

Magellan Global Fund (Hedged)

APIR: MGE0007AU | ARSN: 164 285 661

AS AT 31 MARCH 2026

PORTFOLIO MANAGERS

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INVESTMENT PHILOSOPHY

To invest in outstanding companies at attractive prices, while exercising a deep understanding of the macroeconomic environment to manage investment risk.

OBJECTIVE

The Fund aims to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss.

The Fund also aims to deliver 9% per annum, after fees, over the economic cycle.

PORTFOLIO CONSTRUCTION

A relatively concentrated portfolio of 20-40 high quality securities constructed with strict risk discipline and macroeconomic insight seeking to achieve strong risk-adjusted, not benchmark-relative returns. Cash and cash equivalents exposure between 0 - 10%.

INVESTMENT RISKS

All investments carry risk, returns are not guaranteed and there is a risk that investors may lose money on any investment they make. The Fund's Product Disclosure Statement (PDS) sets out the significant risks relevant to the Fund. You can view the PDS at www.magellaninvestmentpartners.com

MAGELLAN GLOBAL FUND (HEDGED): KEY PORTFOLIO INFORMATION

TICKER	FUND SIZE	BUY/SELL SPREAD	MANAGEMENT AND PERFORMANCE FEES ¹	INCEPTION DATE
-	AUD \$251.1 million	0.07% / 0.07%	1.35% p.a. and performance fee of 10% of dual hurdle excess return [^]	1 July 2013

[^] 10.0% of the excess return of the units of the Fund above the higher of the Index Relative Hurdle (MSCI World NTR Index (Hedged to AUD)) and the Absolute Return Hurdle (the yield of 10-year Australian Government Bonds). Additionally, the Performance Fees are subject to a high water mark.

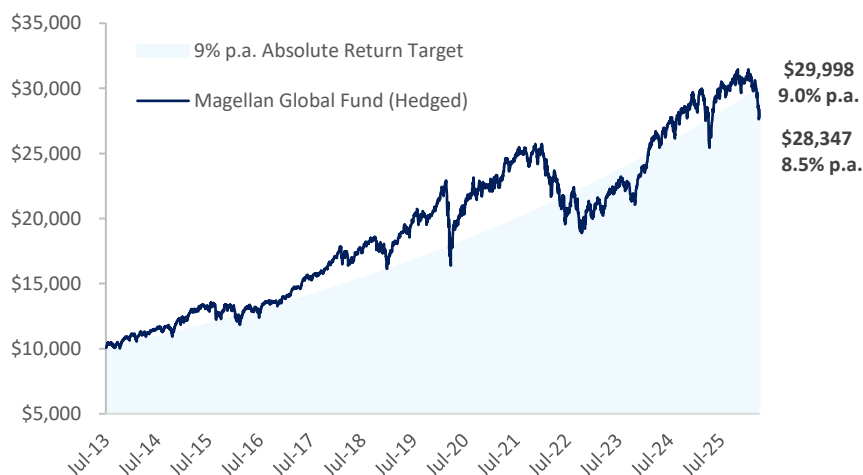
PERFORMANCE²

	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	5 YEARS (% p.a.)	7 YEARS (% p.a.)	10 YEARS (% p.a.)	Since Inception (% p.a.)	OUTPERFORMANCE CONSISTENCY [*]
MGFH	-7.5	-7.9	1.8	9.6	4.0	6.1	8.0	8.5	36%
Benchmark*	-5.8	-3.3	17.7	16.1	10.0	11.4	11.5	11.4	-
Excess v Benchmark*	-1.7	-4.6	-15.9	-6.5	-6.0	-5.3	-3.5	-2.9	-
Excess v 9.0% p.a. Objective	-8.2	-10.0	-7.2	0.6	-5.0	-2.9	-1.0	-0.5	-

CALENDAR YEAR RETURNS	CYTD (%)	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (% part year)
MGFH	-7.9	8.2	18.3	20.0	-21.8	13.4	5.9	26.9	-0.8	22.8	5.3	6.1	10.5	11.8
Benchmark*	-3.3	18.4	20.5	21.5	-17.7	23.7	10.3	26.7	-7.4	19.8	10.4	3.8	12.3	16.7
Excess v Benchmark*	-4.6	-10.2	-2.2	-1.5	-4.1	-10.3	-4.4	0.2	6.6	3.0	-5.1	2.3	-1.8	-4.9
Excess v 9.0% p.a. Objective	-10.0	-0.8	9.3	11.0	-30.8	4.4	-3.1	17.9	-9.8	13.8	-3.7	-2.9	1.5	7.4

Past performance is not a reliable indicator of future performance.

PERFORMANCE CHART GROWTH OF AUD \$10,000²



Past performance is not a reliable indicator of future performance.

¹ Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST.

² 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.

* Outperformance consistency indicates the percentage of positive excess returns versus the benchmark for rolling 3 year periods since inception.

* MSCI World Net Total Return Index (Hedged to AUD). 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.magellaninvestmentpartners.com/funds/benchmark-information

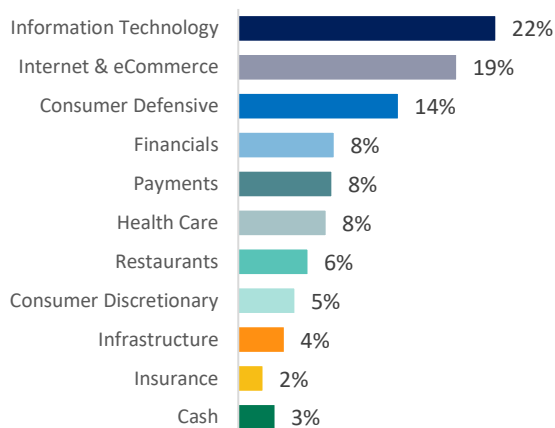
TOP 10 HOLDINGS

STOCK	SECTOR ³	%
Amazon.com	Internet & eCommerce	7.4
Microsoft	Information Technology	6.6
Taiwan Semiconductor	Information Technology	6.3
Alphabet	Internet & eCommerce	5.1
Meta Platforms	Internet & eCommerce	4.3
Mastercard	Payments	4.1
Nestlé	Consumer Defensive	4.1
Visa	Payments	4.1
Eversource Energy	Infrastructure	4.0
SAP	Information Technology	3.9
TOTAL:		49.9

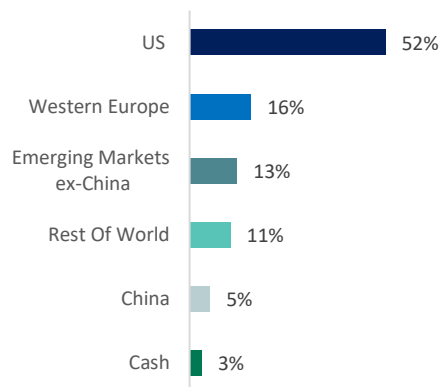
TOP CONTRIBUTORS/DETRACTORS 1 YEAR⁴

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Taiwan Semiconductor	2.9
Alphabet	2.1
ASML	1.7
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
UnitedHealth	-2.0
SAP	-1.8
Chipotle Mexican Grill	-1.3

SECTOR EXPOSURE BY SOURCE OF REVENUE³



GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE³



³ 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.

⁴ Shows how much the stock has contributed to the fund's gross return for the period in AUD. Excludes non-disclosed positions established in the latest quarter.

Market Commentary

Global share prices, as measured by the MSCI World Index, declined by 3.6% in USD in the March quarter of 2026. The appreciation of the AUD meant the decline was more pronounced in AUD at -6.1%. Gains in January gave way to a significant market drawdown in March. In January, markets were shaped by renewed geopolitical and trade tensions between the US and the EU following President Trump's comments on his intent to acquire Greenland. A broader message from the World Economic Forum in Davos was that the world was moving away from a US-led order. In February, investor attention shifted to rapid AI disruption after Anthropic's new Claude tools triggered fears over the earnings durability of software and related services. Although the broader index was little changed, this masked significant sectoral rotation. In late February, military offensives launched by the US and Israel against Iran became the dominant driver of global markets. Stronger-than-expected Iranian resistance, repeated attacks on energy infrastructure and disruption to shipping through the Strait of Hormuz drove a sharp rise in oil and gas prices and raised concerns about prolonged inflation and energy shortage globally. The key implication for markets over the quarter was a swing from a modest growth backdrop and manageable inflation post-US tariffs towards a more stagflationary environment. Unsurprisingly, the Energy sector (+37.7%) outperformed significantly during the March quarter while inflation-protected real asset exposure in Utilities (+9.6%) was generally favoured. In contrast, the Discretionary sector (-10.4%) underperformed the most on concerns of inflation/consumer weakness, followed by Tech (-8.9%) and Communication Services (-6.7%) sectors on fears of AI threats to software.

Across regional equity markets, quarterly performance ultimately reflected differing exposure to the two dominant shocks of the period: first, the AI-driven reassessment of software and technology valuations, and second, the late-quarter energy shock. Markets that had benefited earlier in the quarter from domestic reflation or policy support, such as Japan and Europe, gave back performance as the conflict escalated. Despite Japan's exposure to imported energy, the Nikkei 225 Index outperformed over the March quarter, rising by 2.0% while Europe's STOXX 600 Index declined 1.0%. Owing to relatively tech-heavy exposure, the S&P 500 declined by 4.4% over the quarter, as highlighted by the Nasdaq's -7.0% quarterly move. Australia's S&P/ASX 200 Accumulation Index (-1.6%) and China's CSI 300 Index (-3.7%) were middle of the pack.

Economic data throughout the March quarter suggested that global activity was generally resilient at the start of the year, but that by quarter end the outlook had become more vulnerable to an energy-led inflation shock. In the US, January and February data pointed to solid activity, with stronger retail sales, improved manufacturing ISM readings and moderating inflation, giving the Fed some room to support growth. By February, payrolls had softened and other labour market indicators suggested a low-hiring, low-firing environment. The Fed's communication by late March indicated a holding bias so long as longer-term inflation expectations remained anchored. In Europe, January data supported a trend-growth narrative, while February still

pointed to sub-par but resilient conditions. By March, however, inflation readings in parts of the continent had surprised on the upside, confidence had weakened and ECB forecasts shifted towards slower growth and higher inflation as energy costs fed through, prompting governments to begin rolling out support measures for households. In China, the quarter was characterised by more modest growth but continued policy support, with February and March seeing firmer activity data and an accommodative stance reinforced by fiscal measures and strategic priorities around household stimulus and key technologies.

Fund Commentary

The portfolio underperformed the benchmark over the quarter in an increasingly volatile market that saw significant rotations between sectors and thematics. AI safe havens in the form of Staples and Health Care benefited early in the quarter, but this reversed later in the quarter, given the inflationary pressures driven by the US-Israel-Iran conflict. At the same time, pressure on stocks at risk of AI disruption remained in place.

The largest contributors to the portfolio's performance over the quarter were Taiwan Semiconductor Manufacturing Corp (TSMC), ASML Holdings and CME Group. TSMC performed strongly in response to strong AI chip demand. This saw TSMC raise their 5-year (2024-29) revenue growth guidance by 5 percentage points to a CAGR of 25% pa. While the growth will be supported by a large step up in FY26 capex, TSMC also raised its long-term gross margin guidance, signalling confidence in its ability to drive productivity, cost efficiencies, and pricing power. Topping this off, TSMC also reported a strong 4Q25 result that beat their guidance, driven by exceptionally strong gross margins. ASML reported an exceptional bookings quarter in 4Q25 as customers expanded manufacturing capacity plans in response to strong demand for AI chips and the global shortage in memory chips. Both of these drivers are expected to remain tailwinds over the next two years. Consequently, ASML raised their FY26 growth guidance, which has since been bolstered by supportive announcements by memory customers. CME's share price continued to benefit from elevated volatility, driving demand for risk management solutions. March average daily volumes reached a monthly record, up 33% year over year. This culminated in CME reaching record volumes across several asset classes in 1Q26. This performance illustrates the defensive nature of derivative exchanges, which provide a natural hedge for our portfolios.

The largest detractors to the portfolio's performance over the quarter were Microsoft, SAP and Intuit. Microsoft reported a strong fiscal 2Q, but while the Azure growth of 38% (excluding FX) was ahead of guidance, it fell short of market expectations of accelerated growth given large recent capex increases. The CFO's assurance that growth would have accelerated were it not for internal capacity allocations did not assuage concerns. While Microsoft's incremental return on large AI capex is a key focus area for us, we view it as one of the most advantaged software vendors given its enterprise incumbency and scale. SAP's current cloud backlog (CCB) growth of 25% (excluding FX) was one percentage point

below market expectations, leading to a significant price reaction. The shortfall was attributed to deal mixes affecting the timing of the contract backlog, despite total Q4 bookings exceeding management's plan. While we believe specific factors may continue to pose near-term headwinds to deal cycles, we do not perceive 4Q25 to be evidence of a competitive or AI disruption risk to SAP. We maintain that SAP is uniquely insulated from such risks. Enterprise Resource Planning (ERP) remains one of the most defensible software verticals due to the intricate, multi-jurisdictional nature of these deployments. As the central 'system of record' for global supply chains, SAP is ideally positioned to integrate AI into a trusted environment to drive tangible customer productivity. Intuit's share price came under pressure due to concerns around the disruption by AI in the form of AI agents and code generation. We view Intuit as well-protected given a predominantly non-seat-based pricing model, the low price of its software relative to the utility it provides, its own AI capabilities, a customer base with limited interest or ability to code their own solutions, and the strong brand and trust its products have established.

Index movements and stock contributors/detractors are based in local currency terms unless stated otherwise.

Outlook and view from Portfolio Managers

While we retain a constructive long-term outlook for global equity markets, we have become incrementally more cautious in the near term. Current valuations remain full, offering little margin for error in an environment where there is no shortage of risks.

We entered the year navigating a fragile set of risk factors, from the anxieties of AI disruption and private credit liquidity to the uncertainties of tariff policies. The subsequent emergence of the US-Israel-Iran conflict has introduced a new set of risks to the market. The transformation of the Strait of Hormuz into a global economic chokepoint has triggered a sharp escalation in energy costs, with oil prices surging as much as 70% at their peak. This "oil disruption premium" functions as a pervasive tax on global consumption and production alike. The dual threats of revitalised inflation and physical supply-chain interruptions have catalysed a significant step-up in market volatility, prompting aggressive rotations across sectors and thematic exposures.

Equity returns are traditionally driven by three pillars: earnings, interest rates, and sentiment. For the past seven years, sentiment has been a positive driver of market returns. This represents the most protracted period of positive sentiment in our historical dataset. Indeed, over the last three years, sentiment has been a larger driver of total returns than fundamentals, resulting in a significant re-rating of valuation multiples. This is both unusual and unsustainable, with earnings growth the dominant driver of returns over the long term. More recently we have witnessed a healthy normalisation as some negative sentiment begins to permeate the market. While unsettling, this revision could prompt the market to shift its focus back to fundamentals like earnings.

This elevated risk environment and corresponding correction in sentiment have led to bouts of indiscriminate selling of what we consider high-quality stocks with strong long-term earnings growth prospects. With share prices having fallen, but the intrinsic value unchanged, the expected returns have improved for many stocks. Consequently, we are taking this opportunity to selectively lean into the stocks where the risk-reward has become more compelling and are seeing more opportunities in stocks within our Approved List. Consistent with this opportunity, we are taking the maximum permitted level of risk for the portfolio, with this risk level 20% below that of the overall market.

In this environment, we continue to subject the portfolio to rigorous stress tests. AI-driven disruption risk remains a key focal point for the market. While we acknowledge that certain legacy business models will see their competitive advantage eroded by AI, we remain confident that the stocks in the portfolio will be net beneficiaries of AI adoption. The risk is also mitigated by maintaining a balanced portfolio with strategic allocations to defensive, high-quality companies, which we believe should outperform in a market drawdown. These holdings have recently underperformed despite their robust fundamentals, making their prospective returns increasingly attractive.

We believe our disciplined investment process will enable the portfolio to achieve its dual objectives: delivering attractive risk-adjusted returns over the medium to long term while reducing the risk of permanent capital loss. The fund aims to deliver 9% per annum net of fees over the economic cycle. Our portfolio management is supported by a talented team of analysts dedicated to identifying what we believe are the highest-quality companies and the most compelling investment opportunities on a global scale.

Stock Story – MSCI

(Elisa Di Marco - Investment Director and Analyst)



MSCI is a leading participant in global data and analytics services for financial markets, benefiting from the long-term trends of asset accumulation and passive investment. They provide global benchmarks, and data and analytics across equities, sustainability, climate, fixed income and private assets. MSCI is a gem within the financial services industry – an earnings and free cash flow generation powerhouse. Why? The economic moat surrounding its benchmarking business. While the business itself is far more diverse, this ecosystem is built around the strength and necessity of MSCI benchmarks in global financial markets, with over US\$18t in AUM benchmarked to MSCI indices as of 30 June 2025.

MSCI, the leader in global investing, manages the leading global equities benchmarks (e.g. MSCI World, MSCI ACWI, MSCI World SMID Cap), ex-US benchmarks (e.g. MSCI EAFE, MSCI Emerging Markets), sector (e.g. MSCI World IT, MSCI World HealthCare) and factor (e.g. MSCI World Quality, MSCI World Growth).

What is a benchmark and why do they generate so much value?

A benchmark is "a standard used for measurement and comparison". A way to think about this is – if financial markets are a **musical instrument**, a benchmark is a **metronome** used to see how fast and accurately you can play it. Benchmarks in financial markets provide a baseline for comparing returns, enabling market participants to judge, rank and articulate performance. Importantly, the benchmark must be repeatable and objective to maintain its relevance. Benchmarks give market participants a common language to describe and assess markets. For example, industry classifications, factors, and geographical classifications are critical in describing and understanding the underlying risks of markets. Without these common classifications, we would not be able to consistently communicate market dynamics.

This power of a benchmark is the underlying competitive advantage of MSCI's economic moat. The embedded nature of MSCI benchmarks across the financial system has enabled MSCI to scale its business, to create network effects from this common language, and material barriers to entry for new entrants.

As a result, MSCI generates the majority of its revenues from data and services related to these powerful benchmarks. MSCI generates revenues from asset-based fees linked to each benchmark (a toll on passive investing); from licensing, reporting and access to proprietary data, linked to benchmarks; from analytics, where proprietary MSCI data is

combined with portfolio management and analytics to assist clients in decision making and risk assessment; from sustainability and climate, where MSCI has created proprietary data sets and analytics to compare and contrast sustainability and climate risks and opportunities for thousands of companies; and to newer opportunities of data sets and analytics in private assets and fixed income. Essentially, MSCI benefits from the accumulation of assets in global markets, and the need to benchmark these assets and assess their risks. As the volume of assets in global markets grows, so do MSCI's revenues and earnings.

But can't AI just replicate the benchmark?

We do not envisage MSCI's benchmark ecosystem can be disrupted by AI. The power of a benchmark isn't in its creation or existence. AI can create an index that seeks to compete with MSCI. What AI can't do is create the universal metronome that MSCI benchmarks represent. It can't embed these 'new benchmarks' across financial markets and workflows. AI can't create network effects and proprietary data so that the whole market is being measured and assessed on a like-for-like basis. We view the risk of AI disruption in MSCI's core benchmark business as Low, because these competitive advantages remain intact in a world of AI.

In summary, we believe MSCI is amongst the highest-quality companies globally. The power of the benchmark enables MSCI to generate attractive subscription-like returns, with a high degree of confidence from quarter to quarter. While the company is slowly maturing, as passive investing takes more share, the consistent investment in new benchmarks (e.g. thematic), products (e.g. climate and sustainability), and asset classes (e.g. private assets) gives us confidence that MSCI can continue to deliver attractive returns over the long term for our investors.

IMPORTANT INFORMATION

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