

Magellan High Conviction Trust (Managed Fund)



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

AS AT 31 AUGUST 2023

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.

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 \$453.4 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.

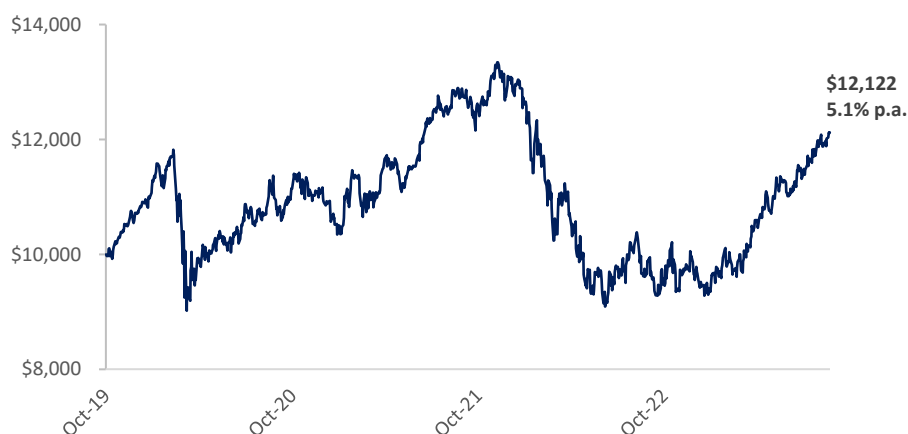
PERFORMANCE³

	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	Since Inception (% p.a.)
MHHT	3.5	7.4	26.0	3.2	5.1

CALENDAR YEAR RETURNS	CYTD (%)	2022 (%)	2021 (%)	2020 (%)	2019 (part year)
MHHT	30.0	-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	6.3%	19.8%	1.1%
Number of Stocks	12	15	10
Hedging Weight	1.2%	17.4%	0.0%

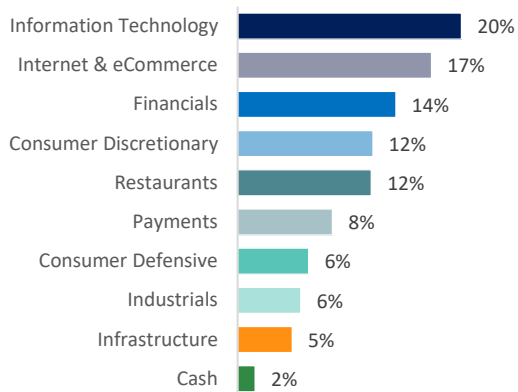
¹ Only applicable to investors applying for units and withdrawing units directly with the Responsible Entity.

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

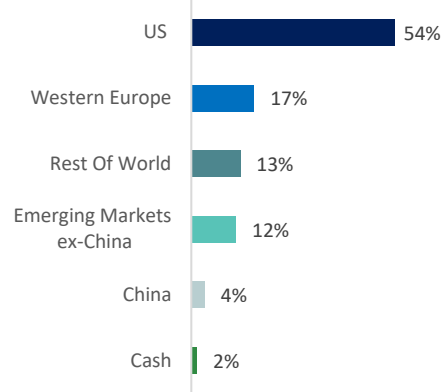
³ Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.

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
Alphabet Inc	Internet & eCommerce
Amazon.com Inc	Internet & eCommerce
Intercontinental Exchange Inc	Financials
Microsoft Corporation	Information Technology
Visa Inc	Payments

TOP CONTRIBUTORS/DETRACTORS 1 YEAR⁶

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Booking Holdings Inc	4.8
Microsoft Corporation	3.5
Safran SA	3.2
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Meta Platforms Inc	-1.5
Alibaba	-0.6
WEC Energy Group Inc	-0.2

MONTHLY SUMMARY

During August the major market influences were the last of earnings results, weak China economic data and the uptick in the 10-year bonds; most notably, the US 10 Year Bond moving above 4% again and spiking as high as 4.34%. Participants seem, even more than usual, unsure of the path for economic growth given the lagged effects of higher policy interest rates juxtaposed with ongoing levels of inflation above target and resilient consumption trends. Energy stocks benefitted from strength in the oil price while utilities struggled as expectations for real interest rates moved higher. We see increasing evidence of more difficult conditions for consumers (and thus discretionary spending) while the opportunities being created by enabling and commercialising AI as well as addressing the capital investment needs of transitioning to a net zero carbon world suggest longer-term support for economic growth, especially in the US.

In August, the portfolio fell in USD but rose in AUD as the AUD depreciated. Price gains were led by Intuit, Amazon, Alphabet, Mastercard and Visa, all up over 5% in the month, mainly due to follow-on from strong results and positive outlooks. Companies with price falls of 5% or more during August included Eversource Energy, LVMH, ASML, UnitedHealth and Yum! Brands. Generally, anxiety about China's economic outlook played out in the pricing of companies with exposure to China. The largest detractors to the portfolio were LVMH and ASML as worries about a slowing in revenue growth in the very short term were priced. Both, in our view, remain superbly positioned for long-term success and strong returns. We exited our small position in PepsiCo as the growth outlook becomes more challenged and the stock looks fully priced.

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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