

Magellan High Conviction Trust (Managed Fund)



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

AS AT 31 AUGUST 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 \$434.9 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

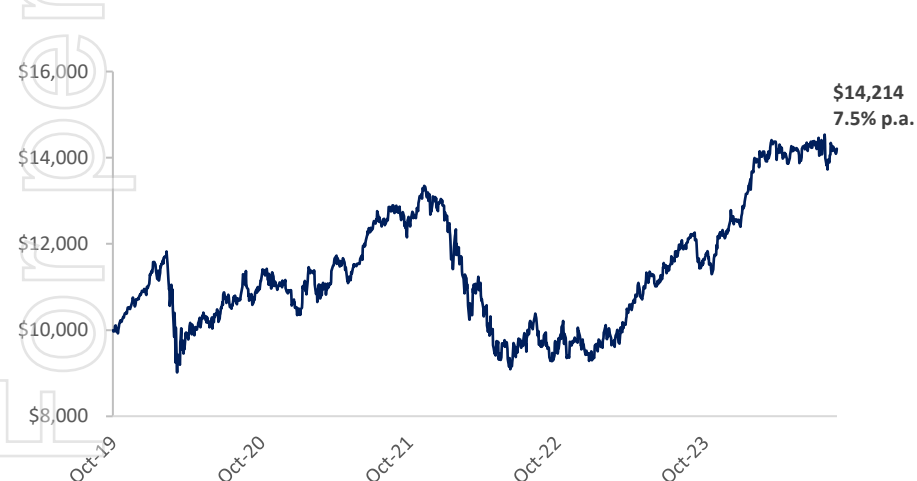
	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	Since Inception (% p.a.)
MHHT	-2.2	1.8	17.3	3.3	7.5

CALENDAR YEAR RETURNS

	CYTD (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (part year)
MHHT	13.3	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		4.1%	18.7%	1.1%
Number of Stocks		13	16	10
Hedging Weight		0.3%	10.1%	0.0%

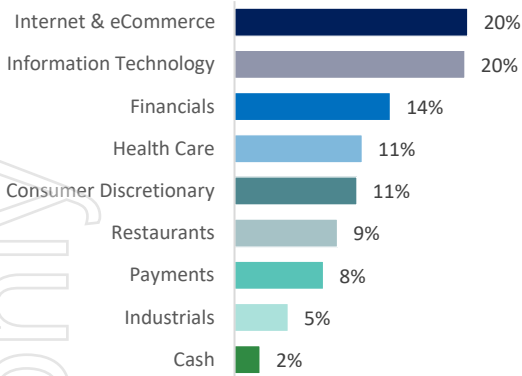
¹ Only applicable to investors applying for units and withdrawing units directly with the Responsible Entity.

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

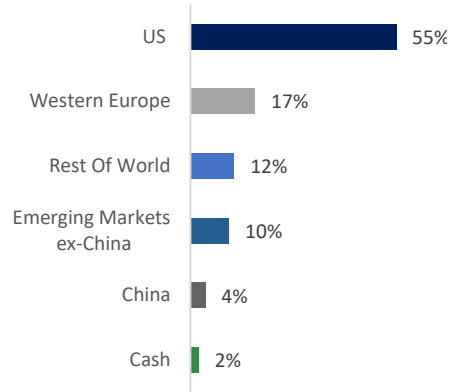
³ Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.

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
Brookfield Corporation	Financials
Intercontinental Exchange Inc	Financials
Microsoft Corporation	Information Technology
Visa Inc	Payments

TOP CONTRIBUTORS/DETRACTORS 1 YEAR⁶

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Microsoft Corporation	2.6
Amazon.com Inc	2.4
HCA Healthcare Inc	2.4
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Ulta Beauty Inc	-1.8
Lowe's Companies Inc	-0.8
Diageo Plc	-0.5

MONTHLY SUMMARY

An unwind of the yen carry trade saw a large volatility spike during August and some big falls intra-month, yet start to finish the indices largely round-tripped. Sectoral shifts showed investors moving to a more defensive posture and into sectors that benefit from falling interest rates. We saw the last of earnings results, evidencing a weakening (but not terrible) US consumer, ongoing slowing in inflation (except in Australia), and declines in 10-year bond yields across major markets. At Jackson Hole, Chair Powell delivered a comprehensive take on the demand-supply imbalances of recent years and noted the balance of risks on the dual mandate (growth and inflation) has shifted. A cut to US Federal Reserve policy rates seems assured in September. Economic data will determine the extent of cuts into Christmas, but we expect less than current market pricing without a marked economic deterioration. Elsewhere, China is suffering from a weak consumer, housing sector problems, stagnant productivity and slow economic growth and remains unattractive to us.

In August, the portfolio fell, weighed down by the 3.9% rise in AUD. Top contributors were Meta, HCA Healthcare, Intercontinental Exchange and Booking, which all rose over 5%. Each has delivered strong recent results. ICE should be a future beneficiary of falling US mortgage rates while HCA is benefiting from the return of unmet medical needs such as elective surgeries while it continues to reduce wages costs.

While no portfolio stocks fell more than 5%, softness in Amazon, Alphabet and ASML were negative contributors. These are and remain major beneficiaries and enablers of the emergence of Generative AI and AI more generally, as well as other long-term structural growth trends (such as cloud, semiconductor needs, and streaming). Short-term price fluctuations, as sentiment waxes and wanes, are opportunities to capture additional returns for our investors.

Index movements and 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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