

Magellan High Conviction Trust (Managed Fund)



TICKER: MHHT | APIR: MGE1055AU | ARSN: 634 789 754

AS AT 31 JULY 2023

PORTFOLIO MANAGERS

NIKKI THOMAS, CFA AND ALAN PULLEN

INVESTMENT OBJECTIVE AND PHILOSOPHY

Objectives: To achieve attractive risk-adjusted returns over the medium to long-term.

Philosophy: To invest in outstanding companies at attractive prices, while exercising a deep understanding of the macroeconomic environment to manage investment risk.

PORTFOLIO CONSTRUCTION

A concentrated portfolio of 10-20 high quality companies meaningfully diversified in risk exposure and correlations seeking to achieve strong risk-adjusted, not benchmark-relative returns.

Cash and cash equivalents exposure between 0 - 50%.

The trust may, from time to time, hedge some or all of the capital component of the foreign currency exposure of the trust arising from investments in overseas markets back to Australian Dollars.

INVESTMENT RISKS

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

MAGELLAN HIGH CONVICTION TRUST (MANAGED FUND): KEY PORTFOLIO INFORMATION

TICKER	TRUST SIZE	BUY/SELL SPREAD ¹	MANAGEMENT AND PERFORMANCE FEES ²	INCEPTION DATE
MHHT	AUD \$446.8 million	0.07% / 0.07%	1.50% p.a. and performance fee of 10% of excess return [^]	11 October 2019

[^] 10.0% of the excess return of the Trust above the Absolute Return Performance Hurdle of 10% per annum. Additionally, Performance Fees are subject to a high water mark.

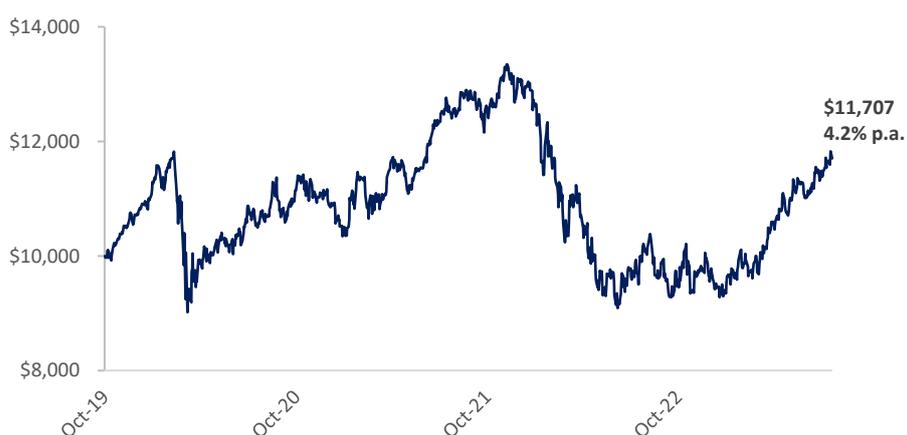
PERFORMANCE³

	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	Since Inception (% p.a.)
MHHT	1.3	5.5	17.1	3.5	4.2

CALENDAR YEAR RETURNS	CYTD (%)	2022 (%)	2021 (%)	2020 (%)	2019 (part year)
MHHT	25.6	-27.7	21.2	-1.6	8.2

Past performance is not a reliable indicator of future performance.

PERFORMANCE CHART GROWTH OF AUD \$10,000³



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TRUST CHARACTERISTICS⁴

	3-YEAR		
	AVERAGE	HIGH	LOW
Cash Weight	6.8%	20.3%	1.1%
Number of Stocks	11	14	9
Hedging Weight	1.7%	17.4%	0.0%

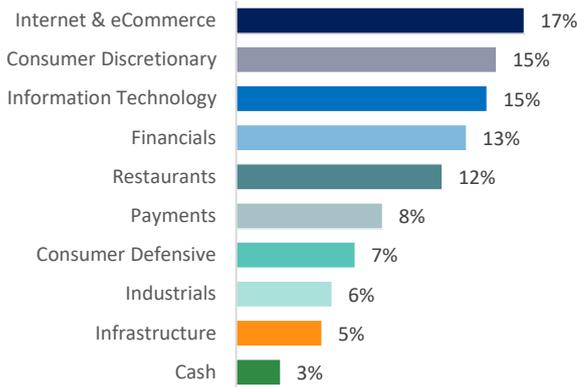
¹ Only applicable to investors applying for units and withdrawing units directly with the Responsible Entity.

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

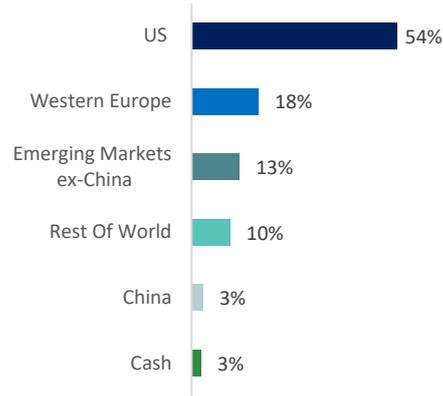
³ Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.

⁴ Trust characteristics averages are calculated using the last day of each month in the 3-year period.

SECTOR EXPOSURE BY SOURCE OF REVENUE⁵



GEOGRAPHIC EXPOSURE BY SOURCE OF REVENUE⁵



TOP 5 HOLDINGS (ALPHABETICAL ORDER)

STOCK	SECTORS ⁵
Amazon.com Inc	Internet & eCommerce
Booking Holdings Inc	Consumer Discretionary
Intercontinental Exchange Inc	Financials
Microsoft Corporation	Information Technology
Visa Inc	Payments

TOP CONTRIBUTORS/DETRACTORS 1 YEAR⁶

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Booking Holdings Inc	3.8
Safran SA	2.7
Microsoft Corporation	2.3
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Amazon.com Inc	-1.3
Meta Platforms Inc	-1.3
Alibaba	-0.6

MONTHLY SUMMARY

The portfolio rose in July. After large positive price moves this year, Chipotle Mexican Grill and Microsoft both fell back during July and were small detractors from performance in the month. Neither of these moves concern us and both companies reported excellent 2Q23 results in July. The largest contributions came from Booking and Alphabet, both up ~10% in July. Salesforce also rose nicely during July. Alphabet reported reassuring results during July as it points to strong investments to capitalise on Generative AI and ongoing costs improvements. Booking is leveraged to the rebounding of travel spending and with increasing availability of flights and the strength of travel in Europe, it is well positioned to capitalise. No new stocks were added in the month.

Over the past six months, markets have generally been strong as economic data continues to show resilience, inflation comes down and financial system risks are less in focus while the expansion of 'net zero' targeting investments and Generative AI investments deliver new opportunities for investors. The High Conviction strategy has performed well over this period and is positioned to capture the outsized long term growth opportunities across many varied vectors through those companies we see as most advantaged in their industries. While some noise around inflation and rates is to be expected as we close out 2023, we do see a backdrop that will support the fundamental valuation opportunities in our portfolio.

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

⁵ Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding.

⁶ Shows how much the stock has contributed to the trust's gross return for the period in AUD. Excludes non-disclosed positions established in the latest quarter.

IMPORTANT INFORMATION

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