

# Magellan Infrastructure Fund (Unhedged)

APIR: MGE0006AU | ARSN: 164 285 830

AS AT 30 SEPTEMBER 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.	To achieve attractive risk-adjusted returns 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 <a href="http://www.magellaninvestmentpartners.com">www.magellaninvestmentpartners.com</a> .

## MAGELLAN INFRASTRUCTURE FUND (UNHEDGED): KEY PORTFOLIO INFORMATION

TICKER	FUND SIZE	BUY/SELL SPREAD	MANAGEMENT AND PERFORMANCE FEES <sup>1</sup>	INCEPTION DATE
-	AUD \$712.2 million	0.15% /0.15%	1.06%, and performance fee of 10% of dual hurdle excess return <sup>^</sup>	1 July 2013

<sup>^</sup> 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.

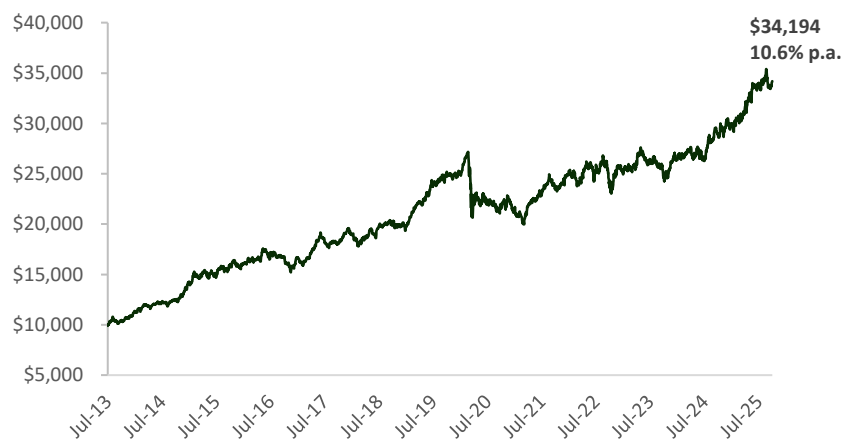
## PERFORMANCE<sup>2</sup>

	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)	0.1	1.1	18.7	13.1	9.7	8.0	7.9	10.6
Global Infrastructure Benchmark (A\$)*	0.2	2.3	21.2	15.5	14.4	9.7	8.6	10.2
Excess	-0.1	-1.2	-2.5	-2.4	-4.7	-1.7	-0.7	0.4

CALENDAR YEAR RETURNS	CYTD (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (part year)
Magellan Infrastructure Fund (Unhedged)	14.0	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\$)*	11.1	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	2.9	-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 \$10,000<sup>2</sup>



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

<sup>2</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.

\* 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.

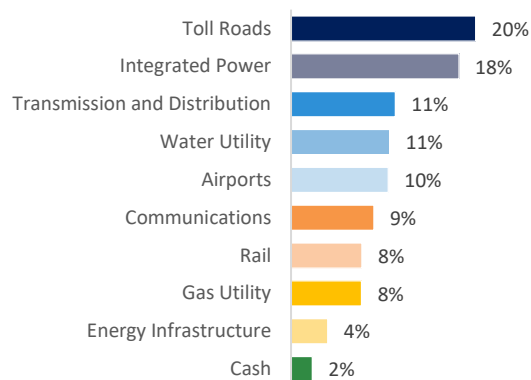
## TOP 10 HOLDINGS

STOCK	SECTOR <sup>3</sup>	%
Aena	Airports	6.5
Severn Trent	Water Utility	5.8
Ferrovial	Toll Roads	5.4
Vinci	Toll Roads	5.0
Cellnex Telecom	Communications	4.8
United Utilities	Water Utility	4.8
Eversource Energy	Transmission and Distribution	4.2
Italgas	Gas Utility	4.0
Evergy	Integrated Power	3.9
Transurban	Toll Roads	3.9
<b>TOTAL:</b>		<b>48.3</b>

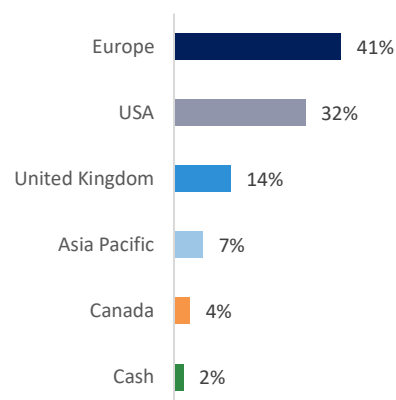
## TOP CONTRIBUTORS/DETRACTORS 1 YEAR<sup>4</sup>

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Aena	2.5
Ferrovial	2.3
Italgas	2.0
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Crown Castle	-0.4
Canadian National Railway	-0.3
American Tower	-0.3

## SECTOR EXPOSURE<sup>3</sup>



## GEOGRAPHICAL EXPOSURE<sup>3</sup>



<sup>3</sup> Sectors are internally defined. Geographical exposures are by domicile of listing. Exposures may not sum to 100% due to rounding.

<sup>4</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.

## Fund Commentary

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The fund recorded positive performance in the September quarter 2025, as market uncertainty on the economic outlook drove demand for high-quality defensive assets, including listed infrastructure.

The key contributors (in local currency) were Sempra, Xcel Energy and Eversource Energy. US integrated utility Sempra gained as it announced a series of transactions that represented movement towards the company becoming a pure-play regulated utility, which was well-received by the market. The key transaction was the larger-than-expected sell-down of its stake in the Sempra Infrastructure Partners (SIP) business to 25% from 70%. Xcel Energy, also a US integrated utility, rose on news the company had agreed a US\$640 million settlement for the Marshall wildfires, supportive for the stock. Xcel has \$350 million in insurance, with the remaining \$290 million to pay immaterial, relative to the company's market capitalisation. Eversource Energy, a US transmission and distribution company, ended the quarter higher on the resolution of a key regulatory issue. A stop-work order for the Revolution Wind project earlier in the quarter was successfully appealed by the State of Connecticut, allowing work to resume in late September 2025. Eversource has sold its interest in the project to GIP but remains liable to GIP for certain cost overruns and contingencies – partially alleviated by work recommencing. The market also appreciated the resignation of Connecticut's regulatory Chairwoman in September, given her unconstructive stance towards utilities.

The key detractors (in local currency) were Cellnex, Severn Trent and Vinci. Spanish telecommunications infrastructure company Cellnex declined, as upward pressure on Euro area bond yields, along with limited news on the company's attempted sale of its majority stake in its Swiss business, weighed on the stock. UK water utility Seven Trent fell, as yields on long-term gilts jumped. Market pressure for UK fiscal consolidation continued to rise, pushing gilt yields higher ahead of the autumn budget. French toll road operator Vinci declined following the announcement of an unexpected confidence vote in the French parliament, focused on fiscal reform, for early September. The unsuccessful vote has led to ongoing political instability.

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

## Outlook

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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 at discounts to their assessed intrinsic value. 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 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 – Alliant Energy

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(Fiona Wu - Investment Analyst)



### **Constructive regulation, AI/data-centre load, and renewables underpin multi-year growth**

Alliant Energy (LNT) offers a clean way to capture the US power-demand upcycle: a constructive Midwest regulatory regime (notably Iowa's forward test years and advanced ratemaking), a leading renewable mix (~46% wind/solar), and 3+ GW of contracted peak demand from data centres and industrials – more than half its current ~5.6 GW system peak. With ~US\$11.5 billion of capex over four years (~68% of the 2025 rate base), the company has visibility into rate-base and earnings growth, supported by constructive authorised returns, cost-recovery certainty, take-or-pay contracts from data centres, and an increasingly competitive delivered-cost position.

### **Company snapshot**

Alliant, a regulated utility headquartered in the US Midwest, operates through Interstate Power & Light (IPL, Iowa) and Wisconsin Power & Light (WPL, Wisconsin). The company has a track record of disciplined capital allocation, consistent earnings delivery and constructive regulatory relationships, giving it a clear pathway to sustainable, long-term growth.

### **Why regulated utilities – and why Alliant?**

Under the US regulatory model, prudent capital added to a regulated utility's rate base earns an authorised return, providing visibility on long-term earnings. As US electricity demand accelerates beyond the last decade's pace, regulated utilities offer resilient earnings and sustainable cash flow with limited risk.

Alliant Energy stands out as a clear beneficiary of surging US power demand from AI-driven data centres and US industrial onshoring. The utility's capex is aligned to grid modernisation, reliability and decarbonisation. With the rise of commercial and industrial loads, especially data centres in Iowa and Wisconsin, Alliant is well-positioned to participate meaningfully in the next phase of US electricity-system investment.

Alliant plans to invest ~US\$11.5 billion over the next four years – the largest multi-year capital program in its history – equivalent to ~68% of its 2025 rate base. The spend is focused on transmission and distribution upgrades, renewables additions and enabling infrastructure for large loads. Given the company operates in a constructive regulatory regime in the US state of Iowa, we expect that execution on this plan should translate efficiently into earned returns.

## Regulatory backdrop: constructive and improving (Iowa in focus)

Alliant's service territories in Wisconsin and Iowa are constructive for authorised return, capital deployment and economic development. (Given Wisconsin is covered in the recent Stock Story on WEC Energy, here we focus on Iowa.)

Iowa is turning more constructive. In particular, authorised returns are above national averages. Recently, the state has adopted forward test years and extended advanced ratemaking for renewables, allowing certain assets to earn returns comparable to, and in some cases higher than, FERC-regulated transmission. The framework provides cost-recovery certainty, sharing mechanisms that support achieving authorised returns and, where appropriate, outperformance.

Under the state's regulatory regime, Alliant also has access to flexible tariffs for large loads. Iowa's individual customer rates (ICR) enable competitive, expedited onboarding of large users (e.g. data centres), aligning economic development goals with timely utility investment.

## Renewables leadership supports affordability and growth

Among the regulated utilities, Alliant is a leader in renewables. We estimate that ~46% of Alliant's resource capacity is wind and solar – clean technologies with typically low LCOE (levelised cost of electricity), supporting customer affordability and system resilience.

Furthermore, although the policy landscape has changed in the US this year, with federal tax credits for clean energy investment phased out, the company has safe-harboured incentives for almost all its renewables. These include wind and solar projects and associated tax credits. Even without IRA credits, these projects remain economic, underscoring the robustness of the build.

Through this investment pipeline, Alliant also has a strategic advantage. A cleaner, lower-cost resource mix helps keep residential bills manageable while attracting large, power-intensive customers to Alliant's grid.

## Demand surge: data centres and onshoring

The Midwest is at the inflection point of load demand growth, particularly in Wisconsin and Iowa. Rapid electricity-demand growth is reversing decades of muted load trends, making the Midwest one of the fastest-growing regions.

Within this environment, Alliant has a strong contracted load. Alliant's 3+ GW of contracted peak demand is significant relative to its current ~5.6 GW system peak. These are resilient, durable loads supported by take-or-pay structures, minimum-demand commitments and upfront payments from data centre operators and other large customers.

Finally, we see these factors as supporting an ongoing flywheel in investment for Alliant. Load growth necessitates incremental grid and generation investment, which in a constructive regulatory environment converts directly into rate-base expansion and earnings visibility.

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