



MAGELLAN
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28 February 2018

ASX Limited
ASX Market Announcement Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

**INTERIM REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

Magellan Global Trust (**MGG**) hereby lodges:

1. Appendix 4D Statement for the period ended 31 December 2017;
2. Interim Financial Report for the period ended 31 December 2017, incorporating the Responsible Entity's Report and interim financial statements.

Yours faithfully,

Geoffrey Stirton
Company Secretary

Appendix 4D

Interim Report

For the period ended 31 December 2017

Name of entity

Magellan Global Trust

| ABN | Reporting period | Previous corresponding period |
|----------------|------------------------------------|-------------------------------|
| 44 740 925 809 | 11 August 2017 to 31 December 2017 | na |

Results for announcement to the market

| | Change from the corresponding period | 31 Dec 2017 \$'000 |
|---|--|-----------------------|
| Total revenue ("revenue from ordinary activities") | na | \$74,267 |
| Profit for the period ("profit from ordinary activities") | na | \$68,770 |
| Total comprehensive income for the period ("net profit for the period") | na | \$68,770 |
| Net assets attributable to unitholders | na | \$1,612,045 |

Commentary on results

Refer to the attached Interim Report. Additional Appendix 4D disclosure requirements can be found in the notes to these financial statements.

Interim distribution

| | Amount per unit |
|---|--------------------|
| Interim distribution (paid on 16 January 2018) | 3.0 cents |
| Previous comparative period | na |
| Interim distribution dates: Ex-distribution date: Thursday 28 December 2017 Record date: Friday 29 December 2017 DRP election date: Tuesday 2 January 2018 Payment date: Tuesday 16 January 2018 | |

The Distribution Reinvestment Plan (DRP) was in operation for the interim distribution for the period ended 31 December 2017. With respect to this distribution, the DRP issue price was \$1.4637. This was equal to the Net Trust Value (as defined in the Trust's Constitution) divided by the number of units on issue on 2 January 2018, being 10 business days prior to the distribution payment date, less a 5% discount. Unitholders wishing to participate in the DRP must have informed Boardroom Limited of their intention to do so by 2 January 2018.

To ensure that unitholders who did not participate in the DRP suffered no dilution as a result of the 5% discount applied to the interim distribution for the period ended 31 December 2017, Magellan Financial Group Limited contributed \$205,000 to the Trust, which was equal to the cost of this discount.

Net asset value (NAV) per unit as at 31 December 2017

ASX reported NAV per unit – reported on 2 January 2018

\$1.5350

Financial report

The Interim Report for the period ended 31 December 2017 has been reviewed by Ernst & Young.



INTERIM FINANCIAL REPORT

FOR THE PERIOD 11 AUGUST 2017 TO 31 DECEMBER 2017

MAGELLAN GLOBAL TRUST: ABN 44 740 925 809

Contents

| | |
|--|----|
| Chairman's Report..... | 3 |
| Responsible Entity's Report | 4 |
| Auditor's Independence Declaration | 8 |
| Statement Of Profit Or Loss And Other Comprehensive Income | 9 |
| Statement Of Financial Position | 10 |
| Statement Of Changes In Equity..... | 11 |
| Statement Of Cash Flows | 12 |
| Notes To The Financial Statements | 13 |
| 1. Summary Of Significant Accounting Policies | 13 |
| 2. Distributions To Unitholders | 17 |
| 3. Investments | 18 |
| 4. Unitholders' Equity | 19 |
| 5. Related Parties..... | 20 |
| 6. Segment Information..... | 23 |
| 7. Earnings Per Unit (EPU) | 24 |
| 8. Contingent Assets, Contingent Liabilities And Commitments | 24 |
| 9. Events Subsequent To The End Of The Period | 24 |
| 10. Net Asset Value (NAV) Per Unit | 25 |
| Directors' Declaration | 26 |
| Independent Auditor's Report..... | 27 |
| Corporate Information | 29 |

Chairman's Report

for the period 11 August 2017 to 31 December 2017

Dear Unitholders,

We are pleased to present the interim financial report for Magellan Global Trust ("MGG" or the "Trust"). MGG is a closed end managed investment scheme for which Magellan Asset Management Limited ("MAM") acts as both Responsible Entity and Investment Manager.

MGG is quoted on the Australian Securities Exchange (code: MGG) and commenced trading on 18 October 2017, after raising \$1,575 million at \$1.50 per unit through an initial public offering. As at 31 December 2017, MGG had net assets of \$1,612 million and a net asset value of \$1.5350 per unit.

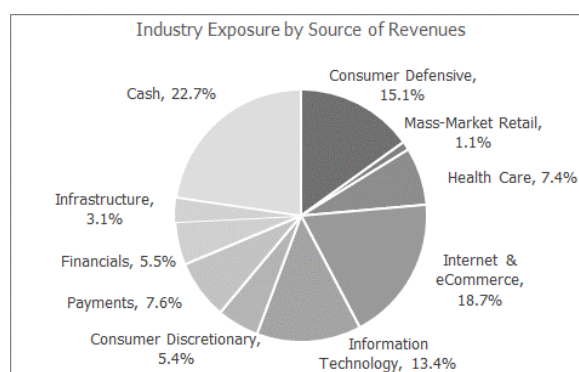
The Trust aims to achieve attractive risk-adjusted returns over the medium to long term for unitholders, while reducing the risk of permanent capital loss. To achieve this, the Trust invests in a portfolio of between 15 and 35 high-quality global equity stocks, as assessed by MAM, and has the ability to manage equity market risk by holding up to 50% of its net assets in cash. MAM may also manage the Trust's foreign currency exposure arising from investments in overseas markets, and as at 31 December 2017 MGG's portfolio was 43% hedged to the Australian Dollar. Since inception on 18 October 2017 to 31 December 2017, the Trust returned 4.3% net of fees.

The Trust also aims to deliver investors a Target Cash Distribution yield of 4% per annum, paid semi-annually. For investors wishing to reinvest these distributions, a distribution reinvestment plan has been established with a 5% discount to the net asset value per unit. To ensure investors electing to receive cash are not disadvantaged due to dilution, Magellan Financial Group Limited will, subject to the MFG Subscription and Commitment Deed, pay to MGG a cash amount equal to the discount, to offset the dilutionary impact.

We would encourage you to read our Investor Letters and monthly and quarterly Reports which provide valuable insight into our investment strategies and portfolio managers' thoughts. These are released on ASX and can also be found on our website: www.magellangroup.com.au.

As at 31 December 2017, the Trust consisted of investments in 20 companies, with the top 10 investments (listed below) representing 53.9% of the Trust's investment portfolio. The Trust's cash position was 22.7% which was predominantly held in US Dollars. The Trust's industry exposure by source of revenues is highlighted below.

| Top 10 holdings (as at 31 December 2017) | % |
|--|-------------|
| Facebook - class A shares | 8.0 |
| Alphabet - class C shares | 6.8 |
| Apple | 6.2 |
| Lowe's Co | 5.4 |
| Kraft Heinz | 5.4 |
| Starbucks | 5.0 |
| HCA Holdings | 4.5 |
| Visa - class A shares | 4.3 |
| Wells Fargo | 4.2 |
| Oracle | 4.1 |
| Top 10 Total | 53.9 |



The following report contains relevant financial statements and information which we encourage you to read carefully.

Brett Cairns
Executive Chairman
Sydney, 28 February 2018

Responsible Entity's Report

for the period 11 August 2017 to 31 December 2017

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan Global Trust (the "Trust" or "MGG") present its first report on the Trust for the period 11 August 2017 to 31 December 2017.

1.0 Directors

The following persons were Directors of MAM during the period and up to the date of this report:

| Name | Directorship | Appointed |
|-----------------|--|------------------|
| Brett Cairns | Executive Chairman | 22 January 2007 |
| Hamish Douglass | CEO and Chief Investment Officer | 21 November 2006 |
| John Eales | Non-Executive Director | 1 July 2017 |
| Robert Fraser | Non-Executive Director and Senior Independent Director | 23 April 2014 |
| Paul Lewis | Non-Executive Director | 20 December 2006 |
| Hamish McLennan | Non-Executive Director | 1 March 2016 |
| Karen Phin | Non-Executive Director | 23 April 2014 |

1.1 Principal Activity

The Trust is a registered managed scheme structured as a closed end unit trust that is domiciled in Australia and quoted on the Australian Securities Exchange (ASX) (ticker code: MGG). It was registered on 11 August 2017.

The Trust invests in a portfolio of between 15 and 35 high quality global equity stocks. To achieve this MAM undertakes rigorous company research to identify what it assesses to be very high quality companies, with an assessment of the macro-economic environment and a disciplined risk controlled approach to portfolio construction.

The Trust's investment objective is to achieve attractive risk-adjusted returns over the medium to long term, while reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the Product Disclosure Statement, issued 21 August 2017).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Trust. As the Investment Manager, it is responsible for selecting and managing assets of the Trust.

The Trust's principal place of business is Level 36, 19 Martin Place, Sydney, New South Wales 2000.

1.2 Background information On The Trust

The Trust raised \$1.57 billion from an initial public offering (Offer) on 9 October 2017. The Offer comprised a broker firm/general public offer and a priority offer. The priority offer was available to existing shareholders of Magellan Financial Group Limited ("MFG") and unitholders in Magellan funds as at 1 August 2017. Under the priority offer, eligible unitholders were entitled to additional loyalty units worth 6.25% of the value of their initial unit allotment, providing those units were held on 11 December 2017.

On 12 October 2017, units in the Trust were allotted, and on 18 October 2017, the Trust commenced trading on the ASX.

MGT Investment Corp Pty Limited ("MGTI"), a wholly owned company of MFG, subscribed for Class A units of the Trust, to facilitate the issue of the loyalty units to eligible unitholders under the priority offer.

On 11 December 2017, 38,134,220 loyalty units vested to eligible unitholders and these units were subsequently allotted as Ordinary units on 15 January 2018. The remaining 1,613,070 units have been retained as an investment by MGTI.

The costs of the Offer, including the issue of the loyalty units, were paid by MFG which ensured the opening cash net asset value per unit of the Trust on 18 October 2017 was equal to the application unit price of \$1.50.

1.3 Significant Changes In State Of Affairs

There were no significant changes in the nature of the Trust's activities during the period.

1.4 Distribution

A distribution of 3.0 cents per unit, amounting to \$31,495,000 for the period 11 August 2017 to 31 December 2017 was declared on 18 December 2017. This distribution was paid on 16 January 2018.

Responsible Entity's Report

for the period 11 August 2017 to 31 December 2017

1.5 Review Of Financial Results And Operations

a) Financial Results For The Period

The performance of the Trust, as represented by the results of its operations for the period 11 August 2017 to 31 December 2017, was as follows:

| | Inception to 31 December ^(A) 2017 |
|---|--|
| Results | |
| Total net investment income (\$'000) | 74,267 |
| Total expenses (\$'000) | 5,497 |
| Profit/(Loss) (\$'000) | 68,770 |
| Distributions | |
| Distribution payable to unitholders for the period (\$'000) | 31,495 |
| Distribution - cents per unit | 3.00 |
| Unit Price (Net Asset Value Per Unit) (\$)^(B) | 1.5355 |

(A) The Trust commenced trading on 18 October 2017 ("inception").

(B) The NAV per unit represents the net assets of the Trust presented in the Statement Of Financial Position at 31 December 2017 divided by the number of units on issue at 31 December 2017 (refer Note 4 to the financial statements).

b) Total Indirect Cost Ratio

The Total Indirect Cost Ratio (ICR) is the ratio of the Trust's actual management costs over the average net asset value expressed as a percentage, for the period ended 31 December 2017. Management costs, accrued within the Trust's unit prices on a daily basis, include management, administration and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

| | Inception to to 31 December ^(A) 2017 % |
|----------------------------------|--|
| Indirect Cost Ratio | |
| Management fee | 0.29 |
| Performance fee | - |
| Total Indirect Cost Ratio | 0.29 |

(A) The Trust commenced trading on 18 October 2017 ("inception").

Responsible Entity's Report

for the period 11 August 2017 to 31 December 2017

1.5 Review Of Financial Results And Operations (continued)

c) Performance Returns

The performance returns shown in the table below are for the period ended 31 December 2017 since inception and have been calculated using the net asset value per unit for the Trust, which is after fees and expenses, assuming the reinvestment of distributions at net asset value. The returns are calculated daily, compounded to produce longer period returns.

| | Inception to 31 December 2017 ^(A) % |
|------------------------------------|---|
| Performance | |
| Growth return ^(B) | 2.3 |
| Distribution return ^(C) | 2.0 |
| Total Return^(D) | 4.3 |

(A) The Trust commenced trading on 18 October 2017 ("inception"). As a result, the performance returns were measured from inception to 31 December 2017.

(B) The Growth return is calculated daily as a percentage by dividing the Net Asset Value per unit (ex-distribution) by the previous day's Net Asset Value per unit (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

(C) The Distribution return is calculated as a percentage by subtracting the Growth return from the Total return.

(D) The Total return is calculated daily as a percentage by dividing the Net Asset Value per unit (cum-distribution) by the previous day's Net Asset Value per unit (ex-distribution) minus 1; the daily Total returns are then compounded to produce longer period returns.

Performance fees are calculated on six monthly calculation periods ending on 31 March and 30 September of each calendar year. The Responsible Entity's entitlement to a performance fee is dependent on the Trust exceeding both index relative and absolute return hurdles over a given calculation period, as well as exceeding the applicable high watermark and an overall cap. Performance fees crystallise at the end of a calculation period, or from the commencement of the Trust to 31 March 2018 in the case of the first performance fee calculation period. Further details of the performance fees can be found in the Trust's Product Disclosure Statement which is available at www.magellangroup.com.au.

d) Strategy And Future Outlook

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Therefore, investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement of expected results of operations. The Trust provides monthly fund updates, quarterly portfolio disclosure and annual investor reports, which can be found in the Magellan Funds section of the Magellan Financial Group Limited website, www.magellangroup.com.au and also the ASX website. The Trust updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

1.6 Interest In The Trust

The movement in units on issue in the Trust is disclosed in Note 4 to the financial statements.

As at 31 December 2017, the net assets attributable to unitholders of the Trust are \$1,612,045,000.

Responsible Entity's Report

for the period 11 August 2017 to 31 December 2017

1.7 Likely Developments And Expected Results Of Operations

The Trust will continue to invest in companies and businesses in accordance with the investment strategy as set out in the Product Disclosure Statement. The method of operating the Trust is not expected to change in the foreseeable future however the results of the Trust's operations may be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and past returns should not be used to predict future returns.

1.8 Events Subsequent To The End Of The Period

On 15 January 2018, the loyalty offer to unitholders, who subscribed under the priority offer, resulted in the allotment of Ordinary units. Refer to Note 4 c) to the financial statements for further details.

During February 2018 the Trust purchased and cancelled 130,887 Ordinary units on-market in accordance with the Trust's Constitution. The units were acquired at an average price of \$1.50 per unit, with prices ranging from \$1.45 to \$1.53, at a total cost of \$195,000.

In the latest release to the ASX on 26 February 2018, the Trust reported a net asset value per unit as at 23 February 2018 of \$1.5883.

Other than the above there have been no matters or circumstances arising after the period that have significantly affected, or may significantly affect, the Trust's operations in future financial years, the results of its operations, or the Trust's state of affairs in future financial years. Asset prices move daily and intraday indicative net asset value ("NAV") and daily NAV's are available on the Magellan Financial Group Limited website, www.magellangroup.com.au and also the ASX website.

1.9 Indemnification And Insurance Of Directors And Officers

The Directors and Officers of the Responsible Entity in office are insured to the extent permitted by law for losses, liabilities, costs and charges in defending any legal proceedings arising out of their conduct while acting in their capacity of Directors and Officers of the Responsible Entity, other than for conduct involving a wilful breach of duty in relation to the Responsible Entity.

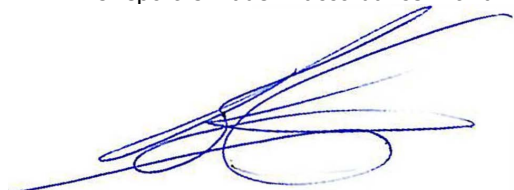
1.10 Rounding Of Amounts

The Trust is of a kind referred to in the Australian Securities & Investments Commission's *Corporations (Rounding in Financial/Responsible Entity's Reports) Instrument 2016/191* and consequently amounts in the Responsible Entity's Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

1.11 Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.



Brett Cairns
Executive Chairman

Sydney, 28 February 2018



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Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as the Responsible Entity of Magellan Global Trust

As lead auditor for the review of Magellan Global Trust for the period ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Rita Da Silva
Partner
28 February 2018

MAGELLAN GLOBAL TRUST

Statement Of Profit Or Loss And Other Comprehensive Income

for the period 11 August 2017 to 31 December 2017

| | Note | 11 August 2017 to 31 December 2017 ^(A) \$'000 |
|--|------|--|
| Investment Income | | |
| Dividend and distribution income | | 2,818 |
| Interest income | | 1,929 |
| Net change in fair value of investments | | |
| - held for trading | | 23,392 |
| - designated at fair value through profit or loss | | 40,472 |
| Net foreign exchange gain on foreign currency cash and settlements | | 5,656 |
| Total Net Investment Income | | 74,267 |
| Expenses | | |
| Management and administration fees | 5 c) | 4,878 |
| Brokerage costs | | 130 |
| Withholding tax on dividends | | 422 |
| Finance costs | | 67 |
| Total Expenses | | 5,497 |
| Profit/(Loss) For The Period | | 68,770 |
| Other comprehensive income for the period | | - |
| Total Comprehensive Income For The Period | | 68,770 |
| Basic earnings per unit (cents per unit) | 7 | 6.58 |
| Diluted earnings per unit (cents per unit) | 7 | 6.58 |

(A) The Trust was registered on 11 August 2017 and commenced trading on 18 October 2017. The Trust's first reporting period covers 11 August 2017 to 31 December 2017 and as a result there are no prior period comparatives.

The above Statement Of Profit Or Loss And Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN GLOBAL TRUST

Statement Of Financial Position

as at 31 December 2017

| | Note | 31 December ^(A) 2017 \$'000 |
|--|------|--|
| Assets | | |
| Cash and cash equivalents | | 396,351 |
| Receivables | | 735 |
| Investments | 3 | 1,261,277 |
| Total Assets | | 1,658,363 |
| Liabilities | | |
| Distribution payable | 2 | 31,495 |
| Payables | | 14,823 |
| Total Liabilities | | 46,318 |
| Net Assets Attributable To Unitholders - Equity | | 1,612,045 |

(A) The Trust was registered on 11 August 2017 and commenced trading on 18 October 2017. The Trust's first reporting period covers 11 August 2017 to 31 December 2017 and as a result there are no prior period comparatives.

The above Statement Of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN GLOBAL TRUST

Statement Of Changes In Equity

for the period 11 August 2017 to 31 December 2017

| | Note | 11 August 2017 to 31 December 2017 ^(A) \$'000 |
|---|------|--|
| Total Net Assets Attributable To Unitholders At The Beginning Of The period | | - |
| Comprehensive Income For The Period | | |
| Profit/(loss) for the period | | 68,770 |
| Other comprehensive income | | - |
| Total Comprehensive Income For The Period | | 68,770 |
| Transactions With Unitholders: | | |
| Issue of units: | | |
| - Ordinary units | 4 a) | 1,515,150 |
| - Class A units | 4 b) | 59,620 |
| Distributions payable | 2 | (31,495) |
| Total Transactions With Unitholders | | 1,543,275 |
| Total Net Assets Attributable to Unitholders At The End Of The Period ^(A) | | 1,612,045 |

(A) The Trust was registered on 11 August 2017 and commenced trading on 18 October 2017. The Trust's first reporting period covers 11 August 2017 to 31 December 2017 and as a result there are no prior period comparatives.

The above Statement Of Changes In Equity should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN GLOBAL TRUST

Statement Of Cash Flows

for the period 11 August 2017 to 31 December 2017

| | Note | 11 August 2017 to 31 December 2017 ^(A) \$'000 |
|---|------|--|
| Cash Flows From Operating Activities | | |
| Dividends and distributions received | | 2,818 |
| Interest received | | 1,693 |
| Management and administration fees paid | | (2,931) |
| Brokerage costs paid | | (130) |
| Withholding tax paid | | (423) |
| Interest paid | | (67) |
| Other expenses paid | | (292) |
| Net Cash Inflows/(Outflows) From Operating Activities | | 668 |
| Cash Flows From Investing Activities | | |
| Purchase of investments | | (1,214,899) |
| Proceeds from sale of investments | | 15,178 |
| Net cash flows from forward foreign currency contracts | | 9,393 |
| Net foreign exchange gains/(losses) | | 22,826 |
| Net Cash Inflows/(Outflows) From Investing Activities | | (1,167,502) |
| Cash Flows From Financing Activities | | |
| Receipts from issue of units | 4 | 1,574,770 |
| Net Cash Inflows/(Outflows) From Financing Activities | | 1,574,770 |
| Net Increase/(Decrease) In Cash And Cash Equivalents | | 407,936 |
| Cash and cash equivalents at the beginning of the period | | - |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (11,585) |
| Cash And Cash Equivalents At The End Of The Period | | 396,351 |

(A) The Trust was registered on 11 August 2017 and commenced trading on 18 October 2017. The Trust's first reporting period covers 11 August 2017 to 31 December 2017 and as a result there are no prior period comparatives.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

1. Summary Of Significant Accounting Policies

Magellan Global Trust (the "Trust") is a registered managed investment scheme under the Corporations Act 2001 and was registered on 11 August 2017 and in accordance with the Trust's Constitution, commenced on the date that the first unit was issued, which was 12 October 2017. The Trust terminates on the earlier of the time provided by the Trust's Constitution or by law.

Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946) is the Responsible Entity of the Trust.

This is the first financial report of the Trust and covers the period 11 August 2017 to 31 December 2017. It was authorised for issue by the Directors of the Responsible Entity on 28 February 2018. The Directors have the power to amend and reissue this financial report.

As announced in the Product Disclosure Statement dated 21 August 2017, the Trust intends to elect into the Attribution Managed Investment Trust ("AMIT") regime for the financial year ended 30 June 2018. The units in the Trust have been classified as equity, refer to Note 1 m).

The principal accounting policies applied in the preparation of these interim financial statements are set out below.

a) Basis Of Preparation

The interim financial report is a general purpose financial report and has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, other mandatory professional reporting requirements and the Trust's Constitution. It is presented in Australian dollars.

The Trust is a for-profit unit trust for the purpose of preparing the financial report.

The Statement Of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss. The amount expected to be recovered or settled within 12 months in relation to these balances cannot be reliably determined.

Changes in Accounting Policy, Accounting Standards And Interpretations

The Australian and International Accounting Standards issued but not yet mandatory for the 31 December 2017 interim reporting period have not been adopted by the Trust in the preparation of this interim financial report. An assessment of the impact of the new standards and interpretations which may have a material impact on the Trust is set out below:

- **AASB 9: Financial Instruments (AASB 9) (Effective 1 July 2018)**

AASB 9 contains new requirements for the classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 *Financial Instruments: Recognition and Measurement*. Under the new requirements the four current categories of financial assets will be replaced with two measurement categories: fair value and amortised cost, and financial assets will only be measured at amortised cost where very specific conditions are met. Equity securities are measured at fair value through profit or loss unless an election is made at initial recognition, to present fair value changes in other comprehensive income. This option is irrevocable and applies only to equity instruments which are not held for trading. Gains and losses in other comprehensive income are not recycled on disposal of the securities, however the cumulative gain or loss may be transferred within equity.

AASB 9 was revised in December 2014 to include new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. It also introduced a new expected-loss impairment model that requires credit losses to be recognised when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

At 31 December 2017, no material financial impact is expected on adoption of AASB 9 as the Trust currently classifies financial assets and financial liabilities at fair value through profit or loss or amortised cost. The classification of these is not expected to change upon adoption of AASB 9. The Trust does not apply hedge accounting.

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

1. Summary Of Significant Accounting Policies (continued)

a) Basis Of Preparation (continued)

Changes In Accounting Policy, Accounting Standards And Interpretations (continued)

- **AASB 15: Revenue From Contracts With Customers (AASB 15) (Effective 1 July 2018)**

AASB 15 supersedes the revenue recognition guidance in AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. Although AASB 15 is principles-based, it is a significant change from the current revenue requirements and will involve more judgements and estimates. The core principle in AASB 15 is that an entity recognises revenue at an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for selling goods or services to customers. AASB 15 has also introduced specific criteria for determining whether to capitalise certain costs, distinguishing between those costs associated with obtaining a contract (e.g. sales commissions) and those costs associated with fulfilling a contract.

The Trust has undertaken an assessment of the impact of AASB 15 and does not expect any material change to the timing or manner of recognition of the Trust's key revenues as interest revenue, dividend and distribution income and investment gains/(losses) are excluded from the scope of AASB 15.

There are no other pronouncements or accounting standards, not yet effective at this time, that are expected to have a material impact on the Trust's financial statements in future reporting periods.

b) Foreign Currency Translation

The functional and presentation currency of the Trust is the Australian Dollar, as determined in accordance with *AASB 121: The Effects of Changes in Foreign Exchange Rates*. Transactions denominated in foreign currencies are translated into Australian currency at the foreign currency exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate at the reporting date.

Foreign currency exchange differences arising on translation, and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement Of Profit Or Loss And Other Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian Dollars at the foreign currency closing exchange rates at the dates that the values were determined. Foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in the Statement Of Profit Or Loss And Other Comprehensive Income.

c) Investment Income

Dividend/Distribution Income

Dividend and distribution income is recognised on the applicable ex-dividend/distribution date gross of withholding tax. Foreign dividends and trust distributions received are presented net of withholding tax in the Statement Of Cash Flows, with the foreign withholding tax recorded as an expense in the Statement Of Profit Or Loss And Other Comprehensive Income.

Net Changes In Fair Value Of Investments

Realised and unrealised gains and losses on investments are measured at fair value through profit or loss are recognised in the Statement Of Profit Or Loss And Other Comprehensive Income.

Interest Income

Interest income is recognised on an accrual basis using the effective interest rate method.

d) Expenses

All expenses are recognised in the Statement Of Profit Or Loss And Other Comprehensive Income on an accruals basis. Management and administration fees are set out in Note 5 c).

Performance fees

Performance fees are set out in note 5 c). A performance fee in respect of a period is recognised in the Statement Of Financial Position if the Trust's performance exceeds certain hurdles over the relevant calculation period. The end of the relevant calculation period is the date where certainty exists that the criteria has been met and a liability is crystallised.

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

1. Summary Of Significant Accounting Policies (continued)

e) Distributions

The Trust intends to elect into the AMIT regime for the financial year ended 30 June 2018. Under the Constitution the Trust does not have an obligation to make distributions to unitholders by cash and/or reinvestment in accordance with AASB 132 *Financial Instruments: Presentation* (AASB 132).

Distributions to unitholders are recognised directly in equity, and presented in the Statement Of Changes In Equity. A distribution payable is recognised in the Statement Of Financial Position where the amount remains unpaid at reporting date.

f) Income Tax

Under current income tax legislation, the Trust is not subject to income tax provided the net taxable income of the Trust is fully distributed or attributed to unitholders.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain would be included in net taxable income. Realised capital losses can only be utilised to offset any realised capital gains. Net realised capital losses are retained in the Trust to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

Net realised tax losses are not distributed or attributed to unitholders but are retained in the Trust to be offset against any future realised gains.

The Trust currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statement Of Profit Or Loss And Other Comprehensive Income. The benefits of foreign withholding tax paid, and of imputation credits attaching to Australian franked dividends, are passed onto unitholders.

g) Goods And Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties, such as custodial services and investment management and administration fees have been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of 55%-75% and is also eligible to recover GST on offshore transactions. Management, administration and performance fees and other expenses have been recognised in the Statement Of Profit Or Loss And Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Statement Of Financial Position as a receivable or payable. Cash flows are included in the Statement Of Cash Flows on a gross basis.

h) Cash And Cash Equivalents

Cash includes cash at bank and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

i) Receivables

Receivables comprise amounts due from brokers for sales of assets, dividends and trust distributions declared but not yet received, and reclaimable taxes. They are recognised and carried at amortised cost using the effective interest rate method and adjusted for changes in foreign exchange rates where applicable, less a provision for uncollectible amounts.

j) Financial Assets And Liabilities

The Trust may classify its financial assets in one of the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. Designation is re-evaluated each financial year, but there are restrictions on reclassifying to other categories. Financial liabilities are classified as financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost. The classification of financial assets and liabilities depends on the purpose for which the assets are acquired and liabilities incurred.

The Trust's financial assets and liabilities are classified and measured as follows:

| Financial asset/liability | Classification | Valuation basis | |
|---------------------------|---------------------------------------|-----------------|--------------------|
| Receivables | Loans and receivables | Amortised cost | Refer to Note 1 i) |
| Investments | Fair value through profit or loss | Fair value | Refer to Note 1 j) |
| Distributions payable | Financial liability at amortised cost | Amortised cost | Refer to Note 1 e) |
| Payables | Financial liability at amortised cost | Amortised cost | Refer to Note 1 l) |

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

1. Summary Of Significant Accounting Policies (continued)

j) Financial Assets And Liabilities (continued)

Fair Value Through Profit Or Loss

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership are passed to a third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

All equity securities are designated as fair value through profit or loss on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Trust (as set out in the Trust's Product Disclosure Statement and Constitution).

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, which in the case of the Trust is the transaction price. Transaction costs are expensed immediately in the Statement Of Profit Or Loss And Other Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities classified at fair value through profit or loss are measured at fair value. Changes in fair value are recognised in the Statement Of Profit Or Loss And Other Comprehensive Income.

The fair value of equity securities traded in active markets is based on their quoted market prices at the end of the reporting date without any deduction for estimated future selling costs. The quoted market price used for securities held by the Trust is the current bid price and the quoted market price for financial liabilities is the current asking price. If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques including recent arm's length market transactions, reference to the current fair value of other instruments that are substantially the same, discounted cash flows techniques, option pricing models or any other valuation techniques commonly used by market participants.

Financial liabilities, other than those at fair value through the profit or loss, are measured at amortised cost using the effective interest rate.

k) Derivatives

Derivatives are contracts whose value is derived from one or more underlying prices, indices or other variables. Derivatives not designated in hedge accounting arrangements under AASB 139 *Financial Instruments: Recognition and Measurement* are recognised at fair value. Changes in the fair value are recorded in the Statement Of Profit Or Loss And Other Comprehensive Income and are included in 'net change in fair value of investments held for trading'. Derivatives are included in the Statement Of Financial Position as an asset when the fair value at reporting date is positive and classified as a liability when the fair value at reporting date is negative.

l) Payables

Payables comprise trade creditors and accrued expenses owing by the Trust at reporting date which are unpaid. Trade creditors are unsecured and usually paid within 30 days of recognition. Payables are recognised at amortised cost at the point where the Trust becomes obliged to make payments in respect of the purchase of these goods and services. Refer to Note 1 e) for the distribution payable.

m) Unitholders' Equity

Under the Constitution, the Trust has no obligation to distribute income (refer to Note 1 e)). The units issued by the Trust meet the requirements of AASB 132 for classification as equity.

Units are recognised at the value of consideration received by the Trust. Where the Trust purchases its own issued units under a buyback, the consideration paid, including any directly attributable transaction costs, is deducted from unitholders' equity.

n) Segment Information

An operating segment is a distinguishable component of the Trust that is engaged in business activity from which the Trust earns revenues and incurs expenses, whose operating results are regularly reviewed by the Trust's chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision maker has been determined as Mr Hamish Douglass.

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

1. Summary Of Significant Accounting Policies (continued)

o) Earnings Per Unit

Basic earnings per unit is calculated as profit/(loss) for the period divided by the weighted number of units on issue. Diluted earnings per share is calculated by adjusting the basic earnings per unit to take into account the effect of any costs associated with dilutive potential units and the weighted average number of additional Ordinary units that would have been outstanding assuming the conversion of all dilutive potential Ordinary units. Refer to Note 7 for further details.

p) Offsetting Financial Instruments

Financial assets and financial liabilities are presented net in the Statement Of Financial Position where the Trust has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

q) Rounding Of Amounts

The Trust is of a kind referred to in the Australian Securities & Investments Commission's *Corporations (Rounding in Financial/Responsible Entity's Reports) Instrument 2016/191* and amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

r) Critical Accounting Estimates And Judgements

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates.

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at reporting date (refer to Note 3 a)). Fair values may however move materially with movements in market prices. As the investments are valued with reference to the listed quoted prices and the Trust's cash is held with strongly rated financial institutions, the Trust's financial assets are not subject to significant judgement or complexity nor are the Trust's liabilities.

2. Distributions To Unitholders

On 18 December 2017, the Directors declared a distribution of 3.0 cents per unit, amounting to \$31,495,000 for the period ended 31 December 2017. The distribution was paid on 16 January 2018.

a) Distribution Reinvestment Plan (DRP)

The Trust's DRP was available to eligible unitholders during the period ended 31 December 2017.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest all or part of their cash distributions in additional units in the Trust, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a price that is determined by MAM in accordance with the DRP Rules.

A 5% discount has been applied to the units issued under the DRP in respect of the distribution paid on 16 January 2018.

To ensure that unitholders who do not participate in the DRP suffer no dilution as a result of any discount, Magellan Financial Group Limited ("MFG") will pay the Trust an amount of consideration equal to the cost of this discount in accordance with the terms of the MFG Subscription and Commitment Deed.

The DRP issue price may be set with reference to the Net Trust Value per unit, and as such the DRP issue price could be at a premium to the trading price of units on the ASX.

With respect to the distribution for the period ended 31 December 2017, the DRP issue price was \$1.4637, as announced on 4 January 2018 to the ASX. This was equal to the Net Trust Value (as defined in the Trust's Constitution) divided by the number of units on issue on 2 January 2018 being 10 business days prior to the distribution payment date, less a 5% discount. The DRP unitholder participation rate was 12.38% and 2,664,196 Ordinary units, amounting to \$3,900,000, were issued on 16 January 2018 under the terms of the DRP in respect of this distribution. \$205,000 was receivable by the Trust from MFG for the 5% DRP issue price discount and recognised in the Statement Of Financial Position in respect of this distribution.

MAGELLAN GLOBAL TRUST

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

3. Investments

| | 31 December 2017 \$'000 |
|---|-------------------------------|
| Investment Assets | |
| Financial Assets Designated At Fair Value Through Profit Or Loss | |
| International listed equity securities | |
| - United States | 1,163,686 |
| - Switzerland | 63,648 |
| - United Kingdom | 19,943 |
| Total Equity Securities | 1,247,277 |
| Financial Assets Held for Trading | |
| Forward foreign currency contracts | 14,000 |
| Total Financial Assets Held for Trading | 14,000 |
| Total Investment Assets | 1,261,277 |

The equity securities by domicile of primary stock exchange, held by the Trust are:

| Company Name | Domicile of Principal Exchange Listing | 31 December 2017 \$'000 |
|--------------------------------|---|-------------------------------|
| Facebook - class A shares | United States | 128,790 |
| Alphabet - class C shares | United States | 109,035 |
| Apple | United States | 99,814 |
| Lowe's | United States | 87,516 |
| Kraft Heinz | United States | 86,842 |
| Starbucks | United States | 80,260 |
| HCA Healthcare | United States | 72,641 |
| Visa - class A shares | United States | 69,350 |
| Wells Fargo | United States | 68,530 |
| Oracle | United States | 66,571 |
| eBay | United States | 64,182 |
| MasterCard | United States | 52,614 |
| Microsoft | United States | 50,291 |
| Crown Castle International | United States | 49,381 |
| Novartis | Switzerland | 47,388 |
| Yum! Brands | United States | 43,412 |
| Lloyds Banking Group | United Kingdom | 19,943 |
| Costco Wholesale | United States | 17,981 |
| McDonald's | United States | 16,476 |
| Nestle | Switzerland | 16,260 |
| Total Equity Securities | | 1,247,277 |

a) Fair Value Disclosures

The Trust classifies the fair value measurements of financial assets and financial liabilities using the three level fair value hierarchy set out below to reflect the source of valuation inputs used when determining the fair value:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these securities is based on the closing bid price for the security as quoted on the relevant exchange;
- Level 2: valuation techniques using observable inputs either directly (as prices) or indirectly (derived from prices). The fair value of derivatives is based on a discounted cash flow analysis using quoted market inputs (spot and forward rates, volatility) adjusted for specific features of the instruments and applied debit and credit valuation adjustments based on the Trust's counterparties' current credit worthiness; and
- Level 3: valuation techniques using non-market observable inputs.

MAGELLAN GLOBAL TRUST

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

3. Investments (continued)

a) Fair Value Disclosures (continued)

The following table presents the fair value measurement hierarchy of the Trust's financial assets:

| | 31 December 2017 \$'000 |
|---|-------------------------------|
| Assets Measured At Fair Value | |
| Level 1: Investments - valued using quoted price ^(A) | 1,247,277 |
| Level 2: Forward foreign currency contracts | 14,000 |
| Total Financial Assets | 1,261,277 |

(A) All international equity securities held by the Trust are level 1 assets.

The Trust does not hold any level 3 assets. There have been no transfers between any of the three levels in the hierarchy during the period and the Trust's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of each reporting period.

4. Unitholders' Equity

| | 31 December 2017 Number of units '000 | 31 December 2017 \$'000 |
|---|---|-------------------------------|
| a) Ordinary Units | | |
| Ordinary units on issue at beginning of period | - | - |
| Units issued - priority offer | 614,917 | 922,375 |
| Units issued - general and broker offer | 395,183 | 592,775 |
| Closing Balance - Ordinary Units | 1,010,100 | 1,515,150 |
| b) Class A Units | | |
| Class A units on issue at beginning of period | - | - |
| Units issued | 39,747 | 59,620 |
| Closing Balance - Class A Units | 39,747 | 59,620 |
| Closing Balance - Unitholders' Equity ^(A) | 1,049,847 | 1,574,770 |

(A) refer to Note 1 m) for the basis of classification.

Terms And Conditions Of Units

i) Ordinary Units

Ordinary units are listed on the Australian Securities Exchange ("ASX").

Each Ordinary unit confers upon the unitholder an equal interest in the Trust, and is of equal value to other units in the Trust. A unit does not confer upon the holder any interest in any particular asset or investment of the Trust. The rights of unitholders are contained in the Trust's Constitution and include:

- the right to receive a share of any distribution determined by the Responsible Entity in proportion to the units held on the distribution date;
- the right to attend and vote at meetings of unitholders; and
- the right to participate in the termination and winding up of the Trust.

Redemption of units are not permitted while the Trust is listed on the ASX.

ii) Class A Units

Class A units have the same terms and conditions as Ordinary units and also rank equally with Ordinary units, except for the consolidation and conversion to Ordinary units as discussed in Note 4 c). Class A units are not listed on the ASX.

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

4. Unitholders' Equity (continued)

c) Movements In Unitholders' Equity Subsequent To 31 December 2017

Unitholders who subscribed under the priority offer were entitled to loyalty units worth 6.25% of the value of their initial unit allotment providing those units were held on 11 December 2017 ("eligible unitholders"). To facilitate the issue of loyalty units, 39,747,290 Class A units were issued on 13 October 2017. On 11 December 2017, 38,134,220 loyalty units vested to eligible unitholders and these were issued on 15 January 2018. Contemporaneously, 38,134,220 Class A units were consolidated. Following the consolidation, the 1,613,070 residual Class A units were converted into Ordinary units on a one-for-one basis. Following the consolidation and conversion, the number of Class A units on issue was nil and the number of Ordinary units on issue increased by 39,747,290 to 1,049,846,852.

On 16 January 2018, 2,664,196 Ordinary units, amounting to \$3,900,000, were issued under the terms of the DRP, in respect of the distribution for the period ended 31 December 2017. Refer Note 2 a) for further details.

During February 2018 the Trust purchased and cancelled 130,887 Ordinary units on-market in accordance with the Trust's Constitution. The units were acquired at an average price of \$1.50 per unit, with prices ranging from \$1.45 to \$1.53, at a total cost of \$195,000.

The following table presents the movements in Ordinary and Class A units from 1 January 2018 to 28 February 2018. These changes are not reflected in the Trust's Statement OF Financial Position as at 31 December 2017.

| | Number of units '000 |
|---|----------------------------|
| Ordinary Units | |
| Ordinary units on issue at 31 December 2017 | 1,010,100 |
| Issue of loyalty units to eligible unitholders under priority offer | 38,134 |
| Issue on conversion of Class A units | 1,613 |
| Issue of units under DRP | 2,664 |
| Units bought back on-market and cancelled | (131) |
| Closing Balance - Ordinary Units at 28 February 2018 | 1,052,380 |
| Class A Units | |
| Class A units on issue at 31 December 2017 | 39,747 |
| Consolidation of Class A units | (38,134) |
| Conversion of Class A units to Ordinary units | (1,613) |
| Closing Balance - Class A Units at 28 February 2018 | - |
| Closing Balance - Unitholders' Equity at 28 February 2018 | 1,052,380 |

5. Related Parties

a) Responsible Entity

The Responsible Entity of the Trust is Magellan Asset Management Limited ("MAM"). MAM is a wholly-owned subsidiary of Magellan Financial Group Limited (ASX code: MFG), the immediate and ultimate parent entity of the Responsible Entity, and both are considered related parties of the Trust. Refer to Note 5 c) for detail on Responsible Entity's fees.

b) Key Management Personnel

Key management personnel ("KMP") are those persons or corporate entities who have authority and responsibility for planning, directing and controlling the activities of the Trust. The Responsible Entity is responsible for managing the activities of the Trust and considered to be a KMP. The Trust does not employ personnel in its own right.

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

5. Related Parties (continued)

b) Key Management Personnel (continued)

i) Directors

The Directors of MAM are KMP and during the period and up to the date of this report were:

| Name | Directorship | Appointed |
|-----------------|--|-------------|
| Brett Cairns | Executive Chairman | 22 Jan 2007 |
| Hamish Douglass | CEO and Chief Investment Officer | 21 Nov 2006 |
| John Eales | Non-Executive Director | 1 Jul 2017 |
| Robert Fraser | Non-Executive Director and Senior Independent Director | 23 Apr 2014 |
| Paul Lewis | Non-Executive Director | 20 Dec 2006 |
| Hamish McLennan | Non-Executive Director | 1 Mar 2016 |
| Karen Phin | Non-Executive Director | 23 Apr 2014 |

ii) Other Key Management Personnel (KMP)

In addition to the Directors, the following employees of MAM also had authority for the strategic direction and management of the Trust, directly or indirectly, during the period:

| Name | Position | Employer |
|-----------------|------------------------------------|----------|
| Frank Casarotti | General Manager - Distribution | MAM |
| Kirsten Morton | Chief Financial Officer | MAM |
| Gerald Stack | Head of Investments | MAM |
| Marcia Venegas | Head of Risk, Compliance and Legal | MAM |
| Craig Wright | Head of Governance and Advisory | MAM |

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

5. Related Parties (continued)

b) Key Management Personnel (continued)

iii) Unitholdings in Magellan Global Trust

The number of units held during the period by each KMP, including their personally-related parties, in the Trust are as follows:

| | 31 December 2017 | | | | | Loyalty Unit entitlement ^(C) |
|-------------------------------------|------------------------------|------------------------------|-----------------------------|----------------|---------------------------------------|---|
| | Units acquired during period | Units disposed during period | Units held at end of period | | Distribution payable at end of period | |
| | Number | Number | Number | % | \$ | Number |
| MGT Investment Corp Pty Limited | 1,613,070 ^(A) | - | 1,613,070 | 0.15 | 1,192,419 | - |
| Directors | | | | | | |
| Brett Cairns | 66,666 | - | 66,666 | ^(D) | 2,000 | 4,166 |
| Hamish Douglass | 13,666,668 | - | 13,666,668 | 1.30 | 410,000 | - |
| John Eales | 213,432 | - | 213,432 | ^(D) | 6,403 | 4,166 |
| Robert Fraser | 166,666 | - | 166,666 | ^(D) | 5,000 | 4,166 |
| Paul Lewis | 86,666 | - | 86,666 | ^(D) | 2,600 | 4,166 |
| Hamish McLennan | 66,500 | - | 66,500 | ^(D) | 1,995 | 4,156 |
| Karen Phin | 66,666 | - | 66,666 | ^(D) | 2,000 | 4,166 |
| Group Executives (Other KMP) | | | | | | |
| Frank Casarotti ^(B) | 100,000 | - | 100,000 | ^(D) | 3,000 | 6,250 |
| Kirsten Morton | 26,000 | - | 26,000 | ^(D) | 780 | 1,625 |
| Gerald Stack | 97,497 | - | 97,497 | ^(D) | 2,925 | 6,094 |
| Marcia Venegas | 10,000 | - | 10,000 | ^(D) | 300 | 625 |
| Craig Wright | 33,335 | - | 33,335 | ^(D) | 1,000 | 2,083 |

(A) On 13 October 2017, MGT Investment Corp Pty Limited ("MGTI"), a wholly owned company of Magellan Financial Group Limited, subscribed for 39,747,290 Class A units of the Trust to facilitate the issue of the loyalty units to eligible unitholders under the priority offer. After the additional loyalty units vested to eligible unitholders on 11 December 2017, the remaining 1,613,070 units have been retained as an investment by MGTI. Refer to note 4 c) for further details.

(B) In addition to the above holding, Mr Casarotti, through his self-managed superannuation fund, holds 30,000 units in the Trust at 31 December 2017, and a loyalty unit entitlement of 1,875 units.

(C) Loyalty units vested to unitholders, who subscribed under the priority offer, on 11 December 2017. Under the priority offer the Directors' participation was capped at \$100,000, or 66,666 units per Director. Loyalty units were allotted as Ordinary units on 15 January 2018. Refer to note 4 c) for further details.

(D) Holding less than 0.1%.

c) Responsible Entity Fees

Compensation is paid to the Responsible Entity in the form of fees as follows:

i) Management And Administration Fees

The Responsible Entity is entitled to receive management fees from the Trust. The Trust pays a management fee to the Responsible Entity for managing the assets of the Trust and overseeing the operations of the Trust. The management fee is 1.25% per annum of the value of the Trust, calculated daily. It also pays an administration fee of 0.10% per annum to the Responsible Entity from which the operating expenses of the Trust, such as audit and tax compliance fees, distribution costs, investor reporting, custody and Trust administration costs are paid. Management fees are calculated daily based on the net asset value (before fees) of the Trust on that day and are payable at the end of the month.

ii) Performance Fees

Performance fees are calculated on six monthly calculation periods ending on 31 March and 30 September of each calendar year. The Responsible Entity's entitlement to a performance fee is dependent on the Trust exceeding both index relative and absolute return hurdles over a given calculation period, as well as exceeding the applicable high watermark and an overall cap.

MAGELLAN GLOBAL TRUST

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

5. Related Parties (continued)

c) Responsible Entity Fees (continued)

ii) Performance Fees (continued)

Performance fees crystallise at the end of a calculation period, or from the commencement of the Trust to 31 March 2018 in the case of the first performance fee calculation period. Where units are bought back by the Trust, a portion of the performance fee will crystallise if a performance fee is accrued at that date.

At 31 December 2017, no performance fee has crystallised, as the performance fee calculation period is incomplete. As a result, the performance fee is a contingent liability, as the Trust's performance is subject to market fluctuations and therefore uncertainty exists as to whether the Trust's performance will exceed the performance fee measurement criteria for the period ending 31 March 2018. Due to market volatility, no estimate can be provided for performance fees that may crystallise for the period ending 31 March 2018.

Further details of the performance fees can be found in the Trust's Product Disclosure Statement which is available at www.magellangroup.com.au.

Management and administration fees paid/payable by the Trust during the period are net of any applicable reduced input tax credits. Refer to Note 1 g) for further details.

The management and administration fees paid/payable by the Trust during the period are set out below:

| | % pa | 11 August 2017 to 31 December 2017 \$ |
|---|------|--|
| Management fee | 1.25 | 4,516,929 |
| Administration fee | 0.10 | 361,354 |
| Total management and administration fees | 1.35 | 4,878,283 |
| Total Fees Expensed Per Statement Of Profit Or Loss And Other Comprehensive Income | | 4,878,283 |
| Total Fees Payable In The Statement Of Financial Position | | 1,947,288 |

d) Transactions With Other Related Parties

| | Note | 11 August 2017 to 31 December 2017 \$'000 |
|---|-------|--|
| Contribution receivable from MFG for the 5% discount to MGG's Net Trust Value per unit for the number of units participating in the Trust's DRP for the period ended 31 December 2017 | 2 a) | 205 |
| Subscription for 39,747,290 Class A units by MGTI to facilitate the issuance of loyalty units to priority offer unitholders | 4 ii) | 59,620 |

The subscription for units and distribution for the period ended 31 December 2017 were on the same terms and conditions that applied to other unitholders.

6. Segment Information

The Trust's investments are managed on a single portfolio basis and in one business segment being equity investment, as well as in one geographic segment, Australia. The Trust continues to have foreign exposures as it invests in companies which operate internationally.

MAGELLAN GLOBAL TRUST

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

7. Earnings Per Unit (EPU)

| | 11 August 2017 to 31 December ^(A) 2017 |
|---|---|
| Basic EPU | |
| Profit/(loss) attributable to unitholders (\$'000) | 68,770 |
| Weighted average number of units for basic EPU ('000) | 1,044,410 |
| Basic EPU (Cents) | 6.58 |
| Diluted EPU | |
| Profit/(loss) attributable to unitholders (\$'000) | 68,770 |
| Weighted average number of units for diluted EPU ('000) | 1,044,410 |
| Diluted EPU (Cents) | 6.58 |
| Reconciliation Of Earnings Used In Calculating EPU | |
| Profit/(loss) used in the calculation of basic and diluted EPU (\$'000) | 68,770 |

(A) The Trust was registered on 11 August 2017 and commenced trading on 18 October 2017. The Trust's first reporting period covers 11 August 2017 to 31 December 2017 and as a result there are no prior period comparatives.

8. Contingent Assets, Contingent Liabilities And Commitments

Other than that disclosed in 5 c) ii), the Trust has no contingent liabilities or commitments at 31 December 2017.

The Trust has a contingent asset for an amount receivable from MFG where the Trust offers a discount to the Net Trust Value per unit on units issued under the DRP in future periods, in accordance with the terms of the MFG Subscription and Commitment Deed. Refer Note 2 a) for further details.

It is not practical to estimate any future receivable to the Trust as there is uncertainty as to the level of participation in the DRP, the Net Trust Value per unit and whether the DRP will be offered. Refer Note 2 a) for further detail.

9. Events Subsequent To The End Of The Period

On 15 January 2018, the loyalty offer to unitholders, who subscribed under the priority offer, resulted in the allotment of Ordinary units. Refer to Note 4 c) for further details.

During February 2018 the Trust purchased and cancelled 130,887 Ordinary units on-market in accordance with the Trust's Constitution. The units were acquired at an average price of \$1.50 per unit, with prices ranging from \$1.45 to \$1.53, at a total cost of \$195,000. Refer to note 4 c) for further details.

In the latest release to the ASX on 26 February 2018, the Trust reported a net asset value per unit as at 23 February 2018 of \$1.5883.

Other than the above there have been no matters or circumstances arising after the period that have significantly affected, or may significantly affect, the Trust's operations in future financial years, the results of its operations, or the Trust's state of affairs in future financial years. Asset prices move daily and intraday indicative net asset value ("NAV") and daily NAV's are available on the Magellan Financial Group Limited website, www.magellangroup.com.au and also the ASX website.

Notes To The Financial Statements

for the period 11 August 2017 to 31 December 2017

10. Net Asset Value (NAV) Per Unit

The following table reconciles the net asset value per unit presented in the Statement Of Financial Position as at 31 December 2017 to the NAV per unit for unit pricing purposes.

| | 31 December 2017 \$ |
|--|---------------------------|
| ASX reported NAV per unit ^(A) | 1.5350 |
| NAV per unit ^(B) | 1.5355 |

(A) The NAV per unit reported to the ASX on 2 January 2018.

(B) The NAV per unit represents the net assets of the Trust presented in the Statement Of Financial Position at 31 December 2017 divided by the number of units on issue at 31 December 2017 (refer Note 4).

The NAV per unit in the financial report differs from the NAV per unit reported to the ASX on 2 January 2018 as set out below:

- (1) the performance fee of \$62,000 accrued for unit pricing purposes has been excluded in the NAV per unit given no performance fee crystallised as at 31 December 2017. The basis of performance fee recognition for financial reporting is outlined in notes 1 d) and 5 c).
- (2) the Trust's investments were valued by reference to the quoted market bid price at 31 December 2017, in accordance with AASB 13 Fair Value Measurement. For unit pricing purposes, the investments were valued using the last quoted price. This has resulted in the NAV per unit in the financial report being lower by \$551,000.
- (3) accruals for minor expenses of the Trust.

Directors' Declaration

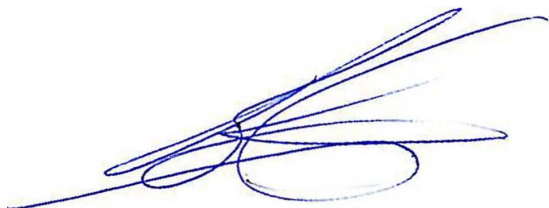
for the period 11 August 2017 to 31 December 2017

In the opinion of the Directors,

- a) the financial statements and notes of Magellan Global Trust as set out on pages 9 to 25 are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the financial position of the Trust as at 31 December 2017 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
 - ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Chief Executive Officer and Chief Financial Officer which mirror section 295A of the *Corporations Act 2001* and are recommended by the ASX Corporate Governance Principles and Recommendations.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.



Brett Cairns
Executive Chairman

Sydney, 28 February 2018

Independent Auditor's Review Report to the Unitholders of Magellan Global Trust

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Magellan Global Trust (the "Trust"), which comprises the statement of financial position as at 31 December 2017, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial report of the Trust is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Trust's financial position as at 31 December 2017 and of its financial performance for the period ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Interim Financial Report

The directors of the Responsible Entity are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

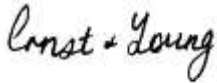
Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2017 and its financial performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Rita Da Silva
Partner
Sydney
28 February 2018

MAGELLAN GLOBAL TRUST

Corporate Information

Directors Of The Responsible Entity

Brett Cairns (Chairman)
Hamish Douglass
John Eales
Robert Fraser
Paul Lewis
Hamish McLennan
Karen Phin

Company Secretary Of The Responsible Entity

Geoffrey Stirton

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Securities Exchange Listing

Australian Securities Exchange
ASX Code: MGG

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