Magellan Core Infrastructure Fund

(MANAGED FUND) (TICKER: MCSI)

A diversified portfolio of 70-100 of the world's best infrastructure companies

PORTFOLIO MANAGER	GERALD STACK	ARSN 646 028 131	APIR MGE9182AU	AS AT 30 JUNE 2024

INVESTMENT PHILOSOPHY

To invest in a diversified portfolio of high-quality infrastructure and utilities companies that exhibit highly predictable cashflows.

OBJECTIVES

To achieve attractive risk-adjusted returns over the medium to long term through investment in a diversified exposure to infrastructure securities that meets our definition of infrastructure.

PORTFOLIO CONSTRUCTION

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%.

INVESMENT RISKS

All investments carry risk. While it is not possible to identify every risk relevant to an investment in the Fund, we have provided details of risks in the Product Disclosure Statement. You can view the PDS for the Fund on Magellan's website www.magellangroup.com.au.

MFG CORE INFRASTRUCTURE FUND: KEY PORTFOLIO INFORMATION

TICKER	FUND SIZE	NAV PER UNIT#	BUY/SELL SPREAD[1]	MANAGEMENT FEES[2]
MCSI	AUD $372.0 million	$1.4679 per unit	0.15% / 0.15%	0.50% per annum

PERFORMANCE[3]

INCEPTION DATE 17 DECEMBER 2009^

	1 MONTH (%)	3 MONTHS (%)	6 MONTHS (%)	1 YEAR (%)	3 YEARS (% p.a.)	5 YEARS (% p.a.)	7 YEARS (% p.a.)	10 YEARS (% p.a.)	Since Inception (% p.a.)
Fund	-2.8	-1.1	-1.1	-1.1	1.3	2.3	4.1	6.7	10.0
Index*	-2.8	2.3	4.9	5.8	5.6	3.0	4.1	5.4	7.4
Excess	0.0	-3.4	-6.0	-6.9	-4.3	-0.7	0.0	1.3	2.6

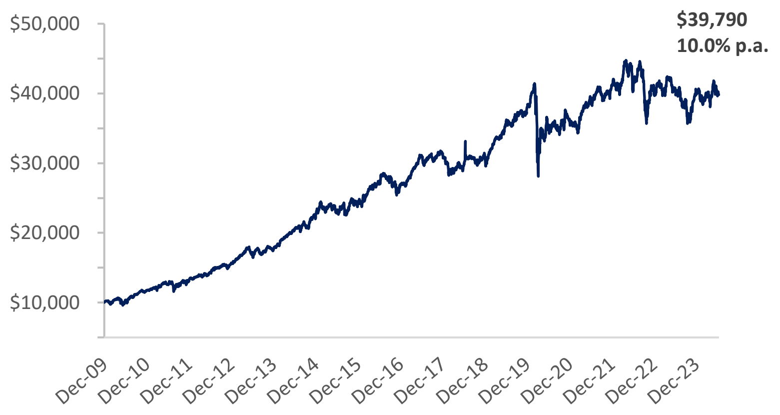
CALENDAR YEAR RETURNS	CYTD (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (part year)
Fund	-1.1	1.2	-5.5	16.7	-5.8	27.2	-2.4	14.1	9.7	7.1	27.4	15.5	15.6	15.2	15.2	1.9
Index*	4.9	3.4	1.3	13.7	-11.9	25.3	-6.7	14.4	14.1	-5.4	22.9	18.5	9.1	4.7	5.7	0.9
Excess	-6.0	-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	9.5	1.0

Past performance is not a reliable indicator of future performance.

TOP 10 HOLDINGS

Company	Sector[4]	%
National Grid Plc	Transmission and Distribution	3.03
Transurban Group	Toll Roads	3.00
Fortis Inc	Transmission and Distribution	2.96
Enbridge Inc	Energy Infrastructure	2.93
TC Energy Corporation	Energy Infrastructure	2.92
Ferrovial SE	Toll Roads	2.91
Aena SME SA	Airports	2.82
Cellnex Telecom SA	Communications	2.63
Vinci SA	Toll Roads	2.52
Terna SpA	Transmission and Distribution	2.05
	TOTAL:	27.78

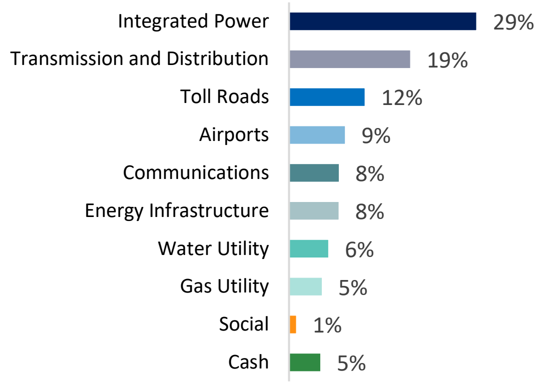
PERFORMANCE CHART GROWTH OF AUD $10,000[3]



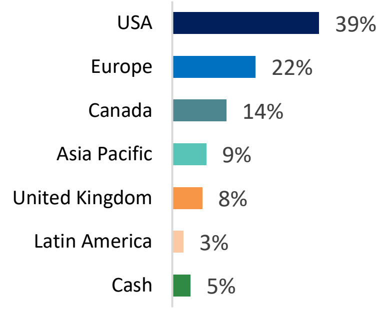
Past performance is not a reliable indicator of future performance.

[1] Only applicable to investors who apply for units directly with the Responsible Entity.
[2] Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST;
[3] 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.
[4] Sectors are internally defined.
NAV price is cum distribution and therefore includes the distribution of $0.0316 per unit payable on 19 July 2024.
* S&P Global Infrastructure Index A$ 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.
^ 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.

SECTOR EXPOSURE[5]



GEOGRAPHICAL EXPOSURE[5]



[5] 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.

Fund Commentary

3 months

The portfolio recorded a negative return for the quarter ended 30 June, with long-term bond rates rising in several key markets, and political risk escalating after the calling of snap elections in the UK and France.

Stocks that detracted most during the period were Vinci, Cellnex, NextEra Energy and National Grid. France-domiciled airport and toll road operator Vinci declined after French President Macron called a snap election, subsequently raising investor concerns about the potential for unilateral changes to concession contracts. Meanwhile, shares of Spanish communications company Cellnex were pushed lower after a large shareholder completed the sale of a material stake in the company. US utility NextEra Energy fell during the period after the company issued conservative earnings guidance, which underwhelmed some investors who came in with high expectations. UK-based electricity and gas utility National Grid fell as the company announced a large capital raising to fund its capital plan for the next five years. By raising equity capital now, National Grid secured its financing future and positioned itself strongly with regulators who assess proposed capital investment plans. However, investors were caught unawares by the magnitude and timing of the capital raising and this was the key reason for the stock selling off. The capital raise will reduce earnings growth in the short term, albeit with the intention of making longer-term earnings growth more secure.

Some of the largest stock contributors over the period were Public Service Enterprise Group, Southern Company and Aena. Increased investor appetite for US utility Public Service Enterprise Group pushed shares higher as the company pointed to meaningful earnings upside. Management attributed this to higher power prices, the potential for long-term generation power purchase agreements (PPAs) with data centres at premium prices, and constructive regulatory read-throughs for its regulated business. Shares of US utility Southern Company rose after reporting a positive quarterly earnings result. Results were supplemented by the outlook for additional generation load growth opportunities, as well as a de-risked regulatory environment. Spanish airport operator Aena lifted after reporting strong Q1 earnings during the period, which were driven by robust passenger traffic and new duty-free contracts coming into force, as well as good cost control.

12 months

The portfolio recorded a negative return for the 12 months ended 30 June, as long-term bond rates rose in several key markets, and political risk escalated following the calling of snap elections in the UK and France.

Some of the largest stock detractors over the year were Cellnex, Transurban and Eversource. Shares of Spanish communications company Cellnex traded down over the period as bond yields in Europe moved higher, also adding to investor concerns about the company's debt levels. Cellnex shares were also negatively affected by the sale of a material stake in the company by a large shareholder. Australian toll road company Transurban fell on the back of higher rates as well as a government-backed review of toll roads in one of its key markets, New South Wales. The review created some uncertainty despite both the NSW Government and the interim report reiterating that existing contracts need to be honoured. Shares of US utility Eversource – in addition to the negative impact of rising US bond yields – were affected by adverse regulatory developments in Connecticut, a jurisdiction accounting for approximately 30% of the company's earnings. This also compounded Eversource's write-downs of its unregulated offshore wind assets, the sale process for which was significantly delayed.

Stocks that contributed most during the period were Ferrovial, Aena and Public Service Enterprise Group. Spain-domiciled road and airport operator Ferrovial rose following the announcement of a higher-than-expected toll increase at its key 407 ETR asset, the sale announcement of most of its stake in Heathrow airport at well above market expectations, and the completion of the company's dual listing in the United States. Meanwhile, shares of Spanish airport operator Aena lifted following robust monthly traffic growth and strong guidance for the 2024 summer season. Increased investor appetite for US utility Public Service Enterprise Group pushed shares higher as the company pointed to meaningful earnings upside. Management attributed this to higher power prices, the potential for long-term generation PPAs with data centres at premium prices, and constructive regulatory read-throughs for its regulated business.

Index movements and stock contributors/detractors are based in local currency terms unless stated otherwise.

Portfolio Positioning

Two companies were added to the strategy during the financial year – Chorus (CNU) and NextEra Energy (NEE). NextEra Energy (US utility) and Chorus (New Zealand-based communications company) were added to the strategy after meeting Magellan's infrastructure earnings test (i.e. that more than 75% of underlying earnings are derived from Magellan-defined infrastructure sources).

Outlook

Notwithstanding our expectations for greater volatility in the short to medium term driven by inflation and interest rates, 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 expect that share prices in the longer term will reflect the underlying cash flows 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 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.

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