



# INTERIM FINANCIAL REPORT

## FOR THE HALF YEAR ENDED 31 DECEMBER 2019

**MAGELLAN GLOBAL EQUITIES FUND:** ARSN 603 395 302

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# MAGELLAN GLOBAL EQUITIES FUND

## Chairman's Report

for the half year ended 31 December 2019

Dear Unitholders,

We are pleased to present the Interim Financial Report for Magellan Global Equities Fund (Managed Fund) (the "Fund"). The Fund is a managed investment scheme for which Magellan Asset Management Limited ("MAM") acts as both Responsible Entity and Investment Manager.

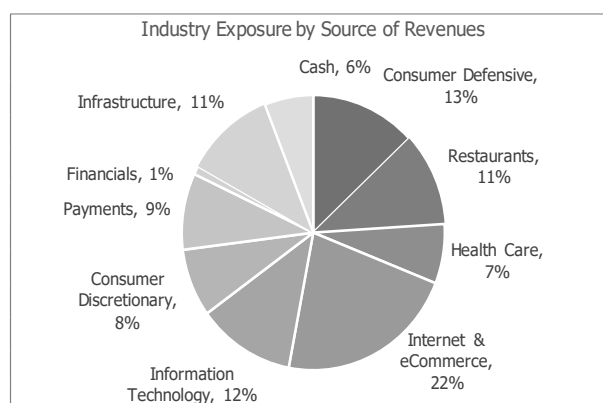
The Fund is quoted on the Australian Securities Exchange (ticker code: MGE) and commenced trading on 5 March 2015. As at 31 December 2019, the Fund had net assets of \$1,649 million and a net asset value of \$3.96 per unit.

The Fund's portfolio is actively managed by MAM and mirrors, to all intents and purposes, the unlisted Magellan Global Fund. MAM 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 and 40 high-quality global equity stocks, as assessed by MAM, and has the ability to manage equity market risk by holding up to 20% of its net assets in cash. The portfolio is currency unhedged. For the six months to 31 December 2019, the Fund returned 8.2% net of fees. This compares to the return of the index (MSCI World Net Total Return Index (Australian Dollars)) of 9.0% over the same period.

We would encourage you to read our monthly and quarterly Fund Reports which provide valuable insight into our investment strategies and portfolio managers' thoughts. These are released on ASX and can also be found on our website: [www.magellangroup.com.au](http://www.magellangroup.com.au).

As at 31 December 2019, the Fund consisted of investments in 26 companies, with the top 10 investments (listed below) representing 54.9% of the Fund. The Fund's cash position was 6% which was predominantly held in US Dollars. The Fund's industry exposure by source of revenues is highlighted below.

Top 10 holdings (as at 31 December 2019)	% of Fund
Alphabet - class A and class C shares	7.1
Microsoft	6.8
Facebook - class A shares	6.6
Alibaba Group Holding	6.5
Starbucks	5.7
Visa - class A shares	5.3
LVMH	4.7
Novartis	4.2
Mastercard	4.0
Yum! Brands	4.0
<b>Top 10 Total</b>	<b>54.9</b>



The following report contains relevant financial statements and information which we encourage you to read carefully.

**Robert Fraser**  
Chairman  
27 February 2020

# MAGELLAN GLOBAL EQUITIES FUND

## Responsible Entity's Report for the half year ended 31 December 2019

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan Global Equities Fund ("the Fund" or "MGE") present their half year report on the Fund for the period ended 31 December 2019.

### 1. Directors

The following persons were Directors of MAM during the period and up to the date of this report:

Name	Directorship	Appointed
Brett Cairns	Chief Executive Officer	22 January 2007
John Eales	Non-Executive Director	1 July 2017
Robert Fraser	Chairman	23 April 2014
Paul Lewis	Non-Executive Director	20 December 2006
Hamish McLennan	Non-Executive Director	1 March 2016
Kirsten Morton	Chief Financial Officer	5 October 2018
Karen Phin	Non-Executive Director	23 April 2014

### 2. Principal Activity

The Fund is a registered managed investment scheme domiciled in Australia and quoted on the Australian Securities Exchange ("ASX") under the AQUA Rules (ticker code MGE). It was registered on 24 December 2014 and commenced trading on 5 March 2015.

The Fund invests in a portfolio of between 20 and 40 high quality global equity stocks. To achieve this MAM undertakes rigorous company research to identify what it assesses to be high quality companies combined with an assessment of the macro-economic environment and a disciplined risk controlled approach to portfolio construction. The Fund has the ability to manage equity market risk by holding up to 20% of its net assets in cash. It 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.

The Fund's investment objectives are to achieve attractive risk-adjusted returns over the medium to long term, while reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the current Product Disclosure Statement, issued 18 November 2019).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund. As the Investment Manager, it is responsible for selecting and managing the assets of the Fund. In addition, the Responsible Entity, on behalf of the Fund, may also provide trading liquidity to investors on the ASX under the AQUA Rules by acting as a buyer and seller of units in the Fund. The Responsible Entity has appointed an independent market participant to act as its agent to execute its market making activities.

The Fund's principal place of business is Level 36, 19 Martin Place, Sydney, New South Wales 2000.

### 3. Significant Changes In State Of Affairs

There were no significant changes in the state of affairs of the Fund during the period.

### 4. Distribution

No distribution was declared for the period ended 31 December 2019 (December 2018: nil).

## MAGELLAN GLOBAL EQUITIES FUND

# Responsible Entity's Report

## for the half year ended 31 December 2019

### 5. Review Of Financial Results And Operations

#### a) Financial Results For The Period

The performance of the Fund, as represented by the results of its operations for the periods ended 31 December, was as follows:

	31 December 2019	31 December 2018
<b>Results</b>		
Total net investment income (\$'000)	128,744	22,319
Total expenses (\$'000)	11,720	8,975
<b>Profit/(Loss) (\$'000)</b>	117,024	13,344
<b>Net Asset Value ("NAV") Per Unit (\$)<sup>(A)</sup></b>	3.9609	3.1873

<sup>(A)</sup> The NAV Per Unit represents the net assets of the Fund presented in the Statement Of Financial Position at balance date divided by the number of units on issue at balance date (refer Note 4 and Note 6 to the financial statements).

#### b) Total Indirect Cost Ratio ("ICR")

The ICR, for the 6 and 12 months ended 31 December, is the ratio of the Fund's actual management costs over the average portfolio value, expressed as a percentage. Management costs, accrued within the Fund's unit price on a daily basis, include management, administration and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

	6 months to 31 December 2019	6 months to 31 December 2018	12 months to 31 December 2019	12 months to 31 December 2018
<b>Indirect Cost Ratio</b>				
Management fee (%)	0.68	0.68	1.35	1.35
Performance fee (%)	0.00	0.02	0.10	0.21
<b>Total Indirect Cost Ratio (%)</b>	0.68	0.70	1.45	1.56

#### c) Performance Returns

The performance returns for the 6 and 12 months ended 31 December shown in the table below have been calculated using the NAV per unit for the Fund, which is after fees and expenses, assuming the reinvestment of distributions at NAV. The returns are calculated daily, compounded to produce longer period returns.

	6 months to 31 December 2019	6 months to 31 December 2018	12 months to 31 December 2019	12 months to 31 December 2018
<b>Performance</b>				
Growth return (%) <sup>(A)</sup>	8.2	1.4	24.3	6.4
Distribution return (%) <sup>(B)</sup>	-	-	3.7	3.2
<b>Total Return (%) <sup>(C)</sup></b>	8.2	1.4	28.0	9.6

<sup>(A)</sup> The Growth return is calculated daily as a percentage by dividing the NAV per unit (ex-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

<sup>(B)</sup> The Distribution return is calculated as a percentage by subtracting the Growth return from the Total return.

<sup>(C)</sup> The Total return is calculated daily as a percentage by dividing the NAV per unit (cum-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Total return are then compounded to produce longer period returns.

## MAGELLAN GLOBAL EQUITIES FUND

# Responsible Entity's Report

## for the half year ended 31 December 2019

### 5. Review Of Financial Results And Operations (continued)

#### c) Performance Returns (continued)

Performance fees are calculated on six monthly measurement periods ending on 30 June and 31 December of each year. The Responsible Entity's entitlement to a performance fee is dependent on the Fund exceeding both index relative and absolute return hurdles over a given measurement period, as well as exceeding the applicable high watermark and an overall cap. Performance fees crystallise at the end of a measurement period. Further details of the performance fees can be found in the Fund's Product Disclosure Statement which is available at [www.magellangroup.com.au](http://www.magellangroup.com.au).

#### d) Strategy And Future Outlook

The Fund's investment objective is unchanged. The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Therefore, investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement of expected results of operations. The Fund provides monthly fund updates, quarterly portfolio disclosure and annual investor reports, which can be found in 'Our Funds' section of the Magellan Financial Group Limited website, [www.magellangroup.com.au](http://www.magellangroup.com.au) and also the ASX website. The Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

### 6. Interest In The Fund

The movement in units on issue in the Fund is disclosed in Note 4 to the financial statements.

### 7. Likely Developments And Expected Results Of Operations

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the Product Disclosure Statement. The method of operating the Fund is not expected to change in the foreseeable future however the results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and past returns should not be used to predict future returns.

### 8. Subsequent Events

In a release to the ASX on 5 February 2020, the Fund reported a NAV per unit of \$4.2206 and 421,457,945 units on issue as at 31 January 2020.

Other than the items disclosed throughout this Interim Financial Report and the above there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods. Asset prices move daily and daily unit prices are available on the Magellan Financial Group Limited website, [www.magellangroup.com.au](http://www.magellangroup.com.au) and also the ASX website.

### 9. Rounding Of Amounts

The Fund is of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and consequently amounts in the Responsible Entity's Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

## MAGELLAN GLOBAL EQUITIES FUND

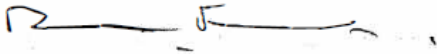
# Responsible Entity's Report

for the half year ended 31 December 2019

### 10. Auditor

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.



**Robert Fraser**

Chairman

Sydney, 27 February 2020



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## **Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as the Responsible Entity of Magellan Global Equities Fund**

As lead auditor for the review of the interim financial report of Magellan Global Equities Fund for the period ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Clare Sporle  
Partner  
27 February 2020



## MAGELLAN GLOBAL EQUITIES FUND

# Statement Of Profit Or Loss And Comprehensive Income

for the half year ended 31 December 2019

	Note	31 December 2019 \$'000	31 December 2018 \$'000
<b>Investment Income</b>			
Dividend and distribution income		8,447	6,551
Interest income		885	1,771
Net change in fair value of investments		119,165	3,917
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash		247	10,080
<b>Total Net Investment Income</b>		<b>128,744</b>	<b>22,319</b>
<b>Expenses</b>			
Management fees		10,444	7,774
Performance fees		40	210
Settlement processing fees		-	40
Transaction costs		60	12
Withholding tax on dividends		1,176	939
<b>Total Expenses</b>		<b>11,720</b>	<b>8,975</b>
<b>Profit/(Loss)</b>		<b>117,024</b>	<b>13,344</b>
Other comprehensive income		-	-
<b>Total Comprehensive Income</b>		<b>117,024</b>	<b>13,344</b>
<b>Basic Earnings Per Unit (Cents)</b>	5	29.50	3.85
<b>Diluted Earnings Per Unit (Cents)</b>	5	29.50	3.85

The above Statement Of Profit Or Loss And Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

## MAGELLAN GLOBAL EQUITIES FUND

# Statement Of Financial Position

as at 31 December 2019

	Note	31 December 2019 \$'000	30 June 2019 \$'000
<b>Assets</b>			
Cash and cash equivalents		98,721	112,412
Receivables		5,803	3,455
Investments	3 a)	1,553,407	1,321,983
<b>Total Assets</b>		<b>1,657,931</b>	<b>1,437,850</b>
<b>Liabilities</b>			
Payables		8,803	6,330
Distribution payable		-	41,745
<b>Total Liabilities</b>		<b>8,803</b>	<b>48,075</b>
<b>Total Unitholders' Equity</b>		<b>1,649,128</b>	<b>1,389,775</b>

The above Statement Of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

## MAGELLAN GLOBAL EQUITIES FUND

# Statement Of Changes In Equity

for the half year ended 31 December 2019

	31 December 2019 \$'000	31 December 2018 \$'000
<b>Unitholders' Equity At The Beginning Of The Period</b>	1,389,775	1,051,601
Transactions with unitholders in their capacity as owners:		
Units issued	159,982	100,291
Units issued under distribution reinvestment plan	2,330	3,595
Units redeemed	(19,983)	(35,177)
Total transactions with unitholders	142,329	68,709
Comprehensive income for the period:		
Profit/(loss)	117,024	13,344
Other comprehensive income	-	-
Total comprehensive income for the period	117,024	13,344
<b>Total Unitholders' Equity At The End Of The Period</b>	<b>1,649,128</b>	<b>1,133,654</b>

The above Statement Of Changes In Equity should be read in conjunction with the accompanying notes to the financial statements.

## MAGELLAN GLOBAL EQUITIES FUND

# Statement Of Cash Flows

for the half year ended 31 December 2019

	31 December 2019 \$'000	31 December 2018 \$'000
<b>Cash Flows From Operating Activities</b>		
Dividends and distributions received (net of withholding tax)	6,724	5,656
Interest received	999	1,646
Management and performance fees paid	(11,509)	(9,734)
Settlement processing fees paid	-	(40)
Other expenses paid	(60)	(12)
<b>Net Cash Inflows/(Outflows) From Operating Activities</b>	<b>(3,846)</b>	<b>(2,484)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(442,925)	(130,564)
Proceeds from sale of investments	332,940	102,040
Cash flows from settlement of foreign exchange contracts	4,061	7,776
<b>Net Cash Inflows/(Outflows) From Investing Activities</b>	<b>(105,924)</b>	<b>(20,748)</b>
<b>Cash Flows From Financing Activities</b>		
Receipts from issue of units	158,953	99,578
Payments for redemption of units	(19,983)	(35,177)
Distributions paid	(39,415)	(28,545)
<b>Net Cash Inflows/(Outflows) From Financing Activities</b>	<b>99,555</b>	<b>35,856</b>
<b>Net Increase/(Decrease) In Cash And Cash Equivalents</b>	<b>(10,215)</b>	<b>12,624</b>
Cash and cash equivalents at the beginning of the period	112,412	197,949
Effect of exchange rate fluctuations on cash and cash equivalents	(3,476)	2,239
<b>Cash And Cash Equivalents At The End Of The Period</b>	<b>98,721</b>	<b>212,812</b>

The above Statement Of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

## Notes To The Financial Statements for the half year ended 31 December 2019

### Overview

Magellan Global Equities Fund ("the Fund") is a registered managed investment scheme under the Corporations Act 2001 and is admitted to trading status on the ASX under the AQUA Rules. The Fund was registered on 24 December 2014 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 5 March 2015. The Fund terminates on the day immediately preceding the 80<sup>th</sup> anniversary of the date of commencement, unless terminated earlier in accordance with the Fund's Constitution.

Magellan Asset Management Limited (ABN 31 120 593 946) is the Responsible Entity of the Fund.

This financial report was authorised for issue by the Directors of the Responsible Entity on 27 February 2020. The Directors have the power to amend and reissue this financial report.

The Fund is considered a for-profit unit trust for the purpose of this interim financial report.

### 1. Basis Of Preparation

The condensed interim financial report is a general purpose financial report, presented in Australian Dollars, and has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, other mandatory professional reporting requirements and the Fund's Constitution.

The condensed interim financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2019 Annual Report and any public announcements made during the period.

The Statement Of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss. These fair value assets and liabilities comprise mainly investments that are managed based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. Consequently, the investments that may be realised within 12 months cannot be determined at reporting date.

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000) or in certain cases, the nearest dollar, unless otherwise stated in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

#### a) Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new standards that are described in Note 1 b). The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### b) New And Amended Accounting Standards

There are no standards, interpretations or amendments to existing standards that are effective as of 1 July 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

#### c) Critical Accounting Estimates And Judgements

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates.

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at reporting date. Fair values may however move materially with movements in market prices (refer Note 3). As most investments are valued with reference to the listed quoted prices and the Fund's cash is held with strongly rated financial institutions, the Fund's financial assets are not subject to significant judgement or complexity nor are the Fund's liabilities.

## MAGELLAN GLOBAL EQUITIES FUND

# Notes To The Financial Statements

for the half year ended 31 December 2019

### 2. Distributions To Unitholders

No distribution was declared for the period ended 31 December 2019 (December 2018: nil).

A distribution of 11 cents per unit, amounting to \$41,745,000 for the year ended 30 June 2019 was paid on 29 July 2019.

### 3. Investments

#### Fair Value Disclosures

The Fund classifies the fair value measurements of financial assets and financial liabilities using the three level fair value hierarchy set out below to reflect the source of valuation inputs used when determining the fair value:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of level 1 securities is based on the closing price for the security as quoted on the relevant exchange.
- Level 2: valuation techniques using observable inputs either directly (as prices) or indirectly (derived from prices). The fair value of derivatives is based on a discounted cash flow analysis using quoted market inputs (spot and forward rates, volatility) adjusted for specific features of the instruments and applied debit and credit valuation adjustments based on the Fund's, or the derivative counterparties', current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

	31 December 2019 \$'000	30 June 2019 \$'000
<b>a) Investments (Level 1)</b>		
International listed equity securities:		
- United States	1,143,022	1,037,599
- Switzerland	125,380	108,279
- France	78,321	30,062
- United Kingdom	60,962	51,476
- Germany	59,455	65,461
- China	35,179	-
- Belgium	30,091	14,842
- Netherlands	20,997	14,264
<b>Total Investments</b>	<b>1,553,407</b>	<b>1,321,983</b>

The Fund does not hold any level 2 or 3 assets. There have been no transfers between any of the three levels in the hierarchy during the period and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at balance date.

## MAGELLAN GLOBAL EQUITIES FUND

# Notes To The Financial Statements

for the half year ended 31 December 2019

### 3. Investments (continued)

The equity securities by domicile of primary stock exchange listing held by the Fund are:

Company Name	Domicile of Principal Exchange Listing	31 December 2019 \$'000	30 June 2019 \$'000
Microsoft	United States	111,617	104,072
Facebook - class A shares	United States	108,222	96,537
Alibaba Group Holding	United States	106,883	-
Alphabet - class C shares	United States	105,375	72,368
Starbucks	United States	93,886	83,644
Visa - class A shares	United States	88,262	84,535
LVMH	France	78,321	30,062
Novartis	Switzerland	69,433	57,661
MasterCard	United States	66,784	62,748
Yum! Brands	United States	66,395	56,626
Reckitt Benckiser	United Kingdom	60,962	51,476
SAP	Germany	59,455	65,461
Nestle	Switzerland	55,947	50,618
Xcel Energy	United States	55,513	13,966
Crown Castle International	United States	52,193	44,984
HCA Holdings	United States	50,862	66,844
Estee Lauder	United States	45,775	14,814
Pepsico	United States	40,574	36,801
WEC Energy Group	United States	37,376	13,975
Eversource Energy	United States	35,189	-
Tencent	China	35,179	-
Anheuser-Busch	Belgium	30,091	14,842
Apple	United States	27,484	77,516
McDonald's	United States	22,589	22,811
Heineken	Netherlands	20,997	14,264
CME Group	United States	15,469	14,348
Alphabet - class A shares	United States	12,574	9,724
Oracle	United States	-	57,190
American Express	United States	-	38,233
Lowe's	United States	-	33,316
Berkshire Hathaway	United States	-	32,547
<b>Total Equity Securities</b>		<b>1,553,407</b>	<b>1,321,983</b>

# MAGELLAN GLOBAL EQUITIES FUND

## Notes To The Financial Statements for the half year ended 31 December 2019

### 4. Unitholders' Equity

	6 months to 31 December 2019 No. of units '000	12 months to 30 June 2019 No. of units '000
<b>a) Units On Issue</b>		
Opening balance - 1 July	379,496	334,812
Units issued	41,483	58,109
Units issued under DRP	619	1,113
Units redeemed	(5,243)	(14,538)
<b>Units On Issue At End Of The Period</b>	<b>416,355</b>	<b>379,496</b>

#### Terms And Conditions Of Units

Each unit confers upon the unitholder an equal interest in the Fund, and is of equal value to other units in the Fund. A unit does not confer upon the holder any interest in any particular asset or investment of the Fund. The rights of unitholders are contained in the Fund's Constitution and include:

- the right to receive a distribution determined in accordance with the provisions of the Fund's Constitution;
- the right to attend and vote at meetings of unitholders;
- the right to participate in the termination and winding up of the Fund; and
- the right to redeem units, subject to restrictions disclosed in the Fund's Product Disclosure Statement. Those restrictions may include where trading in units on the ASX are suspended for five consecutive business days. In this case, unitholders may apply to the Responsible Entity to make an off-market withdrawal of their investment from the Fund when the Fund is liquid. Where the Fund ceases to be liquid, units may only be withdrawn once an offer is made to all investors in the Fund in accordance with the Fund's Constitution.

There may be other circumstances where off-market withdrawals from the Fund are suspended for up to 28 days, including where:

- it is impracticable for the Responsible Entity, or the Responsible Entity is unable, to calculate the net asset value ("NAV") of the Fund;
- the payment of withdrawal proceeds involves realising a significant portion of the Fund's assets which would, in the Responsible Entity's opinion, result in remaining investors bearing a disproportionate amount of capital gains tax or expenses, or suffering any other disadvantage or diminution of the value of units held;
- the Responsible Entity reasonably considers it would be in the interests of investors, or it is otherwise permitted by law; or
- the Responsible Entity receives withdrawal requests of an aggregate value that in its reasonable estimate exceeds 5% of the Fund's assets.

There are no separate classes of units and each unit in the Fund has the same rights attaching to it as all other units of the Fund.



# MAGELLAN GLOBAL EQUITIES FUND

## Notes To The Financial Statements

for the half year ended 31 December 2019

### 5. Earnings Per Unit

Basic earnings per unit ("EPU") is calculated as profit/ (loss) for the period divided by the weighted average number of units on issue. Diluted earnings per share is calculated by adjusting the basic earnings per unit to take into account the effect of any changes in income or expense associated with dilutive potential units and the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary units.

	31 December 2019	31 December 2018
<b>Basic EPU</b>		
Profit/(loss) attributable to unitholders (\$'000)	117,024	13,344
Weighted average number of units for basic EPU ('000)	396,736	346,463
<b>Basic EPU (Cents)</b>	29.50	3.85
<b>Diluted EPU</b>		
Profit/(loss) attributable to unitholders (\$'000)	117,024	13,344
Weighted average number of units for diluted EPU ('000)	396,736	346,463
<b>Diluted EPU (Cents)</b>	29.50	3.85

As the Fund has no potential, dilutive units, basic and diluted EPU are equal.

### 6. Net Asset Value Per Unit

The Net Asset Value ("NAV") per unit represents the net assets of the Fund presented in the Statement Of Financial Position at balance date divided by the number of units on issue at reporting date (refer Note 4).

	31 December 2019 \$	30 June 2019 \$
NAV Per Unit	3.9609	3.6622

The NAV per unit at balance date may differ from the NAV per unit reported to the ASX due to distributions payable and accruals for fees and minor expenses.

### 7. Segment Information

An operating segment is a distinguishable component of the Fund that is engaged in business activity from which the Fund earns revenues and incurs expenses, whose operating results are regularly reviewed by the Fund's chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision maker has been determined as Dr Brett Cairns.

### 8. Contingent Assets, Contingent Liabilities And Commitments

At balance date, the Fund has no contingent assets, contingent liabilities or commitments (June 2019: nil).

### 9. Subsequent Events

In a release to the ASX on 5 February 2020, the Fund reported a NAV per unit of \$4.2206 and 421,457,945 units on issue as at 31 January 2020.

## MAGELLAN GLOBAL EQUITIES FUND

# Notes To The Financial Statements

for the half year ended 31 December 2019

### **9. Subsequent Events (continued)**

Other than the items disclosed throughout this Interim Financial Report and the above, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods. Asset prices move daily and daily unit prices are available on the Magellan Financial Group Limited website, [www.magellangroup.com.au](http://www.magellangroup.com.au) and also the ASX website.

# MAGELLAN GLOBAL EQUITIES FUND

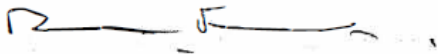
## Directors' Declaration for the half year ended 31 December 2019

In the opinion of the Directors,

- a) the financial statements and notes of Magellan Global Equities Fund as set out on pages 9 to 18 are in accordance with the *Corporations Act 2001*, including:
  - i) giving a true and fair view of the financial position of the Fund as at 31 December 2019 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
  - ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Chief Executive Officer and Chief Financial Officer which mirror section 295A of the *Corporations Act 2001* and are recommended by the ASX Corporate Governance Principles and Recommendations.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.



**Robert Fraser**  
Chairman

Sydney, 27 February 2020

## Independent Auditor's Review Report to the members of Magellan Global Equities Fund Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying interim financial report of Magellan Global Equities Fund (the Fund), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of profit and loss and comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its financial performance for the period ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Directors' Responsibility for the Interim Financial Report

The Directors of the Responsible Entity are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2019 and its financial performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Clare Sporle'.

Clare Sporle

Partner

Sydney

27 February 2020

# MAGELLAN GLOBAL EQUITIES FUND

## Corporate Information

### **Directors Of The Responsible Entity**

Brett Cairns (Chief Executive Officer)  
John Eales  
Robert Fraser (Chairman)  
Paul Lewis  
Hamish McLennan  
Kirsten Morton (Chief Financial Officer)  
Karen Phin

### **Company Secretary Of The Responsible Entity**

Marcia Venegas

### **Registered Office**

Level 36, 19 Martin Place  
Sydney NSW 2000  
Telephone: +61 2 9235 4888  
Fax: +61 2 9235 4800  
Email: [info@magellangroup.com.au](mailto:info@magellangroup.com.au)

### **Auditor**

Ernst & Young  
200 George Street  
Sydney NSW 2000

### **Unit Registrar**

LINK Market Services Limited  
Level 12  
680 George Street NSW 2000  
Telephone: 1800 206 847  
Fax: +61 2 9287 0303  
Email: [magellan@linkmarketservices.com.au](mailto:magellan@linkmarketservices.com.au)

### **Securities Exchange Listing**

Australian Securities Exchange  
ASX Code: MGE

### **Website**

<http://www.magellangroup.com.au>