MFG Core Infrastructure (USD)

AS AT 31 DECEMBER 2023

PORTFOLIO MANAGER	GERALD STACK

INVESTMENT PHILOSOPHY	OBJECTIVES	PORTFOLIO CONSTRUCTION
To prudently invest in outstanding infrastructure and utilities companies at attractive prices that exhibit highly predictable cashflows.	To achieve attractive risk-adjusted returns over the medium to long term; while reducing the risk of permanent capital loss.	Diversified rules-based portfolio applying our proprietary infrastructure classification. Valuation driven benchmark-unaware strategy. Highly defensive, inflation-linked exposure.

MAGELLAN CORE INFRASTRUCTURE (USD)

TOTAL STRATEGY ASSETS	TOTAL INFRASTRUCTURE ASSETS[1]	INCEPTION DATE
USD $5,528.2 million	USD $10,766.3 million	18 January 2012

USD PERFORMANCE[2]

	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	10 Years (% p.a.)	Since Inception (% p.a.)	OUTPERFORMANCE CONSISTENCY[3]
Composite (Gross)	12.4	5.3	3.6	7.2	7.3	8.6	87%
Composite (Net)	12.2	4.7	3.1	6.7	6.7	8.0	82%
Global Infrastructure Benchmark[4]	10.7	5.8	5.2	6.5	5.0	5.9	-
Excess (Gross)	1.7	-0.5	-1.6	0.7	2.3	2.7	-
MSCI World NTR Index[+]	11.4	23.8	7.3	12.8	8.6	10.4	-

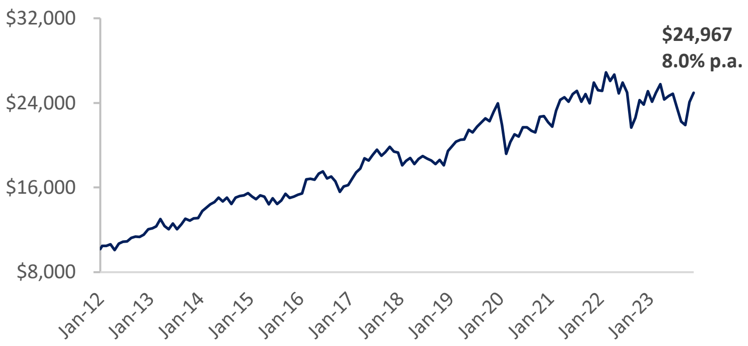
CALENDAR YEAR RETURNS[2]	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)*
Composite (Gross)	5.3	-7.5	14.4	-1.3	29.0	-6.1	21.2	7.2	-0.1	17.4	14.0	16.4
Composite (Net)	4.7	-8.0	13.8	-1.8	28.2	-6.7	20.4	6.5	-0.8	16.6	13.2	15.6
Global Infrastructure Benchmark[4]	5.8	-1.0	11.0	-6.5	25.8	-10.4	19.1	11.4	-12.2	14.1	14.4	7.0
Excess (Gross)	-0.5	-6.5	3.4	5.2	3.2	4.3	2.1	-4.2	12.1	3.3	-0.4	9.4
MSCI World NTR Index[+]	23.8	-18.1	21.8	15.9	27.7	-8.7	22.4	7.5	-0.9	4.9	26.7	13.0

Past performance does not predict future returns.

USD 5 YEAR RISK MEASURES[5]

	Against Global Equities	Against Global Infrastructure Benchmark[4]
Upside Capture	0.7	0.9
Downside Capture	0.8	0.9
Beta	0.8	0.8
Correlation	0.8	0.9

PERFORMANCE CHART GROWTH OF USD $10,000 (NET)[2]



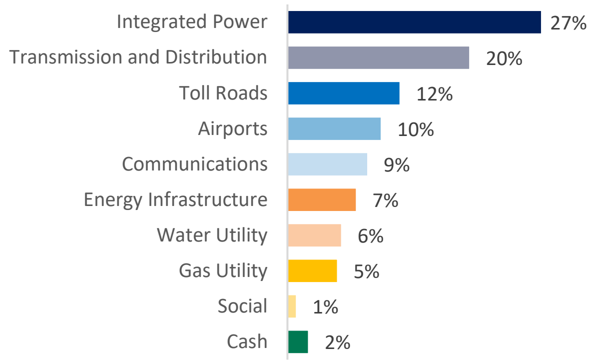
Past performance does not predict future returns.

[1] Comprised of all Infrastructure strategies.
[2] Returns are for the Global Core Infrastructure Composite and denoted in USD. Performance would vary if returns were denominated in a currency other than USD. Refer to the GIPS Disclosure section below for further information. Strategy inception is 18 January 2012. Composite (Net) returns are net of fees charged to clients and have been reduced by the amount of the highest fee charged to any client employing that strategy during the period under consideration. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Fees are available upon request.
[3] Outperformance consistency indicates the percentage of positive excess returns for rolling 3 year returns since inception.
[4] The Benchmark or Global Infrastructure benchmark is comprised of the following: from inception to 31 December 2014 the benchmark is UBS Developed Infrastructure & Utilities Index Net Total Return and from 1 January 2015 onwards, the benchmark is the S&P Global Infrastructure Index Net Total Return. Note: the UBS Developed Infrastructure and Utilities Index Net Total Return ceased to be published from 31 May 2015, replaced on 1 January 2015 with the S&P Global Infrastructure Index Net Total Return.
[5] Risk measures are for the Global Core Infrastructure Hedged to AUD Composite before fees. The Global Equities Index is the MSCI World NTR Index.
[+]All MSCI data used is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI and its affiliates assume no liability for or in connection with the data. Please see complete disclaimer in www.mfgam.com.au/funds/benchmark-information/
*Part year return.

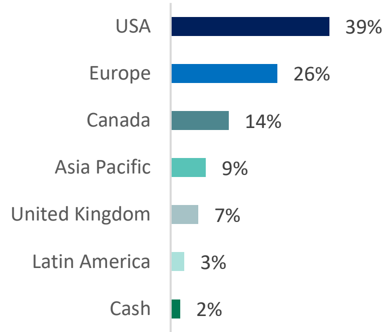
TOP 10 HOLDINGS[6]

STOCK	SECTOR	%
Ferrovial SE	Toll Roads	3.0
Transurban Group	Toll Roads	3.0
Aena SME SA	Airports	3.0
Enbridge Inc	Energy Infrastructure	3.0
Cellnex Telecom SA	Communications	3.0
Vinci SA	Toll Roads	3.0
National Grid Plc	Transmission and Distribution	3.0
TC Energy Corporation	Energy Infrastructure	2.9
Fortis Inc	Transmission and Distribution	2.6
Hydro One Ltd	Transmission and Distribution	2.4
	TOTAL:	28.9

SECTOR EXPOSURE[6]



GEOGRAPHICAL EXPOSURE[6]



[6] The data is based on a representative portfolio for the strategy. Refer to the GIPS Disclosure below for further information. Sectors are internally defined. Geographical exposure is by domicile of listing. Exposures may not sum to 100% due to rounding.

IMPORTANT INFORMATION

This material is being furnished to you to provide summary information regarding Magellan Asset Management Limited trading as MFG Asset Management ('**MFG Asset Management**') and an investment fund or investment strategy managed by MFG Asset Management ('**Strategy**'). This material is not intended to constitute advertising or advice of any kind and you should not construe the contents of this material as legal, tax, investment or other advice. In making an investment decision, you must rely on your own examination of any offering documents relating to the Strategy.

The investment program of the Strategy presented herein is speculative and may involve a high degree of risk. The Strategy is not intended as a complete investment program and is suitable only for sophisticated investors who can bear the risk of loss. The Strategy may lack diversification, which can increase the risk of loss to investors. The Strategy's performance may be volatile. Past performance is not necessarily indicative of future results and no person guarantees the future performance of the Strategy, the amount or timing of any return from it, that asset allocations will be met, that it will be able to implement its investment strategy or that its investment objectives will be achieved. Statements contained in this material that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of MFG Asset Management or the third party responsible for making those statements (as relevant). Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. This material may contain 'forward-looking statements'. Actual events or results or the actual performance of an MFG Asset Management financial product or service may differ materially from those reflected or contemplated in such forward-looking statements. The Strategy will have limited liquidity, no secondary market for interests in the Strategy is expected to develop and there are restrictions on an investor's ability to withdraw and transfer interests in the Strategy. The management fees, incentive fees and allocation and other expenses of the Strategy will reduce trading profits, if any, or increase losses.

No representation or warranty is made with respect to the correctness, accuracy, reasonableness or completeness of any of the information contained in this material. This information is subject to change at any time and no person has any responsibility to update any of the information provided in this material. This material may include data, research and other information from third-party sources. MFG Asset Management makes no guarantee that such information is accurate, complete or timely and does not provide any warranties regarding results obtained from its use. MFG Asset Management will not be responsible or liable for any losses, whether direct, indirect or consequential, including loss of profits, damages, costs, claims or expenses, relating to or arising from your use or reliance upon any part of the information contained in this material including trading losses, loss of opportunity or incidental or punitive damages.
No distribution of this material will be made in any jurisdiction where such distribution is not authorised or is unlawful. This material does not constitute, and may not be used for the purpose of, an offer or solicitation in any jurisdiction or in any circumstances in which such an offer or solicitation is unlawful or not authorized or in which the person making such offer or solicitation is not qualified to do so. This material and the information contained within it may not be reproduced, or disclosed, in whole or in part, without the prior written consent of MFG Asset Management. Further information regarding any benchmark referred to herein can be found at www.mfgam.com.au/funds/benchmark-information. Any third-party trademarks contained herein are the property of their respective owners and MFG Asset Management claims no ownership in, nor any affiliation with, such trademarks. Any third-party trademarks that appear in this material are used for information purposes and only to identify the company names or brands of their respective owners. No affiliation, sponsorship or endorsement should be inferred from the use of these trademarks.

United Kingdom - This material does not constitute an offer or inducement to engage in an investment activity under the provisions of the Financial Services and Markets Act 2000 (FSMA). This material does not form part of any offer or invitation to purchase, sell or subscribe for, or any solicitation of any such offer to purchase, sell or subscribe for, any shares, units or other type of investment product or service. This material or any part of it, or the fact of its distribution, is for background purposes only. This material has not been approved by a person authorised under the FSMA and its distribution in the United Kingdom and is only being made to persons in circumstances that will not constitute a financial promotion for the purposes of section 21 of the FSMA as a result of an exemption contained in the FSMA 2000 (Financial Promotion) Order 2005 as set out below. This material is exempt from the restrictions in the FSMA as it is to be strictly communicated only to 'investment professionals' as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (FPO).

United States of America - This material is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of MFG Asset Management to create legal relations on the basis of information provided herein. Where performance figures are shown net of fees charged to clients, the performance has been reduced by the amount of the highest fee charged to any client employing that particular strategy during the period under consideration. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Fees are available upon request and also may be found in Part II of MFG Asset Management's Form ADV.

The Global Infrastructure Benchmark is comprised of the following: from inception to 31 December 2014 the benchmark is UBS Developed Infrastructure & Utilities Net Total Return Index and from 1 January 2015 the benchmark is S&P Global Infrastructure Net Total Return Index. The benchmark changed because UBS discontinued their index series.

The UBS Developed Infrastructure & Utilities Net Total Return Index is a market capitalisation weighted index that is designed to measure the equity performance of listed Infrastructure and Utility stocks. Index results assume the reinvestment of all distributions of capital gain and net investment income using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The S&P Global Infrastructure Net Total Return Index is a market capitalisation weighted index that is designed to track 75 companies from around the world diversified across three infrastructure sectors energy, transportation and utilities. Index results assume the reinvestment of all distributions of capital gain and net investment income using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS®) DISCLOSURE

Magellan Asset Management Limited, doing business as MFG Asset Management in jurisdictions outside Australia and New Zealand, (MFG Asset Management) claims compliance with the Global Investment Performance Standards (GIPS ®).

For the purpose of complying with GIPS, the Firm is defined as all discretionary portfolios managed by MFG Asset Management, excluding brands managed by subsidiaries operating as distinct business entities. MFG Asset Management is a wholly-owned subsidiary of the publicly listed company Magellan Financial Group Limited. MFG Asset Management is based in Sydney, Australia. Total Firm assets is defined as all assets managed by MFG Asset Management, excluding assets managed by subsidiaries operating as distinct business entities.

The Global Core Infrastructure composite is a global strategy investing in strictly defined or "pure" infrastructure companies (typically 80-100). The filtered investment universe is comprised of stocks that 1. generate reliable income streams, 2. benefit from inflation protection and have an appropriate capital structure. The investment objective of the strategy is to minimise the risk of permanent capital loss; and achieve superior risk adjusted investment returns over the medium to long-term. The composite was created in February 2012.

To achieve investment objectives, the composite may also use derivative financial instruments including, but not limited to, options, swaps, futures and forwards. Derivatives are subject to the risk of changes in the market price of the underlying securities instruments, and the risk of the loss due to changes in interest rates. The use of certain derivatives may have a leveraging effect, which may increase the volatility of the composite and may reduce its returns.

A copy of the composite's GIPS compliant presentation and/or the firm's list of composite descriptions are available upon request by emailing client.reporting@magellangroup.com.au.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The representative portfolio is an account in the composite that closely reflects the portfolio management style of the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio may differ from those of the composite and of the other accounts in the composite. Information regarding the representative portfolio and the other accounts in the composite is available upon request.

USD is the currency used to calculate performance.

Strategy Commentary

The strategy recorded a positive return for the quarter ended 31 December, with 10-year bond rates declining amid easing concerns around inflation, suggesting central banks were less likely to push benchmark interest rates any higher.

Stocks that contributed most were US communications companies American Tower and Crown Castle, as well as Spain-based infrastructure company Ferrovial. Shares of both American Tower and Crown Castle climbed during the period as falling bond yields reflected better-than-expected inflation numbers. Ferrovial saw strong share price performance over the quarter after reporting strong Q3 traffic across its airports and toll roads. The company also announced the sale of its stake in Heathrow Airport for a price above what many in the market believed it could achieve.

Some of the largest detractors over the three months included Grupo Aeroportuario del Centro Norte (OMA), Exelon and Vopak. Mexican airport operator OMA declined over the period following news of the Mexican government's proposal to implement significant changes to regulated airport tariffs. Shares of US utility, Exelon, fell after the Illinois state regulator issued lower-than-expected returns and denied capital investments for its largest operating subsidiary. Dutch storage company Vopak was down slightly as the company didn't provide any meaningful new information at their capital markets day during November, therefore disappointing the market.

Stock contributors/detractors are based in local currency terms unless stated otherwise.

Outlook

Notwithstanding our expectations for greater volatility in the short to medium term driven by inflation and interest rates, we are confident that the underlying businesses we have included in our defined universe and in our investment strategy will prove resilient over the longer term. We regard the businesses we invest in to be of high quality and, while short-term movements in share prices reflect issues of the day, we expect that share prices in the longer term will reflect the underlying cash flows leading to investment returns consistent with our expectations.

The strategy seeks to provide investors with attractive risk-adjusted returns from infrastructure securities. It does this by investing in a portfolio of listed infrastructure companies that meet our strict definition of infrastructure. We believe that infrastructure assets, with requisite earnings reliability and a linkage of earnings to inflation, offer attractive, long-term investment propositions. Furthermore, we believe the resilient nature of earnings and the structural linkage of those earnings to inflation means that investment returns typically generated by infrastructure stocks are different from standard asset classes and offer investors diversification when included in an investment portfolio. In the current uncertain economic and investment climate, the historically reliable financial performance of infrastructure investments makes them attractive, and an investment in listed infrastructure has the potential to reward patient investors with a long-term time frame.

Stock Story: Vinci

(Ben McVicar – Portfolio Manager)

Vinci is built around the pillars of its concessions and contracting operations. From our perspective, the most attractive part of its business is the large and diversified concessions holdings. These provide the lion's share of earnings and deliver a stable and reliable income stream for investors.

The concessions business is diverse, spanning a wide array of assets. These include everything from toll roads and airports to renewable power and even the Stade de France stadium. This business is without doubt the most important earnings contributor due to the strong profit margins on which it operates. However, the contracting business is also a large operation. Capabilities for this contracting business are significant with the business operating in over 120 countries, with an employee base of more than 270,000 and project types including road construction, buildings, and electrical networks and data centres.

Within the concession business, the most important economic engine comprises the toll roads concessions in France, known as Vinci Autoroutes. Autoroutes operates a collection of road networks covering 4,443 km that represent around half the toll road market in the country and one third of the total motorway network. These motorways are mature concessions and typically grow modestly but predictably as traffic increases and tolls are lifted by 70% of the recorded inflation rate each year. This leads to modest but steady inflation-linked growth in cash flow from these assets. Due to the mature nature of these concessions, they generate significant cash flow, with EBITDA (a cash flow proxy for motorways) of €4.4bn in 2022.

Airports have been an area of growth for the company. In 2019 (the last full year before COVID-19 affected air traffic), Vinci owned or operated airports that moved 255 million passengers, a figure it looks likely to have surpassed in 2023. In 2013, Vinci took relatively modest airport operations and grew them through the acquisition of the airport operator in Portugal, ANA. This asset added key airports such as Lisbon and Porto to its portfolio. Since then, Vinci has taken stakes in airports in the UK, Mexico and Japan. These assets provide a link to the ongoing structural growth in global aviation.

Vinci has continued to look for areas of growth in which it can profitably deploy capital generated from its existing business. The company has stated its aspirations for significant growth into renewable power. This has arisen through the acquisition of the contractor Cobra IS and its renewable energy development platform. The company has stated a target of over 12 GW of capacity by 2030 as it continues to deploy increasing capital into this opportunity.

Finally, while a minority of Vinci's earnings, contracting is a large part of the overall business in terms of volume of work. The company is currently sitting on an order book of €63.3bn or around 13.6 months of activity for the group. We expect this operation will continue to generate a meaningful and growing profit contribution, particularly through its energy and electric engineering teams that are benefiting from ongoing expenditure in energy transition and digital transformation. Importantly from a risk point of view, the contracts are highly diversified, with any single 'difficult to complete' construction project likely to be a headwind to earnings rather than a significant financial problem for the company.

We consider that the outlook for the business should be steady and predictable with a well-diversified portfolio of infrastructure concession businesses. Meanwhile, management will be focused on continued capital deployment of the significant free cash flow the company generates for its shareholders.