

# Magellan High Conviction Trust (Managed Fund)



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

AS AT 31 OCTOBER 2024

## PORTFOLIO MANAGER

NIKKI THOMAS, CFA

### 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](http://www.magellangroup.com.au).

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

TICKER	TRUST SIZE	BUY/SELL SPREAD <sup>1</sup>	MANAGEMENT AND PERFORMANCE FEES <sup>2</sup>	INCEPTION DATE
MHHT	AUD \$445.8 million	0.07% / 0.07%	1.50% p.a. and performance fee of 10% of excess return <sup>^</sup>	11 October 2019

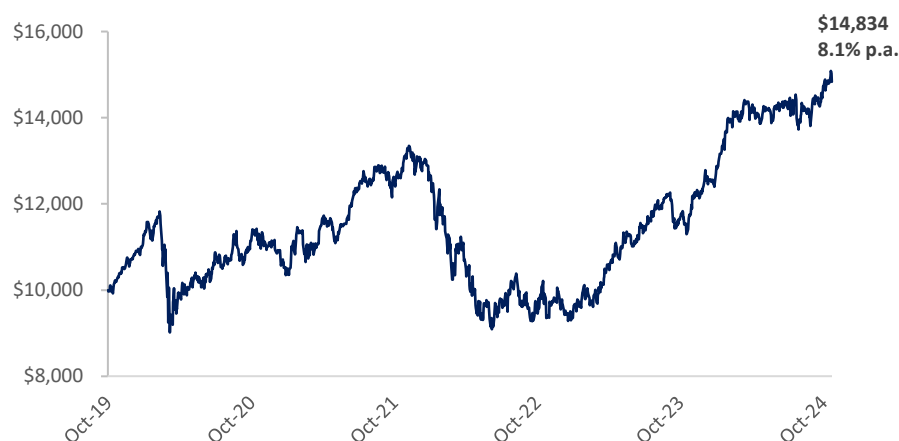
<sup>^</sup> 10.0% of the excess return of the Trust above the Absolute Return Performance Hurdle of 10% per annum. Additionally, Performance Fees are subject to a high water mark.

### PERFORMANCE<sup>3</sup>

	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	5 YEARS (% p.a.)	Since Inception (% p.a.)
MHHT	4.0	2.0	28.5	4.9	7.8	8.1
CALENDAR YEAR RETURNS	CYTD (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (part year)
MHHT	18.2	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<sup>3</sup>



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### TRUST CHARACTERISTICS<sup>4</sup>

	3-YEAR	AVERAGE	HIGH	LOW
Cash Weight		4.1%	18.7%	1.1%
Number of Stocks		14	18	10
Hedging Weight		0.3%	10.1%	0.0%

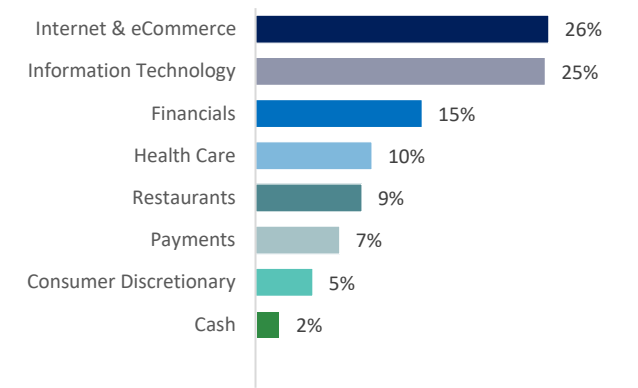
<sup>1</sup> Only applicable to investors applying for units and withdrawing units directly with the Responsible Entity.

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

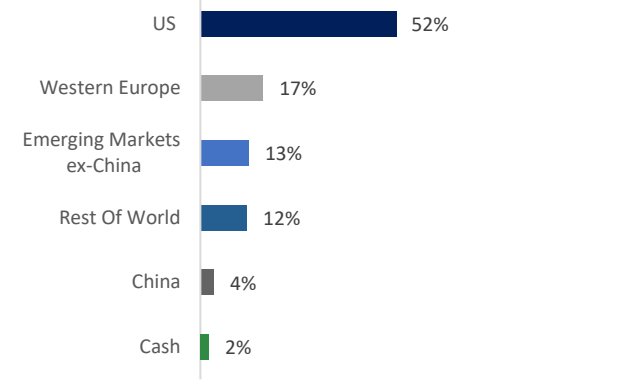
<sup>3</sup> Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.

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

SECTOR EXPOSURE BY SOURCE OF REVENUE<sup>5</sup>



GEOGRAPHIC EXPOSURE BY SOURCE OF REVENUE<sup>5</sup>



TOP 5 HOLDINGS (ALPHABETICAL ORDER)

STOCK	SECTOR <sup>5</sup>
Alphabet Inc	Internet & eCommerce
Amazon.com Inc	Internet & eCommerce
Brookfield Corporation	Financials
Microsoft Corporation	Information Technology
Visa Inc	Payments

TOP CONTRIBUTORS/DETRACTORS 1 YEAR<sup>6</sup>

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Amazon.com Inc	3.3
Intercontinental Exchange Inc	3.3
Booking Holdings Inc	3.3
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Ulta Beauty Inc	-1.8
Novo Nordisk ADR	-0.6
WEC Energy Group Inc	-0.3

MONTHLY SUMMARY

In October, global stock markets experienced mixed performances with flows being influenced by shifting views on the US election, persistent geopolitical tensions, and related implications for commodities and quarterly results being reported by a significant proportion of companies. All regional indices fell over the month except Japan's Nikkei 225, which gained 3.1%. The MSCI World measured in AUD benefited from a fall in the A\$ relative to most currencies. Across global sectors, Financials, Communication Services and Energy rallied while all others fell, led lower by Healthcare, Materials, Real Estate and Consumer Staples.

The Magellan High Conviction Trust performed well during the month, with a return of 4.0% after fees boosted by currency effects. Share price strength at Booking Holdings and Taiwan Semiconductor on excellent results led gains while ASML dragged on the fund's return as it fell ~16% post its updated 2025 guidance, which moved its revenue range from €30-40B to €30-35B, up from €28B in 2024 – mainly on delayed orders. Its Capital Markets Day in mid-November will provide management's views on the outlook for its semiconductor equipment sales over the next five to ten years that we expect will help refocus investors on the compelling longer-term growth prospects for its leading-edge technology.

Over the past three months, Booking, Brookfield, Meta, Taiwan Semiconductor (TSMC) and Salesforce have all contributed strongly while ASML has dragged. In the quarter to 30 September, we added TSMC and Novo Nordisk to the portfolio, given both have compelling competitive positions and strong structural growth tailwinds. We exited Ulta Beauty as the competitive outlook for this US-based specialty beauty retailer looks more challenged than we had envisioned.

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

<sup>5</sup> 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.

<sup>6</sup> 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.

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