

Magellan Infrastructure Fund (Unhedged)

APIR: MGE0006AU | ARSN: 164 285 830

AS AT 31 DECEMBER 2025

PORTFOLIO MANAGERS

BEN MCVICAR, CFA, OFER KARLINER, CFA AND DAVID COSTELLO, CFA

INVESTMENT PHILOSOPHY	OBJECTIVE	PORTFOLIO CONSTRUCTION	INVESTMENT RISKS
To prudently invest in outstanding infrastructure and utilities companies at attractive prices that exhibit highly predictable cashflows.	The Fund aims to achieve attractive risk-adjusted returns, after fees, over the medium to long term, while reducing the risk of permanent capital loss.	Relatively concentrated portfolio of typically 20 to 40 investments. Typical cash and cash equivalents exposure between 0 - 10%.	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 INFRASTRUCTURE FUND (UNHEDGED): KEY PORTFOLIO INFORMATION

TICKER	FUND SIZE	BUY/SELL SPREAD	MANAGEMENT AND PERFORMANCE FEES ¹	INCEPTION DATE
-	AUD \$706.3 million	0.15% /0.15%	1.05%, 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 (S&P Global Infrastructure Index A\$ Unhedged Net Total Return) and the Absolute Return Hurdle (the yield of 10-year Australian Government Bonds). Additionally, the Performance Fees are subject to a high water mark.

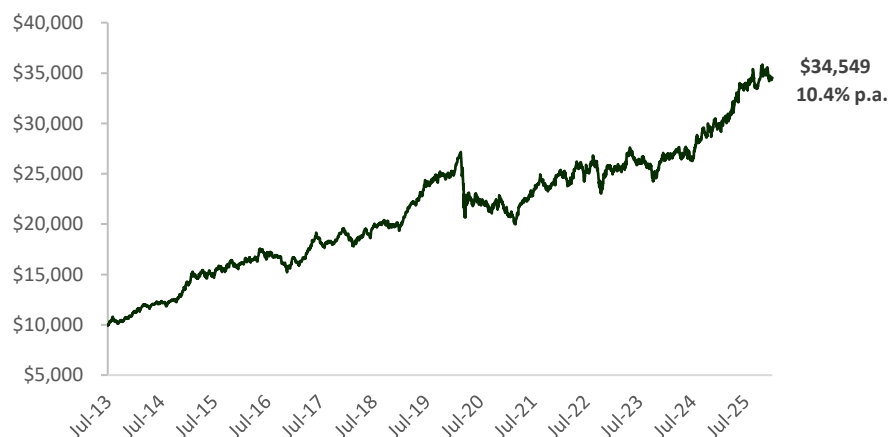
PERFORMANCE²

	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.)
Magellan Infrastructure Fund (Unhedged)	-2.7	1.0	15.2	11.5	10.3	8.2	8.0	10.4
Global Infrastructure Benchmark (A\$)*	-2.4	1.6	12.8	14.2	13.3	10.4	9.4	10.2
Excess	-0.3	-0.6	2.4	-2.7	-3.0	-2.2	-1.4	0.2

CALENDAR YEAR RETURNS	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (part year)
Magellan Infrastructure Fund (Unhedged)	15.2	13.6	5.8	-1.3	19.2	-14.9	25.5	4.8	14.1	3.7	14.6	23.3	13.4
Global Infrastructure Benchmark (A\$)*	12.8	25.7	5.1	6.2	17.9	-14.8	25.9	-0.4	10.2	12.0	-1.2	24.8	10.6
Excess	2.4	-12.1	0.7	-7.5	1.3	-0.1	-0.4	5.2	3.9	-8.3	15.8	-1.5	2.8

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.

* S&P Global Infrastructure Index A\$ Unhedged Net Total Return spliced with UBS Developed Infrastructure and Utilities Index A\$ Unhedged Net Total Return prior to 1 January 2015. Note: as the UBS Developed Infrastructure and Utilities Index A\$ Unhedged Net Total Return ceased to be published from 31 May 2015, it was replaced by Magellan on 1 January 2015 with the S&P Global Infrastructure Index A\$ Unhedged Net Total Return.

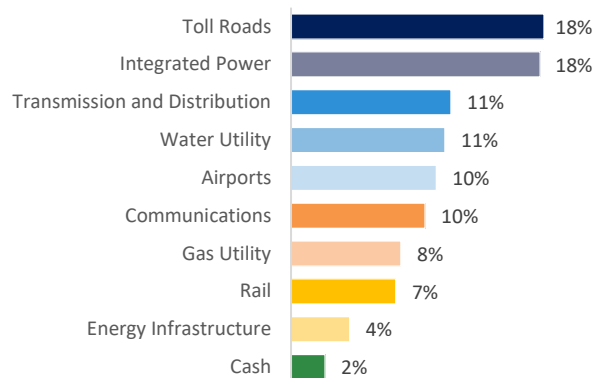
TOP 10 HOLDINGS

STOCK	SECTOR ³	%
Aena	Airports	6.5
Severn Trent	Water Utility	6.1
Cellnex Telecom	Communications	5.1
Vinci	Toll Roads	5.0
United Utilities	Water Utility	4.9
Italgas	Gas Utility	4.0
Transurban	Toll Roads	3.9
National Grid	Transmission and Distribution	3.9
Eversource Energy	Transmission and Distribution	3.9
Snam	Gas Utility	3.8
TOTAL:		47.1

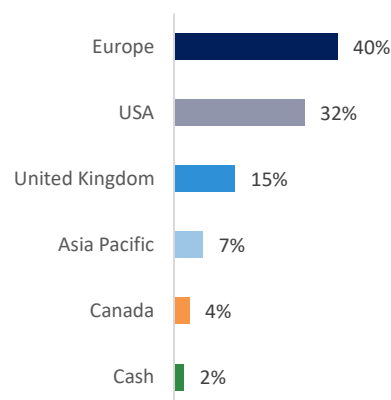
TOP CONTRIBUTORS/DETRACTORS 1 YEAR⁴

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Italgas	2.7
Aena	2.3
Ferrovial	2.2
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Sempra	-0.4
Cellnex Telecom	-0.3
Canadian National Railway	-0.2

SECTOR EXPOSURE³



GEOGRAPHICAL EXPOSURE³



³ Sectors are internally defined. Geographical exposures are by domicile of listing. 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.

Fund Commentary

The fund recorded positive performance in the December quarter 2025. Signs of weakening momentum in major economies, market concerns about the durability of the AI thematic and ongoing geopolitical uncertainty supported demand for high-quality defensive assets, including listed infrastructure.

The key contributors were Italgas, Ferrovial and Severn Trent. Italian gas utility Italgas rose following its capital markets day at the end of October that reinforced its robust outlook and bolstered support for the stock. This included indication from the company regarding significantly higher synergies for its recent merger with 2iRete gas. Global infrastructure operator Ferrovial gained as it reported strong September YTD earnings, which reflected firm performance across all business divisions, including robust performance for US roads. Ferrovial also announced an exceptionally strong increase in tolling for one of its major assets, the 407 ETR toll road in Canada, which was supportive for the stock. UK water utility Severn Trent gained, as the company released strong results for the 1H to September 2025. The company reported solid operational performance, with the result well-received despite its announcement that the current CEO is stepping down. Pressure on the stock price from UK gilt yields abated with the release of the UK government's autumn budget in November, which pointed to fiscal consolidation.

The key detractors were Cellnex, Xcel Energy and Eversource Energy. Spanish telecommunications infrastructure company Cellnex declined, despite the company's announcement of a solid September YTD earnings result and the commencement of a dividend. Upward pressure on Euro area bond yields and rumours about European telecom consolidation were a headwind in the quarter. US integrated power company Xcel Energy declined despite a solid September-quarter earnings report highlighting a robust demand pipeline. The key driver was a lawsuit filed by the Texas Attorney General against Xcel related to the Smokehouse Creek Fire. With the potential financial impact appearing limited, the market reaction appeared overdone. Eversource, a US transmission and distribution company, received an order from its regulator PURA in November declining approval of the sale of its Aquarion water business, which had been widely expected to clear. Eversource has appealed the decision and is evaluating alternative actions to strengthen its balance sheet.

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

Key issues of focus

The final quarter of CY2025 was characterised by rising regulatory and policy uncertainty in some key markets, while at the same time we saw ongoing, strong performance in key companies in which we invest, bearing out the solid fundamentals of these businesses.

Escalating regulatory risk in the US, specifically to offshore wind projects, was a particular issue of note in the quarter. The Trump Administration tried further tactics to block the completion of some projects after courts had blocked earlier attempts to halt work. This drove some stock-specific impacts (including for Eversource and Dominion), but legal challenges have already been filed against the stop-work orders.

While more broadly signalling that abrupt regulatory changes remain a risk to US utilities investment under the current Administration, this is largely contained to projects on federal land, which limits potential impacts.

Rising debate on affordability was also another risk of note. The burden to US households, whether real or perceived, is becoming an increasingly important political issue as we head into 2026, when mid-term elections will take place. While rate redesign (with the implementation of tools such as large load tariffs for large industrial customers such as data centres) will help to alleviate some of this, we see a vector of potential risk to the allowed rates of return, and capex plans for regulated utilities investing to keep up with data centre-fuelled demand. While we continue to watch this closely, thus far we have not seen this escalate to a point where this has disrupted our expectations that surging power demand means more investment, and robust earnings, for regulated utilities.

Political risks extended to France, with the surprise no-confidence vote in former Prime Minister Bayrou's fiscal plan in late 3Q25 leading to multiple changes in the PM in the final quarter. The fractious French parliament was unable to pass a budget bill by year end. With the government currently operating under a stopgap budget, we see risks to businesses in which we invest persisting into the New Year. The absence of budget savings has meant the French debt burden is continuing to grow, with higher corporate taxation the most likely outcome of ongoing budgetary discussions – something we already factor into our valuations. On the returns front, we were encouraged to see ongoing, robust traffic figures for airports and toll roads in our portfolio. Traffic volumes were ahead of our expectations in many cases, pointing to a structural uptrend in demand that has been pulling through since Covid as we have seen increased aircraft deliveries as production issues ease, and jets that have been grounded due to engine issues reenter the fleet. We have also seen better-than-expected pricing growth at some assets (such as Ferrovial's 407 ETR toll road in Canada implementing a mid-teen percent increase in pricing, and 17% toll price growth on Transurban's 95 Express lanes). These developments bode well for performance for these infrastructure sectors, at least in the near term.

Overall, we currently see our investable universe as broadly fair value, with some pockets of significant undervaluation such as UK water utilities and telecommunication towers.

Outlook

Notwithstanding our expectations for greater volatility in the short to medium term driven by rapidly shifting policy from the US administration and geopolitics with implications for economic growth, interest rates and inflation, 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 believe that share prices in the longer term may reflect the underlying cash flows, potentially 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 can offer investors diversification when included in an investment portfolio. In our opinion 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 – Cellnex

(Roy Harrison - Investment Analyst)

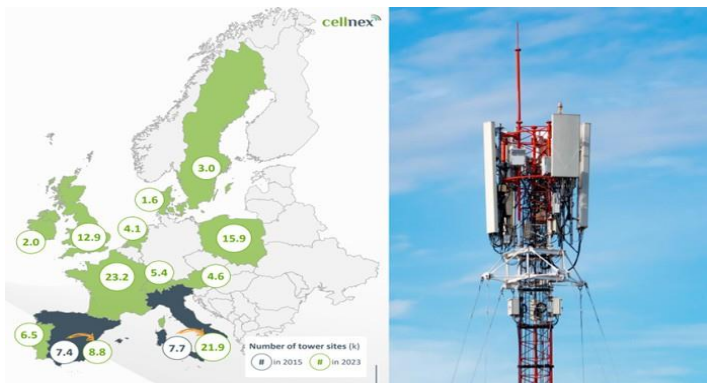


In mid-2021, following a debt-fuelled acquisition spree and with markets forecasting a lower-for-longer rate environment, the Cellnex share price hit an all-time high. Roll forward a year and the share price had halved as inflation and interest rates spiked.

It took another two years of the share price languishing before the board replaced the CEO, who came in with a mandate to refocus the business and rectify the balance sheet. We are now largely through that process with sustainable and growing shareholder remuneration backed by a substantial step up in free cash flow generation. We now believe the quality of Cellnex's business has greatly improved, representing an attractive investment opportunity at a compelling valuation.

Figure 1: Cellnex Telecom asset overview

Cellnex has ~111k towers and ~178k tenants across 10 countries in Europe.



Source: Cellnex company disclosures. Data in image is as at Dec 2023. Note: Cellnex no longer has assets in Austria and Ireland.

Cellnex is the largest tower company in Europe, owning or managing ~111k towers, largely across five core markets: Spain, Italy, France, the United Kingdom and Poland. Cellnex's business model involves leasing space on their towers to mobile network operators ("telcos") to support antenna equipment. Access to power, fibre and the structural integrity of the tower is mission-critical to our community's everyday mobile connectivity needs. This infrastructure enables someone to watch a YouTube video to help fix a flat tyre, FaceTime an overseas family member or call an ambulance during a medical emergency. Mobile data growth, which is the fundamental driver for these assets, is structural in nature – with Ericsson forecasting mobile data traffic in Western Europe to grow by a 13% CAGR through to 2031.¹

¹ Ericsson Mobility Report November 2025

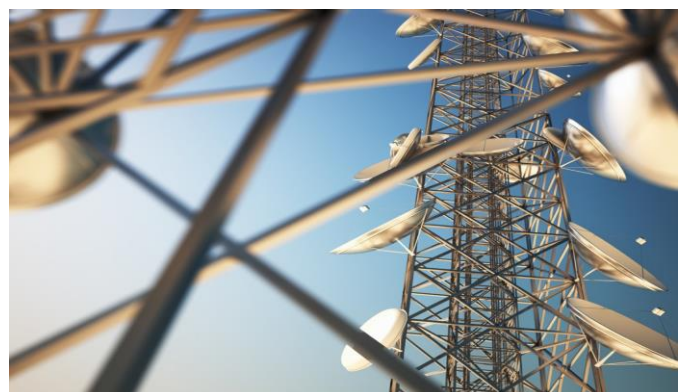
Cellnex's contracts with customers are reflective of quintessential infrastructure

Cellnex's existing revenues are mostly long-term, contracted and predictable in nature. Existing "anchor" tenants are generally locked into 15- to 20-year leases on a take-or-pay basis with rents escalating annually at CPI or a fixed rate of 1-2%. Cellnex has a lot of bargaining power with customers as it can be complex and capital-intensive to change tower providers without degrading network quality. Furthermore, Cellnex renegotiates anchor leases with customers on an "all-or-nothing" basis, meaning telcos must decide between renewing all antennas or moving every single antenna to another tower. Given Cellnex has a significant proportion of the towers in each of its markets, moving to another tower provider would be exceptionally difficult.

Cellnex can also benefit from other telcos wanting to improve their network coverage or densify their network, as they may lease space on existing towers to new tenants. This is highly profitable for Cellnex as the cost to maintain these simple structures does not increase significantly, thus the majority of new revenue falls to the bottom line.

We believe the market is overestimating consolidation risk

While we believe the positive elements of the investment case are well understood, we think the market has become fixated on the risk of consolidation amongst telcos in Europe, pricing the stock at a substantial discount to our assessment of value because of it, and missing the bigger picture.



There have been many rumours and at least one proposal for consolidation amongst European telcos, particularly in France and Italy. Simplistically, this makes some sense: if four telcos in a market become three, this represents a ~25% drop in available customers, or Cellnex could lose an anchor tenant.

We believe this risk is overstated and that Cellnex can mitigate consolidation impacts for three key reasons:

1. Scale & ability to negotiate: Tower contracts generally have change of control clauses; any acquirer will also be acquiring a long-term lease. Cellnex's scale means they can offer the merged entity flexibility to move equipment and improve their network in exchange for a longer lease term and less revenue lost. There is precedent for this in Spain.

2. More rational market structure (and potentially government requirements) should support investment: Europe's 5G networks are underinvested due to high competition among telcos, which keeps mobile plan prices too low for telcos to make an adequate return on investment. A more rational three-player market should drive long-term demand for Cellnex's tower assets following consolidation. Moreover, as we saw in the UK with the Vodafone/3 merger, where governments are concerned about Europe's technological competitiveness, antitrust bodies will likely attach investment commitments (download speeds, number of antennae, etc.) as a condition of any transaction approval.

3. Diversification: Even if we were to ignore the contractual protections and likely medium-term investment benefits – if all contracts were somehow cancelled and no future investments were made, the diversified nature of Cellnex's client portfolio helps to mitigate this risk.

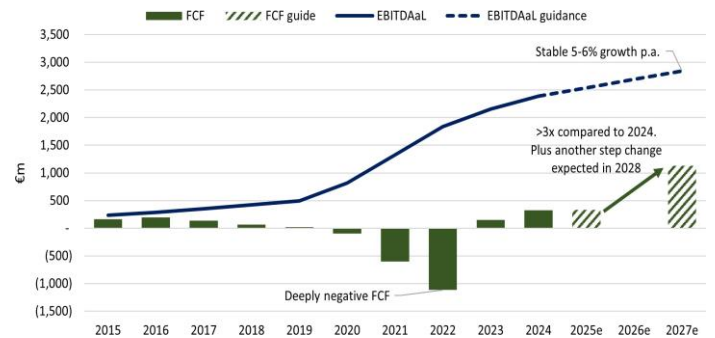
Keep calm and focus on cash flows: We believe the next three years are transformative for Cellnex

We are long-term oriented investors at Magellan. We look at the merits of an infrastructure investment based on an asset's ability to generate reliable cash flows. By 2028, Cellnex will have mostly

completed its 'build-to-suit' capex (an artefact of legacy deal-making that required them to invest large amounts building or acquiring new towers) therefore freeing up substantial amounts of operating cash flows for shareholder remuneration.

Figure 2: Cellnex EBITDAaL (EBITDA after lease expenses) and free cash flow guidance

Management expect earnings to grow stably over the next three years due to the strength of its contracts. Free cash flow is expected to be >3x when compared to 2024, supporting shareholder remuneration.



Source: Cellnex company disclosures

We believe Cellnex has entered a new chapter; one characterised by free cash flow generation, management discipline and shareholder returns. Cellnex has already initiated a dividend policy for 2026 of €500m plus a share buyback plan of €500m. As Cellnex continues to de-lever and complete its inorganic capex obligations, we forecast these returns to grow sustainably over the medium term.

While we would expect some telco mergers to happen (and indeed it makes sense for some of them to occur), the market has appeared to price in a worse-than-worst-case scenario. As the reality plays out, and investors start to appreciate the quality of the business and the attractive and growing shareholder return profile, we would expect long-term investors to be well-rewarded.

IMPORTANT INFORMATION

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