

Magellan High Conviction Trust (Managed Fund)



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

AS AT 31 JANUARY 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 \$456.2 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.

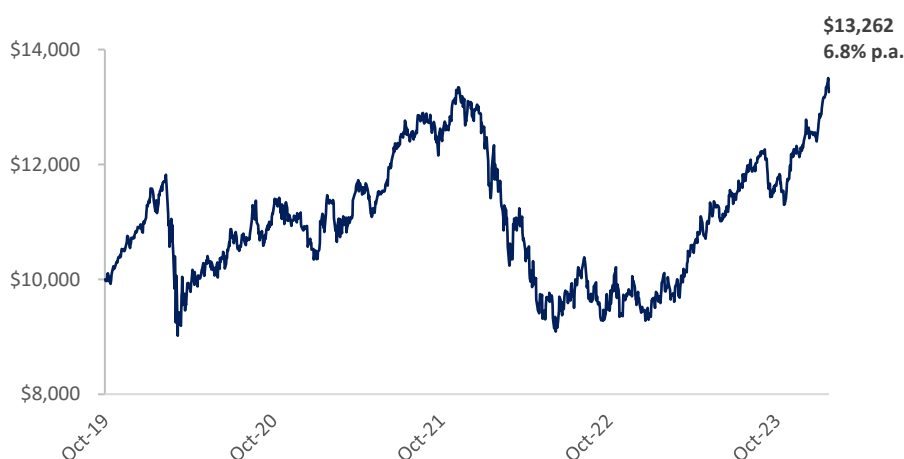
PERFORMANCE³

	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	Since Inception (% p.a.)
MHHT	5.7	14.9	35.9	7.0	6.8

CALENDAR YEAR RETURNS	CYTD (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (part year)
MHHT	5.7	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



Past performance is not a reliable indicator of future performance.

TRUST CHARACTERISTICS⁴

	3-YEAR	AVERAGE	HIGH	LOW
Cash Weight		4.9%	18.7%	1.1%
Number of Stocks		12	15	10
Hedging Weight		0.3%	10.1%	0.0%

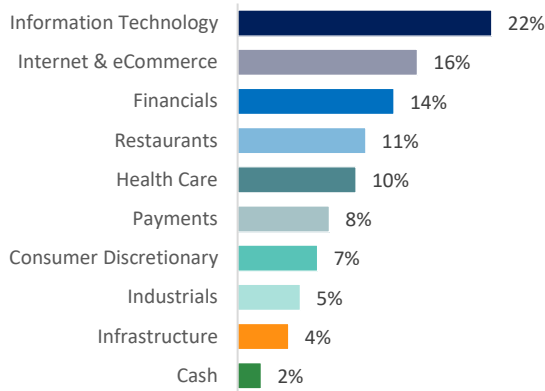
¹ Only applicable to investors applying for units and withdrawing units directly with the Responsible Entity.

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

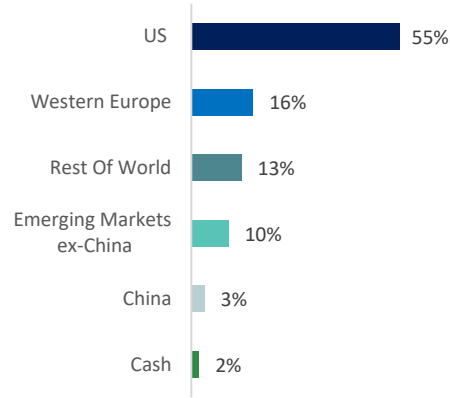
³ Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.

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
ASML Holding NV	Information Technology
Intercontinental Exchange Inc	Financials
Microsoft Corporation	Information Technology
Visa Inc	Payments

TOP CONTRIBUTORS/DETRACTORS 1 YEAR⁶

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Microsoft Corporation	7.1
Amazon.com Inc	4.9
Booking Holdings Inc	4.3
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Alibaba	-0.5
WEC Energy Group Inc	-0.3
UnitedHealth Group Inc	-0.2

MONTHLY SUMMARY

January was a positive month for global investors based in Australia as the MSCI World Index rose and the AUD fell. Below the index level, performances were quite disparate with Japan very strong and China very weak. At a sector level, performances were heavily influenced by corporate reporting calendars, with larger moves often associated with those companies that reported their quarterly results and provided management guidance on the outlook. Economic growth is weak in China, Europe and Australia but proving resilient in the US, albeit softening in some segments. The global inflation fight looks well progressed and resilience to the rising rates has been the hallmark of this tightening cycle.

The portfolio had a strong month of performance with large positive moves in ASML, HCA Healthcare, Microsoft and Safran benefiting the portfolio the most. The first three delivered excellent results and even better growth prospects, while Safran (yet to report its results) continues to benefit from the return of travel. UnitedHealthcare entered the portfolio mid-month and detracted as the stock dipped 5% into month end as a competitor warned on profits due to normalising of its Medical Loss Ratio as utilisation of health insurance picks up in the US. This is already baked into our and UNH's expectations and does not alter our expectation of strong double-digit earnings and cash flow growth from the company in 2024. WEC Energy was down 4% and so also dragged on performance as utilities generally were pressured by rising regulatory risks and sustained higher real interest rates.

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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