

Fund Update: 31 August 2021

Magellan High Conviction Trust (Managed Fund)

ARSN: 634 789 754

Ticker: MHHT

Trust Facts

Portfolio Managers	Hamish Douglass and Chris Wheldon	
Structure	Global Equity Fund	
Inception Date	11 October 2019	
Management Fee ¹	1.50% per annum	
Trust Size / NAV Price	AUD \$1,055.5 million / \$1.8300 per unit	
Distribution Frequency	Semi-annually	
Performance Fee ¹	10% of the excess return of the units of the Trust above the Absolute Return performance hurdle (10% per annum). Additionally, the Performance Fees are subject to a high water mark.	
Tickers	Solactive iNAV	ICE iNAV
Bloomberg (MHHT AU Equity)	MHHTAUIV Index	MHHTIV Index
Refinitive (MHHT.AX)	MHHTAUDINAV=SOLA	MHHTAUiv.P
IRESS (MHHT.ASX)	MHHTAUDINAV.ETF	MHHT-AUINAV.NGIF

¹All fees are inclusive of the net effect of GST

Fund Features

- 'Open-ended' active ETF
- Actively managed global equities trust, invested in 8-12 of Magellan's best ideas
- Target Cash Distribution yield of 3% per annum paid semi-annually
- Minimum administration for investors; no paperwork needed to trade
- Investors can buy or sell units on the ASX like any other listed security or apply and redeem directly with the Responsible Entity
- Settlement via CHES

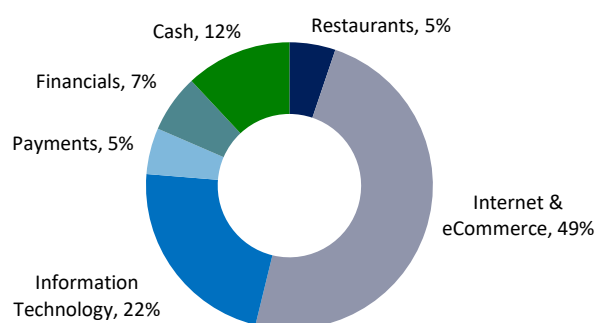
Trust Performance*

	Magellan High Conviction Trust (Managed Fund) (%)
1 Month	2.9
3 Months	12.1
1 Year	16.8
Since Inception (% p.a.)	14.4

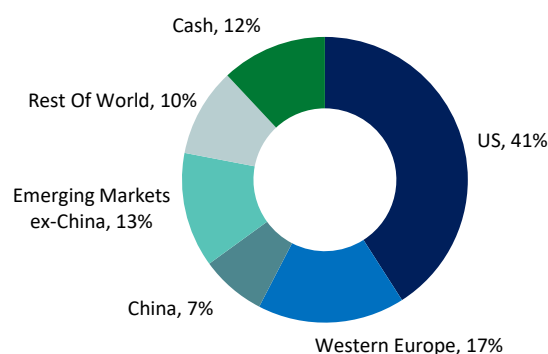
Top 5 Holdings

In alphabetical order	Sector [#]
Alphabet Inc	Internet & eCommerce
Facebook Inc	Internet & eCommerce
Microsoft Corporation	Information Technology
Netflix Inc	Internet & eCommerce
SAP SE	Information Technology

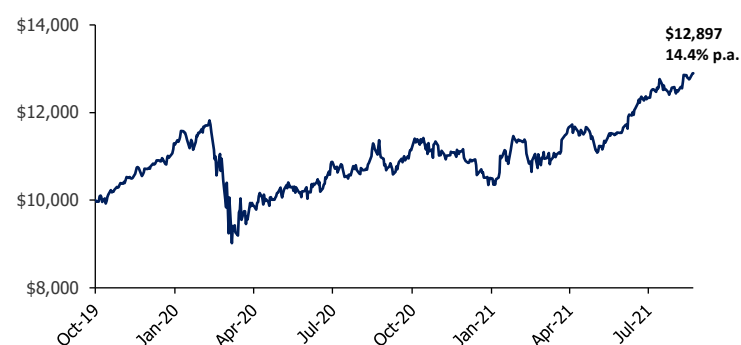
Sector Exposure by Source of Revenue[#]



Geographical Exposure by Source of Revenue[#]



Performance Chart growth of AUD \$10,000[^]



* Calculations are based on NAV prices with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable).

[#] Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not add to 100% due to rounding.

Portfolio Commentary

In August, the portfolio exited its position in Tencent Holdings and initiated a new investment in Amazon.

Tencent owns numerous structurally advantaged businesses. However, we believe Tencent is operating in socially contentious areas including gaming, entertainment and social media that carry the risk of further, and potentially severe, regulatory intervention by the Chinese government. Given recent events we do not believe we can judge with any degree of certainty where the Chinese government's regulatory intervention will land and we cannot reasonably assess the impact on Tencent's future profitability. Given the potentially wide range of outcomes on the value of Tencent, we have sold the investment.

Amazon is the world's leading ecommerce and cloud-computing platform ex-China. It is developing a large advertising business leveraging its ecommerce platform, an emerging advertising-supported video-streaming business that seeks to capitalise on its large number of Prime members, and a third-party logistics business that leverages its ecommerce fulfilment infrastructure. The company's markets are large and growing rapidly. Amazon's profitability is expected to improve as its higher-margin businesses, including cloud computing and advertising, grow faster and as it gains economies of scale in relation to significant fixed costs, particularly investments in fulfilment and logistics for ecommerce. Amazon is a visionary company that is willing to make significant investments that weigh on short-term profitability but are expected to have very attractive long-term payoffs; most notably, Amazon Web Services and free shipping through its Prime membership program. Amazon is undertaking massive investment in opportunities including international ecommerce, entertainment and logistics. Amazon is an attractively priced investment based on the value of its core businesses with potentially large value creation from future initiatives including entertainment and logistics.