

20 May 2024

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## **Magellan Global Fund (Open Class) (ASX: MGOC)**

### **Magellan Global Fund Conversion Proposal – Update**

Magellan Asset Management Limited ("**MAM**") in its capacity as responsible entity of the Magellan Global Fund (the "**Fund**") refers to its announcement on 17 May 2024 regarding the proposed conversion of the Fund's Closed Class Units to Open Class Units ("**Conversion Proposal**").

Today, the Supreme Court of New South Wales has provided judicial advice that MAM would be justified in convening a meeting of unitholders of the Fund ("**Unitholders**"), commencing at 9.30am on Wednesday, 26 June 2024 to consider, and if thought fit, approve the resolutions to effect the Conversion Proposal, and to distribute to Unitholders a booklet containing the notices of meeting and explanatory memorandum relating to the Conversion Proposal ("**Unitholder Booklet**").

#### **Unitholder Booklet**

Detailed information about the Conversion Proposal is included in the Unitholder Booklet. A copy of the Unitholder Booklet is attached.

An Access Letter specifying where the Unitholder Booklet can be accessed, and relevant Proxy Forms for the meeting of all Unitholders, will be despatched to Unitholders on or around 27 May 2024 in accordance with their elected notification preference. Proxy voting will open following the despatch of the Access Letter.

Unitholders are encouraged to read the Unitholder Booklet (including the Independent Expert's Report) in full.

#### **MAM Directors' recommendation and conclusion of Independent Expert**

The MAM Directors unanimously recommend that Unitholders vote in **favour** of the resolutions to be considered at the unitholder meeting. Each Magellan Director intends to vote, or cause to be voted, any units that he or she holds or controls in the Fund in favour of the resolutions pertaining to the Conversion Proposal.

Lonergan Edwards & Associates Limited, the independent expert appointed by MAM to review the Conversion Proposal ("**Independent Expert**"), has concluded that the Conversion Proposal is in the best interests of Unitholders (in each respective unit class and as a whole), in the absence of a superior proposal (which the Independent Expert considers is unlikely).

**Further information**

If, after reading the Unitholder Booklet, you have any questions regarding the Conversion Proposal, please call +61 2 9235 4888 or consult your legal, investment or other professional adviser.

*Authorised by*

The Board of Magellan Asset Management Limited

# Unitholder Booklet

## Magellan Global Fund (ARSN 126 366 961)

This Unitholder Booklet is issued by Magellan Asset Management Limited ABN 31 120 593 946 (**Magellan**) as responsible entity of the Magellan Global Fund (**Fund**) to the members of the Fund (**Unitholders**) in relation to the proposed conversion (the **Conversion**) of the closed-ended units on issue in the Fund which are admitted to the Official List of ASX (**Closed Class Units**) to open-ended units in the Fund quoted on the ASX under the AQUA Rules (**Open Class Units**).

### VOTE IN FAVOUR

The Directors of Magellan, the responsible entity of the Fund, unanimously RECOMMEND that Unitholders vote IN FAVOUR OF the Conversion Resolutions.

The Independent Expert has determined that the Conversion is in the best interests of Unitholders (in each respective unit class and as a whole) in the absence of a superior proposal (which the Independent Expert considers is unlikely).

An Explanatory Memorandum and Notices of Meeting are included in Parts 1 and 2, respectively of this Unitholder Booklet.

### Details of Meetings

**Time:** Commencing at 9:30am (AEST)

**Date:** Wednesday, 26 June 2024

**Venue:** Level 36, 25 Martin Place, Sydney NSW 2000

You should read this Unitholder Booklet in its entirety before deciding how to vote. If you are in any doubt about how to deal with this Unitholder Booklet, you should consult your legal, investment or other professional adviser.

# Important Notices & Disclaimer

## General

This Unitholder Booklet is important and requires your immediate attention. You should read this Unitholder Booklet in full before making any decision as to how to vote at the relevant Meeting. If you have sold all of your Units, please ignore this Unitholder Booklet.

If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser.

## Purpose of this document

This Unitholder Booklet has been prepared for Unitholders in connection with the Conversion. It contains an Explanatory Memorandum, Notices of Meeting and a Product Disclosure Statement for the Open Class Units in the Fund to be issued upon the implementation of the Conversion.

The purpose of the Unitholder Booklet is to provide you with information about the Conversion and about the resolutions contained in the Notices of Meeting which are required to be approved by the requisite majorities in order to implement the Conversion (the **Conversion Resolutions**).

The Notices of Meeting relate to the Meetings to be held from 9:30am (AEST), on Wednesday, 26 June 2024 to approve each of the relevant Conversion Resolutions.

## ASIC and ASX

Neither ASIC, ASX nor their officers take any responsibility for the contents of this Unitholder Booklet. Admission to trading status on the ASX under the AQUA Rules of the Open Class Units to be issued upon the implementation of the Conversion is in no way an indication of the merits of the Fund.

## Court involvement

The Supreme Court of NSW (**Court**) provided the First Judicial Advice on Monday, 20 May 2024. The Court's provision of the First Judicial Advice is not and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on, the Conversion. In particular, the Court's provision of the First Judicial Advice does not mean that the Court:

- has formed any view as to the merits of the Conversion or as to how Unitholders should vote (on these matters Unitholders must reach their own decision); or
- has prepared, or is responsible for, the content of this Unitholder Booklet.
- Further details regarding the First Judicial Advice and Second Judicial Advice are set out in Section 7.3

## Notice of Second Judicial Advice hearing

On the Second Judicial Advice Date, the Court will consider whether to give the Second Judicial Advice.

Any Unitholder may appear at the Second Judicial Advice hearing, expected to be held on Wednesday, 10 July 2024 at the Court located at 184 Phillip Street, Sydney.

Any Unitholder who wishes to oppose the Second Judicial Advice at the Second Judicial Advice hearing may do so by filing with the Court and serving on Magellan a notice of appearance in the prescribed form together with any affidavit that the Unitholder proposes to rely on.

The address for service is: Attention Legal Department, Magellan Asset Management Limited, Level 36, 25 Martin Place, Sydney NSW 2000.

## No investment advice

This Unitholder Booklet contains general information only and has been prepared without taking account of the investment objectives, financial situation, tax position or particular needs of any Unitholder or any other person. The information and recommendations contained in this Unitholder Booklet do not constitute, and should not be taken as, financial product advice.

Before acting on any of the matters described in this Unitholder Booklet, you should have regard to your investment objectives, financial situation, tax position and your particular needs and obtain your own advice by contacting your legal, investment or other professional adviser.

## PDS

A product disclosure statement for the Open Class Units to be issued in connection with the Conversion (**PDS**) has been prepared and lodged with ASIC on 20 May 2024, a copy of which is included in Part 4 of this Unitholder Booklet. New Open Class Units issued under the PDS attached to this Unitholder Booklet will be issued by Magellan on the terms and conditions set out in the PDS. The offer of Open Class Units under the PDS is subject to the Conversion being implemented and there will be no issue of Open Class Units under the PDS except as part of the implementation of the Conversion. Closed Class Unitholders should read the PDS before deciding whether to vote in favour of the Conversion Resolutions.

An investment in the Fund is subject to investment and other risks, including possible loss of income and principal invested. Magellan gives no guarantee or assurance as to the performance of the Fund, the Units or the repayment of capital.

## Forward-looking statements

Some of the statements appearing in this Unitholder Booklet may be in the nature of forward-looking statements. Forward-looking statements or statements of intent in relation to future events contained in this Unitholder Booklet (including in the Independent Expert's Report) should not be taken to be a forecast or prediction that those events will occur. Forward-looking statements generally may be identified by the use of forward-looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words.

Similarly, statements that describe the objectives, plans, goals or expectations of the Fund are or may be forward-looking statements. You should be aware that such statements are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the circumstances in which the Fund operates, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and deviations are both normal and to be expected.

Neither Magellan, its related bodies corporate nor their respective officers, agents or advisers, nor any person named in this Unitholder Booklet or involved in the preparation of this Unitholder Booklet make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Factors which may affect future financial performance and financial position include the assumptions underlying any forecast or forward-looking statement, financial information not proving correct and other matters not currently known to, or considered by, Magellan. Unitholders should note that the historical financial performance of the Fund is no assurance or indicator of future financial performance of the Fund (whether or not the Conversion proceeds). Magellan does not guarantee any particular rate of return or the performance of the Fund nor does it guarantee the repayment of capital or any particular tax treatment in respect of any investment in the Fund.

The forward-looking statements in this Unitholder Booklet reflect facts, circumstances and views held only at the date of this Unitholder Booklet. Subject to any continuing obligations under the Corporations Act, Magellan, its related bodies corporate and their respective officers, employees, agents and advisers disclaim any obligation or undertaking to distribute after the date of this Unitholder Booklet any updates or revisions to any forward-looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any such statement is based.

## Responsibility statement

Except as outlined below, the information contained in this Unitholder Booklet other than the Taxation Report (as set out in Section 6 of the Explanatory Memorandum) and the Independent Expert's Report (as set out in Part 3 of this Unitholder Booklet) has been prepared by Magellan and is its responsibility alone. Except as outlined below, neither Magellan nor any of its related entities, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

Allens has prepared the Taxation Report and takes responsibility for that report. Allens has not withdrawn its consent to be named before the date of this Unitholder Booklet.

Loneragan Edwards & Associates Limited has prepared the Independent Expert's Report and takes responsibility for that report.

## Foreign jurisdictions

No action has been taken to register or qualify the Open Class Units or otherwise permit a public offer of such securities in any jurisdiction outside Australia and New Zealand. This Unitholder Booklet does not constitute an offer of Open Class Units in any jurisdiction in which it would be unlawful. In particular, this Unitholder Booklet may not be distributed to any person, and the Open Class Units may not be offered or issued, in any country outside Australia or New Zealand except to the extent set out in section 2.7 of the Explanatory Memorandum in Part 1 of this Unitholder Booklet.

The release, publication or distribution of this Unitholder Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Unitholder Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

Unitholders who are nominees, trustees or custodians should seek independent advice as to how they should proceed.

This Unitholder Booklet has been prepared in accordance with laws of the Commonwealth of Australia and the information contained in this Unitholder Booklet may not be the same as that which would have been disclosed if this Unitholder Booklet had been prepared in accordance with the laws and regulations of jurisdictions outside Australia.

This Unitholder Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, the Units in the United States or in any jurisdiction in which such an offer would be illegal. None of the Units have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or under the securities laws of any state or other jurisdiction of the United States, and none of such Units may be offered or sold, directly or indirectly, in the United States.

## **Privacy**

Magellan may collect personal information in the process of convening the Meetings and implementing the Conversion. The type of information that it may collect about you includes your name, contact details and information on your unitholding in the Fund and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Meetings, as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Magellan to conduct the Meetings and to implement the Conversion. Without this information, Magellan may be hindered in its ability to issue this Unitholder Booklet and to implement the Conversion. Personal information of the type described above may be disclosed to Apex Fund Services Pty Ltd, Boardroom Pty Limited, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Meetings), authorised securities brokers, professional advisers, related bodies corporate of Magellan, government or regulatory bodies, and also where disclosure is otherwise required or allowed by law.

Unitholders who are individuals and the other individuals in respect of whom personal information is collected (such as individuals appointed to act as a proxy, attorney or corporate representative at the Meetings) have certain rights to access the personal information collected in relation to them. If you would like to obtain details of your information held by Magellan, please contact the Fund's unit registry on 1300 127 780 (Australia) or +61 2 8259 8566 (International) or 0800 787 621 (New Zealand).

Unitholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Meetings should ensure that they inform that person of the matters relating to the collection and use of personal information outlined above.

## **Timetable and dates**

All times and dates referred to in this Unitholder Booklet are times and dates in Sydney, Australia, unless otherwise indicated. Any times and dates referred to in this Unitholder Booklet may change and, among other things, are subject to all necessary approvals from government or regulatory bodies.

## **Additional information**

If, after reading this Unitholder Booklet, you have any questions regarding the Meetings, please contact Boardroom Pty Ltd on 1300 005 016 (within Australia) or +61 2 9290 9600 (outside Australia). If you have any questions regarding the Conversion or would like to speak to a Magellan representative, please call +61 2 9235 4888, or consult your legal, investment or other professional adviser.

## **Date of Unitholder Booklet**

This Unitholder Booklet is dated 20 May 2024 and the information in this Unitholder Booklet is current as at this date, unless otherwise stated.

This Unitholder Booklet may be updated. Any updates will be available for inspection on the website at [www.magellangroup.com.au](http://www.magellangroup.com.au). If you access an electronic version of this Unitholder Booklet you should ensure you download and read the entire Unitholder Booklet.

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# Letter from the Chairman

Dear Unitholder,

On behalf of the Directors of Magellan, I am pleased to provide you with this Unitholder Booklet which contains details about the proposed conversion of the Closed Class Units in the Magellan Global Fund (**Fund**) to Open Class Units in the Fund (**Conversion**).

Prior to Magellan's announcement on 7 December 2023 of its intention to convert the Closed Class Units to Open Class Units, the Closed Class Units had, for some time, been trading at a material discount to the net asset value per Closed Class Unit. As part of Magellan's ongoing focus on ways to improve the experience of investors in our funds, the Board of Magellan determined to proceed with the Conversion as it was considered that the Conversion would provide an improved ability for Closed Class Unitholders to realise value closer to the net asset value per Closed Class Unit as well as allowing many of the existing benefits of an investment in the Fund to be retained by Closed Class Unitholders.

If the Conversion is implemented, Closed Class Unitholders will have their Closed Class Units redeemed and they will be issued with new Open Class Units, at a Conversion Ratio that is based on the respective net asset value of each unit class on the Conversion Calculation Date, expected to be the Business Day immediately before the Implementation Date.

For Closed Class Unitholders, the Open Class Units issued on implementation of the Conversion will, in many respects, resemble the Closed Class Units you hold today. For instance, you will continue to be able to trade Open Class Units on the ASX, at what is generally expected to be a tight spread to net asset value, however you will also gain the ability to apply for additional units and redeem your investment, directly with Magellan. This feature is not currently available to Closed Class Unitholders.

The Conversion is not expected to have any significant impact on the Open Class Units or the Fund, as the number of new Open Class Units to be issued will be based on the respective net asset value of Closed Class Units and Open Class Units on the Conversion Calculation Date. As implementation of the Conversion requires amendments to the Fund's Constitution which must be approved by all Unitholders in the Fund, Open Class Unitholders are also being asked to approve the relevant changes to the Constitution.

The distribution that Magellan determines to be paid for the period ending 30 June 2024 is expected to be paid to Closed Class Unitholders and Open Class Unitholders in July before implementation of the Conversion.

## Unitholder Approvals and Magellan Directors' Recommendation

The Explanatory Memorandum in Part 1 of this Unitholder Booklet provides further information on each Unitholder approval being sought and the Notices of Meeting contained in Part 2 detail how to vote and the arrangements for participating in the relevant Meeting.

The Conversion is subject to a number of inter-conditional approvals, including, as noted above, approvals by Unitholders of the Fund as a whole and, where relevant, separately by Closed Class Unitholders. Specifically in relation to the Unitholder approvals being sought:

- all Unitholders are being asked to approve changes to the Constitution to give effect to the Conversion; and
- Closed Class Unitholders are being asked to approve, as a class, changes to the Constitution and to approve the delisting of the Fund from the Official List of the ASX.

The Directors recommend that Unitholders vote in favour of the Conversion Resolutions.

Each Director intends to vote all Units in the Fund held or controlled by them in favour of the Conversion and the Conversion Resolutions.

The Directors believe that the expected benefits of permanently addressing the trading discount to net asset value of the Closed Class Units and providing more flexibility in relation to how Closed Class Unitholders can enter and exit the Fund by undertaking the Conversion outweigh the benefits of remaining invested in the Fund through a closed-ended unit class.

Section 3.1 (for Closed Class Unitholders) and 4.1 (for Open Class Unitholders) of the Explanatory Memorandum in Part 1 of this Unitholder Booklet provides a further explanation of the key benefits, disadvantages and risks of the Conversion.

A Product Disclosure Statement (**PDS**) has also been prepared as new Open Class Units will be issued to Closed Class Unitholders if the Conversion is implemented. The PDS is contained in Part 4 of this Unitholder Booklet.

### **Independent Expert's Opinion**

The Directors have appointed Lonergan Edwards & Associates Limited as the Independent Expert to provide an opinion on the Conversion.

The Independent Expert has concluded that the Conversion is in the best interest of Unitholders (in each respective unit class and as a whole) in the absence of a superior proposal (which in the Independent Expert's view is unlikely).

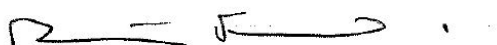
The Independent Expert's Report is contained in Part 3 of this Unitholder Booklet.

### **Conclusion**

If, after reading this Unitholder Booklet, you have any questions regarding the Meetings, please contact Boardroom Pty Ltd on 1300 005 016 (within Australia) or +61 2 9290 9600 (outside Australia). If you have any questions regarding the Conversion or would like to speak to a Magellan representative, please call +61 2 9235 4888 or consult your legal, investment or other professional adviser.

I look forward to your participation at the Meetings on 26 June 2024 and encourage you to vote in favour of the Conversion Resolutions.

Yours sincerely,



**Robert Fraser**

Chairman

Magellan Asset Management Limited as responsible entity of the Magellan Global Fund

## Important Dates

Key Dates	
Date of this Unitholder Booklet	Monday, 20 May 2024
Time and date by which Proxy Forms relating to the Meeting of all Unitholders must be received	9:30am (AEST), Monday, 24 June 2024
Time and date by which Proxy Forms relating to the Meeting of Closed Class Unitholders must be received	10:00am (AEST), Monday, 24 June 2024
Voting Record Date	7.00pm (AEST), Monday, 24 June 2024
Time and date of the Meetings	Commencing at 9:30am (AEST), Wednesday, 26 June 2024
Second Judicial Advice	Wednesday, 10 July 2024

If the Conversion Resolutions are approved by Unitholders, the following key dates apply:

Key Dates	
Effective Date	Thursday, 11 July 2024
Suspension of Closed Class Units from trading on the Official List of ASX	Close of business on Thursday, 11 July 2024
Conversion Record Date	7.00pm (AEST), Monday, 15 July 2024
Implementation Date	Monday, 22 July 2024
Removal of the Fund from the Official List of ASX	Monday, 22 July 2024
New Open Class Units commence trading on ASX under the AQUA Rules	Tuesday, 23 July 2024

All times and dates shown above are indicative only and are subject to change and all necessary approvals from government or regulatory bodies. Any changes to the timetable will be made available on Magellan's website at [www.magellangroup.com.au](http://www.magellangroup.com.au).



## PART 1: Explanatory Memorandum

# 1. Overview of the Conversion

## 1.1 Purpose

The purpose of this Explanatory Memorandum is to explain the proposed conversion of Closed Class Units of the Fund to Open Class Units of the Fund (**Conversion**) and, if approved, how the Conversion will be implemented, and to provide information to Unitholders to assist them in considering whether or not to approve the Conversion Resolutions.

## 1.2 Background

Magellan Asset Management Limited (**Magellan**) is the responsible entity of the Magellan Global Fund (**Fund**).

The Fund currently has two unit classes on issue, being, a closed-ended class of Units (**Closed Class Units**) and an open-ended class of Units (**Open Class Units**).

On 30 November 2020:

- the Fund was admitted to the Official List of ASX and the Closed Class Units commenced trading on the Official List of the ASX; and
- Open Class Units in the Fund were admitted to trading status, and commenced trading, on the ASX under the AQUA Rules.

Before Magellan announced its intention to pursue the Conversion on 7 December 2023, the Closed Class Units had been trading at a persistent and material discount to the net asset value (**NAV**) per Closed Class Unit.

Magellan is proposing to amend the Fund's Constitution to permit the conversion of all Closed Class Units into Open Class Units, the effect of which will be that the Fund will, following implementation of the Conversion, only have a single class of Units on issue, being the Open Class Units, and will operate as an open-ended Active ETF quoted on ASX under the AQUA Rules.

The Directors consider that the expected benefits of the Conversion for Closed Class Unitholders of permanently addressing the trading discount to NAV per Closed Class Unit and providing more flexibility in relation to how Unitholders can enter and exit the Fund, outweigh the benefits of remaining invested in the Fund through a closed-ended unit class and the disadvantages associated with the Conversion. More information on the relative benefits and disadvantages of the Conversion for Closed Class Unitholders and Open Class Unitholders are set out in Sections 3.1 and 4.1, respectively.

## 1.3 Overview of the Conversion

If the Conversion is approved by Unitholders and implemented, Closed Class Unitholders will have their Closed Class Units redeemed and will be issued Open Class Units of an equivalent NAV.

Following implementation of the Conversion, all Unitholders will be able to transact in Open Class Units on the ASX under the ticker 'MGOC'.

Magellan, as responsible entity of the Fund, will continue to operate a daily application and redemption facility in relation to Open Class Units and Magellan, on behalf of the Fund, may provide on-market liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units. There will be no change to the investment objectives, investment strategy or to the fees charged by the Fund as a result of the Conversion.

## 1.4 Required approvals

The implementation of the Conversion is conditional on a number of interdependent approvals (**Approvals**), which are set out below:

1. Unitholders approving the relevant Conversion Resolutions, which are set out in Section 5 of this Explanatory Memorandum, by the requisite majorities at the relevant Meetings; and
2. ASX formally approving the removal of the Fund from the Official List of ASX. Magellan has received advice from ASX stating it will agree to remove the Fund from the Official List of ASX, subject to certain conditions.

## 1.5 Implementation steps

If the Approvals are obtained, the following steps will be taken to effect the Conversion:

1. On the Effective Date:
  - Magellan will sign and lodge with ASIC the Supplemental Deed Poll setting out the amendments to the Constitution to bring them into effect;

- At the close of business, Magellan will request that the Closed Class Units be suspended from trading;
2. On the Implementation Date:
- All Closed Class Units will be redeemed by Magellan;
  - Open Class Units will be issued to eligible<sup>1</sup> Closed Class Unitholders at the Conversion Ratio; and
  - ASX is expected to delist the Fund from the Official List of ASX after close of trading;
3. On the Business Day immediately after the Implementation Date, the new Open Class Units issued as a result of the Conversion are expected to commence trading on the ASX.

See Section 2 of this Explanatory Memorandum for further details regarding the implementation of the Conversion.

## 1.6 Implications if the Conversion is not approved

If the Approvals are not obtained and the Conversion does not proceed:

- the Constitution will not be amended and the current provisions of the Constitution will continue to apply;
- Magellan will not delist the Closed Class Units from the Official List of ASX and the Closed Class Units will continue trading on the Official List of ASX;
- the Closed Class Units will not convert into Open Class Units – i.e. Closed Class Unitholders will continue to hold their Closed Class Units and will not receive Open Class Units in exchange for their Closed Class Units; and
- Closed Class Unitholders may not obtain the anticipated benefits of the Conversion.

## 1.7 What do Unitholders need to do?

### ***Participating in the Meetings***

The Notices of Meeting are contained in Part 2 of this Unitholder Booklet.

Unitholders should lodge a directed proxy as soon as possible in advance of the Meetings even if they are planning on attending the Meetings in person.

Unitholders should monitor Magellan's website and the Fund's ASX announcements platform for any updates in relation to the arrangements for the Meetings. If it becomes necessary or appropriate to make alternative arrangements for the holding of the Meetings, including as a result of governmental public health orders or guidance, Magellan will promptly advise Unitholders by way of an ASX announcement and via its website at [www.magellangroup.com.au](http://www.magellangroup.com.au).

The record date for voting is 7:00pm (AEST), Monday, 24 June 2024. If Unitholders do not wish to attend the Meetings or vote during the Meetings, they may cast their vote by completing and returning the completed Proxy Form for the relevant Meeting by 9:30am (AEST) on Monday, 24 June 2024 (in relation to the Meeting of all Unitholders) and 10:00am (AEST) on Monday, 24 June 2024 (in relation to the Meeting of Closed Class Unitholders). All votes and Proxy Forms must be received by these times in order to be cast at the relevant Meeting. The Meetings are scheduled to commence at 9:30am (AEST), on Wednesday, 26 June 2024 at Magellan's offices located at Level 36, 25 Martin Place, Sydney, NSW.

Please refer to the relevant Notice of Meeting for information on how to vote and attend the Meetings.

### ***After the Meetings***

If the Conversion Resolutions are approved by the requisite majorities, Magellan will proceed with the Conversion, subject to ASX formally approving the removal of the Fund from the Official List of ASX and receipt of the Second Judicial Advice.

The Fund's unit registry will send holding statements to Closed Class Unitholders who are issued Open Class Units under the Conversion.

To the extent permitted by law, all binding instructions, notifications, consents or elections made by Closed Class Unitholders in relation to their Closed Class Units will be taken to apply in respect of their holding of Open Class Units. This includes disclosure of personal information, receipt of notices and communications (including electronically) and

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<sup>1</sup> Ineligible Foreign Closed Class Unitholders will not be issued Open Class Units and will instead receive cash consideration pursuant to the Sale Facility.

elections to participate in the distribution reinvestment plan (**DRP**) for Closed Class Units, which will be applied to the DRP for Open Class Units.<sup>2</sup>

All Unitholders can view and update their details online via the Fund's unit registry investor portal, which can be accessed via the Magellan website at [www.magellangroup.com.au](http://www.magellangroup.com.au) or by contacting the Fund's unit registry.

### 1.8 What are the tax implications of the Conversion?

Magellan has applied (on behalf of the Unitholders) for a class ruling from the Commissioner of Taxation to confirm certain Australian income tax implications of the Conversion, including whether certain Australian resident Closed Class Unitholders, who would otherwise make a capital gain or capital loss on redemption of their Closed Class Units, are eligible to obtain unit exchange CGT roll-over relief which would allow any capital gain or capital loss from the redemption of Closed Class Units under the Conversion to be disregarded and deferred until a subsequent taxable event occurs in respect of the Open Class Units. It is expected that the Commissioner of Taxation will issue a Class Ruling which is consistent with the outcomes outlined in Section 6 of this Unitholder Booklet. The Class Ruling is not expected to be issued by the Commissioner of Taxation until after the Implementation Date.

For further information, refer to Section 6 of this Unitholder Booklet.

## 2. Implementation of the Conversion

### 2.1 Steps to implement the Conversion

The Conversion will only be implemented if each of the following steps are completed. The steps are:

- (a) Subject to the Conversion Resolutions being approved, Magellan will amend the Constitution to enable it to redeem all Closed Class Units and to issue Open Class Units as consideration for the redemption at the Conversion Ratio;
- (b) On the Implementation Date, Magellan will redeem all Closed Class Units on issue and issue a number of new Open Class Units that is equal to the Conversion Ratio multiplied by the number of Closed Class Units that Closed Class Unitholders hold at 7:00pm (AEST) on the Conversion Record Date; and
- (c) Open Class Units issued upon implementation of the Conversion will be quoted on ASX under the AQUA Rules and are expected to commence trading on and from the Business Day following the Implementation Date.

Ineligible Foreign Closed Class Unitholders will not be eligible to receive Open Class Units under the Conversion. Please refer to section 2.7 below for more information.

### 2.2 Effective Date

Subject to the Conversion Resolutions being passed at the Meetings, the ASX formally approving the removal of the Fund from the Official List of ASX and receipt of the Second Judicial Advice, the Conversion will become effective on the Effective Date. Following the Second Judicial Advice hearing, the Supplemental Deed Poll will be lodged with ASIC.

If the Conversion proceeds, Closed Class Units will be suspended from quotation on the ASX at the close of trading on the Effective Date and this will be the last day that Closed Class Units will trade on ASX.

### 2.3 Determination of persons entitled to Open Class Units

#### (a) Conversion Record Date

Persons who are recorded as Closed Class Unitholders (other than Ineligible Foreign Closed Class Unitholders) on the Closed Class Register on the Conversion Record Date (expected to be 7:00pm on Monday, 15 July 2024) will become entitled to Open Class Units in respect of the Closed Class Units they hold at that time.

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<sup>2</sup> A Closed Class Unitholder who has previously elected to participate in the DRP with respect to the Closed Class Units but who does not wish to participate in the DRP with respect to the Open Class Units following the Conversion may change their election prior to the election date for the next distribution – see Section 3.6.

Ineligible Foreign Closed Class Unitholders on the Closed Class Register on the Conversion Record Date (expected to be 7.00pm on Monday, 15 July 2024) will not be able to receive Open Class Units and will instead participate in the Sale Facility as described in Section 2.8.

(b) **Dealings on or prior to the Conversion Record Date**

For the purposes of calculating entitlements under the Conversion, any dealing in Closed Class Units will only be recognised if the transferee is registered in the Closed Class Register as the holder of the relevant Closed Class Units by the Conversion Record Date.

Subject to the Corporations Act and the Constitution, Magellan must register registrable transmission applications or transfers which are effected by 7.00pm on the Conversion Record Date.

Magellan will not accept for registration or recognise for any purpose any transfer or transmission application in respect of Closed Class Units received after 7.00pm on the Conversion Record Date or received prior to that time but not in registrable form.

(c) **Dealings after the Conversion Record Date**

For the purposes of determining the entitlements to Open Class Units, Magellan will maintain the Closed Class Register in its form as at the Conversion Record Date until Open Class Units have been issued to the Closed Class Unitholders (other than Ineligible Closed Class Unitholders) and the Sale Agent. The Closed Class Register in this form will solely determine entitlements to Open Class Units under the Conversion.

From the Conversion Record Date, all statements of holding in respect of Closed Class Units cease to have effect as documents of title in respect of such Closed Class Units and such entry on the Closed Class Register will cease to be of any effect except as evidence of entitlement to Open Class Units in respect of the Open Class Units relating to that entry.

## 2.4 Conversion Ratio and number of Open Class Units to be issued

Pursuant to the Conversion, Closed Class Unitholders (other than Ineligible Foreign Closed Class Unitholders) will receive a number of Open Class Units based on the Conversion Ratio, being the NAV per Closed Class Unit divided by the NAV per Open Class Unit as at the Conversion Calculation Date.

The number of new Open Class Units that Closed Class Unitholders (other than Ineligible Foreign Closed Class Unitholders) will receive pursuant to the Conversion will be determined based on the following formula:

***Open Class Units = Conversion Ratio × Closed Class Units held on the Conversion Record Date***

Fractional entitlements will be rounded to the nearest whole number of Open Class Units, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number, and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole number.

The number of new Open Class Units to be issued for each Closed Class Unit will not be known until the Conversion Calculation Date has passed.

The final Conversion Ratio will be announced on the Implementation Date.

By way of example, based on the NAV per Closed Class Unit of \$2.1964 and a NAV per Open Class Unit of \$2.9830 on 30 April 2024, each Closed Class Unitholder would be issued with approximately 0.7363 Open Class Units for each Closed Class Unit they hold (rounded to the nearest whole unit). The actual number of Open Class Units that will be issued may be more or less than this depending on the NAV per Closed Class Unit and NAV per Open Class Unit at the Conversion Calculation Date, subject to rounding to the nearest whole unit.

## 2.5 Issue of Open Class Units

If the Conversion becomes effective and is implemented:

- (a) all of the Closed Class Units will be redeemed by Magellan;
- (b) Closed Class Unitholders (other than Ineligible Foreign Closed Class Unitholders) will receive Open Class Units based on the Conversion Ratio; and
- (c) Ineligible Foreign Closed Class Unitholders will be entitled to receive the proceeds from the sale by the Sale Agent of the new Open Class Units issued to the Sale Agent which would otherwise have been issued to the Ineligible Foreign Closed Class Unitholders if they have been entitled to participate in the Conversion (see Section 2.8).

## 2.6 Deemed warranty on redemption of Closed Class Units

Under the changes to the Constitution to be effected under the Supplemental Deed Poll, Closed Class Unitholders will be taken to have warranted to Magellan that all of their Closed Class Units (including any rights and entitlements attaching to those Units) will, at the date of redemption, be free from all encumbrances.

## 2.7 Overseas Unitholders

Based on the information available to Magellan, Closed Class Unitholders whose addresses are shown in the Closed Class Register on the Conversion Record Date as being in the following jurisdictions will be entitled to have Open Class Units issued to them under the Conversion subject to any qualifications set out below in respect of that jurisdiction:

- New Zealand;
- Hong Kong;
- Singapore; and
- any other person or jurisdiction in respect of which Magellan reasonably believes that it is not prohibited and not unduly onerous or impractical to issue Open Class Units to a Closed Class Unitholder with a registered address in such jurisdiction.

Nominees, custodians and other Unitholders who hold Closed Class Units on behalf of a beneficial owner resident outside Australia, New Zealand, Hong Kong or Singapore may not forward this Unitholder Booklet (or any accompanying document) to anyone outside these countries without the consent of Magellan.

### (a) New Zealand

#### IMPORTANT NOTICE FOR NEW ZEALAND INVESTORS.

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the Corporations Regulations set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in

New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

(b) Hong Kong

WARNING: The contents of this Unitholder Booklet have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Conversion. If you are in any doubt about any of the contents of this Unitholder Booklet, you should obtain independent professional advice.

This Unitholder Booklet does not constitute an offer or invitation to the public in Hong Kong to acquire an interest in or participate in (or offer to acquire an interest in or participate in) a collective investment scheme. This Unitholder Booklet also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Unitholder Booklet in Hong Kong, other than to persons who are “professional investors” (as defined in the Securities and Futures Ordinance (**SFO**) and any rules made thereunder) or in other circumstances that do not result in this Unitholder Booklet constituting an invitation to the public of Hong Kong for the purpose of the SFO.

No person may issue or have in its possession for the purposes of issue, this Unitholder Booklet or any advertisement, invitation or document relating to the Open Class Units, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to the Open Class Units that are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder.

Copies of this Unitholder Booklet may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this Unitholder Booklet, or any offer or an invitation in respect of the Open Class Units, to the public in Hong Kong. This Unitholder Booklet is for the exclusive use of unitholders of the Fund in connection with the Conversion. No steps have been taken to register or seek authorisation for the issue of this Unitholder Booklet in Hong Kong.

This Unitholder Booklet is confidential to the person to whom it is addressed and no person to whom a copy of this Unitholder Booklet is issued may circulate, distribute, publish, reproduce or disclose (in whole or in part) this Unitholder Booklet to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with consideration of the Conversion by the person to whom this Unitholder Booklet is addressed.

(c) Singapore

This Unitholder Booklet and any other document relating to the Conversion or the Open Class Units have not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore and the Conversion is not regulated by any financial supervisory authority under any legislation in Singapore. Accordingly, statutory liabilities in connection with the contents of prospectuses under the Securities and Futures Act 2001 (the **SFA**) will not apply.

This Unitholder Booklet and any other document in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of Open Class Units may not be offered, sold or distributed, or be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part 13 of the SFA or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to Open Class Units being subsequently offered for sale to any other party in Singapore. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

This Unitholder Booklet is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person.

The investment referred to in this Unitholder Booklet may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investment. Nothing in this Unitholder Booklet constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

Magellan is not in the business of dealing in securities or holds itself out or purport to hold itself out to be doing so in Singapore. As such, Magellan is neither licensed nor exempted from dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

## 2.8 Treatment of Ineligible Foreign Closed Class Unitholders – Sale Facility

- (a) If you are an Ineligible Foreign Closed Class Unitholder you will not be eligible to receive Open Class Units in connection with the Conversion.
- (b) Restrictions in certain foreign countries make it impractical or unlawful for Magellan to offer, or for Closed Class Unitholders to receive, Open Class Units in those countries. Accordingly, Magellan will not issue Open Class Units to Ineligible Foreign Closed Class Unitholders.
- (c) If you are an Ineligible Foreign Closed Class Unitholder, you must participate in the Sale Facility which operates as follows:
  - (i) On the Implementation Date, Magellan will redeem the Closed Class Units of the Ineligible Foreign Closed Class Unitholders.
  - (ii) Magellan will issue the aggregate number of Open Class Units to which Ineligible Foreign Closed Class Unitholders would otherwise have been entitled under the Conversion to the Sale Agent to be disposed of on behalf of the Ineligible Foreign Closed Class Unitholders. The proceeds of the sale of these Open Class Units will be paid to the Ineligible Foreign Closed Class Unitholders. The sale proceeds will depend upon the market price of the Open Class Units after deduction of any applicable brokerage, stamp duty, taxes or other costs and charges.
  - (iii) The Sale Agent will be the legal owner of the Open Class Units issued to it and will sell the Open Class Units within 20 Business Days after the Implementation Date (the ***Ineligible Foreign Closed Class Unitholder Sale Period***).
  - (iv) All Open Class Units to be sold by the Sale Agent will be sold on the ASX.
  - (v) The Sale Agent will sell the Open Class Units in the ordinary course of trading on the ASX. Neither Magellan nor the Sale Agent gives any assurance as to the price that will be achieved for the sale of Open Class Units and the sale of the Open Class Units will be at the risk of the Ineligible Foreign Closed Class Unitholders.
  - (vi) The prices at which Open Class Units are sold by the Sale Agent may be adversely affected by the requirement that the sales be conducted within the Ineligible Foreign Closed Class Unitholder Sale Period.
  - (vii) Each Ineligible Foreign Closed Class Unitholder will be entitled to receive a cash amount which is equivalent to an amount equal to the proceeds of sale (net of costs) of all Open Class Units issued to the Sale Agent divided by the total number of Open Class Units that are sold by the Sale Agent multiplied by the number of Open Class Units to which that Ineligible Foreign Closed Class Unitholder would otherwise have been entitled under the Conversion.
  - (viii) Cash proceeds from the sale of the Open Class Units by the Sale Agent will be paid to Ineligible Foreign Closed Class Unitholders within 5 Business Days after the proceeds from sale are received by the Fund's unit registry. Cash proceeds will be paid to the bank account nominated to the Fund's unit registry for the payment of distributions by the relevant Ineligible Foreign Closed Class Unitholder.

- (d) Ineligible Foreign Closed Class Unitholders who are required to participate in the Sale Facility should note that the sale proceeds resulting from the Sale Facility is not fixed and is dependent on fluctuations in the trading price of Open Class Units. The cash amount Ineligible Foreign Closed Class Unitholders will ultimately receive under the Sale Facility may be lower than the issue price of the Open Class Units on the Implementation Date.

## 2.9 Trading in Open Class Units

Closed Class Unitholders (other than Ineligible Foreign Closed Class Unitholders) should note that their Open Class Units will be issued to them on the Implementation Date. Closed Class Unitholders will not be able to sell Open Class Units issued to them under the Conversion prior to their issue on the Implementation Date.

## 2.10 Delisting the Fund

Subject to the Conversion Resolutions being approved, Magellan will apply for the removal of Closed Class Units from trading on the ASX and for the removal of the Fund from the Official List of ASX, with effect from the Business Day immediately following the Implementation Date.

# 3. Information for Closed Class Unitholders

## 3.1 Key benefits, risks and disadvantages of the Conversion for Closed Class Unitholders

The table below provides a summary of the anticipated benefits of the Conversion specific to the Closed Class Unitholders, as well as the potential risks and disadvantages.

Refer to sections 6 and 7 of the PDS for general risks and benefits of investing in Open Class Units and the Fund (some of which already apply to existing Closed Class Unitholders).

### Summary of key benefits of the Conversion

#### ***Expected to permanently address the trading discount to NAV per Unit***

Despite many similarities between the Closed Class Units and the Open Class Units, the Closed Class Units have historically traded on the ASX at a discount to the NAV per Closed Class Unit. This discount was as high as 20-25% in Q4 2022 and, prior to Magellan's ASX announcement relating to the Conversion on 16 October 2023, was above 12% for a prolonged period. Subsequently, as at 30 April 2024, the discount to NAV has closed to around 3.9% which Magellan believes is primarily attributed to announcements by Magellan regarding the Conversion.

The Open Class Units that will be issued to Closed Class Unitholders upon implementation of the Conversion, generally trades at prices close to the prevailing NAV per Open Class Unit. Since 1 January 2024, the difference between ASX close prices and the last published NAV per Open Class Unit has been approximately 0.3% on average.

This is a direct result of the market making activity undertaken in relation to the Open Class Units. Magellan, on behalf of the Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units. At the end of each trading day, Magellan will create or cancel units by applying for or withdrawing its net position in Open Class Units bought or sold on the ASX. An appointed agent will act on behalf of Magellan to transact and facilitate settlement on its behalf. The price at which the Responsible Entity may buy or sell Open Class Units will reflect Magellan's view of the NAV per Open Class Unit (as referenced by the iNAV), market conditions, an allowance to cover transaction costs and supply and demand for Open Class Units during the trading day. As such, prices on the ASX may not always reflect the prevailing NAV per Open Class Unit.

For further information, refer to Section 4 of the PDS and "Fund provision of liquidity on the Securities Exchange risk" in Section 7 of the PDS.

#### ***Greater choice in how to enter and exit the Fund***

The Open Class Units in the Fund bring together the key characteristics of both an unlisted managed investment scheme which provides Unitholders with the ability to apply for and redeem units directly with Magellan on a daily basis and also gives Unitholders the ability to buy and sell units in the secondary market on the ASX. This not only provides Unitholders with greater flexibility in how they enter and exit their investment but also how and where they hold or administer their unitholding.

Closed Class Unitholders whose Units will be converted to Open Class Units as part of the Conversion will gain the ability to redeem Open Class Units directly with Magellan at close to the NAV per Open Class Unit. This is not currently available to Closed Class Unitholders.

For further information, refer to Section 3 of the PDS.

### ***Conversion effected at NAV***

Under the Conversion, the number of Open Class Units issued to Closed Class Unitholders will be based on the respective NAV per Closed Class Unit and NAV per Open Class Unit. As such, Closed Class Unitholders who receive Open Class Units will not experience any diminution in the value of their investment (subject to rounding), as assessed immediately before and immediately after the Conversion. The Conversion Ratio, which is based on NAV rather than the prevailing share price (which has typically traded at a discount to NAV), should also mean that Closed Class Unitholders receive greater value through the Conversion Process than if they sold their Closed Class Units at market prices on ASX.

Magellan has applied (on behalf of the Unitholders) for a class ruling from the Commissioner of Taxation to confirm certain Australian income tax implications of the Conversion, including whether certain Australian resident Closed Class Unitholders, who would otherwise make a capital gain or capital loss on redemption of their Closed Class Units, are eligible to obtain unit exchange CGT roll-over relief which would allow any capital gain or capital loss from the redemption of Closed Class Units under the Conversion to be disregarded and deferred until a subsequent taxable event occurs in respect of the Open Class Units. For further information, refer to Section 6 of this Unitholder Booklet.

## **Summary of key disadvantages and risks of the Conversion**

### ***Redemption of Open Class Units may increase attribution of tax amounts to Unitholders of the Fund***

If the Conversion is implemented, the Closed Class Unitholders will receive Open Class Units in the Fund which can be redeemed directly with the Responsible Entity. Redemptions of Open Class Units may result in the Fund having to sell the underlying assets in the Portfolio to fund redemption proceeds. This may result in increased realised capital gains which are attributed to Unitholders.

Magellan's policy is to attribute net capital gains (or an estimate of net capital gains) generated as a result of redemptions of Open Class Units to the Unitholders who redeem a significant number of units where this is practicable. This reduces the realised capital gains that would otherwise be attributed to continuing Unitholders at the next distribution date.

For further information, refer to section 11 of the PDS.

### ***A Closed Class Unitholder's relative voting power and how it votes on certain matters may be impacted***

Following implementation of the Conversion, the combined group of Open Class Unitholders (which will comprise existing Closed Class Unitholders and existing Open Class Unitholders) will be larger compared to the Closed Class on a standalone basis. As a result, a Closed Class Unitholder's relative voting power (as a percentage of the total) will be lower. Magellan observes that this change in voting power is a feature of the Closed Class whenever units are issued, for example on the exercise of options or under a capital raising such as a unit purchase plan or distribution reinvestment plan. In addition, the Closed Class Units are widely held as at the date of this Unitholder Booklet with no particular unitholder determining voting outcomes in respect of the Closed Class Units.

Currently, in some cases, holders of Open Class Units and Closed Class Units are required to vote separately to approve a matter or proposal before it can be implemented. Following implementation of the Conversion, there will only be one class of units, the Open Class Units, and a separate vote of Closed Class Unitholders will no longer be applicable.

### ***Conversion will result in a period during which Closed Class Unitholders will not be able to transact their investment***

It is expected that Closed Class Units will be suspended from trading on the ASX at the close of business on the Effective Date (being 11 July 2024). The Open Class Units issued on the Implementation Date (expected to be 22 July 2024) are expected to be able to be transacted from the following business day (being 23 July 2024). During the period of suspension, Closed Class Unitholders will not be able to transact their investment in Closed Class Units. As the Fund invests in global listed securities, an investment in the Fund remains subject to market risk during this period. Ineligible Foreign Closed Class Unitholders will continue to be exposed to market risk up until the Sale Agent has disposed of all Open Class Units issued under the Sale Facility (for more information see Section 2.8).

The key differences between the Closed Class Units and the Open Class Units are summarised in Section 3.2 below. One key difference is that the Closed Class Units trade on the ASX under the ASX Listing Rules, while Open Class Units trade on the ASX under the AQUA Rules. The key differences between the ASX Listing Rules and the AQUA Rules are summarised in Section 3.3. Closed Class Unitholders should consider these differences and the relative advantages of each in light of their individual circumstances and preferences.

### 3.2 Summary of key differences between Closed Class Units and Open Class Units

If the Conversion proceeds, Closed Class Unitholders will have their Closed Class Units converted into Open Class Units.

A summary of the key differences between the Closed Class Units and Open Class Units are summarised below:

	Open Class Units (ASX: MGOC)	Closed Class Units (ASX: MGF)
<b>Responsible entity</b>	Magellan Asset Management Limited	
<b>Investment manager</b>	Magellan Asset Management Limited	
<b>Investment strategy</b>	Global Equities Strategy	
<b>Capital structure</b>	<p>An 'open-ended' unit class.</p> <p>Magellan has the power to issue or redeem Units on a daily basis.</p> <p>For further information, refer to section 3 of the PDS.</p>	<p>A 'closed-ended' unit class.</p> <p>Units can only be issued or bought-back in accordance with the ASX Listing Rules.</p>
<b>ASX Quotation</b>	<p>Admitted to Trading Status under the AQUA Rules.</p> <p>Further information on the ASX AQUA Rules framework is set out in Section 3.3.</p>	<p>Admitted to the Official List of ASX under the ASX Listing Rules.</p> <p>Further information on the ASX Listing Rules framework is set out in Section 3.3.</p>
<b>Buying and selling on ASX</b>	<p>Investors can buy and sell Open Class Units on the ASX.</p> <p>The responsible entity may provide liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units. A market participant has been appointed by the responsible entity to act as its agent to buy and sell Open Class Units on the ASX.</p> <p>The secondary market price of Open Class Units is expected to generally trade at a tight spread to the prevailing NAV per Open Class Unit.</p> <p>For further information, refer to section 4 of the PDS.</p>	<p>Investors can buy and sell Closed Class Units on the ASX.</p> <p>Secondary market demand and supply dictate the trading price of Closed Class Units relative to the prevailing NAV per Unit on any given trading day.</p> <p>As a result, the secondary market price of Closed Class Units may be at a premium or discount to the NAV per Closed Class Unit.</p>
<b>Applying and redeeming directly with the responsible entity</b>	<p>Unitholders can apply for or redeem Open Class Units daily directly with Magellan.</p> <p>Further details are set out in Section 5 of the PDS.</p>	<p>No ability for Closed Class Unitholders to apply for or redeem Closed Class Units directly with Magellan.</p>
<b>Distribution policy</b>	Target Cash Distribution yield of 4% per annum paid semi annually	
<b>Distribution Reinvestment Plan</b>	<p>DRP available to reinvest distributions in Open Class Units at a price equal to the prevailing NAV per Open Class Unit.</p>	<p>DRP currently suspended. Historically, Closed Class Units issued under the Closed Class DRP were issued at a price equal to 92.5% of the prevailing NAV per Closed Class Unit.</p>

	Open Class Units (ASX: MGOC)	Closed Class Units (ASX: MGF)
<b>Fees</b>	1.35% per annum management fee (inclusive of the estimated net effect of GST)  10% performance fee of the excess return above the higher of the Index Relative Hurdle and the Absolute Return Hurdle.	
<b>Reports to Unitholders</b>	The following disclosures are available: <ul style="list-style-type: none"> <li>• Daily estimated NAV per unit prior to the commencement of the ASX trading day on Magellan's website at <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a>;</li> <li>• Monthly NAV per unit on ASX;</li> <li>• Intraday indicative NAV per Unit (<i>iNAV</i>) on Magellan's website;</li> <li>• Monthly fund factsheets with top 10 holdings;</li> <li>• Full portfolio disclosed quarterly with a one-month delay; and</li> <li>• Half Year and Annual Reports.</li> </ul>	
<b>Material voting rights specific to a Unit Class</b>	Voting rights in accordance with Corporations Act, the Constitution and AQUA Rules. Certain matters require specific approval of Open Class Unitholders and are specified in the Constitution.	Voting rights in accordance with the Corporations Act and ASX Listing Rules. Certain matters require specific approval of Closed Class Unitholders and are specified in the Constitution.

### 3.3 Differences between the AQUA Rules and ASX Listing Rules

If the Conversion is implemented, Closed Class Unitholders will no longer hold Closed Class Units which trade on ASX under the ASX Listing Rules. Instead, Closed Class Unitholders will receive Open Class Units which trade on ASX under the AQUA Rules.

The following table sets out the key differences between the AQUA Rules and the ASX Listing Rules. Further information relating to investment products quoted under the AQUA Rules can be found at <https://www2.asx.com.au/issuers/investment-products>.

Requirement	ASX Listing Rules	AQUA Rules
<b>Continuous disclosure</b>	Listed entities <b>are subject</b> to continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.	<p>The continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act do not apply to products quoted under the AQUA Rules.</p> <p>Magellan will comply with the continuous disclosure requirements in section 675 of the Corporations Act as if the Fund were an unlisted disclosing entity. This means that Magellan will disclose to ASIC information which is not generally available and that a reasonable person would expect, if the information were generally available, to have a material effect on the price or value of the Open Class Units, provided that such information has not already been included in the PDS (as supplemented or amended).</p> <p>Magellan will publish such information on the Fund's announcements platform of ASX and the Fund's website <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a>.</p>

		<p>Under the AQUA Rules, Magellan must disclose:</p> <ul style="list-style-type: none"> <li>• information about the NAV of the Fund's underlying investments daily and immediately if</li> <li>• Magellan's management activities cause the last reported NAV to move by more than 10%;</li> <li>• information about redemptions from the Fund and the number of Open Class Units on issue;</li> <li>• information about distributions paid in relation to the Fund;</li> <li>• any other information which is required to be disclosed to ASIC under section 675 of the Corporations Act; and</li> <li>• any other information that would be required to be disclosed to the ASX under section 323DA of the Corporations Act if the Open Class Units were admitted under the ASX Listing Rules.</li> </ul> <p>In addition, Magellan must immediately notify the ASX of any information the non-disclosure of which may lead to a false market in the Open Class Units or which would be likely to materially affect the price of the Open Class Units.</p>
<b>Periodic disclosure</b>	Listed entities are required to disclose half-yearly and annual financial information and reports to the announcements platform of the ASX.	Under the AQUA Rules, Magellan is required to disclose half yearly and annual financial information and reports in respect of the Fund to the announcements platform of the ASX at the same time as they are lodged with ASIC under Chapter 2M of the Corporations Act.
<b>Corporate governance</b>	Listed companies and listed managed investment schemes are subject to notification requirements under the Corporations Act and the ASX Listing Rules relating to takeover bids, buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial holdings.	<p>Although the Open Class Units are quoted under the AQUA Rules, if the Conversion is implemented, the Fund will no longer be listed on the Official List of the ASX and therefore it will not be subject to the notification requirements that apply to listed managed investment schemes.</p> <p>The Fund will however be subject to the notification requirements under the AQUA Rules and other corporate governance requirements that apply to registered managed investment schemes under the Corporations Act.</p>
<b>Related party transactions</b>	Chapter 10 of the ASX Listing Rules relates to transactions between a listed entity and a person in a position to influence the entity and sets out controls over related party transactions.	<p>Chapter 10 of the ASX Listing Rules does not apply to products quoted under the AQUA Rules.</p> <p>Magellan will still however, be required to comply with the related party provisions in Chapter 2E of the Corporations Act as modified by Part 5C.7 of the Corporations Act.</p>
<b>Auditor rotation obligations</b>	Division 5 of Part 2M.4 of the Corporations Act imposes specific rotation obligations on auditors of listed companies and listed managed investment schemes.	Issuers of products quoted under the AQUA Rules are not subject to the auditor rotation requirements in Division 5 of Part 2M.4 of the Corporations Act.

### 3.4 PDS

As new Open Class Units will be issued to Closed Class Unitholders upon redemption of their Closed Class Units as part of the Conversion, a PDS for the issue of these Open Class Units has been prepared by Magellan. A copy of the PDS is set out in Part 4 of this Unitholder Booklet. The offer of Open Class Units under the PDS is subject to the Conversion being implemented and there will be no issue of Open Class Units to Closed Class Unitholders under the PDS until the Conversion is implemented.

Closed Class Unitholders should read the PDS prior to making any decision with regards to the Conversion Resolutions.

### 3.5 Fees

The Closed Class Units and Open Class Units have the same fee level and calculation methodology for management fees and performance fees. Please refer to Section 9 of the PDS for a detailed explanation of fees and costs of Open Class Units.

The performance fee Calculation Period for the Closed Class Units will end on the Conversion Calculation Date. Any accrued performance fees relating to the Closed Class Units will be crystallised and become payable to Magellan at that time. The crystallisation of fees will not impact the value of your Closed Class Units or the value of the Open Class Units you receive since any accrued performance fee is already included in the NAV per Closed Class Unit.

The methodology for determining the performance fee, High Water Mark and Calculation Periods for the Open Class Units will not change, with the Calculation Periods for Open Class generally ending on 30 June and 31 December of each year. The issuance of new Open Class Units on implementation of the Conversion will not increase the overall amount of performance fees (if any) accrued in the Fund.

### 3.6 Distributions and Open Class Units Distribution Reinvestment Plan

The distribution that Magellan determines to be paid for the period ending 30 June 2024 is expected to be paid to Closed Class Unitholders in July before implementation of the Conversion.

Magellan has established a distribution reinvestment plan (**DRP**) in respect of distributions made to Open Class Unitholders. Magellan offers Open Class Unitholders the ability to elect to participate in the DRP.

The DRP offers Open Class Unitholders who elect to participate in the DRP the ability to reinvest all or part of their Target Cash Distribution in additional Open Class Units issued at a price equal to the NAV per Open Class Unit, as provided in the Fund DRP Rules.

The DRP Rules provide further details on the methodology for determining the price at which the Open Class Units are issued to Open Class Unitholders under the DRP and can be found at [www.magellangroup.com.au](http://www.magellangroup.com.au).

Closed Class Unitholders who have previously made an election to participate in the distribution reinvestment plan in respect of the Closed Class Units will be treated as having made an election to participate in the distribution reinvestment plan in respect of Open Class Units following implementation of the Conversion. Closed Class Unitholders who have previously elected to participate in the DRP with respect to the Closed Class Units but who do not wish to participate in the DRP following the Conversion must change their election prior to the election date for the next distribution.

## 4. Information for Open Class Unitholders

### 4.1 Key benefits, risks and disadvantages for Open Class Unitholders

It is not expected that the Conversion will materially impact existing Open Class Unitholders, with the number of new Open Class Units to be issued to be based on the respective NAV of Closed Class Units and Open Class Units on the Conversion Calculation Date.

The table below provides a summary of the anticipated benefits of the Conversion specific to the Open Class Unitholders, as well as the potential risks and disadvantages.

Refer also to sections 6 and 7 of the PDS for general risks and benefits of investing in Open Class Units and the Fund.

## Summary of key benefits of the Conversion

### ***Additional Open Class Unitholders may improve trading activity of Open Class Units***

Following the Conversion, the only Units on issue for the Fund will be Open Class Units and existing Closed Class Unitholders will become Open Class Unitholders. An increase in the number of Open Class Unitholders may increase the liquidity in the market of Open Class Units.

### ***Diversity of Unitholders***

The increased scale in the Fund following the Conversion may lead to a more diverse Open Class Unitholder register. A more diverse register mitigates the potential impact on the Fund from withdrawals, including by any concentrated holdings.

## Summary of key disadvantages and risks of the Conversion

### ***Redemption of Open Class Units by former Closed Class Unitholders and attribution of tax amounts to Unitholders of the Fund***

If the Conversion is implemented, as an open-ended unit trust only, redemptions of Open Class Units (by former Closed Class Unitholders) may result in the Fund having to sell the underlying assets in the Portfolio to fund redemption proceeds. This may result in increased realised capital gains which are attributed to Unitholders.

Magellan's policy is to attribute net capital gains (or an estimate of net capital gains) generated as a result of redemptions of Open Class Units to the Unitholders who redeem a significant number of their units where this is practicable. This reduces the realised capital gains that would otherwise be attributed to continuing Unitholders at the next distribution date.

For further information, refer to section 11 of the PDS.

## 4.2 Distributions

The distribution that Magellan determines to be paid for the period ending 30 June 2024 is expected to be paid to Open Class Unitholders in July before implementation of the Conversion.

## 5. Conversion Resolutions

In order to implement the Conversion, the following Conversion Resolutions must be passed by Unitholders, by the requisite majorities:

### 1. Fund Resolution

- A **special resolution** that approval is given by all Unitholders in the Fund for the Constitution to be amended to facilitate the Conversion.

### 2. Closed Class Unitholder Resolutions:

- **Closed Class Unitholder Resolution 1** - A **special resolution** that approval is given by the Closed Class Unitholders in respect of the variation or cancellation of class rights arising from the proposed amendments to the Constitution to facilitate the Conversion.
- **Closed Class Unitholder Resolution 2** - A **special resolution** that approval is given by the Closed Class Unitholders for the Fund to be removed from the Official List of ASX under ASX Listing Rule 17.11.

All of the Conversion Resolutions are inter-conditional, so that if any Conversion Resolution is not passed by the requisite majority of relevant Unitholders, the Conversion will not proceed. If the Conversion does not proceed, the Fund will remain listed on the Official List of ASX and Closed Class Units will remain on issue.

If all of the Conversion Resolutions are passed by the requisite majorities of relevant Unitholders, subject to the ASX formally approving the removal of the Fund from the Official List of the ASX and receipt of the Second Judicial Advice, the Conversion will proceed even if some Unitholders have not voted in favour of the Conversion Resolutions.

### 5.1 Fund Resolution – Amendments to the Constitution

Certain amendments to the Constitution of the Fund are required to facilitate the Conversion. Section 601GC(1)(a) of the Corporations Act permits the constitution of a registered scheme to be modified by special resolution of the members of a scheme. The Fund Resolution is a special resolution, and it will be validly passed if at least 75% of the

total votes cast on the Fund Resolution are cast in favour of the resolution by Unitholders. The proposed modification will only take effect when a copy of the modification or the new constitution is lodged with ASIC.

Magellan is proposing to amend the Constitution to effect the Conversion, in particular to facilitate the redemption of Closed Class Units and the issue of new Open Class Units to Closed Class Unitholders.

It is proposed that the amendments to the Constitution will be effected under the terms of the supplemental deed poll set out in Annexure A of the Notice of Meeting for all Unitholders (**Supplemental Deed Poll**) which will be tabled by the Chairperson at the Meeting. The Supplemental Deed Poll sets out the proposed amendments to the Constitution in full.

A summary of the proposed amendments to the Constitution is set out below.

Topic	Summary
<b>Parties</b>	Magellan will execute the document as a deed poll.
<b>Implementation of the Conversion</b>	Provides for the implementation of the Conversion (defined as the Scheme in the Supplemental Deed Poll), including: <ul style="list-style-type: none"> <li>a) requiring all Closed Class Unitholders and Magellan to do all things necessary to give full effect to the Conversion (and binding them to do so); and</li> <li>b) giving Magellan power to do all things necessary or desirable to give effect to the Conversion</li> </ul>
<b>Entitlement to Scheme Consideration</b>	Closed Class Unitholders are entitled to consideration for the redemption of their Closed Class Units.
<b>Amount of Scheme Consideration</b>	The consideration to be given in exchange for Closed Class Units will be either: <ul style="list-style-type: none"> <li>a) for all Closed Class Unitholders (except for Ineligible Foreign Closed Class Unitholders), the issue of Open Class Units calculated in accordance with the following formula: <math display="block">N = \text{Conversion Ratio} \times \text{Number of Closed Class Units held by the Unitholder on the Conversion Record Date}</math> </li> <li>b) for Ineligible Foreign Closed Class Unitholders, a proportion of the proceeds of sale (net of costs) under the Sale Facility, derived from the sale of Open Class Units issued to the Sale Agent (instead of to the Ineligible Foreign Closed Class Unitholder) in accordance with the formula in paragraph (a).</li> </ul> <p>Fractional entitlements will be rounded to the nearest whole number of Units.</p>
<b>Instructions and elections to be applied to Open Class Units</b>	To the extent permitted by law, all binding instructions, notifications, consents or elections made by each Closed Class Unitholder in relation to the Closed Class Units will be deemed to be made by the Closed Class Unitholder in relation to any Open Class Units held.
	This includes, disclosure of personal information, receipt of notices and communications (including electronically) and any election to participate in a distribution reinvestment plan.
<b>Transfers to be free of encumbrances</b>	All Closed Class Units, as at the date of redemption, must be free from all encumbrances.
<b>Irrevocable agreements by the Closed Class Unitholders</b>	Under the Conversion, the Closed Class Unitholders irrevocably: <ul style="list-style-type: none"> <li>• acknowledge that they and Magellan are bound by the Constitution clauses as inserted by the Supplemental Deed Poll (regardless of whether they attend the Meeting or vote in favour);</li> <li>• agree to the redemption of their Closed Class Units, and to any variation, cancellation or modification of rights attached to their Closed Class Units resulting from the Conversion;</li> <li>• agree to provide information reasonably required for Magellan to comply with law (including AML); and</li> <li>• consent to Magellan doing all things necessary (including execution of transfers and other documents) to give full effect to the Conversion.</li> </ul>
<b>Appointment of Responsible Entity as sole proxy</b>	Each Closed Class Unitholder appoints Magellan as attorney and agent and its directors from time to time as its sole proxy or corporate representative (where applicable) in respect of attending and voting at Unitholders' meetings, and, if they remain registered holders of Closed Class Units, they must act as Magellan directs. This applies on and from the Implementation Date until the Closed Class Units are redeemed.

Topic	Summary
<b>Treatment of separate parcels held by custodians</b>	For the purposes of implementing the Conversion, each separate parcel of Closed Class Units held in a capacity as trustee, custodian or nominee for another person will be treated as though it were held by a separate Unitholder.
<b>Sale Facility for Ineligible Foreign Closed Class Unitholders</b>	Provisions are inserted to govern and facilitate a sale facility in respect of Closed Class Units held by Ineligible Foreign Closed Class Unitholders. Magellan must not issue any Open Class Units to Ineligible Foreign Closed Class Unitholders and must instead issue them to the Sale Agent. The Sale Agent must sell the Open Class Units it receives in the ordinary course of trading on the ASX, and pay the proceeds (net of all costs) to the Fund's unit registry. The Fund's unit registry must pay those proceeds to the Ineligible Foreign Closed Class Unitholders proportionate to the number of Open Class Units that they would otherwise have been issued.
<b>Unclaimed monies</b>	Any amount payable under the Conversion which becomes 'unclaimed monies' as defined in the <i>Unclaimed Money Act 1995</i> (NSW) ( <i>Unclaimed Money Act</i> ), will be subject to the Unclaimed Money Act.
<b>Withholdings</b>	Magellan may deduct and withhold any consideration that would otherwise be payable if it determines that it is required to do so by law, a court order or a regulatory authority. It must provide a receipt of payment to the relevant tax or regulatory authority if requested.
<b>Court orders and orders of a regulatory authority</b>	If Magellan receives written notice of an order or direction given by a court or other regulatory authority requiring any consideration otherwise payable to a Closed Class Unitholder as part of the Conversion to instead be paid to a Regulatory Authority or other third party (either by paying money or issuing Open Class Units), then Magellan is entitled to comply with the order and, if that involves issuing Open Class Units or paying money to somebody else, then doing so will discharge the obligation to the relevant Closed Class Unitholder.
<b>Determination of scheme units</b>	The Register on the Conversion Record Date will determine the persons that hold Closed Class Units on the Conversion Record Date and their entitlement to the Scheme Consideration. CHESS or other registrable transfers must be received on or before the Conversion Record Date.
<b>No disposal after Effective Date</b>	Any disposal by Unitholders of Closed Class Units after the Effective Date will be void, unless disposed of in accordance with the Conversion.
<b>Suspension of trading and de-listing</b>	Closed Class Units will be suspended from trading from the close of business on the Effective Date. Subject to the receipt of all relevant approvals, on the Implementation Date, Magellan will apply to delist the Fund from the Official List of ASX.
<b>Power of Attorney</b>	Each Closed Class Unitholder irrevocably appoints Magellan (and its directors and secretaries jointly and individually) as its attorney and agent to execute documents related to the Conversion.
<b>No liability when acting in good faith</b>	Magellan (including its directors, officers, employees or associates) will not be liable for any act or omission in the performance of the Conversion in good faith.
<b>Limitation of liability</b>	Limitation of liability provisions limit Magellan's liabilities to Unitholders to the extent to which Magellan is actually indemnified out of trust property (subject to law).

## 5.2 Closed Class Unitholder Resolution 1 – Variation or cancellation of class rights

The Closed Class Unitholder Resolution 1 seeks approval from Closed Class Unitholders to approve the proposed amendments to the Constitution for the purposes of clause 7.5 of the Constitution in respect of the variation or cancellation of class rights.

Under clause 7.5, in summary, any variation or cancellation of rights attached to a Class of Units requires approval by a special resolution passed at a separate meeting of Unit Holders of that Class. The Conversion will involve the redemption of Closed Class Units and hence a cancellation of rights attached to that Class of Unit.

The Closed Class Unitholder Resolution 1 is a special resolution, and it will be validly passed if at least 75% of the total votes cast on the Closed Class Unitholder Resolution 1 are cast in favour of the resolution by Closed Class Unitholders.

The Closed Class Unitholder Resolution is inter-conditional with the approval of the other Conversion Resolutions. If all of the Conversion Resolutions are passed, the Supplemental Deed Poll will be signed and lodged with ASIC on the Effective Date. The proposed amendments do not take effect until the signed Supplemental Deed Poll is lodged with ASIC.

If the Closed Class Unitholder Resolution 1 (or any of the Conversion Resolutions) is not passed by the relevant Unitholders at the relevant Meeting, the Conversion will not proceed and the Closed Class Units will remain on issue.

### 5.3 Closed Class Unitholder Resolution 2 – Removal of the Fund from the Official List of ASX

Closed Class Unitholder Resolution 2 seeks Unitholder approval under ASX Listing Rule 17.11 for the removal of the Fund from the Official List of ASX.

ASX has advised that, based on the information provided to it, it will agree to remove the Fund from the Official List of ASX upon receipt of a formal delisting application from Magellan, subject to compliance with the following conditions:

- all Unitholders approving a resolution to amend the MGF Constitution to effect the Conversion;
- Closed Class Unitholders, by special resolution under Closed Class Unitholder Resolution 2, approving the removal of the Closed Class Units from the Official List of ASX;
- the inclusion of certain specified information in this Unitholder Booklet; and
- all other necessary conditions to implement the Conversion have been satisfied.

In accordance with the conditions set out above:

- the Conversion Resolutions seek the required approvals from Unitholders; and
- this Unitholder Booklet contains the information required by ASX.

Closed Class Unitholder Resolution 2 is inter-conditional with the approval of the Fund Resolution and the Closed Class Unitholder Resolution 1. If all of the Conversion Resolutions are passed, subject to ASX formally approving the removal of the Fund from the Official List of ASX and receipt of the Second Judicial Advice:

- the Closed Class Units will be redeemed in consideration for new Open Class Units which will be issued at the Conversion Ratio;
- it is expected that the Fund and the Closed Class Units will be removed from the Official List of ASX effective from the close of trading on 22 July 2024; and
- it is expected that Closed Class Unitholders will be able to transact their Open Class Units on the ASX under the ticker 'MGOC' on and from 23 July 2024.

Closed Class Unitholder Resolution 2 is a special resolution, and it will be validly passed if at least 75% of the total votes cast on Closed Class Unitholder Resolution 2 are cast in favour of the resolution by Closed Class Unitholders.

Closed Class Unitholders wishing to sell their Closed Class Units on the ASX while the Fund is admitted to the Official List of ASX will need to do so on or before 11 July 2024. Thereafter, Closed Class Unitholders will be able to sell the Open Class Units they receive on implementation of the Conversion on the ASX under the AQUA Rules on and from 23 July 2024 using the ticker 'MGOC' or redeem their Open Class Units directly with Magellan.

The advantages and disadvantages of removal of the Fund from the Official List (in connection with the Conversion) are set out in Section 3.1.

Following the Fund's removal from the Official List of ASX, the Fund will become an 'unlisted disclosing entity' subject to the continuous disclosure obligations in section 675 of the Corporations Act. These are substantively the same as those imposed under section 674 of the Corporations Act and ASX Listing Rule 3.1. Further information about the disclosure obligations of the Fund as an open-ended Active ETF can be found in Section 3.3.

If Closed Class Unitholder Resolution 2 (or any of the Conversion Resolutions) is not passed by Unitholders at the relevant Meeting, Magellan will not be able to proceed with the delisting and Conversion and the Closed Class Units will remain listed on the Official List of ASX.

### 5.4 Independent Expert's opinion

The Board appointed the Independent Expert to prepare the Independent Expert's Report to opine on whether the Conversion is in the best interests of Unitholders (in each separate class and taken as a whole).

The Independent Expert has concluded that the Conversion is in the best interests of Unitholders (in each respective unit class and as a whole) in the absence of a superior proposal (which in the Independent Expert's view is unlikely).

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Part 3 of this Unitholder Booklet. The Directors strongly encourage you to read this report in its entirety.

## **5.5 Director's recommendation**

The Directors of Magellan consider that the Conversion is in the best interest of Unitholders and believe that the anticipated benefits for all Unitholders from the Conversion outweigh the potential disadvantages and risks. Accordingly, the Directors unanimously recommend that Unitholders vote in favour of the Conversion Resolutions.

## **5.6 Voting exclusion**

In accordance with section 253E of the Corporations Act, Magellan and its associates will not vote their interests on the Conversion Resolutions.

## 6. Tax Report

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20 May 2024

The Directors  
Magellan Asset Management Limited in its  
capacity as responsible entity of the Magellan  
Global Fund  
Level 38  
25 Martin Place  
Sydney NSW 2000

Dear Directors

### Australian Taxation Report

We have been requested to prepare a summary of the Australian tax consequences for certain Australian resident and non-resident Unitholders of the implementation of the Conversion to be included in the Notice of Meeting and Explanatory Memorandum issued by Magellan Asset Management Limited (**Magellan**) (in its capacity as responsible entity of the Magellan Global Fund) (**Fund**) dated on or around 20 May 2024 (the **Explanatory Memorandum**). The information contained in this summary is only general in nature. This summary has been prepared on the assumption that the Conversion described in the Explanatory Memorandum will be carried out in the manner described in the Explanatory Memorandum.

The information provided below is not applicable to all Unitholders. This tax summary applies to Australian tax resident and non-resident unitholders who hold their Units on capital account. This summary will not apply to Unitholders who:

- acquired their Units in the course of a business of trading or investing in securities, such as share traders, investment companies, banks or insurance companies, or who otherwise hold Closed Class Units on revenue account or as trading stock; and/or
- acquired their interests in their Units pursuant to an employee share, option or rights plan, if applicable; and/or
- are subject to the 'taxation of financial arrangements' rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in respect of their Units.

The actual tax consequences to Unitholders of the Conversion may differ depending on their individual circumstances.

**Unitholders are advised to consult their own professional tax adviser regarding the consequences of the Conversion in light of their particular circumstances. Unitholders who are not resident in Australia should obtain advice on the taxation implications arising from the Conversion in their local jurisdiction.**

This summary is based on provisions of the *Income Tax Assessment Act 1936* (1936 Act) and the *Income Tax Assessment Act 1997* (1997 Act) and regulations and the current administrative practice of the Australian Taxation Office (the ATO) as at the date of this Explanatory Memorandum.

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Defined terms used in this letter take their meaning from the Explanatory Memorandum, unless the context requires otherwise.

## 1 Income tax consequences of the Conversion for Closed Class Unitholders

### 1.1 Australian resident Closed Class Unitholders

#### (a) Redemption of Closed Class Units

For Closed Class Unitholders, the Conversion will result in their Closed Class Units being redeemed.

The redemption of Closed Class Units should be a CGT event for a Closed Class Unitholder. The event happens because a Closed Class Unitholder will cease to own, or dispose of, Closed Class Units in the Fund.

As the Conversion will trigger a CGT event, Closed Class Unitholders will need to determine whether a capital gain, or a capital loss, arises in respect of their Closed Class Units.

Broadly, a Closed Class Unitholder will:

- make a 'capital gain' if the capital proceeds from the redemption of their Closed Class Units exceeds the 'cost base' of their Closed Class Units (subject to CGT unit for unit roll-over relief, discussed below); or
- make a 'capital loss' if the capital proceeds from the redemption of their Closed Class Units are less than the 'reduced cost base' of their Closed Class Units.

If applicable, the 'CGT discount' may be available to reduce the taxable gain for a Closed Class Unitholder who is an individual, complying superannuation entity or trust (discussed below).

#### (b) Cost base or reduced cost base

The cost base and reduced cost base of Closed Class Units will generally include the amount paid, or the market value of any property given, to acquire the Closed Class Units, plus any incidental costs of acquisition (eg, brokerage fees and stamp duty) that are not otherwise deductible to the Closed Class Unitholders, or the amount which applied to an original interest if the Closed Class Units were acquired pursuant to a previous transaction which was subject to CGT roll-over relief. The cost base and reduced cost base of Closed Class Units may also be reduced by any tax deferred or other non-attributable amounts received under previous distributions. The cost base of each Closed Class Unit will depend on the individual circumstances of each Closed Class Unitholder.

#### (c) Capital proceeds

Under the applicable rules, the capital proceeds for the CGT event arising from the redemption of Closed Class Units under the Conversion will include the money and the market value of any property received in respect of the redemption. This should be equal to the value of the Open Class Units. In working out the amount that should be included in the capital proceeds for the CGT event, the market value of the Open Class Units should be determined as at the Implementation Date.

#### Net capital gain or loss

Any capital gain (or capital loss) made by a Closed Class Unitholder will be aggregated with other capital gains and capital losses of the Closed Class Unitholder in the relevant year of income to determine whether the Closed Class Unitholder has an overall 'net capital gain' or overall 'net capital loss' for the income year in which the CGT event occurs.

Subject to roll-over relief, a net capital gain, if any, will be included in the Closed Class Unitholder's assessable income. Subject to roll-over relief, a net capital loss, if any, may not be deducted against other assessable income, but may be carried forward to be offset against net capital gains realised in later income years.

**(d) CGT discount**

If a Closed Class Unitholder is an individual, complying superannuation entity or a trust, and acquired their Closed Class Units at least 12 months or more before the redemption, the Closed Class Unitholder may be entitled to apply the 'CGT discount' for any capital gain made on the redemption of their Closed Class Units. Closed Class Unitholders should seek independent advice to determine if their Closed Class Units have been held for the requisite period.

The 'CGT discount' provisions may entitle Closed Class Unitholders to reduce their capital gain on the redemption of a Closed Class Unit (after deducting available capital losses) by half, in the case of individuals and trusts, or by one-third in the case of Australian complying superannuation entities. The 'CGT discount' is not available to companies. As the rules relating to discount capital gains for trusts are complex, we recommend that Closed Class Unitholders who are trustees seek their own independent advice on how the CGT discount provisions will apply to them and the trusts' beneficiaries, as applicable.

**(e) CGT roll-over relief for exchange of units**

**(i) Class Ruling**

Magellan has applied (on behalf of the Unitholders) for a class ruling (**Class Ruling**) from the Commissioner of Taxation to confirm certain Australian income tax implications of the Conversion, including whether Australian resident Closed Class Unitholders, who would otherwise make a capital gain or capital loss on redemption of their Closed Class Units, are eligible to obtain unit exchange roll-over relief pursuant to Subdivision 124-E of the 1997 Act.

We expect that the Commissioner of Taxation will issue a Class Ruling which is consistent with the income tax comments provided in the following sections, including to confirm that relevant Australian resident Closed Class Unitholders, who would otherwise make a capital gain or capital loss on redemption of their Closed Class Units, are eligible to obtain unit exchange roll-over relief. The Class Ruling has not been finalised as at the date of this Unitholder Booklet and a Class Ruling is not expected to be issued by the Commissioner of Taxation until after the Implementation Date.

Unitholders should review the final Class Ruling when it is published by the Commissioner of Taxation following the Implementation Date on the Australian Taxation Office's website at [www.ato.gov.au](http://www.ato.gov.au).

**(ii) Application of exchange of units roll-over**

An Australian resident Closed Class Unitholder who redeems their Closed Class Units in exchange for Open Class Units, and who would otherwise make a capital gain or capital loss in respect of the redemption of their Closed Class Units, may choose to obtain CGT exchange of units roll-over relief subject to the conditions in Subdivision 124-E of the 1997 Act. This choice can be evidenced by the way in which the Closed Class Unitholder completes their income tax return in the income year in which they redeem their Closed Class Units (discussed in further detail below).

Subdivision 124-E of the ITAA 1997 contains a number of conditions that must be satisfied before a Closed Class Unitholder is eligible to choose unit for unit roll-over. These conditions are:

- you own units (the original units) of a certain class in a unit trust; and
- the trustee redeems or cancels all units of that class; and
- the trustee issues you with new units (and you receive nothing else) in substitution for the original units; and
- the market value of the new units just after they were issued is at least equal to the market value of the original units just before they were redeemed or cancelled; and
- one of these requirements is satisfied:
  - you are an Australian resident at the time of the redemption or cancellation; or
  - if you are a foreign resident at that time – the original units were taxable Australian property just before that time and the new units are taxable Australian property when they are issued.

If CGT roll-over relief under Subdivision 124-E of the 1997 Act is available, and a Closed Class Unitholder elects to apply roll-over relief, then:

- a capital gain or capital loss that the Closed Class Unitholder makes from the redemption of their Closed Class Units under the Conversion should be disregarded and deferred until a subsequent taxable event occurs in respect of the Open Class Units;
- the Closed Class Unitholder should be taken to have acquired their replacement Open Class Units on the date they originally acquired (or are taken to have acquired) their redeemed Closed Class Units; and
- the first element of cost of their replacement Open Class Units should be equal to the total cost base of their redeemed Closed Class Units when they were redeemed.

**(iii) Election to apply CGT roll-over relief**

The Closed Class Unitholder must make a choice to apply CGT roll-over relief by the day they lodge an income tax return for the income year in which the Implementation Date occurs. The choice can be evidenced by excluding the disregarded capital gain or capital loss from assessable income in the Closed Class Unitholder's income tax return and on the Capital Gains Tax Schedule, if applicable. There is no need to lodge a separate notice with the ATO.

**(f) Where exchange of units roll-over is not chosen or available**

Where a Closed Class Unitholder is not eligible for, or does not choose, CGT roll-over relief:

- any capital gain or capital loss made by the Closed Class Unitholder from the redemption of their Closed Class Units will be taken into account in calculating the Closed Class Unitholder's 'net capital gain' (see above) for the income year in which the CGT event happens; and
- acquire their replacement Open Class Units with effect from the date of implementation; and
- the first element of cost of their replacement Open Class Units should be equal to the value of those units when they are acquired.

**(g) Tax Consequences of holding Open Class Units after the Conversion**

Unitholders should refer to information about the tax consequences of becoming an Open Class Unitholder after the Conversion, as set out in Section 11 of the PDS.

## 1.2 Non-Australian tax resident Closed Class Unitholders

For a Closed Class Unitholder who:

- is a foreign resident, or the trustee of a foreign trust for CGT purposes; and
- has not used their Closed Class Units at any time in carrying on a business through a permanent establishment in Australia,

the redemption of the Closed Class Units would generally only result in Australian CGT implications if, in broad terms:

- that Closed Class Unitholder together with their associates held an interest of 10% or more in the Fund at the time of redemption or for a 12 month period within two years preceding the redemption (referred to as a 'non-portfolio interest'); and
- more than 50% of the market value of the Fund's assets is attributable to direct or indirect interests in 'taxable Australian real property' (as defined in the income tax legislation).

On the basis that less than 50% of the market value of the Fund's assets is attributable to direct or indirect interests in 'taxable Australian real property' (as defined in the income tax legislation), Closed Class Unitholders who are non-Australian tax residents should generally be able to disregard any Australian capital gain or loss otherwise arising as a result of the redemption of the Closed Class Units.

A non-resident individual Closed Class Unitholder who has previously been an Australian tax resident and chose to disregard a capital gain or loss in respect of their Closed Class Units from a CGT event on ceasing to be an Australian tax resident may be subject to Australian CGT consequences on redemption of their Closed Class Units.

Closed Class Unitholders who are non-Australian tax residents should seek their own independent tax advice as to the tax implications of the Conversion, including tax implications in their country of residence.

## 2 Income tax consequences of the Conversion for Open Class Unitholders

For Open Class Unitholders, the Conversion should not result in a disposal, redemption, cancellation or any other tax event that would happen in relation to their Open Class Units. Accordingly, the Conversion should not have any tax consequences for an Open Class Unitholder.

## 3 Foreign resident capital gains tax withholding

The foreign resident capital gains withholding regime may impose a 12.5% 'withholding' obligation on an acquirer of units in a trust in certain circumstances.

However, on the basis that less than 50% of the market value of Fund's assets is, and will be on the Implementation Date, attributable to direct and indirect interests in 'taxable Australian real property' (as defined in the income tax legislation), the foreign resident capital gains withholding regime should not apply to the acquisition of Closed Class Units from a Closed Class Unitholder. Accordingly, there should not be any obligation on the acquirer to 'withhold' any amount under these rules.

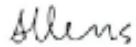
## 4 GST

No GST should be payable by a Closed Class Unitholder (whether Australian resident or non-resident) in respect of the sale of the Closed Class Units.

**5 Stamp Duty**

No stamp duty should be payable in respect of the redemption of the Closed Class Units or acquisition of the Open Class Units.

Yours faithfully



Allens

## 7. Other information

### 7.1 Directors' Interests

At 15 May 2024 (being the last practicable date before the date of this Unitholder Booklet), the Fund had 1,507,560,839 Closed Class Units and 2,064,131,901.6787 Open Class Units on issue.

The Directors have the following interests in the Fund at that date:

Director	Position	Number of Closed Class Units	Number of Open Class Units
Robert Fraser	Non-Executive Chairman	266,241	0
David Dixon	Deputy Chairman and Non-Executive Director	0	0
Sophia Rahmani	Managing Director	0	0
John Eales	Non-Executive Director	396,396	0
Andrew Formica	Executive Director	0	0
Cathy Kovacs	Non-Executive Director	0	0
Hamish McLennan	Non-Executive Director	118,026	0
Deborah Page	Non-Executive Director	32,031	0

### 7.2 Regulatory consents

#### ASX waivers/confirmations

ASX has granted the following confirmations:

- that ASX has no objections to the proposed amendments to the Fund Constitution;
- that ASX Listing Rule 10.12, Exception 1 will apply to the issue of Open Class Units to Closed Class Unitholders as consideration for the redemption of their Closed Class Units under the Conversion;
- subject to the Conversion Resolutions being approved and the Fund Constitution being validly amended for the Conversion, that the exception in ASX Listing Rule 6.12.3 applies to the Conversion; and
- that the Conversion satisfies the requirements of Rule 10A.3.1(ca) of Schedule 10A of the ASX Operating Rules.

### 7.3 Summary of First Judicial Advice and Second Judicial Advice hearing

At the First Judicial Advice hearing on Monday, 20 May 2024, the Court made orders that Magellan would be justified in:

- (a) convening meetings of Unitholders to consider, and if thought fit, approve the Conversion Resolutions;
- (b) distributing this Unitholder Booklet; and
- (c) proceeding on the basis that making the proposed amendments to the Constitution, following approval of the relevant Conversion Resolutions, would be within the powers of alteration conferred by the Constitution and section 601GC of the Corporations Act.

The Second Judicial Advice hearing is expected to take place on Wednesday, 10 July 2024 at the Court at 184 Phillip Street, Sydney. See the 'Important Notices & Disclaimer' section of this Unitholder Booklet for further information. Any Unitholder may appear at the Second Judicial Advice Hearing.

Any Unitholder who wishes to oppose the Second Judicial Advice at the Second Judicial Advice hearing may do so by filing with the Court and serving on Magellan a notice of appearance in the prescribed form together with any affidavit that the Unitholder proposes to rely on.

The address for service is: Attention Legal Department, Magellan Asset Management Limited, Level 36, 25 Martin Place, Sydney NSW 2000.

## 7.4 Consents to be named

The following persons have given, and have not, before the date of issue of this Unitholder Booklet, withdrawn their consent to be named in this Unitholder Booklet in the form and the context in which they are named:

- (a) Lonergan Edwards & Associates Limited as the Independent Expert  
Lonergan Edwards & Associates Limited, as Independent Expert, has given its written consent to the inclusion of the Independent Expert's Report in Part 3 of this Unitholder Booklet, and references to the Independent Expert's Report in the form and context in which they are included in this Unitholder Booklet and has not, before the date of issue of this Unitholder Booklet, withdrawn such consent.
- (b) Allens as taxation adviser  
Allens as taxation adviser has given its written consent to the inclusion of the Taxation Report in Section 6 of this Explanatory Memorandum, and references to the Taxation Report in the form and context in which they are included in this Unitholder Booklet and has not, before the date of issue of this Unitholder Booklet, withdrawn such consent.

Other than as specifically outlined above and as to any reference to its name, each party referred to in this Section 7.4 has not caused or authorised the issue of this Unitholder Booklet and does not make or purport to make any statement in this Unitholder Booklet or any statement on which a statement is based, and takes no responsibility for any part of this Unitholder Booklet.

## 7.5 Transaction costs

The third party transaction costs of the Conversion that are determined by Magellan as being referable to the Closed Class (Transaction Costs) are to be borne by Closed Class Unitholders, which include advisor and Independent Expert fees and other costs in connection with this Unitholder Booklet and the Meetings. These costs are being managed prudently by Magellan and are required to ensure implementation of the Conversion proceeds in a timely and efficient manner.

As at the date of this Unitholder Booklet, Transaction Costs of approximately \$925,000 (excluding GST) (equating to approximately \$0.0006 (excluding GST) per Closed Class Unit) have been incurred.

Whilst the majority of the Transaction Costs are expected to be incurred prior to the date of this Unitholder Booklet, Magellan estimates additional Transaction Costs of approximately \$308,000 (excluding GST) (equating to approximately \$0.0002 (excluding GST) per Closed Class Unit) are expected to be incurred through to implementation of the Conversion (assuming the Conversion Resolutions are approved). Magellan notes that the additional Transaction Costs are an estimate only and the final amount may be higher or lower than the estimate above.

## 7.6 Supplementary Information to Explanatory Memorandum

To the extent required by the AQUA Rules, ASX Listing Rules, the Corporations Act or any other applicable law, Magellan will issue a supplementary document to this Unitholder Booklet if it becomes aware of any of the following between the date of this Unitholder Booklet and the date of the Meeting:

- (a) a material statement in this Unitholder Booklet that is or becomes false or misleading;
- (b) a material omission from this Unitholder Booklet;
- (c) a significant change affecting a matter included in this Unitholder Booklet; or
- (d) a significant new matter that has arisen and would have been required to be included in this Unitholder Booklet if it had arisen before the date of this Unitholder Booklet.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Magellan may circulate and publish the supplementary document by:

- (a) disclosing it on the ASX's market announcements platform and providing it to unitholders;
- (b) placing an advertisement in a prominently published newspaper that is circulated in Australia; and / or
- (c) posting the supplementary document on the Fund's website at [www.magellangroup.com.au](http://www.magellangroup.com.au).

## 7.7 No other information

Other than as contained in this Unitholder Booklet, there is no information within the knowledge of any member of the Magellan Board that is material to the making of a decision in relation to the Conversion to be voted on by Unitholders, and that has not been previously disclosed to Unitholders.

## 8. GLOSSARY

Defined terms and other terms used in the Unitholder Booklet	Definition
<b>Absolute Return Hurdle</b>	The yield of 10-year Australian Government Bonds on the first day of the Calculation Period.
<b>Active ETF</b>	An actively managed investment fund that is structured as an open-ended unit trust whose units are quoted on the ASX under the AQUA Rules.
<b>AEST</b>	Australian Eastern Standard Time.
<b>Approvals</b>	The Unitholder and regulatory approvals upon which the Conversion is conditional (as set out in Section 1.4 of this Unitholder Booklet).
<b>AQUA Rules</b>	ASX Operating Rules that apply to the quotation on ASX of funds, exchange traded funds and other structured securities and products.
<b>ASIC</b>	Australian Securities & Investments Commission.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the financial market known as the Australian Securities Exchange it operates, as the context requires.
<b>ASX Listing Rules</b>	The official listing rules of ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX.
<b>ASX Operating Rules</b>	The official operating rules of ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX.
<b>Business Day</b>	Has the meaning given in the ASX Listing Rules
<b>Calculation Period</b>	The calculation period in respect of each of the Closed Class Units and Open Class Units (as relevant) nominated by Magellan in respect of which Magellan is entitled to receive a performance fee under the Constitution.
<b>Chairperson</b>	The chairperson of Magellan.
<b>Closed Class Register</b>	The register of Closed Class Unitholders
<b>Closed Class Unitholder</b>	A Unitholder who holds Closed Class Units.
<b>Closed Class Unitholder Resolution 1</b>	A special resolution that approval is given by the Closed Class Unitholders in respect of the variation or cancellation of rights of the Closed Class Unitholders arising from the proposed amendments to the Constitution to facilitate the Conversion.
<b>Closed Class Unitholder Resolution 2</b>	A special resolution that approval is given by the Closed Class Unitholders for the Fund to be removed from the Official List of ASX under ASX Listing Rule 17.11.
<b>Closed Class Units</b>	A closed-ended class of units issued by the Fund which are quoted on the official list of ASX under the ASX Listing Rules, trading under the security code MGF.
<b>Constitution</b>	The constitution of the Fund.
<b>Conversion</b>	The proposed conversion of the Closed Class Units to Open Class Units.
<b>Conversion Calculation Date</b>	The Business Day immediately before the Implementation Date, expected to be 19 July 2024, or such earlier date as is determined by Magellan (not exceeding 5 Business Days before the Implementation Date).

<b>Conversion Ratio</b>	<p>The ratio determining how many Open Class Units are to be issued to Closed Class Unitholders in consideration for redeemed Closed Class Units pursuant to the Conversion.</p> <p>The Conversion Ratio will be calculated as the NAV per Closed Class Unit divided by the NAV per Open Class Unit as at the Conversion Calculation Date.</p>
<b>Conversion Record Date</b>	7.00 pm on the second Business Day following the Effective Date, or such other date as set by Magellan or as may be required by ASX (expected to be Monday, 15 July 2024).
<b>Conversion Resolutions</b>	The Fund Resolution, the Closed Class Unitholder Resolution 1 and the Closed Class Unitholder Resolution 2.
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	The <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	The Supreme Court of NSW.
<b>Directors</b>	The directors of Magellan.
<b>DRP</b>	Magellan's distribution reinvestment plan in respect of distributions from the Fund.
<b>DRP Rules</b>	The distribution reinvestment plan rules for the Fund.
<b>Effective Date</b>	The effective date of the Conversion, expected to be Thursday, 11 July 2024.
<b>Explanatory Memorandum</b>	This explanatory memorandum.
<b>First Judicial Advice</b>	The first judicial advice provided on Monday, 20 May 2024 by the Court in relation to the Conversion.
<b>Fund</b>	Magellan Global Fund (ARSN 126 366 961).
<b>Fund Resolution</b>	A special resolution of all Unitholders that approval is given to amend the Constitution of the Fund to facilitate the Conversion.
<b>High Water Mark</b>	As described in Section 9 of the PDS.
<b>HIN</b>	Holder Identification Number.
<b>Implementation Date</b>	The date on which the Conversion is implemented, expected to be Monday, 22 July 2024.
<b>Independent Expert</b>	Lonergan Edwards and Associates Limited (ACN 095 445 560).
<b>Independent Expert's Report</b>	The report in respect of the Conversion prepared and issued by the Independent Expert for inclusion in this Unitholder Booklet (or any update or variation to that report). A copy of the Independent Expert's Report is contained in Part 3 of this Unitholder Booklet.
<b>Index Relative Hurdle</b>	The MSCI World Net Total Return Index (AUD).
<b>Ineligible Foreign Closed Class Unitholder</b>	A Closed Class Unitholder whose address as shown on the Closed Class Register on the Conversion Record Date is in a jurisdiction other than Australia (or its external territories), New Zealand, Hong Kong or Singapore unless Magellan otherwise determines after being satisfied that it is lawful and not unduly onerous or impracticable for new Open Class Units to be issued to such Closed Class Unitholder on implementation of the Conversion.
<b>Ineligible Foreign Closed Class Unitholder Sale Period</b>	Period commencing on the Implementation Date and ending 20 Business Days after the Implementation Date.

<b>Magellan</b>	Magellan Asset Management Limited (ACN 120 593 946) being the body named in this Unitholder Booklet as responsible entity of the Fund.
<b>Magellan Group</b>	Magellan Financial Group Ltd (ABN 59 108 437 592) and each of its related bodies corporate, including Magellan.
<b>Meetings</b>	The meetings held pursuant to the Notices of Meeting.
<b>NAV</b>	Net asset value.
<b>Notice of Meeting</b>	Each notice of meeting contained in Part 2 of this Unitholder Booklet.
<b>Official List</b>	The official list of entities that ASX has admitted and not removed.
<b>Open Class Unitholder</b>	A Unitholder who holds Open Class Units.
<b>Open Class Units</b>	An open-ended class of units in the Fund quoted on the ASX (ASX ticker: MGOC) under the AQUA Rules
<b>PDS</b>	The product disclosure statement for the Open Class Units to be issued in connection with the Conversion, a copy of which is included in Part 4 of this Unitholder Booklet.
<b>Proxy Form</b>	The proxy form for each Meeting <sup>3</sup> .
<b>related body corporate</b>	Has the meaning set out in section 9 of the Corporations Act.
<b>Sale Agent</b>	The entity appointed by Magellan to sell the Closed Class Units held by Ineligible Foreign Closed Class Unitholders pursuant to the Sale Facility.
<b>Sale Facility</b>	The sale facility in respect of Closed Class Units held by Ineligible Foreign Closed Class Unitholders.
<b>Scheme Consideration</b>	The respective consideration to be given to Unitholders and Ineligible Foreign Closed Class Unitholders in exchange for Closed Class Units.
<b>Second Judicial Advice</b>	The second judicial advice from the Court in relation to the Conversion.
<b>Second Judicial Advice Date</b>	Wednesday, 10 July 2024
<b>Section</b>	A section in the Explanatory Memorandum.
<b>SFA</b>	<i>Securities and Futures Act</i> (Singapore) Cap. 289.
<b>SFO</b>	<i>Securities and Futures Ordinance</i> (Hong Kong) Cap. 571.
<b>SRN</b>	Securityholder Reference Number.
<b>Supplemental Deed Poll</b>	The document under which the Constitution is amended as set out in Annexure A of the Notice of Meeting for all Unitholders.
<b>Target Cash Distribution</b>	The cash distribution targeted by Magellan in respect of Open Class Units and Closed Class Units.
<b>Unclaimed Money Act</b>	The <i>Unclaimed Money Act 1995</i> (NSW)
<b>Unit</b>	A Closed Class Unit or Open Class Unit, as relevant.
<b>Unitholder</b>	A holder of a Closed Class Unit or Open Class Unit.
<b>Unitholder Booklet</b>	This unitholder booklet for the Magellan Global Fund.
<b>Voting Record Date</b>	7.00pm on Monday, 24 June 2024

<sup>3</sup> for the Meeting of all Unitholders, there will be a separate proxy form for each class of Unitholders



## PART 2: Notices of Meeting

## 1. Notice of Meeting (all Unitholders)

### Notice of Meeting

#### Magellan Global Fund (ARSN 126 366 961)

This notice is issued by Magellan Asset Management Limited ABN 31 120 593 946 (**Magellan**) as responsible entity of the Magellan Global Fund ARSN 126 366 961 (**MGF**) to the members of MGF (**Unitholders**).

A meeting of Unitholders will be held at:

**Venue: Level 36, 25 Martin Place, Sydney NSW 2000**

**Time: 9:30 am (AEST)**

**Date: Wednesday, 26 June 2024**

(the **Meeting**).

The Explanatory Memorandum contained in Part 1 of the Unitholder Booklet provides additional information on the matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form comprise part of this Notice of Meeting.

#### **Business:**

The business of the Meeting will consist of the following resolution:

#### **Resolution**

To consider, and if thought fit, to pass the following resolution as a special resolution of the Unitholders:

*'That, subject to and conditional on the Closed Class Unitholder Resolution 1 and the Closed Class Unitholder Resolution 2 (each as defined in the Explanatory Memorandum issued by Magellan Asset Management Limited ABN 31 120 593 946 dated 20 May 2024 in connection with the Conversion) being approved, the Constitution of the Magellan Global Fund (ARSN 126 366 961) be modified in accordance with the provisions of the Supplemental Deed tabled at the Meeting and signed by the Chairperson for the purposes of identification and that Magellan Asset Management Limited be authorised to:*

- (d) *execute the Supplemental Deed and lodge it with the Australian Securities and Investments Commission; and*
- (e) *implement and give effect to the actions and other matters contemplated in the Supplemental Deed and the Explanatory Memorandum accompanying the Notice of Meeting.'*

By order of the Board of Magellan Asset Management Limited.

Marcia Venegas

#### **Company Secretary**

Magellan Asset Management Limited ABN 31 120 593 946 as responsible entity of the Magellan Global Fund ARSN 126 366 961

20 May 2024

# Notes on the Notice of Meeting

## 1. Quorum

The Meeting must satisfy the quorum requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**), which is at least two Unitholders present in person or by proxy or body corporate representative and the quorum must be present at all times during the Meeting.

This Notice of Meeting is also a notice that if the quorum required under the Corporations Act is not present within 30 minutes after the time notified for the commencement of the Meeting, the Meeting will be adjourned. The adjourned Meeting will be convened to such place and time as the Chairperson thinks fit. At least two Unitholders present in person or by proxy or body corporate representative constitute a quorum at the adjourned meeting.

If the quorum is not present at the adjourned meeting within 30 minutes after the time notified for the commencement of the Meeting, the Meeting will be dissolved.

## 2. Voting requirements

The Resolution will be validly passed as a special resolution if at least 75% of the total votes cast on a resolution are cast in favour of a resolution by the Unitholders entitled to vote.

Voting will be conducted by poll, as required by the Corporations Act.

In the absence of any special circumstances, the register of Unitholders as at 7:00pm (AEST), 24 June 2024 will be taken as evidence of those Unitholders entitled to vote.

The Chairperson's declaration of the validity of any vote and the result of voting will be conclusive.

Under section 253C(2) of the Corporations Act, on a poll each Unitholder has one vote for each dollar of the value of the total interests they have in MGF. Under section 253F(a) of the Corporations Act, the value of the Units will be the last sale price of the Units on the ASX on the trading day immediately before the day on which the poll is taken. If a Unitholder's interest in MGF is held jointly and more than one of those Unitholders votes, only the vote of the Unitholder first named in the register of Unitholders will be counted.

Magellan has determined that the persons who are entitled to vote at the Meeting will be set by reference to the Unitholders recorded on the MGF register of Unitholders as at 7.00pm (AEST), 24 June 2024 and the last sale price of the relevant Units on the ASX on 25 June 2024 will be used to determine the number of votes each Unitholder has on the polls.

## 3. Attending the Meeting

If you wish to attend the Meeting, please bring the Proxy Form or (if you are a corporate representative under section 253B of the Corporations Act) an original Certificate of Appointment of Corporate Representative with you to assist with registration.

## 4. How to vote

Unitholders entitled to participate and vote at the Meeting may vote:

- (a) in person at the Meeting;
- (b) by appointing a proxy to participate in the Meeting and to vote on their behalf in accordance with section 5 of the Notes on this Notice of Meeting;
- (c) by appointing an attorney to participate in the Meeting and to vote on their behalf in accordance with section 6 of the Notes on this Notice of Meeting; or
- (d) by appointing a corporate representative to participate in the Meeting and to vote on their behalf in accordance with section 7 of the Notes on this Notice of Meeting.

## 5. Voting by proxy

You have the right to appoint a proxy to attend and vote for you even if you are present at the Meeting. They need not be another Unitholder. The Chairperson may act as your proxy if you wish. You may appoint two proxies. Please note that in that case you will need to specify what proportion or number of votes each proxy is appointed to exercise for you. If the proxy appointments do not specify the proportion of voting rights that each proxy may exercise, each proxy may exercise half of your votes. Fractions of votes will be disregarded.

If the Chairperson is nominated as your proxy (or so acts because no other person is nominated or your named proxy does not attend the Meeting) and you do not tell the Chairperson exactly how to vote, the Chairperson's intention is to vote in favour of the Resolution at the Meeting.

The notes on the Proxy Form describe how it should be completed. The Proxy Form must be completed, signed and received by Boardroom Pty Limited (**Boardroom**) (if relevant, with a certified copy of the power of attorney under which the Proxy Form was signed), by:

**Mail the Proxy Form to:** Magellan Global Fund  
Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

**Email the Proxy Form to:** magellan@boardroomlimited.com.au

**Fax the Proxy Form to:** +61 2 9290 9655

**Deliver the Proxy Form to:** Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000 Australia

**at least 48 hours before the time of the Meeting** for the proxy appointment to be effective.

**Magellan encourages Unitholders who cannot or who do not wish to attend the meeting in person to use the Proxy Form provided.**

## **6. Voting by attorney**

You may appoint an attorney to participate and vote at the Meeting on your behalf. Such an appointment must be made by a duly executed power of attorney, which must be received by Boardroom by 9:30am (AEST), 24 June 2024, unless it has been previously provided to the Fund's registry, Apex Fund Services Pty Ltd.

## **7. Corporations**

Corporations wishing to attend and vote at the Meeting (other than by proxy) must appoint a representative who must provide a duly executed 'Certificate of Appointment of Corporate Representative' to Boardroom 9:30am (AEST), 24 June 2024. A form of the certificate may be obtained from Boardroom's website at [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

## **8. Voting Exclusions**

Votes cast by a person who is not entitled to vote because of section 253E of the Corporations Act will be disregarded. This section of the Corporations Act provides that Magellan and its associates are not entitled to vote their interest on a resolution at a meeting of the MGF unitholders if they have an interest in a resolution or matter other than as a member. At this meeting, Magellan and its associates will not vote their interests on the resolutions. However, this does not apply to a vote cast on a resolution by a person who votes as a proxy for another member who can vote if their appointment specifies the way they are to vote on a resolution and they vote that way.

## **9. Chairperson**

Magellan will appoint Mr. Robert Fraser to chair the Meeting. Mr Fraser is the Chairman of Magellan. Magellan will appoint another similarly qualified person to chair the Meeting if Mr Fraser is unable to chair the Meeting.

## **10. Defined terms**

Terms defined in the Explanatory Memorandum accompanying this Notice of Meeting have the same meaning in this Notice of Meeting, unless the context otherwise requires.

## **11. Important information**

To enable you to make an informed decision on the Resolution, please carefully read the Explanatory Memorandum.

## Annexure A: Supplemental Deed Poll

Allens > < Linklaters

Magellan Global Fund (ARSN 126 366 961)

### Supplemental Deed Poll

Amending the Constitution for the Magellan Global Fund

Deutsche Bank Place  
Corner Hunter and Phillip Streets  
Sydney NSW 2000 Australia  
T +61 2 9230 4000  
F +61 2 9230 5333  
[www.allens.com.au](http://www.allens.com.au)

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Allens is an independent partnership operating in alliance with Linklaters LLP.

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This Deed Poll is made on

2024

#### Parties

**Magellan Asset Management Limited** (ACN 120 593 946) as responsible entity of the Magellan Global Fund (ARSN 126 386 961) of Level 36, 25 Martin Place, Sydney NSW 2000 (the **Responsible Entity**).

#### Recitals

- A The Responsible Entity is the responsible entity of the trust known as the Magellan Global Fund (ARSN 126 386 961) (the **Trust**).
- B The Trust is registered under section 601EB of the *Corporations Act 2001* (Cth) (the **Corporations Act**) as a managed investment scheme.
- C Clause 44.1 of the Constitution provides that, subject to the Corporations Act, the Responsible Entity may by supplemental deed modify, add to or delete from the Constitution. Clause 7.5 of the Constitution provides that the rights attached to a Class may only be varied or cancelled with approval by way of special resolution passed at a separate meeting of the Holders of the issued Units of that Class.
- D On 26 June 2024, Unit Holders and Holders of Closed Class Units approved by special resolutions the amendments to the Constitution set out in the schedule to this Supplemental Deed Poll.
- E The Responsible Entity now wishes, by this Supplemental Deed Poll, to give effect to the amendments described in Recital D.
- F In accordance with section 601GC(2) of the Corporations Act, the amendments to the Constitution set out in this Supplemental Deed Poll do not take effect until a copy of this Supplemental Deed Poll has been lodged with the Australian Securities and Investments Commission.

It is declared as follows.

## 1 Definitions and Interpretation

### 1.1 Definitions

In this Supplemental Deed Poll including the Recitals, the following definitions apply unless the context otherwise requires.

**Constitution** means the constitution constituting the Trust dated 22 June 2007, as amended from time to time, including by supplemental deeds dated 11 July 2007, 17 July 2007, 18 December 2009, 21 September 2010, 9 March 2018 and 27 November 2020.

**Effective Date** means the date and time on which a copy of this Supplemental Deed Poll is lodged with ASIC under section 601GC(2) of the Corporations Act.

### 1.2 Interpretation

- (a) Terms used but not defined in this Supplemental Deed Poll have the same meanings given to them in the Constitution.
- (b) Clauses 1.2 and 1.3 of the Constitution apply to this Supplemental Deed Poll as if set out in this Supplemental Deed Poll.

**1.3 Benefit of this Supplemental Deed Poll**

This Supplemental Deed Poll is made by the Responsible Entity so that it shall enure to the benefit of Unit Holders jointly and severally.

**2 Amendment of Constitution**

The Responsible Entity amends the Constitution so that, on and from the Effective Date, the Constitution is amended as set out in the schedule.

**3 No Resettlement**

The Responsible Entity confirms that it is not by this Supplemental Deed Poll intending to:

- (a) settle or redeclare the Trust declared under the Constitution; or
- (b) cause the transfer, vesting or accruing of any property comprising the assets of the Trust in any person.

**4 Governing Law and Jurisdiction**

This Supplemental Deed Poll is governed by the laws of New South Wales, Australia.

**Executed and delivered as a Deed Poll in Sydney.**

**Executed** in accordance with section 127 of the *Corporations Act 2001* by Magellan Asset Management Limited as responsible entity for the **Magellan Global Fund**:

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Director Signature

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Director/Secretary Signature

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Print Name

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Print Name

**Schedule****Amendments to the Constitution of Magellan Global Fund****Clauses 52 and 53**

Insert the following clauses after clause 51:

**52 Definitions and Interpretation****52.1 Definitions**

Unless the context requires otherwise, the following definitions apply in clauses 52 and 53.

**Conversion Ratio** has the meaning given in clause 53.7(b).

**Conversion Ratio Calculation Date** means the Business Day immediately before the Implementation Date or such other earlier date as is determined by the Responsible Entity (not exceeding five Business Days before the Implementation Date).

**Court** means the Supreme Court of New South Wales, or such other court as the Responsible Entity determines.

**Effective Date** means the date on and time at which the supplemental deed making amendments to this constitution to facilitate the Scheme takes effect under section 601GC(2) of the Corporations Act.

**Encumbrance** means any mortgage, charge, lien, pledge, trust, power or title retention, flawed deposit arrangement, 'security interest' as defined in sections 12(1) or (2) of the *Personal Property Securities Act 2009* (Cth), or interest of a third party of any kind, whether legal or otherwise, or any agreement to create any of them or allowing them to exist.

**Foreign Holder Units** means Open Class Unit Consideration referable to Ineligible Foreign Holders calculated in accordance with clause 53.7.

**Government Agency** means a government or a governmental, semi-governmental or judicial entity or authority including a minister, department, delegate, statutory body or instrumentality.

**Implementation Date** means the 5th Business Day following the Record Date or such other date as is determined by the Responsible Entity (not exceeding ten Business Days following the Record Date).

**Ineligible Foreign Holder** means a Scheme Participant whose address shown in the Register on the Record Date is a place outside Australia and its external territories, New Zealand, Hong Kong and Singapore unless the Responsible Entity determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Participant with Open Class Units under the Scheme.

**Open Class Unit Consideration** means Scheme Consideration comprising Open Class Units as calculated under clause 53.7.

**Record Date** means 7:00 pm on the 2<sup>nd</sup> Business Day following the Effective Date or such other date as is determined by the Responsible Entity (not exceeding five Business Days following the Effective Date).

**Registered Address** means, in relation to a Holder, the address shown in the Register (including, where relevant, any electronic address).

**Registry** means Apex Fund Services Pty Limited or such other person appointed by the Responsible Entity to maintain the Register.

**Regulatory Authority** includes:

- (a) ASX;
- (b) ASIC;
- (c) the Australian Taxation Office; and
- (d) any other Government Agency.

**Sale Agent** means an entity or the entities appointed by the Responsible Entity to sell the Foreign Holder Units pursuant to clause 53.10.

**Sale Facility** means the facility provided for in clause 53.10.

**Sale Proceeds** has the meaning given in clause 53.10(c)(ii).

**Scheme** means the arrangement under which all Closed Class Units on issue are redeemed in return for the issue of Open Class Units as contemplated by clause 53.

**Scheme Consideration** has the meaning given in clause 53.7, as determined in that clause.

**Scheme Holder Custodian** means a Scheme Participant that holds one or more parcels of Scheme Units as trustee, custodian or nominee for, or otherwise on account of, another person.

**Scheme Meeting** means the meetings of Holders held on 28 June 2024 for the purposes of voting on the Scheme Resolutions.

**Scheme Participant** means a person registered in the Register as a holder of one or more Scheme Units as at the Record Date.

**Scheme Redemptions** has the meaning given in clause 53.2.

**Scheme Resolutions** means the resolutions of Holders to approve the Scheme being:

- (a) a special resolution of Unit Holders to approve amendments to this constitution to facilitate the implementation of the Scheme (**scheme amendments**);
- (b) a special resolution of Holders of Closed Class Units to approve the scheme amendments; and
- (c) a special resolution of Holders of Closed Class Units to approve the de-listing of the Trust.

**Scheme Unit** means a Closed Class Unit on issue as at the Record Date.

**Separate Parcel** means each:

- (a) parcel of Scheme Units held by a Scheme Holder Custodian as trustee, custodian or nominee for, or otherwise on account of, another person; and
- (b) parcel of Scheme Units held by the Scheme Holder Custodian in its own right.

## 52.2 Inconsistency

In clauses 52 and 53, defined terms in clause 52.1 apply to the exclusion of definitions or principles in the remainder of this constitution to the extent of any inconsistency.

## 52.3 Cessation of operation

Clauses 52 and 53 cease to have any force or operation if the Deed Poll is terminated in accordance with its terms.

## 53 Scheme

### 53.1 Implementation of the Scheme

- (a) Each Scheme Participant and the Responsible Entity must do all things and execute all deeds, instruments, transfers or other documents as the Responsible Entity considers are necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it.
- (b) Without limiting the Responsible Entity's other powers under this clause 53, the Responsible Entity has power to do all things that it considers necessary or desirable to give effect to the Scheme.
- (c) The Responsible Entity may do anything that it is permitted to do under this clause 53, and may execute all deeds, instruments, transfers or other documents as the Responsible Entity considers necessary or desirable to give effect to anything that it is permitted to do under this clause 53.
- (d) Subject to the Corporations Act, the Responsible Entity and any of its directors, officers, employees or associates, may do any act, matter or thing described in or contemplated by this clause 53 even if they have an interest (financial or otherwise) in the outcome.
- (e) Each of clause 52 and this clause 53:
  - (i) binds the Responsible Entity and all of the Scheme Participants (including those who did not attend the Scheme Meeting, those who did not vote at the Scheme Meeting and those who voted against the Scheme Resolutions); and
  - (ii) to the extent of any inconsistency, overrides the other provisions of this constitution (but remains subject to the Corporations Act and the applicable Listing Rules).

Without limiting the above, clause 9.9 does not apply to the issue of Open Class Units and clause 14 does not apply to redemptions of Closed Class Units, each as effected in accordance with the Scheme.

### 53.2 Redemption of Scheme Units

On the Implementation Date:

- (a) subject to, and after, the provision of the Scheme Consideration in the manner contemplated by clause 53.9, the Scheme Units, together with all rights and entitlements attaching to the Scheme Units, must be redeemed by the Responsible Entity (**Scheme Redemptions**); and
- (b) no Redemption Request or other application or consent by any of the Scheme Participants is required for, or a pre-condition to, the Scheme Redemptions.

### 53.3 Entitlement to receive Scheme Consideration

On the Implementation Date, in consideration for the redemption of the Scheme Units, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Units in accordance with clauses 53.7, 53.8, 53.9, 53.10 and 53.11.

### 53.4 Scheme Participants' agreements

Under the Scheme, each Scheme Participant irrevocably:

- (a) acknowledges that clauses 52 and 53 bind the Responsible Entity and all of the Scheme Participants from time to time (including those who did not attend the Scheme Meeting, did not vote at the Scheme Meeting or voted against the Scheme Resolutions);

- (b) agrees to the redemption of their Scheme Units, together with all rights and entitlements attaching to those Scheme Units, in accordance with the terms of the Scheme;
- (c) agrees to provide the Responsible Entity with any information it reasonably requires to comply with any law in respect of the Scheme and the transactions contemplated in this clause 53, including information required to comply with laws relating to anti-money laundering; and
- (d) consents to the Responsible Entity doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this clause 53 and the transactions contemplated by it, subject to the Scheme Participant's ability to revoke or amend consents in accordance with clause 53.20.

### 53.5 Warranty by Scheme Participants

Each Scheme Participant warrants to the Responsible Entity that all their Scheme Units (including any rights and entitlements attaching to those units) under the Scheme will, as at the date of the redemption, be free from all Encumbrances.

### 53.6 Appointment of the Responsible Entity as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Units in accordance with clause 53.9, on and from the Implementation Date until all of the Scheme Units are redeemed in the Register, each Scheme Participant:

- (a) irrevocably appoints the Responsible Entity as attorney and agent and each of its directors from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to attend Holders' meetings, exercise the votes attaching to Closed Class Units registered in its name and sign any Holders' resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 53.6); and
- (b) must take all other actions in the capacity of the registered holder of Closed Class Units as the Responsible Entity directs.

### 53.7 Scheme Consideration

- (a) **(Consideration to be provided)** The consideration to be provided to each Scheme Participant (having regard to clause 53.8) (***Scheme Consideration***) will be:
  - (i) if paragraph (ii) does not apply, the number of Open Class Units calculated in accordance with clause 53.7(b); and
  - (ii) if the Scheme Participant is an Ineligible Foreign Holder, a proportion of the Sale Proceeds in accordance with clause 53.10, derived from the sale of the number of Foreign Holder Units referable to the Ineligible Foreign Holder as calculated in accordance with clause 53.7(b).
- (b) **(Calculation of the number of Open Class Units)** The number of Open Class Units to be issued to a Scheme Participant (or, in relation to Ineligible Foreign Holders, to the Sale Agent) will be calculated as follows:

*Number of Open Class Units = Conversion Ratio x Number of Scheme Participant's Scheme Units*

Where:

**Closed Class Value** means the Unit Class Value of a Closed Class Unit as at the Conversion Ratio Calculation Date (calculated as if a Redemption Request had been made and Redemption Transaction Costs are zero).

**Conversion Ratio** means Closed Class Value divided by Open Class Value.

**Number of Scheme Participant's Scheme Units** means the number of Scheme Units held by the Scheme Participant at the Record Date.

**Open Class Value** means the Unit Class Value of an Open Class Unit as at the Conversion Ratio Calculation Date (calculated as if an Application had been made and Application Transaction Costs are zero).

- (c) **(Fractional entitlements)** Where the calculation of the number of Open Class Units to be issued to a Scheme Participant would result in the issue of a fraction of an Open Class Unit, then the fractional entitlement will be rounded to the nearest whole number of Open Class Units, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number, and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole number.

### 53.8 Treatment of Separate Parcels held by Scheme Holder Custodians

For the purpose of implementing the Scheme (including for the purposes of calculating the Scheme Consideration, and the treatment of fractional entitlements), each Separate Parcel held by a Scheme Holder Custodian will be treated as though it were held by a separate Scheme Participant.

### 53.9 Provision of Scheme Consideration

- (a) Subject to clauses 53.10(b) and 53.11, the obligation of the Responsible Entity to issue or procure the issue of Scheme Consideration to each Scheme Participant (other than Ineligible Foreign Holders) will be satisfied by the Responsible Entity, on the Implementation Date:
- (i) issuing:
    - (A) to each Scheme Participant (other than Ineligible Foreign Holders) the number of Open Class Units determined in accordance with clause 53.7(b); and
    - (B) to the Sale Agent the number of Foreign Holder Units referable to all Ineligible Foreign Holders determined in accordance with clause 53.7; and
  - (ii) entering each Scheme Participant (other than Ineligible Foreign Holders) as holders of those Open Class Units and the Sale Agent as holder of those Foreign Holder Units (as applicable) in the Register.
- (b) The Open Class Units comprising Scheme Consideration are created and issued on the Implementation Date and in accordance with applicable Settlement Rules and Operating Rules.
- (c) The Responsible Entity must procure that within five Business Days after the Implementation Date, a holding statement or allotment confirmation advice is sent to each Scheme Participant (other than Ineligible Foreign Holders), that sets out the number of Open Class Units issued to the Scheme Participant pursuant to the Scheme.

**53.10 Sale Facility**

- (a) The Responsible Entity must not issue any Open Class Units to an Ineligible Foreign Holder.
- (b) Instead, any entitlement that an Ineligible Foreign Holder would otherwise have to be issued Open Class Units will be satisfied by the Responsible Entity, on the Implementation Date, issuing the Foreign Holder Units to the Sale Agent, and entering the Sale Agent on the Register.
- (c) The Responsible Entity must procure that within 20 Business Days after the Implementation Date, the Sale Agent:
  - (i) sells all the Foreign Holder Units issued to it (which may be on an aggregated or partially aggregated basis), in the ordinary course of trading on the ASX, and at the risk of the Ineligible Foreign Holders; and
  - (ii) remits to the Registry the aggregate proceeds of the sale or sales referred to in paragraph (i) above after deduction of any applicable brokerage, stamp duty, taxes, duty or other costs and charges (the **Sale Proceeds**).
- (d) The Responsible Entity must procure that within 5 Business Days after receiving the Sale Proceeds, the Registry pays (or procures payment) to each Ineligible Foreign Holder, in full satisfaction of the Responsible Entity's obligations to them under the Scheme, an amount calculated as follows:

$$\text{Amount Due} = \frac{\text{Relevant Foreign Holder Units}}{\text{Total Foreign Holder Units}} \times \text{Sale Proceeds}$$

Where:

**Amount Due** means the amount to be paid to the Ineligible Foreign Holder

**Relevant Foreign Holder Units** means the number of Foreign Holder Units attributable to, and that would otherwise have been issued to, that Ineligible Foreign Holder had it not been an Ineligible Foreign Holder

**Total Foreign Holder Units** means the total number of Foreign Holder Units issued to the Sale Agent

**Sale Proceeds** is as defined in clause 53.10(c)(ii).

The Amount Due must be rounded down to the nearest cent.

- (e) The obligation to pay the Amount Due to an Ineligible Foreign Holder under clause 53.10(d) will be satisfied by electronic funds transfer of the Amount Due to a bank account nominated by the Ineligible Foreign Holder.
- (f) Neither the Responsible Entity nor the Sale Agent gives any assurance as to the price that will be achieved for the sale of Foreign Holder Units and the sale of those units will be at the risk of the Ineligible Foreign Holder.
- (g) Each Ineligible Foreign Holder appoints the Responsible Entity as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required by law to provide to the Ineligible Foreign Holder.

**53.11 Joint Holders**

In the case of Scheme Participants that hold Scheme Units in joint names:

- (a) any document required to be sent under the Scheme, will be forwarded to either, at the sole discretion of the Responsible Entity, the Holder whose name appears first in the Register as at the Record Date or to the joint Holders;
- (b) any Open Class Units to be issued under the Scheme will be issued to the same joint holders; and
- (c) any amount of Sale Proceeds to be paid to an Ineligible Foreign Holder by way of electronic funds transfer may be paid either, at the sole discretion of the Responsible Entity, to the account of the Holder whose name appears first in the Register as at the Record Date or to either of the account(s) nominated by the joint Holders.

**53.12 Unclaimed monies**

- (a) The *Unclaimed Money Act 1995 (NSW)* will apply in relation to any amount payable to a Scheme Participant under the Scheme which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995 (NSW)*).

**53.13 Orders of a court or Regulatory Authority**

- (a) Notwithstanding anything else in this clause 53, the Responsible Entity may deduct and withhold from any consideration which would otherwise be payable by the Responsible Entity to a Scheme Participant in accordance with this clause 53, any amount that it determines is required to be so deducted and withheld from that consideration under any applicable law, including any order, direction or notice made or given by a court of competent jurisdiction or by another Regulatory Authority.
- (b) To the extent that amounts are so deducted or withheld, such deducted or withheld amounts will be treated for all purposes under the Scheme as having been paid to the Scheme Participant in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxation office or other Regulatory Authority.
- (c) If requested in writing by the Scheme Participant, the Responsible Entity must provide a receipt or other appropriate evidence of such payment to the taxation office or other Regulatory Authority.
- (d) If written notice is given to the Responsible Entity (or the Registry) of an order, direction or notice made or given by a court of competent jurisdiction or by another Regulatory Authority that requires that Scheme Consideration that would otherwise be provided to a Scheme Participant by the Responsible Entity in accordance with this clause 53, must instead be paid or provided to a Regulatory Authority or other third party (either by payment of money or the issue of Open Class Units), then:
  - (i) the Responsible Entity is entitled to pay the relevant money or issue the relevant Open Class Units in accordance with that order, direction or notice; and
  - (ii) doing so will be treated for all purposes under the Scheme as having been paid or provided to that Scheme Participant.
- (e) If written notice is given to the Responsible Entity (or the Registry) of an order, direction or notice made or given by a court of competent jurisdiction or by another Regulatory Authority that prevents the Responsible Entity from providing consideration to a particular Scheme Participant in accordance with this clause 53, or if the payment or provision of

any Scheme Consideration to a particular Scheme Participant is otherwise prohibited by applicable law, the Responsible Entity will be entitled to (as applicable):

- (i) refrain from issuing any Open Class Units that would otherwise be issued to the Scheme Participant; or
- (ii) refrain from procuring the remittance of any Sale Proceeds that would otherwise be payable to the Scheme Participant,

until such time as the issue of Open Class Units or the of Sale Proceeds (as applicable) in accordance with this clause 53 is permitted by that order or direction or otherwise by law.

#### 53.14 Determination of Scheme Units

To establish the identity of the Scheme Participants, dealings in Scheme Units will only be recognised by the Responsible Entity if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Register as the holder of the relevant Scheme Units on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

The Responsible Entity will register any registrable transmission applications or transfers in registrable form received as described in clause 53.14(b) on or before the Record Date.

#### 53.15 No disposals after Effective Date

- (a) A Holder of Scheme Units (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Units or any interest in them after the Effective Date in any way except as set out in the Scheme and any such disposal will be void and of no legal effect whatsoever.
- (b) The Responsible Entity will not accept for registration, or recognise for any purpose, any transmission, application or transfer in respect of the Scheme Units received after the Record Date.

#### 53.16 Maintenance of Register

For the purpose of determining entitlements to the Scheme Consideration, the Responsible Entity will maintain the Register in accordance with the provisions of this constitution including this clause 53, until the Scheme Consideration has been provided to the Scheme Participants and all Scheme Units have been redeemed. The Register in this form will solely determine entitlements to the Scheme Consideration.

#### 53.17 Effect of certificates (if any) and holding statements

Subject to provision of the Scheme Consideration and registration of the redemption of all of the Scheme Units contemplated in clauses 53.2 and 53.16, any statements of holding in respect of Scheme Units will cease to have effect after the Record Date as documents of title in respect of those units. After the Record Date, each entry current on the Register as at the Record Date will cease to have effect except as evidence of entitlement to the Scheme Consideration.

#### 53.18 Suspension of trading

Suspension of trading in Closed Class Units on the ASX will occur from the close of trading on ASX on the Effective Date.

**53.19 De-listing of the Trust**

Subject to approval of the Scheme Resolutions, the Responsible Entity will apply:

- (a) for termination of the official quotation of Closed Class Units on the ASX; and
- (b) to have the Trust removed from the official list of the ASX.

**53.20 Instructions and elections to be applied to Open Class Units**

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), subject to this clause, all instructions, notifications, consents or elections by each Scheme Participant to the Responsible Entity binding or deemed binding between the Scheme Participant and the Responsible Entity relating to the Trust or the Scheme Units, including instructions, notifications, consents or elections relating to:

- (a) the disclosure of the Scheme Participant's personal information (including tax file numbers and tax file number information, each as defined under the *Privacy Act 1988* (Cth), and information referred to in clause 53.20(b)) to, or collection of such personal information by, the Responsible Entity;
- (b) the disclosure information pertaining to the Scheme Participant to Australian or foreign Government Agencies, including under the *Foreign Account Tax Compliance Act* of the United States of America and the Common Reporting Standard under the *Tax Laws Amendment (Implementation of the Common Reporting Standard) Act 2016* (Cth);
- (c) participation in distribution reinvestment plans;
- (d) whether distributions (of income or capital, or both) are to be paid into a specific account; and
- (e) the receipt of notices or other communications from the Responsible Entity (including by email or other electronic platform),

will be deemed from the Implementation Date (except to the extent determined otherwise by the Responsible Entity in its sole discretion), by reason of this Scheme, to continue being made by the Scheme Participant in relation to the Trust, and to be a binding instruction, notification, consent or election to, and accepted by, the Responsible Entity in relation to any Open Class Units held by the Scheme Participant, until that instruction, notification or election is revoked or amended in writing to the Responsible Entity or Registry and actually received by it.

**53.21 Power of Attorney**

Each Scheme Participant, without the need for any further act by the Scheme Participant, irrevocably appoints the Responsible Entity and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of executing any document necessary or expedient to give effect to the Scheme including:

- (a) executing any document relating to the Scheme Redemptions ;
- (b) applying for Open Class Units in (and agreeing to become a member of) the Trust and Holder of Open Class Units;
- (c) executing any documents that may be required in relation to the Sale Facility; and
- (d) communicating the Scheme Participants' instructions, notifications, consents and elections under clause 53.20,

and the Responsible Entity accepts such appointment.

#### **53.22 Notices**

- (a) If a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to the Responsible Entity, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the Responsible Entity's registered office or at the Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Holder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

#### **53.23 Further action by the Responsible Entity**

The Responsible Entity will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement and perform its and each Scheme Participant's obligations under the Scheme.

#### **53.24 No liability when acting in good faith**

To the maximum extent permitted by law, none of the Responsible Entity nor any of its directors, officers, employees or associates will be liable for anything done or omitted to be done in the performance of the Scheme in good faith.

#### **53.25 Stamp duty**

The Responsible Entity will pay all stamp duty (including any fines, penalties and interest) payable in respect of the Scheme.

#### **53.26 Limitation of liability**

Without limiting clauses 20 and 29 but subject to law (including the Corporations Act), the Responsible Entity will not have any liability of any nature whatsoever to Holders beyond the extent to which the Responsible Entity is actually indemnified out of Trust Property, arising, directly or indirectly, from the Responsible Entity doing or refraining from doing any act (including the execution of a document), matter or thing pursuant to or in connection with the implementation of the Scheme.

## 2. Notice of Meeting (Closed Class Unitholders only)

### Notice of Meeting

#### Magellan Global Fund (ARSN 126 366 961) – Closed Class

This notice is issued by Magellan Asset Management Limited ABN 31 120 593 946 (**Magellan**) as responsible entity of the Magellan Global Fund ARSN 126 366 961 (**MGF**) to the members of Closed Class of MGF (**Closed Class Unitholders**).

A meeting of Closed Class Unitholders will be held at:

**Venue:** Level 36, 25 Martin Place, Sydney NSW 2000

**Time:** 10:00 am (AEST)

**Date:** Wednesday, 26 June 2024

(the **Meeting**).

The Explanatory Memorandum contained in Part 1 of the Unitholder Booklet provides additional information on the matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form comprise part of this Notice of Meeting.

#### **Business:**

The business of the Meeting will consist of the following resolutions:

#### **Resolutions**

##### **Resolution 1 – Variation or cancellation of class rights of Closed Class Units**

To consider, and if thought fit, to pass the following resolution as a special resolution of the Closed Class Unitholders:

*'That, subject to and conditional on Resolution 2 and the Fund Resolution (as defined in the Explanatory Memorandum issued by Magellan Asset Management Limited ABN 31 120 593 946 dated 20 May 2024 in connection with the Conversion) being approved, in accordance with and for all purposes of clause 7.5 and paragraph 2.4(j) of Schedule 1 of the Constitution of Magellan Global Fund (ARSN 126 366 961), the variation or cancellation of class rights of the Closed Class Units as a result of the modifications to the Constitution set out in the Supplemental Deed tabled at the Meeting and signed by the Chairperson are approved.'*

##### **Resolution 2 – Removal of the Fund from the Official List of ASX**

To consider, and if thought fit, to pass the following resolution as a special resolution of the Closed Class Unitholders:

*'That, subject to and conditional on Resolution 1 and the Fund Resolution (as defined in the Explanatory Memorandum issued by Magellan Asset Management Limited ABN 31 120 593 946 dated 20 May 2024 in connection with the Conversion) being approved, approval is given for the removal of the Fund from the Official List of ASX.'*

By order of the Board of Magellan Asset Management Limited.

Marcia Venegas

#### **Company Secretary**

Magellan Asset Management Limited ABN 31 120 593 946 as responsible entity of the Magellan Global Fund ARSN 126 366 961

20 May 2024

# Notes on the Notice of Meeting

## 1. Quorum

The Meeting must satisfy the quorum requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**), which is at least two Unitholders present in person or by proxy or body corporate representative and the quorum must be present at all times during the Meeting.

This Notice of Meeting is also a notice that if the quorum required under the Corporations Act is not present within 30 minutes after the time notified for the commencement of the Meeting, the Meeting will be adjourned. The adjourned Meeting will be convened to such place and time as the Chairperson thinks fit. At least two Unitholders present in person or by proxy or corporate representative constitute a quorum at the adjourned meeting.

If the quorum is not present at the adjourned meeting within 30 minutes after the time notified for the commencement of the Meeting, the Meeting will be dissolved.

## 2. Voting requirements

A Resolution will be validly passed as a special resolution if at least 75% of the total votes cast on a resolution are cast in favour of a resolution by the Closed Class Unitholders entitled to vote.

Voting will be conducted by poll, as required by the Corporations Act.

In the absence of any special circumstances, the register of Closed Class Unitholders as at 7:00pm (AEST), 24 June 2024 will be taken as evidence of those Closed Class Unitholders entitled to vote.

The Chairperson's declaration of the validity of any vote and the result of voting will be conclusive.

Under section 253C(2) of the Corporations Act, on a poll each Closed Class Unitholder has one vote for each dollar of the value of the total interests they have in MGF. Under section 253F(a) of the Corporations Act, the value of the Closed Class Units will be the last sale price of the Units on the ASX on the trading day immediately before the day on which the poll is taken. If a Closed Class Unitholder's interest in MGF is held jointly and more than one of those Closed Class Unitholders votes, only the vote of the Closed Class Unitholder first named in the register of Closed Class Unitholders will be counted.

Magellan has determined that the persons who are entitled to vote at the Meeting will be set by reference to the Unitholders recorded on the MGF register of Closed Class Unitholders as at 7:00pm (AEST), 24 June 2024 and the last sale price of the Closed Class Units on the ASX on 25 June 2024 will be used to determine the number of votes each Closed Class Unitholder has on the polls.

## 3. Attending the Meeting

If you wish to attend the Meeting, please bring the Proxy Form or (if you are a corporate representative under section 253B of the Corporations Act) an original Certificate of Appointment of Corporate Representative with you to assist with registration.

## 4. How to vote

Closed Class Unitholders entitled to participate and vote at the Meeting may vote:

- (a) in person at the Meeting;
- (b) by appointing a proxy to participate in the Meeting and to vote on their behalf in accordance with section 5 of the Notes on this Notice of Meeting;
- (c) by appointing an attorney to participate in the Meeting and to vote on their behalf in accordance with section 6 of the Notes on this Notice of Meeting; or
- (d) by appointing a corporate representative to participate in the Meeting and to vote on their behalf in accordance with section 7 of the Notes on this Notice of Meeting.

## 5. Voting by proxy

You have the right to appoint a proxy to attend and vote for you even if you are present at the Meeting. They need not be another Closed Class Unitholder. The Chairperson may act as your proxy if you wish. You may appoint two proxies. Please note that in that case you will need to specify what proportion or number of votes each proxy is appointed to

exercise for you. If the proxy appointments do not specify the proportion of voting rights that each proxy may exercise, each proxy may exercise half of your votes. Fractions of votes will be disregarded.

If the Chairperson is nominated as your proxy (or so acts because no other person is nominated or your named proxy does not attend the Meeting) and you do not tell the Chairperson exactly how to vote, the Chairperson's intention is to vote in favour of the Resolutions at the Meeting.

The notes on the Proxy Form describe how it should be completed. The Proxy Form must be completed, signed and received by Boardroom Pty Limited (**Boardroom**) (if relevant, with a certified copy of the power of attorney under which the Proxy Form was signed), by:

**Mail the Proxy Form to:** Magellan Global Fund  
Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

**Email the Proxy Form to:** [magellan@boardroomlimited.com.au](mailto:magellan@boardroomlimited.com.au)

**Fax the Proxy Form to:** +61 2 9290 9655

**Deliver the Proxy Form to:** Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000 Australia

**at least 48 hours before the time of the Meeting** for the proxy appointment to be effective.

**Magellan encourages Closed Class Unitholders who cannot or who do not wish to attend the meeting in person to use the Proxy Form provided.**

#### **6. Voting by attorney**

You may appoint an attorney to participate and vote at the Meeting on your behalf. Such an appointment must be made by a duly executed power of attorney, which must be received by Boardroom by 10:00am (AEST), 24 June 2024, unless it has been previously provided to the Fund's registry, Apex Fund Services Pty Ltd.

#### **7. Corporations**

Corporations wishing to attend and vote at the Meeting (other than by proxy) must appoint a representative who must provide a duly executed 'Certificate of Appointment of Corporate Representative' to Boardroom by 10:00am (AEST), 24 June 2024. A form of the certificate may be obtained from Boardroom's website at [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au).

#### **8. Voting Exclusions**

Votes cast by a person who is not entitled to vote because of section 253E of the Corporations Act will be disregarded. This section of the Corporations Act provides that Magellan and its associates are not entitled to vote their interest on a resolution at a meeting of the MGF unitholders if they have an interest in a resolution or matter other than as a member. At this meeting, Magellan and its associates will not vote their interests on the resolutions. However, this does not apply to a vote cast on a resolution by a person who votes as a proxy for another member who can vote if their appointment specifies the way they are to vote on a resolution and they vote that way.

#### **9. Chairperson**

Magellan will appoint Mr. Robert Fraser to chair the Meeting. Mr Fraser is the Chairman of Magellan. Magellan will appoint another similarly qualified person to chair the Meeting if Mr Fraser is unable to chair the Meeting.

#### **10. Defined terms**

Terms defined in the Explanatory Memorandum accompanying this Notice of Meeting have the same meaning in this Notice of Meeting, unless the context otherwise requires.

#### **11. Important information**

To enable you to make an informed decision on the Resolutions, please carefully read the Explanatory Memorandum.



## PART 3: Independent Expert's Report

# LONERGAN EDWARDS & ASSOCIATES LIMITED

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Sydney NSW 2000 Australia  
GPO Box 1640, Sydney NSW 2001

Telephone: (61 2) 8235 7500  
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The Directors  
Magellan Asset Management Limited  
As responsible entity for Magellan Global Fund  
Level 36  
25 Martin Place  
Sydney NSW 2000

15 May 2024

## Subject: Conversion Proposal – conversion of Closed Class Units to Open Class Units

Dear Directors

### Introduction

- 1 On 16 October 2023, Magellan Asset Management Limited (Magellan), in its capacity as responsible entity (RE) of the Magellan Global Fund (MGF or the Fund), announced that the Board had “determined to consider a conversion of the Closed Class Units into Open Class Units”. The conversion was proposed to address the discount to net asset value (NAV) per Closed Class Unit when trading on the Official List of the Australian Securities Exchange (ASX) and to enable Closed Class Unitholders to retain the benefits of an investment in the Fund.
- 2 Having progressed the consideration of legal, regulatory and tax matters in respect of the Conversion<sup>1</sup>, on 7 December 2023 Magellan announced its decision to proceed with the conversion of Closed Class Units in the Fund to Open Class Units in the Fund which are quoted on the ASX under the AQUA Rules<sup>2</sup>.
- 3 If the Conversion is approved and implemented:
  - (a) Closed Class Unitholders will have their Closed Class Units redeemed and eligible Closed Class Unitholders<sup>3</sup> will be issued with new Open Class Units as consideration

- <sup>1</sup> The Conversion as referenced in the ASX announcements and Unitholder Booklet will require redemption of the Closed Class Units and the issue of Open Class Units as consideration. For consistency of definitions we have referred to this as the Conversion.
- <sup>2</sup> The AQUA Rules (Schedule 10A to the ASX Operating Rules) are specifically designed for ‘open-ended’ investment schemes such as exchange traded funds (ETFs) and structured products that do not fit easily under the ASX Listing Rules. Section 3.3 of the Unitholder Booklet sets out the key differences between the AQUA Rules and the ASX Listing Rules.
- <sup>3</sup> Ineligible Foreign Closed Class Unitholders (being those unitholders resident outside of Australia, New Zealand, Hong Kong or Singapore) will not be entitled to receive Open Class Units and will instead receive cash from the sale of the new Open Class Units issued in respect of the Closed Class Units held. A Sales Agent will sell the units within 20 business days and remit the net proceeds (after deduction of any applicable costs e.g. brokerage, tax etc.).

#### Authorized Representatives:

Hung Chi • Martin Hall • Grant Koplar\* • Julie Planinic\* • Jorge Rosendo • Nathan Toscan • Wayne Lonergan • Craig Edwards

\* Members of Chartered Accountants Australia and New Zealand and holders of Certificate of Public Practice.  
Liability limited by a scheme approved under Professional Standards Legislation

1

for their Closed Class Units. The number of Open Class Units to be received will be based on the Conversion Ratio calculated by reference to the respective NAV of each unit class on the Conversion Calculation Date, expected to be the Business Day immediately before the Implementation Date. Closed Class Unitholders will receive the same underlying NAV in Open Class Units as the underlying NAV held in the Closed Class Units, with Open Class Units to be issued on the Implementation Date<sup>4</sup>

- (b) the Fund will be removed from the Official List of the ASX and the Open Class Units (being the only class then on issue<sup>5</sup>) will trade as an open ended exchange traded fund (ETF) on the ASX under the AQUA Rules.

- 4 Amendments to Fund's Constitution are required to facilitate the Conversion and must be approved by both Closed Class and Open Class Unitholders.

### Purpose of report

- 5 While there is no regulatory requirement for Magellan, as RE of the Fund, to obtain an independent expert's report (IER), the Directors of Magellan have requested that Lonerган Edwards & Associates Limited (LEA) prepare an IER stating whether, in LEA's opinion, the Conversion is in the best interests of existing MGF Unitholders (both Closed Class and Open Class Unitholders) and the reasons for that opinion.
- 6 LEA is independent of Magellan and MGF and has no other involvement or interest in the Conversion.

### Summary of opinion

- 7 In our opinion, the Conversion is in the best interests of MGF Unitholders (in each respective unit class and as a whole) in the absence of a superior proposal (which we consider unlikely). We have formed this opinion for the reasons set out below.

### Assessment of the Conversion

- 8 There is no legal definition of the expression "in the best interests". However, Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – Content of expert reports (RG 111) states that a proposal may be "in the best interests of the members of the company" if there are sufficient reasons for security holders to vote in favour of the proposal.
- 9 In our opinion, in the circumstances, the Conversion will be in the best interests of the MGF Unitholders (in each respective unit class and as a whole) if the advantages of the Conversion outweigh the disadvantages from the perspective of the unitholders in each of their respective classes and as a whole. In reaching our view, we have compared the position of MGF Unitholders (in each respective unit class and as a whole) both before and after the Conversion.
- 10 We summarise below the likely advantages and disadvantages of the Conversion for MGF Unitholders (in each respective unit class and as a whole).

<sup>4</sup> Expected to be 22 July 2024.

<sup>5</sup> Which have the ticker "MGOC".

## Advantages

11 The Conversion has the following advantages:

### *MGF Closed Class Unitholders*

- (a) the Conversion will be effected based on the respective underlying NAV per Closed Class Unit and underlying NAV per Open Class Unit at the Conversion Calculation Date resulting in no diminution in the underlying NAV of the Closed Class Unitholders' investment at the time of implementation (other than a minor diminution due to the costs of the Conversion)
- (b) Closed Class Units have consistently traded at a significant discount to the reported NAV prior to the announcement that conversion was being considered. The trading discount to NAV historically experienced by the Closed Class Units is expected to be addressed as Open Class Units in the Fund have generally traded at prices close to the prevailing NAV per Open Class Unit. Eliminating this discount is a major benefit for existing Closed Class Unitholders
- (c) the receipt of Open Class Units by existing Closed Class Unitholders will enable unitholder interests to be traded in the secondary market on the ASX or redeemed directly with Magellan at close to NAV per Open Class Unit (noting that redemption is not currently available to Closed Class Unitholders). Magellan, as RE of the Fund, will continue to operate a daily application and redemption facility in relation to Open Class Units in the Fund. Further, Magellan, on behalf of the Fund, may provide on-market liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units
- (d) as an Open Class Unitholder you may elect<sup>6</sup> to participate in the Distribution Reinvestment Plan (the DRP) at a price equal to the NAV per Open Class Unit at the relevant time. Whilst the issue price under the previous Closed Class Unitholder DRP was 92.5% of the underlying NAV per Closed Class Unit, the Closed Class Unitholder DRP was suspended on 10 January 2022
- (e) there will be no change to the investment objectives, investment strategy, distribution policy or to the fees charged by the Fund as a result of the Conversion

### *Open Class Unitholders*

- (f) there are no changes to the rights and entitlements or underlying NAV of Open Class Unitholders as a result of the Conversion
- (g) the increased number of Open Class Unitholders is likely to:
  - (i) increase market activity and liquidity in the units
  - (ii) result in a more diverse register mitigating the impact on the Fund from withdrawals (subject to any increase in initial withdrawals after the Conversion).

## Disadvantages

12 The Conversion will result in a significant increase (some 53%) in the total number of Open Class Units on issue in the Fund. As such, the following disadvantages may arise:

<sup>6</sup> Those Closed Class Unitholders who had previously participated in the Closed Class Unitholder DRP will be treated as having made an election to participate in the Open Class Unitholder DRP.

#### ***Closed Class Unitholders***

- (a) the relative voting power of existing Closed Class and Open Class Unitholders will be impacted with Closed Class Unitholders' relative voting power as a percentage of the total number of units on issue in the respective class will be lower<sup>7</sup>
- (b) if, as a result of the Conversion, the number of Open Class Units redeemed directly with Magellan increases, there may be a need for the Fund to sell underlying assets to fund these redemptions. Funding redemptions by way of sale of underlying assets may result in the Fund crystallising capital gains or trading profits which are attributed to MGF Unitholders at an earlier date
- (c) those Closed Class Unitholders holding units on income account will crystallise a gain or loss on the Conversion based on the difference between the value of the Open Class Units issued as consideration for the redemption of Closed Class Units held over their tax cost base
- (d) minor third party transaction costs of \$1.232 million excluding goods and services tax (GST) will be incurred to implement the Conversion. These costs are borne by the Closed Class Unitholders and will be deducted in determining the underlying NAV per Closed Class Unit as at the Conversion Calculation Date. The costs of implementing the Conversion are significantly more than offset by the elimination of the discount to NAV in unit price.

#### ***Open Class Unitholders (existing and upon Conversion)***

- (e) if, as a result of the Conversion, the number of Open Class Units redeemed directly with Magellan increases, there may be a need for the Fund to sell underlying assets to fund these redemptions. Funding redemptions by way of sale of underlying assets may result in the Fund crystallising capital gains or trading profits which are attributed to MGF Unitholders at an earlier date. However this is the practical reality of open class redeemable funds.

#### **Conclusion**

- 13 Given the above analysis, we consider that on balance the advantages of the Conversion outweigh the disadvantages of the Conversion and as such the Conversion is in the best interests of MGF Unitholders (in each respective unit class and as a whole) in the absence of a superior proposal (which in our view is unlikely).

#### **General**


- 14 This report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual MGF Unitholders. Accordingly, before acting in relation to the Conversion, MGF Unitholders should have regard to their own objectives, financial situation and needs. MGF Unitholders should also read the Unitholder Booklet that has been issued in relation to the Conversion.
- 15 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether MGF Unitholders should vote for, or against the Conversion. This is a matter for individual MGF Unitholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal

<sup>7</sup> Relative to voting in overall unitholder matters, e.g. where a combined vote of Open Class and Closed Class Unitholders is held then there is no material change, as votes are determined based on dollar value of holdings.

circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If MGF Unitholders are in doubt about the action they should take in relation to the Conversion or matters dealt with in this report, MGF Unitholders should seek independent professional advice.

- 16 For our full opinion on the Conversion and the reasoning behind our opinion, we recommend that MGF Unitholders read the remainder of our report.

Yours faithfully



Wayne Lonergan  
Authorised Representative



Julie Planinic  
Authorised Representative

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## **I Key terms of the Conversion**

### **Terms**

- 17 An overview and key terms of the Conversion is set out at paragraphs 1 to 4.
- 18 In order to implement the Conversion, Magellan is proposing to amend the Fund's Constitution to permit the conversion of Closed Class Units to Open Class Units.

### **Conditions**

- 19 The Conversion is subject to the satisfaction of a number of conditions<sup>8</sup>, including:
- (a) MGF Closed Class Unitholders and MGF Open Class Unitholders passing the relevant Conversion Resolutions by the requisite majorities at the applicable unitholder meeting
  - (b) ASX formally approving the removal of MGF from the Official List of the ASX
  - (c) Magellan receiving judicial advice from the Court relating to the Conversion.

### **Conversion Resolutions**

- 20 MGF Unitholders (both Closed Class and Open Class Unitholders) will be asked to vote on the Conversion in accordance with the inter-conditional resolutions contained in the Notice of Meeting and Explanatory Memorandum contained in the Unitholder Booklet.
- 21 All MGF Unitholders will be asked to vote on a special resolution to approve changes to the Constitution to facilitate the Conversion (Fund Resolution).
- 22 MGF Closed Class Unitholders will vote on special resolutions to:
- (a) Closed Class Unitholder Resolution 1 – approve the variation or cancellation of rights of the Closed Class Unitholders arising from proposed changes to the Constitution (as set out in Section 5.1 of the Unitholder Booklet) to facilitate the Conversion
  - (b) Closed Class Unitholder Resolution 2 – approve the removal of the Fund from the Official List of the ASX under ASX Listing Rule 17.11.
- 23 If any of the Conversion Resolutions are not passed, the Conversion will be unable to proceed.
- 24 Further details with respect to the Conversion Resolutions are set out in Section 5 of the Unitholder Booklet.

### **Implementation**

- 25 If the Conversion Resolutions are passed, subject to formal ASX approval of the delisting of the Fund from the Official List of the ASX, the Closed Class Units will be redeemed. The consideration for the redemption will be Open Class Units issued in accordance with the Conversion Ratio (being the number of Open Class Units to be issued per Closed Class Unit).

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<sup>8</sup> Full details with respect to the conditions are set out in Section 1 of the Unitholder Booklet.

The Conversion Ratio will be calculated as the underlying NAV per Closed Class Unit divided by the underlying NAV per Open Class Unit as at the Conversion Calculation Date<sup>9</sup>.

- 26 Following implementation of the Conversion, the Fund will have only one class of unit on issue (i.e. the Open Class Units) and will operate as an open-ended Active ETF<sup>10</sup> quoted on the ASX under the AQUA Rules, with the ticker 'MGOC'.
- 27 On and from 23 July 2024, Closed Class Unitholders are expected to be able to:
  - (a) sell the Open Class Units received under the Conversion on the ASX under the AQUA Rules
  - (b) redeem the Open Class Units received under the Conversion directly with Magellan.

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<sup>9</sup> Being the business day immediately before the Implementation Date, expected to be 19 July 2024.

<sup>10</sup> Active ETFs are a type of ETF that has a professional investment fund manager or team making decisions about the underlying investment portfolio allocation.

## II Scope of our report

### Purpose

- 28 While there is no regulatory requirement for Magellan, as RE of the Fund, to obtain an IER, the Directors of Magellan have requested that LEA prepare an IER stating whether, in LEA's opinion, the Conversion is in the best interests of existing MGF Unitholders and the reasons for that opinion.
- 29 It should be noted that this report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual MGF Unitholders. Accordingly, before acting in relation to the Conversion, MGF Unitholders should have regard to their own objectives, financial and taxation situation and needs. MGF Unitholders should also read the Unitholder Booklet that has been issued by Magellan in relation to the Conversion.
- 30 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether MGF Unitholders should vote for or against the Conversion. This is a matter for individual MGF Unitholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If MGF Unitholders are in doubt about the action they should take in relation to the Conversion or matters dealt with in this report, MGF Unitholders should seek independent professional advice.

### Basis of assessment

- 31 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111, which outlines the approaches which should be used in IERs when opining on public company transactions.
- 32 There is no legal definition of the expression "in the best interests". However, RG 111 states that a proposal may be "in the best interests of the members of the company" if there are sufficient reasons for securityholders to vote in favour of the proposal.
- 33 In our opinion, the Conversion will be in the best interests of MGF Unitholders if the advantages of the Conversion outweigh the disadvantages from the perspective of MGF Unitholders (both Closed Class and Open Class and as a whole). In reaching our view, we have compared (in particular) the position of MGF Unitholders (both Closed Class and Open Class and as a whole) both before and after the Conversion.

### Limitations and reliance on information

- 34 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 35 Our report is also based upon financial and other information in respect of MGF provided by Magellan and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this

information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

- 36 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming our opinion on the Conversion. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 37 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or without considering all factors together, could create a misleading or incorrect view or opinion.
- 38 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant funds. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 39 In forming our opinion, we have also assumed that the information set out in the Unitholder Booklet is complete, accurate and fairly presented in all material respects.

### III Profile of Magellan Global Fund (MGF)

#### Overview

- 40 MGF is a managed investment scheme for which Magellan acts as both RE and investment manager. The fund has two unit classes, an Open Class Units and a Closed Class Units, both of which are quoted on the ASX. The Fund's portfolio is actively managed by Magellan and aims to achieve attractive risk-adjusted returns over the medium to long term for unitholders, while reducing the risk of permanent capital loss. To achieve this, the Fund invests in a portfolio of between 20 to 40 high-quality global equity stocks, as assessed by Magellan, and has the ability to manage equity market risk by holding up to 20% of its net assets in cash. The investment portfolio is currency unhedged.

#### Fund overview

- 41 MGF is a unit trust registered as a managed investment scheme under the *Corporations Act 2001* (Cth) (Corporations Act). MGF's RE, Magellan, is a wholly owned subsidiary of Magellan Financial Group Limited (MFG), an ASX listed entity. Arvid Streimann, CFA and Nikki Thomas, CFA are the portfolio managers responsible for the investment decisions of MGF. A brief overview of MGF is as follows:

MGF – fund overview		
	Open Class Units	Closed Class Units
Portfolio managers	Arvid Streimann and Nikki Thomas	
Structure	Global equity fund, AUD unhedged	
Inception date	1 July 2007	20 November 2020
Management fee	1.35% per annum	
Buy / sell spread <sup>(1)</sup>	0.07% / 0.07%	n/a
Fund size <sup>(2)</sup>	A\$6.2 billion	A\$3.3 billion
Distribution policy	Target cash distribution yield of 4% per annum paid semi-annually at 30 June and 31 December	
Performance fee	10% of excess return of the units of MGF above the higher of the Index Relative Hurdle <sup>(3)</sup> and the Absolute Return Hurdle <sup>(4)</sup> . Additionally, the performance fees are subject to a high water mark	

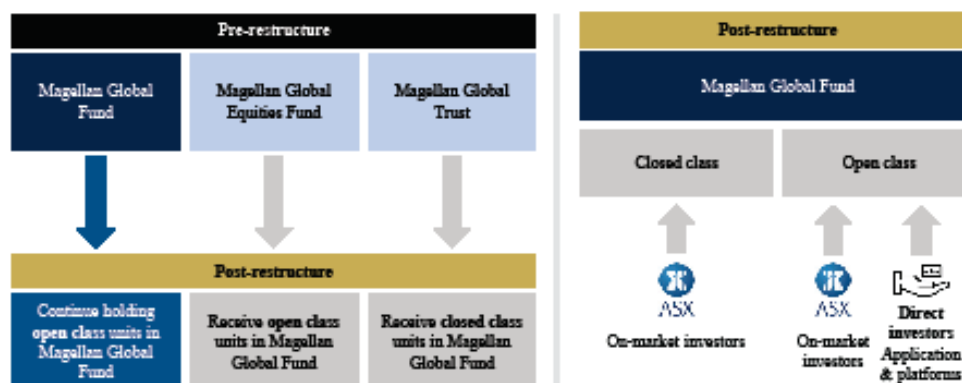
**Note:**

- 1 Buy and sell spreads are only applicable to investors who apply for Open Class Units directly with the fund and refer to the transaction costs to enter and exit.
  - 2 Fund size as at 30 April 2024.
  - 3 Being the MSCI World Net Total Return Index (AUD).
  - 4 Being the yield of 10-year Australian Government bonds.
- n/a – not applicable

#### Fund restructure and unit classes

- 42 In December 2020 Magellan undertook a restructure to simplify its global equities retail product offering by combining the Magellan Global Equities Fund (MGE) and the Magellan Global Trust (MGG) with MGF. The restructure involved the acquisition of all the units in MGE and MGG by MGF. A number of changes to MGF's constitution were required to facilitate the transaction, which resulted in MGF having two unit classes on issue upon completion. An overview of the 2020 transaction is set out below:

**MGF – overview of 2020 restructure**



- 43 MGF presently has two unit classes on issue, Open Class Units and Closed Class Units. For operational purposes, the assets and liabilities of MGF are allocated proportionally between the Open Class Units and Closed Class Units based on their respective NAVs. An overview of the key differences between the two unit classes is provided in the table below:

Category	Open Class Units	Closed Class Units
<b>Capital structure</b>	Open ended unit class. Magellan (as RE of MGF) has the power to issue or redeem units on a daily basis.	Closed ended unit class. Magellan (as RE of MGF) can only issue new Closed Class Units in accordance with ASX Listing Rules and may also undertake a buy-back that satisfies requirements of the Corporations Act and ASX Listing Rules.
<b>ASX quotation</b>	Quoted as an “Active ETF” under AQUA Rules	Official listing under ASX Listing Rules
<b>Buying and selling on the ASX</b>	Unitholders are able to buy and sell Open Class Units on the ASX. Magellan (on behalf of MGF) may provide liquidity to investors on the ASX by acting as the buyer or seller of Open Class Units.	Unitholders are able to buy and sell Closed Class Units on the ASX, subject to there being sufficient liquidity in Closed Class Units.
<b>Voting rights</b>	Matters requiring specific approval of Open Class Unitholders: <ul style="list-style-type: none"> <li>control transaction (as defined by the MGF constitution)</li> <li>significant transactions (as defined by the MGF constitution)</li> <li>a wind up of the open unit class and, where Closed Class Unitholders have passed an equivalent resolution, a wind up of MGF</li> <li>variation of certain rights relating to Open Class Units under the MGF constitution</li> </ul>	Matters requiring specific approval of Closed Class Unitholders: <ul style="list-style-type: none"> <li>control transaction (as defined by the MGF constitution)</li> <li>matters requiring approval under ASX Listing Rules</li> <li>removal of MGF from the official list of ASX, a wind up of the closed unit class and, where Open Class Unitholders have passed an equivalent resolution, a wind up of MGF</li> <li>variation of certain rights relating to Closed Class Units under the MGF constitution</li> </ul>

Category	Open Class Units	Closed Class Units
Distribution reinvestment	Unitholders can reinvest their distributions into additional Open Class Units at the NAV per Open Class Unit.	Reinvestment of distributions was suspended for Closed Class Unitholders on 10 January 2022. Prior to this Closed Class Unitholders were able to reinvest their distributions into additional Closed Class Units at a 7.5% discount to the NAV per Closed Class Unit.

- 44 In addition to the above, the two unit classes were subject to different levels of access to partnership benefits at the time of the 2020 restructure. These benefits included the following:
- (a) Partnership Offer – eligible MGF Unitholders at the time of the restructure<sup>11</sup> were able to subscribe for \$1 of Closed Class Units for every \$4 of MGF units held. Successful applicants also received additional Closed Class Units worth 7.5% of their subscription at no additional cost, as well as one Closed Class Unit option for every Closed Class Unit allotted to them (refer below)
  - (b) bonus option issue – a separate bonus issue of Closed Class Unit options was provided to Closed Class Unitholders on the basis of one option for every eight units held<sup>12</sup>. Each Closed Class Unit option had an exercise price of 92.5% of the prevailing NAV per Closed Class Unit at the time of exercise. The options automatically lapsed at the end of the exercise period, which began on 1 June 2021 (i.e. three months from the date of issue of 1 March 2021) and concluded on 1 March 2024 (i.e. three years from the date of issue).
  - (c) dividend reinvestment plan (DRP) discount – Closed Class Unitholders who elect to participate in the DRP had the ability to reinvest all or part of their distribution in additional Closed Class Units at a price equal to 7.5% discount to the NAV per unit as provided by the MGF DRP rules.
- 45 Whilst the above resulted in a significant advantage to Closed Class Unitholders at the time of the 2020 restructure, we note that as at 30 April 2024:
- (a) reinvestment of distributions at a discount to NAV is no longer available to Closed Class Unitholders as Magellan (as RE of MGF) suspended the DRP plan on 10 January 2022
  - (b) all bonus options issued at the time of restructure have expired, with MFG (the parent of Magellan) acquiring 750 million outstanding options in December 2023 and January 2024<sup>13</sup>.

<sup>11</sup> Being unitholders that held Open Class or Closed Class Units on the implementation date of the restructure who have a registered address in Australia, New Zealand, Hong Kong or Singapore.

<sup>12</sup> Open Class Unitholders were not eligible for the bonus option issue unless they participated and received Closed Class Units in accordance with the Partnership Offer.

<sup>13</sup> All options purchased by MFG were held until expiration in March 2024.

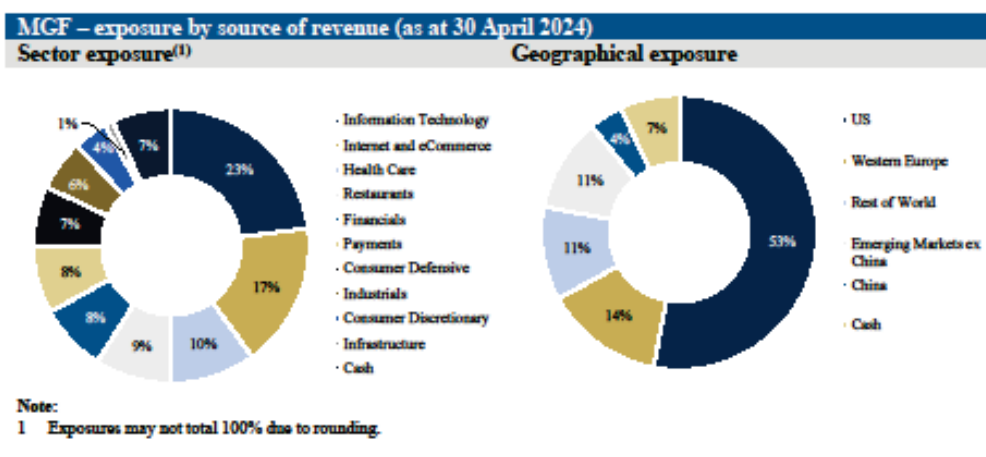
- 46 Accordingly, as at 30 April 2024, there are no additional partnership benefits that exist for Closed Class Unitholders relative to Open Class Unitholders.

#### Fee structure

- 47 As indicated above, MGF pays both management fees and performance fees to Magellan, which are consistent across both unit classes. These fees are summarised as follows:
- management fees** – 1.35% per annum (inclusive of the estimated net effect of GST less any reduced input tax credits), which is calculated daily based on the underlying NAV of each unit class. The management fees cover all fees, costs, charges, expenses and outgoings that are incurred, such as administration and accounting costs, audit and tax fees, and investor reporting expenses. Management fees are paid monthly in arrears, however they are calculated daily and allowed for in the NAV per unit calculation for each unit class
  - performance fees** – Magellan may be entitled to a performance fee of 10% (inclusive of the estimated net effect of GST less any reduced input tax credits) of the excess return of MGF above the higher of the Index Relative Hurdle (MSCI World Net Total Return Index (AUD)), and the Absolute Return Hurdle (the yield of 10-year Australian Government bonds) over each six month period ending 31 December and 30 June each year. Performance fees are accrued daily in the NAV calculation for each unit class and are paid subject to the achievement of performance hurdles (and the high water mark) for the relevant period.

#### Investment portfolio

- 48 MGF's portfolio typically comprises 20 to 40 investments, including equity securities held across a number of sectors and regions globally, as indicated below:



#### Top 10 holdings

- 49 As at 31 March 2024, the top 10 investments within MGF's portfolio represented 48.7% of the fund, as shown in the table below:

MGF – top 10 investments (as at 31 March 2024)		
Company	Sector	% holding
Microsoft Corporation	Information Technology	7.3
Amazon.com Inc	Internet and eCommerce	7.1
SAP SE	Information Technology	5.2
Intercontinental Exchange Inc	Financials	4.9
Chipotle Mexican Grill Inc	Restaurants	4.3
UnitedHealth Group Inc	Health Care	4.2
ASML Holding NV	Information Technology	4.1
Mastercard Inc	Payments	4.0
Intuit Inc	Information Technology	3.9
Visa Inc	Payments	3.7
<b>Total</b>		<b>48.7</b>

## Strategy

### Investment objectives

- 50 MGF's investment objectives are to provide attractive risk-adjusted returns over the medium to long term (9% per annum net of fees over the economic cycle), whilst reducing the risk of permanent capital loss. Magellan aims to achieve these objectives by investing in a portfolio of high quality global companies that provide potential for capital growth over the medium to long term.

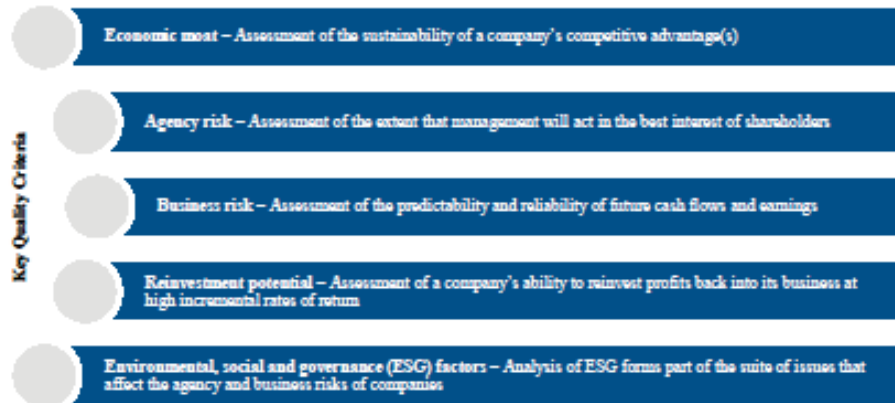
### Investment strategy

- 51 Magellan invests in a focused portfolio of high quality global companies, which are distinguished as having a competitive advantage that can be sustainably exploited in order to earn returns on capital that are in excess of the company's cost of capital. Magellan undertakes extensive fundamental company analysis and seeks to purchase investments when they are trading at a discount to their assessed intrinsic value.
- 52 Magellan also undertakes detailed macroeconomic analysis in order to take advantage of mis-pricing of economic cycles to manage investment risk. Magellan is able to invest up to 20% of MGF's gross assets in cash and cash equivalents and borrow up to 5% of MGF's gross assets.
- 53 MGF's investment strategy is benchmark agnostic, as it aims to achieve attractive absolute returns, rather than benchmark-relative returns, and has few similarities to market benchmarks or share market indices. Notwithstanding this, Magellan's performance fee is calculated with reference to benchmark indices.

### Investment process

- 54 Magellan's investment process integrates three key disciplines:
- (a) **intensive bottom-up stock analysis and industry research** – through in-depth, proprietary company research, seeking to identify sustainable competitive advantages that enable businesses to generate excess returns on capital and predictable cash flow streams. This information is then used to identify stock valuation anomalies. Company research includes an assessment of a company's inherent quality based on the following specific key quality criteria:

#### MGF – key quality criteria



- (b) **broad and detailed macroeconomic insight** – Magellan also undertakes proprietary macroeconomic research in order to identify and manage risks and opportunities presented by the macroeconomic environment which can be applied in most market conditions to protect the portfolio from external shocks
- (c) **rigorous portfolio construction and risk discipline** – Magellan utilises portfolio construction and formal risk control processes to provide downside protection in falling markets, whilst also providing the flexibility to participate in varying stages of the market cycle.

#### Investment parameters

- 55 The key investment parameters for the construction of MGF's portfolio are based on the following principles:

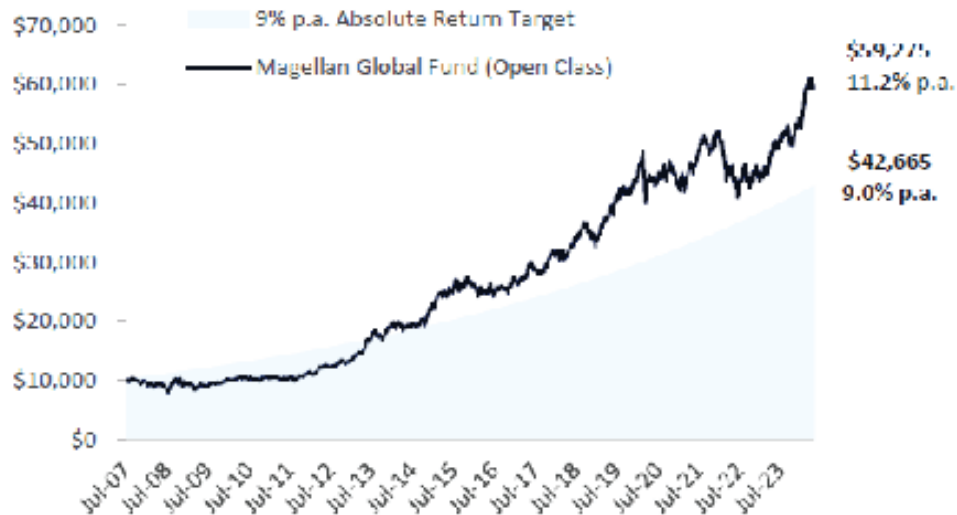
MGF – key investment parameters	
Exposure	Guidelines
Number of companies	Typically 20 to 40 companies
Asset classes and allocation ranges	Securities – 80% to 100% Cash and cash equivalents – 0% to 20%
Geographical	MGF invests in securities on global securities exchanges
Currency hedging	MGF's foreign currency exposures arising from investment in overseas markets are unhedged
Borrowing policy	MGF may borrow against all or part of the portfolio, provided that, at the time, aggregated borrowings do not exceed 5% of MGF's gross asset value

#### Fund performance

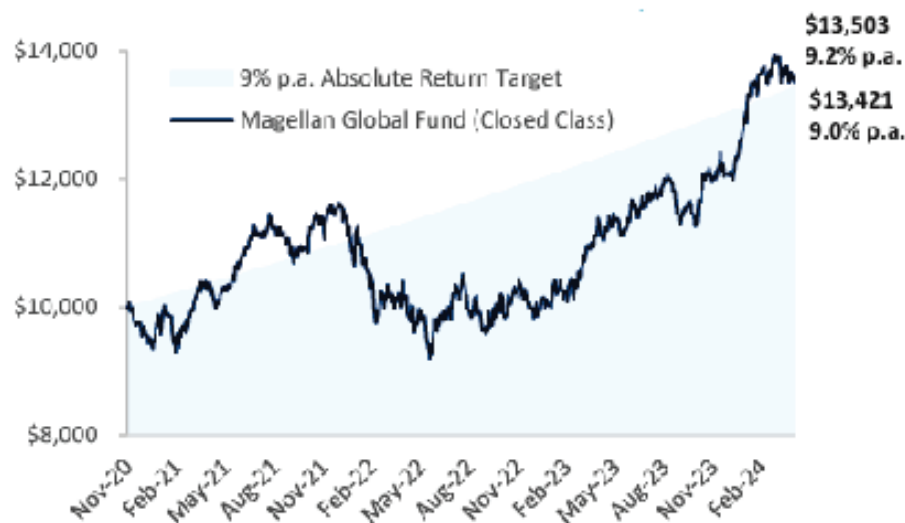
- 56 The performance of Open Class and Closed Class Units as at 30 April 2024, measured by the return per annum on \$10,000 invested since the inception of each unit class, is depicted in the charts below:

**MGF – fund performance<sup>(1)</sup>**

**Open Class Units**



**Closed Class Units**



**Note:**

1 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).

Source: Magellan ASX Investor Update announcements for 30 April 2024 for Open Class Units and Closed Class Units.

- 57 The performance of each of MGF's unit classes to 30 April 2024 in comparison to the MSCI World Net Total Return Index (AUD) is as follows:

**MGF – unit class performance**

	Open Class <sup>(1)</sup> %	Closed Class <sup>(1)</sup> %	Index <sup>(2)</sup> %	Excess / (deficiency) Open Class %	Closed Class %
1 month	(2.8)	(2.8)	(3.3)	0.5	0.5
3 months	4.9	4.9	5.5	(0.6)	(0.6)
1 year	17.9	18.6	20.5	(2.6)	(1.9)
3 years (% per annum)	8.2	9.1	11.9	(3.7)	(2.8)
5 years (% per annum)	8.6	n/a	12.3	(3.7)	n/a
7 years (% per annum)	11.0	n/a	12.5	(1.5)	n/a
10 years (% per annum)	12.0	n/a	12.8	(0.8)	n/a
Since inception (% per annum)	11.2	9.2	8.1 / 13.2 <sup>(3)</sup>	3.1	(4.0)

**Note:**

1 Calculations are based on exit price (Open Class Units) and NAV prices (Closed Class Units) with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable).

2 MSCI World Net Total Return Index (AUD).

3 Being 8.1% per annum since the inception of Open Class Units and 13.2% per annum since the inception of Closed Class Units.

n/a – not applicable

Rounding differences may exist.

**Financial performance**

58 The financial performance for MGF for the four years ended 30 June 2023 (FY20 to FY23), and the six months ended 31 December 2023 (1H24), is set out below:

**MGF – statement of financial performance<sup>(1)</sup>**

	FY20 \$m	FY21 \$m	FY22 \$m	FY23 \$m	1H24 \$m
Total net investment income	157.4	164.7	200.4	157.6	43.8
Dividend and distribution income	8.9	0.2	0.9	20.9	14.4
Net change in fair value of investments	1,115.1	1,808.6	(1,717.8)	1,931.0	318.1
Net gains / (losses) on foreign exchange settlements, derivatives contracts and cash	(128.9)	(128.3)	72.7	5.8	(18.9)
Other income	0.0	1.6	0.3	1.2	0.0
<b>Total net investment income / (loss)</b>	<b>1,152.6</b>	<b>1,846.6</b>	<b>(1,443.5)</b>	<b>2,116.5</b>	<b>357.5</b>
Management fees	(159.8)	(196.2)	(215.9)	(143.5)	(62.8)
Performance fees	(3.1)	(0.1)	(0.1)	(10.9)	(0.0)
Brokerage costs	(0.9)	(1.1)	(8.2)	(2.4)	(0.6)
Withholding tax on dividends	(22.4)	(23.3)	(27.5)	(23.1)	(5.2)
<b>Total expenses</b>	<b>(186.2)</b>	<b>(220.7)</b>	<b>(251.6)</b>	<b>(179.9)</b>	<b>(68.6)</b>
<b>Profit / (loss) for the year</b>	<b>966.4</b>	<b>1,626.0</b>	<b>(1,695.1)</b>	<b>1,936.6</b>	<b>288.9</b>
<i>Return after fees – Open Class (%)</i>	<i>9.0%</i>	<i>10.8%</i>	<i>(11.8%)</i>	<i>20.6%</i>	<i>3.3%</i>
<i>Return after fees – Closed Class (%)</i>	<i>n/a</i>	<i>11.5%</i>	<i>(10.6%)</i>	<i>21.4%</i>	<i>3.8%</i>
<i>Distributions paid per Open Class Unit (cents)</i>	<i>10.50</i>	<i>9.98</i>	<i>10.20</i>	<i>10.21</i>	<i>5.08</i>
<i>Distributions paid per Closed Class Unit (cents)</i>	<i>n/a</i>	<i>3.66</i>	<i>7.32</i>	<i>7.35</i>	<i>3.69</i>

**Note:**

- 1 Rounding differences exist.  
n/a – not applicable.

- 59 Regarding MGF's FY22 and FY23 financial performance, we note that:
- (a) **FY22** – MGF's portfolio generated negative returns for the period, decreasing by 11.8% and 10.6% for Open Class Unitholders and Closed Class Unitholders respectively, driven by Russia's invasion of Ukraine, which impacted global equity markets due to the resulting economic uncertainty and volatility in energy and food prices. In addition, global markets were further impacted by rising inflation and the associated increase in interest rates as central banks began tightening over the period
  - (b) **FY23** – MGF's portfolio recovered, generating returns of 20.6% and 21.4% for Open Class Unitholders and Closed Class Unitholders, respectively, driven by strong performance from individual holdings in Amazon, Microsoft, Chipotle Mexican Grill, Alphabet and Apple, which all increased by more than 15% over the three months ended 30 June 2023. Global equity markets similarly increased over the period, underpinned by rapid advances in artificial intelligence, solid momentum in US equity markets and signs that inflation was beginning to ease (reducing the need for higher interest rates).
- 60 Regarding MGF's 1H24 financial performance and outlook, MGF's December 2023 Fund Update stated the following:

*"Fund commentary*

*For the quarter, the largest contributors were the holdings in Microsoft, Amazon, Chipotle Mexican Grill, ASML and Intuit, which all rose 19% or more in the quarter. The moves reflect both bullish expectations for many of these as AI opportunities are considered and a weak period of growth ends, and a shift in sentiment around higher growth investments as policy interest rates are seen to be at peak (and falling in 2024)...*

*Detractors were limited to Nestlé and Diageo, which both fell just over 5% over the quarter. We have high long-term conviction in Nestlé as its ability to deliver steady compound growth in cash flows and earnings remains robust and we anticipate good results in February. Short-term digestion of some supply constraints and related capacity additions has weighed on near-term growth. Diageo is cycling exceptional growth, particularly in the US and its tequila franchises, in the past two years while recent weakness reflected inventory excesses in Latin America which it is working to clear but which will weigh on near term profits.*

*Outlook*

*"2023 ended with a bang as markets almost everywhere (OK, not China) rallied. Breadth expanded beyond the few stocks that led 2023 strength and financials caught some interest as a benign US economic backdrop became a more consensus view. We are seeing recessions in Europe, clear weakness in China and still some small risk of a brief period of economic weakness in the US even though in late 2023 US growth accelerated...*

*Prospects for corporate earnings and cash flows mean an exciting backdrop for long-term investors. New projects are being undertaken as the trends of decarbonisation, digitisation*

*and deglobalisation gain momentum. US nonresidential construction spend is strong and has one of the highest growth multipliers (estimated at 3x) of any industry. Even if interest rates do not fall materially, we believe opportunities outweigh the risks within equity markets.*

*We expect that some volatility in markets may accompany us over the next few months as share prices continue to adapt to the evolving interest rate environment and reshaping of economic growth. Volatility isn't inherently risky. We work diligently to assess the real risks that face our portfolio companies and will continue to hold the line on our absolute return objective."*

## Financial position

- 61 The financial position of MGF as at 30 June 2022, 30 June 2023 and 31 December 2023 is set out below:

MGF – statement of financial position <sup>(1)</sup>			
	30 Jun 22	30 Jun 23	31 Dec 23
	\$m	\$m	\$m
Cash and cash equivalents	841.3	664.3	357.7
Receivables	58.6	33.9	48.5
Investments	11,180.0	9,311.6	8,465.9
<b>Total assets</b>	<b>12,079.8</b>	<b>10,009.8</b>	<b>8,872.1</b>
Distributions payable	(262.3)	(188.7)	(164.4)
Other payables	(61.2)	(40.3)	(15.0)
<b>Total liabilities</b>	<b>(323.6)</b>	<b>(229.0)</b>	<b>(179.4)</b>
<b>Net assets</b>	<b>11,756.2</b>	<b>9,780.8</b>	<b>8,692.7</b>
Units on issue – Open Class (million)	4,066.4	2,649.6	2,235.1
Units on issue – Closed Class (million)	1,501.6	1,444.1	1,379.2
NAV per unit – Open Class (\$) <sup>(2)</sup>	2.28	2.64	2.67
NAV per unit – Closed Class (\$) <sup>(2)</sup>	1.66	1.97	1.97

**Note:**

- 1 Rounding differences exist.  
2 The NAV per unit represents the net assets presented in the statement of financial position at 30 June and 31 December divided by the number of units on issue at 30 June and 31 December each year.

## Cash and cash equivalents

- 62 Cash and cash equivalents comprises cash at bank and short-term highly liquid investments that are readily convertible to cash. Cash at bank is denominated in various currencies with the primary balance held in United States of America (US) dollars (USD).

## Investments

- 63 Investments primarily comprise globally listed equity securities, a summary of which as at 30 June 2022, 30 June 2023, and 31 December 2023 is detailed below:

MGF – internationally listed equity securities <sup>(1)(2)</sup>			
	30 Jun 22	30 Jun 23	31 Dec 23
	\$m	\$m	\$m
US	7,642.1	6,419.4	6,458.2
France	454.1	583.2	420.0
Germany	320.3	409.4	371.8
Netherlands	362.8	401.8	364.4
Switzerland	949.8	529.1	310.0
Canada	-	281.7	255.8
Hong Kong	-	189.1	180.0
United Kingdom (UK)	1,021.6	497.9	105.6
Spain	195.2	-	-
<b>Total listed equity securities<sup>(3)</sup></b>	<b>10,946.0</b>	<b>9,311.6</b>	<b>8,465.9</b>
Unlisted investments – units in MGE and MGG <sup>(4)</sup>	234.0	-	-
<b>Total investments</b>	<b>11,180.0</b>	<b>9,311.6</b>	<b>8,465.9</b>

**Note:**

- 1 Rounding differences exist
- 2 Shown by domicile of primary stock exchange listing
- 3 The fair value of equity securities traded in active markets is based on their quoted market prices at balance date with a deduction for estimated future selling costs. The quoted market price is the closing price for the security as quoted on the relevant stock exchange.
- 4 MGG and MGE were terminated on 10 June 2022 and 1 July 2022, respectively.

**Currency exposure**

- 64 MGF has significant foreign currency exposure arising from its investments in foreign securities, which are predominantly domiciled in the US. Magellan does not hedge the foreign currency exposure of MGF arising from investments in global markets. MGF's total net exposure to fluctuations in foreign currency exchange rates as at 30 June 2022, 30 June 2023 and 31 December 2023 is shown below:

MGF – exposure to foreign currency			
	30 Jun 22	30 Jun 23	31 Dec 23
	\$m	\$m	\$m
<b>Assets and liabilities denominated in</b>			
USD	8,457.9	7,047.1	6,797.2
Euros	1,312.0	1,395.2	1,159.5
Swiss francs	973.3	547.1	328.7
British pounds	1,022.1	496.8	106.6
Canadian dollars	-	282.4	256.4
Hong Kong dollars	0.0	189.2	180.0

**Distributions payable**

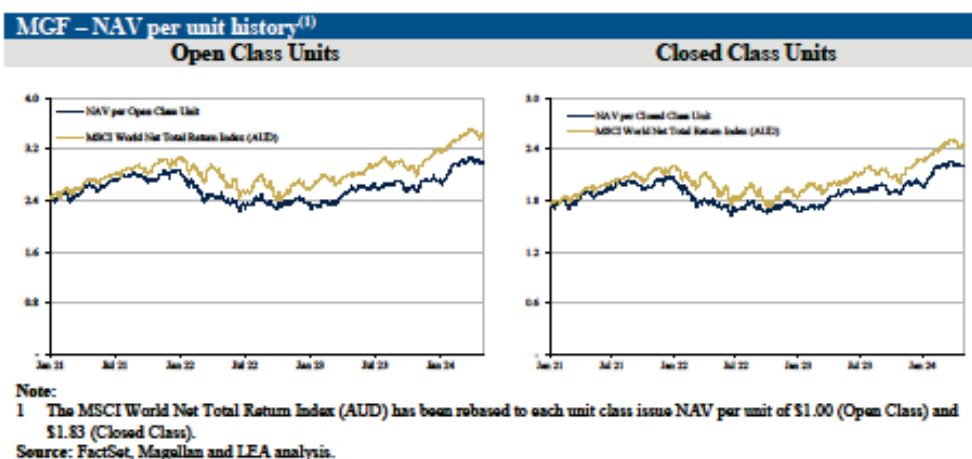
- 65 MGF pays a semi-annual distribution for the six months to 31 December and 30 June. A distribution payable is recognised on the balance sheet where the distribution has been declared but remains unpaid as at the balance sheet date.
- 66 On 24 September 2020 Magellan (as RE of MGF) announced a change in distribution policy to reflect an intention to target a rate of distribution of 4% per annum of the underlying NAV to be paid semi-annually. The target rate of distribution is applicable for both Open Class Units and Closed Class Units.

## Unit capital and performance

- 67 As at 30 April 2024, there were 2,082.3 million Open Class Units on issue and 1,507.6 million Closed Class Units on issue. Magellan (as RE of MGF) has been undertaking an on-market buy-back program in respect of Closed Class Units over the period since 30 November 2020 as part of ongoing capital management. As at 30 April 2024, a total of 324.3 million Closed Class Units had been purchased and cancelled by Magellan.

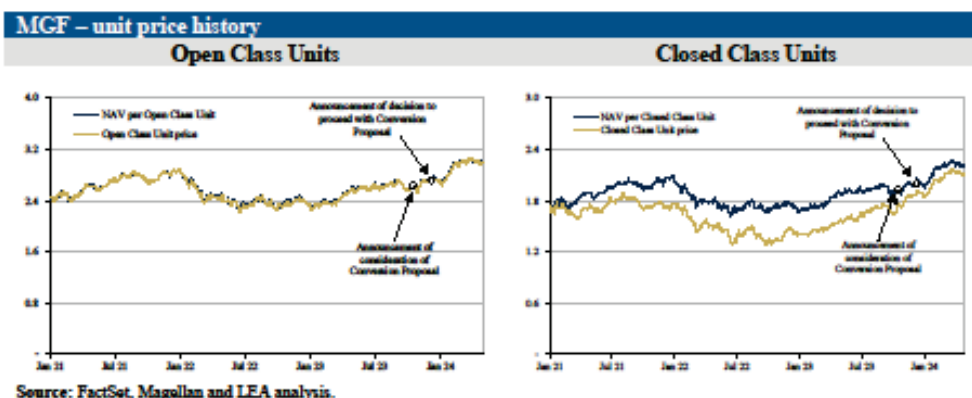
## NAV performance

- 68 MGF's NAV per unit for each unit class relative to the MSCI World Net Total Return Index (AUD) from 1 January 2021 to 30 April 2024 is set out in the following charts:



## Unit price performance

- 69 In addition to the above, the unit price relative to NAV per unit for each unit class of MGF over the period 1 January 2021 to 30 April 2024 is set out below:



70 The price of Open Class Units has closely tracked the NAV per unit, with an average discount to NAV of 0.4% over the period above. The price of Closed Class Units has traded at a material discount to NAV per unit over the period, averaging 12.8% below NAV per unit. In respect of this, we note that:

- (a) trading in Closed Class Units was initially impacted by the bonus option issue, (refer paragraph 44 above), which allowed MGFCC option holders to exercise their options at a 7.5% discount to the prevailing NAV
- (b) the discount widened significantly as a result of material underperformance<sup>14</sup> which persisted through to the end of 2022 (reaching a maximum discount of 25.0% in October 2022)
- (c) the discount began to narrow from around November 2022, driven by:
  - (i) Magellan extending its on market buy-back program
  - (ii) the announcement of the consideration of the Conversion Proposal in October 2023, followed by the announcement in December 2023 of the decision to proceed with Conversion Proposal
  - (iii) the expiration of options on 1 March 2024.

71 The discount has since declined to approximately 3.9% as at 30 April 2024.

#### Liquidity in MGF Units

##### Open Class Units

72 The liquidity in Open Class Units based on trading on the ASX over the 12 month period ending 30 April 2024 is set out below:

MGFOC – liquidity in units						
Period	Start date	End date	Units traded 000	WANOU <sup>(1)</sup> outstanding 000	Implied level of liquidity Period <sup>(2)</sup> %	Annual <sup>(3)</sup> %
1 month	31 Mar 24	30 Apr 24	11,221	2,101,527	0.5	6.4
3 months	31 Jan 24	30 Apr 24	34,131	2,141,869	1.6	6.4
6 months	31 Oct 23	30 Apr 24	79,340	2,205,655	3.5	7.2
1 year	1 May 23	30 Apr 24	192,511	2,395,078	7.9	8.0

**Note:**

- 1 Weighted average number of outstanding units (WANOU) during relevant period.
- 2 Number of units traded during the period divided by WANOU.
- 3 Implied annualised figure based upon implied level of liquidity for the period.

73 Whilst prima facie, trading in Open Class Units appears to exhibit relatively low levels of liquidity (as indicated by the implied annual liquidity for the one, three, six and 12 months ended 30 April 2024), we note that unitholders are also able to redeem their units and subscribe for new units directly with Magellan (as RE for MGF) and benefit from Magellan's market making on the ASX on behalf of MGF (which is also at NAV based prices). Accordingly, the above on-market trading activity materially understates the actual liquidity in Open Class Units. The below table sets out the daily "off-market" transactions of Open

<sup>14</sup> For example as at 31 January 2021 MGF had underperformed by 9.5% relative to MSCI World Net Total Return Index (AUD) over 1 year.

Class Units between unitholders and Magellan over the 12 month period ending 30 April 2024:

Open Class – “off-market” unit transfers						
Period	Start date	End date	Total unit transactions			WANOU <sup>(3)</sup> outstanding 000
			Inflows <sup>(1)</sup> 000	Outflows <sup>(2)</sup> 000	Net 000	
1 month	31 Mar 24	30 Apr 24	183,863	223,582	(39,719)	2,101,527
3 months	31 Jan 24	30 Apr 24	327,029	457,448	(130,419)	2,141,869
6 months	31 Oct 23	30 Apr 24	455,050	732,782	(277,732)	2,205,655
1 year	1 May 23	30 Apr 24	714,340	1,470,332	(755,992)	2,395,078

Note:

- 1 Includes subscriptions, reinvestments, transfers in, switches in and fee rebates.
- 2 Includes redemptions, transfers out and switches out.
- 3 WANOU during the relevant period.

#### Closed Class Units

- 74 The liquidity in Closed Class Units based on trading on the ASX over the 12 month period ending 30 April 2024 is set out below:

MGFCC – liquidity in units						
Period	Start date	End date	Units traded 000	WANOU <sup>(1)</sup> outstanding 000	Implied level of liquidity	
					Period <sup>(2)</sup> %	Annual <sup>(3)</sup> %
1 month	31 Mar 24	30 Apr 24	36,177	1,507,561	2.4	28.8
3 months	31 Jan 24	30 Apr 24	141,697	1,470,445	9.6	38.5
6 months	31 Oct 23	30 Apr 24	268,323	1,427,141	18.8	37.6
1 year	1 May 23	30 Apr 24	558,031	1,430,995	39.0	39.0

Note:

- 1 WANOU during relevant period.
- 2 Number of units traded during the period divided by WANOU.
- 3 Implied annualised figure based upon implied level of liquidity for the period.

- 75 The implied annual liquidity exhibited by trading in Closed Class Units is significantly higher than the on-market trading in Open Class Units, however, we note that this is materially impacted by the on-market unit buyback program that was being undertaken by Magellan (as RE of MGF) over the above period (refer paragraph 67 above).

#### Unit redemptions

- 76 Both Open Class and Closed Class Unit sales can be undertaken at any time by selling units on the ASX (subject to there being sufficient liquidity in respect of Closed Class Units). However, it should be noted that whilst Open Class Units are expected to trade at a tight spread to the prevailing NAV per unit, Closed Class Units have historically traded at a discount to NAV per unit, and the exit price was less than the underlying NAV per unit.
- 77 Open Class Unitholders may also redeem units directly with Magellan (as RE of MGF) by sending a completed withdrawal form or written notice of withdrawal indicating the specified dollar amount to be withdrawn, a specified number of units to be withdrawn, or a full

- (a) the exchange ratio has generally increased over the period, albeit marginally<sup>15</sup>. The increase was driven by the buyback of Closed Class Units that was being undertaken by Magellan, which resulted in an increase in the NAV per Closed Class Unit<sup>16</sup>
- (b) as at 30 April 2024, the exchange ratio of 0.7363 was slightly higher than the average ratio over the period of 0.7272.

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<sup>15</sup> The ratio increased from 0.7167 as at 1 January 2021 to 0.7363 as at 30 April 2024, representing an increase of 3.0% over the period.

<sup>16</sup> This is due to the fact that Closed Class Units were trading at a discount to underlying NAV over the period, and as a result, were repurchased by Magellan at a cost that was lower than the corresponding NAV associated with each unit.

## IV Evaluation of the Conversion

- 82 In our opinion, the Conversion is in the best interests of existing MGF Unitholders (both Closed Class and Open Class Unitholders and as a whole) in the absence of a superior proposal (which we consider unlikely). We have formed this opinion for the following reasons.

### Consideration to be received by Closed Class Unitholders

- 83 Closed Class Unitholders (other than Ineligible Foreign Closed Class Unitholders) will receive a number of Open Class Units as consideration for the redemption of the Closed Class Units on issue. The number of Open Class Units received will be based on the Conversion Ratio as at the Conversion Calculation Date. An illustration of the Conversion Ratio as at 30 April 2024 is as follows:

Open Class Units to be issued		
	Unadjusted	Adjusted <sup>(1)</sup>
NAV per Closed Class Unit <sup>(2)</sup>	\$2.1964	\$2.1956
NAV per Open Class Unit <sup>(3)</sup>	\$2.9830	\$2.9830
Number of Open Class Units per Closed Class Unit redeemed <sup>(4)</sup>	0.7363	0.7360

**Note:**

- 1 The Conversion Ratio has been calculated after adjusting the NAV per Closed Class Unit for the costs of Conversion of 0.08 cents per unit (refer paragraph 92 below).
- 2 Magellan NAV per unit sourced from the ASX announcement dated 1 May 2024.
- 3 Source from the Magellan website.
- 4 The total number of Open Class Units issued to each Closed Class Unitholder will be rounded to the nearest whole unit.

### Number of Open Class Units on issue

- 84 If the Conversion is implemented, there will be some 53% additional Open Class Units on issue. The estimated additional Open Class Units based on the Conversion Ratio above, is calculated as follows:

Open Class Units post Conversion		
	Unadjusted	Adjusted
Number of Open Class Units on issue (million)	2,082.3	2,082.3
Number of Closed Class Units on issue (million)	1,507.6	1,507.6
Number of Open Class Units per Closed Class Unit redeemed <sup>(1)</sup>	0.7363	0.7360
Number of new Open Class Units to be issued (million)	1,110.0	1,109.6
Total number of Open Class Units on issue after the Conversion (million)	3,192.3	3,191.9
Increase in the number of Open Class Units on issue (%)	53.3%	53.3%

**Note:**

- 1 As per paragraph 83 above.

### Assessment of “in the best interests”

- 85 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a proposal may be “in the best interests” of members of the company if there are sufficient reasons for security holders to vote in favour of the proposal.
- 86 In our opinion, in the circumstances, the Conversion will be in the best interests of the MGF Unitholders (both Closed Class and Open Class Unitholders and as a whole) if the advantages of the Conversion outweigh the disadvantages from the perspective of the Closed Class and Open Class Unitholders and unitholders taken as a whole. In reaching our view in this regard, we have compared (in particular) the position of MGF Unitholders (both Closed Class and Open Class Unitholders) both before and after the Conversion

### Comparative position of MGF Unitholders (both Closed Class and Open Class Unitholders)

- 87 We have considered the comparative position of MGF Unitholders (both Closed Class and Open Class Unitholders) prior to the Conversion and on the assumption that the Conversion is implemented, in particular as regards the differences between the existing unit classes including rights, entitlements and differences (if any) in the underlying portfolio mix of investments and associated investment risk and the Conversion Ratio.

### Changes to unit entitlements

- 88 Section 3.2 of the Unitholder Booklet sets out a comparison between the Closed Class Units and Open Class Units. The differences between the Closed Class Units and Open Class Units are as follows:

Key differences	
Closed Class Units	Open Class Units
Units can only be issued or bought back on the ASX	Magellan can issue or redeem units on a daily basis
Listed on the ASX and trade under the ASX Listing Rules	Listed on the ASX and trade under the AQUA Rules
Can buy or sell units on the ASX at the prevailing market price which may be at a discount or at a premium to NAV per Closed Class Unit (and indeed have traded at a discount)	Magellan may provide liquidity to investors by acting as a buyer or seller of Open Class Units
No ability to redeem Closed Class Units	The Open Class Units generally trade at a tight spread around NAV per Open Class Unit Open Class Unitholders can apply to redeem units daily
DRP suspended	DRP available at a price equal to the prevailing NAV per Open Class Unit

- 89 If the Conversion is approved and implemented, existing Closed Class Unitholders will have greater flexibility with respect to acquiring more units or realising value for the units they currently hold (i.e. either on market or by application to Magellan).
- 90 The Conversion does not affect the rights and entitlements of the Open Class Unitholders.

### Underlying investment portfolio

- 91 Pursuant to the Conversion, the investment funds that comprise the majority of the net assets of the MGF Closed Class Units pool will effectively be transferred to the MGF Open Class

### Assessment of “in the best interests”

- 85 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a proposal may be “in the best interests” of members of the company if there are sufficient reasons for security holders to vote in favour of the proposal.
- 86 In our opinion, in the circumstances, the Conversion will be in the best interests of the MGF Unitholders (both Closed Class and Open Class Unitholders and as a whole) if the advantages of the Conversion outweigh the disadvantages from the perspective of the Closed Class and Open Class Unitholders and unitholders taken as a whole. In reaching our view in this regard, we have compared (in particular) the position of MGF Unitholders (both Closed Class and Open Class Unitholders) both before and after the Conversion

### Comparative position of MGF Unitholders (both Closed Class and Open Class Unitholders)

- 87 We have considered the comparative position of MGF Unitholders (both Closed Class and Open Class Unitholders) prior to the Conversion and on the assumption that the Conversion is implemented, in particular as regards the differences between the existing unit classes including rights, entitlements and differences (if any) in the underlying portfolio mix of investments and associated investment risk and the Conversion Ratio.

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Key differences	
Closed Class Units	Open Class Units
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Listed on the ASX and trade under the ASX Listing Rules	Listed on the ASX and trade under the AQUA Rules
Can buy or sell units on the ASX at the prevailing market price which may be at a discount or at a premium to NAV per Closed Class Unit (and indeed have traded at a discount)	Magellan may provide liquidity to investors by acting as a buyer or seller of Open Class Units
No ability to redeem Closed Class Units	The Open Class Units generally trade at a tight spread around NAV per Open Class Unit Open Class Unitholders can apply to redeem units daily
DRP suspended	DRP available at a price equal to the prevailing NAV per Open Class Unit

- 89 If the Conversion is approved and implemented, existing Closed Class Unitholders will have greater flexibility with respect to acquiring more units or realising value for the units they currently hold (i.e. either on market or by application to Magellan).
- 90 The Conversion does not affect the rights and entitlements of the Open Class Unitholders.

### Underlying investment portfolio

- 91 Pursuant to the Conversion, the investment funds that comprise the majority of the net assets of the MGF Closed Class Units pool will effectively be transferred to the MGF Open Class

Units pool. We note that the investment portfolio of the Closed Class Units mirrors (to all intents and purposes) the existing Open Class Units investment portfolio. Accordingly, we would not expect there to be any material change in the underlying investment risk profile of existing Closed Class or Open Class Unitholders subsequent to implementation of the Conversion.

### Costs of the Conversion

- 92 The costs of the Conversion (principally third party advisor and Independent Expert fees and other costs in connection with the Unitholder Booklet and the Meetings) are to be borne by the Closed Class Unitholders. Accordingly:
- (a) there will a reduction in the NAV per Closed Class Unit of some 0.08 cents<sup>17</sup> based on Magellan's current estimates<sup>18</sup>
  - (b) there will be no negative impact on the NAV of the existing Open Class Units in MGF pursuant to the Conversion.

### Taxation implications

- 93 Magellan is in the process of applying for a class ruling from the Australian Taxation Office (ATO) on specific income tax implications for Australian resident shareholders in relation to the redemption of the Closed Class Units under the Conversion. Based on the tax advice obtained by Magellan, if capital gains tax roll-over relief is available<sup>19</sup> and chosen, the capital gain or capital loss that the Closed Class Unitholder would otherwise make on the redemption of their Closed Class Units will be rolled forward (i.e. deferred) until the disposal of the Open Class Units received as consideration under the Conversion. Further detail with respect to the Australian taxation implications for Closed Class Unitholders holding units on capital account is set out in Section 6 of the Unitholder Booklet.
- 94 Closed Class Unitholders who hold their units on income account will crystallise a profit or loss for income tax purposes on redemption of the Closed Class Units.
- 95 Closed Class Unitholders should consult their tax adviser regarding the taxation consequences of the Conversion.
- 96 The Conversion should have no taxation implications for Open Class Unitholders.

### Implications if the Conversion does not proceed

- 97 If the required approvals are not obtained and the Conversion is not implemented:
- (a) the current provisions of the Constitution will continue to be in effect
  - (b) the Closed Class Units will continue to trade of the Official List of the ASX
  - (c) Closed Class Units will not convert to Open Class Units and Closed Class Unitholders will continue to hold their units

<sup>17</sup> As noted in section 7.5 of the Unitholder Booklet, costs of approximately 0.06 cents per unit have been incurred as at the date of the Unitholder Booklet, with a further 0.02 cents per unit to be incurred through implementation of the Conversion.

<sup>18</sup> As noted in the Unitholder Booklet, actual costs may be higher or lower than this estimate.

<sup>19</sup> The class ruling is not expected to be issued by the ATO until after the Implementation Date.

- (d) Closed Class Unitholders will not obtain the greater flexibility with respect to:
  - (i) acquiring more units or realising value for the units they currently hold (by being able to redeem the Open Class Units issued as consideration for the existing Closed Class Units or sell on market at or around NAV per unit)
  - (ii) acquiring more units either directly from MGF or on market.

### **Summary of advantages and disadvantages of the Conversion**

98 We summarise below the likely advantages and disadvantages of the Conversion for MGF Unitholders (in each respective unit class and as a whole).

#### **Advantages**

99 The Conversion has the following advantages:

#### ***Closed Class Unitholders:***

- (a) the Conversion will be effected based on the respective underlying NAV per Closed Class Unit and underlying NAV per Open Class Unit at the Conversion Calculation Date resulting in no diminution in the underlying NAV of the Closed Class Unitholders' investment at the time of implementation (other than a minor diminution due to the costs of the Conversion)
- (b) Closed Class Units have consistently traded at a significant discount to the reported NAV prior to the announcement that the Conversion was being considered. The trading discount to NAV historically experienced by the Closed Class Units is expected to be addressed as Open Class Units in the Fund have generally traded at prices close to the prevailing NAV per Open Class Unit. Eliminating this discount is a major benefit for existing Closed Class Unitholders
- (c) the receipt of Open Class Units by existing Closed Class Unitholders will enable unitholder interests to be traded in the secondary market on the ASX or redeemed directly with Magellan at close to NAV per Open Class Unit (noting that redemption is not currently available to Closed Class Unitholders). Magellan (as RE of the Fund) will continue to operate a daily application and redemption facility in relation to Open Class Units in the Fund. Further, Magellan, on behalf of the Fund, may provide on-market liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units
- (d) as an Open Class Unitholder you may elect<sup>20</sup> to participate in the DRP at a price equal to the NAV per Open Class Unit at the relevant time. Whilst the issue price under the previous Closed Class Unitholder DRP was 92.5%, the Closed Class Unitholder DRP was suspended on 10 January 2022
- (e) there will be no change to the investment objectives, investment strategy, distribution policy or to the fees charged by the Fund as a result of the Conversion

#### ***Open Class Unitholders***

- (f) there are no changes to the rights and entitlements or underlying NAV of Open Class Unitholders under the Conversion
- (g) the increased number of Open Class Unitholders is likely to:

<sup>20</sup> Those Closed Class Unitholders who had previously participated in the Closed Class Unitholder DRP will be treated as having made an election to participate in the Open Class Unitholder DRP.

- (i) increase market activity and liquidity in the units
- (ii) result in a more diverse register mitigating the impact on the Fund from withdrawals (subject to any increase in initial withdrawals after the Conversion).

#### Disadvantages

100 The Conversion will result in a significant increase (some 53%) in the total number of Open Class Units on issue in the Fund. As such, the following disadvantages may arise:

##### *Closed Class Unitholders*

- (a) the relative voting power of existing Closed Class and Open Class Unitholders will be impacted with Closed Class Unitholders' relative voting power as a percentage of the total number of units on issue in the respective class will be lower<sup>21</sup>
- (b) if, as a result of the Conversion, the number of Open Class Units redeemed directly with Magellan increases, there may be a need for the Fund to sell underlying assets to fund these redemptions. Funding redemptions by way of sale of underlying assets may result in the Fund crystallising capital gains or trading profits which are attributed to MGF Unitholders at an earlier date
- (c) those Closed Class Unitholders holding units on income account will crystallise a gain or loss on the Conversion based on the difference between the value of Open Class Units issued as consideration for the redemption of Closed Class Units held over their tax cost base
- (d) minor third party transaction costs of \$1.232 million will be incurred to implement the Conversion. These costs are borne by the Closed Class Unitholders and will be deducted in determining the underlying NAV per Closed Class Unit as at the Conversion Date. The costs of implementing the Conversion are significantly more than offset by the elimination of the discount to NAV in unit price.

##### *Open Class Unitholders*

- (e) if, as a result of the Conversion, the number of Open Class Units redeemed directly with Magellan increases (particularly initially), there may be a need for the Fund to sell underlying assets to fund these redemptions. Funding redemptions by way of sale of underlying assets may result in the Fund crystallising unrealised capital gains or unrealised trading profits at an earlier date which are attributed to MGF Unitholders. However this is the practical reality of open class redeemable funds.

#### Conclusion

101 Given the above analysis, we consider that on balance the advantages of the Conversion outweigh the disadvantages of the Conversion and as such the Conversion is in the best interests of MGF Unitholders (in each respective unit class and as a whole) in the absence of a superior proposal (which in our view is unlikely).

<sup>21</sup> Relative to voting in overall unitholder matters, e.g. where a combined vote of Open Class and Closed Class Unitholders is held then there is no material change, as votes are determined based on dollar value of holdings.

## Appendix A

### A Financial Services Guide

#### Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532, which authorises it to provide a broad range of financial services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

#### Financial Services Guide

- 3 LEA has been engaged by Magellan to provide general financial product advice in the form of an IER in relation to the Scheme. The Corporations Act requires that LEA include this Financial Services Guide (FSG) with our IER.
- 4 This FSG is designed to assist retail clients in their use of the general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

#### General financial product advice

- 5 The IER contains general financial product advice only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

#### Fees, commissions and other benefits we may receive

- 6 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$66,000 inclusive of GST.
- 7 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.
- 8 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

## Appendix A

- 9 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

### Complaints

- 10 If you have a complaint, please raise it with us first. LEA can be contacted by sending a letter to the following address:

Level 7  
64 Castlereagh Street  
Sydney NSW 2000  
(or GPO Box 1640, Sydney NSW 2001)

- 11 We will endeavour to satisfactorily resolve your complaint in a timely manner. Please note that LEA is only responsible for the preparation of this IER. Complaints or questions about the Scheme Booklet should not be directed toward LEA as it is not responsible for the preparation of this document.
- 12 If we are not able to resolve your complaint to your satisfaction within 30 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

### Compensation arrangements

- 13 LEA has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of the Corporations Act.

## Appendix B

### B Qualifications, declarations and consents

#### Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This report was prepared by Mr Wayne Lonergan and Ms Julie Planinic, who are each authorised representatives of LEA. Mr Lonergan and Ms Planinic have over 50 years and 25 years experience respectively in the provision of valuation advice (and related advisory services).

#### Declarations

- 3 This report has been prepared at the request of the Directors of Magellan to accompany the Unitholder Booklet to be sent to MGF Unitholders (both Closed Class and Open Class Unitholders). It is not intended that this report serve any purpose other than as an expression of our opinion as to whether or not the Conversion is in the best interests of MGF Unitholders (in each respective unit class and as a whole).
- 4 LEA expressly disclaims any liability to any MGF Unitholder who relies or purports to rely on our report for any other purpose and to any other party who relies or purports to rely on our report for any purpose whatsoever.

#### Interests

- 5 At the date of this report, neither LEA, Mr Lonergan nor Ms Planinic have any interest in the outcome of the Conversion. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 6 LEA has not had within the previous two years, any business or professional relationship with Magellan or MGF or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.
- 7 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.
- 8 LEA has had no part in the formulation of the Conversion. Its only role has been the preparation of this report.

#### Indemnification

- 9 As a condition of LEA's agreement to prepare this report, Magellan has agreed to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of MGF which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

## Appendix B

### Consents

- 10 LEA consents to the inclusion of this report in the form and context in which it is included in the Unitholder Booklet.

## Appendix C

### C Glossary

Term	Meaning
AFCA	Australian Financial Complaints Authority
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
AUD	Australian dollars
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	<i>Corporations Regulations 2001</i>
DRP	Distribution Reinvestment Plan
ESG	Environmental, social and governance
ETF	Exchange traded fund
FSG	Financial Services Guide
Fund Resolution	A special resolution to approve changes to the Constitution
FY	Financial year
GST	Goods and services tax
IER	Independent expert's report
LEA	Lonerган Edwards & Associates Limited
Magellan	Magellan Asset Management Limited
MFG	Magellan Financial Group Limited
MGE	Magellan Global Equities Fund
MGF / the Fund	Magellan Global Fund
MGG	Magellan Global Trust
NAV	Net asset value
RE	Responsible entity
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
UK	United Kingdom
US	United States of America
USD	US dollars
WANOU	Weighted average number of outstanding units



## PART 4: Product Disclosure Statement

# Magellan Global Fund – Open Class Units (Managed Fund)

ARSN 126 366 961

APIR MGE0001AU

Exchange ticker: MGOC

## Product Disclosure Statement | 20 May 2024

Issued by Magellan Asset Management Limited ABN 31 120 593 946, AFS Licence No. 304 301

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### Contact Details

**Address** Level 36, 25 Martin Place,  
Sydney NSW 2000

**Website** [www.magellangroup.com.au](http://www.magellangroup.com.au)

**Email** [info@magellangroup.com.au](mailto:info@magellangroup.com.au)

#### Investor Services – Unit Registry: Apex Fund Services

T 1300 127 780 (or +61 2 8259 8566) or 0800 787 621 (NZ)

F +61 2 9247 2822

E [magellanfunds@apexgroup.com](mailto:magellanfunds@apexgroup.com)

A GPO Box 143, Sydney NSW 2001

#### Adviser Enquiries

T +61 2 9235 4888

E [info@magellangroup.com.au](mailto:info@magellangroup.com.au)

Investment in the Open Class Units of Magellan Global Fund (“Fund”) is offered by Magellan Asset Management Limited ABN 31 120 593 946 AFS Licence No. 304 301 (referred to in this PDS as “Magellan”, the “Responsible Entity”, the “Investment Manager”, “we”, “our” or “us”) in exchange for the redemption of all Closed Class Units in the Fund in connection with the proposal to convert all Closed Class Units in the Fund to Open Class Units in the Fund.

Open Class Units are admitted to trading status on the Securities Exchange under the Securities Exchange Rules with the exchange ticker: MGOC. No representation is made concerning the continued quotation of the Open Class Units on the Securities Exchange.

The information in this PDS is of a general nature only and does not take into account an investor’s personal financial situation or needs. Before making an investment decision based on this PDS, investors should consult a licensed financial adviser to obtain financial advice that is tailored to suit their personal circumstances.

The information in this PDS is subject to change from time-to-time. Information that is not materially adverse information can be updated by the Responsible Entity. Updated information can be obtained through the Fund’s website [www.magellangroup.com.au](http://www.magellangroup.com.au). Investors may request a paper copy of any updated information at any time, free of charge.

The Responsible Entity and its employees, agents or officers do not guarantee the success, repayment of capital or any rate of return on income or capital or the investment performance of the Open Class Units in the Fund. An investor’s investment does not represent deposits or other liabilities of Magellan group companies.

An investment in the Open Class Units is subject to investment risk, which may include possible delays in repayment and loss of income and principal invested. For more information on the risks associated with an investment in the Open Class Units, please refer to Section 7 of this PDS.

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Fund in any jurisdiction outside Australia and New Zealand. The distribution of this PDS outside Australia and New Zealand may be restricted by law or regulation in such other jurisdictions. In particular, this PDS may not be distributed to any person, and the Open Class Units may not be offered or issued, in any country outside Australia or New Zealand except to the extent set out in this PDS. Persons who come into possession of this PDS outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Unless identified to the contrary, all references to monetary amounts are to Australian dollars. Capitalised terms have the meanings given to them in the Glossary (refer to Section 13).

**Target Market Determination:** The Target Market Determination for the Fund can be found at [www.magellangroup.com.au](http://www.magellangroup.com.au) and includes a description of the class of investors that the Fund is likely to be appropriate for.

This Product Disclosure Statement (PDS) accompanies the Unitholder Booklet dated 20 May 2024 which is being sent to unitholders in Magellan Global Fund in connection with a proposal to redeem all of the Closed Class Units in the Magellan Global Fund in consideration for the issue of new Open Class Units in the Magellan Global Fund. It contains important information about Open Class Units, including their benefits and risks. This PDS relates only to the offer and issuance of Open Class Units in connection with the proposed Conversion. Investors who wish to otherwise acquire Open Class Units should refer to the Magellan Global Fund Product Disclosure Statement dated 27 November 2023.

## 1. Key Features at a glance

On the date of this PDS, Magellan Asset Management Limited as responsible entity of the Magellan Global Fund issued a Unitholder Booklet to Unitholders of the Fund in relation to a proposed conversion of Closed Class Units to Open Class Units (the "Conversion"). This PDS accompanies the Unitholder Booklet.

If all requisite approvals relating to the Conversion are obtained, then on implementation of the Conversion, all Closed Class Units will be redeemed and new Open Class Units will be issued in exchange.

If the Conversion is implemented, there will no longer be any Closed Class Units on issue and the Fund will instead have a single class of units on issue, being the Open Class Units. Below is a summary of the key features of the Open Class Units.

Magellan Global Fund – Open Class Units		For more Information						
Fund name	Magellan Global Fund							
ARSN	126 366 961							
Exchange ticker	MGOC							
Responsible Entity and Investment Manager	Magellan Asset Management Limited ABN 31 120 593 946, AFS Licence No. 304 301	Section 2						
About the Fund	<p>The Fund is a registered managed investment scheme. As at the date of this PDS, the Fund has two unit classes on issue: Open Class Units and Closed Class Units.</p> <p>This PDS is issued in relation to the Open Class Units to be issued upon implementation of the Conversion. Please refer to the Fund’s Product Disclosure Statement dated 27 November 2023 found at <a href="https://www.magellangroup.com.au">https://www.magellangroup.com.au</a> in relation to any other investments in Open Class Units.</p> <p>Open Class Units in the Fund have been admitted to quotation on the Securities Exchange under the Securities Exchange Rules. Open Class Units in the Fund are able to be traded on the Securities Exchange like any listed security.</p> <p>The Fund primarily invests in securities of companies listed on stock exchanges around the world. The Fund’s portfolio comprises 20 to 40 stocks at any one time but will also have some exposure to cash.</p> <p>The Fund can use foreign exchange contracts to facilitate settlement of stock purchases. It is not the Responsible Entity’s intention to hedge the foreign currency exposure of the Fund arising from investments in overseas markets.</p>	Section 3 and Section 8						
Investment objective	The investment objectives of the Fund are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss.	Section 6 and Section 8						
Asset classes and allocation ranges	<p>The Fund’s assets are invested within the following asset allocation ranges:</p> <table><tr><th>Asset Class</th><th>Investment Range*</th></tr><tr><td>Global listed securities</td><td>80%-100%</td></tr><tr><td>Cash and cash equivalents</td><td>0% - 20%</td></tr></table> <p>* The asset classes may temporarily fall outside of these ranges in certain circumstances including, but not limited to, as a result of market movements, applications into or withdrawals from the Fund.</p>	Asset Class	Investment Range*	Global listed securities	80%-100%	Cash and cash equivalents	0% - 20%	Section 8
Asset Class	Investment Range*							
Global listed securities	80%-100%							
Cash and cash equivalents	0% - 20%							
Net asset value (NAV)	<p>The Fund’s NAV is an estimate of the value of the Fund at the close of trading in each market in which the Fund invests. The estimated NAV per unit for each unit class is the total value of the Fund’s NAV attributable to that unit class divided by the number of units on issue in that class.</p> <p>For operational purposes, while the Fund has both Open Class Units and Closed Class Units on issue, the assets and liabilities of the Fund are allocated proportionally between the Open Class Units and Closed Class Units based on their respective net asset values. The calculation of the NAV of a unit class includes the impact of transactions specific to that unit class so that they do not impact the NAV per unit of the other unit class.</p> <p>The estimated NAV per Open Class Unit (“<b>NAV per Unit</b>”) is based on the NAV of the Open Class Units divided by the number of Open Class Units on issue at the end of each Business Day.</p> <p>An indicative NAV per Unit (“<b>iNAV</b>”) will be published by the Fund throughout the Trading Day. The iNAV will be updated for foreign exchange movements in the Fund’s portfolio stocks by individual domicile and will also be updated in respect of portfolio securities that have live market prices during the Trading Day or, where they do not have live market prices, may be updated for equivalent securities or movements in after-market trading as determined by the Responsible Entity.</p>	Section 3						

<b>Entering and exiting Open Class Units in the Fund</b>	<p>Eligible Closed Class Unitholders will be issued Open Class Units upon implementation of the Conversion.</p> <p>Investors can exit the Open Class Units issued to them either by directly making a withdrawal request to the Responsible Entity using a Withdrawal Form or by selling Open Class Units on the Securities Exchange. You need to hold your Open Class Units on the issuer sponsored sub-register to make a withdrawal request directly to the Responsible Entity. Your stockbroker can assist you with this process if you hold your Open Class Units on a Holder Identification Number ("HIN").</p> <p>There are important differences between exiting the Open Class Units via the Securities Exchange or by withdrawing Open Class Units directly with the Responsible Entity. These differences include, but are not limited to, the exit price you will receive. An investor who withdraws Open Class Units directly with the Responsible Entity is likely to receive a different price for Open Class Units in the Fund to an investor who sells Open Class Units on the Securities Exchange at the exact same time. These differences in prices received by investors may result in a different return from an investment in the Open Class Units of the Fund.</p>	Section 3, 4 and 5
<b>Liquidity in Open Class Units</b>	<p>The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the Securities Exchange by acting as a buyer and seller of Open Class Units. At the end of each Trading Day, the Responsible Entity will create or cancel Open Class Units by applying for or withdrawing its net position in Open Class Units bought and sold on the Securities Exchange.</p> <p>The Responsible Entity has appointed a market participant to transact and facilitate settlement on its behalf.</p> <p>There may be circumstances where:</p> <ul style="list-style-type: none"> <li>• withdrawals have been suspended in accordance with the Constitution or the Fund is not liquid (as defined under the Corporations Act). In such circumstances, Open Class Units in the Fund may continue to trade on the Securities Exchange provided that the Fund, in respect of the Open Class Units, continue to comply with the Securities Exchange Rules. If the Fund, in respect of the Open Class Units, cease to comply with the Securities Exchange Rules, the Responsible Entity may seek a trading halt or the Securities Exchange Operator may suspend trading of Open Class Units in the Fund on the Securities Exchange; or</li> <li>• the Securities Exchange Operator suspends trading of Open Class Units in the Fund on the Securities Exchange. In such circumstances, investors may continue to withdraw directly with the Responsible Entity unless withdrawals have also been suspended in accordance with the Constitution.</li> </ul>	Section 3 and Section 4
<b>Distributions</b>	Distributions will generally be made semi-annually but may be made more or less frequently at the discretion of the Responsible Entity.	Section 3
<b>Fees and other costs</b>	Please refer to Section 9 for a detailed explanation of fees and costs.	Section 9
<b>Risks</b>	All investments are subject to risk. The significant risks associated with the Fund are described in this PDS.	Section 7
<b>Cooling-off and complaints</b>	Cooling-off rights do not apply to Open Class Units in the Fund issued upon implementation of the Conversion however a complaints handling process has been established.	Section 12
<b>General information and updates</b>	Further information, including any updates issued by the Responsible Entity and other statutory reports, can be found at: <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a> .	Section 12
<b>Holding statements</b>	Eligible Closed Class Unitholders will receive holding statements from the Registry in relation to the Open Class Units issued to them following the implementation of the Conversion	Section 3
<b>Annual tax reporting</b>	Annual tax statements will be made available in respect of the Fund.	Section 11

## 2. About Magellan Asset Management Limited

Magellan Asset Management Limited (the “**Responsible Entity**”, “**Investment Manager**”, “**Magellan**”, “**we**”, “**our**” or “**us**”) is the Responsible Entity and Investment Manager for the Fund. As Responsible Entity, we are responsible for the overall operations of the Fund.

Magellan is a wholly owned subsidiary of Magellan Financial Group Ltd, which is listed on the ASX.

## 3. About the Magellan Global Fund and Open Class Units

On the date of this PDS, the Fund issued a Unitholder Booklet to Unitholders of the Fund in relation to the Conversion.

If all requisite approvals relating to the Conversion are obtained, then on implementation of the Conversion, all Closed Class Units will be redeemed and new Open Class Units will be issued in exchange.

If the Conversion is implemented, Closed Class Units will no longer be on issue and the Fund will have a single class of units on issue, being the Open Class Units.

This PDS is issued in relation to an investment in the Open Class Units and specifically in respect of Open Class Units to be issued on implementation of the Conversion.

When investors make an investment in the Fund, their money is pooled together with other investors’ money. The Investment Manager uses this pool to buy investments and manage them on behalf of all investors in the Fund in accordance with the Fund’s investment strategy. By investing in the Fund, investors have access to the investment expertise and insights of the investment team.

At the date of this PDS the Fund has two unit classes on issue: Open Class Units and Closed Class Units. Both Open Class Units and Closed Class Units confer on its holder an undivided absolute, vested and indefeasible beneficial interest in the Fund as a whole, subject to the Fund’s liabilities, not in parts of or single assets. A Fund unitholder holds a unit in the Fund subject to the rights and obligations attaching to that unit.

### Open Class Units and NAV per Unit

The Open Class Units in the Fund are admitted to quotation on the Securities Exchange and the Open Class Units are able to be traded on the Securities Exchange in a similar fashion to listed securities, subject to liquidity.

The Fund’s NAV is an estimate of the value of the Fund at the close of trading in each market in which the Fund invests. The estimated NAV per unit for each unit class is the total value of the Fund’s NAV attributable to that unit class divided by the number of units on issue in that class.

For operational purposes, while the Fund has both Open Class Units and Closed Class Units on issue, the assets and liabilities of the Fund are allocated proportionally between the Open Class Units and Closed Class Units based on their respective net asset values. The calculation of the NAV of a unit class will include the impact of transactions specific to that unit class so that they do not impact the NAV per unit of the other unit class.

The NAV per Unit is published daily on the Fund’s website at [www.magellangroup.com.au](http://www.magellangroup.com.au). The NAV per Unit may fluctuate each day as the market value of the Fund’s assets rises or falls. The Responsible Entity’s NAV Permitted Discretions Policy provides further information about how the NAV per Unit is calculated. Investors can request a copy of the policy free of charge by calling the Responsible Entity on +61 2 9235 4888.

The Responsible Entity has engaged an agent to calculate and disseminate an indicative NAV per Unit (“**iNAV**”) which is published on the Fund’s website at [www.magellangroup.com.au](http://www.magellangroup.com.au) throughout the Trading Day. The iNAV is updated for foreign exchange movements in the Fund’s portfolio stocks by individual domicile and will also be updated in respect of portfolio securities that have live market prices during the Trading Day, or where they do not have live market prices, may be updated for equivalent securities or movements in after-market trading as determined by the Responsible Entity. No assurance can be given that the iNAV will be published continuously or that it will be up to date or free from error. To the extent permitted by law, neither the Responsible Entity nor its appointed agent shall be liable to any person who relies on the iNAV.

The price at which units trade on the Securities Exchange may not reflect either the NAV per Unit or the iNAV. See “Securities Exchange liquidity” in Section 4 for more details.

### Exiting Open Class Units in the Fund

Investors can exit the Open Class Units issued to them as part of the Conversion either by directly making a withdrawal request to the Responsible Entity using a Withdrawal Form or by selling Open Class Units on the Securities Exchange. You need to hold your Open Class Units on the issuer sponsored sub-register to make a withdrawal request directly to the Responsible Entity. Your stockbroker can assist you with this process if you hold your Open Class Units on a HIN.

The following table sets out the key differences between exiting the Open Class Units via the Securities Exchange or withdrawing Open Class Units directly from the Fund. This is a summary only. For more information on withdrawing Open Class Units directly with the Responsible Entity, see Section 5.

	Selling Open Class Units on the Securities Exchange	Withdrawing Open Class Units directly with the Responsible Entity
<b>How do I withdraw my investment?</b>	<p>You can withdraw from the Open Class Units at any time by selling Open Class Units on the Securities Exchange via your stockbroker.</p> <p>Your sale of Open Class Units will be settled via the CHESS settlement service, generally two Business Days following your sale.</p>	<p>You can make a withdrawal of your investment in the Open Class Units by sending a correctly completed Withdrawal Form to our Unit Registry. You can request a specified dollar amount to be withdrawn, a specified number of Open Class Units to be withdrawn, or a full withdrawal of your investment in the Fund.</p> <p>To withdraw, you must hold your Open Class Units on the Fund's issuer sponsored sub-register and provide your Securityholder Reference Number ("SRN"). You will also be required to provide certified copies of identification documentation via post to the Unit Registry (if you have not done so previously). Your correctly completed Withdrawal Form and identification documentation (if applicable) must be received by 2.00pm (Sydney time) on that Business Day.</p> <p>Payment of your withdrawal proceeds will usually be paid two Business Days following your withdrawal. You can usually expect to receive payment into your nominated bank account within seven Business Days.</p>
<b>At what price can I sell my Open Class Units in the Fund?</b>	<p>Your exit price will be the price at which you sold your Open Class Units on the Securities Exchange.</p> <p>You will receive a transaction confirmation from your stockbroker informing you of this price. You may incur customary brokerage fees and commissions when you sell Open Class Units. Investors should consult their stockbroker for further information on their fees and charges.</p>	<p>Your exit price will be the exit unit price applicable to the Business Day on which we receive your correctly completed Withdrawal Form by the applicable cut-off times for that Business Day.</p> <p>The exit price reflects the NAV per Unit less an allowance for transaction costs incurred by the Fund. The NAV per Unit estimates the value of the Fund's Open Class Units based on the value of the Fund's Open Class Units at the close of trading in each market in which the Fund invests.</p> <p>On any given Business Day, the NAV per Unit will generally differ from the closing price of Open Class Units on the Securities Exchange as the Fund invests in overseas markets and the close of trading in those markets on a given Business Day may not occur until the following day in Australia.</p> <p>If you do not meet the cut-off times you will receive the exit price for the following Business Day, subject to your withdrawal request meeting the applicable cut-off times for that Business Day.</p>
<b>Is there a minimum number of Open Class Units I need to withdraw?</b>	No. There is no minimum number of Open Class Units applicable to either the sale of Open Class Units on the Securities Exchange or withdrawal of Open Class Units directly with the Responsible Entity. No minimum balance applies to investments in the Fund.	

### Restrictions on withdrawals

Withdrawals or switching of Open Class Units may be suspended by us for up to 28 days including where:

- it is impracticable for the Responsible Entity to calculate the NAV of the Open Class Units, for example, because of an inability to value the assets of the Fund or due to the closure of or trading restrictions or suspensions of securities exchanges on which any significant portion of the investments of the Fund is listed, quoted or traded;
- the payment of withdrawal proceeds involves realising a significant portion of the Fund's assets which would, in our opinion, result in remaining investors bearing a disproportionate amount of capital gains tax or expenses, or suffering any other disadvantage including a material diminution of the value of the Fund's assets or departure from the investment strategy of the Fund;
- we reasonably consider it would be in the interests of investors or an affected class of investors;
- it is otherwise permitted by law; or
- where we receive withdrawal requests of an aggregate value that in our reasonable estimate would require the sale of 5% or more of the Fund's assets.

The withdrawal process, including the calculation of the NAV per Unit, applies only when the Fund is 'liquid' (within the meaning given to that term in the Corporations Act). Where the Fund ceases to be liquid, Open Class Units may only be withdrawn pursuant to a withdrawal offer made to all investors in the Fund in accordance with the Constitution and the Corporations Act. We are not obliged to make such offers.

Where withdrawals or switches have been suspended, Open Class Units in the Fund may continue trading on the Securities Exchange provided that the Fund continues to comply with the Securities Exchange Rules. If the Fund ceases to comply with the Securities Exchange Rules, the Securities Exchange Operator may suspend trading of Open Class Units in the Fund on the Securities Exchange.

### Compulsory withdrawals

The Responsible Entity may withdraw some or all of an investor's Open Class Units without asking them in accordance with the Constitution or as permitted by law. As an example, this may occur where an investor breaches their obligations to the Responsible Entity (for example, where the Responsible Entity believes that the Open Class Units are held in breach of prohibitions contained within the Constitution) or where the Responsible Entity believes that the Open Class Units are held in circumstances which might result in a violation of an applicable law or regulation.

## Transfer and conversion of Open Class Units

Your stockbroker will initiate the conversion or transfer of Open Class Units in the following scenarios:

- You hold Open Class Units directly with the Fund (SRN holding on the issuer sponsored sub-register) and wish to convert or transfer your Open Class Units to an account with a stockbroker (HIN holding on the CHESS sub-register). You will need to provide your stockbroker with your SRN. You can only convert or transfer whole Open Class Units and any partial Open Class Unit holding remaining after the conversion or transfer will be cancelled and become property of the Fund.
- You hold Open Class Units in an account with your stockbroker (HIN holding on the CHESS sub-register) and wish to transfer your Open Class Units to another HIN or to transfer or convert your units to an account directly with the Fund (SRN holding on the issuer sponsored sub- register).

The Unit Registry handles transfers of Open Class Units for investors who hold units directly with the Fund (SRN holding on the issuer sponsored sub-register) and wish to transfer to another existing account or a new account directly with the Fund. We require original copies of standard transfer forms to be mailed to us. We are unable to process transfer forms that are faxed, emailed or photocopied.

## Distributions

The Responsible Entity intends to target a cash distribution yield of 4% per annum of the average of the month-end NAV per Unit over the two year rolling period ending on the last Business Day of the prior distribution period ("**Target Cash Distribution**"). The Responsible Entity has the discretion to distribute an amount higher than the Target Cash Distribution.

The distribution in respect of the Open Class Units will be paid semi-annually (for the periods ending 30 June and 31 December of each year) although the Fund may make distributions more or less frequently at the discretion of the Responsible Entity. The Responsible Entity intends to announce the proposed Target Cash Distribution per Open Class Unit on the announcements platform of the Securities Exchange Operator at the beginning of each distribution period. Additionally, the Responsible Entity intends to announce the final distribution per Open Class Unit, and the distribution timetable, on the announcements platform of the Securities Exchange Operator prior to, or around the time of, the end of each distribution period. The Responsible Entity considers that these announcements will provide Unitholders with greater certainty on the proposed amount of upcoming distributions.

The distribution may comprise an amount attributed to you from income (such as dividends received from shares and interest) less expenses incurred by the Fund (such as management and performance fees) plus net capital gains made on the sale of shares or other investments held. In some circumstances, the Fund may distribute a payment out of the capital invested in addition to a distribution of net income or net capital gains, or where the Fund has not generated any net income or net capital gains during the income year.

To be eligible to receive a distribution in respect of an Open Class Unit for a distribution period, you must:

- hold that Open Class Unit on the last day of the distribution period; or
- have purchased (either on-market or off-market) that Open Class Unit on or before the last day of the distribution period; or
- have applied directly with the Responsible Entity using an Application Form for that Open Class Unit on or before the last day of the distribution period.

You will not be eligible to receive a distribution in respect of a distribution period on an Open Class Unit you have sold or withdrawn on or before the last day of the distribution period. The distribution is not calculated on a pro-rata basis according to the time that Unitholders have held their Open Class Units.

Under the AMIT rules, investors will be assessed for tax on the income of the Fund attributed to them. Where the income of the Fund exceeds the amount of the distribution paid to investors ("**Excess**"), the Responsible Entity may, in a particular year, retain or accumulate in the Fund the amount of the Excess. In this scenario, the income of the Fund that is attributed to you (and that must be included in your income tax return) will be more than the cash distribution paid to you. The tax cost base of your units will increase to the extent of the Excess. For more details, see the Taxation overview in Section 11.

We will send you a tax statement after the end of each financial year detailing the amounts attributed to you to assist in the preparation of your tax return.

You can choose to have your distributions directly credited to your Australian or New Zealand bank account or, to the extent that the Responsible Entity offers a Distribution Reinvestment Plan ("**DRP**"), automatically reinvested as additional Open Class Units in the Fund. No fees or transaction costs will be payable in respect of distributions that are automatically reinvested. The **DRP Rules** require that additional units issued to investors will be rounded to the nearest whole number. If you have provided a New Zealand bank account, the conversion of your Australian dollar distribution to New Zealand dollars will be processed by the Fund's bank at the exchange rate prevailing at the processing time. Please be aware that distributions will be paid to you in cash unless you instruct us otherwise.

Details in relation to each distribution will be published on the announcements platform of the Securities Exchange Operator and the Fund's website at [www.magellangroup.com.au](http://www.magellangroup.com.au). The distribution policy of the Fund is current as at the date of this PDS and may be subject to change from time to time.

## Distribution Reinvestment Plan

The Responsible Entity has established a **DRP** in respect of distributions made by the Open Class Units in the Fund. In respect of each distribution, the Responsible Entity may elect to offer or not offer the **DRP**. Under the **DRP**, a Unitholder may elect to have all, or part of the distribution reinvested as additional Open Class Units in the Fund. The additional units will be issued at a price equal to the NAV per Unit, as provided in the **DRP Rules**. The **DRP Rules** provide detail on the methodology for determining the price at which Open Class Units are issued to Unitholders and can be found at [www.magellangroup.com.au](http://www.magellangroup.com.au).

Previous elections to participate in a distribution reinvestment plan made by Closed Class Unitholders will be treated as having been made in respect of the Open Class Unit **DRP** following implementation of the Conversion. Changes to these previous elections, or new elections, to participate in the **DRP** in respect of the relevant distribution must be made by the election date announced by the Responsible Entity in respect of each relevant distribution.

## 4. Selling Open Class Units on the Securities Exchange

### Selling your Open Class Units on the Securities Exchange

Investors can sell their Open Class Units in the Fund via their stockbroker. Investors who sell Open Class Units on the Securities Exchange do not need to complete a Withdrawal Form and they will receive the proceeds from the sale of their Open Class Units in the same way they would receive proceeds from the sale of listed securities via the CHESS settlement service.

There is no minimum number of Open Class Units that investors can sell on the Securities Exchange. An investor's exit price will be the price at which they have sold Open Class Units on the Securities Exchange. Investors can only sell whole Open Class Units on the Securities Exchange and any residual partial Open Class Unit holdings will be cancelled and the property attributable to the partial Open Class Unit will become the property of the Fund.

### Securities Exchange liquidity

Investors can sell Open Class Units on the Securities Exchange to other investors in the secondary market in the same way as for any other listed securities.

The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the Securities Exchange by acting as a buyer and seller of Open Class Units. At the end of each Trading Day, the Responsible Entity will create or cancel units by applying for or withdrawing its net position in Open Class Units bought or sold on the Securities Exchange. The Responsible Entity's appointed agent will act on behalf of the Responsible Entity to transact and facilitate settlement on its behalf.

The price at which the Responsible Entity may buy or sell Open Class Units will reflect the Responsible Entity's view of NAV per Unit (as referenced by the iNAV), market conditions, an allowance to cover transaction costs and supply and demand for Open Class Units during the Trading Day.

Unitholders will bear the risk of any transactions undertaken by the Responsible Entity on the Fund's behalf on the Securities Exchange, which may result in either a cost or a benefit to the Open Class Units in the Fund. The risks of providing liquidity on the Securities Exchange are explained in Section 7.

## 5. Withdrawing Open Class Units directly with the Responsible Entity

### Withdrawing directly from the Fund

If you hold your Open Class Units on the Fund's issuer sponsored sub-register then, subject to the Constitution, the Corporations Act and the Securities Exchange Rules, you can apply directly to the Responsible Entity to withdraw some or all of your investment at any time. As at the date of this PDS, no minimums apply to withdrawal requests and there is no minimum account balance. To withdraw some or all of your investment, please send a correctly completed Withdrawal Form to our Unit Registry. You can request a specified dollar amount to be withdrawn, a specified number of Open Class Units to be withdrawn, or a full withdrawal of your investment in the Fund. The exit price for an investor who withdraws directly from the Fund will be the NAV per Unit less an allowance for transaction costs incurred by the Fund.

On the Withdrawal Form you will be required to provide your SRN or your investor number.

If you hold your Open Class Units via a stockbroker (and your Open Class Units are associated with a HIN, then you hold your Open Class Units on the CHESS sponsored sub-register. If you want to withdraw directly from the Fund, you will first need to submit a request to your stockbroker to have your units converted to an issuer-sponsored holding so that an SRN can be allocated to you by the Unit Registry. The process of converting your broker-sponsored holding to an issuer-sponsored holding is managed by your stockbroker and is subject to their standard processing times. Please contact your stockbroker for further information.

We will accept withdrawal requests via fax, email or mail, except if you are required to provide identification documentation in connection with your Withdrawal Form, in which case we will only accept your request via mail. You will be required to supply certain identification documentation as part of your correctly completed Withdrawal Form (if you have not previously supplied identification documentation to the Unit Registry). All instructions to withdraw should be signed by the nominated authorised signatory or signatories. Under some circumstances, we may need to contact you to request further documentation to confirm the validity of your instruction. This may delay processing of the withdrawal request.

If we receive your correctly completed Withdrawal Form before 2.00pm (Sydney time) on a Business Day on which your Open Class Units are held on the Fund's issuer-sponsored sub-register, we will calculate the amount of your withdrawal using the exit price applicable to that Business Day. If we receive your withdrawal request after 2.00pm on a Business Day on which your Open Class Units are held on the Fund's issuer-sponsored sub-register, we will use the following Business Day's exit price.

Under the Constitution, the Responsible Entity may set a minimum withdrawal amount and minimum account balance. If a minimum account balance applies and your withdrawal request results in your remaining investment in the Fund held on the issuer sponsored sub-register falling below the minimum account balance, we may require you to withdraw your entire balance held on the issuer-sponsored sub-register. As at the date of this PDS, the Responsible Entity has determined that there is no minimum number of Open Class Units applicable to either the sale of Open Class Units on the Securities Exchange or withdrawal of Open Class Units directly with the Responsible Entity. Additionally, no minimum balance applies to investments in the Fund.

### Example – Withdrawal request for Open Class Units

<b>Withdrawal request</b>	\$10,000	Amount you are investing in the Fund.
<b>Exit price applicable to your withdrawal</b>	\$2.6147 <sup>1</sup>	Exit price is the NAV per Unit less the sell spread of 0.07% <sup>1</sup> .
<b>Open Class Units withdrawn based on the exit price</b>	3,824.5305	

<sup>1</sup> Assumes the NAV per Unit for that given Business Day of \$2.6165, adjusted for transaction costs.

### Payment of your withdrawal proceeds

You can usually expect to receive payment into your nominated bank account within seven Business Days after our receipt and acceptance of your withdrawal request. However, during July of each year, or at any other time when the Fund is processing a distribution, payment of your withdrawal may be delayed by up to 15 Business Days. There may be other circumstances, such as a freeze on withdrawals or where the Fund is not liquid (as defined under the Corporations Act), where your ability to withdraw from the Fund is restricted and you may have to wait a period of time before you can withdraw some or all of your investment.

We can only pay withdrawal proceeds to an Australian or New Zealand bank account held in the name of the investor. We are unable to pay withdrawal proceeds to a third party bank account. Normally we will pay withdrawal proceeds to the bank account nominated on your Withdrawal Form or alternatively the bank account on file with the Unit Registry. For withdrawal proceeds paid to New Zealand bank accounts, the conversion of your Australian dollar proceeds to New Zealand dollars will be processed by the Fund's bank at the exchange rate prevailing at the processing time.

We will send you a confirmation of your withdrawal once it has been processed and paid.

### Switches

If you hold Open Class Units directly with the Fund (SRN holding on the issuer sponsored sub-register) you are able to switch all or part of your investment to another fund managed by Magellan. A switch is a withdrawal from one Magellan fund and an application into another. If we receive your switch instruction before 2.00pm (Sydney time) on a Business Day, we will usually process the switch using the entry and exit prices applicable to that Business Day. If we receive your request after 2.00pm, we will usually process it using the following Business Day's unit prices. In circumstances where the calculation of unit prices is delayed for any reason, including while we are determining and processing distributions, we have the discretion to defer the processing of switches until unit pricing has resumed. We will accept switch requests via fax, email or mail, except if you are required to provide identification documentation in connection with your switch, in which case we will only accept your request via mail. You will be required to supply certain identification documentation as part of your switch request (if you have not previously supplied identification documentation to the Unit Registry).

Instructions to switch should be signed by the nominated authorised signatory or signatories. Under some circumstances, we may need to contact you to request further documentation to confirm the validity of your instruction. This may delay processing of the switch request. We are unable to process switches out of a Fund whilst restrictions on withdrawals apply. If you hold Open Class Units in the Fund via a stockbroker, you will need to submit a request to your stockbroker to have your Open Class Units converted to an issuer-sponsored holding before you can make a switch request.

### Indirect Investors

We authorise the use of this PDS as disclosure to Closed Class Unitholders who have accessed Closed Class Units in the Fund indirectly through an IDPS or IDPS-like scheme (commonly referred to as a master trust or wrap account). These investors are referred to as "Indirect Investors".

Indirect Investors do not become registered holders of Open Class Units issued in connection with the Conversion, nor do they acquire the rights of a registered investor in Open Class Units. Instead, as the master trust or wrap account operator will hold the Open Class Units on your behalf, it will acquire the rights of investors. In most cases, references to 'you' or 'your' in the PDS (for example, receiving distribution income, reinvestment distribution income and withdrawals) is a reference to the master trust or wrap account operator and accordingly their arrangements with you will set out your rights. We do not keep personal information about Indirect Investors.

Further, some provisions of the Fund's Constitution will not be relevant to you. For example, you will generally not be able to attend meetings, or withdraw investments directly. You will receive reports from the master trust or wrap account operator, not us. The master trust or wrap account operator can exercise (or decline to exercise) those rights in accordance with the arrangements governing the operation of the master trust or wrap account.

Enquiries about the Fund should be directed to your licensed financial adviser, master trust or wrap account operator.

## 6. Benefits of investing in the Fund

### Significant features

The Fund's primary investment objective is to achieve attractive risk-adjusted returns over the medium to long term, while reducing the risk of permanent capital loss.

The Investment Manager 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 Investment Manager endeavours to acquire these companies at discounts to their assessed intrinsic value.

The Fund's portfolio comprises 20 to 40 investments. The Investment Manager believes such a portfolio will achieve sufficient diversification to ensure the Fund is not overly correlated to a single company, or to industry specific or macroeconomic risks.

It is not the Responsible Entity's intention to hedge the foreign currency exposure of the Magellan Global Fund arising from investments in overseas markets.

### Significant benefits

Investing in the Fund offers investors a range of benefits, including:

- access to the Investment Manager's investment expertise and a professionally managed global equity portfolio;
- access to attractive investment opportunities in offshore markets;
- an attractive Target Cash Distribution yield of 4% per annum;
- prudent risk management; and
- participation in any capital appreciation and income distributions of the Fund.

## 7. Risks of investing in the Fund

All investments carry risk. The likely investment return and the risk of losing money is different for each investment strategy as different strategies carry different levels of risk depending on the underlying mix of assets that make up each fund. Those assets with potentially the highest long-term return (such as equities) may also have the highest risk of losing money in the shorter term.

Risks can be managed but not completely eliminated. It is important that investors in the Fund understand that:

- the value of an investor's investment may rise and fall;
- investment returns will vary and future returns may differ from past returns;
- returns are not guaranteed and there is a risk that investors may lose money on any investment they make; and
- laws affecting an investor's investment in a managed investment scheme may change over time.

The appropriate level of risk for each investor will depend on various factors and may include their age, investment timeframe, where other parts of their wealth are invested and their overall tolerance to risk. Investors should consult their stockbroker or licensed financial adviser to better understand the risks involved in investing in the Fund.

In addition, if the Conversion is implemented, the Open Class Units will be the only outstanding class of units on issue and the risks set out in this section should be read accordingly. Please refer to section 3 for further details regarding the Conversion.

The significant risks for the Fund and Open Class Units are:

**Company specific risk:** Investments by the Fund in a company's securities will be subject to many of the risks to which that particular company is itself exposed. These risks may impact the value of the securities of that company. These risks include factors such as changes in management, actions of competitors and regulators, changes in technology and market trends.

**Concentration risk:** As the Fund will hold a concentrated portfolio of between 20 and 40 securities, returns of the Open Class Units in the Fund may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in the NAV per Unit and increased risk of poor performance.

**Conflicts of interest risk:** Either we or our various service providers may from time to time act as issuer, investment manager, secondary market liquidity provider, custodian, unit registry, broker, administrator, distributor or dealer to other parties or funds that have similar objectives to those of the Fund. It is possible that we, or our service providers may have potential conflicts of interest with the Fund. Such conflicts of interest include but are not limited to: management of multiple accounts with varying fee arrangements, trade allocation, proxy voting and staff personal trading. The Investment Manager may invest in, directly or indirectly, or manage or advise other funds which invest in assets which may also be purchased by the Fund. Neither the Investment Manager nor any of its affiliates nor any person connected with it are under any obligation to offer investment opportunities to the Fund.

The Responsible Entity, on behalf of the Fund, acts as a buyer and seller of Open Class Units on the Securities Exchange. A conflict might arise between the Fund and investors buying or selling Open Class Units from the Fund on the Securities Exchange due to the Fund's desire to benefit from such trading activities. A conflict might also arise due to the fact that the Responsible Entity could use such trading activities to influence the perception of the performance of the Fund or discourage selling of Open Class Units as this could reduce the management fee payable to the Responsible Entity.

We maintain a Conflicts of Interest Policy to ensure that we manage our obligations to the Fund such that all conflicts (if any) are resolved fairly.

**Counterparty risk:** There is a risk that the Fund may incur a loss arising from the failure of another party to a contract (the counterparty) to meet its obligations. Counterparty risk arises primarily from investments in cash and derivatives transactions. Substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations.

**Currency risk:** As the Fund's investments in international assets will typically be unhedged, a rise in the Australian dollar relative to other currencies will negatively impact investment values and returns. Currency markets can be extremely volatile and are subject to a range of unpredictable forces. It is not the Responsible Entity's intention to hedge the foreign currency exposure of the Fund arising from investments in overseas markets.

**Derivatives risk:** The value of a derivative is derived from the value of an underlying asset and can be highly volatile. Changes in the value of derivatives may occur due to a range of factors that include rises or falls in the value of the derivative in line with movements in the value of the underlying asset, potential liquidity of the derivative and counterparty credit risk.

**Distribution policy risk:** Under the distribution policy for the Fund, there may be circumstances where the distributions received by investors in cash may be insufficient to cover the tax payable on the income of the Fund attributable to the investor.

**Emerging market risk:** The Fund invests in the securities of issuers domiciled in foreign jurisdictions, including some countries classified as emerging market countries. As a result, the Fund may be subject to adverse governmental, economic, legal and securities market risks associated with individual foreign markets. Specific risks may include unexpected changes in government or regulatory policy which could reduce trading liquidity and/or increase price volatility of securities, fewer securities holder rights and less protection of property rights. Trading, settlement and custody practices may differ from developed markets and this may result in lower liquidity and counterparty credit risk.

The Fund may invest in companies headquartered in China, including Hong Kong. Risks associated with investments in China include risks related to governmental policies and risks to the economy from trade or political disputes with China's trading partners.

**Fund provision of liquidity on the Securities Exchange risk:** The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the Securities Exchange by acting as a buyer and seller of Open Class Units in the Fund. The Responsible Entity has appointed an agent to transact and facilitate the settlement of such transactions on the Fund's behalf. Unitholders will bear the risk of these transactions. There is a risk that Unitholders could suffer a material cost as a result of the Fund providing liquidity to investors on the Securities Exchange which may adversely affect the NAV of the Open Class Units. Such a cost could be caused by either an error in the execution and settlement of transactions or in the price at which Open Class Units are transacted on the Securities Exchange. There is a risk that, if the agent appointed by the Responsible Entity does not fulfil its obligations in a correct and timely manner, Unitholders could suffer a loss.

In order to manage these risks, the Responsible Entity has the right to cease transacting on the Securities Exchange, subject to its obligations under the Securities Exchange Rules, may change the prices at which it transacts on the Securities Exchange and may, where the Responsible Entity considers it appropriate to do so, hedge the Fund's trading activities.

**Fund risk:** Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. The performance of the Fund or the security of an investor's capital is not guaranteed. There is no guarantee that the investment strategy of the Fund will be managed successfully, or that the Fund will meet its investment objectives. Failure to do so could negatively impact the performance of the Fund. An investment in the Fund is governed by the terms of the Constitution and this PDS, each as amended from time to time. The Fund is also governed by the Securities Exchange Rules, and is exposed to risks of quotation on that platform, including such things as the platform or settlements process being delayed or failing. The Securities Exchange may suspend, or remove the Open Class Units from quotation on the Securities Exchange. The Responsible Entity may elect, in accordance with the Constitution and the Corporations Act, to terminate the Fund for any reason.

**iNAV risk:** The iNAV published by the Fund is indicative only and might not be up to date or might not accurately reflect the underlying value of the Fund. The iNAV may use non-standard pricing sources that are not readily observable as an input, such as after-market prices.

**Liquidity of investments risk:** Whilst the Fund is exposed to listed securities which are generally considered to be liquid investments, under extreme market conditions, there is a risk that such investments cannot be readily converted into cash or at an appropriate price. In such circumstances, the Fund may be unable to liquidate sufficient assets to meet its obligations, including payment of withdrawals, within required timeframes or it may be required to sell assets at a substantial loss in order to do so.

**Market risk:** There is a risk that the market price of the Fund's assets will fluctuate. This may be as a result of factors such as economic conditions, government regulations, market sentiment, local and international political events, pandemic outbreaks, environmental and technological issues.

**Operational risk:** Operational risk includes those risks which arise from carrying on a funds management business. The operation of the Fund may require us, the Custodian, Unit Registry, administrator, the agent appointed by the Responsible Entity to provide liquidity to investors on the Securities Exchange, and other service providers to implement sophisticated systems and procedures.

Some of these systems and procedures are specific to the operation of the Fund. Inadequacies with these systems and procedures or the people operating them could lead to a problem with the Fund's operation and result in a decrease in the value of Open Class Units.

**Performance risk:** There is a risk that the Fund may not achieve its investment objectives.

**Personnel risk:** The skill and performance of the Investment Manager can have a significant impact (both directly and indirectly) on the investment returns of the Fund. Changes in key personnel and resources of the Investment Manager may also have a material impact on investment returns of the Fund.

**Pooled investment scheme risk:** The Fund is a managed investment scheme that pools investors' capital to acquire assets. An investor's voting power will change with the number and value of Open Class Units and Closed Class Units on issue in the Fund and this could result in that investor's voting power being proportionally diluted. Investors will be assessed for tax on their share of net income and net capital gains generated by the Fund that is attributed to them under the AMIT rules. The net income and net capital gains may be a result of the activities of other unitholders in the same unit class, such as withdrawals of Open Class Units (including following implementation of the Conversion, when withdrawals may increase), increased sales of Open Class Units by market participants, or due to actions of the Responsible Entity, such as the provision of liquidity in Open Class Units on the Securities Exchange, buying back Closed Class Units on the Securities Exchange or managing the investments of the Fund.

The market prices at which the Fund is able to invest inflows, or sell assets to fulfil outflows of Open Class Units, may differ from the prices used to calculate the NAV per Unit (and the iNAV). Investors holding Open Class Units may therefore be impacted by other investors entering and exiting the Open Class Units. The impact will depend on the size of inflows or outflows relative to the Open Class Units, and on the price volatility of the securities in which the Fund invests. Inflows and outflows may also affect the taxable income attributed to an investor during a financial year.

**Price of Open Class Units on the Securities Exchange:** The price at which the Open Class Units may trade on the Securities Exchange may differ materially from the NAV per Unit and the iNAV.

**Regulatory risk:** There is a risk that a change in laws and regulations governing a security, sector or financial market could have an adverse impact on the Fund or on the Fund's investments. A change in laws or regulations can increase the costs of operating a business and/or change the competitive landscape.

**Relative voting power:** The Corporations Act requires that, on a vote of the Fund decided by a poll, each Fund unitholder will have one vote for each dollar of value of Open Class Units or (while they remain on issue before the Conversion) Closed Class Units held. The value of Open Class Units and Closed Class Units will be determined based on the last sale price on the Trading Day immediately prior to the day the poll is taken.

**Securities Exchange liquidity risk:** The liquidity of trading in the Open Class Units on the Securities Exchange may be limited. This may affect an investor's ability to buy or sell Open Class Units on the Securities Exchange. Investors will not be able to buy or sell Open Class Units on the Securities Exchange during any period that the Securities Exchange Operator suspends trading of Open Class Units in the Fund. Further, where trading in the Open Class Units on the Securities Exchange has been suspended, the ability of investors to apply directly to the Responsible Entity to withdraw their investment in the Fund may be suspended and will be subject to the provisions of the Constitution and the Corporations Act.

**Open Class Units may be removed from quotation by the Securities Exchange Operator or terminated:** The Securities Exchange Rules impose certain requirements for the continued quotation of securities, such as the Open Class Units, on the Securities Exchange. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain quotation of the Open Class Units on the Securities Exchange. In addition, the Securities Exchange Operator may change the quotation requirements.

The Responsible Entity may elect, in accordance with the Constitution and Corporations Act, to terminate the Fund for any reason including if Open Class Units cease to be quoted on the Securities Exchange. Information about the Securities Exchange Rules applicable to quotation of Open Class Units in the Fund on the Securities Exchange is set out in Section 10 of this PDS.

**Withholding tax reclaim risk:** The Fund may file claims to recover excess foreign withholding taxes on dividend and interest income (if any) withheld by issuers from certain countries and capital gains on the disposition of stocks or securities where such withholding tax reclaim is possible. Whether or when the Fund will receive a withholding tax refund is within the control of the tax authorities in such countries and is subject to changes in tax regulation or approach in the respective foreign country. Subsequently, if the likelihood of recovery materially decreases, accruals for the Fund's net asset value for such refunds may be written down partially or in full.

## 8. The investment objective and strategy

An investment in the Fund may suit investors who are seeking a medium to long-term investment exposure to international equities.

<b>Investment objective</b>	The investment objectives of the Fund are to achieve attractive risk-adjusted returns over the medium to long-term while reducing the risk of permanent capital loss. The Fund aims to deliver 9% p.a. net of fees over the economic cycle.						
<b>Minimum suggested time frame for holding investment</b>	At least 7 to 10 years.						
<b>Asset classes and asset allocation ranges</b>	<p>The Fund's assets are invested within the following asset allocation ranges:</p> <table><tr><th>Asset Class</th><th>Investment Range*</th></tr><tr><td>Global listed securities</td><td>80%-100%</td></tr><tr><td>Cash and cash equivalents</td><td>0% - 20%</td></tr></table> <p>* The asset classes may temporarily fall outside of these ranges in certain circumstances including, but not limited to, as a result of market movements, applications into or withdrawals from the Fund.</p>	Asset Class	Investment Range*	Global listed securities	80%-100%	Cash and cash equivalents	0% - 20%
Asset Class	Investment Range*						
Global listed securities	80%-100%						
Cash and cash equivalents	0% - 20%						
<b>Investments held</b>	<p>The Fund primarily invests in the securities of companies listed on stock exchanges around the world, but will also have some exposure to cash and cash equivalents.</p> <p>The Fund can use foreign exchange contracts to facilitate settlement of stock purchases. It is not the Responsible Entity's intention to hedge the foreign currency exposure of the Fund arising from investments in overseas markets.</p>						
<b>Risk level<sup>1</sup></b>	High.						
<b>Fund performance</b>	For up-to-date information on the performance of the Fund, including daily NAV per Unit, iNAV and performance history, please visit <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a> .						

<sup>1</sup> The risk level is not a complete assessment of all forms of investment risks. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than the return an investor may expect to meet their objectives.

### Derivatives and other investments

The Fund may use derivatives in limited circumstances.

The Fund does not intend to engage in short selling or enter securities lending arrangements.

### Borrowing restrictions

The Fund may borrow against all or part of its investment portfolio, provided that, at the time any new borrowing is entered into, the aggregate of those new borrowings and any pre-existing borrowings does not exceed 5% of the Fund's gross asset value of each unit class.

### Changes to the Fund

The Responsible Entity has the right to close or terminate the Fund and change the Fund's investment return objective, asset classes and asset allocation ranges, currency strategy (if any) and distribution policy, without prior notice in some cases. The Responsible Entity will inform investors of any material changes to the Fund's details in its next regular communication or as otherwise required by law.

### Labour standards and environmental, social or ethical considerations

The Investment Manager believes that issues relating to labour standards and to environmental, social and ethical considerations have the potential to affect the business outcomes of the Fund's investment companies. Accordingly, the Investment Manager reviews labour standards, environmental, social and ethical considerations as part of the risk assessment that is completed when it determines the investment grade status of a company.

## 9. Fees and other costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) Moneysmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

## Fees and costs summary

Magellan Global Fund – Open Class Units		
Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs<sup>1</sup></b> The fees and costs for managing your investment	1.35% per annum <sup>2</sup>	The management fee is calculated daily based on the proportionate value of the Fund referable to the Open Class Units on that Business Day. An estimate is accrued daily in the NAV per Unit and the fee is payable monthly in arrears from the assets of the Fund referable to the Open Class Units.
<b>Performance fees<sup>1</sup></b> Amounts deducted from your investment in relation to the performance of the product	Estimated 0.05% per annum <sup>3</sup>	Performance fees are 10% of the excess return of Open Class Units in the Fund above the higher of the index relative hurdle (the MSCI World Net Total Return Index (AUD)) and the absolute return hurdle (the yield of 10-year Australian government bonds as at the first Business Day of the Calculation Period pro-rated for the number of days in the Calculation Period) over each 6 monthly period ending 31 December and 30 June (each a “ <b>Calculation Period</b> ”).  Performance fees are estimated daily and accrued in the NAV per Unit. Calculation of the fee is finalised and paid at the end of a Calculation Period (30 June and 31 December of each year) from the assets of the Fund referable to the Open Class Units.
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets	Nil	Transaction costs such as brokerage and transactional taxes are incurred by the Fund when the Fund acquires and disposes of securities and are paid out of the assets of the Fund as and when incurred. This transaction costs amount is net of any amounts recovered by the buy-sell spread (see ‘Buy-sell spread’ below).
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the product)</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	0.07% buy spread 0.07% sell spread	The buy-sell spread is an allowance to cover the transaction costs that arise from investments and withdrawals from the Fund. It represents an additional cost to investors applying and withdrawing directly from the Fund. The entry and exit unit prices for the Fund include an allowance for the buy-sell spread. For more information, see ‘Buy and sell spreads’.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

1 These fees may be individually negotiated if you are a wholesale client (as defined in the Corporations Act). For further information refer to “Differential fees” in the “Additional explanation of fees and costs” section of this PDS.

2 Inclusive of the net effect of Goods and Services Tax (“**GST**”) (i.e. inclusive of GST, less any reduced input tax credits). For more information about GST, see “Management fees and costs” under the heading “Additional Explanation of Fees and Costs”.

3 The estimated performance fee has been calculated as the simple average of the actual performance fees of the Fund for the previous 5 financial years (up to and including 30 June 2023). The estimated performance fee is inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). Past performance is not necessarily indicative of future performance. The actual performance fee payable (if any) will depend on the performance of the Fund over the relevant period. For more information about performance fees, see “Performance fees” under the heading “Additional Explanation of Fees and Costs”.

**Warning:** Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your adviser.

### Example of annual fees and costs for the Open Class Units

This table gives an example of how the ongoing annual fees and costs for this product can affect your investment over a 1 year period. You should use this table to compare this product with other products offered by managed investment schemes.

Example <sup>1</sup> – Magellan Global Fund – Open Class Units	Balance of \$50,000 with a contribution of \$5,000 during year <sup>2</sup>	
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management fees and costs	1.35% p.a.	<b>And</b> , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$675 each year.
PLUS Performance fees	0.05% p.a.	<b>And</b> , you will be charged or have deducted from your investment \$25 in performance fees each year.
PLUS Transaction costs	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in transaction costs.
EQUALS Cost of the Open Class Units in the Fund	1.40% <sup>3</sup> p.a.	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of: \$7004.  <b>What it costs you will depend on the fund you choose and the fees you negotiate.</b>

- 1 This is an example only and does not take into account any movements in the value of an investor's Open Class Units that may occur over the course of the year or any abnormal costs.
- 2 This example assumes the \$5,000 contribution occurs at the end of the first year. Fees and costs are calculated using the \$50,000 balance only.
- 3 Fees and costs are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). Please see the "Additional Explanation of Fees and Costs" section below for more details.
- 4 Please note that this example does not capture all the fees and costs that may apply to you such as the buy-sell spread. Please see the "Additional Explanation of Fees and Costs" section below for more details.

### Additional Explanation of Fees and Costs

#### Management fees and costs

The Fund pays a management fee of 1.35% per annum of the Fund's Net Asset Value (before fees) ("**NAV Before Fees**") of the Open Class Units in the Fund to the Responsible Entity for managing the assets of the Fund and overseeing the operations of the Fund.

The management fees help to cover all ordinary fees, costs, charges, expenses and outgoings that are incurred in connection with the Fund (such as administration and accounting costs, registry fees, audit and tax fees, and investor reporting expenses).

Management fees are calculated each Business Day based on the NAV Before Fees of the Open Class Units in the Fund at the end of each Business Day and are payable at the end of each month from the assets of the Fund referable to the Open Class Units. Estimated management fees are reflected in the NAV per Unit.

Under the Fund's constitution, the Responsible Entity is entitled to receive maximum management fees of 1.35% per annum (excluding GST) of the daily NAV (before fees). The management fees stated in this PDS are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). As the Fund predominantly invests in international securities, the GST impact on the management fees is typically negligible. To the extent the GST impact increases (for example, if the Fund's exposure to Australian securities or the composition of resident unitholders increases, or due to changes in the size of the Fund), the actual management fees may vary from the rates stated above.

In addition to the management fee, where the Fund incurs extraordinary expenses and outgoings, the Responsible Entity may pay for these from the Fund's assets. We may pay extraordinary expenses and outgoings from the Fund's assets because, under the Constitution of the Fund, in addition to the management fee, the Responsible Entity is entitled to be indemnified from the assets of the Fund for any liability properly incurred by us in performing properly any of our duties or exercising any of our powers in relation to the Fund or attempting to do so.

#### Performance fees

Depending on how well the Open Class Units in the Fund perform, the Responsible Entity may be entitled to a performance fee, payable by the Fund from the assets of the Fund referable to the Open Class Units. Performance fees are calculated with reference to index relative and absolute return performance hurdles and are subject to a high water mark requirement and an overall cap. The details of the calculation methodology and the hurdles are set out below.

The NAV per Unit includes an accrual for an estimate of the performance fee equal to the amount that would be payable if it were the end of a Calculation Period.

#### Calculation methodology

The Fund's "total return" per Open Class Unit ("**Total Return**") is the dollar movement in its NAV per Unit during the Calculation Period (adjusted for any income or capital distributions and before any accrued performance fees during that Calculation Period). Adjustments will be made for any capital re-organisations such as unit divisions or consolidations. Calculation Periods are 6 months in duration, ending on 30 June and 31 December of each year.

The Fund's "excess return" per Open Class Unit ("**Excess Return**") is its Total Return less the higher of the hurdle returns, expressed in dollar terms.

The performance fee per Open Class Unit is 10% of the Excess Return. The total performance fee is the performance fee per Open Class Unit multiplied by the number of Open Class Units on issue at the end of the Calculation Period, less the Equalisation Reserve described below.

Magellan will only be entitled to a performance fee where the NAV per Unit at the end of the Calculation Period exceeds the applicable high water mark. The high water mark is the NAV per Unit at the end of the most recent Calculation Period for which Magellan was entitled to a performance fee, less any intervening income or capital distribution. Furthermore, the fee to which Magellan is entitled will be subject to a performance fee cap such that the NAV per Unit (after the performance fee has been paid) is not less than the applicable high water mark.

The performance fee described above is inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). As the Fund predominantly invests in international securities, the GST impact on the performance fees for the Fund is currently estimated to be negligible. To the extent the GST impact changes (for example, if the Fund's exposure to Australian securities increases), the actual performance fees may vary from the rate stated above.

#### Equalisation Reserve and Open Class Units issued during a Calculation Period

Performance fees are paid on the Excess Return of each Open Class Unit on issue at the end of a Calculation Period, less a unit class level equalization reserve ("**Equalisation Reserve**"). The effect of the Equalisation Reserve is that Magellan will only receive a performance fee in respect of a specific Open Class Unit on performance generated after that Open Class Unit is created. On each Business Day where there is a creation of Open Class Units, including on implementation of the Conversion, the Equalisation Reserve is increased by an amount that represents the performance fee per Open Class Unit calculated immediately prior to the creation of those Open Class Units multiplied by the number of units created ("**Equalisation Adjustment**"). If the accrued performance fee per Open Class Unit on a particular day is nil, there will be no Equalisation Adjustment made to the Equalisation Reserve. The Equalisation Reserve accumulates over a Calculation Period.

The Equalisation Reserve is subject to a ceiling such that the total Equalisation Reserve is the lesser of:

- the total of the Equalisation Adjustments calculated on each day of the Calculation Period; and
- the total of the Open Class Units created during the Calculation Period multiplied by the prevailing performance fee per Open Class Unit.

The ceiling on the Equalisation Reserve ensures that Magellan's performance fee entitlement is not less than it would have been had no Open Class Units been created during the Calculation Period.

The exact impact of the performance fee on a particular investor will depend on the price at which the investor has acquired Open Class Units, the total number of Open Class Units created during a Calculation Period, the Excess Return achieved from the start of the Calculation Period to the date where new Open Class Units are created and the subsequent movement in the NAV per Unit to the end of the Calculation Period.

#### Units cancelled during a Calculation Period

Open Class Units that are either purchased by the Fund on the Securities Exchange or withdrawn directly via an off-market withdrawal request will be cancelled. If there is a net purchase of Open Class Units by the Fund on the Securities Exchange on a day, then the prior day will be treated as the end of the Calculation Period with respect to those Open Class Units. If Open Class Units are withdrawn directly, the day of receipt of a complete off-market withdrawal request will be treated as the end of the Calculation Period with respect to those Open Class Units. The performance fee (if any) with respect to Open Class Units cancelled will become payable to Magellan at that time. A switch out of the Fund will be treated as a withdrawal for the purpose of calculating performance fees.

#### Performance hurdles Index relative hurdle

The index relative hurdle for the Fund is the return (expressed as a percentage) of the MSCI World Net Total Returns Index (AUD). If an index ceases to be published, the Responsible Entity will nominate an equivalent replacement index.

#### Absolute return hurdle

The applicable absolute return performance hurdle for the Fund is the published 10-year Australian government bond yield as at the first Business Day of the Calculation Period, pro-rated for the number of days in the Calculation Period.

#### **Transaction costs**

Transaction costs such as brokerage and transactional taxes are incurred in relation to the Open Class Units when the Fund acquires and disposes of securities. The transaction costs for the Fund are provided in the "Fees and costs summary" above. These are based on the actual transaction costs incurred by the Fund for the year ended 30 June 2023 and are shown net of any amount recovered by the buy-sell spread charged by the Responsible Entity.

The gross and net transaction costs incurred by the Fund for the year ended 30 June 2023 are provided in the table below.

Total gross transaction costs (% p.a.)	Recovery through buy/sell spread <sup>1</sup> (% p.a.)	Net transaction costs (% p.a.)	For every \$50,000 you have in the Fund you will likely incur approximately:
0.02%	0.02%	Nil	\$0

<sup>1</sup> Recovery through the buy/sell spread only includes amounts recovered from investors applying and withdrawing directly from the Fund. It does not include any amount the Responsible Entity intends to recover from the prices at which it buys and sells units on the Securities Exchange. For more information, see "Buy and sell spreads".

The amount of such costs will vary from year to year depending on the volume and value of the trading activity in the Fund, and the value of applications and withdrawals processed.

Transaction costs are paid out of the assets of the Fund referable to the Open Class Units as and when incurred and are not paid to the Responsible Entity.

Transaction costs are an additional cost to the investor where they have not already been recovered by the buy-sell spread charged by the Responsible Entity.

## Buy and sell spreads

A portion of the total transaction costs are recovered from investors applying to and withdrawing directly from the Fund. New investments into the Fund or withdrawals from the Fund will typically cause the Fund to incur transaction costs. So that existing investors in the Fund do not bear the transaction costs that arise from these investments and withdrawals, the Responsible Entity includes an allowance to cover these costs in the prices at which it issues and withdraws Open Class Units for investors who transact directly with the Responsible Entity. This allowance to cover transaction costs (sometimes called the 'buy spread' and the 'sell spread') represents an additional cost to investors applying and withdrawing directly from the Fund, but are not fees paid to the Responsible Entity.

For an investor applying for Open Class Units directly with the Responsible Entity, the current buy spread is 0.07% of the NAV per Unit, represented by the difference between the entry price and the NAV per Unit. For an investor applying directly to the Responsible Entity to withdraw their investment in Fund, the current sell spread is 0.07% of the amount that you withdraw, represented as the difference between the exit price and the NAV per Unit. For example, if you invested \$50,000 in the Fund the cost of the buy spread would be \$35, or if you withdrew \$50,000 from your investment the cost of the sell spread would be \$35. We may vary the buy and sell spreads from time to time and prior notice will not ordinarily be provided. Updated information on the buy and sell spreads will be posted on the Fund's website at [www.magellangroup.com.au](http://www.magellangroup.com.au).

For an investor that buys or sells Open Class Units on the Securities Exchange, the price at which they transact may vary from the prevailing iNAV. The prices on the Securities Exchange are determined in the secondary market by market participants who set their own prices at which they wish to buy or sell Open Class Units in the Fund. The difference, or spread, from the prevailing iNAV may represent a cost, or possible benefit, of an investment in the Open Class Units. Where the Responsible Entity buys or sells Open Class Units on the Securities Exchange, the price at which it buys or sells Open Class Units will generally include an allowance to cover transaction costs but will also reflect market conditions and supply and demand for Open Class Units during the Trading Day. As such, the cost of the spread on the Securities Exchange may be different to the cost of the 'buy spread' or 'sell spread' for investors who apply or withdraw directly with the Responsible Entity. Where the Responsible Entity buys or sells Open Class Units, the Open Class Units retains the benefit of this spread.

## Stockbroker fees for investors

Investors will incur customary brokerage fees and commissions when buying and selling the Open Class Units on the Securities Exchange. Investors should consult their stockbroker for more information in relation to their fees and charges.

## Fees for Indirect Investors

For investors accessing the Fund through a master trust or wrap account, additional fees and costs may apply. These fees and costs are stated in the offer document provided by your master trust or wrap account operator. These are not fees paid to the Responsible Entity.

## Payments to platforms

Some master trusts, wrap accounts or other investment administration services ("**Platforms**") charge product access payments fees (as a flat dollar amount each year) for having the Fund included on their investment menus. We may, therefore, pay amounts from the fees we receive to any Platform through which the Fund is made available. As these amounts are paid by us out of our own resources, they are not an additional cost to you.

## Financial adviser fees

Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your financial adviser. The Responsible Entity pays no commissions related to your investments to financial advisers.

## Differential fees

A rebate of part of the management fees and performance fees or lower management fees and performance fees may be negotiated with investors who are wholesale clients for the purposes of the Corporations Act. Further information can be obtained by contacting us.

## Changes in fees

Fees may increase or decrease for a number of reasons including changes in the competitive, industry and regulatory environments or simply from changes in costs. The Responsible Entity can change fees without an investor's consent but will provide investors with at least 30 days written notice of any fee increase.

## Taxation

Taxation information is set out in section 11 of this PDS.

## 10. About the Securities Exchange Rules and CHES

### Securities Exchange Rules

The Open Class Units in the Fund are admitted to quotation on the Securities Exchange under the Securities Exchange Rules. The Securities Exchange Rules are accessible at [www.asx.com.au](http://www.asx.com.au).

The following table sets out the key differences between the Securities Exchange Rules and the Listing Rules.

Requirement	Listing Rules	Securities Exchange Rules
<b>Continuous disclosure</b>	Issuers <b>are subject</b> to continuous disclosure requirements under Listing Rule 3.1 and section 674 of the Corporations Act.	<p>Issuers of products quoted under the Securities Exchange Rules are not subject to the continuous disclosure requirements in Listing Rule 3.1 and section 674 of the Corporations Act. Although the Open Class Units are quoted under the Securities Exchange Rules, as the Fund is also listed as at the date of this PDS, the Responsible Entity will be required to comply with the continuous disclosure requirements in section 674 of the Corporations Act. Following implementation of the Conversion, the Fund will no longer be listed on the Official List of the ASX and the Responsible Entity will continue to be required to comply with the continuous disclosure requirements in section 675 of the Corporations Act, as if the Fund were an unlisted disclosing entity.</p> <p>The Responsible Entity will disclose information which is not generally available and that a reasonable person would expect, if the information were generally available, to have a material effect on the price or value of the units, provided that such information has not already been included in this PDS (as supplemented or amended).</p> <p>The Responsible Entity will publish such information on the announcements platform of Securities Exchange Operator and the Fund's website <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a>.</p> <p>Under Securities Exchange Rules the Responsible Entity must disclose:</p> <ul style="list-style-type: none"> <li>information about the NAV of the Open Class Units' underlying investments daily and immediately if the Responsible Entity's management activities cause the last reported NAV to move by more than 10%;</li> <li>information about redemptions from the Fund and the number of Open Class Units on issue;</li> <li>information about distributions paid in relation to the Open Class Units;</li> <li>any other information which is required to be disclosed to ASIC under section 675 of the Corporations Act; and</li> <li>any other information that would be required to be disclosed to the Securities Exchange Operator under section 323DA of the Corporations Act if the Open Class Units were admitted under the Listing Rules.</li> </ul> <p>In addition, the Responsible Entity must immediately notify the Securities Exchange Operator of any information the non-disclosure of which may lead to a false market in the Open Class Units or which would otherwise affect the price of the Open Class Units.</p>
<b>Periodic disclosure</b>	Issuers <b>are required</b> to disclose half-yearly and annual financial information and reports to the announcements platform of the relevant securities exchange operator.	<p>Issuers of products quoted under the Securities Exchange Rules are not required to disclose half-yearly or annual financial information or reports to the announcements platform of the Securities Exchange Operator.</p> <p>The Responsible Entity will disclose financial information and reports in respect of the Fund to the announcements platform of the Securities Exchange Operator and will also lodge such financial information and reports with ASIC under Chapter 2M of the Corporations Act.</p>
<b>Corporate governance</b>	Listed companies and listed managed investment schemes <b>are subject</b> to notification requirements under the Corporations Act and the Listing Rules relating to takeover bids, buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings.	Although the Open Class Units are quoted under the Securities Exchange Rules, if the Conversion is implemented, the Fund will no longer be listed on the Official List of the ASX and therefore it will not be subject to certain corporate governance requirements that apply to listed managed investment schemes.
<b>Related party transactions</b>	Chapter 10 of the Listing Rules relates to transactions between an entity and a person in a position to influence the entity and sets out controls over related party transactions.	Chapter 10 of the Listing Rules <b>does not apply</b> to products quoted under the Securities Exchange Rules (such as the Open Class Units). The Responsible Entity will still however, be required to comply with the related party provisions in Chapter 2E of the Corporations Act, as modified by Part 5C.7 of the Corporations Act.
<b>Auditor rotation obligations</b>	Division 5 of Part 2M.4 of the Corporations Act imposes specific rotation obligations on auditors of listed companies and listed managed investment schemes.	<p>Issuers of products quoted under the Securities Exchange Rules <b>are not subject</b> to the auditor rotation requirements in Division 5 of Part 2M.4 of the Corporations Act.</p> <p>An auditor will be appointed by the Responsible Entity to audit the financial statements and Compliance Plan of the Fund.</p>

## About CHESS

The Responsible Entity participates in the Clearing House Electronic Sub-register System (“CHESS”). CHESS is a fast and economical clearing and settlement facility which also provides an electronic sub-register service. The Unit Registry has established and will maintain an electronic sub-register with CHESS on behalf of the Responsible Entity.

The Responsible Entity will not issue investors with certificates in respect of Open Class Units held on the CHESS sub-register. Instead, Unitholders will receive a holding statement which will set out the number of Open Class Units they hold. The holding statement will specify the HIN allocated by CHESS or SRN allocated by the Unit Registry.

## 11. Taxation

**Investing in the Fund is likely to have tax consequences. Investors are strongly recommended to seek their own professional tax advice about the applicable Australian tax consequences and, if appropriate, foreign tax consequences that may apply to them based on their particular circumstances.**

The taxation information contained in this PDS reflects the income tax legislation in force, and the interpretation of the Australian Taxation Office and the courts, as at the date of issue of this PDS. Taxation laws are subject to continual change and there are reviews in progress that may impact the taxation of trusts and investors.

### AMIT Regime

The Fund has elected to become an Attribution Managed Investment Trust (“AMIT”). Accordingly, investors will be subject to tax on the income of the Fund that is attributed to them under the AMIT rules each year ending 30 June. If there is income of the Fund that is not attributed to an investor, the Fund will be subject to tax at the highest marginal rate (plus the Medicare levy) on that non-attributed income. The AMIT rules also allow the Fund to reinvest part or all of your distribution and/or accumulate part or all of the Fund’s income in the Fund, in which case the income of the Fund that is attributed to you (and which must be included in your income tax return) will be more than the total distribution you receive.

Investors will be assessed for tax on the net income and net capital gains generated by the Fund that is attributed to them under the AMIT rules. Investors will receive a tax statement after the end of each financial year (referred to as an AMIT Member Annual Statement) that will provide them with details of the amounts that have been attributed to them by the Fund to assist them in the preparation of their tax return.

The Fund may attribute an estimate of net capital gains generated as a result of withdrawals of Open Class Units and buy-backs of Closed Class Units to the unitholders of the relevant class. Net capital gains that are otherwise generated in the ordinary operations of the Fund, including as a result of portfolio management will be attributed between unit classes and unitholders on a proportionate basis.

If the Fund was to incur a tax loss for a year then the Fund could not attribute that loss to investors. However, subject to the Fund meeting certain conditions, the Fund may be able to recoup such a loss against taxable income of the Fund in subsequent income years.

Depending on an investor’s particular circumstances, they may also be liable to pay capital gains tax (or income tax if they hold their units on revenue account) when they withdraw units.

### Taxation of non-resident investors

If a non-resident investor is entitled to taxable income of the Fund, the investor may be subject to Australian tax at the rates applicable to non-residents. If you are a non-resident, you may be entitled to a credit for Australian income tax paid by the Responsible Entity in respect of your tax liability.

### Taxation reforms

Reforms to the taxation of trusts are generally ongoing. Investors should seek their own advice and monitor the progress of announcements and proposed legislative changes on the potential impact to their investment.

### Quoting your Tax File Number (“TFN”) or an Australian Business Number (“ABN”)

It is not compulsory for investors to quote their TFN, ABN, or exemption details. Should an investor choose to, the TFN/ABN must be provided to the Unit Registry by the Record Date. However, should an investor choose not to provide TFN/ABN details or provide after this date, the Responsible Entity is required to deduct tax from an investor’s distributions. The withholding tax amount is calculated on the amount attributed to you. Collection of TFNs is permitted by taxation and privacy legislation.

### GST

Your investment in the Fund will not be subject to goods and services tax.

### Foreign Account Tax Compliance Act

Under the Foreign Account Tax Compliance Act (“FATCA”), the Responsible Entity is required to collect and report information about certain investors identified as U.S. tax residents or citizens. In order to comply with its FACTA obligations, the Responsible Entity may request investors to provide certain information (“FATCA Information”).

To the extent that all FATCA Information is obtained, the imposition of US withholding tax on payments of US income or gross proceeds from the sale of particular US securities shall not apply. Although the Responsible Entity attempts to take all reasonable steps to comply with its FATCA obligations and to avoid the imposition of the withholding tax, this outcome is not guaranteed.

Under the terms of the intergovernmental agreement between the US and Australian governments, the Responsible Entity may provide FATCA Information to the Australian Taxation Office (“ATO”). Please be aware that the Responsible Entity may use an investor’s personal information to comply with FATCA and may contact an investor if additional information is required.

### Common Reporting Standard

The Common Reporting Standard (“CRS”) requires the Responsible Entity to collect certain information about an investor’s tax residence. If an investor is a tax resident of any country outside Australia, the Responsible Entity may be required to pass certain information about the investor (including account-related information) to the ATO. The ATO may then exchange this information with the tax authorities of another jurisdiction or jurisdictions, pursuant to intergovernmental agreements to exchange financial account information.

Although the CRS does not involve any withholding tax obligations, please be aware that the Responsible Entity may use an investor’s personal information to comply with the CRS obligations, and may contact an investor if additional information is required. For investors who apply for Open Class Units directly with the Responsible Entity, the account opening process cannot be completed until all requested information has been provided.

## 12. Additional information

### Additional disclosure information

As at the date of this PDS and before the Conversion is implemented, the Fund is a disclosing entity and is required to meet the continuous disclosure requirements of the Corporations Act, the Listing Rules and the Securities Exchange Rules; accordingly, the Responsible Entity must:

- prepare and publish on the ASX both yearly and half yearly financial statements accompanied by a Directors' statement and report and an audit or review report; and
- immediately notify ASX of any information concerning the Fund of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of units, subject to certain limited exceptions related mainly to confidential information.

Copies of documents set out above that are lodged by the Fund with ASX may be obtained from ASX, or from the Responsible Entity's website at [www.magellangroup.com.au](http://www.magellangroup.com.au).

Following implementation of the Conversion, the Fund will no longer be listed on the Official List of the ASX and the Responsible Entity will continue to be required to comply with the continuous disclosure requirements in section 675 of the Corporations Act as if the Fund were an unlisted disclosing entity.

### Fund's Constitution

The operation of the Fund and the Open Class Units is governed under the law and the Constitution of the Fund which addresses matters such as NAV per Unit, withdrawals, the issue and transfer of Open Class Units, investor meetings, investors' rights, the Responsible Entity's powers to invest, borrow and generally manage the Fund and the Responsible Entity's fee entitlement and right to be indemnified from the Fund's assets.

In accordance with the Constitution, the Responsible Entity may provide investors with the ability to request a withdrawal of their investment in the Open Class Units in the Fund directly with the Responsible Entity in accordance with sections 3 and 4 of this PDS.

The Constitution states that an investor's liability is limited to the amount the investor paid for their Open Class Units, but the courts are yet to determine the effectiveness of provisions of this kind.

The Constitution contains the class rights attached to the Open Class Units and Closed Class Units and the implications for voting, which may be either along class lines or voting as a whole. In some cases, while there are both Open Class Units and Closed Class Units on issue in the Fund, holders of Open Class Units and Closed Class Units will be required to vote separately to approve a matter or proposal before it can be implemented. As a result, if there is more than one class on issue, even if holders of one class supported a resolution by voting in favour of it by the required majority, the resolution would not be approved unless the other class similarly voted in favour.

The Responsible Entity may alter the Constitution if it reasonably considers the amendments will not adversely affect investors' rights. Otherwise, the Responsible Entity must obtain investors' approval at a meeting of investors. The Responsible Entity may retire or be required to retire as Responsible Entity (if investors vote for its removal). No units may be issued after the 80th anniversary of the date of the Constitution. The Responsible Entity may exercise its right to terminate the Open Class Units or the Fund earlier. Investors' rights to requisition, attend and vote at meetings are mainly contained in the Corporations Act.

Investors can inspect a copy of the Constitution at the Responsible Entity's head office or the Responsible Entity will provide a copy free of charge.

#### Open Class Units rights

A summary of the key rights and obligations attaching to the Open Class Units are set out below. This summary is not exhaustive, nor does it constitute a definitive statement of the terms of the Constitution.

- a) The Responsible Entity must seek approval from holders of the Open Class Units for a Control Transaction (which is essentially a transaction that would give someone a majority interest in the Fund and would be effected by a trust scheme proposed by the Responsible Entity).
- b) Holders of the Open Class Units must approve any matter that requires approval by unitholders under Chapters 10 and 11 of the Listing Rules (for example, a significant change in the activities of the Fund or related party transactions and unit issues to related parties).
- c) Holders of the Open Class Units may, subject to some conditions and qualifications, require the Responsible Entity, by special resolution, to cease the quotation of the Open Class Units under the Securities Exchange Rules, and to withdraw all Open Class Units.

The first approval right is to allow holders of the Open Class Units to separately assess a transaction affecting control of the Fund that is put forward by the Responsible Entity. The second approval right is provided because such transactions will be significant for both unit classes in the Fund (and the interests of each class may not be aligned). The withdrawal right is to simulate a right to wind up the Fund insofar as it relates to holders of Open Class Units.

Approval is by an ordinary resolution (unless the applicable Listing Rules or Securities Exchange Rules require a special resolution) or the consent in writing of 50% of all holders of the Open Class Units.

These rights and other rights conferred on holders of the Open Class Units are protected as class rights (that is, they cannot be altered without approval by special resolution by, or written consent of three quarters of, holders of the Open Class Units).

### Closed Class Units in the Fund

The Closed Class Units are a 'closed-ended' class of units issued by the Fund. Closed Class Units are quoted on the official list of ASX under the ASX Listing Rules. Closed Class Units trade under the security code: MGF.

Holders of Closed Class Units have the ability to buy or sell their Closed Class Units on the ASX. Similar to an investment company or investment trust quoted on the official list of ASX, Closed Class Unitholders do not have the ability to apply for or withdraw units directly with the Responsible Entity. The Responsible Entity can only issue or buy back Closed Class Units in accordance with the ASX Listing Rules.

If the Conversion is implemented, all of the Closed Class Units will be redeemed in exchange for new Open Class Units, which will, following implementation of the Conversion, be the only class on issue in the Fund. Please refer to section 3 for further details regarding the Conversion.

## ASIC relief

ASIC has granted relief from Section 601GA of the Corporations Act, as modified by ASIC Corporations (Chapter 5C – Miscellaneous Provisions) Instrument 2017/125 (Declaration 5) to allow the constitution of the Fund to include a Listing Rules consistency provision that refers only to Closed Class Units.

## ASX waivers/confirmations

The ASX has granted the following:

Waiver from... / Confirmation to...	Summary
<b>Listing Rule 1.1 Condition 5</b>	Waiver to permit Open Class Units being withdrawn in accordance with the Constitution.
<b>Listing Rule 1.1 Condition 6 and Listing Rule 6.2</b>	Waiver such that the Responsible Entity is not required to apply for quotation (as an Listing Rule listing) of the Open Class Units and/or a confirmation that the Open Class Units are not considered by ASX to be the “main class” of securities of the Fund.
<b>Listing Rule 6.12.3</b>	Confirmation that the divestment or withdrawal of any Open Class Units are approved by ASX under Listing Rule 6.12.3.
<b>Listing Rules 7.1 and 3.10.3</b>	Confirmation (or waiver) that Listing Rules 7.1 and 3.10.3 do not apply to the issue of Open Class Units.
<b>Listing Rules 7.6</b>	Confirmation (or waiver) that the issuance of the Open Class Units is not subject to Listing Rule 7.6.
<b>Listing Rules 7.9</b>	Confirmation (or waiver) that the issuance of the Open Class Units is not subject to Listing Rule 7.9.
<b>Listing Rule 7.36</b>	Confirmation that the buy-back of any Open Class Units is not subject to Listing Rule 7.36.
<b>Various Listing Rules</b>	Confirmation (or waiver) that Open Class Unitholders are not required to vote on any resolutions required under the Listing Rules as it relates to the Closed Class Units.
<b>Rule 10A.3.3(b) of Schedule 10A of the Securities Exchange Rules</b>	Confirmation that ASX have no objections under Securities Exchange Rule 10A.3.3(b) with respect to the Open Class Units.
<b>Rule 10A.3.4 of Schedule 10A of the Securities Exchange Rules</b>	Confirmation (or waiver) that Securities Exchange Rule 10A.3.4 would not apply to the Closed Class Units.
<b>Rule 10A.10.8 of Schedule 10A of the Securities Exchange Rules</b>	Waiver to permit the Responsible Entity to appoint BNP Paribas Securities (Asia) Limited as its market making agent under the Securities Exchange Rules.

***If the Conversion is implemented, waivers/confirmations with respect to the Closed Class Units will cease to be applicable to the Fund.***

## Conditions of admission

As part of the Fund’s conditions of admission to quotation on the Securities Exchange under the Securities Exchange Rules, the Responsible Entity has agreed to:

- disclose the Fund’s portfolio holdings on a quarterly basis within two months of the end of each calendar quarter;
- provide liquidity to investors on the Securities Exchange by acting as a buyer and seller of Open Class Units as described in this PDS; and
- provide the iNAV as described in this PDS.

## NAV Permitted Discretions Policy

The Responsible Entity’s NAV Permitted Discretions Policy provides further information about how it calculates NAV per Unit. The policy complies with ASIC requirements. The Responsible Entity will observe this policy in relation to the calculation of the NAV per Unit and will record any exercise of discretion outside the scope of the policy. Investors can request a copy of the policy free of charge by calling the Responsible Entity on +61 2 9235 4888.

## Change of details

From time to time, you may need to advise us of changes relating to your investment. You may advise us by email, fax or mail of changes relating to:

- your mailing address (investors with SRN holdings only, investors with HIN holdings can only change their address via their stockbroker);
- your licensed financial adviser, if you have nominated one; or
- your election to receive distributions as cash or to reinvest them.

If you need to advise us of changes relating to your nominated bank account (to which we will pay the proceeds of withdrawals and distributions, if you have elected to receive these as cash), we require you to instruct us via mail.

We require your instructions to be signed by the nominated signatory on your account. If you have nominated joint signatories for the account, both should sign notifications of changes in any of your details.

## Cooling-off period

Cooling-off rights do not apply to Open Class Units in the Fund however a complaints handling process has been established (see “Complaints resolution” for further information).

## Complaints resolution

Should investors have any concerns or complaints, as a first step please contact the Responsible Entity's Complaints Officer on +61 2 9235 4888 and the Responsible Entity will do its best to resolve this concern quickly and fairly. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority ("AFCA"). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

**Website:** [www.afca.org.au](http://www.afca.org.au)

**Email:** [info@afca.org.au](mailto:info@afca.org.au)

**Telephone:** 1800 931 678

**In writing to:** Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

## Past performance

Performance history and Fund size information can be obtained by visiting the Fund's website [www.magellangroup.com.au](http://www.magellangroup.com.au), or view the Fund updates and other announcements on the Securities Exchange at [www.asx.com.au](http://www.asx.com.au). The Fund's past performance is no indication of its future performance. The Fund's returns are not guaranteed.

## Custodian

The Northern Trust Company (acting through its Australian branch) ("**Northern Trust**") has been appointed to hold the assets of the Fund under a Custody Agreement. As Custodian, Northern Trust will safe-keep the assets of the Fund, collect the income of the Fund's assets and act on the Responsible Entity's directions to settle the Fund's trades. Northern Trust does not make investment decisions in respect of the Fund's assets that it holds.

## Unit Registry

Apex Fund Services Pty Ltd ("**Apex**") has been appointed as the Unit Registry of the Fund under a Registry Services Agreement. The Registry Services Agreement sets out the services provided by the Unit Registry on an ongoing basis together with the service standards.

The role of the Unit Registry is to keep a record of investors in the Fund. This includes information such as the quantity of Open Class Units held, TFNs (if provided), bank account details and details of distribution reinvestment plan participation to the extent the Responsible Entity offers such a plan.

Contact details for Apex can be found in Section 14 of this PDS.

## Consents

The following parties have given written consent (which has not been withdrawn at the date of this PDS) to being named in the form and context in which they are named, in this PDS:

- Apex Fund Services Pty Limited; and
- The Northern Trust Company.

Each party named above who has consented to be named in the PDS:

- has not authorised or caused the issue of this PDS;
- does not make or purport to make any statement in the PDS (or any statement on which a statement in the PDS is based) other than as specified; and
- to the maximum extent permitted by law, takes no responsibility for any part of the PDS other than the reference to their name in a statement included in the PDS with their consent as specified.

## Anti-money laundering and counter terrorism financing (AML/CTF)

Australia's AML/CTF laws require us to adopt and maintain an AML/CTF Program. A fundamental part of the AML/CTF Program is that we know certain information about investors in the Fund. To meet this legal requirement, we need to collect certain identification information and documentation ("**KYC Documents**") from you if you are a new investor. We may also ask an existing investor to provide KYC Documents as part of a re-identification process to comply with the AML/CTF laws. Processing of applications or withdrawals will be delayed or refused if you do not provide the KYC Documents when requested.

Under the AML/CTF laws, we may be required to submit reports to the Australian Transaction Reports and Analysis Centre ("**AUSTRAC**"). This may include the disclosure of your personal information. We may not be able to tell you when this occurs and, as a result, AUSTRAC may require us to deny you (on a temporary or permanent basis) access to your investment.

This could result in loss of the capital invested, or you may experience significant delays when you wish to transact on your investment. We are not liable for any loss you may suffer because of compliance with the AML/CTF laws.

## Privacy policy

As required by law, the Responsible Entity has adopted a privacy policy that governs the collection, storage, use and disclosure of personal information. This includes using an investor's personal information to manage their investment, process any distributions that may be payable and comply with relevant laws.

For example, an investor's personal information may be used to:

- ensure compliance with all applicable regulatory or legal requirements. This includes the requirements of ASIC, the Australian Taxation Office, the Australian Transaction Reports and Analysis Centre, Securities Exchange Operator, CHESS Settlements and other regulatory bodies or relevant exchanges including the requirements of the superannuation law; and
- ensure compliance with the AML/CTF Act, FATCA and with CRS.

The Responsible Entity may be required to disclose some or all of an investor's personal information, for certain purposes (as described under the Privacy Act 1988 (Cth)) to:

- the Fund's service providers, related bodies corporate or other third parties for the purpose of account maintenance and administration and the production and mailing of statements, such as the Unit Registry, Custodian or auditor of the Fund and certain software providers related to the operational management and settlement of the units; or
- related bodies corporate that might not be governed by Australian laws for the purpose of account maintenance and administration.

The Responsible Entity may also disclose an investor's personal information to:

- market products and services to them; and
- improve customer service by providing their personal details to other external service providers (including companies conducting market research).

If any of the disclosures in the previous bullet points require transfer of an investor's personal information outside of Australia, the investor consents to such transfer.

All personal information collected by the Responsible Entity will be collected, used, disclosed and stored by the Responsible Entity in accordance with its privacy policy, a copy of which will be made available on request.

#### **Additional information for New Zealand investors**

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act sets out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

#### **Additional information for Hong Kong investors**

**WARNING:** The contents of this offer document have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Conversion. If you are in any doubt about any of the contents of this disclosure document, you should obtain independent professional advice.

This disclosure document does not constitute an offer or invitation to the public in Hong Kong to acquire an interest in or participate in (or offer to acquire an interest in or participate in) a collective investment scheme. This disclosure document also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this disclosure document in Hong Kong, other than to persons who are "professional investors" (as defined in the Securities and Futures Ordinance (*SFO*) and any rules made thereunder) or in other circumstances that do not result in this Unitholder Booklet constituting an invitation to the public of Hong Kong for the purpose of the *SFO*.

No person may issue or have in its possession for the purposes of issue, this disclosure document or any advertisement, invitation or document relating to the Open Class Units, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to the Open Class Units that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

Copies of this disclosure document may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this disclosure document, or any offer or an invitation in respect of the Open Class Units, to the public in Hong Kong. This disclosure document is for the exclusive use of unitholders of the Fund in connection with the Conversion. No steps have been taken to register or seek authorisation for the issue of this disclosure document in Hong Kong.

This disclosure document is confidential to the person to whom it is addressed and no person to whom a copy of this disclosure document is issued may circulate, distribute, publish, reproduce or disclose (in whole or in part) this disclosure document to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with consideration of the Conversion by the person to whom this disclosure document is addressed.

#### **Additional information for Singapore investors**

This disclosure document and any other document relating to the Conversion or the Open Class Units have not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore and the Conversion is not regulated by any financial supervisory authority under any legislation in Singapore. Accordingly, statutory liabilities in connection with the contents of prospectuses under the Securities and Futures Act 2001 (the *SFA*) will not apply.

This disclosure document and any other document in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of Open Class Units may not be offered, sold or distributed, or be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part 13 of the *SFA* or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the *SFA*.

Any offer is not made to you with a view to Open Class Units being subsequently offered for sale to any other party in Singapore. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

This disclosure document is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person.

The investment referred to in this disclosure document may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investment. Nothing in this disclosure document constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

Magellan is not in the business of dealing in securities or holds itself out or purport to hold itself out to be doing so in Singapore. As such, Magellan is neither licensed nor exempted from dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

## 13. Glossary

Defined terms and other terms used in the PDS	Definition
<b>\$, A\$ or dollar</b>	The lawful currency of Australia.
<b>AFCA</b>	Australian Financial Complaints Authority.
<b>AFS Licence</b>	Australian financial services licence.
<b>AMIT</b>	Attribution Managed Investment Trust.
<b>AML/CTF Act</b>	The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
<b>Application Form</b>	The application form for the Fund.
<b>ASIC</b>	Australian Securities & Investments Commission.
<b>ASIC Relief</b>	Any declaration made or exemption granted by ASIC that is applicable to the Fund and that is in force.
<b>ASX</b>	ASX Limited or the Australian Securities Exchange, as the case requires.
<b>ATO</b>	Australian Taxation Office.
<b>Business Day(s)</b>	The days identified by the Securities Exchange Operator in the Securities Exchange Rules. For the purposes of calculating Fees and Costs only, Business Day includes a day on which the primary securities exchange for any security that forms part of the Fund's property is open for trading.
<b>CHESS</b>	Clearing House Electronic Sub-register System, the Australian settlement system for equities and other issued products traded on the ASX and other exchanges. CHESS is owned by the ASX.
<b>Clearing Rules</b>	The operating rules of ASX Clear Pty Limited from time to time.
<b>Closed Class Units</b>	A closed-ended class of units issued by the Fund which are quoted on the official list of ASX under the ASX Listing Rules, trading under the security code MGF.
<b>Compliance Plan</b>	The Compliance Plan of the Fund.
<b>Constitution</b>	The Constitution of the Fund.
<b>Conversion</b>	The proposed conversion of Closed Class Units to Open Class Units, details of which are set out in the Unitholder Booklet.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>CRS</b>	Common Reporting Standard.
<b>Custodian</b>	Northern Trust.
<b>Custody Agreement</b>	The Master Custody Agreement in respect of the assets of the Fund between the Custodian and the Responsible Entity.
<b>EFT</b>	Electronic Funds Transfer.
<b>Eligible Closed Class Unitholder</b>	A Closed Class Unitholder other than an Ineligible Foreign Closed Class Unitholder
<b>FATCA</b>	Foreign Account Tax Compliance Act.
<b>Fees and Costs</b>	The fees and costs of the Fund as described in Section 9 of this PDS.
<b>Fund</b>	Magellan Global Fund (ARSN 126 366 961).
<b>GST</b>	Goods and Services Tax.
<b>HIN</b>	Holder Identification Number.
<b>IDPS</b>	Investor Directed Portfolio Service.
<b>iNAV</b>	Indicative NAV per unit.
<b>Ineligible Foreign Closed Class Unitholder</b>	A Closed Class Unitholder whose address as shown on the register of members on the Conversion record date is in a jurisdiction other than Australia (or its external territories), New Zealand, Hong Kong or Singapore unless the Responsible Entity otherwise determines after being satisfied that it is lawful and not unduly onerous or unduly impracticable for new Open Class Units to be issued to such Closed Class Unitholder on implementation of the Conversion.
<b>Investment Manager</b>	Magellan Asset Management Limited ABN 31 120 593 946; AFS Licence No. 304 301
<b>Listing Rules</b>	The listing rules of the ASX from time to time.
<b>NAV</b>	Net asset value.

<b>NAV Permitted Discretions Policy</b>	The Responsible Entity's policy detailing the discretions exercised in the calculation of NAV per Unit.
<b>NAV per Unit</b>	The NAV per Unit is calculated by dividing the NAV of the Fund by the number of units on issue.
<b>Northern Trust</b>	The Northern Trust Company (acting through its Australian branch).
<b>Open Class Units</b>	An open-ended class of units in the Fund quoted on the ASX (ASX ticker: MGOC) under the Securities Exchange Rules.
<b>PDS</b>	This product disclosure statement as amended or supplemented from time to time.
<b>Record Date</b>	The date used in determining who is entitled to a distribution. Those investors on the register on the Record Date are eligible for the distribution.
<b>Unitholder Booklet</b>	The unitholder booklet issued to holders of Open Class Units and Closed Class Units that is dated the same date as this PDS, and which includes Notices of Meeting and an Explanatory Memorandum relating to the Conversion.
<b>Registry Services Agreement</b>	The Fund Administration Services Agreement in respect of the Fund between the Responsible Entity and the Unit Registry.
<b>Responsible Entity</b>	Magellan Asset Management Limited ABN 31 120 593 946; AFS Licence No. 304 301.
<b>Settlement Rules</b>	The operating rules of ASX Settlement Pty Limited (ABN 49 008 504 532) from time to time.
<b>Securities Exchange</b>	The Australian Securities Exchange operated by ASX.
<b>Securities Exchange Operator</b>	ASX.
<b>Securities Exchange Rules</b>	The operating rules of the Securities Exchange Operator that apply from time to time to the quotation of managed funds and products such as the Open Class Units.
<b>SRN</b>	Securityholder Reference Number.
<b>Trading Day</b>	The day and time during which shares are traded on the Securities Exchange.
<b>Unit Registry</b>	Apex Fund Services operates the registry for the Fund.

## 14. Contact details

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