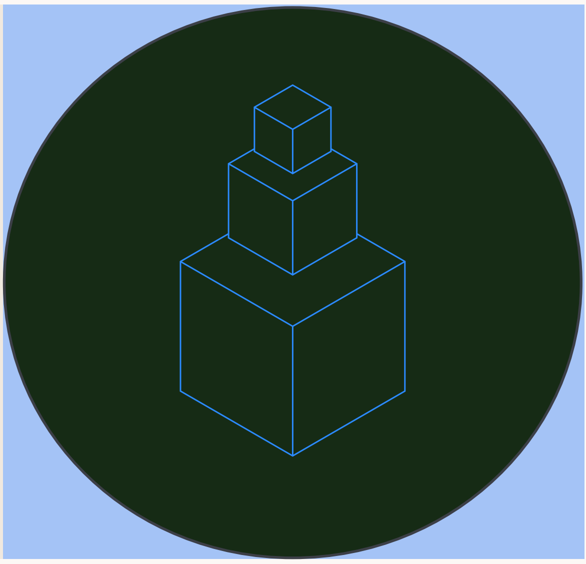
Magellan Global Equities

Distributed by Magellan Investment Partners

Why invest in global equities



You buy from the world's best so why not invest in them?

Australian investors often prefer to invest in Australian shares due to their familiarity with local companies. For generations, many have held shares in iconic Australian firms like BHP Billiton, Woolworths, and Westpac Banking, or their predecessors. While many Australians invest locally, they are spending with global companies, regularly choosing to consume products and services from global mega-brands.

In our connected lives, we awake to an alarm from our Apple iPhone, sip our morning at-home coffee from Nestlé and tap Visa or Mastercard as we board the train or jump in an Uber. Australians heavily rely on global technology brands such as Microsoft Windows, Netflix, Spotify, Apple iPhone, Alphabet for Google internet searches and Meta Facebook and Instagram for social networking. Our pantries and bathrooms are filled with many of Nestlé's 2000 brands, especially some of its 31 mega-brands (Nespresso, Milo, Kit-Kat, Nescafe, Purina, Nature's Bounty Vitamins) as well as Lóreal's broad array of beauty products (Aesop, Garnier, Redken, Lancome). A stop at McDonalds is a feature of many Australian road trips.

We use credit cards and mobile Wallets for almost all payments, via international financial services providers like American Express, MasterCard, Visa and Apple Pay and increasingly shop online using platforms like Amazon. Our medicines are developed by pharmaceutical companies based abroad such as in Switzerland or the US, and our surgeries are undertaken using precision equipment by multinational companies.

Despite the familiarity and extensive usage of these international brands and products, many Australians have been less confident to own shares in them. Exploring the potential of investing in international shares could offer two significant benefits:

Broadening Investment Opportunities

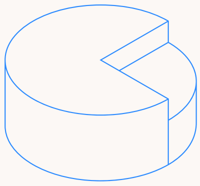
Investing in international shares expands the range of investment options available to Australians. By diversifying beyond the local market, investors can access industries and sectors not represented or less prominent in the Australian market and bring the strengths of industry leaders to their investment portfolios. We consider that this broader exposure can potentially lead to higher returns and opportunities for growth.

Diversifying Risk

Owning shares in international companies can help spread risk across different geographic regions and economies. This diversification may help reduce the impact of local economic downturns or industry- specific challenges on an investor's portfolio. By spreading investments across multiple countries and industries, investors may mitigate the risk associated with over-reliance on any single market or sector.

Australians considering investing in international shares can bring their affinity with chosen brands to their investments while also gaining potential benefits of risk diversification and widening the investment opportunities. As new frontiers like artificial intelligence evolve, global investors can share in the opportunities as global companies bring these new technologies to life around us.

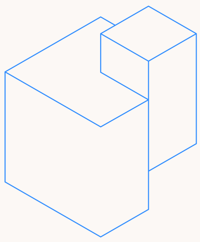
Four key attributes that may contribute to achieving these two outcomes with international investing:



1. **Look globally for the world's best companies.**

   We consider that many of the world's best companies are found overseas – where 98% of stocks, by market capitalisation, are located. Alphabet (Google's parent company), Apple, Meta (Facebook, Instagram and WhatsApp's parent), and Microsoft dominate their respective industries but aren't listed on the ASX and have no comparable local equivalents.

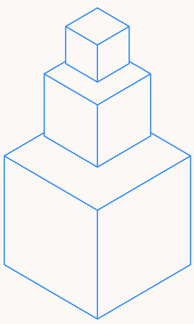
   Leading corporations like Netflix, Procter & Gamble, Amazon, Visa, McDonald's, and SAP also lack representation on the local exchange. The large number of high-quality foreign companies means that international equities can provide more diversification at a stock and sector level than may be found on the ASX, which is dominated by traditional industries such as financial services and mining. At the same time, owning some of the world's best companies can broaden your investment outlook and potential for returns.



2. **More industries to choose from.**

   Investing in international equities can offer access to emerging industries poorly represented on the ASX. For example, for those seeking exposure to the prospects of artificial intelligence, 3D-printing, Cloud or cybersecurity, the ASX may provide limited investment avenues in these thematics.

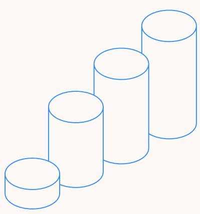
   Overseas exchanges offer a broader selection of opportunities within major industries. Exposure to market leaders in global industries is typically only available on Australia's listed markets by investing into listed ETFs. Some examples of these leading companies across diverse industries include SAP (software, Germany), ASML (semiconductor equipment, Netherlands) Stryker (Medical technology, USA), Moet Hennessy Louis Vuitton (Luxury, France) Colgate Palmolive (Oral and Petcare, USA) and Chipotle Mexican Grill (casual dining, USA).



3. **Reduce local exposure.**

   A portfolio that holds only Australian assets such as property, term deposits and Australian stocks is vulnerable to fluctuations in the Australian economy. The lack of diversification may expose investors to higher levels of risk, as their entire portfolio may be tied to the performance of a single market or economy. A heavy reliance on local investments may make a portfolio more susceptible to economic downturns or crises specific to that region.

   When you invest in some of the largest international companies, you can gain greater exposure to a wide range of markets and economies, each with its own unique characteristics and drivers. By spreading investments across various regions, your portfolio will be less concentrated, less dependent on Australia and may reduce the impact of local negative events.



4. **Spreading currency risk.**

   Investing in different markets may help diversify currency risk. Investing in international equities offers exposure to foreign currencies as the global stocks are bought in the local currency of their listing, which may include US dollars, Euros or Swiss francs, and many earn their revenues in a wide array of different currencies through global operations.

Investing in global equities offers Australian investors the opportunity to tap into the familiarity they already have with global mega-brands and access broader investment opportunities. By venturing into the global market, investors gain access to a wider array of industries and sectors underrepresented or absent on the Australian stock exchange. Investing in global equities can provide exposure to some of the world's best companies, diversification, and the potential for long-term growth.

Magellan Global Opportunities Fund – Active ETF (OPPT)
Magellan Global Opportunities Fund No. 2

A core holding investing in 20 to 40 of the world's best global stocks. The Fund's investment objective is to outperform the MSCI World Net Total Return Index (AUD) net of fees over periods of three years or longer.

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