Magellan Global Equities

Distributed by Magellan Investment Partners

Magellan Global Opportunities Fund No. 1

ARSN: 682 380 892 I APIR: MGE5500AU

AS AT 30 SEPTEMBER 2025

INVESTMENT TEAM

ALAN PULLEN, PORFOLIO MANAGER

RYAN JOYCE, CFA, DEPUTY PORTFOLIO MANAGER

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.magellaninvestmentpartners.com.

MAGELLAN GLOBAL OPPORTUNITIES FUND No. 1: KEY PORTFOLIO INFORMATION

FUND SIZE	BUY/SELL SPREAD	MANAGEMENT FEES[1]	INCEPTION DATE[2]
AUD $2.1 million	0.10% / 0.10%	0.75% p.a.	1 January 2022

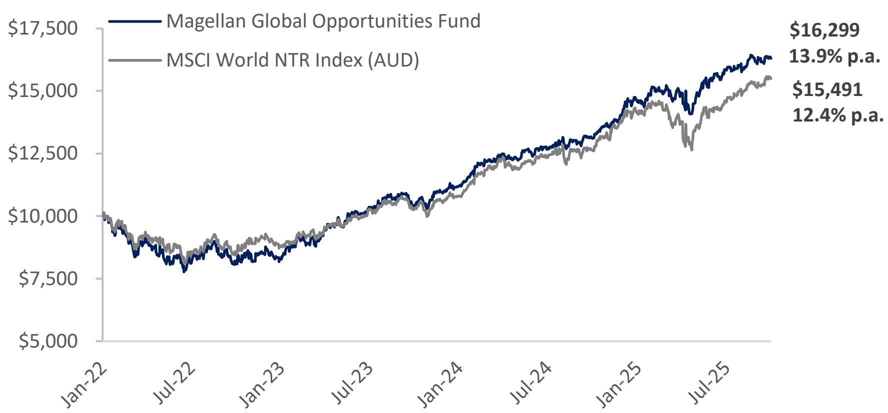
PERFORMANCE[3]

	1 MONTH (%)	3 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	Since Inception (% p.a.)
MGOF	0.8	3.0	24.4	26.3	13.9
MSCI World NTR Index (AUD)[4]	1.9	6.1	22.7	22.5	12.4
Excess	-1.1	-3.1	1.7	3.8	1.5

CALENDAR YEAR RETURNS	CYTD (%)	2024 (%)	2023 (%)	2022 (%)
MGOF	11.5	30.7	35.2	-17.3
MSCI World NTR Index (AUD)[4]	9.7	30.8	23.0	-12.2
Excess	1.8	-0.1	12.2	-5.1

Past performance is not a reliable indicator of future performance.

PERFORMANCE CHART GROWTH OF AUD $10,000[3]



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. Effective 15 September 2025 the performance fee was removed. Prior to that on 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)'.

[2] 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.

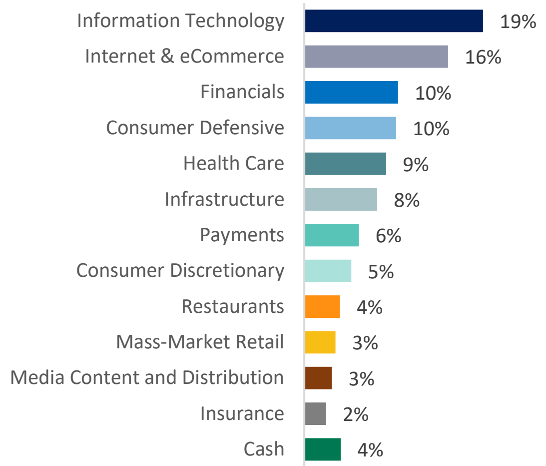
[3]Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.

[4]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.magellaninvestmentpartners.com/funds/benchmark-information/

TOP 10 HOLDINGS

STOCK	SECTOR[5]	%
Microsoft	Information Technology	8.0
Amazon.com	Internet & eCommerce	7.4
Mastercard	Payments	6.0
Taiwan Semiconductor	Information Technology	4.8
Nestlé	Consumer Defensive	4.7
SAP	Information Technology	4.1
Eversource Energy	Infrastructure	4.0
Yum! Brands	Restaurants	3.9
American Tower	Infrastructure	3.9
Meta Platforms	Internet & eCommerce	3.9
	TOTAL:	50.7

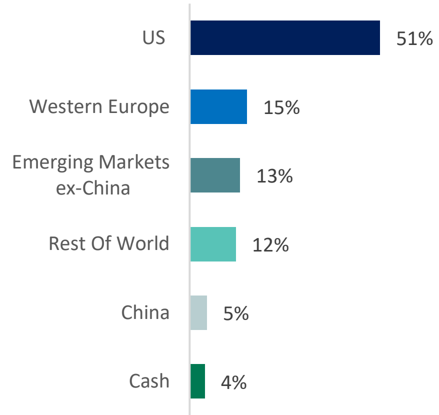
SECTOR EXPOSURE BY SOURCE OF REVENUE[5]



TOP CONTRIBUTORS/DETRACTORS 1 YEAR[6]

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Taiwan Semiconductor	2.8
Microsoft	2.2
Alphabet	2.0
TOP 3 DETRACTORS	**CONTRIBUTION TO RETURN (%)**
UnitedHealth	-1.1
Diageo	-0.6
American Tower	-0.2

GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE[5]



[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 fund's gross return for the period in AUD. Excludes non-disclosed positions established in the latest quarter.

Market Commentary

Global equities gained 7.3% in the September quarter as measured by the MSCI World Index in USD. The rally was less pronounced in AUD terms, appreciating by 6.1% given weakness in the USD. The start of the quarter was marked by the passage of the 'One Big Beautiful Bill Act' and progress on trade policy as the EU, Japan and South Korea all came closer to trade deals with the US. Subsequently, the US Supreme Court challenged the legality of President Trump's IEEPA-based tariffs with a hearing on the matter to begin late this year. We expect the legal challenge to be successful but do not expect that outcome to materially change the course of US trade policy. The Federal Reserve also shifted from maintaining a restrictive monetary policy to ease towards a more neutral stance, prompted by weakening US jobs data. Over the quarter, 10-year US Treasury yields declined by 8 bps. The quarter was bookended by the shutdown of the US government after lawmakers failed to agree on a funding Bill. Market response to the shutdown was limited. Overall, relatively lower uncertainty, expectations of policy easing, and further positive AI-related news flow led to outperformance in growth and cyclical parts of the market. The Tech sector led (+12.4%), followed by the Communication Services (+10.9%), Materials (+9.0%) and Consumer Discretionary (+8.6%) sectors. Relatively, 'defensive' sectors like Consumer Staples (-1.7%) and Healthcare (+3.2%) sectors underperformed.

China's CSI 300 Index was the standout performer in the September quarter, rallying 19% driven by AI-related tech companies and supported by the central government's anti-involution drive. Japan's Nikkei 225 Index also rose 11.6% in the quarter, supported by progress on the US-Japan trade deal. Similarly, rallies in tech-related companies benefited the Nasdaq Composite, which grew by 11.4%. The S&P 500 Index rose by 8% in the quarter. The Australian S&P/ASX 200 (+4.7%) and STOXX Europe 600 (+3.5%) both lagged US markets in the quarter.

Over the September quarter, there was a notable slowing in the US jobs market. Monthly job creation was weak with the high level of uncertainty paralysing business decisions to hire. Curiously, the unemployment rate remained at 4.3% towards the end of the quarter. Despite softness in the US jobs market, the overall US economy remained resilient. US Q2 GDP came in at 3.8%, having been progressively revised up since its initial release. Other indicators were mixed as the ISM manufacturing index edged towards growth territory, but consumer confidence remained poor. Encouragingly, this also meant inflation and inflationary expectations should remain contained, opening the path for further US monetary policy easing back to neutral.

Portfolio Commentary

The portfolio delivered a solid return for the quarter, albeit lagging the benchmark as more speculative companies performed strongly in the risk-on environment. Key positive contributors included Alphabet, TSMC and Reckitt Benckiser. Alphabet has performed strongly since the US District Court ruling on the Department of Justice's anti-trust case. The judge ruled that Alphabet did not need to divest any parts of their business and allowed payments to partners for search distribution to continue, although they would be required to share some data with competitors and customers. This meant that the search business model could continue to operate largely unchanged, thereby removing a significant headwind on the stock. Semiconductor demand sentiment was lifted by the announcements of several OpenAI partnerships with Oracle, Nvidia and Broadcom. These were positive developments in their potential to drive incremental demand for AI-related chips and manufacturing capacity; however, we remain focused on the end-market demand dynamics that will be necessary to support these capacity plans, particularly given the single-customer concentration (OpenAI). Reckitt Benckiser outperformed on better-than-expected 2Q25 results. Outlook improved with the full-year like-for-like guidance upgraded and like-for-like sales performance broadening, particularly in Emerging Markets. Margin performance was also ahead of expectations. Additionally, the company had found a buyer for Essential Home, removing a negative for the stock.

Key detractors included American Tower, SAP and Universal Music Group (UMG). US telecommunications infrastructure company American Tower was affected by news that US telco AT&T and SpaceX bought spectrum rights from EchoStar. This suggests that the fourth mobile network being built by DISH (a subsidiary of EchoStar) will eventually be decommissioned. DISH represents ~2% of global revenues, suggesting limited near-term impact however these revenues will dissipate in time. Choppy 10-year US bond yields, reflecting concerns on US fiscal settings and Fed independence, were a headwind for the company. Enterprise software vendors such as SAP have sold off on market concerns about AI software disruption. We consider some concerns valid but the impact will vary by category and vendor. Enterprise resource planning (ERP) is the most difficult software category to disrupt in our view, and SAP is the best-placed vendor in this category, while benefiting from cloud adoption tailwinds. UMG underperformed on underwhelming H1 results with softer-than-expected margins and poor free cash flow conversion. We remain confident in our multi-year view of strong profit growth supported by industry price increases.

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

Outlook

Renewed enthusiasm in the AI trade has driven markets to fresh highs. The underlying rationale for the most recent rally appears increasingly driven by more speculative elements, including large, long-dated deals for chips and data centre capacity announced by OpenAI with Nvidia, Broadcom, Oracle and AMD (the latter announced post quarter-end). These deals are somewhat circular in nature and are heavily dependent on OpenAI growing and monetising its user base given its limited current revenue. While we are positive on the potential for GenAI over the long term, considerable uncertainty remains on the pace and degree of monetisation, resulting in increasing risks to the market.

Notwithstanding these concerns, we continue to expect US economic activity to remain reasonable in the near term, aided by interest rate cuts. Risks associated with the softening labour market, inflation, and government deficits and elevated debt levels introduce a downward bias to the range of future outcomes, albeit our base case remains constructive. Nonetheless, with Global equity markets at record levels and valuations full, we view risks as not sufficiently discounted in equity valuations and maintain a cautious stance while noting opportunities at the individual stock level are present and will be acted upon. We believe the high-quality companies that comprise the portfolio remain well-placed to deliver strong earnings and shareholder returns over the long term.

Stock Story: Adidas

(Emma Henderson - Investment Analyst)

Founded in 1949 in Herzogenaurach, Germany, Adidas was the vision of Adolf "Adi" Dassler, who split from his brother Rudolf (the founder of Puma) to create what would become one of the world's most enduring sports brands. Registered under the now-iconic three stripes trademark, Adidas quickly rose to prominence when West German footballers wore its innovative boots to victory in the 1954 FIFA World Cup, a defining moment that cemented its reputation for high-performance sportswear on the global stage.

In the decades since, Adidas has expanded far beyond football boots, entering running, basketball and training categories. Along the way, it has pioneered innovations such as screw-in studs and various cushioning and ultra-lightweight footwear and clothing materials. The brand's visibility at the Olympic Games, World Cups and global running events has deepened its association with sporting excellence. In more recent decades, the blending of sports and lifestyle has broadened the company's addressable market as athletic apparel and footwear have become everyday wear. Adidas was pivotal to the history of "athleisure" wear, introducing the tracksuit to non-athletes all the way back in the 1970s.

Today, Adidas is the world's #2 player in athletic footwear and apparel, behind category leader Nike. Despite multiple new entrants across different sporting verticals and niches, these brands continue to dominate sportswear on the global stage and generate annual revenues 5x and 3x larger than the third-largest brand, Puma. While strong economic moats can be difficult to find in competitive consumer categories such as apparel and footwear, we continue to believe the brand equity, marketing reach, R&D capabilities and global distribution networks of the world's two leading sportswear brands provide meaningful and durable advantages.

Importantly, Adidas consistently reinvests to defend these competitive advantages, including an annual marketing budget of around €3 billion – or roughly 12% of net sales. These funds support high-profile partnerships with athletes like Lionel Messi and Patrick Mahomes, sporting teams like Real Madrid and Manchester United, and sporting leagues and events like UEFA Champions League and the Paris Olympics, reinforcing brand visibility and consumer loyalty.

While Nike's dominance is strongest in North America and basketball, Adidas holds sway in the world's most popular sport, football, where its unrivalled presence at global events like the upcoming FIFA World Cup acts as a showcase for the brand. Adidas also benefits from an enviable vault of iconic product silhouettes that are now cross-generational staples blending sports and fashion. The brand's most recent global success story, the Adidas Originals Samba sneaker, has roots tracing back to the 1950s and was officially launched in its current form in 1972.

Execution is critical in the sportswear industry, where consumer tastes shift quickly. Over decades, Adidas has demonstrated resilience and adaptability through challenging periods. In the last five years alone, the company has navigated a global pandemic, geopolitical backlash in China, an exit from Russia and the winding down of its Yeezy collaboration. These external shocks compressed profitability and ultimately resulted in a CEO change. Under new leadership, the business has regained strong momentum across key markets.

From an investment perspective, periods of disruption like this, in categories where structural growth tailwinds and economic moat drivers remain intact, can present attractive investment opportunities. Earlier this year, consumer health and tariff fears drove material underperformance of the apparel and sportswear sector, creating an attractive entry point for Adidas in the Magellan Global Opportunities strategy.

While remaining conscious of broader industry risks – including consumer health, fashion cycles, geopolitics, social supply chain and environmental challenges – we believe Adidas represents a compelling long-term opportunity: a brand with deep heritage, durable competitive advantages, and the ability to continue turning global sports tailwinds into sustainable growth.

IMPORTANT INFORMATION