

# Magellan High Conviction Trust - Active ETF



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

AS AT 31 JANUARY 2025

## PORTFOLIO MANAGER

NIKKI THOMAS, CFA

### INVESTMENT OBJECTIVE AND PHILOSOPHY

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

Aims to deliver 10% per annum 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 - 15%.

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, returns are not guaranteed and there is a risk that investors may lose money on any investment they make. The Fund's Product Disclosure Statement (PDS) sets out the significant risks relevant to the Fund. You can view the PDS at [www.magellangroup.com.au](http://www.magellangroup.com.au).

## MAGELLAN HIGH CONVICTION TRUST - ACTIVE ETF: KEY PORTFOLIO INFORMATION

TICKER	TRUST SIZE	BUY/SELL SPREAD <sup>1</sup>	MANAGEMENT AND PERFORMANCE FEES <sup>2</sup>	INCEPTION DATE
MHHT	AUD \$482.3 million	0.12% / 0.12%	1.50% p.a. and performance fee of 10% of excess return <sup>^</sup>	11 October 2019

<sup>^</sup> 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.

### PERFORMANCE<sup>3</sup>

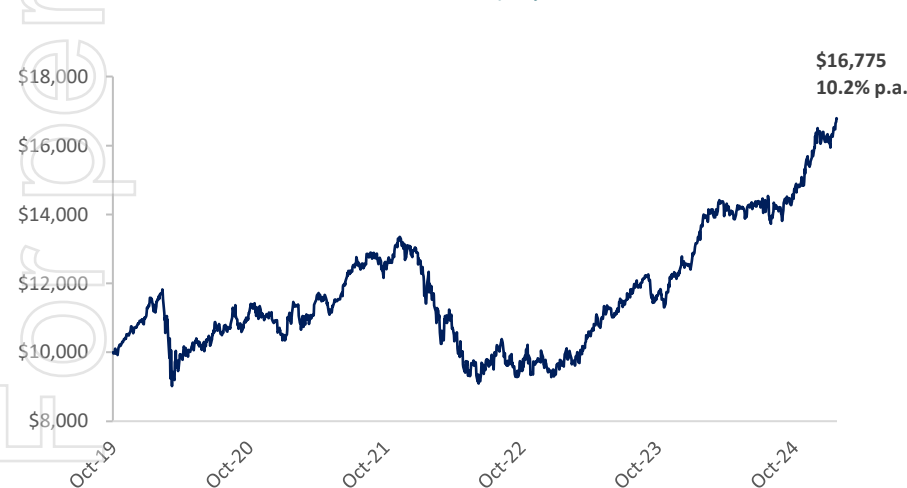
	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	5 YEARS (% p.a.)	Since Inception (% p.a.)
MHHT	4.2	13.1	26.5	11.3	8.5	10.2

### CALENDAR YEAR RETURNS

	CYTD (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (part year)
MHHT	4.2	28.3	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 \$10,000<sup>3</sup>



Past performance is not a reliable indicator of future performance.

### TRUST CHARACTERISTICS<sup>4</sup>

	3-YEAR	AVERAGE	HIGH	LOW
Cash Weight		3.9%	18.7%	1.1%
Number of Stocks		14	18	10
Hedging Weight		0.8%	10.1%	0.0%

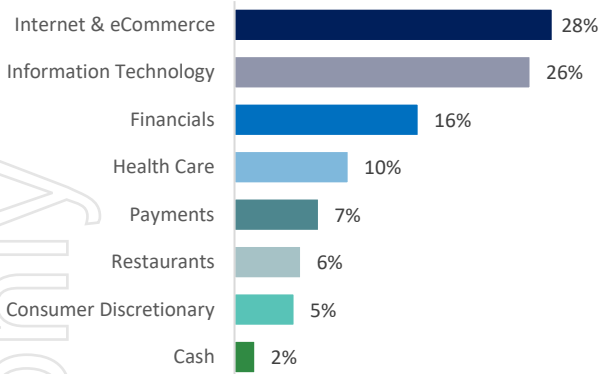
<sup>1</sup> Only applicable to investors applying for units and withdrawing units directly with the Responsible Entity.

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

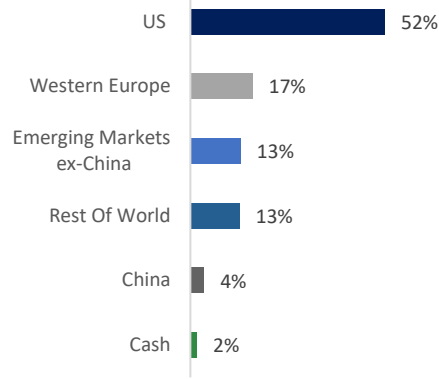
<sup>3</sup> Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.

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

## SECTOR EXPOSURE BY SOURCE OF REVENUE<sup>5</sup>



## GEOGRAPHIC EXPOSURE BY SOURCE OF REVENUE<sup>5</sup>



## TOP 5 HOLDINGS (ALPHABETICAL ORDER)

STOCK	SECTOR <sup>5</sup>
Amazon.com Inc	Internet & eCommerce
Meta Platforms Inc	Internet & eCommerce
Microsoft Corporation	Information Technology
Salesforce Inc	Information Technology
Visa Inc	Payments

## TOP CONTRIBUTORS/DETRACTORS 1 YEAR<sup>6</sup>

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Amazon.com Inc	5.4
Brookfield Corporation	3.6
Alphabet	3.1
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Ulta Beauty Inc	-2.1
Novo Nordisk ADR	-1.6
ASML Holding NV	-0.6

## MONTHLY SUMMARY

In January the MSCI World Index (AUD) rose 2.8%, led by communication services and financials, and AUD rose slightly. As financials kicked off reporting season, we saw some excellent results as capital markets activity levels began to improve. The Federal Reserve held its policy rate steady (4.25-4.5%), noting some uncertainty lay ahead on policy, while Trump's Inauguration on January 20 was followed swiftly by many executive orders. Trump has remained active on policy initiatives and announcements since, including plans for tariffs on products from Canada, Mexico and China. It is difficult to determine where policies will land with resulting negotiations and impacts adding volatility to share prices. Over the Australia Day long weekend, China's DeepSeek unveiled a major innovation breakthrough in AI. It led to an initial \$465B drop in Nvidia's value and significant falls across Technology and Power stocks as investors grappled with whether or not DeepSeek disrupted these companies by building a dramatically cheaper model. Atypically, the MSCI IT sector declined in the month. Significant cost reductions and efficiency gains lie ahead, being critical to unlocking the huge opportunity resulting from AI (such as electrification, autonomous vehicles and humanoid robots) in the same way the falls in cost to compute unlocked the internet, big data analytics and democratised technology.

The portfolio performed well in the month with 10%+ positive moves in Meta, MercadoLibre and Morgan Stanley, alongside strength in Amazon and Visa leading contributions. Meta benefited as DeepSeek used its open-source model Llama, amongst others. Morgan Stanley reported 4Q24 results, delivering 26% revenue growth and EPS growth of 158% (18% for the year), smashing market expectations and significant earnings upgrades followed. It is leveraged to structural growth and share gains in its wealth and asset management divisions (where revenues are often recurring in nature) and a cyclical pick-up in capital markets activity with potential further upside from deregulation (per Trump's agenda).

*Index movements and stock contributors/detractors are based in local currency terms unless stated otherwise.*

<sup>5</sup> 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.

<sup>6</sup> 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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