

Magellan High Conviction Trust (Managed Fund)



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

AS AT 29 FEBRUARY 2024

PORTFOLIO MANAGERS

NIKKI THOMAS, CFA AND ALAN PULLEN

INVESTMENT OBJECTIVE AND PHILOSOPHY

Objectives: To achieve attractive risk-adjusted returns over the medium to long-term.

Aims to deliver 10% p.a. net of fees over the economic cycle.

Philosophy: To invest in outstanding companies at attractive prices, while exercising a deep understanding of the macroeconomic environment to manage investment risk.

PORTFOLIO CONSTRUCTION

A concentrated portfolio of 10-20 high quality companies meaningfully diversified in risk exposure and correlations seeking to achieve strong risk-adjusted, not benchmark-relative returns.

Cash and cash equivalents exposure between 0 - 50%.

The trust may, from time to time, hedge some or all of the capital component of the foreign currency exposure of the trust arising from investments in overseas markets back to Australian Dollars.

INVESTMENT RISKS

All investments carry risk. While it is not possible to identify every risk relevant to an investment in the trust, we have provided details of risks in the relevant Product Disclosure Statement or offer document. You can view the PDS for the trust on Magellan's website www.magellangroup.com.au

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

| TICKER | TRUST SIZE | BUY/SELL SPREAD ¹ | MANAGEMENT AND PERFORMANCE FEES ² | INCEPTION DATE |
|--------|---------------------|------------------------------|---|-----------------|
| MHHT | AUD \$473.6 million | 0.07% / 0.07% | 1.50% p.a. and performance fee of 10% of excess return [^] | 11 October 2019 |

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

PERFORMANCE³

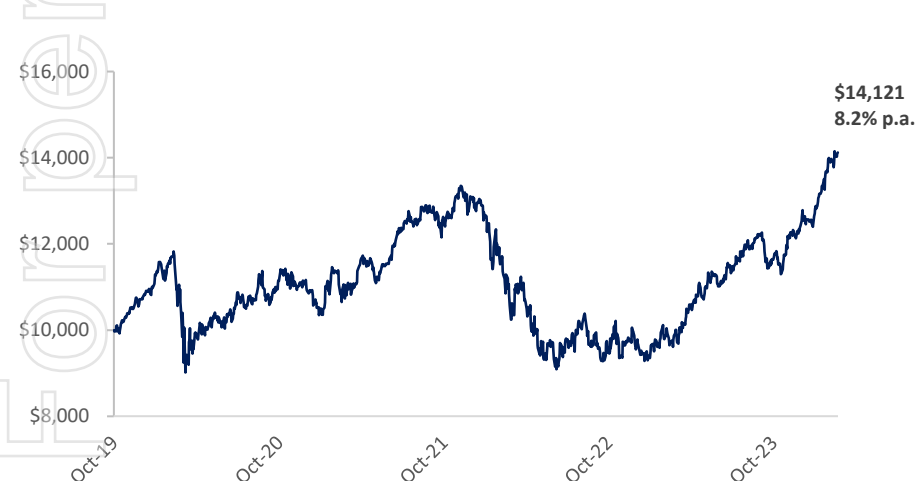
| | 1 MONTH (%) | 3 MONTHS (%) | 1 YEAR (%) | 3 YEARS (% p.a.) | Since Inception (% p.a.) |
|------|----------------|-----------------|---------------|---------------------|-----------------------------|
| MHHT | 6.5 | 15.7 | 45.3 | 9.0 | 8.2 |

CALENDAR YEAR RETURNS

| | CYTD (%) | 2023 (%) | 2022 (%) | 2021 (%) | 2020 (%) | 2019 (part year) |
|------|-------------|-------------|-------------|-------------|-------------|---------------------|
| MHHT | 12.5 | 34.6 | -27.7 | 21.2 | -1.6 | 8.2 |

Past performance is not a reliable indicator of future performance.

PERFORMANCE CHART GROWTH OF AUD \$10,000³



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TRUST CHARACTERISTICS⁴

| | 3-YEAR | AVERAGE | HIGH | LOW |
|------------------|--------|---------|-------|------|
| Cash Weight | | 4.8% | 18.7% | 1.1% |
| Number of Stocks | | 12 | 16 | 10 |
| Hedging Weight | | 0.3% | 10.1% | 0.0% |

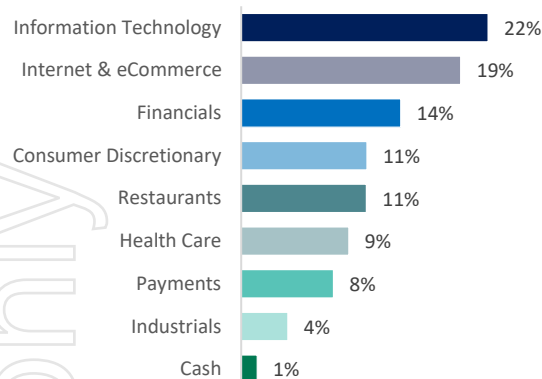
¹ Only applicable to investors applying for units and withdrawing units directly with the Responsible Entity.

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

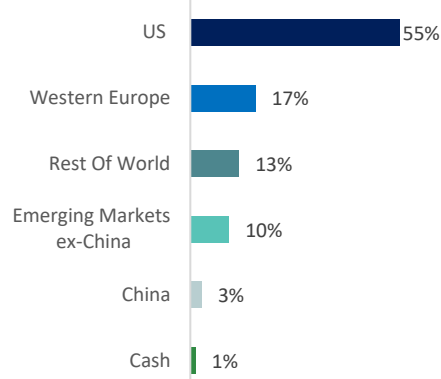
³ Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.

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

SECTOR EXPOSURE BY SOURCE OF REVENUE⁵



GEOGRAPHIC EXPOSURE BY SOURCE OF REVENUE⁵



TOP 5 HOLDINGS (ALPHABETICAL ORDER)

| STOCK | SECTOR ⁵ |
|-------------------------------|------------------------|
| Amazon.com Inc | Internet & eCommerce |
| Booking Holdings Inc | Consumer Discretionary |
| Intercontinental Exchange Inc | Financials |
| Microsoft Corporation | Information Technology |
| Visa Inc | Payments |

TOP CONTRIBUTORS/DETRACTORS 1 YEAR⁶

| TOP 3 CONTRIBUTORS | CONTRIBUTION TO RETURN (%) |
|------------------------|----------------------------|
| Microsoft Corporation | 7.5 |
| Amazon.com Inc | 7.1 |
| Alphabet | 5.0 |
| TOP 3 DETRACTORS | CONTRIBUTION TO RETURN (%) |
| WEC Energy Group Inc | -0.4 |
| UnitedHealth Group Inc | -0.3 |
| Diageo Plc | -0.1 |

MONTHLY SUMMARY

The MSCI World Index gained 4.6% in February, led by Consumer Discretionary (+8.0%), Information Technology (+6.3%) and Industrials (6.3%). Only Utilities fell (-0.8%). In local currencies, the US S&P 500 rose 5.2% and the Nasdaq Composite climbed 6.1%, Japan's Nikkei 225 added 7.9%, Europe's STOXX Europe 600 rose 1.8%, Australia's ASX 200 gained 0.8% and China's CSI 300 index rose 9.4%.

Numerous company results reported for the December quarter resulted in strong and widespread upgrades to earnings expectations, especially among cyclical sectors. December quarter US GDP grew at a 3.2% annualised rate, while US unemployment remained low at 3.7%. US inflation picked up slightly, which saw the US 10-year government yield rise 36bp to 4.25% as investors reduced and pushed out Fed rate cut expectations. Europe and Japan's economic growth were comparatively weak, and it remains likely the ECB (European Central Bank) will also cut policy rates during 2024. German 10-year bond yields rose 26bp to 2.38%. In China, the property bubble unwind is continuing, deflation is evident, confidence is weak and government stimulus, thus far, is insufficient to boost economic growth.

In February, the portfolio rose strongly, benefiting from strong markets, good underlying company performances and an AUD tailwind of 1.4%. Price gains were led by Amazon, Safran and Chipotle Mexican Grill, all up over 10% as each delivered excellent quarter and year 2023 results and strong outlooks. Price declines remained widespread in Utilities and WEC Energy saw a 4.7% decline in the month. UnitedHealth was also slightly weaker. Both moves reflect a general shift away from defensives as economic data continues to show resilience in the US. Our top contributors were Amazon, Intercontinental Exchange, Chipotle, ASML and Salesforce. We remain convinced of their return prospects, with several supported by upside from leveraging AI (Artificial Intelligence).

Stock contributors/detractors are based in local currency terms unless stated otherwise.

⁵ Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding.

⁶ Shows how much the stock has contributed to the trust's gross return for the period in AUD. Excludes non-disclosed positions established in the latest quarter.

IMPORTANT INFORMATION

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