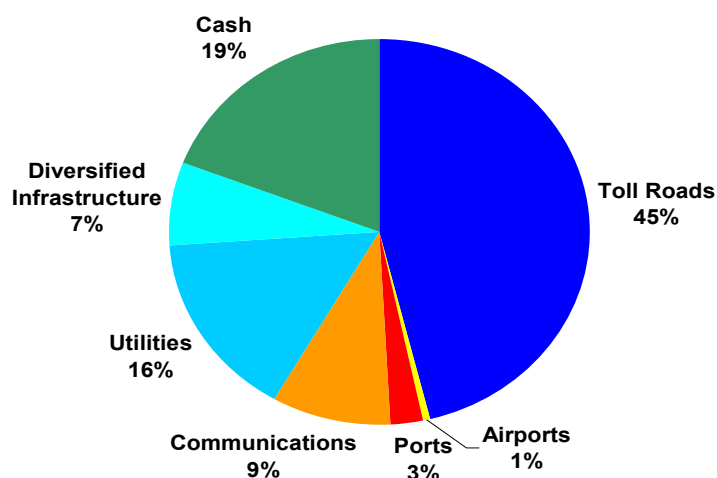


**Key Facts**

Portfolio Manager	Gerald Stack	Contribution Fee*	Up to 1.25%
Structure	Infrastructure Fund, \$A hedged	Buy/Sell Spread*	0.25%/0.25%
Inception date	1 July 2007	MER/ICR*	1.06%
Performance Fee*	10.10% of net excess return over the UBS Global Infrastructure and Utilities Index Net Total Returned [ \$A Hedged]. Subject to net performance also being greater than the Australian 10-year Government Bond Yield and high water mark provisions.		

**Top Ten Holdings in Alphabetical Order**

Abertis	Diversified
Atlantia	Toll Roads
Cintra	Toll Roads
ConnectEast	Toll Roads
Macquarie Communications Infrastructure Group	Communications
Macquarie Infrastructure Group	Toll Roads
NSTAR	Utility
Red Electrica	Utility
Transurban	Toll Roads
Westar	Utility

**Industry Breakdown**

**Performance †**

	Fund	Excess return relative to Benchmark
1 month	4.8%	0.2%
3 months	4.2%	10.1%
6 months	-11.1%	-1.7%
12 months	-32.4%	-2.1%
Since Inception ^	-35.5%	-5.2%

**Country Breakdown**

Australia	32.0%
Italy	16.0%
Spain	13.9%
USA	8.6%
Portugal	3.2%
UK	2.4%
New Zealand	2.0%
Other	2.7%
Cash	19.2%

**Portfolio Commentary**

In our February newsletter we made specific reference to Macquarie Communications Infrastructure Group (MCG), which we saw as significantly mispriced. We were, therefore, not surprised when the Canada Pension Plan (CPP) made a takeover offer for MCG at a large premium to the trading price but well below what we believe is the intrinsic value of MCG. Pension funds are the natural, long-term owners of infrastructure assets because such assets provide a very good match with their liabilities, i.e. they provide long term, inflation linked, robust cash flows. Consequently, we expect to see more such takeovers in coming years.

During the month, US utility Consolidated Edison (Con Ed) was added to the Portfolio. ConEd owns the electricity and gas distribution networks for large areas of New York. It is a very solid company having existed for more than 120 years with dividends having increased for 35 consecutive years.

The fund returned 4.8% for the month which was broadly in line with the market.

**CONTACT US**

+61 2 8114 1888

[info@magellangroup.com.au](mailto:info@magellangroup.com.au)

† Calculations are based on exit price to exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). ^ Fund Inception 1 July 2007.

\* All fees are inclusive of the net effect of GST

Important Information: Units in Magellan Infrastructure Fund are issued by Magellan Asset Management Limited (ABN 31 120 593 946, AFS Licence No 304 301). This material has been provided for general information purposes and must not be construed as investment advice. This material has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. Investors should consider obtaining professional investment advice tailored to their specific circumstances prior to making any investment decisions and should read the relevant Product Disclosure Statement (PDS) available at [www.magellangroup.com.au](http://www.magellangroup.com.au) or call 02 8114 1888 to obtain a copy of the PDS.