



MAGELLAN
ASSET MANAGEMENT LIMITED

Magellan Sustainable Fund

Final Report

For the period ended 31 January 2025

ABN 50 574 358 856

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Responsible Entity's Report

for the period ended 31 January 2025

The Directors of Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946), the Responsible Entity of Magellan Sustainable Fund (the "Fund") present their final report on the Fund for the period from 1 July 2024 to 31 January 2025, with the comparative period being from 1 July 2023 to 30 June 2024.

1. Directors

The following persons were Directors of MAM during the period and up to the date of this report:

	Office	Appointed
Robert Fraser	Non-Executive Chairman	23 April 2014
Sophia Rahmani	Managing Director	13 May 2024
David Dixon	Non-Executive Director ¹	1 November 2022
John Eales AM	Non-Executive Director	1 July 2017
Andrew Formica	Non-Executive Director ²	26 July 2023
Cathy Kovacs	Non-Executive Director	6 November 2023
Hamish McLennan	Non-Executive Director	1 March 2016
Deborah Page AM	Non-Executive Director	3 October 2023

¹ Mr Dixon was Deputy Chairman until 11 March 2025.

² Mr Formica was an Executive Director until 3 March 2025.

2. Principal Activity

While in operation, the Fund was a registered managed investment scheme, domiciled in Australia, with the principal place of business at Level 36, 25 Martin Place, Sydney, New South Wales 2000 and quoted on Cboe Australia Pty Ltd Securities Exchange ("Cboe") (ticker code: MSUF).

MAM, as Responsible Entity, was responsible for overseeing the operations of the Fund. As the Investment Manager, it was responsible for selecting and managing the assets of the Fund. The Fund's investment objective was to achieve attractive risk-adjusted returns over the medium to long term, while reducing the risk of permanent capital loss. These objectives incorporate consideration of environmental, social and governance risks and the application of a proprietary low carbon framework.

Fund Termination

On 13 November 2024, the Directors of the Responsible Entity resolved to terminate the Fund and provided notice to unitholders. On this date, the Fund ceased to charge management fees and accept applications, redemptions or switches. The termination was effective 20 November 2024 (termination date). Final payments were made to unitholders on 26 November 2024. The final report is presented to 31 January 2025, being the date by which all assets and liabilities of the Fund were settled.

3. Significant Changes in State of Affairs

The Fund was wound up during the period, please refer to Section 2 Principal Activity for further details. In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the period.

Responsible Entity's Report

for the period ended 31 January 2025

4. Review of Financial Results and Operations

4.1. Financial Results for the Period

Until termination the Fund invested in accordance with the investment objective and guidelines, the performance of the Fund, as represented by the results of its operations for the periods, was as follows:

	31 Jan 2025	30 Jun 2024
Results		
Total net investment income/(loss) (\$)	619,649	1,595,113
Total expenses (\$)	(66,956)	(144,467)
Profit/(Loss) (\$)	552,693	1,450,646
Distributions		
Distribution paid and payable (\$) ¹	-	273,403
Distribution paid and payable (CPU) ²	-	10.52

¹ As at termination, the Fund attributed an amount of taxable income, details of this attribution are shown below.

² Cents per unit.

Distribution Components

Final distribution components were as follows:

	31 Jan 2025 Final Attribution CPU	31 Dec 2023 Interim Distribution CPU	30 Jun 2024 Final Distribution CPU
Domestic Income			
Other income	-	-	-
Foreign Sourced Income	0.1018	-	0.9408
Foreign income tax offsets	0.0075	-	0.7401
Capital Gains (NTARP)¹	-		
Discounted	39.7064	3.8311	8.5183
Other	4.8536	-	-
AMIT CGT gross up	39.7064	3.8311	8.5183
Other non-attributable amounts (tax deferred amounts)	-	-	-
Attribution amount	84.3757	7.6622	18.7175
AMIT cost base net increase ²	(84.3682)	(2.3922)	(12.7274)
Tax offsets			
Foreign income tax offsets	(0.0075)	-	(0.7401)
Cash Distribution	(0.0000)	5.2700	5.2500

¹ Non-taxable Australian real property.

² Under the Attribution Managed Investment Trust rules, where income attributed to an investor is more than the cash distribution paid, the tax cost base of the investor's units will increase by a corresponding amount.

Responsible Entity's Report

for the period ended 31 January 2025

4.2. Total Indirect Cost Ratio

The Total Indirect Cost Ratio ("ICR") is the ratio of the Fund's actual management costs over the average portfolio value expressed as a percentage. Management costs, accrued within the Fund's unit prices on a daily basis, include management and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

	31 Jan 2025 %	30 Jun 2024 %
Management fee ¹	0.52	1.37
Performance fee ²	-	0.18
Total Indirect Cost Ratio	0.52	1.55

¹ The cost ratio is calculated from 1 July 2024 to 13 November 2024, when MAM resolved to terminate the Fund.

² Performance fees are calculated on six monthly measurement periods ending on 30 June and 31 December of each calendar year. The Performance fees component of the ICR is calculated on an accrual basis for each measurement period.

4.3. Performance Returns

The performance returns have been calculated using the redemption unit price for the Fund, which is after fees and expenses, assuming the reinvestment of distributions. The returns are calculated daily, compounded to produce longer period returns.

	31 Jan 2025 % ¹	30 Jun 2024 %
Growth return ²	6.9	16.3
Distribution return ³	-	4.1
Total Return⁴	6.9	20.4

¹ The returns have been measured until termination.

² The Growth return is calculated daily as a percentage by dividing the unit price (ex-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

³ The Distribution return is calculated as a percentage by subtracting the Growth return from the Total Return.

⁴ The Total Return is calculated daily as a percentage by dividing the unit price (cum-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Total Returns are then compounded to produce longer period returns.

5. Interest in the Fund

The movement in units on issue in the Fund is disclosed in Note 7 to the Financial Statements.

6. Likely Developments and Expected Results of Operations

As stated above, the Fund was terminated effective on and from 20 November 2024. There were no likely developments or future operations of the Fund.

7. Subsequent Events

Other than the above and items disclosed throughout this Responsible Entity's Report, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods.

8. Indemnification and Insurance of Directors and Officers

The Directors and Officers of the Responsible Entity in office are insured to the extent permitted by law for losses, liabilities, costs and charges in defending any legal proceedings arising out of their conduct while acting in their capacity as Directors and Officers of the Responsible Entity, other than for conduct involving a wilful breach of duty in relation to the Responsible Entity.

During the period, MAM paid an insurance premium to insure the Directors and Officers of the Responsible Entity. The terms of the contract prohibit the disclosure of the premiums paid.

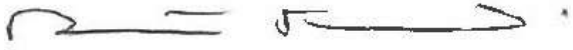
Responsible Entity's Report

for the period ended 31 January 2025

9. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.



Robert Fraser
Chairman

Sydney, 11 March 2025

Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as responsible entity of Magellan Sustainable Fund

As lead auditor for the audit of the financial report of Magellan Sustainable Fund for the period 1 July 2024 to 31 January 2025, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young



Stacey Hooper
Partner

11 March 2025

Statement of Profit or Loss and Comprehensive Income

for the period ended 31 January 2025

	Note	31 Jan 2025 \$	30 Jun 2024 \$
Investment Income			
Dividend and distribution income		31,438	149,944
Interest income		10,365	14,898
Net change in fair value of investments		575,760	1,423,900
Net gains/(losses) on foreign exchange settlements, spot contracts and cash		2,080	6,360
Other income		6	11
Total Net Investment Income/(Loss)		619,649	1,595,113
Expenses			
Management fees	9	44,736	107,917
Performance fees	9	-	14,123
Transaction costs		1,891	1,740
Withholding tax on dividends and distributions		20,329	20,687
Total Expenses		66,956	144,467
Profit/(Loss)		552,693	1,450,646
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		552,693	1,450,646
Basic Earnings Per Unit (Cents)	8	21.13	55.22
Diluted Earnings Per Unit (Cents)	8	21.13	55.22

The above Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the accompanying Notes to the Financial Statements.

Statement of Financial Position

as at 31 January 2025

	Note	31 Jan 2025 \$	30 Jun 2024 \$
Assets			
Cash and cash equivalents		-	255,279
Receivables	4	-	28,809
Investments	5	-	8,164,328
Total Assets		-	8,448,416
Liabilities			
Distributions payable	2	-	135,919
Payables	6	-	10,318
Total Liabilities		-	146,237
Total Unitholders' Equity		-	8,302,179

The above Statement of Financial Position should be read in conjunction with the accompanying Notes to the Financial Statements.

Statement of Changes in Equity

for the period ended 31 January 2025

	Note	31 Jan 2025 \$	30 Jun 2024 \$
Unitholders' Equity at the beginning of the Period		8,302,179	7,387,682
Transactions with Unitholders in their Capacity as Owners:			
Units issued		162,689	20,400
Units issued under Distribution Reinvestment Plan	2	8,264	18,030
Units redeemed		(9,025,825)	(301,176)
Distributions paid and payable	2	-	(273,403)
Total Transactions with Unitholders		(8,854,872)	(536,149)
Profit/(loss)		552,693	1,450,646
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		552,693	1,450,646
Total Unitholders' Equity at the end of the Period		-	8,302,179

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Financial Statements.

Statement of Cash Flows

for the period ended 31 January 2025

	Note	31 Jan 2025 \$	30 Jun 2024 \$ ¹
Cash flows from Operating Activities			
Purchase of investments		(2,136,705)	(3,701,428)
Proceeds from sale of investments		10,865,003	3,835,579
Net foreign exchange gain/(loss) on investment purchases and proceeds		13,870	17,988
Dividends and distributions received (net of withholding tax)		35,382	120,887
Interest received		11,142	16,599
Other income received		6	11
Finance costs paid		-	-
Management and performance fees paid		(51,295)	(153,150)
Transaction costs paid		(1,891)	(1,740)
Net Cash Inflow/(Outflow) from Operating Activities	3	8,735,512	134,746
Cash flows from Financing Activities			
Receipts from issue of units		162,689	20,400
Payments for redemption of units		(9,025,825)	(301,176)
Distributions paid		(127,655)	(259,856)
Net Cash Inflow/(Outflow) from Financing Activities		(8,990,791)	(540,632)
Net Increase/(Decrease) in Cash and Cash Equivalents			
Cash and cash equivalents at the beginning of the period		255,279	674,299
Effect of exchange rate fluctuations on cash and cash equivalents		-	(13,134)
Cash and Cash Equivalents at the end of the Period		-	255,279

¹ Refer to Note 1 Basis of Preparation for discussion regarding reclassifications.

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes to the Financial Statements.

Notes to the Financial Statements

for the period ended 31 January 2025

Overview

The Fund is a registered managed investment scheme under the *Corporations Act 2001*. The Fund was registered on 5 November 2020 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 11 December 2020.

The Fund was terminated effective on 20 November 2024 in accordance with the provisions of the Fund's Constitution. The accounts are presented to 31 January 2025, being the date by which all assets and liabilities of the Fund were settled, with the comparative reporting period being from 1 July 2023 to 30 June 2024.

MAM is the Responsible Entity of the Fund.

This financial report was authorised for issue by the Directors of the Responsible Entity on 11 March 2025. The Directors have the power to amend and reissue this financial report.

The Fund is considered a for-profit unit trust for the purpose of this financial report.

1. Basis of Preparation

This general purpose financial report is presented in Australian Dollars and has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards ("AASB") and Interpretations issued by the Australian Accounting Standards Board, other mandatory professional reporting requirements and the Fund's Constitution. The financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Financial Statements have been prepared on a liquidation basis as a result of the Board of Directors of the Responsible Entity's decision to terminate the Fund effective 20 November 2024. In accordance with the liquidation basis, the Fund estimated and accrued all liabilities expected to be incurred as part of the termination of the Fund. The Fund does not have any assets or liabilities as at 31 January 2025. There has been no significant remeasurement of any amounts in the Financial Statements and therefore there has been no financial impact of applying the liquidation basis of accounting for the period 1 July 2024 to 31 January 2025.

Costs associated with the wind-up of the Fund (except for the transaction costs of realising the Fund's assets) were assumed by MAM and therefore no provision for liquidation costs as a result of the wind-up of the Fund have been recognised.

All amounts shown for the Fund are rounded to the nearest dollar unless otherwise stated.

1.1. Material Accounting Policies

The accounting policies adopted in the preparation of this financial report are contained within the notes to which they relate. The policies adopted in the preparation of this financial report are consistent with those of the previous financial period.

The Fund has not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at balance date. AASB 18 *Presentation and Disclosure in Financial Statements*, issued on 14 June 2024, will first apply to the Fund in the financial year ending 30 June 2028. As the Fund has terminated, the Directors of MAM have not assessed the impact of this new standard on the Fund's financial statements. No other accounting standards, interpretations or amendments that have been issued are expected to have a material impact on the Fund's financial statements.

1.2. Foreign Currency Translation

The functional and presentation currency of the Fund is the Australian Dollar, as determined in accordance with AASB 121 *The Effects of Changes in Foreign Exchange Rates*. Transactions denominated in foreign currencies are translated into Australian Dollars at the foreign currency exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate at balance date.

Foreign currency exchange differences arising on translation, and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian Dollars at the foreign currency closing exchange rates at the dates that the values were determined. Foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in profit or loss.

Notes to the Financial Statements

for the period ended 31 January 2025

1.3. Investment Income

Dividend and Distribution Income

Dividend and distribution income is recognised on the applicable ex-dividend/distribution date gross of withholding tax, which is recorded as an expense in profit or loss. Dividends and distributions received are presented net of withholding tax in the Statement of Cash Flows.

Net Change in Fair Value of Investments

Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the Statement of Profit or Loss and Comprehensive Income. The net change in fair value does not include dividend and distribution income.

Interest Income

Interest income is recognised on an accrual basis using the effective interest rate method.

1.4. Expenses

All expenses are recognised in profit or loss on an accruals basis.

1.5. Income Tax

On 5 May 2016, the Attribution Managed Investment Trust ("AMIT") regime was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The AMIT regime allows managed investment trusts that meet certain requirements to make an irrevocable choice to be an AMIT. The Fund elected into the AMIT regime from 5 November 2020.

Under current income tax legislation, the Fund is not subject to income tax provided the Fund attributes the entirety of its taxable income to unitholders.

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the profit or loss. The benefits of foreign withholding tax paid, and of imputation credits attaching to Australian franked dividends, are passed onto unitholders.

1.6. Goods and Services Tax

The Goods and Services Tax ("GST") incurred on the costs of various services provided to the Fund by third parties, such as custodial services and management fees, has been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits ("RITC") at a rate of 55%- 75% and is also eligible to recover GST on offshore transactions. Management and performance fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position as a receivable or payable. Cash flows are included in the Statement of Cash Flows on a gross basis.

1.7. Critical Accounting Estimates and Judgements

The preparation of the Fund's financial statements required the Directors to make judgements, estimates and assumptions that affect the amounts reported in the Financial Statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates.

Where listed equities have no active market, the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may, however, move materially with movements in market prices (refer Note 12). As all investments are valued with reference to listed quoted prices, they are not subject to significant judgement or complexity.

Notes to the Financial Statements

for the period ended 31 January 2025

2. Distributions to Unitholders

Distributions are determined by the Responsible Entity of the Fund and are payable as set out in the Fund's PDS. Distributable income includes capital gains arising from the disposal of financial assets and liabilities. Unrealised gains and losses on financial assets and liabilities that are recognised as income are transferred to unitholders' equity and are not assessable or distributable until realised. Net realised capital losses and tax losses are not distributed to unitholders but are retained to be offset against any realised capital gains and future assessable income respectively. The Responsible Entity may also attribute an amount to a unitholder.

Distributions to unitholders are recognised directly in equity and presented in the Statement of Changes in Equity. A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at balance date. Upon termination, taxable income was attributed to unitholders and no cash distributions were paid during the period ended 31 January 2025. Prior year distributions were as follows:

	\$	CPU	Date Paid
Period ended 30 June 2024			
Interim distribution paid	137,484	5.27	17 Jan 2024
Final distribution payable	135,919	5.25	19 Jul 2024
Total Distributions Paid/Payable	273,403	10.52	

Distribution Reinvestment Plan

The Fund's Distribution Reinvestment Plan ("DRP") was available to eligible unitholders during the period. Under the terms of the DRP, eligible unitholders are able to elect to reinvest all or part of their cash distributions in additional units in the Fund, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a price determined by MAM in accordance with the DRP Rules. DRP details are as follows:

	30 Jun 2024 Final Distribution
DRP issue price (\$)	3.2068
DRP unitholder participation rate (%)	6.16
Number of units issued under DRP	2,577
Value of units issued under DRP (\$)	8,264
DRP issue date	19 Jul 2024

3. Statement of Cash Flows Reconciliation

	31 Jan 2025	30 Jun 2024
	\$	\$
Reconciliation of Cash Flows from Operating Activities		
Profit/(loss)	552,693	1,450,646
Net changes in fair value of investments	(575,760)	(1,423,900)
Net gains/(losses) on foreign exchange settlements, spot contracts and cash	(2,080)	(6,360)
Purchase of investments	(2,136,705)	(3,701,428)
Proceeds from sale of investments	10,865,003	3,835,579
Net foreign exchange gain/(loss) on investment purchases and proceeds	13,870	17,988
Net (increase)/decrease in receivables	28,809	(3,730)
Net increase/(decrease) in payables	(10,318)	(34,049)
Net Cash Inflow/(Outflow) from Operating Activities	8,735,512	134,746
Non-Cash Investing and Financing Activities		
Distributions reinvested into units in the Fund	8,264	18,030

Notes to the Financial Statements

for the period ended 31 January 2025

4. Receivables

	31 Jan 2025	30 Jun 2024
	\$	\$
Due from brokers - receivable for securities sold	-	-
Dividend and distribution receivable	-	7,793
Interest receivable	-	777
Recoverable GST and foreign withholding tax	-	20,239
Total Receivables	-	28,809

Receivables comprise amounts due from brokers for sales of assets unsettled at balance date, dividends and trust distributions declared but not yet received, and reclaimable taxes. They are recognised and carried at amortised cost using the effective interest rate method and adjusted for changes in foreign exchange rates where applicable. A provision is deducted from receivables for uncollectible amounts based on expected credit losses, if applicable. Expected credit losses are calculated as the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The Fund applies the simplified approach for receivables whereby the loss allowance is based on lifetime expected credit losses at each balance date.

At balance date, the Fund had no receivables. In the prior year, receivables excluding recoverable GST and foreign withholding tax, were due within 0 to 30 days. Recoverable GST was due within 30 to 90 days. Foreign withholding tax is due within 2 to 4 years depending on the jurisdiction. No amounts are impaired or past due at 31 January 2025 or 30 June 2024.

Notes to the Financial Statements

for the period ended 31 January 2025

5. Investments and Derivatives

The Fund classifies its equity securities, derivative assets and derivative liabilities as financial assets and liabilities at fair value through profit or loss. The Fund discloses the fair value measurements of financial assets and financial liabilities using a three-level fair value hierarchy to reflect the source of valuation inputs used when determining the fair value as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these securities is based on the closing price for the security as quoted on the relevant exchange.
- Level 2: valuation techniques using observable inputs either directly (as prices) or indirectly (derived from prices). The fair value of derivatives is based on a discounted cash flow analysis using quoted market inputs (spot and forward rates, volatility) adjusted for specific features of the instruments and applied debit and credit valuation adjustments based on the Fund's, or the derivative counterparties' current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

	31 Jan 2025	30 Jun 2024
	\$	\$
Investments (Level 1)		
International listed equity securities:		
United States	-	6,004,544
Switzerland	-	922,146
Germany	-	340,329
United Kingdom	-	315,200
Spain	-	257,650
Netherlands	-	166,643
Hong Kong	-	157,816
Total Investments	-	8,164,328

The Fund did not hold any level 2 or 3 financial assets or liabilities. During the period or comparative period, there have been no transfers between any of the three levels in the hierarchy during the period and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at balance date.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, which in the case of the Fund is the transaction price. Brokerage costs are expensed immediately in the profit or loss. Subsequent to initial recognition, all financial assets and liabilities classified at fair value through profit or loss are measured at fair value. Changes in fair value are recognised in profit or loss. The net change in fair value does not include dividend or distribution income.

Purchases and sales are recognised on trade date, being the date the Fund commits to purchase or sell the asset. Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership are passed to a third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The fair value of equity securities traded in active markets is based on their quoted market prices at balance date without any deduction for estimated future selling costs. The quoted market price used for securities held by the Fund is the closing price for the security as quoted on the relevant stock exchange. If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques including recent arm's length market transactions, reference to the current fair value of other instruments that are substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques commonly used by market participants.

Derivatives are contracts whose value is derived from one or more underlying price, index or other variable. Derivatives are included in the Statement of Financial Position as an asset when the fair value at balance date is positive and classified as a liability when the fair value at balance date is negative.

During the period, 145 listed security transactions were made, incurring brokerage costs of \$1,067.

Notes to the Financial Statements

for the period ended 31 January 2025

6. Payables

	Note	31 Jan 2025 \$	30 Jun 2024 \$
Management fees payable	9	-	10,303
Performance fees payable	9	-	15
Due to brokers - payable for securities purchases		-	-
Total Payables		-	10,318

Payables comprise trade creditors and accrued expenses owing by the Fund at balance date. Amounts due to brokers relating to the purchase of investments are usually settled between two and five days after trade date. Payables and accruals are recognised at amortised cost, at the point when the Fund becomes obliged to make payments in respect of the purchase of these goods and services. At balance date the Fund had no payables. In the prior year all payables matured in 0 to 90 days.

7. Unitholders' Equity

	31 Jan 2025 No. of Units	30 Jun 2024 No. of Units
Units on Issue		
Opening balance	2,588,924	2,679,423
Units issued	49,155	5,851
Units issued under DRP	2,577	6,389
Units redeemed	(2,640,656)	(102,739)
Units on Issue at the end of the Period	-	2,588,924

In conjunction with the termination of the Fund, all units on issue were fully redeemed and cancelled on 26 November 2024.

Units

Prior to the cancellation of units on issue in accordance with the termination, each unit issued conferred upon the unitholders an equal interest in the Fund, and was of equal value to other units in the Fund. Each unit ranked equally with all other units for the purpose of distributions and on wind-up of the Fund. A unit did not confer upon the holder any interest in any particular asset or investment of the Fund.

8. Earnings per Unit

Basic Earnings Per Unit ("EPU") is calculated as profit/(loss) for the period divided by the weighted average number of units on issue. Diluted EPU is calculated by adjusting the basic EPU to take into account the effect of any changes in income or expense associated with dilutive potential units and the weighted average number of additional units that would have been outstanding assuming the conversion of all dilutive potential units.

	31 Jan 2025	30 Jun 2024
Basic EPU		
Profit/(loss) attributable to unitholders (\$)	552,693	1,450,646
Weighted average number of units for basic EPU	2,615,325	2,627,219
Basic EPU (Cents)	21.13	55.22
Diluted EPU		
Profit/(loss) attributable to unitholders (\$)	552,693	1,450,646
Weighted average number of units for diluted EPU	2,615,325	2,627,219
Diluted EPU (Cents)	21.13	55.22
Earnings Reconciliation		
Profit/(loss) used in the calculation of basic and diluted EPU (\$)	552,693	1,450,646

As the Fund has no potential dilutive units, basic and diluted EPU are equal.

Notes to the Financial Statements

for the period ended 31 January 2025

9. Related Parties

Responsible Entity

The Responsible Entity of the Fund is MAM. MAM is a wholly-owned subsidiary of MFG (ASX code: MFG), the immediate and ultimate parent entity of the Responsible Entity and both are considered to be related parties of the Fund.

Key Management Personnel

Key management personnel ("KMP") are those persons or corporate entities who have authority and responsibility for planning, directing and controlling the activities of the Fund. The Responsible Entity is responsible for managing the activities of the Fund and its Directors are considered to be a KMP. The Fund does not employ personnel in its own right.

The Fund did not pay any compensation to the Directors of the Responsible Entity.

Responsible Entity Fees

Compensation is paid to the Responsible Entity in the form of fees as follows:

Management Fees

The Responsible Entity is entitled to receive management fees from the Fund for managing the assets and overseeing the operations of the Fund. The management fee is 1.35% per annum (excluding GST) of the value of the Fund, calculated daily. The Responsible Entity pays operating expenses of the Fund, such as audit and tax compliance fees, distribution costs, investor reporting, custody and fund administration costs. Management fees are calculated daily based on the NAV (before fees) of the Fund reflected in the daily unit prices of the Fund and are payable at the end of each month. From 13 November 2024, MAM waived its entitlement to receive management fees in order to assist with the orderly wind-up of the Fund.

Performance Fees

Performance fees are calculated on six monthly calculation periods ending on 30 June and 31 December of each year. The Responsible Entity is entitled to Performance fees of 10% (excluding GST) of excess return of the Fund above the higher of the index relative hurdle and the absolute return hurdle, subject to exceeding the applicable high watermark and an overall cap. Performance fees crystallise at the end of a calculation period, or when units are redeemed, subject to a performance fee entitlement existing at the date of redemption. The estimated NAV of the Fund includes a performance fee accrual equal to the amount that would be payable if it were the end of a calculation period. Further details of the performance fees can be found in the Fund's PDS which is available at www.magellangroup.com.au.

Total Management and Performance Fees

The fees paid/payable by the Fund are net of any applicable reduced input tax credits (refer Note 1.6). The management and performance fees paid/payable by the Fund are as follows:

	31 Jan 2025	30 Jun 2024
	\$	\$
Management fee	44,736	107,917
Performance fee	-	14,123
Total Fees Expensed in the Statement of Profit or Loss and Comprehensive Income	44,736	122,040
Total Fees Payable in the Statement of Financial Position	-	10,318

Notes to the Financial Statements

for the period ended 31 January 2025

Transactions with Related Parties

The number of units held and transactions during the period by each related party and KMP, including their personally-related parties, in the Fund is as follows:

	30 Jun 2024					31 Jan 2025		
	Acquired/ disposed Number	Holding Number	% ¹	Distribution paid/payable \$ ²	Cancelled upon termination Number	Holding Number	% ¹	Distribution paid/ payable \$ ²
MFG	-	2,000,000	77%	210,400	(2,000,000)	-	n/a	-

¹ Percentage of units on issue at the end of the period.

² Represents the interim distribution paid and final distribution payable for the period, comprising cash paid.

Transactions between the Fund and related parties are subject to the same terms and conditions as those entered into by other unitholders. Unless specified above, no other KMP held units in the Fund.

Costs associated with the wind-up of the Fund (except for the transaction costs of realising the Fund's assets) were assumed by MAM and therefore no provision for liquidation costs as a result of the wind-up of the Fund have been recognised.

10. Capital and Financial Risk Management

Financial Risk Management

The Fund's investment portfolio primarily comprises listed equity investments. The investment objective of the Fund is to achieve attractive risk-adjusted returns over the medium to long-term, whilst reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the current PDS). The Fund's investing activities expose it to various types of risks including concentration risk, market risk, liquidity risk and credit risk.

Financial risk management is carried out under policies approved by the Responsible Entity. The risk management programme focuses on ensuring compliance with the Fund's PDS and seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

The following disclosures in relation to the various risks of the Fund's portfolio have been based on the Fund's direct holdings.

Concentration Risk

Concentration risk indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. The Fund holds a concentrated portfolio of investments, and the returns of the Fund may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in the Fund's unit price, and also increases the risk of poor performance. The Fund's concentration risk is managed in accordance with the portfolio risk controls for the Fund, which are approved by MAM's Investment Committee.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, foreign exchange rates, and interest rates.

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. The size and diversification of the portfolio is sufficient to ensure the Fund's returns are not overly correlated to a single company, industry specific or macroeconomic risk but the returns of the portfolio are not expected to be perfectly correlated to any market or sector index. If equity markets as a whole rise or fall by 5%, the return of the Fund may increase or decrease by different amounts.

For illustrative purposes an increase of 5% in the market prices of each of the Fund's investments held at balance date, assuming all other variables remain constant, would have had the following impact on the Fund's profit/(loss) and unitholders' equity.

	31 Jan 2025	30 Jun 2024
	\$	\$
Impact on unitholders' equity and profit/(loss)	-	408,216

Notes to the Financial Statements

for the period ended 31 January 2025

A decrease of 5% in the market price of each of the Fund's investments would have had an equal but opposite effect on the Fund's profit/(loss) and unitholders' equity.

Currency Risk

Currency risk is the risk that the fair value of financial assets and liabilities will fluctuate due to changes in foreign exchange rates. Assets and liabilities that the Fund may typically own and that can be affected by foreign exchange rate fluctuations include equities listed on foreign exchanges, cash, forward foreign currency contracts, outstanding broker settlements, and outstanding receipts of income from foreign companies.

The Fund invests in financial assets denominated in currencies other than the Australian Dollar and is therefore exposed to the risk that the movement in the foreign exchange rates will cause fluctuations in profit or loss. The Fund uses forward foreign currency contracts to mitigate this risk by hedging the underlying exposure to financial assets denominated in currencies other than the Australian Dollar.

Due to daily changes in the fair value of underlying assets, the face value of hedging contracts will not always completely eliminate currency exposure. The appropriateness of the amounts hedged is monitored daily and adjusted if the total net exposure of the Fund to any individual foreign currency is greater than 5% of the net assets of the Fund.

The Fund's total net exposure to fluctuations in foreign currency exchange rates in Australian Dollars at balance date is:

	31 Jan 2025	30 Jun 2024
	\$	\$
Assets and liabilities denominated in:		
United States Dollars	-	6,179,400
Swiss Francs	-	954,978
Euro	-	782,491
British Pounds	-	334,345
Hong Kong Dollars	-	163,575

For illustrative purposes the changes in profit or loss and unitholders' equity that would arise from a 5% increase or decrease in the Australian Dollar relative to each currency to which the Fund is exposed (based on assets and liabilities) are as follows:

	31 Jan 2025		30 Jun 2024	
	\$		\$	
	5% increase	5% decrease	5% increase	5% decrease
	A\$	A\$	A\$	A\$
Assets and liabilities denominated in:				
United States Dollars	-	-	(294,257)	325,232
Swiss Francs	-	-	(45,475)	50,262
Euro	-	-	(37,261)	41,184
British Pounds	-	-	(15,921)	17,597
Hong Kong Dollars	-	-	(7,789)	8,609

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The primary exposure to interest rate movements arises on the Fund's cash balances. The value of cash balances is sensitive to the Reserve Bank of Australia and US Federal Reserve cash rate.

Interest rate movements have an insignificant impact upon the Fund's recorded net profit or equity.

Notes to the Financial Statements

for the period ended 31 January 2025

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities on the due date or will be forced to sell financial assets at a value which is less than they are worth.

This risk is managed by the Fund maintaining sufficient cash reserves to meet its normal operating requirements and holding investments that are traded in active markets and can be readily disposed. The majority of the Fund's listed securities are considered readily realisable as they are listed on stock exchanges around the world.

In addition, the Fund's Constitution and PDS allow the Responsible Entity to suspend capital withdrawals from the Fund for up to 28 days, at its discretion, if withdrawal requests would require the disposal of 5% or more of the Trust Property of the Fund, the payment of withdrawals would disadvantage remaining unitholders by imposing a disproportionate share of capital gains tax liabilities, or if the Responsible Entity reasonably considers it to be in the interests of remaining unitholders of the Fund.

At balance date, the Fund had no obligation to settle payables (including distribution payable) (June 2024: \$146,237) within 30 days. The Fund had no cash and receivables totalling (June 2024: \$284,088) to cover these liabilities.

Credit Risk

Credit risk refers to the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the Fund. Market prices generally take counterparty credit into account and therefore the risk of loss is implicitly provided for in the carrying value of financial assets and liabilities held at fair value.

The Fund's maximum exposure to credit risk is the carrying amount of all cash and cash equivalents, financial assets and receivables recognised in the Statement of Financial Position as well as the value of any financial commitments which the Fund would assume in the event of counterparty default.

The Fund minimises concentrations of credit risk by undertaking transactions with numerous reputable brokers, and by ensuring cash balances are held with and managed by financial intermediaries with acceptable credit ratings as determined by a recognised rating agency. To further mitigate this risk, the credit rating and financial positions of the brokers used by the Fund are regularly monitored. Credit risk relating to outstanding settlements is considered low due to the short settlement periods involved.

The Fund is also exposed to the credit risk of The Northern Trust Company ("NT") which is the appointed custodian of the Fund. In acting as custodian, NT is required to comply with the relevant provisions of the *Corporations Act 2001*, applicable ASIC regulatory guides and class orders relating to registered managed investment schemes property arrangements with custodians. The credit quality of NT's long-term deposit/debt is rated at balance date, by Standard and Poor's as AA- and by Moody's as Aa2 (June 2024: Standard and Poor's as AA- and by Moody's as Aa2).

Notes to the Financial Statements

for the period ended 31 January 2025

11. Segment Information

An operating segment is a distinguishable component of the Fund that is engaged in business activity from which the Fund earns revenues and incurs expenses, whose operating results are regularly reviewed by the Fund's chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision maker has been determined as Sophia Rahmani, the Managing Director of MAM.

The Fund's investments are managed on a single portfolio basis and in one business segment being equity investment, as well as in one geographic segment being Australia. The Fund continues to have foreign exposures as it invests in companies which operate internationally.

12. Auditor's Remuneration

The following amounts were paid or payable by the Responsible Entity on behalf of the Fund for services provided by the auditor of the Fund, Ernst & Young Australia:

	31 Jan 2025	30 Jun 2024
	\$	\$
Fees for audit and review of statutory financial reports	17,800	17,025
Fees for audit related assurance services ¹	-	1,000
Fees for other services:		
Taxation compliance services ²	7,900	7,900
Total Auditor's Remuneration	25,700	25,925
% of non-audit fees paid to auditor	30.7%	34.3%

¹ Comprises review of ICR calculations.

² Comprises review of income tax returns and distribution calculations.

13. Contingent Assets, Contingent Liabilities and Commitments

At balance date, the Fund has no contingent assets, contingent liabilities or commitments (June 2024: nil).

14. Subsequent Events

Other than the items disclosed throughout this financial report, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods.

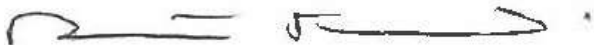
Directors' Declaration

for the period ended 31 January 2025

In the Directors' opinion,

- a. the Financial Statements and Notes set out on pages 8 to 22 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the financial position of the Fund as at 31 January 2025 and of its performance for the period ended on that date; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, International Financial Reporting Standards as disclosed in Note 1 and other mandatory professional reporting requirements; and
- b. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.



Robert Fraser

Chairman

Sydney, 11 March 2025

Independent auditor's report to the unitholders of Magellan Sustainable Fund

Opinion

We have audited the financial report of Magellan Sustainable Fund (the Fund), which comprises the statement of financial position as at 31 January 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 1 July 2024 to 31 January 2025, notes to the financial statements, including material accounting policy information, and the declaration of the directors of Magellan Asset Management Limited (the directors) as the Responsible Entity of the Fund.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

1. Giving a true and fair view of the Fund's financial position as at 31 January 2025 and of its financial performance for the period 1 July 2024 to 31 January 2025; and
2. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Fund and the Responsible Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - basis of accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The Fund wound up effective 31 January 2025. As a result, the financial report has been prepared on a basis other than going concern as described in Note 1. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Fund's Responsible Entity report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting. When such use is inappropriate and the directors use an alternative basis of accounting, we conclude on the appropriateness of the directors' use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young



Stacey Hooper

Partner

Sydney, 11 March 2025

Corporate Information

Directors

Robert Fraser - Chairman
Sophia Rahmani - Managing Director
David Dixon
John Eales AM
Andrew Formica
Cathy Kovacs
Hamish McLennan
Deborah Page AM

Company Secretary of the Responsible Entity

Emilie Cameron

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Auditor

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