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MAGELLAN HIGH CONVICTION TRUST

Request for removal from the Official List of ASX

Magellan Asset Management Limited ACN 120 593 946 (**Magellan**), in its capacity as responsible entity for the Magellan High Conviction Trust (the **Trust**), has lodged a request for the Trust to be removed from the official list of ASX (**Official List**) pursuant to ASX Listing Rule 17.11, effective from the close of trading on Monday, 30 August 2021.

Magellan will update the market when ASX has communicated its decision regarding Magellan's request for the Trust to be removed from the Official List.

Background

On 30 June 2021, Magellan applied for in-principle advice from ASX on whether ASX is likely to agree to a request for the removal of the Trust from the Official List and if so, any conditions that ASX is likely to impose.

On 15 July 2021, Magellan received ASX's in-principle advice, which reads as follows:

"Waiver Decision

1. *Subject to resolution 2 and based solely on the information provided, on receipt of an application for the removal of Magellan High Conviction Trust (the 'Trust' or 'MHH') from the Official List of ASX Limited ('ASX') pursuant to listing rule 17.11, ASX would be likely to remove the Trust from the Official List, on a date to be determined by ASX in consultation with MHH, subject to compliance with the following conditions.*
 - 1.1 *Magellan Asset Management Limited, the responsible entity of the Trust, makes an application and is conditionally approved for the units in MHH to be admitted to Trading Status as an AQUA Product Series under ASX Operating Rules Schedule 10A.3.1.*
 - 1.2 *Unitholders of MHH approve the following.*
 - 1.2.1 *A resolution by the necessary majority (excluding any votes cast by the responsible entity and its associates) to convert the quotation of its securities admitted under the ASX Listing Rules to admission as an AQUA Product Series admitted to Trading Status in accordance with ASX Operating Rule 10A.3.1(ca).*
 - 1.2.2 *A special resolution to remove MHH from the Official List of ASX as an ASX Listing.*
 - 1.3 *The relevant notice of meeting sets out clearly the following.*
 - 1.3.1 *The timetable, which is acceptable to ASX, and which will be followed for the removal of MHH from the Official List and the admission of MHH to Trading Status as an AQUA Product Series under the AQUA Rules.*
 - 1.3.2 *1.3.2 The relevant information, to ASX's satisfaction, prescribed in section 2.11 of ASX Guidance Note 33.*

- 1.3.3 *The differences between the AQUA market, and the listing regime applicable to MHH as an ASX Listing.*
- 1.3.4 *Where further information about the AQUA market can be found on ASX's website.*
2. *Resolution 1 only applies to 14 October 2021 and is subject to any amendments to the listing rules or changes in the interpretation or administration of the listing rules and policies of ASX.*
3. *ASX has considered Listing Rule 17.11 only and makes no statement as to the Trust's compliance with other listing rules.*

Basis for Decision

Listing Rule 17.11

4. *ASX may remove an entity from the Official List of ASX at the request of an entity. Removal from the Official List at an entity's request recognises that remaining listed may no longer be suitable for a listed entity at a particular stage in its existence. There is no requirement for ASX to act on the request. ASX's power not to agree to requests for delisting enables it to ensure that delisting is not sought for inappropriate reasons or conducted in a way that is clearly harmful to the market or to security holders' legitimate interests. ASX may impose conditions on granting the request. The power to impose conditions enables ASX to ensure that an orderly market is maintained in the period leading up to the delisting, and that the listed entity makes appropriate arrangements in connection with its delisting. These may include: giving advanced notice, of an amount of time which is adequate to the particular circumstances; seeking security holder approval for delisting; assisting security holders to trade the entity's securities in another market for a period before or after delisting; or providing alternative arrangements for security holders to exit their investment before or after delisting.*

Facts/Reasons for providing the in-principle confirmation

5. *MHH is considering a removal from the Official List of ASX as its securities have been trading at a significant discount to its net tangible assets. MHH intends to delist from the Official List and have its units admitted to trading status under the AQUA rules. Removal will not take place until such time as MHH has received conditional approval that it will be admitted as an AQUA Product Series under the AQUA Rules. MHH shareholders are not prejudiced or affected as the AQUA units can be traded on-market in a manner similar to which the units in the Trust are currently traded."*

Magellan has today announced that it will convene a meeting of the Trust's unitholders scheduled to be held on Wednesday, 25 August 2021 (**Unitholder Meeting**) to approve:

- (a) the delisting of the Trust from the Official List;
- (b) amendments to the Trust's constitution to facilitate its transition from a closed-ended listed investment trust admitted to the Official List to an open-ended unit trust whose units are admitted to Trading Status as an AQUA product (**Constitutional Amendments**); and
- (c) the transition of the Trust's units admitted under the ASX Listing Rules to admission of the Trust's units to Trading Status in accordance with ASX Operating Rule 10A.3.1(ca).

The proposed removal of the Trust from the Official List is subject to certain conditions being satisfied including these resolutions being passed at the Unitholder Meeting.

For more detail, please refer to the Unitholder Booklet dated 30 July 2021 containing the notice of meeting and accompanying explanatory memorandum which can be found at www.mhhtransition.com.au.

ASX requires the Trust's units to be suspended from official quotation prior to being removed from the Official List. Accordingly, it is anticipated that units in the Trust will be suspended from quotation at close of trading on Thursday, 26 August 2021, prior to its removal on Monday, 30 August 2021.

Magellan has made an application for the Trust's units to be admitted to Trading Status on the ASX as a managed fund under Schedule 10A of the ASX Operating Rules (**AQUA Rules**). If this application is approved by the ASX, the Trust's units are expected to commence trading on ASX under the ticker 'MHHT' on Tuesday, 31 August 2021.

Reasons for seeking removal

Magellan considers that the proposed transition (**Transition**) of the Trust to an open-ended Active ETF, by way of the removal of the Trust from the Official List and admission of units to the ASX under the AQUA Rules, is in the best interests of the Trust's unitholders. This transition aims to remove the material and persistent discount in the Trust's secondary market trading price relative to its net asset value (**NAV**) per unit. Following the Transition, investors in the Trust will continue to be able to transact through the ASX however it is expected that they may be able to do so at a tight spread to the Trust's NAV per unit.

Magellan has applied to ASX for the quotation of the Trust's units on the ASX under the AQUA Rules and has lodged a product disclosure statement with ASIC which will take effect subject to the necessary approvals being obtained. There is no guarantee that ASX will approve the application for quotation of the Trust's units on ASX under the AQUA Rules.

Consequences of removal

If the Trust is removed from the Official List, the Trust's units will no longer be quoted on the Official List.

Following the proposed Constitutional Amendments and quotation of units on the ASX under the AQUA Rules, Unitholders will continue to be able to trade their units on the ASX under the ticker 'MHHT' in the same manner they did prior to the Transition, and will also be able to access a daily application and redemption facility directly with Magellan. Magellan, on behalf of the Trust, may provide on-market liquidity by acting as a buyer and seller of units in the Trust. This is expected to provide a higher level of liquidity to investors and see the units in the Trust trade at a tight spread to NAV per unit going forward.

The Trust will become an 'unlisted disclosing entity' subject to the continuous disclosure obligations in section 675 of the Corporations Act 2001 (Cth) (**Corporations Act**). These are substantively the same obligations as those imposed under section 674 of the Corporations Act and ASX Listing Rule 3.1. Investors will also benefit from increased portfolio disclosure as Magellan will publish the full portfolio of the Trust, including weights, on a quarterly basis with a delay period of no longer than two months.

Authorised by

Mariana Kolaroski | Company Secretary