

# Magellan Core Infrastructure Fund - Active ETF

TICKER: MCSI | APIR: MGE9182AU | ARSN: 646 028 131

AS AT 31 MARCH 2026

## PORTFOLIO MANAGERS

BEN MCVICAR, CFA AND OFER KARLINER, CFA

INVESTMENT PHILOSOPHY	OBJECTIVE	PORTFOLIO CONSTRUCTION	INVESTMENT RISKS
To invest in a diversified portfolio of high-quality infrastructure and utilities companies that exhibit highly predictable cashflows.	The Fund aims to achieve attractive risk-adjusted returns, after fees, over the medium to long-term.	An actively constructed portfolio of 70 - 100 securities that meet our proprietary definition of infrastructure, rebalanced in a systematic manner.  Typical cash and cash equivalent exposure between 0-5%.	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 CORE INFRASTRUCTURE FUND – ACTIVE ETF: KEY PORTFOLIO INFORMATION

TICKER	FUND SIZE	NAV PER UNIT	BUY/SELL SPREAD <sup>1</sup>	MANAGEMENT FEES <sup>2</sup>
MCSI	AUD \$540.3 million	\$1.8668 per unit	0.15% / 0.15%	0.50% per annum

## PERFORMANCE<sup>3</sup>

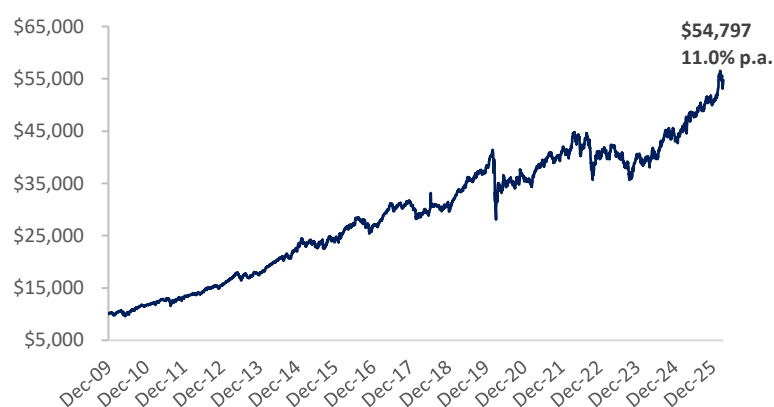
INCEPTION DATE 17 DECEMBER 2009<sup>A</sup>

	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.)
MCSI	-3.1	7.9	16.9	10.0	8.1	7.2	7.5	11.0
Global Infrastructure Benchmark (A\$ Hedged)*	-2.8	8.4	22.8	14.4	11.3	8.1	8.5	8.9
Excess	-0.3	-0.5	-5.9	-4.4	-3.2	-0.9	-1.0	2.1

CALENDAR YEAR RETURNS	CYTD (%)	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)
MCSI	7.9	16.3	8.6	1.2	-5.5	16.7	-5.8	27.2	-2.4	14.1	9.7	7.1	27.4	15.5	15.6	15.2
Global Infrastructure Benchmark (A\$ Hedged)*	8.4	17.2	17.6	3.4	1.3	13.7	-11.9	25.3	-6.7	14.4	14.1	-5.4	22.9	18.5	9.1	4.7
Excess	-0.5	-0.9	-9.0	-2.2	-6.8	3.0	6.1	1.9	4.3	-0.3	-4.4	12.5	4.5	-3.0	6.5	10.5

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> Only applicable to investors who apply for units directly with the Responsible Entity.

<sup>2</sup> Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST;

<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.

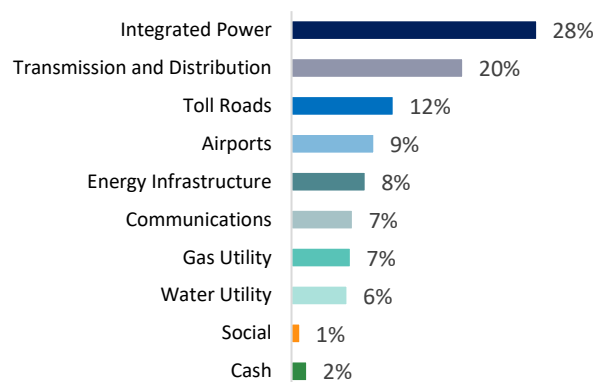
\* S&P Global Infrastructure Index A\$ Hedged Net Total Return spliced with UBS Developed Infrastructure and Utilities Index (A\$ Hedged) Net Total Return prior to 1 January 2015. Note: as the UBS Developed Infrastructure and Utilities Index (A\$ Hedged) Net Total Return ceased to be published from 31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

<sup>A</sup> The Fund was established on 17 December 2009 as an unregistered managed investment scheme. On 19 November 2020, the Fund's name was changed to MFG Core Infrastructure Fund and on 30 November 2020 the Fund was registered with ASIC as a registered managed investment scheme and became available to retail investors. On 11 January 2024, the Fund's name was changed to Magellan Core Infrastructure Fund.

## TOP 10 HOLDINGS

Company	Sector <sup>4</sup>	%
Vinci	Toll Roads	3.0
Ferrovial	Toll Roads	3.0
Transurban	Toll Roads	3.0
Aena	Airports	3.0
National Grid	Transmission and Distribution	3.0
Enbridge	Energy Infrastructure	2.8
TC Energy	Energy Infrastructure	2.8
Fortis	Transmission and Distribution	2.8
Cellnex Telecom	Communications	2.8
Terna	Transmission and Distribution	2.5
<b>TOTAL:</b>		<b>28.8</b>

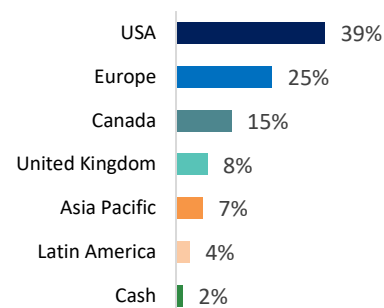
## SECTOR EXPOSURE<sup>4</sup>



## TOP CONTRIBUTORS/DETRACTORS 1 YEAR<sup>5</sup>

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Ferrovial	1.0
Snam	0.7
TC Energy	0.7
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
American Tower	-0.6
Cellnex Telecom	-0.6
Crown Castle	-0.6

## GEOGRAPHICAL EXPOSURE<sup>4</sup>



<sup>4</sup> Sectors are internally defined. Geographical exposure is by domicile of listing. Cash exposures include profit/loss on currency hedging. Exposures may not sum to 100% due to rounding.

<sup>5</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 March quarter of 2026. Surging demand for real assets was supportive early in the quarter, buoyed by market concerns on the implications of the AI thematic for the durability of many business models. The major geopolitical shock to markets from late February, with the onset of conflict in the Middle East, drove a subsequent sell-off in equities, including listed infrastructure.

The top contributors for the quarter were TC Energy, Enbridge and Snam. Canadian energy infrastructure company TC Energy gained, bolstered by the release of robust FY2025 and December quarter 2025 results. In its FY25 results, the company also reinforced its strong five-year capex plan, with firm data centre demand a key driver. Rotation into real assets in the first half of the quarter also boosted the stock price. Enbridge, another Canadian energy infrastructure company, rose in the quarter as it reported firm FY2025 results and affirmed its 2026 guidance and large capex pipeline. Dislocations in global oil and gas markets through March were also supportive. Italian gas utility Snam increased, with the rotation into high-quality regulated infrastructure names supportive in January-February. The company reported strong FY2025 earnings and a EUR 14 billion investment plan for 2026-2030 in early March, which sustained earlier gains though the Middle East conflict was an overhang for sentiment.

The top detractors for the quarter were Crown Castle, SBA Communications and ADP. US telecommunications infrastructure companies Crown Castle and SBA Communications continued to be affected by the DISH wireless default on tower rental payments. In the December quarter 2025, DISH Wireless claimed it was "excused" from its tower rental contracts after its parent company EchoStar announced deals to sell its spectrum licences and decommission DISH's own 5G network. Both companies are progressing legal challenges with DISH and believe the leases should be honoured through to the end of the contracts. Rising US bond yields in March, with the Middle East conflict raising market concerns on inflation, also dragged on the stocks. French airport operator ADP fell as the breakout in conflict in the Middle East drove a sharp selloff in the stock. ADP has direct exposure to the region, with some assets in the Middle East as well as around 5.4% of traffic at its French airports from the region. While the company communicated that it expects a measured impact on its traffic volumes, the market reaction to the risks was nonetheless sharp.

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. 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.

## Key issues in focus

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The first quarter of CY2026 can aptly be described as a rollercoaster for listed infrastructure and for our strategies. What began as a solid few weeks in macro and markets transitioned to the HALO (heavy assets, low obsolescence) trade, with investors rotating into real assets. This positive uptrend in listed infrastructure markets came to an abrupt end in late February, with the commencement of conflict in the Middle East. At the quarter's close, historic dislocations in energy markets were continuing, with the outlook turning down for economic growth and higher for inflation and interest rates.

From the outbreak of the conflict, we took the opportunity to stress-test our strategies, thinking through the implications of high and persistent oil and gas price increases on those companies in which we invest. From the ructions, airports are an obvious and immediate pressure point. Toll roads are similarly a sector where fuel shortages can drive near-term destruction in demand. Nonetheless, we take a careful approach to identifying quality infrastructure companies, including those companies with assets in monopoly-like positions, with inflation pass-through mechanisms and with a regulated overlay. These characteristics support a rapid recovery in these businesses once conditions normalise.

Regulated utilities, in contrast, are relatively insulated from the tumultuous market environment. These are a mainstay in our strategies and are attractive to us given their regulated return on investment along with their consistent demand profile. Integrated power companies in the US and water utilities in the UK are examples of key positions. Notably, for these sub-sectors we continue to expect not just day-to-day earnings, but structural growth in capital investment, as they extend the capex agreed with their respective

regulators. With demand for power (including from data centres) and clean water not expected to recede, we expect such investments to remain resilient in the face of an energy market shock.

The conflict is a reminder that our investment approach, focused on a tight definition of infrastructure, drives distinct performance characteristics. In times of stress, we would expect our strategies to capture around half of the market drawdown, and this current episode is consistent with history.

A key area of focus for our team is the path ahead for real interest rates. Infrastructure assets are of long duration, meaning higher real rates are a headwind. At the moment, we do not see significant moves up in real rates, with inflation expectations broadly stable. Should this change, however, we could expect to see negative impacts on our strategies. This is something we are watching closely as the energy shock washes through the economy and markets.

## Stock Story – National Grid

(Terry Yuan - Investment Analyst)

# nationalgrid

As the world races to electrify everything, one regulated monopoly stands quietly to reap substantial benefits for investors: National Grid plc (LSE: NG), the owner of the wires powering the UK and the northeastern United States. While National Grid traces its origins to the nationalised electricity industry of post-war Britain, the company re-emerged in its current form following privatisation in 1990 and has since grown into one of the largest investor-owned utility companies in the world. A sustained program of disposals since 2022 has left the business sharper and more focused than at any point in its listed history.

Today, the business is centred on electricity and gas network infrastructure across two geographies, organised across several core segments:

**UK Electricity Transmission:** Ownership and operation of the high-voltage transmission network across England and Wales, which is the backbone of the national electricity system, carrying power from generators to the regional distribution networks that deliver it to homes and businesses.

**UK Electricity Distribution:** The UK's largest electricity distribution business, formerly known as Western Power Distribution, serving nearly 8 million customers across the Midlands, South West and Wales.

**US Electricity and Gas Networks:** Regulated electricity distribution, gas distribution and wholesale electricity transmission across New York and Massachusetts, serving more than 20 million people.

At the heart of the investment appeal lies a combination of structural strengths:

1. **Regulatory conditions improving in the UK and stable in the US.** National Grid benefits from well-established regulation in both the UK and the US, offering predictable, inflation-protected returns. For instance, UK Electricity regulator Ofgem's new five-year framework (2026–2031) meaningfully improves National Grid's financial position by accelerating cash collection, aligning the debt allowance with today's interest rate environment, and enabling faster recovery of construction costs.
2. **Exceptional growth opportunity.** Driven by the urgent need to expand electricity infrastructure to support decarbonisation and growth in electricity demand being driven in part by data centres, National Grid is at the centre of the largest grid investment program in a generation.
3. **Simplified, focused business.** This follows the completion of a major divestment program, which has recycled capital into higher-returning regulated assets and strengthened the balance sheet.

### Regulatory framework

The demand for National Grid's services is essential, especially as electricity becomes an increasingly important energy driver of the modern economy, powering homes, vehicles, heating systems, and the data centres that run artificial intelligence. Given the nature of its business, National Grid operates as a regulated monopoly within its territories. This is why the business is governed by economic regulation rather than market forces. Regulation allows the company to earn a fair return over time, but in exchange it agrees to limitations on the prices it can charge.

The regulatory regimes governing National Grid, Ofgem in the UK and a combination of FERC, the New York PSC and the Massachusetts DPU in the US play a central role in investment assessment. We evaluate such frameworks based on:

- Return reasonableness
- Transparency and accountability
- Predictability and consistency

On these dimensions, both the UK and US frameworks score well. Ofgem has demonstrated a willingness to allow investors to earn a reasonable rate of return, with a clearly articulated methodology. The UK's RIIO framework (Revenue = Incentives + Innovation + Outputs) sets five-year price controls that include inflation linkage, a defined cost of capital, and performance incentives that allow National Grid to earn above its baseline return by delivering projects on time and efficiently.

A particular strength of the UK regime is its mitigation of inflation and real interest rate risk. The Regulated Asset Value (RAV), the regulatory valuation of National Grid's infrastructure, is indexed to the UK's inflation index (CPIH). The rate of return is updated periodically to reflect the prevailing interest rate environment, providing further stability and ensuring the business can attract the capital required to fund its £70 billion investment program.

In the US, revenues are protected by full revenue decoupling mechanisms across both electricity and gas businesses. These mechanisms break the link between the volume of energy customers use and the revenue National Grid collects, meaning that whether customers conserve energy, install solar panels or switch to heat pumps, National Grid's regulated revenues remain anchored to the level set by regulators. For the gas businesses, weather normalisation adjustments provide an additional layer of protection, automatically adjusting billing-period revenues when actual temperatures deviate from the 30-year historical average.

### **Growth opportunities**

National Grid has a single, compelling growth engine: the urgent, government-mandated need to expand and upgrade electricity infrastructure to support decarbonisation, electrification and energy security. This is not a cyclical or discretionary investment program. It is a structural necessity driven by net zero commitments, the growth of offshore wind, the electrification of heat and transport, and surging demand from data centres and AI.

Total capital investment is planned to reach at least £70 billion over the five years to FY2031, targeting group-regulated asset growth of approximately 10% per year and underlying earnings per share growth close to the high single digits.

In the UK, the centrepiece is the Great Grid Upgrade, which is a program to nearly double electricity transmission capacity across England and Wales. National Grid's Strategic Infrastructure division is responsible for delivering all 17 of its allocated Accelerated Strategic Transmission Investment (ASTI) projects, which will connect 50GW of offshore wind to the national network by 2030.

In the US, the focus is on upgrading ageing networks in New York and Massachusetts, expanding capacity to service growing electricity demand, and replacing leak-prone gas infrastructure.

We see the demand backdrop as genuinely supportive in a way it has not been for two decades. UK electricity demand rose for the second consecutive year in 2025, the first time in 20 years that demand has increased in back-to-back years, driven by electric vehicles, heat pumps and data centres. In the US, electricity demand in 2025 reached its highest level since records began in 1949, and the EIA forecasts the strongest four-year growth in US electricity demand since 2000.

### **Conclusion**

National Grid sits at the intersection of two government-mandated imperatives, electrification and decarbonisation, that are already reshaping energy demand across the UK and US. Underpinned by a £70 billion capital program, inflation-protected revenues and supportive regulation, National Grid is well-positioned to deliver sustained earnings and dividend growth for the next decade.

*Sources. Company filings. Ofgem. FERC. Massachusetts DPU. New York PSC.*

## **IMPORTANT INFORMATION**

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