Magellan Core Infrastructure Fund - Active ETF

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

AS AT 31 DECEMBER 2024

PORTFOLIO MANAGERS GERALD STACK, DAVID COSTELLO, CFA AND JOWELL AMORES

INVESTMENT PHILOSOPHY

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

OBJECTIVE

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.

MAGELLAN CORE INFRASTRUCTURE FUND – ACTIVE ETF: KEY PORTFOLIO INFORMATION

TICKER	FUND SIZE	NAV PER UNIT	BUY/SELL SPREAD[1]	MANAGEMENT FEES[2]
MCSI	AUD $408.8 million	$1.5767 per unit	0.15% / 0.15%	0.50% per annum

PERFORMANCE[3]

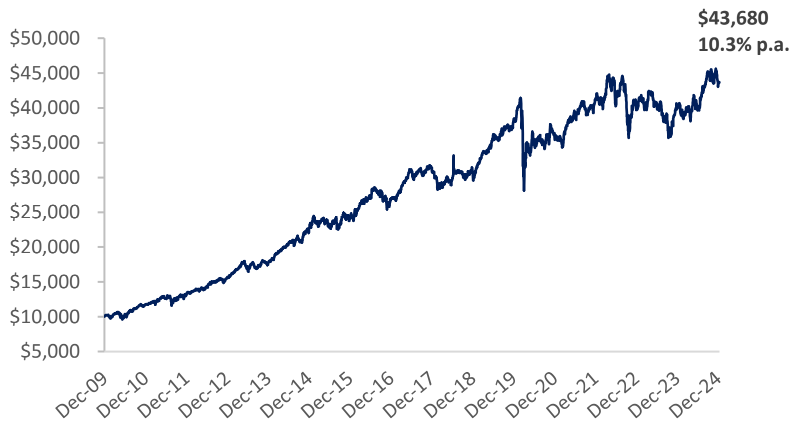
INCEPTION DATE 17 DECEMBER 2009^

	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	-4.0	-2.8	8.6	1.3	2.7	5.1	6.6	10.3
Global Infrastructure Benchmark (A$ Hedged)*	-3.4	1.0	17.6	7.2	4.3	5.4	5.9	7.9
Excess	-0.6	-3.8	-9.0	-5.9	-1.6	-0.3	0.7	2.4

CALENDAR YEAR RETURNS	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (part year)
MCSI	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	15.2	1.9
Global Infrastructure Benchmark (A$ Hedged)*	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	5.7	0.9
Excess	-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	9.5	1.0

Past performance is not a reliable indicator of future performance.

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



Past performance is not a reliable indicator of future performance.

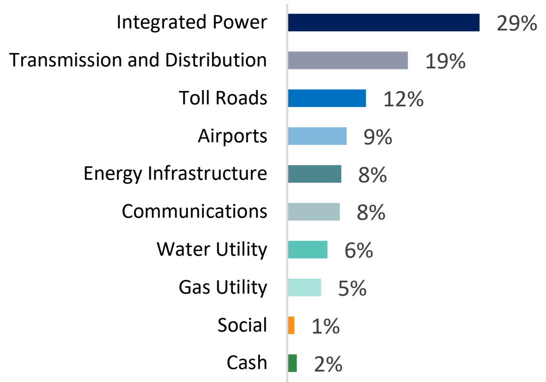
[1] Only applicable to investors who apply for units directly with the Responsible Entity.
[2] Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST;
[3] Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns denoted in AUD.
* 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.

TOP 10 HOLDINGS

Company	Sector[4]	%
Vinci SA	Toll Roads	3.09
National Grid Plc	Transmission and Distribution	3.06
Ferrovial SE	Toll Roads	3.04
Cellnex Telecom SA	Communications	2.99
Enbridge Inc	Energy Infrastructure	2.97
Aena SME SA	Airports	2.95
TC Energy Corporation	Energy Infrastructure	2.94
Transurban Group	Toll Roads	2.93
Fortis Inc	Transmission and Distribution	2.84
Terna SpA	Transmission and Distribution	2.17
	TOTAL:	28.97

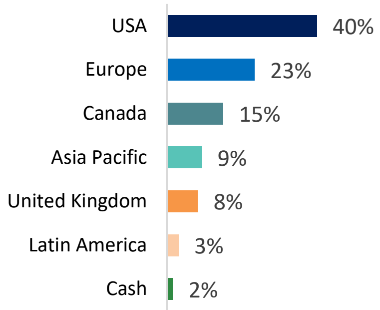
SECTOR EXPOSURE[4]



TOP CONTRIBUTORS/DETRACTORS 1 YEAR[5]

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
TC Energy Corporation	1.3
Enbridge Inc	1.0
Public Service Enterprise Group	0.9
TOP 3 DETRACTORS	**CONTRIBUTION TO RETURN (%)**
Cellnex Telecom SA	-0.3
Elia Group	-0.2
SBA Communications Corporation	-0.2

GEOGRAPHICAL EXPOSURE[4]



[4] 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.
[5] 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

The portfolio recorded a negative return over the December quarter, due broadly to the rise in bond yields across several key markets – including in the US, France and the UK.

Some of the largest stock detractors over the December quarter were Cellnex, Crown Castle and American Tower. Shares of the three telecommunications companies were weighed down by rising bond yields and persisting inflation concerns. In addition to bond yields, Cellnex shares were pressured by investor concerns of relatively high leverage and suggestions of potential mergers amongst its mobile service customers. Crown Castle was also affected by rumours it may sell its fibre business for a price below market expectations, while American Tower was also affected by a rising US dollar that reduced the USD valuation of its offshore assets.

Key stock contributors during the quarter were TC Energy, Enbridge and Ferrovial. Both Canadian energy infrastructure companies, TC Energy and Enbridge, saw their shares benefit from the Trump presidential campaign that ran on a fossil-fuel-friendly platform. That said, the impact of higher energy prices for both stocks would arguably be modest. Separately, TC Energy shares saw an additional lift from the successful spin-off of its liquids business (South Bow) and the potential for its Southeast Gateway pipeline project to be completed ahead of schedule. Meanwhile, shares of Spanish toll road and airport operator Ferrovial rose on the announcement of larger-than-expected toll increases for its largest toll road asset (ETR 407) in 2025 and the sale of its stake in Heathrow Airport.

Stock contributors/detractors are based in local currency terms unless stated otherwise.

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.

Stock Story – Getlink

(Ben McVicar – Portfolio Manager and Sector Head Infrastructure and Industrials)

GETLINK

The Channel Tunnel connecting France and the United Kingdom is widely recognised as one of the world's ultimate engineering marvels. The 50 km tunnel, which includes a 38 km stretch that runs beneath the seabed, is recognised by most travelling on the Eurostar high-speed rail or using the car-shuttle service between Folkestone and Coquelles (near Calais). For investors, many recognise the Channel Tunnel as Getlink's core asset – offering highly attractive and resilient returns, diversified revenue streams, a long concession extending to 2086, and entrenched competitive advantages over alternative sea and air transport options. Getlink's revenue is derived from several complementary services, which include:

- LeShuttle: A roll-on service for passenger vehicles, enabling seamless connections between terminals and the national highway networks.
- LeShuttle Freight: A specialised service offering swift and reliable transport for freight vehicles.
- Rail Services: Operating under a long-term contract, Eurostar is the key user, operating high-speed rail services.
- ElecLink: A significant addition since 2022, this 1 GW high-voltage electric cable connects the UK and French power markets, allowing for trading between the two nations.
- Euroports: Provides rail freight services across France and neighbouring countries.

The Channel Tunnel enjoys material competitive advantages over other transport modes. In the passenger vehicle segment, LeShuttle offers faster, more reliable travel compared to car ferry services across the Straits of Dover, allowing it to command a price premium and market share of around 60%. In the freight transport segment, high-value or perishable goods benefit from the tunnel's reliability and time savings, making it the preferred choice for trucking. For rail services, there is no alternative to the tunnel, but its users (Eurostar) compete indirectly with air travel. However, we find rail dominates over shorter-haul trips. The advantages of city-centre-to-city-centre convenience, ease of use, and growing environmental awareness make rail increasingly attractive to travellers. This has led to a market share of 63% in the rail markets of London-Paris (77% share), and London-Brussels/Amsterdam (47% share).

While the Channel Tunnel is a dominant infrastructure asset today, its early history underscores the risks of greenfield projects. Conceived in the 1980s, the project suffered significant delays and cost overruns, opening with a strained balance sheet. Early traffic levels also fell short of forecasts, which led to the company entering bankruptcy protection in 2006 as it sought a debt restructure – highlighting the dual risks of construction and demand uncertainty. However, once the asset stabilised, its long-term earnings potential and strategic importance became clear – a textbook example of the advantages established infrastructure assets offer over new developments.

Despite challenges from COVID-19 and Brexit, Getlink has demonstrated resilience and adaptability. Post-pandemic traffic patterns have shifted but the company's strategic pricing adjustments have driven aggregate revenue and earnings beyond previous peaks. Key drivers of future growth include: (1) yield optimisation through ongoing pricing strategies that aim to enhance revenue per user, rather than focusing solely on traffic volume recovery; and (2) high-speed rail market expansion from increased competition in the rail market, which will bring down prices, and stimulating demand and adding capacity. In addition, additional services linking European cities with the UK will further bolster demand; and (3) following the success of ElecLink, the company is exploring ElecLink 2, which would expand energy capacity between the UK and France. Although a long-term project, it underscores Getlink's ability to leverage its core infrastructure for diversified growth.

Getlink's Channel Tunnel is an irreplaceable asset, offering stable and diversified revenue streams, a strong competitive moat and long-term growth potential. With strategic investments and operational enhancements, the company is well-positioned to adapt to evolving transport and energy demands, ensuring sustained value creation for investors.

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