

# Magellan Global Opportunities Fund

ARSN: 682 380 892



MAGELLAN GLOBAL OPPORTUNITIES FUND - CLASS A UNITS | APIR: MGE5500AU

AS AT 30 JUNE 2025

PORTFOLIO MANAGER

ALAN PULLEN

## INVESTMENT PHILOSOPHY

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

## OBJECTIVE

To outperform the MSCI World Net Total Return Index (AUD) net of fees over periods of three years or longer.

## PORTFOLIO CONSTRUCTION

A portfolio of 20-40 investments which we believe can achieve sufficient diversification to ensure the Fund is not overly correlated to a single company, or to industry specific or macroeconomic risks. The Fund aims to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time.

Cash and cash equivalents exposure between 0 - 5%.

## 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.magellangroup.com.au](http://www.magellangroup.com.au).

## MAGELLAN GLOBAL OPPORTUNITIES FUND – CLASS A UNITS: KEY PORTFOLIO INFORMATION

FUND SIZE	BUY/SELL SPREAD	MANAGEMENT AND PERFORMANCE FEES <sup>1</sup>	INCEPTION DATE <sup>2</sup>
AUD \$1.9 million	0.10% / 0.10%	0.75% p.a. and performance fee of 10% of excess return <sup>^</sup>	1 January 2022

<sup>^</sup> Performance fees are 10% of the excess return of the units of the Fund above the MSCI World Net Total Return Index (AUD) over each Calculation Period.

## PERFORMANCE<sup>3</sup>

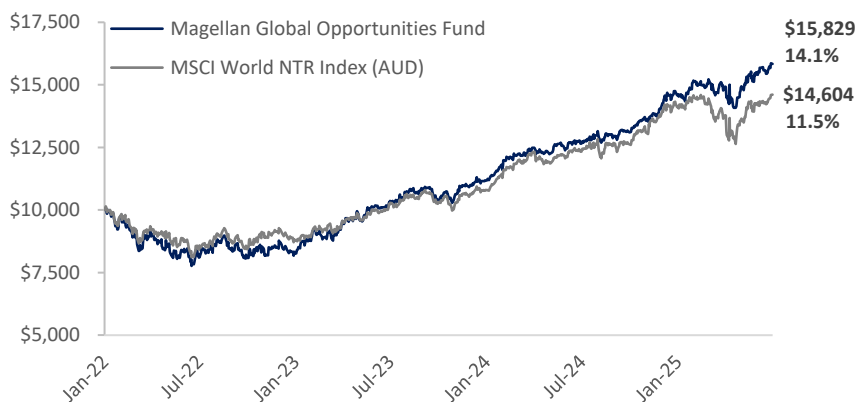
	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	Since Inception (% p.a.)
MGOF	2.1	6.2	25.1	25.0	14.1
MSCI World NTR Index (AUD) <sup>4</sup>	2.4	6.0	18.5	20.2	11.5
Excess	-0.3	0.2	6.6	4.8	2.6

## CALENDAR YEAR RETURNS

	CYTD (%)	2024 (%)	2023 (%)	2022 (%)
MGOF	8.3	30.7	35.2	-17.3
MSCI World NTR Index (AUD) <sup>4</sup>	3.4	30.8	23.0	-12.2
Excess	4.9	-0.1	12.2	-5.1

Past performance is not a reliable indicator of future performance.

## PERFORMANCE CHART GROWTH OF AUD \$10,000<sup>3</sup>



Past performance is not a reliable indicator of future performance.

<sup>1</sup> Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST. Effective 1 July 2024, the management fee was reduced from 1.05% p.a. to 0.75% p.a. and the performance fee changed from '12.5% of the excess return of the Fund above the "Absolute Return" hurdle of 10% p.a.' to '10% of the excess return of the Fund above the MSCI World Net Total Return Index (AUD)'.

<sup>2</sup> The Fund was established on 1 January 2022 as an unregistered managed investment scheme. The Fund was registered with ASIC as a managed investment scheme in December 2024 and became available to retail investors on 23 December 2024.

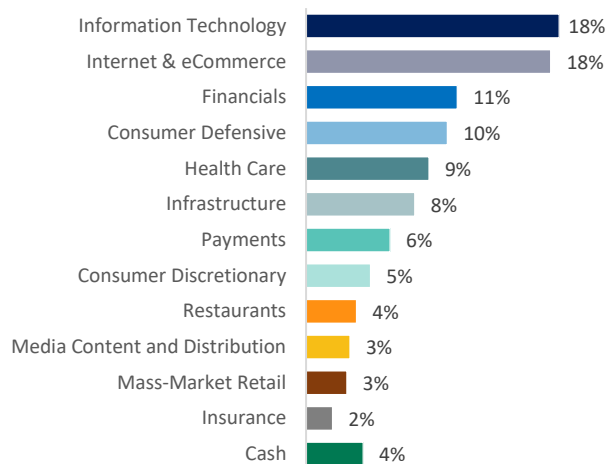
<sup>3</sup> Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.

<sup>4</sup> MSCI World Net Total Return Index (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.magellangroup.com.au/funds/benchmark-information/](http://www.magellangroup.com.au/funds/benchmark-information/)

## TOP 10 HOLDINGS

STOCK	SECTOR <sup>5</sup>	%
Microsoft Corporation	Information Technology	8.0
Amazon.com Inc	Internet & eCommerce	6.5
Mastercard Inc	Payments	6.1
Meta Platforms Inc	Internet & eCommerce	5.3
Taiwan Semiconductor - SP ADR	Information Technology	4.5
Reckitt Benckiser Group	Consumer Defensive	4.5
Eversource Energy	Infrastructure	4.0
American Tower Corporation	Infrastructure	3.9
Nestlé SA	Consumer Defensive	3.8
Alphabet Inc	Internet & eCommerce	3.7
<b>TOTAL:</b>		<b>50.2</b>

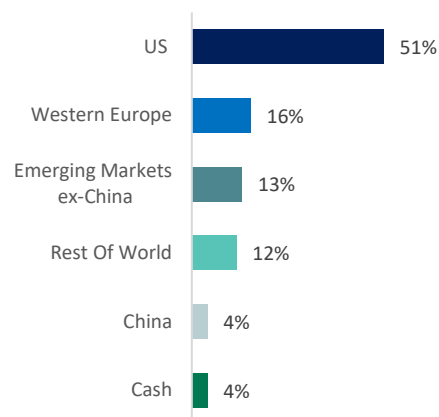
## SECTOR EXPOSURE BY SOURCE OF REVENUE<sup>5</sup>



## TOP CONTRIBUTORS/DETRACTORS 1 YEAR<sup>6</sup>

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Meta Platforms Inc	2.2
Netflix Inc	2.1
Booking Holdings Inc	1.9
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
UnitedHealth Group Inc	-1.1
Zimmer Biomet Holdings Inc	-0.4
Diageo Plc	-0.3

## GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE<sup>5</sup>



<sup>5</sup> 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.

<sup>6</sup> 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

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Global equities gained 11.5% in the June quarter as measured by the MSCI World Index in USD. The appreciation was far less in AUD, rising by 6.0% given weakness in the USD. There was significant volatility within the quarter. The June quarter began with Donald Trump announcing 'Liberation Day' tariffs that were deeper and more broad-reaching than anticipated, leading to a substantial market correction. Since then, trade tensions have de-escalated, with the US and China agreeing to a 90-day reduction in tariffs while working towards a trade deal. The US House of Representatives passed Donald Trump's signature budget bill to the Senate, legislating the extension of major tax cuts. Markets also endured a so far short-lived conflict between Israel and Iran towards the end of the quarter. The US yield curve steepened over the quarter as near-term rates factored in growth concerns and policy easing by the US Federal Reserve. Longer-term rates were partly affected by prospects of higher budget deficits. The Q1 corporate earnings season was generally positive. The best performers in the quarter were Information Technology (+22.5%), Communication Services (+18.1%) and Industrials (+11.9%). Consumer Discretionary (+8.9%) and Financials (+7.1%) underperformed the overall market slightly. In contrast, defensive Utilities (+5.6%), Consumer Staples (+0.8%) and Healthcare (-6.1%) sectors lagged. The Energy sector (-7.1%) was the worst performer.

Japan's Nikkei 225 was the best-performing index in the quarter, rising by 13.8%. This move was supported by a broad easing of trade tensions, and a sustained weakening of the Yen. The MSCI Emerging Markets Index followed, gaining 12.0% in the June quarter. The S&P 500 Index gained 10.8% while the tech-focused Nasdaq Composite rallied 17.9% in the June quarter. Australia's S&P/ASX 200 Accumulation Index grew by 9.5%. Notably, the STOXX Europe 600 and China's CSI 300 Index lagged, rising by 2.8% and 2.3% respectively.

Over the quarter, the US economy appeared to be resilient despite tariff-induced uncertainties. Survey-based consumer confidence and ISM releases contrasted with a relatively positive March quarter given uncertainty relating to tariffs. Despite this, the US labour market remained resilient throughout the quarter with robust payrolls growth alongside a steady unemployment rate remaining at 4.2% through the quarter. Although Q1 US Real GDP contracted by 0.5%, this was due mainly to the pulling forward of import demand that detracted from growth ahead of a tariff announcement in Q2. We see this as backward-looking. On monetary policy, the Federal Reserve progressively downgraded its growth forecasts and raised inflation forecasts. Minutes from the June FOMC meeting highlighted the difficulty the current macroeconomic environment posed to balancing competing goals of full employment and price stability.

## Fund Commentary

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The portfolio delivered strong returns over the quarter. Key contributors included Microsoft, Meta and TSMC. Microsoft reported a strong Q1, beating across all segments and metrics and delivering further operating efficiency. Most encouraging was its reacceleration in Azure non-AI growth. Meta performed well following a strong 1Q25 earnings print, coupled with continued investor confidence in its ability to drive long-term growth through improved ad monetisation across its core platforms, as well as future growth optionality fuelled by Meta AI and wearables. TSMC's performance reflected a strong Q1 result, Trump's 90-day tariff pause, and upward momentum on the AI trade amid major AI data centre announcements in the US and the Middle East.

Detractors for the quarter included UnitedHealth, Zimmer Biomet and Nestlé. UnitedHealth was affected by higher-than-anticipated medical care costs due to increased utilisation. This was followed by the resignation of CEO Witty, with Executive Chair and former CEO Hemsley to step in. Our review of business operations and expert conversations suggests re-pricing should occur over a three-year period. In terms of the CEO transition, Hemsley is well-placed to address the issues facing the business given his role in building the modern-day company. Zimmer's business turnaround has progressed more slowly than expected, contributing to recent share price weakness. The underperformance was most evident in the US Knees segment. Encouragingly, management has responded with a leadership refresh and adjustments to sales representative incentive structures. Nestlé's underperformance largely reflected market rotation out of defensive equities.

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

## Outlook

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Equity markets have been remarkably resilient considering recent events. While the Trump administration has pulled back from the most aggressive trade demands, moderating the risk of significant economic dislocation, tariff negotiations remain ongoing and further volatility is possible. Looking ahead, our base case is the global economy continues to grow, albeit modestly, with more trade deals eventually being made and the US economy benefiting from a mild fiscal stimulus. Nonetheless, downside risks remain elevated given ongoing uncertainty.

Notwithstanding this outlook, global equity markets are at record levels and valuations full, indicative of an element of speculation in recent market gains. As elevated risks are not sufficiently discounted in equity valuations, we maintain a cautious stance, albeit opportunities at the individual stock level are always present and will be acted upon. The high-quality companies that comprise the portfolio have shown their resilience in the current environment, and we believe that they remain well-placed to deliver strong earnings and shareholder returns over the long term.

## Stock Story: Taiwan Semiconductor

(Adrian Lu - Investment Analyst)



The world is undergoing a series of major technological transformations. From next-generation mobility and automation to cloud and AI-driven computing, the number of use cases underpinned by semiconductors continues to grow. As these technologies become more widespread and sophisticated, so too does our collective demand for these chips.

Semiconductors are the enablers of modern technology. They are embedded in virtually every device and system that permeates the modern economy, powering everything from smartphones and laptops to electric vehicles and data centres. Global chip demand is expected to double over the decade to 2030, with industry forecasts predicting worldwide semiconductor spend to reach US\$1 trillion by 2030. That figure could prove conservative given the breadth of new growth opportunities, as most recently exemplified by AI.

But not all semiconductor companies are made alike. This is a vast ecosystem spanning intellectual property, design software, specialty materials, fabrication equipment and manufacturing. Within that ecosystem, Taiwan Semiconductor Manufacturing Company (TSMC) plays a unique and indispensable role as the world's leading dedicated foundry, manufacturing chips on behalf of other companies.

What makes its business so defensible is the extreme complexity and capital intensity of advanced chip manufacturing. Building just a single, advanced fab with a moderate output capacity can cost US\$20 billion today. That cost will continue to rise as the industry maintains its relentless pursuit of computing performance and efficiency. TSMC's ability to make these investments and keep its expensive fabs utilised by manufacturing thousands of different products while pushing the frontiers of semiconductor technology is unmatched.

This has created a powerful industry dynamic. While many companies are designing chips, very few can manufacture them. The economics almost always favour outsourcing, and TSMC has emerged as the foundry partner of choice. From Apple and AMD to Nvidia and Broadcom, major chip designers rely on TSMC to bring their designs to life. The company

commands a 67% share of the foundry market – more than five times its nearest competitor. In advanced manufacturing, used in applications such as data centres and smartphones, TSMC dominates with 90% market share.

TSMC's dominance is not just a function of cost and scale. It is also about customer trust, operational excellence, and long-term commitment to R&D, which has made it a critical enabler of global innovation.

To support its customers' supply chain resilience, TSMC has increasingly diversified its manufacturing footprint outside Taiwan. The most significant of these efforts is in the United States, where it is building advanced fabs in Arizona and recently committed an additional US\$100 billion investment over the next several years. These moves reduce geographic concentration risk and signal TSMC's role as a critical strategic supplier.

With a strong long-term demand outlook, widening technological lead, expanding scale, and a near-monopoly on the most advanced chipmaking capabilities, TSMC is uniquely positioned in the semiconductor landscape. Most of the world's most consequential technological advances over the next decade will likely pass through TSMC's fabs. An investment in TSMC offers a highly attractive exposure to the future of technology.

### IMPORTANT INFORMATION

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