Magellan High Conviction Trust (Managed Fund)

MAGELLAN ASSET MANAGEMENT

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

AS AT 31 MAY 2024

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.

Aims to deliver 10% p.a. net of fees over the economic cycle.

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 $449.9 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.

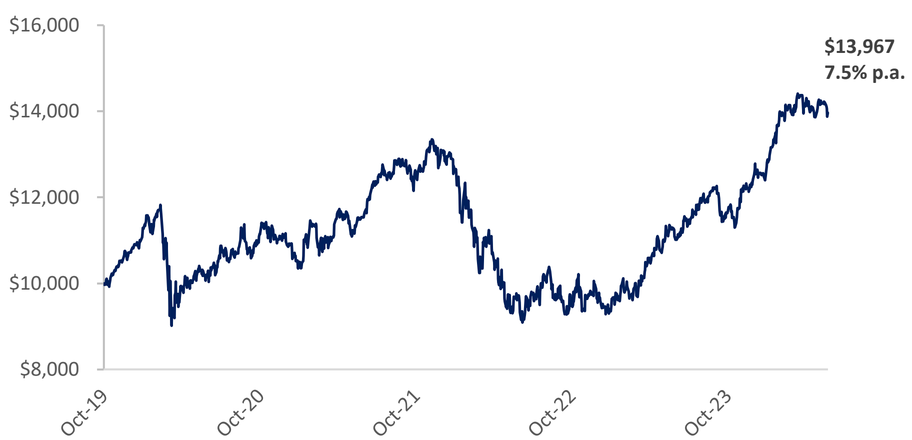
PERFORMANCE[3]

	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	Since Inception (% p.a.)
MHHT	0.7	-1.1	23.8	6.7	7.5

CALENDAR YEAR RETURNS	CYTD (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (part year)
MHHT	11.3	34.6	-27.7	21.2	-1.6	8.2

Past performance is not a reliable indicator of future performance.

PERFORMANCE CHART GROWTH OF AUD $10,000[3]



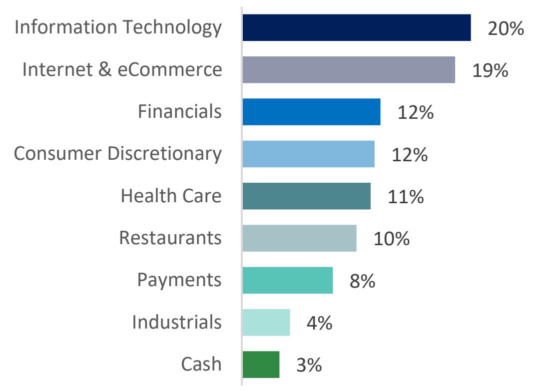
Past performance is not a reliable indicator of future performance.

TRUST CHARACTERISTICS[4]

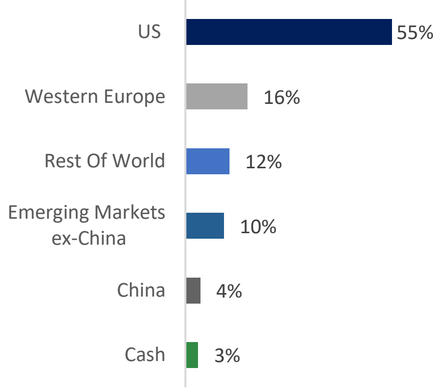
3-YEAR	AVERAGE	HIGH	LOW
Cash Weight	4.5%	18.7%	1.1%
Number of Stocks	13	16	10
Hedging Weight	0.3%	10.1%	0.0%

[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 REVENUE[5]



GEOGRAPHIC EXPOSURE BY SOURCE OF REVENUE[5]



TOP 5 HOLDINGS (ALPHABETICAL ORDER)

STOCK	SECTOR[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 YEAR[6]

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Amazon.com Inc	3.8
Booking Holdings Inc	3.7
Microsoft Corporation	2.6
TOP 3 DETRACTORS	**CONTRIBUTION TO RETURN (%)**
Ulta Beauty Inc	-1.2
WEC Energy Group Inc	-0.6
Diageo Plc	-0.4

MONTHLY SUMMARY

Global equity markets rallied in May with investor sentiment buoyed by Fed commentary that suggested interest rate increases were less likely. The MSCI World Index increased 4.5% in USD and 2.0% in AUD. The economic data released in May was soft, causing central banks to signal a more dovish stance. In the US, the manufacturing ISM contracted slightly, retail sales were flat month on month, the 3.9% unemployment rate was weaker than expected and annual core inflation fell to 3.6%. The Federal Reserve and the ECB kept rates steady; however, an ECB rate cut in June looks increasingly likely despite inflation remaining above target in May.

The portfolio had a positive month overall although a disappointing result from Salesforce held it back in a solid month for equities generally. In contrast, share price rallies were seen in most holdings, led by HCA, Booking and Meta, which all have positive economic sensitivity to discretionary spending. Top contributions came from Booking, Microsoft, HCA and Brookfield Corp.

Salesforce had a volatile month, dropping almost 20% on the day of its result and 12% for the month as its quarterly result and Q2 guide came in shy of analyst expectations. The company reiterated full-year expectation of 20% earnings per share growth on almost 10% revenue growth, though the weaker Q2 guide had investors concerned regarding a possible slowing in enterprise software spending, potentially due to IT budgets pivoting to AI spending or US economic weakness. We are confident many enterprise software leaders (Microsoft, Salesforce, SAP, Intuit and others) will capture some of this AI-related spend and create a buying opportunity for the best-in-class companies we own. Ulta continued to struggle into its result release late in May, which saw it reset guidance lower while Yum! Brands oscillated as investors considered the need for promotions and price reductions at restaurant chains as food prices are now deflating.

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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