



# Magellan High Conviction Trust

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## Annual Report

For the year ended 30 June 2025

ABN 25 531 724 961

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# Responsible Entity's Report

for the year ended 30 June 2025

The Directors of Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946), the Responsible Entity of Magellan High Conviction Trust (the "Fund") present their annual report on the Fund for the period ended 30 June 2025.

## 1. Directors

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

		Appointed
Robert Fraser	Non-Executive Chairman	23 April 2014
Sophia Rahmani	Managing Director	13 May 2024
David Dixon	Non-Executive Director <sup>1</sup>	1 November 2022
John Eales AM	Non-Executive Director	1 July 2017
Andrew Formica	Non-Executive Director <sup>2</sup>	26 July 2023
Cathy Kovacs	Non-Executive Director	6 November 2023
Hamish McLennan	Non-Executive Director	1 March 2016
Deborah Page AM	Non-Executive Director	3 October 2023

<sup>1</sup> Mr Dixon was Deputy Chairman until 11 March 2025.

<sup>2</sup> Mr Formica was an Executive Director until 3 March 2025.

## 2. Principal activity

The Fund is a registered managed investment scheme domiciled in Australia, with the principal place of business at Level 36, 25 Martin Place, Sydney, New South Wales, 2000 and quoted on the Australian Securities Exchange ("ASX") under the AQUA Rules (ticker code: MHHT).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund. MAM is also Investment Manager, responsible for selecting and managing the assets of the Fund. In addition, the Responsible Entity, on behalf of the Fund, may also provide trading liquidity to investors on the ASX under the AQUA Rules by acting as a buyer and seller of units in the Fund. The Responsible Entity has appointed an independent market participant to act as its agent to execute its market making activities.

The Fund's primary investment objective is to achieve attractive risk-adjusted returns over the medium to long term. The Fund will typically comprise 10 to 20 investments in companies listed on global securities exchanges and will also have some exposure to cash. The Fund aims to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time. The Fund endeavors to acquire these companies at discounts to their assessed intrinsic value.

The Fund may, from time to time, hedge some or all of the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars, as detailed in the Product Disclosure Statement ("PDS") issued on 2 December 2024.

## 3. Significant changes in state of affairs

There were no significant changes in the state of affairs of the Fund during the period.

# Responsible Entity's Report

for the year ended 30 June 2025

## 4. Review of financial results and operations

### 4.1. Financial results for the period

The performance of the Fund, as represented by the results of its operations for the periods ended 30 June, was as follows:

	30 Jun 2025	30 Jun 2024
<b>Results</b>		
Total net investment income/(loss) (\$'000)	<b>76,097</b>	104,707
Total expenses (\$'000)	<b>(11,486)</b>	(11,418)
<b>Profit/(Loss) (\$'000)</b>	<b>64,611</b>	93,289
<b>Distributions</b>		
Distribution paid and payable (\$'000)	<b>46,642</b>	13,205
Distribution paid and payable (CPU) <sup>1</sup>	<b>20.75</b>	5.27
<b>Unit Price (NAV Per Unit) (\$)<sup>2</sup></b>	<b>1.9093</b>	1.8343
<b>ASX Reported NAV Per Unit (\$)<sup>3</sup></b>	<b>2.0318</b>	1.8643 <sup>4</sup>

<sup>1</sup> Cents per unit.

<sup>2</sup> The Net Asset Value ("NAV") per unit represents the net assets of the Fund presented in the Statement of Financial Position at balance date divided by the number of units on issue at balance date (refer Note 10 of the Financial Statements).

<sup>3</sup> The NAV per unit reported to the ASX differs to the NAV per unit at balance date due to distributions payable and fee accruals.

<sup>4</sup> ASX reported NAV per unit as at 28 June 2024, being the last business day of the period.

### Distribution components

Distribution components, which can be found in the 'Funds' section of the MAM website, [www.magellaninvestmentpartners.com](http://www.magellaninvestmentpartners.com), are as follows:

	31 Dec 2024 Interim Distribution CPU	30 Jun 2025 Final Distribution CPU	31 Dec 2023 Interim Distribution CPU	30 Jun 2024 Final Distribution CPU
<b>Capital Gains (NTARP)<sup>1</sup></b>				
Discounted	<b>8.5000</b>	<b>11.7304</b>	-	4.2903
AMIT CGT gross up amount	<b>8.5000</b>	<b>11.7304</b>	-	4.2903
Other non-attributable amounts (tax deferred amounts)	-	-	2.2700	-
<b>Attribution Amount</b>	<b>17.0000</b>	<b>23.4608</b>	2.2700	8.5806
AMIT cost base net increase <sup>2</sup>	<b>(8.5000)</b>	<b>(11.2108)</b>	-	(5.5806)
<b>Cash Distribution</b>	<b>8.5000</b>	<b>12.2500</b>	2.2700	3.0000

<sup>1</sup> Non-Taxable Australian Real Property

<sup>2</sup> Under the Attribution Managed Investment Trust rules, where income attributed to an investor is more than the cash distribution paid, the tax cost base of the investor's units will increase by a corresponding amount.

### 4.2. Total indirect cost ratio

The total indirect cost ratio ("ICR") is the ratio of the Fund's actual management costs over the average portfolio value expressed as a percentage. Management costs, accrued within the Fund's unit prices on a daily basis, include management and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

	30 Jun 2025 %	30 Jun 2024 %
Management fee	<b>1.50</b>	1.50
Performance fee <sup>1</sup>	<b>0.87</b>	0.91
<b>Total Indirect Cost Ratio</b>	<b>2.37</b>	2.41

<sup>1</sup> Performance fees are calculated on six monthly measurement periods ending on 30 June and 31 December of each calendar year. The Performance fees component of the ICR is calculated on an accrual basis for each measurement period.

# Responsible Entity's Report

for the year ended 30 June 2025

## 4.3. Performance returns

The performance returns have been calculated using the redemption unit price for the Fund, which is after fees and expenses, assuming the reinvestment of distributions. The returns are calculated daily, compounded to produce longer period returns.

	30 Jun 2025	30 Jun 2024
	%	%
Growth return <sup>1</sup>	4.0	19.6
Distribution return <sup>2</sup>	11.5	3.6
<b>Total Return<sup>3</sup></b>	<b>15.5</b>	<b>23.2</b>

<sup>1</sup> The Growth return is calculated daily as a percentage by dividing the unit price (ex-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

<sup>2</sup> The Distribution return is calculated as a percentage by subtracting the Growth return from the Total Return.

<sup>3</sup> The Total Return is calculated daily as a percentage by dividing the unit price (cum-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Total Returns are then compounded to produce longer period returns.

## 5. Strategy and future outlook

As at 30 June 2025, the Fund's investment objective remained unchanged. Subsequent to balance date on 15 August 2025, MAM advised that it intends to change the Fund's investment strategy to the Magellan Global Opportunities Strategy effective on or about 15 September 2025 ("Effective Date"). The Global Opportunities Strategy seeks to invest in outstanding companies at attractive prices through a portfolio of 20-40 stocks and a maximum cash holding of 5%. The investment objective is to outperform the MSCI World Net Total Return Index (AUD) net of fees over periods of three years or longer.

From 15 August 2025, the performance fee will be waived and from the Effective Date, the Fund's management fee will be reduced to 0.75% per annum (inclusive of the net effect of Goods and Services Tax). MAM will also waive its entitlement to management fees during the period in which the portfolio transition will be undertaken which is expected to be 8 - 15 September 2025.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund 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.

The Fund provides daily unit prices, monthly fund updates, quarterly portfolio disclosures and annual investor reports, which can be found in the 'Funds' section of the MAM website, [www.magellaninvestmentpartners.com](http://www.magellaninvestmentpartners.com) and also the ASX website. Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

## 6. Interests in the Fund

The movement in units on issue in the Fund is disclosed in Note 8 to the Financial Statements.

## 7. Likely developments and expected results of operations

Subsequent to balance date on 15 August 2025, MAM advised that it intends to change the Fund's investment strategy (Refer Section 5).

The results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests.

## 8. Subsequent events

Other than the items disclosed in Section 5 and throughout this Responsible Entity's Report, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial periods.

## 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 as Directors and Officers of the Responsible Entity, other than for conduct involving a wilful breach of duty in relation to the Responsible Entity.

During the period, MAM paid an insurance premium to insure the Directors and Officers of the Responsible Entity. The terms of the contract prohibit the disclosure of the premiums paid.

# Responsible Entity's Report

for the year ended 30 June 2025

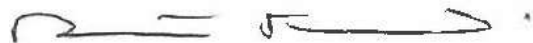
## 10. Rounding of amounts

The Fund is of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' 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.

## 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 7.

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



**Robert Fraser**

Chairman

Sydney, 3 September 2025

## Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as Responsible Entity for Magellan High Conviction Trust

As lead auditor for the audit of the financial report of Magellan High Conviction Trust for the financial year ended 30 June 2025, 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 audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

*Ernst & Young*

Ernst & Young



Stacey Hooper  
Partner  
3 September 2025

# Statement of Profit or Loss and Comprehensive Income

for the year ended 30 June 2025

	Note	30 Jun 2025 \$'000	30 Jun 2024 \$'000
<b>Investment Income</b>			
Dividend and distribution income		3,916	4,003
Interest income		496	470
Net change in fair value of investments		72,199	100,225
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash		(515)	9
Other income		1	-
<b>Total Net Investment Income/(Loss)</b>		<b>76,097</b>	<b>104,707</b>
<b>Expenses</b>			
Management fees	11	6,709	6,769
Performance fees	11	3,868	4,089
Transaction costs		307	26
Withholding tax on dividend and distribution income		602	534
<b>Total Expenses</b>		<b>11,486</b>	<b>11,418</b>
<b>Profit/(Loss)</b>		<b>64,611</b>	<b>93,289</b>
Other comprehensive income		-	-
<b>Total Comprehensive Income/(Loss)</b>		<b>64,611</b>	<b>93,289</b>
<b>Basic Earnings Per Unit (Cents)</b>	9	<b>27.85</b>	35.32
<b>Diluted Earnings Per Unit (Cents)</b>	9	<b>27.85</b>	35.32

The above Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the accompanying Notes to the Financial Statements.



# Statement of Financial Position

as at 30 June 2025

	Note	30 Jun 2025 \$'000	30 Jun 2024 \$'000
<b>Assets</b>			
Cash and cash equivalents	3	4,644	9,065
Receivables	5	400	719
Investments	6	444,690	445,423
<b>Total Assets</b>		<b>449,734</b>	455,207
<b>Liabilities</b>			
Distributions payable	2	27,068	7,239
Payables	7	784	5,371
<b>Total Liabilities</b>		<b>27,852</b>	12,610
<b>Total Unitholders' Equity</b>		<b>421,882</b>	442,597

The above Statement of Financial Position should be read in conjunction with the accompanying Notes to the Financial Statements.

# Statement of Changes in Equity

for the year ended 30 June 2025

	Note	30 Jun 2025 \$'000	30 Jun 2024 \$'000
<b>Unitholders' Equity at the beginning of the Period</b>		<b>442,597</b>	448,913
<b>Transactions with Unitholders in their Capacity as Owners:</b>			
Units issued		<b>3,904</b>	1,745
Units issued under Distribution Reinvestment Plan	2	<b>5,921</b>	2,971
Units redeemed		<b>(48,509)</b>	(91,116)
Distributions paid and payable	2	<b>(46,642)</b>	(13,205)
<b>Total Transactions with Unitholders</b>		<b>(85,326)</b>	(99,605)
Profit/(loss)		<b>64,611</b>	93,289
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		<b>64,611</b>	93,289
<b>Total Unitholders' Equity at the end of the Period</b>		<b>421,882</b>	442,597

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Financial Statements.

# Statement of Cash Flows

for the year ended 30 June 2025

	Note	30 Jun 2025 \$'000	30 Jun 2024 \$'000
<b>Cash Flows from Operating Activities</b>			
Purchase of investments		(279,409)	(152,391)
Proceeds from sale of investments		350,711	253,990
Net foreign exchange gain/(loss) on investment purchases and proceeds		(182)	(126)
Net cash flows from settlement of forward foreign currency contracts		1,511	1,897
Dividends and distributions received (net of withholding tax)		2,917	3,450
Interest received		526	458
Other income received		1	-
Management and performance fees paid		(14,661)	(6,764)
Transaction costs paid		(307)	(26)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	4	<b>61,107</b>	100,488
<b>Cash Flows from Financing Activities</b>			
Receipts from issue of units		3,904	1,745
Payments for redemption of units		(48,589)	(92,102)
Distributions paid		(20,892)	(9,842)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>(65,577)</b>	(100,199)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(4,470)</b>	289
Cash and cash equivalents at the beginning of the period		9,065	8,902
Effect of exchange rate fluctuations on cash and cash equivalents		49	(126)
<b>Cash and Cash Equivalents at the end of the Period</b>	3	<b>4,644</b>	9,065

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 year ended 30 June 2025

## Overview

The Fund is a registered managed investment scheme under the *Corporations Act 2001* and was admitted to trading status on the ASX under the AQUA Rules on 31 August 2021 (ticker code: MHHT). The Fund was registered on 16 July 2019 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 8 October 2019. The Fund terminates on the earlier of the time provided by the Fund's Constitution or by law.

MAM is the Responsible Entity of the Fund.

This financial report was authorised for issue by the Directors of the Responsible Entity on 3 September 2025. The Directors have the power to amend and reissue this financial report.

The Fund is considered a for-profit unit trust for the purpose of this financial report.

## 1. Basis of preparation

This general purpose financial report is presented in Australian Dollars and has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards ("AASB") and Interpretations issued by the Australian Accounting Standards Board, other mandatory professional reporting requirements and the Fund's Constitution. The financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

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 material balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss. These fair value assets and liabilities comprise mainly investments that are managed based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. Consequently, the investments that may be realised within 12 months cannot be determined at balance date.

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000) or in certain cases, the nearest dollar, unless otherwise stated in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

### 1.1. Material accounting policies

The accounting policies adopted in the preparation of this financial report are contained within the notes to which they relate. The policies adopted in the preparation of this financial report are consistent with those of the previous financial period.

The Fund has not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at balance date. AASB 18 *Presentation and Disclosure in Financial Statements* will first apply to the Fund in the financial year ending 30 June 2028. The Directors of MAM are currently assessing the impact of this new standard on the Fund's financial statements. No other accounting standards, interpretations or amendments that have been issued are expected to have a material impact on the Fund's financial statements.

### 1.2. Foreign currency translation

The functional and presentation currency of the Fund 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 Dollars 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 balance 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 profit or loss. 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 profit or loss.

### 1.3. Investment income

#### *Dividend and distribution income*

Dividend and distribution income is recognised on the applicable ex-dividend/distribution date gross of withholding tax, which is recorded as an expense in profit or loss. Dividends and distributions received are presented net of withholding tax in the Statement of Cash Flows.

#### *Net change in fair value of investments*

Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the Statement of Profit or Loss and Comprehensive Income. The net change in fair value does not include dividend and distribution income.

#### *Interest income*

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

# Notes to the Financial Statements

for the year ended 30 June 2025

## 1.4. Expenses

All expenses are recognised in profit or loss on an accruals basis.

## 1.5. Income tax

On 5 May 2016, the Attribution Managed Investment Trust ("AMIT") regime was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The AMIT regime allows managed investment trusts that meet certain requirements to make an irrevocable choice to be an AMIT. The Fund elected into the AMIT regime effective from the date of registration.

Under current income tax legislation, the Fund is not subject to income tax provided the Fund attributes the entirety of its taxable income to unitholders.

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the profit or loss. The benefits of foreign withholding tax paid, and of imputation credits attaching to Australian franked dividends, are passed onto unitholders.

## 1.6. Goods and services tax

The goods and services tax ("GST") incurred on the costs of various services provided to the Fund by third parties, such as custodial services and management fees, has been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits ("RITC") at a rate of 55%-75% and is also eligible to recover GST on offshore transactions. Management and performance fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office. 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.

## 1.7. Critical accounting estimates and judgements

The preparation of the Fund's financial statements required 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. As a result, 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 balance date. Fair values may, however, move materially with movements in market prices (refer Note 12). As all investments are valued with reference to listed quoted prices, they are not subject to significant judgement or complexity.

# Notes to the Financial Statements

for the year ended 30 June 2025

## 2. Distributions to unitholders

Distributions are determined by the Responsible Entity of the Fund and are payable as set out in the Fund's PDS. Distributable income includes capital gains arising from the disposal of financial assets and liabilities. Unrealised gains and losses on financial assets and liabilities that are recognised as income are transferred to unitholders' equity and are not assessable or distributable until realised. Net realised capital losses and tax losses are not distributed to unitholders but are retained to be offset against any realised capital gains and future assessable income respectively. The Responsible Entity may attribute an amount to a unitholder on redemption.

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 distribution has been declared but remains unpaid at balance date.

Distributions for the periods ended 30 June are as follows:

	\$'000	CPU	Date Paid
<b>Period ended 30 June 2025</b>			
Interim distribution paid	19,574	8.50	17 Jan 2025
Final distribution payable	27,068	12.25	21 Jul 2025
<b>Total Distributions Paid/Payable</b>	<b>46,642</b>	<b>20.75</b>	

	\$'000	CPU	Date Paid
<b>Period ended 30 June 2024</b>			
Interim distribution paid	5,966	2.27	17 Jan 2024
Final distribution payable	7,239	3.00	19 Jul 2024
<b>Total Distributions Paid/Payable</b>	<b>13,205</b>	<b>5.27</b>	

The Fund intends to target a cash distribution yield of 3% per annum, paid semi-annually for the periods ended June and December. The Target Cash Distribution ("TCD") for each period will be determined by using the average of the month-end NAV per unit over a two year rolling period ended on the last business day of the prior distribution period. On 10 July 2025, MAM announced the TCD for the Fund for the six month period ending 31 December 2025 will be 2.74 CPU.

### Distribution reinvestment plan

The Fund's distribution reinvestment plan ("DRP") was available to eligible unitholders during the period.

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 Fund, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a price determined by MAM in accordance with the DRP Rules. DRP details are as follows:

	31 Dec 2024 Interim Distribution	30 Jun 2025 Final Distribution	31 Dec 2023 Interim Distribution	30 Jun 2024 Final Distribution
DRP issue price (\$)	1.9911	1.9093	1.6438	1.8343
DRP unitholder participation rate (%)	22.10	21.38	23.07	22.80
Number of units issued under DRP	2,154,873	3,008,158	837,119	888,411
Value of units issued under DRP (\$'000)	4,291	5,743	1,376	1,630
DRP issue date	17 Jan 2025	21 Jul 2025	17 Jan 2024	19 Jul 2024

# Notes to the Financial Statements

for the year ended 30 June 2025

## 3. Cash and cash equivalents

	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Cash at bank - denominated in Australian Dollars	1,840	927
Cash at bank - denominated in foreign currency:		
United States Dollars	2,712	8,042
Canadian Dollars	40	48
British Pounds	23	21
Euro	19	17
Hong Kong Dollars	10	10
<b>Total Cash and Cash Equivalents</b>	<b>4,644</b>	<b>9,065</b>

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

## 4. Reconciliation of operating cash flows

	30 Jun 2025 \$'000	30 Jun 2024 \$'000
<b>Reconciliation of Cash Flows from Operating Activities</b>		
Profit/(loss)	64,611	93,289
Net change in fair value of investments	(72,199)	(100,225)
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash	515	(9)
Purchase of investments	(279,409)	(152,391)
Proceeds from sale of investments	350,711	253,990
Net foreign exchange gain/(loss) on investment purchases and proceeds	(182)	(126)
Net cash flows from settlement of forward foreign currency contracts	1,511	1,897
Reinvestment of income entitlements	(246)	-
Net (increase)/decrease in receivables	303	(442)
Net increase/(decrease) in payables	(4,508)	4,505
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>61,107</b>	<b>100,488</b>
<b>Non-Cash Investing and Financing Activities</b>		
Investment purchases via reinvestment of income entitlements	246	-
Distributions reinvested into units in the Fund	5,921	2,971

## 5. Receivables

	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Recoverable GST and foreign withholding tax	264	659
Dividend receivable	122	-
Interest receivable	14	44
Due from brokers - receivable for securities sold	-	16
<b>Total Receivables</b>	<b>400</b>	<b>719</b>

Receivables comprise amounts due from brokers for sales of assets unsettled at balance date, 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. A provision is deducted from receivables for uncollectible amounts based on expected credit losses, if applicable. Expected credit losses are calculated as the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The Fund applies the simplified approach for receivables whereby the loss allowance is based on lifetime expected credit losses at each balance date.

At balance date, the Fund's receivables, excluding recoverable GST and foreign withholding tax, were due within 0 to 30 days (June 2024: 0 to 30 days). Recoverable GST is due within 30 to 90 days (June 2024: 30 to 90 days). Foreign withholding tax is due within 2 to 4 years (June 2024: 2 to 4 years) depending on the jurisdiction. No amounts are impaired or past due at 30 June 2025 or 30 June 2024.

# Notes to the Financial Statements

for the year ended 30 June 2025

## 6. Investments and derivatives

The Fund classifies its equity securities, derivative assets and derivative liabilities as financial assets and liabilities at fair value through profit or loss.

The Fund discloses the fair value measurements of financial assets and financial liabilities using a three-level fair value hierarchy to reflect the source of valuation inputs used when determining the fair value as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these securities is based on the closing 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 Fund's, or the derivative counterparties' current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

The equity securities, including stock exchange domicile, held by the Fund are:

	Domicile	30 Jun 2025 Holding	30 Jun 2024 Holding	30 Jun 2025 \$'000	30 Jun 2024 \$'000
<b>Investments (Level 1)</b>					
Meta Platforms - Class A	United States	33,005	26,384	37,172	19,920
Taiwan Semiconductor	United States	103,702	-	35,840	-
Microsoft	United States	45,237	69,304	34,335	46,381
Amazon.com	United States	101,704	150,449	34,047	43,534
Visa - Class A	United States	57,676	88,372	31,247	34,731
Mercado Libre	United States	6,677	-	26,629	-
ASML Holdings	Netherlands	21,254	19,775	25,796	30,598
Chipotle Mexican Grill	United States	294,297	194,050	25,216	18,203
Morgan Stanley	United States	112,733	-	24,231	-
Brookfield	Canada	243,532	357,516	22,953	22,260
Salesforce.com	United States	53,533	63,824	22,275	24,570
HCA Healthcare	United States	37,990	45,156	22,208	21,723
Intercontinental Exchange	United States	74,405	156,778	20,830	32,135
Yum! Brands	United States	282,657	127,104	19,284	25,210
L'Oreal	Euro	25,715	-	16,724	-
EssilorLuxottica	Euro	39,815	-	16,609	-
Novo Nordisk	United States	135,523	-	14,273	-
Netflix	United States	4,248	-	8,680	-
Alphabet - Class C	United States	23,428	102,726	6,341	28,213
Booking Holdings	United States	-	5,615	-	33,307
UnitedHealth Group	United States	-	36,587	-	27,899
Ulta Beauty	United States	-	34,969	-	20,204
Safran	France	-	52,197	-	16,535
<b>Total Investments</b>				<b>444,690</b>	<b>445,423</b>

The Fund does not hold any level 2 or 3 assets or liabilities. There have been no transfers between any of the three levels in the hierarchy during the period and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at balance date.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, which in the case of the Fund is the transaction price. Brokerage costs are expensed immediately in the profit or loss. Subsequent to initial recognition, all financial assets and liabilities classified at fair value through profit or loss are measured at fair value. Changes in fair value are recognised in profit or loss. The net change in fair value does not include dividend or distribution income.

Purchases and sales are recognised on trade date, being the date the Fund commits to purchase or sell the asset. 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.

The fair value of equity securities traded in active markets is based on their quoted market prices at balance date without any deduction for estimated future selling costs. The quoted market price used for securities held by the Fund is the closing price for the security as quoted on the relevant stock exchange. If a quoted market price is not available on a recognised stock exchange or from a broker/dealer



# Notes to the Financial Statements

for the year ended 30 June 2025

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 flow techniques, option pricing models or any other valuation techniques commonly used by market participants.

During the period, 331 listed security transactions were made, incurring brokerage costs of \$176,000.

## 7. Payables

	Note	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Management fees payable	11	602	617
Redemptions payable		176	256
Performance fees payable	11	6	4,498
<b>Total Payables</b>		<b>784</b>	<b>5,371</b>

Payables comprise trade creditors and accrued expenses owing by the Fund at balance date. Amounts due to brokers relating to the purchase of investments are usually settled between two and five days after trade date. Payables and accruals are recognised at amortised cost, at the point when the Fund becomes obliged to make payments in respect of the purchase of these goods and services.

At balance date, all payables mature in 0 to 90 days (June 2024: 0 to 90 days).

## 8. Unitholders' equity

	Note	30 Jun 2025 No. of Units '000	30 Jun 2024 No. of Units '000
<b>Units on Issue</b>			
Opening balance		241,292	292,613
Units issued		1,986	916
Units issued under DRP	2	3,043	1,877
Units redeemed		(25,360)	(54,114)
<b>Units on Issue at the end of the Period</b>		<b>220,961</b>	<b>241,292</b>

### Units

Applications received for units in the Fund are recorded net of entry fees. Redemptions from the Fund are recorded gross of exit fees. The Fund recognises the units issued, redeemed or switched when settled, which is trade date.

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

- the right to receive a distribution determined in accordance with the provisions of the Fund's Constitution;
- the right to attend and vote at meetings of unitholders;
- the right to participate in the termination and winding up of the Fund; and
- the right to redeem units, subject to restrictions disclosed in the Fund's PDS. Those restrictions may include where trading in units on the ASX are suspended for five consecutive business days. In this case, unitholders may apply to the Responsible Entity to make an off-market withdrawal of their investment from the Fund when the Fund is liquid. Where the Fund ceases to be liquid, units may only be withdrawn once an offer is made to all investors in the Fund in accordance with the Fund's Constitution.

There may be other circumstances where off-market withdrawals from the Fund are suspended for up to 28 days, including where:

- it is impracticable for the Responsible Entity, or the Responsible Entity is unable, to calculate the NAV of the Fund;
- the payment of withdrawal proceeds involves realising a significant portion of the Fund's assets which would, in the Responsible Entity's opinion, result in remaining investors bearing a disproportionate amount of capital gains tax or expenses, or suffering any other disadvantage or diminution of the value of units held;
- the Responsible Entity reasonably considers it would be in the interests of investors, or it is otherwise permitted by law; or
- the Responsible Entity receives withdrawal requests of an aggregate value that in its reasonable estimate exceeds 5% of the Fund's assets.

There are no separate classes of units and each unit in the Fund has the same rights attaching to it as all other units of the Fund.

# Notes to the Financial Statements

for the year ended 30 June 2025

## 9. Earnings per unit

Basic earnings per unit ("EPU") is calculated as profit/(loss) for the period divided by the weighted average number of units on issue. Diluted EPU is calculated by adjusting the basic EPU to take into account the effect of any changes in income or expense associated with dilutive potential units and the weighted average number of additional units that would have been outstanding assuming the conversion of all dilutive potential units.

	30 Jun 2025	30 Jun 2024
<b>Basic EPU</b>		
Profit/(loss) attributable to unitholders (\$'000)	<b>64,611</b>	93,289
Weighted average number of units for basic EPU ('000)	<b>231,973</b>	264,134
<b>Basic EPU (Cents)</b>	<b>27.85</b>	35.32
<b>Diluted EPU</b>		
Profit/(loss) attributable to unitholders (\$'000)	<b>64,611</b>	93,289
Weighted average number of units for diluted EPU ('000)	<b>231,973</b>	264,134
<b>Diluted EPU (Cents)</b>	<b>27.85</b>	35.32
<b>Earnings Reconciliation</b>		
Profit/(loss) used in the calculation of basic and diluted EPU (\$'000)	<b>64,611</b>	93,289

As the Fund has no potential dilutive units basic and diluted EPU are equal. Since the end of the period, the Fund has issued units under the DRP (refer Note 2).

## 10. Net Asset Value per unit

The NAV per unit represents the net assets of the Fund presented in the Statement of Financial Position at balance date divided by the number of units on issue at balance date (refer Note 8).

	30 Jun 2025	30 Jun 2024
	\$	\$
NAV per unit	<b>1.9093</b>	1.8343

The NAV per unit at balance date may differ from the NAV per unit reported to the ASX due to distributions payable and fee accruals.

## 11. Related parties

### Responsible Entity

The Responsible Entity of the Fund is MAM. MAM is a wholly-owned subsidiary of Magellan Financial Group Ltd ("MFG") (ASX code: MFG), the immediate and ultimate parent entity of the Responsible Entity and both are considered to be related parties of the Fund.

### 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 Fund. The Responsible Entity is responsible for managing the activities of the Fund and its Directors considered to be a KMP. The Fund does not employ personnel in its own right.

The Fund did not pay any compensation to the Directors of the Responsible Entity.

### Responsible Entity fees

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

#### Management fees

The Responsible Entity is entitled to receive management fees from the Fund for managing the assets and overseeing the operations of the Fund. The management fee is 1.50% per annum (excluding GST) of the value of the Fund, calculated daily. The Responsible Entity pays operating expenses of the Fund, such as audit and tax compliance fees, distribution costs, investor reporting, custody and fund administration costs. Management fees are calculated daily based on the NAV (before fees) of the Fund reflected in the daily unit prices of the Fund and are payable at the end of each month.

# Notes to the Financial Statements

for the year ended 30 June 2025

## Performance fees

Performance fees are calculated on six monthly calculation periods ending on 30 June and 31 December of each year. The Responsible Entity is entitled to Performance fees of 10% (excluding GST) of excess return of the Fund above the Absolute Return Performance Hurdle (10% per annum), subject to exceeding the applicable high watermark and an overall cap. Performance fees crystallise at the end of a calculation period, or when units are redeemed, subject to a performance fee entitlement existing at the date of redemption. The estimated NAV of the Fund includes a performance fee accrual equal to the amount that would be payable if it were the end of a calculation period. Further details of the performance fees can be found in the Fund's PDS which is available at [www.magellaninvestmentpartners.com](http://www.magellaninvestmentpartners.com).

## Total management and performance fees

The fees paid/payable by the Fund are net of any applicable reduced input tax credits (refer Note 1.6). The management and performance fees paid/payable by the Fund are as follows:

	30 Jun 2025 \$	30 Jun 2024 \$
Management fees	6,708,695	6,768,742
Performance fees	3,867,965	4,089,168
<b>Total Fees Expensed in the Statement of Profit or Loss and Comprehensive Income</b>	<b>10,576,660</b>	<b>10,857,910</b>
<b>Total Fees Payable in the Statement of Financial Position</b>	<b>608,372</b>	<b>5,115,465</b>

## Transactions with related parties

The number of units held and transactions during the period by each related party and KMP, including their personally-related parties, in the Fund is as follows:

	30 Jun 2024				30 Jun 2025			
	Acquired/ disposed Number <sup>1</sup>	Holding Number	% <sup>2</sup>	Distribution paid/payable \$ <sup>3</sup>	Acquired/ disposed Number <sup>1</sup>	Holding Number	% <sup>2</sup>	Distribution paid/payable \$ <sup>3</sup>
MFG	-	25,918,240	10.74	1,365,891	-	25,918,240	11.73	5,378,035
<b>Directors</b>								
John Eales	3,662	243,658	na <sup>4</sup>	12,758	(243,658)	-	-	-
Robert Fraser	(197,449) <sup>5</sup>	80,346	na <sup>4</sup>	8,716	4,800	85,146	na <sup>4</sup>	17,371
Hamish McLennan	1,169	41,116	na <sup>4</sup>	2,140	(41,116)	-	-	-

<sup>1</sup> Includes DRP units allotted.

<sup>2</sup> Percentage of units on issue at the end of the period.

<sup>3</sup> Represents the interim distribution paid and final distribution payable for the period, comprising cash paid and DRP units issued.

<sup>4</sup> Holding less than 0.1%.

<sup>5</sup> Includes a disposal of 201,687 units relating to a holding in which Mr Fraser no longer has a relevant interest.

Transactions between the Fund and related parties are subject to the same terms and conditions as those entered into by other unitholders.

There were no other transactions with related parties or KMP.

# Notes to the Financial Statements

for the year ended 30 June 2025

## 12. Capital and financial risk management

### Financial risk management

The Fund's investment portfolio primarily comprises listed equity investments. The investment objective of the Fund is to achieve attractive risk-adjusted returns over the medium to long term, whilst reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the current PDS). The Fund's investing activities expose it to various types of risks including concentration risk, market risk, liquidity risk and credit risk.

Financial risk management is carried out under policies approved by the Responsible Entity. The risk management programme focuses on ensuring compliance with the Fund's PDS and seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

The following disclosures in relation to the various risks of the Fund's portfolio have been based on the Fund's direct holdings.

### Concentration risk

Concentration risk indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. The Fund holds a concentrated portfolio of investments, and the returns of the Fund may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in the Fund's unit price, and also increases the risk of poor performance.

The Fund's concentration risk is managed in accordance with the portfolio risk controls for the Fund, which are approved by the MAM Investment Committee.

### Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, foreign exchange rates, and interest rates.

### Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. The size and diversification of the portfolio is sufficient to ensure the Fund's returns are not overly correlated to a single company, industry specific or macroeconomic risk but the returns of the portfolio are not expected to be perfectly correlated to any market or sector index. If equity markets as a whole rise or fall by 5%, the return of the Fund may increase or decrease by different amounts.

For illustrative purposes an increase of 5% in the market prices of each of the Fund's investments held at balance date, assuming all other variables remain constant, would have had the following impact on the Fund's profit/(loss) and unitholders' equity.

	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Impact on unitholders' equity and profit/(loss)	22,235	22,271

A decrease of 5% in the market price of each of the Fund's investments would have had an equal but opposite effect on the Fund's profit/(loss) and unitholders' equity.

### Currency risk

Currency risk is the risk that the fair value of financial assets and liabilities will fluctuate due to changes in foreign exchange rates. Assets and liabilities that the Fund may typically own and that can be affected by foreign exchange rate fluctuations include equities listed on foreign exchanges, cash, forward foreign currency contracts, outstanding broker settlements, and outstanding receipts of income from foreign companies.

The Fund's total net exposure to fluctuations in foreign currency exchange rates in Australian Dollars at balance date is:

	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Assets and liabilities denominated in:		
United States Dollars	365,477	382,122
Euro	59,170	47,170
Canadian Dollars	22,993	22,309
British Pounds	23	21
Hong Kong Dollars	10	10

# Notes to the Financial Statements

for the year ended 30 June 2025

For illustrative purposes the changes in profit or loss and unitholders' equity that would arise from a 5% increase or decrease in the Australian Dollar relative to each currency to which the Fund is exposed (based on assets and liabilities) are as follows:

	30 Jun 2025		30 Jun 2024	
	5% increase A\$'000	5% decrease A\$'000	5% increase A\$'000	5% decrease A\$'000
Assets and liabilities denominated in:				
United States Dollars	(17,404)	19,236	(18,196)	20,112
Euro	(2,818)	3,114	(2,246)	2,483
Canadian Dollars	(1,095)	1,210	(1,062)	1,174
British Pounds	(1)	1	(1)	1
Hong Kong Dollars	-	1	-	1

## Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The primary exposure to interest rate movements arises on the Fund's cash balances. The value of cash balances is sensitive to the Reserve Bank of Australia and US Federal Reserve cash rate.

Interest rate movements have an insignificant impact upon the Fund's recorded net profit or equity.

## Market making risk

The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of units in the Fund. At the end of each business day, the Responsible Entity, on behalf of the Fund, may create or cancel units by applying for or redeeming its net position in units bought or sold on the ASX. The Responsible Entity has appointed an independent market participant to act as its agent to transact and facilitate settlement on its behalf.

Market making risk comprises:

- the risk that the market making agent makes an error in executing the Fund's market making services. If the market making agent does not fulfil its settlement processing obligations in a correct and timely manner, the Fund could suffer a loss; and
- the risk of an error in the execution of market making activities, or in the price at which units are transacted on the ASX. As many overseas stock exchange markets in which the Fund invests are closed during the ASX trading day, it is not possible for the Responsible Entity to hedge the Fund's market making activities. This may result in either a cost or a benefit to the Fund.

In order to mitigate this risk, the Responsible Entity, on behalf of the Fund, has the discretion to increase the spread at which it makes a market and also has the right to cease making a market subject to its obligations under the AQUA Rules and ASX Operating Rules.

## Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities on the due date or will be forced to sell financial assets at a value which is less than they are worth.

This risk is managed by the Fund maintaining sufficient cash reserves to meet its normal operating requirements and holding investments that are traded in active markets and can be readily disposed. The majority of the Fund's listed securities are considered readily realisable as they are listed on stock exchanges around the world.

In addition, the Fund's Constitution and PDS allow the Responsible Entity to suspend capital withdrawals from the Fund for up to 28 days, at its discretion, if withdrawal requests would require the disposal of 5% or more of the Trust Property of the Fund, the payment of withdrawals would disadvantage remaining unitholders by imposing a disproportionate share of capital gains tax liabilities, or if the Responsible Entity reasonably considers it to be in the interests of remaining unitholders of the Fund.

At balance date, the Fund had an obligation to settle payables (including distribution payable) of \$27,852,000 (June 2024: \$12,610,000) within 30 days. The Fund had total assets of \$449,734,000 (June 2024: \$455,207,000) to cover these liabilities.

## Credit risk

Credit risk refers to the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the Fund. Market prices generally take counterparty credit into account and therefore the risk of loss is implicitly provided for in the carrying value of financial assets and liabilities held at fair value.

# Notes to the Financial Statements

for the year ended 30 June 2025

The Fund's maximum exposure to credit risk is the carrying amount of all cash and cash equivalents, financial assets and receivables recognised in the Statement of Financial Position as well as the value of any financial commitments which the Fund would assume in the event of counterparty default.

The Fund minimises concentrations of credit risk by undertaking transactions with numerous reputable brokers, and by ensuring cash balances are held with and managed by financial intermediaries with acceptable credit ratings as determined by a recognised rating agency. To further mitigate this risk, the credit rating and financial positions of the brokers used by the Fund are regularly monitored. Credit risk relating to outstanding settlements is considered low due to the short settlement periods involved.

The Fund is also exposed to the credit risk of The Northern Trust Company ("NT") which is the appointed custodian of the Fund. In acting as custodian, NT is required to comply with the relevant provisions of the *Corporations Act 2001*, applicable ASIC regulatory guides and class orders relating to registered managed investment schemes property arrangements with custodians. The credit quality of NT's long term deposit/debt is rated at balance date, by Standard and Poor's as AA- and by Moody's as Aa2 (June 2024: Standard and Poor's as AA- and by Moody's as Aa2).

## 13. Segment information

An operating segment is a distinguishable component of the Fund that is engaged in business activity from which the Fund earns revenues and incurs expenses, whose operating results are regularly reviewed by the Fund'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 Sophia Rahmani, the CEO and Managing Director of MAM.

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

## 14. Auditor's remuneration

The following amounts were paid or payable by the Responsible Entity on behalf of the Fund for services provided by the auditor of the Fund, Ernst & Young Australia:

	30 Jun 2025	30 Jun 2024
	\$	\$
Fees for audit and review of statutory financial reports	32,150	31,050
Fees for audit related assurance services <sup>1</sup>	-	1,000
Fees for other services:		
Taxation compliance services <sup>2</sup>	7,900	7,900
<b>Total Auditor Remuneration</b>	<b>40,050</b>	<b>39,950</b>
<b>% of non-audit fees paid to auditor</b>	<b>19.7%</b>	<b>22.3%</b>

<sup>1</sup> Comprises review of ICR calculations.

<sup>2</sup> Comprises review of income tax returns and distribution calculations.

## 15. Contingent assets, contingent liabilities and commitments

At balance date, the Fund has no contingent assets, contingent liabilities or commitments (June 2024: nil).

## 16. Subsequent events

On 15 August 2025, MAM advised that it intends to change the Fund's investment strategy to the Magellan Global Opportunities Strategy effective on or about 15 September 2025 ("Effective Date"). The Global Opportunities Strategy seeks to invest in outstanding companies at attractive prices through a portfolio of 20-40 stocks and a maximum cash holding of 5%. The investment objective is to outperform the MSCI World Net Total Return Index (AUD) net of fees over periods of three years or longer.

From 15 August 2025, the performance fee will be waived and from the Effective Date, the Fund's management fee will be reduced to 0.75% per annum (inclusive of the net effect of Goods and Services Tax). MAM will also waive its entitlement to management fees during the period in which the portfolio transition will be undertaken which is expected to be 8 - 15 September 2025.

Other than the above and items disclosed throughout this financial report, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial periods.

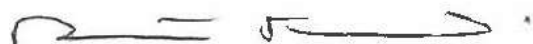
# Directors' Declaration

for the year ended 30 June 2025

In the Directors' opinion,

- a. the Financial Statements and Notes set out on pages 8 to 22 are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the financial position of the Fund as at 30 June 2025 and of its performance for the period ended on that date; and
  - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001 (Cth)*, International Financial Reporting Standards as disclosed in Note 1 and other mandatory professional reporting requirements; and
- b. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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



**Robert Fraser**

Chairman

Sydney, 3 September 2025

## Independent auditor's report to the unitholders of Magellan High Conviction Trust

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Magellan High Conviction Trust (the Fund), which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.





Shape the future  
with confidence

## 1. Investments

Why significant	How our audit addressed the key audit matter
<p>The Fund has a significant investment portfolio consisting of listed equities. As at 30 June 2025, the fair values of these investments were 98.9% of the total assets of the Fund.</p> <p>Note 6 to the financial report disclosed that these financial assets are recognised at fair value through profit or loss in accordance with the requirement of AASB 9 <i>Financial Instruments</i></p> <p>Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report, therefore the existence and valuation of the investment portfolio was considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessing the effectiveness of relevant controls relating to the recognition and valuation of investments.</li> <li>Obtaining and assessing the assurance report on the controls of the Fund's administrator in relation to Fund Administration Services for the year ended 30 June 2025 and evaluated the auditor's qualifications, competence and objectivity and the results of their procedures.</li> <li>Obtaining third party confirmations of the balances of investment holdings, including cash accounts, at 30 June 2025.</li> <li>Assessing the fair value of all listed investments in the portfolio held at 30 June 2025 by comparing to independently sourced market prices.</li> <li>Assessing the adequacy and appropriateness of the disclosures included in Note 6 and Note 12 to the financial report.</li> </ul>

## 2. Management and performance fees

Why significant	How our audit addressed the key audit matter
<p>For the year ended 30 June 2025, management fees and performance fee totalled \$10.6m which equates to 92.1% of total expenses. Of this amount, performance fees (excluding GST recovered) totalled \$3.9m which equates to 33.7% of total expenses.</p> <p>Management fees, paid to the investment manager, Magellan Asset Management Limited, are the most significant expense for the Fund.</p> <p>The Fund's accounting policy for management and performance fees is disclosed in Note 11 to the financial report. All expenses are recognised on an accrual basis, with performance fees recognised in the financial report if the performance metrics for the Fund have been met at the end of the relevant measurement period.</p> <p>Due to the complexity of the performance fee arrangements this was considered to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessing the effectiveness of relevant controls in relation to the calculation of management and performance fees.</li> <li>Obtaining and assessing the assurance report on the controls of the Fund's administrator in relation to Fund Administration Services for the period ended 30 June 2025 and evaluating the auditor's qualifications, competence and objectivity and results of their procedures.</li> <li>Recalculating management fees in accordance with contractual arrangements.</li> <li>Assessing the performance fee calculation, including testing the inputs into the calculation model, and assessing whether the calculation was in line with the relevant agreement.</li> <li>Assessing the adequacy and appropriateness of the disclosures included in Note 11 to the financial report.</li> </ul>

### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Fund's 2025 annual report, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the directors for the financial report**

The directors of the Fund are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Ernst & Young*

Ernst & Young



Stacey Hooper

Partner

Sydney

3 September 2025

# Unitholder Information

## Distribution of unitholders

The distribution of unitholders of the Fund as at 29 August 2025 is as follows:

	Number of Unitholders	Number of Units	Percentage of Units on Issue %
1-1,000	532	245,620	0.11
1,001-5,000	1,134	3,251,500	1.48
5,001-10,000	814	6,048,150	2.74
10,001-100,000	3,716	126,017,923	57.17
100,001 and over	118	84,874,645	38.50
<b>Total</b>	<b>6,314</b>	<b>220,437,838</b>	<b>100.00</b>
Number of holders with less than a marketable parcel of units	144	6,639	

## Twenty largest unitholders

The names of the 20 largest unitholders of the Fund as at 29 August 2025 are as follows:

	Number of Units	Percentage of Units on Issue %
Magellan Financial Group Limited	25,918,240	11.76
Netwealth Investments Limited (Wrap Services A/C)	15,200,965	6.90
AZQ Investments Pty Ltd (AZQ Discretionary A/C)	7,216,605	3.27
HSBC Custody Nominees (Australia) Limited	5,421,532	2.46
Citicorp Nominees Pty Limited	3,090,933	1.40
IOOF Investment Services Limited (IPS Superfund A/C)	2,890,481	1.31
IOOF Investment Services Limited (IOOF IDPS A/C)	2,107,059	0.96
BNP Paribas Nominees Pty Ltd (Hub24 Custodial Serv Ltd)	1,983,266	0.90
Cormack Foundation Pty Ltd	1,200,000	0.54
Ms Nicola Anne Thomas	1,042,846	0.47
Netwealth Investments Limited (Super Services A/C)	783,507	0.36
Bucklet Pty Ltd	629,498	0.29
Walmsley Halligan & Co (Operations) Pty Ltd (MJ Walmsley F/S P/L Ssf A/C)	425,354	0.19
Sunteca (Wa) Pty Ltd	388,806	0.18
Dangarcop Pty Ltd (Casacorp Super Fund A/C)	378,166	0.17
Invia Custodian Pty Limited (Paj Lewis Super Fund A/C)	355,069	0.16
Clurname Pty Limited	348,180	0.16
Mutual Trust Pty Ltd	332,040	0.15
Kagebe Investments Pty Ltd (Kagebe Family A/C)	331,793	0.15
The Sisters of Charity Of Australia (ITF EOCT R Wilson A/C)	331,000	0.15
<b>Total Units held by the 20 largest unitholders</b>	<b>70,375,340</b>	<b>31.93</b>
<b>Total Units On Issue</b>	<b>220,437,838</b>	

All issued units carry one vote per unit and the right to distributions.

# Corporate Information

## Directors

Robert Fraser - Chairman  
Sophia Rahmani - Managing Director  
David Dixon  
John Eales AM  
Andrew Formica  
Cathy Kovacs  
Hamish McLennan  
Deborah Page AM

## Company Secretary

Emilie Cameron

## Registered office

Level 36, 25 Martin Place  
Sydney NSW 2000  
Telephone: 1800 6243 5526 (Australia), +61 2 9235 4888 (International)  
Fax: +61 2 9235 4800  
Email: [info@magellangroup.com.au](mailto:info@magellangroup.com.au)

## Website

[www.magellaninvestmentpartners.com](http://www.magellaninvestmentpartners.com)

## Auditor

Ernst & Young  
200 George Street  
Sydney NSW 2000

## Unit registrar

Apex Fund Services  
Level 10/12 Shelly Street  
Sydney NSW 2000  
Telephone: 1300 127 780 (Australia), +61 2 8259 8566 (International), 0800 787 621 (New Zealand)  
Fax: +61 2 9247 2822  
Email: [magellanfunds@apexgroup.com](mailto:magellanfunds@apexgroup.com)

## Securities exchange listing

Australian Securities Exchange code: MHHT