosure policy

The Responsible Entity's Board has adopted a Continuous Disclosure Policy for the Trust that assists with clear and effective communication to unitholders by ensuring:

- the Trust, at a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules;
- the Trust provides Unitholders, together with the market, timely, direct and equal access to information issued by it; and
- information which is not generally available and which may have a material effect on the price or value of the Trust's Units is identified and appropriately considered for disclosure to the market.

The Trust's Continuous Disclosure Policy can be found on the Magellan website at www.magellangroup.com.au under Other information for the Trust.

Principle 6: Respect the rights of security holders

6.1 Provision of information to investors

The Responsible Entity recognises that unitholders are entitled to accurate, timely and relevant information and should be fully informed of material matters that affect the Trust's position and prospects. Any prospective investors should be able to make informed investment decisions regarding the Trust. The Trust seeks to accomplish this through the release of:

- the daily Net Asset Value per unit ("**NAV**");
- the intraday indicate NAV ("**iNAV**");
- weekly and monthly NAV notices to the ASX;

- monthly updates in respect of the Trust;
- quarterly portfolio disclosure;
- an Annual Investor Letter;
- the Trust's Half Year results in March each year;
- the Trust's Full Year results in September each year; and
- significant information on the Magellan website promptly after it is disclosed to the market.

All information is available on the Magellan website after it has been disclosed to the ASX at www.magellangroup.com.au under ASX Releases.

The Group also maintains information about itself, the Trust and its governance on the Magellan website including:

- a copy of the Trust's Constitution, Board and Committee Charters and corporate governance policies;
- ASX Releases;
- Unit Registry details and a link to the ASX for share price information;
- the Trust's Distribution Schedule and Policy; and
- an annual calendar of key events.

6.2 Investor relations

The Magellan Distribution Team has an investor relations program which has been designed to facilitate effective two way communication with unitholders which includes the release of monthly updates and annual Investor Letters in respect of the Trust.

6.3 Unitholder participation at meetings

The Responsible Entity recognises the importance of unitholder interaction and supports the principle of participation. If any meetings are held, the Responsible Entity will provide the required documents to, and inform unitholders, run the meeting as required and make the required ASX disclosures.

6.4 Option for electronic unitholder communications

The Responsible Entity recognises the benefits of the use of electronic communications and unitholders have the option to receive communications from, and send communications to, the unit registry electronically. The following information can be received electronically:

- distribution statements;
- periodic statements;
- annual taxation statements;
- Annual Reports;
- if any meetings are held, notices of meetings and proxy forms and the ability to vote online; and
- other general Trust communications.

Unitholders can log into their account to make these changes. The unit registry can also be contacted via email or telephone. Contact details can be found in the on the Magellan website at www.magellangroup.com.au.

Principle 7: Recognise and manage risk

7.1 Risk committee

Magellan has an ARC comprised of independent directors to oversee audits in relation to some aspects of the operational risk management and compliance frameworks. The Responsible Entity's Board, chaired by the Executive Chairman, otherwise has oversight of the operational risk and compliance frameworks as it considers risk management matters should be a strong focus of the entire Responsible Entity Board. The Responsible Entity's Board consists of a majority of independent Non-Executive Directors and in the event of any conflict, the senior independent Non-Executive Director assumes the role of Chairman.

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

7.2 Review of risk management framework

The Group has adopted a risk management framework based on the AS/NZS ISO 31000:2009 Risk management—Principles and Guidelines. The Framework supports a structured and focussed approach to identifying, managing and reviewing risk to complement the strategies adopted to achieve the corporate objectives of the Group.

The Responsible Entity's Board conducts a review of the Group's risk management framework annually to satisfy itself that it continues to be sound.

A review of the risk management framework has been conducted for the 2017 financial year.

7.3 Internal audit function

The Group does not have an internal audit function. The main operating entity, MAM (the Responsible Entity) is the holder of AFSL 304301 and is also registered with a number of offshore regulators and is subject to external audits and exams. These external audits provide reasonable assurance on the design and operating effectiveness of Magellan's compliance and control environment. In addition, periodic monitoring of compliance with key policies and procedures is performed by MAM and the results are reported to the MAM Board. Magellan's culture, size, simple and scalable operations, transparent reporting and flat organisational structure allow the Boards and management full and direct visibility of the key activities undertaken.

The 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.

7.4 Economic, environmental and social sustainability risks

Details in relation to environmental and social sustainability risks can be found in the Product Disclosure Statement which can be found on the Magellan website at www.magellangroup.com.au.

Principle 8: Remunerate fairly and responsibly

As the Trust is externally managed the following recommendations are not applicable:

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

The rates of the management and performance fees payable to the Responsible Entity in respect of the Trust can be found in the most current Product Disclosure Statement for the Trust on the Magellan website at www.magellangroup.com.au Further details of actual management and performance fees paid can be found in the Half Yearly Reports and Annual Reports of the Trust on the Magellan website at www.magellangroup.com.au.