

# Magellan Global Equities Fund (Currency Hedged) (Managed Fund)

ARSN 606 840 206

ASX Code MHG

## Product Disclosure Statement | 16 December 2022

Issued by Magellan Asset Management Limited

ABN 31 120 593 946, AFS Licence No. 304 301

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Investment in Magellan Global Equities Fund (Currency Hedged) (“Fund”) is offered by Magellan Asset Management Limited ABN 31 120 593 946 AFS Licence No. 304 301 (referred to in this PDS as “Magellan”, the “Responsible Entity”, the “Investment Manager”, “we”, “our” or “us”).

ASX has approved the Fund for admission to trading status on the ASX under the AQUA Rules; ASX code: MHG. No representation is made concerning the Fund’s continued admission to trading status on the ASX under the AQUA Rules.

The information in this PDS is of a general nature only and does not take into account an investor’s personal financial situation or needs. Before making an investment decision based on this PDS, investors should consult a licensed financial adviser to obtain financial advice that is tailored to suit their personal circumstances.

The information in this PDS is subject to change from time-to-time. Information that is not materially adverse information can be updated by Magellan. Updated information can be obtained through Magellan’s website at [www.magellangroup.com.au](http://www.magellangroup.com.au). Investors may request a paper copy of any updated information at any time, free of charge.

The Responsible Entity and its employees, agents or officers do not guarantee the success, repayment of capital or any rate of return on income or capital or the investment performance of the Fund. An investor’s investment does not represent deposits or other liabilities of Magellan group companies.

An investment in the Fund is subject to investment risk, which may include possible delays in repayment and loss of income and principal invested. For more information on the risks associated with an investment in the Fund, please refer to Section 6 of this PDS.

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Fund in any jurisdiction outside Australia and New Zealand. The distribution of this PDS outside Australia and New Zealand may be restricted by law and persons who come into possession of this PDS outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Unless identified to the contrary, all references to monetary amounts are to Australian dollars. Capitalised terms have the meanings given to them in the Glossary (refer to Section 11).

**Target Market Determination:** The Target Market Determination for the Fund can be found at [www.magellangroup.com.au](http://www.magellangroup.com.au) and includes a description of the class of investors that the Fund is likely to be appropriate for.

## 1. About Magellan Asset Management Limited

Magellan is the Responsible Entity and Investment Manager for Magellan Global Equities Fund (Currency Hedged) (“Fund”).

As Responsible Entity, Magellan is responsible for overseeing the operations of the Fund. As the Investment Manager, Magellan is responsible for selecting and managing the assets of the Fund. In addition, the Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of Units. The Responsible Entity has appointed a market participant to transact and facilitate settlement on its behalf.

Magellan is a wholly owned subsidiary of Magellan Financial Group Limited ABN 59 108 437 592, which is listed on the ASX (ASX code: MFG).

## 2. Key features at a glance

Magellan Global Equities Fund (Currency Hedged)		For more information						
<b>Fund name</b>	Magellan Global Equities Fund (Currency Hedged)							
<b>ARSN</b>	606 840 206							
<b>ASX code</b>	MHG							
<b>Responsible Entity and Investment Manager</b>	Magellan Asset Management Limited ABN 31 120 593 946, AFS Licence No. 304 301	Section 1 and Section 12						
<b>About the Fund</b>	<p>The Fund is a registered managed investment scheme. The Fund has been admitted to trading status on the ASX under the AQUA Rules.</p> <p>The Fund primarily invests in the securities of companies listed on stock exchanges around the world. The Fund’s portfolio will comprise 20 to 40 stocks at any one time but will also have some exposure to cash.</p> <p>The Fund can use foreign exchange contracts to facilitate settlement of stock purchases. It is the Responsible Entity’s intention to substantially hedge the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars.</p>	Section 4 and Section 7						
<b>Investment objective</b>	The primary objectives of the Fund are to achieve attractive risk-adjusted returns over the medium to long-term while reducing the risk of permanent capital loss.	Section 5 and Section 7						
<b>Asset classes and allocation ranges</b>	<p>The Fund’s assets are typically invested within the following asset allocation ranges:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Investment Range</th> </tr> </thead> <tbody> <tr> <td>Global listed securities</td> <td>80% – 100%</td> </tr> <tr> <td>Cash and cash equivalents</td> <td>0% – 20%</td> </tr> </tbody> </table>	Asset Class	Investment Range	Global listed securities	80% – 100%	Cash and cash equivalents	0% – 20%	Section 7
Asset Class	Investment Range							
Global listed securities	80% – 100%							
Cash and cash equivalents	0% – 20%							
<b>Net asset value</b>	<p>The net asset value (“NAV”) of the Fund is calculated by deducting the liabilities (including any accrued fees) of the Fund from the aggregate value of assets.</p> <p>The NAV per Unit is calculated by dividing the NAV by the number of Units on issue in the Fund.</p> <p>The NAV for a particular Business Day reflects the value of the Fund based on the value of the Fund’s assets at the close of trading in each market in which the Fund invests.</p> <p>An indicative NAV per Unit (“iNAV”) will be published by the Fund throughout the ASX Trading Day. The iNAV will be updated in respect of portfolio securities that have live market prices during the ASX Trading Day or, where they do not have live market prices, may be updated for equivalent securities or movements in after-market trading as determined by the Responsible Entity and for foreign exchange movements to the extent that the impact is not offset by the hedging of the Fund’s foreign currency exposure.</p>	Section 4						
<b>Entering and exiting the Fund</b>	<p>Investors can enter and exit the Fund by buying and selling Units on the ASX in the same way as ASX listed securities. The price at which investors enter and exit the Fund will be the price at which they buy or sell the Units on the ASX.</p> <p>Investors may also be able to make an off-market request to withdraw their investment from the Fund where trading in the Units on the ASX has been suspended for five consecutive Business Days, subject to the provisions contained within the Constitution.</p>	Section 4						

Magellan Global Equities Fund (Currency Hedged)		For more information
<b>Fund liquidity</b>	Investors can buy Units from and sell Units to other investors in the secondary market in the same way as ASX listed securities.  The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of Units. At the end of each Trading Day, the Responsible Entity will create or cancel Units by applying or redeeming its net position in Units bought and sold on the ASX. The Responsible Entity has appointed a market participant to transact and facilitate settlement on its behalf.	Section 4
<b>Distributions</b>	Distributions will generally be made semi-annually but may be made more or less frequently at the discretion of the Responsible Entity.	Section 4
<b>Fees and other costs</b>	Please refer to Section 8 for a detailed explanation of fees and costs.	Section 8
<b>Risks</b>	All investments are subject to risk. The significant risks associated with the Fund are described in this PDS.	Section 6
<b>Cooling off and complaints</b>	Cooling off rights do not apply to Units traded on the ASX under the AQUA Rules however a complaints handling process has been established.	Section 10
<b>General information and updates</b>	Further information, including any updates issued by Magellan and other statutory reports, can be found at <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a> .	Section 10
<b>Transaction confirmations</b>	Investors buying or selling Units on the ASX will receive transaction confirmations from their stockbroker.	Section 4
<b>Annual tax reporting</b>	Annual tax statements will be made available in respect of the Fund.	Section 9

### 3. About the AQUA Rules and CHES

#### AQUA Rules framework

The Units are admitted to trading status on the ASX and are quoted under the AQUA Rules framework. The AQUA Rules are accessible at [www.asx.com.au](http://www.asx.com.au).

The following table sets out the key differences between the ASX Listing Rules and the AQUA Rules.

Requirement	ASX Listing Rules	AQUA Rules
<b>Continuous disclosure</b>	Issuers <b>are subject</b> to continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.	<p>Issuers of products quoted under the AQUA Rules <b>are not subject</b> to the continuous disclosure requirements in ASX Listing Rule 3.1 and section 674 of the Corporations Act.</p> <p>The Responsible Entity will comply with the disclosure requirements in section 675 of the Corporations Act. This means that the Responsible Entity will disclose to ASIC information which is not generally available and that a reasonable person would expect, if the information were generally available, to have a material effect on the price or value of the Units, provided that such information has not already been included in this PDS (as supplemented or amended).</p> <p>The Responsible Entity will publish such information on the ASX announcements platform and its website at <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a> at the same time as it is disclosed to ASIC.</p> <p>Under AQUA Rule 10A.4, the Responsible Entity must disclose:</p> <ul style="list-style-type: none"> <li>information about the NAV of the Fund's underlying investments daily;</li> <li>information about redemptions from the Fund and the number of units on issue;</li> <li>information about distributions paid in relation to the Fund;</li> <li>any other information which is required to be disclosed to ASIC under section 675 of the Corporations Act; and</li> <li>any other information that would be required to be disclosed to the ASX under section 323DA of the Corporations Act if the Units were admitted under the ASX Listing Rules.</li> </ul> <p>In addition, under the AQUA Rules the Responsible Entity must immediately notify the ASX of any information the non-disclosure of which may lead to the establishment of a false market in the Units or which would be likely to materially affect the price of the Units.</p>

Requirement	ASX Listing Rules	AQUA Rules
<b>Periodic disclosure</b>	Issuers <b>are required</b> to disclose half-yearly and annual financial information and reports to the ASX announcements platform.	Issuers of products quoted under the AQUA Rules <b>are not required</b> to disclose half-yearly or annual financial information or reports to the ASX announcements platform. The Responsible Entity will disclose financial information and reports in respect of the Fund to the ASX announcements platform and will also lodge financial information and reports in respect of the Fund with ASIC under Chapter 2M of the Corporations Act.
<b>Corporate governance</b>	Listed companies and listed managed investment schemes <b>are subject</b> to notification requirements under the Corporations Act and the ASX Listing Rules relating to takeover bids, buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings.	Although the Units are quoted under the AQUA rules, the Responsible Entity itself is not listed and is therefore <b>not subject</b> to certain corporate governance requirements.
<b>Related party transactions</b>	Chapter 10 of the ASX Listing Rules relates to transactions between an entity and a person in a position to influence the entity and sets out controls over related party transactions.	Chapter 10 of the ASX Listing Rules <b>does not apply</b> to AQUA Rules quoted products. The Responsible Entity will still be required to comply with the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.
<b>Auditor rotation obligations</b>	Division 5 of Part 2M.4 of the Corporations Act imposes specific rotation obligations on auditors of listed companies and listed managed investment schemes.	Issuers of products quoted under the AQUA Rules <b>are not subject</b> to the auditor rotation requirements in Division 5 of Part 2M.4 of the Corporations Act. An auditor will be appointed by the Responsible Entity to audit the financial statements and Compliance Plan of the Fund.

#### About CHES

The Responsible Entity participates in the Clearing House Electronic Sub-register System ("**CHES**"). CHES is a fast and economical clearing and settlement facility which also provides an electronic sub-register service. The Unit Registry has established and will maintain an electronic sub-register with CHES on behalf of the Responsible Entity.

The Responsible Entity will not issue investors with certificates in respect of Units held on the CHES sub-register. Instead, when investors purchase Units on the ASX they will receive a holding statement which will set out the number of Units they hold. The holding statement will specify the "Holder Identification Number" allocated by CHES or "Shareholder Reference Number" allocated by the Unit Registry.

Subject to ASX Operating Rules and the ASX Listing Rules, the Responsible Entity may decline to register a purchaser of a Unit or Units transacted on the ASX.

## 4. About Magellan Global Equities Fund (Currency Hedged) and Units

When investors make an investment in the Fund, their money is pooled together with other investors' money. Magellan uses this pool to buy investments and manage them on behalf of all investors in the Fund in accordance with the Fund's investment strategy. By investing in the Fund, investors have access to the investment expertise and insights of the investment team.

#### Units and NAV per Unit

The ASX has approved the admission of the Fund to trading status on the ASX under the AQUA Rules. The Units are able to be traded on the ASX under the AQUA Rules in a similar fashion to securities traded on the ASX, subject to liquidity.

The NAV per Unit estimates the value of the Fund's Units based on the value of the Fund's assets at the close of trading in each market in which the Fund invests. An estimated NAV per Unit will be published daily on Magellan's website at [www.magellangroup.com.au](http://www.magellangroup.com.au). The estimated NAV per Unit may fluctuate each day as the market value of the Fund's assets rises or falls. Magellan's NAV Permitted Discretions Policy provides further information about how the NAV per Unit is calculated. Investors can request a copy of the policy free of charge by calling Magellan on +61 2 9235 4888.

The Responsible Entity has engaged an agent to calculate and disseminate an indicative NAV per Unit ("**iNAV**") which will be published by the Fund on Magellan's website at [www.magellangroup.com.au](http://www.magellangroup.com.au) throughout the ASX Trading Day. The iNAV will be updated in respect of the Fund's portfolio securities that have live market prices during the ASX Trading Day or, where they do not have live market prices, may be updated for equivalent securities or movements in after-market trading as determined by the Responsible Entity and for foreign exchange movements to the extent that the impact is not offset by the hedging of the Fund's foreign currency exposure. No assurance can be given that the iNAV will be published continuously or that it will be up to date or free from error. To the extent permitted by law, neither the Responsible Entity nor its appointed agent shall be liable to any person who relies on the iNAV.

The price at which Units trade on the ASX may not reflect either the NAV per Unit or the iNAV. See "ASX liquidity" section below for more details.

## Investing in the Fund on the ASX

Investors can invest in the Fund by purchasing Units via their stockbroker. Investors do not need to complete an application form and they will settle the purchase of their Units in the same way they would settle purchases of listed securities via the ASX CHESS settlement service.

There is no minimum number of Units investors can buy on the ASX. An investor's entry price into the Fund will be the price at which they have purchased Units on the ASX.

Consistent with securities listed on the ASX, investors do not have cooling off rights in respect of Units purchased on the ASX under the AQUA Rules.

## Withdrawing your investment in the Fund on the ASX

Investors can withdraw from the Fund by selling Units on the ASX via their stockbroker. Investors do not need to complete a withdrawal form and they will receive the proceeds from the sale of their Units in the same way they would receive proceeds from the sale of listed securities via the ASX CHESS settlement service.

There is no minimum number of Units investors can sell on the ASX. An investor's exit price will be the price at which they have sold Units on the ASX.

### Off-market withdrawal rights

In the event that trading in the Units on the ASX has been suspended for five consecutive Business Days, investors may be able to apply to the Responsible Entity directly to make an off-market withdrawal of their investment from the Fund. Investors can request a withdrawal form by contacting the Unit Registry.

The off-market withdrawal process, including the calculation of the NAV per Unit, applies only when a Fund is "liquid" (within the meaning given to that term in the Corporations Act). Where the Fund ceases to be liquid, Units may only be withdrawn pursuant to a withdrawal offer made to all investors in the Fund in accordance with the Constitution and the Corporations Act. The Responsible Entity is not obliged to make such offers.

There may be other circumstances where off-market withdrawals from the Fund are suspended and investors may have to wait a period of time before they can make a withdrawal.

Withdrawals may be suspended by us for up to 28 days including where:

- it is impracticable for the Responsible Entity to calculate the NAV of the Fund, for example, because of an inability to value the assets of the Fund or due to the closure of or trading restrictions or suspensions of securities exchanges on which any significant portion of the investments of the Fund is listed, quoted or traded;
- the payment of withdrawal proceeds involves realising a significant portion of the Fund's assets which would, in our opinion, result in remaining investors bearing a disproportionate amount of capital gains tax or expenses, or suffering any other disadvantage including a material diminution of the value of the Fund's assets or departure from the investment strategy of the Fund;
- we reasonably consider it would be in the interests of investors;
- it is otherwise permitted by law; or
- where we receive withdrawal requests of an aggregate value that in our reasonable estimate would require the sale of 5% or more of the Fund's assets.

### Compulsory redemption

The Responsible Entity may redeem some or all of an investor's Units without asking them in accordance with the Constitution or as permitted by law. As an example, this may occur where an investor breaches their obligations to the Responsible Entity (for example, where the Responsible Entity believes that the Units are held in breach of prohibitions contained within the Constitution) or where the Responsible Entity believes that the Units are held in circumstances which might result in a violation of an applicable law or regulation.

### ASX liquidity

Investors can buy Units from and sell Units to other investors in the secondary market in the same way as ASX listed securities.

The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of Units. At the end of each Business Day, the Responsible Entity will create or cancel Units by applying for or redeeming its net position in Units bought or sold on the ASX. The Responsible Entity has appointed a market participant to act as its agent to transact and facilitate settlement on its behalf.

The price at which the Responsible Entity may buy or sell Units will reflect the Responsible Entity's view of NAV per Unit (as referenced by the iNAV), market conditions and supply and demand for Units during the ASX Trading Day. The Fund will bear the risk of any transactions undertaken by the Responsible Entity on the Fund's behalf, which may result in either a cost or a benefit to the Fund. The risks of providing liquidity on the ASX are explained in Section 6.

### Distributions

The Responsible Entity intends to target a cash distribution yield of 4% per annum of the average of the month-end NAV per Unit over the two year rolling period ending on the last Business Day of the prior distribution period ("**Target Cash Distribution**"). The Responsible Entity has the discretion to distribute an amount higher than the Target Cash Distribution.

The distribution will be paid semi-annually (for the periods ending 30 June and 31 December of each year), although the Fund may make distributions more or less frequently at the discretion of the Responsible Entity. The Responsible Entity intends to announce the proposed Target Cash Distribution per Unit on the announcements platform of the ASX at the beginning of each distribution period. Additionally, the Responsible Entity intends to announce the final distribution per Unit, and the distribution timetable, on the announcements platform of the ASX prior to, or around the time of, the end of each distribution period. The Responsible Entity considers that these announcements will provide investors with greater certainty on the proposed amount of upcoming distributions.

The distribution may comprise an amount attributed to you from income (such as dividends received from shares, interest and net foreign exchange gains) less expenses incurred by the Fund (such as management and performance fees) plus net capital gains made on the sale of shares or other investments held. In some circumstances, the Fund may distribute a payment out of the capital invested in addition to a distribution of net income or net capital gains, or where the Fund has not generated any net income or net capital gains during the income year.



To be eligible to receive a distribution in respect of a Unit for a distribution period, you must:

- hold that Unit on the last day of the distribution period; or
- have purchased that Unit on or before the last day of the distribution period.

You will not be eligible to receive a distribution in respect of a distribution period on a Unit you have sold on or before the last day of the distribution period. The distribution is not calculated on a pro rata basis according to the time that Fund investors have held their Units.

Under the AMIT rules, investors will be assessed for tax on the income of the Fund attributed to them. Where the income of the Fund exceeds the amount of the distribution paid to investors (“**Excess**”), the Responsible Entity may, in a particular year, retain or accumulate in the Fund the amount of income of the Excess. In this scenario, the income of the Fund that is attributed to you (and that must be included in your income tax return) will be more than the cash distribution paid to you. The tax cost base of your units will increase to the extent of the Excess. For more details, see the Taxation overview in Section 9.

We will send you a tax statement after the end of each financial year detailing the amounts attributed to you to assist in the preparation of your tax return.

You can choose to have your distributions directly credited to your Australian or New Zealand bank account or, to the extent that the Responsible Entity offers a Distribution Reinvestment Plan (“**DRP**”), automatically reinvested as additional Units in the Fund. No fees or transaction costs will be payable in respect of distributions that are automatically reinvested. The DRP Rules require that additional units issued to investors will be rounded to the nearest whole number. If you have provided a New Zealand bank account, the conversion of your Australian dollar distribution to New Zealand dollars will be processed by the Fund’s bank at the exchange rate prevailing at the processing time. Please be aware that distributions will be paid to you in cash unless you instruct us otherwise.

Details in relation to each distribution will be published on the announcements platform of the ASX and the Fund’s website at [www.magellangroup.com.au](http://www.magellangroup.com.au). The distribution policy of the Fund is current as at the date of this PDS and may be subject to change from time to time.

#### **Distribution Reinvestment Plan**

The Responsible Entity has established a DRP in respect of distributions made by the Fund. In respect of each distribution, the Responsible Entity may elect to offer or not offer the DRP. Under the DRP, an investor may elect to have all, or part of the distribution that is payable to that investor reinvested as additional Units in the Fund. The additional Units will be issued at a price equal to the NAV per Unit, as provided in the DRP Rules. The DRP Rules provide detail on the methodology for determining the price at which Units are issued to investors and can be found at [www.magellangroup.com.au](http://www.magellangroup.com.au).

Elections to participate in the DRP in respect of the relevant distribution must be made by the election date announced by the Responsible Entity in respect of each relevant distribution.

## 5. Benefits of investing in the Fund

### **Significant features**

The primary objectives of the Fund are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss. The Fund offers investors an opportunity to invest in a specialised and focused global equity fund.

The Investment Manager aims to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time. The Investment Manager endeavours to acquire these companies at discounts to their assessed intrinsic value. The Fund’s portfolio will comprise 20 to 40 investments. The Investment Manager believes such a portfolio will achieve sufficient diversification to ensure the Fund is not overly correlated to a single company, or to industry specific or macroeconomic risks.

It is the Investment Manager’s intention to substantially hedge the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars.

### **Significant benefits**

Investing in the Fund offers investors a range of benefits, including:

- the ability to trade the Units on the ASX during normal ASX trading hours;
- the ability to track the performance of the Units on the ASX in a transparent manner;
- access to the Investment Manager’s investment expertise and a professionally managed global equity portfolio;
- access to attractive investment opportunities in offshore markets;
- hedging of foreign currency exposure;
- an attractive Target Cash Distribution yield of 4% per annum;
- prudent risk management; and
- participation in any capital appreciation and income distributions of the Fund.

## 6. Risks of investing in the Fund

All investments carry risk. The likely investment return and the risk of losing money is different for each investment strategy as different strategies carry different levels of risk depending on the underlying mix of assets that make up each fund. Those assets with potentially the highest long-term return (such as equities) may also have the highest risk of losing money in the shorter term.

Risks can be managed but not completely eliminated. It is important that investors in the Fund understand that:

- the value of an investor's investment may rise and fall;
- investment returns will vary, and future returns may differ from past returns;
- returns are not guaranteed and there is a risk that investors may lose money on any investment they make; and
- laws affecting an investor's investment in a managed investment scheme may change over time.

The appropriate level of risk for each investor will depend on various factors and may include their age, investment timeframe, where other parts of their wealth are invested and their overall tolerance to risk. Investors should consult their stockbroker or licensed financial adviser to better understand the risks involved in investing in the Fund.

The significant risks for the Fund are:

**ASX liquidity risk:** The liquidity of trading in the Units on the ASX may be limited. This may affect an investor's ability to buy or sell Units. Investors will not be able to purchase or sell Units on the ASX during any period where the ASX is experiencing a trading outage or where the ASX suspends trading of Units in the Fund. Further, where trading in the Units on the ASX has been suspended for five consecutive Business Days, the availability of the Fund's off-market redemption facility will be subject to the provisions of the Constitution.

**Company specific risk:** Investments by the Fund in a company's securities will be subject to many of the risks to which that particular company is itself exposed. These risks may impact the value of the securities of that company. These risks include factors such as changes in management, actions of competitors and regulators, changes in technology and market trends.

**Concentration risk:** As the Fund will hold a concentrated portfolio of 20 to 40 investments, 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 NAV per Unit and increased risk of poor performance.

**Conflicts of interest risk:** Either we or our various service providers may from time to time act as issuer, investment manager, secondary market liquidity provider, custodian, unit registry, broker, administrator, distributor or dealer to other parties or funds that have similar objectives to those of the Fund. It is possible that we, or our service providers may have potential conflicts of interest with the Fund. Such conflicts of interest include but are not limited to: management of multiple accounts with varying fee arrangements, trade allocation, proxy voting and staff personal trading. The Investment Manager may invest in, directly or indirectly, or manage or advise other funds which invest in assets which may also be purchased by the Fund. Neither the Investment Manager nor any of its affiliates nor any person connected with it are under any obligation to offer investment opportunities to the Fund.

The Responsible Entity, on behalf of the Fund, acts as a buyer and seller of Units on the ASX. A conflict might arise between the Fund and investors buying or selling Units from the Fund on the ASX due to the Fund's desire to benefit from such trading activities. A conflict might also arise due to the fact that the Responsible Entity could use such trading activities to influence the perception of the performance of the Fund or discourage selling of Units as this could reduce the management fee payable to the Responsible Entity.

We maintain a Conflicts of Interest Policy to ensure that we manage our obligations to the Fund such that all conflicts (if any) are resolved fairly.

**Counterparty risk:** There is a risk that the Fund may incur a loss arising from the failure of another party to a contract (the counterparty) to meet its obligations. Counterparty risk arises primarily from investments in cash, derivatives and currency transactions. Substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations.

**Currency risk:** Where the Fund's foreign currency exposure is hedged, the hedge may not provide complete protection from adverse currency movements. Currency markets can be extremely volatile and are subject to a range of unpredictable forces.

**Derivatives risk:** The value of a derivative is derived from the value of an underlying asset and can be highly volatile. Changes in the value of derivatives may occur due to a range of factors that include rises or falls in the value of the derivative in line with movements in the value of the underlying asset, potential liquidity of the derivative and counterparty credit risk.

Forward foreign exchange contracts may be utilised to hedge the Fund's foreign currency exposure. These contracts will generally be of limited duration and reset regularly, resulting in a cash receipt or cash payment by the Fund. The contracts are not guaranteed by an exchange or clearing corporation and generally do not require payment of margin. To the extent that the Fund has unrealised gains in such instruments or has deposited collateral with its counterparty(ies) the Fund is at risk that its counterparty will become bankrupt or otherwise fail to honour its obligations.

**Distribution policy risk:** Under the distribution policy for the Fund, there may be circumstances where the distributions received by investors in cash may be insufficient to cover an investor's tax payable on the income of the Fund attributable to the investor.

**Emerging market risk:** The Fund invests in the securities of issuers domiciled in foreign jurisdictions, including some countries that may be classified as emerging market countries. As a result, the Fund may be subject to adverse governmental, economic, legal and securities market risks associated with individual foreign markets. Specific risks may include unexpected changes in government or regulatory policy which could reduce trading liquidity and/or increase price volatility of securities, fewer securities holder rights and less protection of property rights. Trading, settlement and custody practices may differ from developed markets and this may result in lower liquidity and counterparty credit risk.

The Fund may invest in companies headquartered in China, including Hong Kong. Risks associated with investments in China include risks related to governmental policies and risks to the economy from trade or political disputes with China's trading partners.

**Fund provision of liquidity on the ASX risk:** The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of units in the Fund. The Responsible Entity has appointed an agent to transact and facilitate the settlement of such transactions on the Fund's behalf. The Fund will bear the risk of these transactions. There is a risk that the Fund could suffer a material cost as a result of the Fund providing liquidity to investors on the ASX which may adversely affect the NAV of the Fund. Such a cost could be caused by either an error in the execution and settlement of transactions or in the price at which units are

transacted on the ASX. There is a risk that, if the agent appointed by the Responsible Entity does not fulfil its obligations in a correct and timely manner, the Fund could suffer a loss.

In order to manage these risks, the Responsible Entity has the right to cease transacting on the ASX subject to its obligations under the AQUA Rules and ASX Operating Rules, may change the prices at which it transacts on the ASX and may, where the Responsible Entity considers it appropriate to do so, hedge the Fund's trading activities.

**Fund risk:** Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. The performance of the Fund or the security of an investor's capital is not guaranteed. There is no guarantee that the investment strategy of the Fund will be managed successfully, or that the Fund will meet its investment objectives. Failure to do so could negatively impact the performance of the Fund. An investment in the Fund is governed by the terms of the Fund's Constitution and this PDS, each as amended from time to time. The Fund is also governed by the rules of the ASX, and is exposed to risks of quotation on that platform, including such things as the platform or settlements process being delayed or failing. The ASX may suspend, or remove the Units from quotation on the ASX. The Responsible Entity may elect, in accordance with the Constitution and the Corporations Act, to terminate the Fund for any reason.

**iNAV risk:** The iNAV published by the Fund is indicative only and might not be up to date or might not accurately reflect the underlying value of the Fund. The iNAV may use non-standard pricing sources that are not readily observable as an input, such as after-market prices.

**Liquidity of investments risk:** Whilst the Fund is exposed to listed securities which are generally considered to be liquid investments, under extreme market conditions there is a risk that such investments cannot be readily converted into cash or at an appropriate price. In such circumstances, the Fund may be unable to liquidate sufficient assets to meet its obligations (including payments in respect of net purchases of Units as a result of the Responsible Entity's provision of liquidity on the ASX or off-market withdrawals allowed under limited circumstances as described in Section 4) within required timeframes or it may be required to sell assets at a substantial loss in order to do so.

**Market risk:** There is a risk that the market price of the Fund's assets will fluctuate. This may be as a result of factors such as economic conditions, government regulations, market sentiment, local and international political events, pandemic outbreaks, environmental and technological issues.

**Operational risk:** Operational risk includes those risks which arise from carrying on a funds management business. The operation of the Fund may require us, the Custodian, Unit Registry, administrator, the agent appointed by the Responsible Entity to provide liquidity to investors on the ASX, and other service providers to implement sophisticated systems and procedures. Some of these systems and procedures are specific to the operation of the Fund. Inadequacies with these systems and procedures or the people operating them could lead to a problem with the Fund's operation and result in a decrease in the value of Units.

**Performance risk:** There is a risk that the Fund may not achieve its investment objectives.

**Personnel risk:** The skill and performance of the Investment Manager can have a significant impact (both directly and indirectly) on the investment returns of the Fund. Changes in key personnel and resources of the Investment Manager may also have a material impact on investment returns of the Fund.

**Pooled investment scheme risk:** The market prices at which the Fund is able to invest inflows, or sell assets to fulfil outflows, may differ from the prices used to calculate the NAV per Unit (and the iNAV). Investors in the Fund may therefore be impacted by other investors entering and exiting the Fund. The impact will depend on the size of inflows or outflows relative to the Fund, and on the price volatility of the securities in which the Fund invests. Inflows and outflows may also affect the taxable income attributed to an investor during a financial year.

**Price of Units on the ASX:** The price at which the Units may trade on the ASX may differ materially from the NAV per Unit and the iNAV.

**Regulatory risk:** There is a risk that a change in laws and regulations governing a security, sector or financial market could have an adverse impact on the Fund or on the Fund's investments. A change in laws or regulations can increase the costs of operating a business and/or change the competitive landscape.

**The Fund may be removed from quotation by the ASX or terminated:** The ASX imposes certain requirements for the continued quotation of securities, such as the Units, on the ASX under the AQUA Rules. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain quotation on the ASX. In addition, the ASX may change the quotation requirements.

The Responsible Entity may elect, in accordance with the Constitution and Corporations Act, to terminate the Fund for any reason including if Units cease to be quoted on the ASX. Information about the AQUA Rules applicable to quotation of Units in the Fund on the ASX is set out in Section 3 of this PDS.



## 7. The investment objective and strategy

An investment in the Fund may suit investors who are seeking a medium to long-term investment exposure to international equities. Before deciding whether to invest in the Fund, investors should consider:

- the likely investment return of the Fund;
- the risk involved in investing in the Fund; and
- their investment timeframe.

Magellan Global Equities Fund (Currency Hedged)							
<b>Investment objective</b>	The primary objectives of the Fund are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss. The Fund aims to deliver 9% p.a net of fees over the economic cycle.						
<b>Minimum suggested time frame for holding investment</b>	At least 7 to 10 years.						
<b>Asset classes and asset allocation ranges</b>	The Fund's assets are typically invested within the following asset allocation ranges: <table border="1"><thead><tr><th>Asset Class</th><th>Investment Range</th></tr></thead><tbody><tr><td>Global listed securities</td><td>80% – 100%</td></tr><tr><td>Cash and cash equivalents</td><td>0% – 20%</td></tr></tbody></table>	Asset Class	Investment Range	Global listed securities	80% – 100%	Cash and cash equivalents	0% – 20%
Asset Class	Investment Range						
Global listed securities	80% – 100%						
Cash and cash equivalents	0% – 20%						
<b>Investments held</b>	The Fund primarily invests in the securities of companies listed on stock exchanges around the world, but will also have some exposure to cash and cash equivalents. The Fund can use foreign exchange contracts to facilitate settlement of stock purchases. It is the Responsible Entity's intention to substantially hedge the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars.						
<b>Risk level<sup>1</sup></b>	High.						
<b>Fund performance</b>	For up-to-date information on the performance of the Fund, including daily NAV per Unit, iNAV and performance history, please visit <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a> .						

1 The risk level is not a complete assessment of all forms of investment risks. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than the return an investor may expect to meet their objectives.

### Borrowing restrictions

The Fund may borrow against all or part of its investment portfolio, provided that, at the time any new borrowing is entered into, the aggregate of those new borrowings and any pre-existing borrowings does not exceed 5% of the Fund's gross asset value.

### Changes to the Fund

Magellan has the right to close or terminate the Fund and change the Fund's investment return objective, asset classes and asset allocation ranges, currency strategy (if any) and distribution policy, without prior notice in some cases. Magellan will inform investors of any material changes to the Fund's details in its next regular communication or as otherwise required by law.

### Labour standards and environmental, social or ethical considerations

Magellan believes that issues relating to labour standards, and to environmental, social and ethical considerations have the potential to affect the business outcomes of the Fund's investment companies. Accordingly, Magellan reviews labour standards, and environmental, social and ethical considerations as part of the risk assessment that is completed when it determines the investment grade status of a company.

## 8. Fees and other costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

## Fees and costs summary

Magellan Global Equities Fund (Currency Hedged)		
Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs</b> The fees and costs for managing your investment	1.35% per annum <sup>1</sup>	The management fee is calculated daily based on the value of the Fund on that Business Day. An estimate is accrued daily in the NAV per Unit and the fees are payable monthly in arrears from the assets of the Fund.
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	Estimated 0.06% per annum <sup>2</sup>	Performance fees are 10% of the excess return of Units in the Fund above the higher of the index relative hurdle (the MSCI World Net Total Return Index (hedged to AUD)) and the absolute return hurdle (the yield of 10-year Australian government bonds as at the first Business Day of the Calculation Period pro-rated for the number of days in the Calculation Period) over each 6 monthly period ending 31 December and 30 June (each a "Calculation Period").  Performance fees are estimated daily and accrued in the NAV per Unit. Calculation of the fee is finalised and paid at the end of a Calculation Period (30 June and 31 December of each year) from the assets of the Fund.
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets	0.05% per annum	Transaction costs such as brokerage and transactional taxes are incurred by the Fund when the Fund acquires and disposes of securities and are paid out of the assets of the Fund as and when incurred.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the product)</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Buy-sell spread<sup>3</sup></b> An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

1 Inclusive of the net effect of Goods and Services Tax ("GST") (i.e. inclusive of GST, less any reduced input tax credits). For more information about GST, see "Management fees and costs" under the heading "Additional Explanation of Fees and Costs".

2 The estimated performance fee has been calculated as the simple average of the actual performance fees of the Fund for the previous 5 financial years (up to and including 30 June 2022). The estimated performance fee is inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). Past performance is not necessarily indicative of future performance. The actual performance fee payable (if any) will depend on the performance of the Fund over the relevant period. For more information about performance fees, see "Performance fees" under the heading "Additional Explanation of Fees and Costs".

3 In the limited circumstances in which off-market withdrawals are available to investors, the price at which an investor can withdraw their investment includes a sell spread, see "Buy-sell spread" under the heading "Additional Explanation of Fees and Costs".

**Warning:** Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your adviser.

## Example of annual fees and costs

This table gives an example of how the ongoing annual fees and costs for this product can affect your investment over a 1 year period. You should use this table to compare this product with other products offered by managed investment schemes.

Example <sup>1</sup> – Magellan Global Equities Fund (Currency Hedged)		Balance of \$50,000 with a contribution of \$5,000 during year <sup>2</sup>
<b>Contribution Fees</b>	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS Management fees and costs</b>	1.35% p.a.	<b>And</b> , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$675 each year.
<b>PLUS Performance fees</b>	0.06% p.a.	<b>And</b> , you will be charged or have deducted from your investment \$30 in performance fees each year.
<b>PLUS Transaction costs</b>	0.05% p.a.	<b>And</b> , you will be charged or have deducted from your investment \$25 in transaction costs.
<b>EQUALS Cost of the Fund</b>	1.46% <sup>3</sup> p.a.	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of: <b>\$730</b> . <b>What it costs you will depend on the fund you choose and the fees you negotiate.</b>

- 1 This is an example only and does not take into account any movements in the value of an investor's Units that may occur over the course of the year or any abnormal costs.
- 2 This example assumes the \$5,000 contribution occurs at the end of the first year. Fees and costs are calculated using the \$50,000 balance only.
- 3 Fees and costs are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). Please see the "Additional Explanation of Fees and Costs" section below for more details.

## Additional Explanation of Fees and Costs

### Management fees and costs

The Fund pays a management fee of 1.35% per annum of the Fund's NAV (before fees) to the Responsible Entity for managing the assets of the Fund and overseeing the operations of the Fund.

The management fees help to cover all ordinary fees, costs, charges, expenses and outgoings that are incurred in connection with the Fund (such as administration and accounting costs, registry fees, audit and tax fees, and investor reporting expenses).

Management fees are calculated each Business Day based on the NAV (before fees) of the Fund at the end of each Business Day and are payable at the end of each month. Estimated management fees are reflected in the NAV per Unit of the Fund.

Under the Fund's Constitution, the Responsible Entity is entitled to receive maximum management fees of 1.35% per annum (excluding GST) of the daily NAV (before fees). The management fees stated in this PDS are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). As the Fund predominantly invests in international securities, the GST impact on the management fees is currently estimated to be negligible. To the extent the GST impact increases (for example, if the Fund's exposure to Australian securities increases), the actual management fees may vary from the rates stated above.

In addition to the management fee, where the Fund incurs extraordinary expenses and outgoings, Magellan may pay for these from the Fund's assets. We may pay extraordinary expenses and outgoings from the Fund's assets because, under the Constitution of the Fund, in addition to the management fee, Magellan is entitled to be indemnified from the assets of the Fund for any liability properly incurred by us in performing properly any of our duties or exercising any of our powers in relation to the Fund or attempting to do so.

### Performance fees

Depending on how well the Fund performs, the Responsible Entity may be entitled to a performance fee, payable by the Fund. Performance fees are calculated with reference to index relative and absolute return performance hurdles and are subject to a high water mark requirement and an overall cap. The details of the calculation methodology and the hurdles are set out below.

The NAV per Unit includes an accrual for an estimate of the performance fee equal to the amount that would be payable if it were the end of a Calculation Period.

#### Calculation methodology

The Fund's "total return" per Unit ("**Total Return**") is the dollar movement in its NAV per Unit during the Calculation Period (adjusted for any income or capital distributions and before any accrued performance fees during that Calculation Period). Adjustments will be made for any capital re-organisations such as Unit divisions or consolidations. Calculation Periods are 6 months in duration, ending on 30 June and 31 December of each year.

The Fund's "excess return" per Unit ("**Excess Return**") is its Total Return less the higher of the hurdle returns, expressed in dollar terms.

The performance fee per Unit is 10% of the Excess Return. The total performance fee is the performance fee per Unit multiplied by the number of Units on issue at the end of the Calculation Period, less the Equalisation Reserve described below.

Magellan will only be entitled to a performance fee where the NAV per Unit at the end of the Calculation Period exceeds the applicable high water mark. The high water mark is the NAV per Unit at the end of the most recent Calculation Period for which Magellan was entitled to a performance fee, less any intervening income or capital distribution. Furthermore, the fee to which Magellan is entitled will be subject to a performance fee cap such that the NAV per Unit (after the performance fee has been paid) is not less than the applicable high water mark.

The performance fee described above is inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). As the Fund predominantly invests in international securities, the GST impact on the performance fees for the Fund is currently estimated to be negligible. To the extent the GST impact changes (for example, if the Fund's exposure to Australian securities increases), the actual performance fees may vary from the rate stated above.

### Equalisation Reserve and Units issued during a Calculation Period

Performance fees are paid on the Excess Return of each Unit on issue at the end of a Calculation Period, less a fund level equalisation reserve (“**Equalisation Reserve**”). The effect of the Equalisation Reserve is that Magellan will only receive a performance fee in respect of a specific Unit on performance generated after that Unit is created. On each Business Day where there is a creation of Units, the Equalisation Reserve is increased by an amount that represents the performance fee per Unit calculated immediately prior to the creation of those Units multiplied by the number of units created (“**Equalisation Adjustment**”). If the accrued performance fee per Unit on a particular day is nil, there will be no Equalisation Adjustment made to the Equalisation Reserve. The Equalisation Reserve accumulates over a Calculation Period.

The Equalisation Reserve is subject to a ceiling such that the total Equalisation Reserve is the lesser of:

- the total of the Equalisation Adjustments calculated on each day of the Calculation Period; and
- the total of the Units created during the Calculation Period multiplied by the prevailing performance fee per Unit.

The ceiling on the Equalisation Reserve ensures that Magellan’s performance fee entitlement is not less than it would have been had no Units been created during the Calculation Period.

The exact impact of the performance fee on a particular investor will depend on the price at which the investor has acquired the Units on the ASX, the total number of Units created during a Calculation Period, the Excess Return achieved from the start of the Calculation Period to the date where new Units are created and the subsequent movement in the NAV per Unit to the end of the Calculation Period.

### Units cancelled during a Calculation Period

Units that are either purchased by the Fund on the ASX or (where permitted) redeemed directly via an off-market withdrawal request will be cancelled. For Units that are cancelled during the Calculation Period, the day prior to cancellation will be treated as the end of the Calculation Period with respect to those Units and the performance fee (if any) will become payable to Magellan.

### Performance hurdles

#### *Index relative hurdle*

The index relative hurdle for the Fund is the return (expressed as a percentage) of the MSCI World Net Total Return Index (hedged to AUD). If an index ceases to be published, the Responsible Entity will nominate an equivalent replacement index.

#### *Absolute return hurdle*

The applicable absolute return performance hurdle for the Fund is the published 10-year Australian government bond yield as at the first Business Day of the Calculation Period, pro-rated for the number of days in the Calculation Period.

### **Transaction costs**

Transaction costs such as brokerage and transactional taxes are incurred by the Fund when the Fund acquires and disposes of securities. The transaction costs for the Fund are provided in the “Fees and costs summary” above. These are based on the actual transaction costs incurred by the Fund for the year ended 30 June 2022 and are shown net of any amount recovered by the buy-sell spread charged by the Responsible Entity.

The gross and net transaction costs incurred by the Fund for the year ended 30 June 2022 are provided in the table below:

Total gross transaction costs (% p.a.)	Recovery through buy/sell spread (% p.a.)	Net transaction costs (% p.a.)	For every \$50,000 you have in the Fund you will likely incur approximately:
0.05%	Nil	0.05%	\$25

The amount of such costs will vary from year to year depending on the volume and value of the trading activity in the Fund. Transaction costs are paid out of the assets of the Fund as and when incurred and are not paid to the Responsible Entity.

Transaction costs are an additional cost to the investor where they have not already been recovered by the buy-sell spread charged by the Responsible Entity.

### **Buy-sell spread**

In the limited circumstances in which off-market withdrawals are available to investors, the price at which an investor can withdraw their investment includes an allowance for transaction costs. The current withdrawal spread is 0.07% of the NAV per Unit. For example, if an investor withdrew \$50,000 from their investment in the Fund the cost of the withdrawal spread would be \$35.

The Responsible Entity may vary the withdrawal spreads from time to time and prior notice will not ordinarily be provided. Updated information on the withdrawal spreads is available at [www.magellangroup.com.au](http://www.magellangroup.com.au).

For an investor that buys or sells Units on the ASX, the price at which they transact may vary from the prevailing iNAV. The prices on the ASX are determined in the secondary market by market participants who set their own prices at which they wish to buy or sell Units in the Fund. The difference, or spread, from the prevailing iNAV may represent a cost, or possible benefit, of an investment in the Fund. Where the Responsible Entity buys or sells Units on the ASX, the price at which it buys or sells Units will generally include an allowance to cover transaction costs but will also reflect market conditions and supply and demand for Units during the ASX Trading Day.

### **Taxation**

Taxation information is set out in section 9 of this document.

### **Stockbroker fees for investors**

Investors will incur customary brokerage fees and commissions when buying and selling the Units on the ASX. Investors should consult their stockbroker for more information in relation to their fees and charges.

### **Financial adviser fees**

Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your financial adviser. The Responsible Entity pays no commissions related to your investments to financial advisers.

### **Changes in fees**

Fees may increase or decrease for a number of reasons including changes in the competitive, industry and regulatory environments or simply from changes in costs. The Responsible Entity can change fees without an investor’s consent but will provide investors with at least 30 days written notice of any fee increase.

## 9. Taxation

**Investing in the Fund is likely to have tax consequences. Before investing in the Fund, investors are strongly recommended to seek their own professional tax advice about the applicable Australian tax consequences and, if appropriate, foreign tax consequences that may apply to them based on their particular circumstances.**

The taxation information contained in this PDS reflects the income tax legislation in force, and the interpretation of the Australian Taxation Office and the courts, as at the date of issue of this PDS. Taxation laws are subject to continual change and there are reviews in progress that may impact the taxation of trusts and investors.

### **AMIT Regime**

The Fund has elected to become an Attribution Managed Investment Trust ("**AMIT**"). Accordingly, investors will be subject to tax on the income of the Fund that is attributed to them under the AMIT rules each year ending 30 June. If there is income of the Fund that is not attributed to an investor, the Fund will be subject to tax at the highest marginal rate (plus Medicare levy) on that non-attributed income. The AMIT rules also allow the Fund to reinvest part or all of your distribution and/or accumulate part or all of the Fund's income in the Fund, in which case the income of the Fund that is attributed to you (and which must be included in your income tax return) will be more than the total distribution you receive.

Investors will be assessed for tax on the net income and net capital gains generated by the Fund that is attributed to them under the AMIT rules. Investors will receive a tax statement after the end of each financial year (referred to as an AMIT Member Annual Statement) that will provide them with details of the amounts that have been attributed to them by the Fund to assist them in the preparation of their tax return.

If the Fund were to incur a tax loss for a year then the Fund could not attribute that loss to investors. However, subject to the Fund meeting certain conditions, the Fund may be able to recoup such a loss against taxable income of the Fund in subsequent income years.

Depending on an investor's particular circumstances, they may also be liable to pay capital gains tax (or income tax if they hold their Units on revenue account) when they sell Units in the Fund or, where Units are not quoted on the ASX, make off market withdrawals.

### **Taxation of non-resident investors**

If a non-resident investor is entitled to taxable income of the Fund, the investor may be subject to Australian tax at the rates applicable to non-residents. If you are a non-resident, you may be entitled to a credit for Australian income tax paid by Magellan in respect of your tax liability.

### **Taxation reforms**

Reforms to the taxation of trusts are generally ongoing. Investors should seek their own advice and monitor the progress of announcements and proposed legislative changes on the potential impact to their investment.

### **Quoting your Tax File Number ("TFN") or an Australian Business Number ("ABN")**

It is not compulsory for investors to quote their TFN, ABN, or exemption details. However, should an investor choose not to, the Responsible Entity is required to deduct tax from an investor's distributions. Collection of TFNs is permitted by taxation and privacy legislation.

### **GST**

Your investment in the Fund will not be subject to goods and services tax.

### **Foreign Account Tax Compliance Act**

Under the Foreign Account Tax Compliance Act ("**FATCA**"), Magellan is required to collect and report information about certain investors identified as U.S. tax residents or citizens. In order to comply with its FATCA obligations, Magellan may request investors to provide certain information ("**FATCA Information**").

To the extent that all FATCA Information is obtained, the imposition of US withholding tax on payments of US income or gross proceeds from the sale of particular US securities shall not apply. Although Magellan attempts to take all reasonable steps to comply with its FATCA obligations and to avoid the imposition of the withholding tax, this outcome is not guaranteed.

Under the terms of the intergovernmental agreement between the US and Australian governments, Magellan may provide FATCA Information to the Australian Taxation Office ("**ATO**"). Please be aware that Magellan may use an investor's personal information to comply with FATCA and may contact an investor if additional information is required.

### **Common Reporting Standard**

The Common Reporting Standard ("**CRS**") requires Magellan to collect certain information about an investor's tax residence. If an investor is a tax resident of any country outside Australia, Magellan may be required to pass certain information about the investor (including account-related information) to the ATO. The ATO may then exchange this information with the tax authorities of another jurisdiction or jurisdictions, pursuant to intergovernmental agreements to exchange financial account information.

Although the CRS does not involve any withholding tax obligations, please be aware that Magellan may use an investor's personal information to comply with the CRS obligations, and may contact an investor if additional information is required.



## 10. Additional information

### Additional disclosure information

The Fund is subject to regular reporting and continuous disclosure obligations. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office. Investors can also call Magellan to obtain copies of the following documents, free of charge:

- The Fund's annual financial report most recently lodged with ASIC;
- Any half year financial report lodged with ASIC;
- Any continuous disclosure notices the Responsible Entity places online at [www.magellangroup.com.au](http://www.magellangroup.com.au) or lodged with ASX and ASIC.

### Fund's Constitution

The operation of the Fund is governed under the law and the Constitution of the Fund which addresses matters such as NAV per Unit, withdrawals, the issue and transfer of Units, investor meetings, investors' rights, the Responsible Entity's powers to invest, borrow and generally manage the Fund and the Responsible Entity's fee entitlement and right to be indemnified from the Fund's assets.

In accordance with the Constitution, the Responsible Entity may provide investors with the ability to make an off-market request to withdraw their investment from the Fund where trading in the Units on the ASX has been suspended for five consecutive Business Days.

The Constitution states that an investor's liability is limited to the amount the investor paid for their Units, but the courts are yet to determine the effectiveness of provisions of this kind. The Responsible Entity may alter the Fund's Constitution if it reasonably considers the amendments will not adversely affect investors' rights. Otherwise, the Responsible Entity must obtain investors' approval at a meeting of investors.

The Responsible Entity may retire or be required to retire as Responsible Entity (if investors vote for its removal). No Units may be issued after the 80th anniversary of the date of the Constitution. The Responsible Entity may exercise its right to terminate the Fund earlier.

Investors' rights to requisition, attend and vote at meetings are mainly contained in the Corporations Act.

Investors can inspect a copy of the Constitution at Magellan's head office or Magellan will provide a copy free of charge.

### ASX waiver

A waiver from ASX Operating Rule 10A.10.8 has been obtained to permit the Responsible Entity to appoint BNP Paribas Securities (Asia) Limited as its market making agent under the ASX Operating Rules.

### ASX conditions of admission

As part of the Fund's conditions of admission to the ASX under the AQUA Rules, the Responsible Entity has agreed to:

- a) disclose the Fund's portfolio holdings on a quarterly basis within two months of the end of each calendar quarter;
- b) make available half year and annual financial reports, distribution information and other required disclosures on the ASX announcements platform; and
- c) provide the iNAV as described in this PDS.

### NAV Permitted Discretions Policy

The Responsible Entity's NAV Permitted Discretions Policy provides further information about how it calculates NAV per Unit. The policy complies with ASIC requirements. The Responsible Entity will observe this policy in relation to the calculation of the NAV per Unit and will record any exercise of discretion outside the scope of the policy. Investors can request a copy of the policy free of charge by calling Magellan.

### Cooling off period

Cooling off rights do not apply to Units in the Fund however a complaints handling process has been established (see "Complaints resolution" for further information).

### Complaints resolution

Should investors have any concerns or complaints, as a first step please contact Magellan's Complaints Officer on +61 2 9235 4888 and Magellan will do its best to resolve this concern quickly and fairly.

If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority ("AFCA"). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Telephone: 1800 931 678

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

### Past performance

Performance history and Fund size information can be obtained by visiting Magellan's website [www.magellangroup.com.au](http://www.magellangroup.com.au), or see the Fund updates and other announcements on the ASX at [www.asx.com.au](http://www.asx.com.au). The Fund's past performance is no indication of its future performance. The Fund's returns are not guaranteed.

### Custodian

The Northern Trust Company (acting through its Australian branch) ("**Northern Trust**") has been appointed to hold the assets of the Fund under a Custody Agreement. As Custodian, Northern Trust will safe-keep the assets of the Fund, collect the income of the Fund's assets and act on the Responsible Entity's directions to settle the Fund's trades. Northern Trust does not make investment decisions in respect of the Fund's assets that it holds.

### Unit Registry

Link Market Services Limited has been appointed as the Unit Registry of the Fund under a Registry Services Agreement. The Registry Services Agreement sets out the services provided by the Unit Registry on an ongoing basis together with the service standards.

As for any quoted security, the role of the Unit Registry is to keep a record of investors in the Fund. This includes information such as the quantity of Units held, TFNs (if provided), bank account details and details of distribution reinvestment plan participation to the extent the Responsible Entity offers such a plan.

Contact details for Link Market Services Limited can be found in Section 12 of this PDS.

### **Consents**

The following parties have given written consent (which has not been withdrawn at the date of this PDS) to being named in the form and context in which they are named, in this PDS:

- Link Market Services Limited; and
- The Northern Trust Company.

Each party named above who has consented to be named in the PDS:

- has not authorised or caused the issue of this PDS;
- does not make or purport to make any statement in the PDS (or any statement on which a statement in the PDS is based) other than as specified; and
- to the maximum extent permitted by law, takes no responsibility for any part of the PDS other than the reference to their name in a statement included in the PDS with their consent as specified.

### **Privacy policy**

As required by law, the Responsible Entity has adopted a privacy policy that governs the collection, storage, use and disclosure of personal information. This includes using an investor's personal information to manage their investment, process any distributions that may be payable and comply with relevant laws.

For example, an investor's personal information may be used to:

- ensure compliance with all applicable regulatory or legal requirements. This includes the requirements of ASIC, the Australian Taxation Office, the Australian Transaction Reports and Analysis Centre, ASX and other regulatory bodies or relevant exchanges including the requirements of the superannuation law; and
- ensure compliance with the AML/CTF Act, FATCA and with CRS.

The Responsible Entity may be required to disclose some or all of an investor's personal information, for certain purposes (as described under the Privacy Act 1988 (Cth)) to:

- the Fund's service providers, related bodies corporate or other third parties for the purpose of account maintenance and administration and the production and mailing of statements, such as the Unit Registry, Custodian or auditor of the Fund and certain software providers related to the operational management and settlement of the Units; or
- related bodies corporate that might not be governed by Australian laws for the purpose of account maintenance and administration.

The Responsible Entity may also disclose an investor's personal information to:

- market products and services to them; and
- improve customer service by providing their personal details to other external service providers (including companies conducting market research).

If any of the disclosures in the previous bullet points require transfer of an investor's personal information outside of Australia, the investor consents to such transfer.

All personal information collected by Magellan will be collected, used, disclosed and stored by Magellan in accordance with its privacy policy, a copy of which will be made available on request.

### **Additional information for New Zealand investors**

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act sets out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

## 11. Glossary

Defined terms and other terms used in the PDS	Definition
<b>\$, A\$ or dollar</b>	The lawful currency of Australia.
<b>AFCA</b>	Australian Financial Complaints Authority.
<b>AFS Licence</b>	Australian financial services licence.
<b>AMIT</b>	Attribution Managed Investment Trust.
<b>AML/CTF Act</b>	The Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth).
<b>AQUA Rules</b>	ASX Operating Rules that apply to the quotation on ASX of funds, ETFs and other structured securities and products such as the Units.
<b>ASIC</b>	Australian Securities & Investments Commission.
<b>ASIC Relief</b>	Any declaration made or exemption granted by the Australian Securities & Investments Commission that is applicable to the Fund and that is in force.
<b>ASX</b>	ASX Limited or the Australian Securities Exchange, as the case requires.
<b>ASX Listing Rules</b>	The listing rules of the ASX from time to time.
<b>ASX Operating Rules</b>	The operating rules of the ASX from time to time.
<b>ASX Trading Day</b>	The day and time during which shares are traded on the ASX.
<b>ATO</b>	Australian Taxation Office.
<b>Business Day(s)</b>	The days identified by the ASX in the Operating Rules. For the purposes of calculating Fees and Costs only, Business Day includes a day on which the primary securities exchange for any security that forms part of the Fund's property is open for trading.
<b>CHESS</b>	Clearing House Electronic Sub-register System, the Australian settlement system for equities and other issued products traded on the ASX and other exchanges. CHESS is owned by the ASX.
<b>Compliance Plan</b>	The Compliance Plan of the Fund.
<b>Constitution</b>	The Constitution of the Fund.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>CRS</b>	Common Reporting Standard.
<b>Custodian</b>	Northern Trust.
<b>Custody Agreement</b>	The custody agreement in respect of the assets of the Fund between the Custodian and the Responsible Entity.
<b>FATCA</b>	Foreign Account Tax Compliance Act.
<b>Fees and Costs</b>	The fees and costs of the Fund as described in Section 9 of this PDS.
<b>GST</b>	Goods and Services Tax.
<b>iNAV</b>	Indicative NAV per Unit.
<b>Investment Manager</b>	Magellan Asset Management Limited ABN 31 120 593 946; AFS Licence No. 304 301.
<b>NAV</b>	Net asset value.
<b>NAV Permitted Discretions Policy</b>	The Responsible Entity's policy detailing the discretions exercised in the calculation of NAV per Unit
<b>NAV per Unit</b>	The NAV per Unit is calculated by dividing the NAV of the Fund by the number of Units on issue.
<b>Northern Trust</b>	The Northern Trust Company (acting through its Australian branch).
<b>PDS</b>	This product disclosure statement as amended or supplemented from time to time.
<b>Registry Services Agreement</b>	The registry services agreement in respect of the Fund between the Responsible Entity and the Unit Registry.

<b>Responsible Entity</b>	Magellan Asset Management Limited ABN 31 120 593 946; AFS Licence No. 304 301.
<b>Unit or Units</b>	The securities on offer under this PDS.
<b>Unit Registry</b>	Link Market Services Limited ABN 54 083 214 537, being the entity that operates the registry for the Units.

## 12. Contact details

### Responsible Entity and Investment Manager

Magellan Asset Management Limited  
Level 36, 25 Martin Place  
Sydney NSW 2000

T +61 2 9235 4888

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

W [www.magellangroup.com.au](http://www.magellangroup.com.au)

### Unit Registry

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

T 1800 206 847

F +61 2 9287 0303

E [magellan@linkmarketservices.com.au](mailto:magellan@linkmarketservices.com.au)

### Custodian

The Northern Trust Company  
Level 12, 120 Collins Street  
Melbourne, Victoria 3000

T +61 3 9947 9300