MFG ASSET MANAGEMENT

Strategy Update: 31 March 2018

MFG Global Plus (USD)

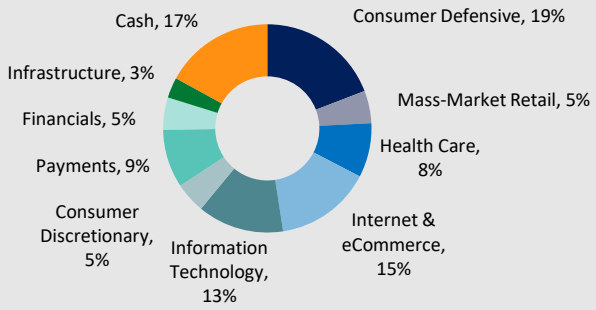
Portfolio Manager	Strategy Inception Date	Total Strategy Assets	Total Global Assets[1]
Hamish Douglass	1 July 2013	USD $5,732.7 million	USD $37,293.4 million

Objective	Approach
Capital preservation in adverse markets Pre-fee return of 10%p.a. through the economic cycle	High conviction (20-40 securities), high quality focus Dual-sleeve portfolio construction with dynamic allocation to cash (max 20%) Combined Risk Ratio cap of 0.8^

Strategy Fundamentals[2]	Strategy	Index
Number of Holdings	25	1,647
Return on Equity	26	16
P/E Ratio (1 year forward)	18.0	15.4
Interest Cover	11	11
Debt/Equity Ratio	53	51
Active Share	80	n/a
Weighted Average Market Cap (USD million)	217,503	n/a

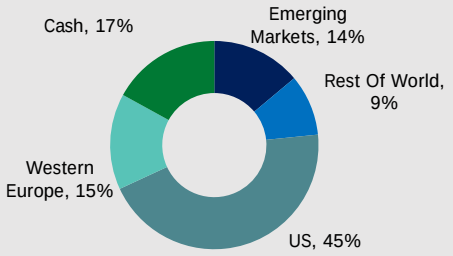
Top 10 Holdings[2]	Sector	%
Alphabet Inc	Internet & eCommerce	6.6
Facebook Inc-A	Internet & eCommerce	5.6
Visa Inc	Payments	5.3
Starbucks Corp	Consumer Defensive	4.9
Apple Inc	Information Technology	4.8
Lowe's Co Inc	Consumer Discretionary	4.7
Wells Fargo & Co	Financials	4.4
Kraft Heinz Co	Consumer Defensive	4.0
HCA Holdings Inc	Health Care	3.9
MasterCard Inc	Payments	3.8
	TOTAL:	48.0

Sector Exposure[2]



Capital Preservation Measures[4]	3 Years	Since Inception
Adverse Markets		
No of observations	9	12
Outperformance consistency	100.0%	100.0%
Average return – Strategy	-2.2%	-1.2%
Average return – Benchmark	-4.2%	-3.5%
Down Market Capture	0.5	0.3
Drawdown		
Maximum Drawdown - Strategy	-7.3%	-7.3%
Maximum Drawdown - Index	-12.0%	-12.0%

Geographical Exposure[2]



Cumulative Performance[3]	3 Months (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	Since Inception (% p.a.)
Composite (Gross)	**-1.0**	**15.4**	**13.3**	**9.7**	**10.8**
Composite (Net)	-1.2	14.5	12.4	8.8	9.9
MSCI World NTR Index	-1.3	13.6	14.2	8.0	10.1
Excess (Gross)	0.3	1.8	-0.9	1.7	0.7
MSCI World Qual. Mix NTR	-1.1	13.1	12.6	8.7	10.6
MSCI Min. Vol. NTR	-1.2	9.7	8.4	8.0	10.0

Annual Performance[3]	CYTD (%)	2017	2016	2015	2014	2013[#]
Composite (Gross)	**-1.0**	**25.6**	**4.3**	**3.9**	**6.6**	**13.4**
Composite (Net)	-1.2	24.6	3.4	3.0	5.8	12.9
MSCI World NTR Index	-1.3	22.4	7.5	-0.9	4.9	16.8
Excess (Gross)	0.3	3.2	-3.2	4.8	1.7	-3.4
MSCI World Qual. Mix NTR	-1.1	21.5	7.9	1.6	7.3	14.3
MSCI Min. Vol. NTR	-1.2	17.3	7.5	5.2	11.4	7.9

Supplementary Statistical Measures[5]	3 Years	Since Inception
Beta	0.9	0.9
Tracking Error (% p.a.)	3.8%	3.9%
Standard Deviation – Strategy	9.6%	9.6%
Information Ratio	0.5	0.2

1 Comprised of all Global Strategies.
2 The data is based on a representative portfolio for the strategy. The representative portfolio changed in July 2017 due to the closure of the former representative portfolio. 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. The Index is the MSCI World NTR Index. Refer to the Important Notice below for further information.
3 Returns are for the Global Plus 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. 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.
4 Risk measures are calculated before fees and in USD. An adverse market is defined as a negative quarter, rolled monthly, for the MSCI World Net TR USD Index, whilst drawdown measures are measured monthly.
5 Supplementary Statistical Measures Beta, Tracking Error and Information Ratio are calculated in USD using the MSCI World NTR Index.
^ Combined risk ratio is a measure of relative beta and relative drawdown to MSCI World NTR USD Index. Please contact MFGAM should you wish for further details on the calculation.
* Returns are only for part year.

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The Global Plus composite is a concentrated global equity strategy investing in high quality companies (typically 20-40 stocks). High quality companies are those companies that have sustainable competitive advantages which translate into returns on capital materially in excess of their cost of capital for a sustained period of time. The investment objectives of the Global Plus strategy are to earn superior risk adjusted returns through the business cycle whilst minimising the risk of a permanent capital loss. The minimum market capitalisation for a stock to be included is US$25 billion. The composite was created in July 2013.

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 list of composites and descriptions, as well as policies for valuing investments, calculating performance, and preparing compliant presentations are available upon request by emailing client.reporting@magellangroup.com.au

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.