



Level 36, 25 Martin Place
Sydney NSW 2000 AUSTRALIA

General: +61 2 9235 4888
Facsimile: +61 2 9235 4800
Website: www.magellangroup.com.au
ABN: 31 120 593 946
AFSL: 304 401

28 February 2022

Australian Securities Exchange Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

**INTERIM REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

Magellan Global Fund ("MGOC" and "MGF") hereby lodges the following documents relating to the half year ended 31 December 2021:

- Appendix 4D and
- Interim Report incorporating the Chairman's Report, Responsible Entity's Report and Financial Statements.

Yours sincerely,

Authorised by
Marcia Venegas / Company Secretary

Appendix 4D

Magellan Global Fund

ABN 18 387 878 844

Interim Report

Results for Announcement to the Market for the half year ended 31 December 2021

| | | | | 31 Dec 2021 \$'000 | 31 Dec 2020 \$'000 |
|-----------------------------|---------|------|----|-----------------------|------------------------|
| Total Net Investment Income | Up by | 966% | to | 1,309,906 | (151,275) |
| Operating Profit/(Loss) | Up by | 579% | to | 1,174,593 | (245,174) ¹ |
| Profit/(Loss) | Down by | 100% | to | ⁻² | 335,562 ³ |

¹ The Fund was restructured on 8 December 2020. For the period ended 31 December 2020, this represents the net profit of the Fund for the period 1 July 2020 to 31 December 2020 before reflecting the accounting effects of units classified as a liability from 8 December 2020.

² The statutory net profit of the Fund, for the period ended 31 December 2021, includes the accounting effects of the Fund's units being classified as a liability. These include deducting distributions from operating profit and reflecting the Fund's increase in net assets being recorded as finance costs.

³ For the period ended 31 December 2020, statutory net profit of the Fund represents the profit earned, from 1 July 2020 to 8 December 2020, while units were classified as equity. From 8 December 2020 to 31 December 2020 the accounting effects of the units being classified as liabilities were taken into account in the determination of statutory net profit, in accordance with the Australian Accounting Standard AASB 132 Financial Instruments: Presentation. As a consequence the Fund's decrease in net assets attributable to unitholders was recorded as finance costs.

| | | | | 31 Dec 2021 \$'000 | 30 Jun 2021 \$'000 |
|--|---------|----|----|-----------------------|-----------------------|
| Net Assets Attributable to Unitholders - Liability | Down by | 2% | to | 17,184,005 | 17,507,978 |

Net Asset Value ("NAV") per Unit

| | | | | 31 Dec 2021 \$ | 30 Jun 2021 \$ |
|--------------------|-------|----|----|-------------------|-------------------|
| MGOC NAV per unit: | Up by | 5% | to | 2.8236 | 2.6895 |
| MGF NAV per unit: | Up by | 6% | to | 2.0382 | 1.9303 |

Distributions

| | MGOC Cents per unit | MGF Cents per unit |
|---|------------------------|-----------------------|
| Prior year final distribution (paid 21 July 2021) | 5.10 | 3.66 |
| Interim distribution payable (paid 19 January 2022) | 5.10 | 3.66 |

Interim distribution dates:

| | MGOC | MGF |
|----------------------|------------------|-----------------|
| Ex-distribution date | 31 December 2021 | 4 January 2022 |
| Record date | 31 December 2021 | 5 January 2022 |
| Payment date: | 19 January 2022 | 19 January 2022 |

The Distribution Reinvestment Plan ("DRP") operated in respect of the MGOC distribution only. On 10 January 2022, MAM announced the suspension of the MGF DRP for distributions paid from taxable income for the period ended 31 December 2021, with immediate effect. All MGF unit holders were paid distributions in cash on 19 January 2022.

Financial Report

This report is based on the 31 December 2021 Interim Report which has been reviewed by Ernst & Young.



For personal use only

Magellan Global Fund

Interim Report

For the half year ended 31 December 2021

ABN 18 387 878 844

Contents

| | |
|--|-----------|
| Chairman's Report | 3 |
| Responsible Entity's Report | 5 |
| Auditor's Independence Declaration | 10 |
| Financial Statements | |
| Statement of Profit or Loss and Comprehensive Income | 11 |
| Statement of Financial Position | 12 |
| Statement of Changes in Equity | 13 |
| Statement of Cash Flows | 14 |
| Notes to the Financial Statements | 15 |
| 1. Basis of Preparation | 15 |
| 2. Distributions to Unitholders | 17 |
| 3. Investments and Derivatives | 18 |
| 4. Net Assets Attributable to Unitholders - Liability | 21 |
| 5. Net Asset Value per Unit | 25 |
| 6. Segment Information | 25 |
| 7. Contingent Assets, Contingent Liabilities and Commitments | 25 |
| 8. Subsequent Events | 25 |
| Directors' Declaration | 26 |
| Independent Auditor's Report | 27 |
| Corporate Information | 29 |

Chairman's Report

for the half year ended 31 December 2021

Dear Unitholders,

We are pleased to present the Interim Financial Report for Magellan Global Fund (the "Fund"). The Fund is a managed investment scheme for which Magellan Asset Management Limited ("MAM") acts as both Responsible Entity and Investment Manager.

The Fund has two unit classes – an open-ended unit class (ASX: MGOC / APIR: MGE0001AU) and a closed-ended unit class (ASX: MGF). As at 31 December 2021, the Fund has total net assets of \$17.2 billion, after providing for the distribution for the period ended 31 December 2021, comprising \$14.0 billion in MGOC and \$3.2 billion in MGF.

The Fund's portfolio is actively managed by MAM and aims to achieve attractive risk-adjusted returns over the medium to long term for unitholders, while reducing the risk of permanent capital loss. To achieve this, the Fund invests in a portfolio of between 20 and 40 high-quality global equity stocks, as assessed by MAM, and has the ability to manage equity market risk by holding up to 20% of its net assets in cash. The portfolio is currency unhedged.

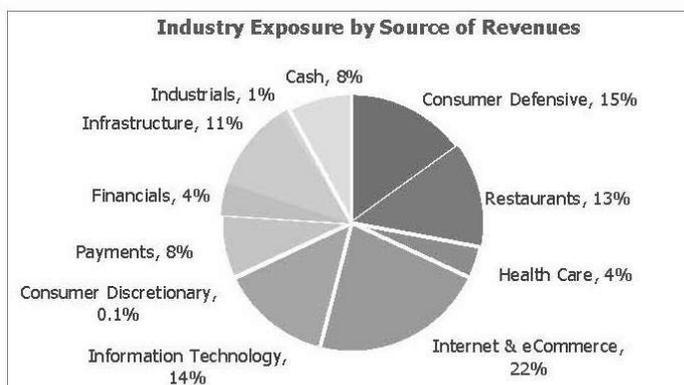
For the six and 12 months to 31 December 2021, the Fund returned 6.9% and 19.3% for MGOC; and 7.5% and 19.9% for MGF net of fees respectively. This compares with the return of the index (MSCI World Net Total Return Index (Australian Dollars)) of 11.3% and 29.3% over the same respective periods.

The Fund paid a cash distribution of 5.10 cents per MGOC Unit and 3.66 cents per MGF Unit in respect of the six months to 31 December 2021. This is consistent with MAM's stated intention 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.

We would encourage you to read our monthly and quarterly Fund Reports which provide valuable insight into our investment strategies and portfolio managers' thoughts. These are released on ASX and can also be found on our website: www.magellangroup.com.au.

As at 31 December 2021, the portfolio consisted of investments in 26 companies, with the top 10 investments (listed below) representing approximately 50.5% of the portfolio. The Fund's cash position was 8% of the portfolio which was predominantly held in US Dollars. The Fund's industry exposure by source of revenues is highlighted below.

| Top 10 holdings (as at 31 December 2021) | % of Fund |
|--|-------------|
| Microsoft | 8.7 |
| Alphabet - class A and class C shares | 6.3 |
| Netflix | 5.3 |
| Starbucks | 4.9 |
| Yum! Brands | 4.7 |
| Visa - class A shares | 4.6 |
| Pepsico | 4.5 |
| Intercontinental Exchange | 3.9 |
| Meta Platforms - class A shares | 3.9 |
| SAP | 3.7 |
| Top 10 Total | 50.5 |



Note: Exposures may not sum to 100% due to rounding.

On 7 February 2022, MAM announced that its Chief Investment Officer and Portfolio Manager of the Fund, Mr Hamish Douglass, was taking a medical leave of absence to prioritise his health following a period of intense pressure and focus on both his professional and personal life. At that time, Mr Chris Mackay was appointed to oversee the portfolio management of the Fund in conjunction with the Fund's co-portfolio managers, Ms Nikki Thomas and Mr Arvid Streimann, with the support of MAM's Investment team.

As a business that puts our clients and employees first, we wholeheartedly support Hamish taking the time he requires to prioritise his health and we look forward to his return. In the meantime, we are very fortunate to welcome back Chris Mackay. Chris was Magellan Financial Group's Co-Founder and was MAM's inaugural Chief Investment Officer from inception in 2006 to 2012.

Chris' transition back into our business has been seamless. He is an experienced investor with a strong long term track record of managing global equities and, for the last 10 years, has worked from our offices and has been actively engaged with the investment team during that time.

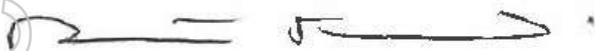
Chairman's Report

for the half year ended 31 December 2021

Importantly, I assure you we are focused on our key objective and purpose which is to deliver value for our clients who entrust us to manage their assets. The Fund has met its long-term objective of delivering returns of 9% per annum net of fees since inception with downside protection, however we recognise that we need to sharpen our investment processes to improve investment performance.

We have deeply experienced investment teams and our proven investment discipline has provided clients with strong and consistent results. There is no change in MAM's focus on quality investment portfolios built at appropriate prices with portfolio construction seeking to minimise the risk of permanent capital loss. We feel that our investment style is well-suited to navigate our investors through the current period of market volatility.

The following report contains relevant financial statements and information which we encourage you to read carefully.



Robert Fraser

Chairman

Sydney, 28 February 2022

Responsible Entity's Report

for the half year ended 31 December 2021

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan Global Fund (the "Fund") present their half-year report on the Fund for the period ended 31 December 2021.

1. Directors

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

| | | Appointed | Resigned |
|-----------------|--|------------------|-------------------|
| Robert Fraser | Chairman | 23 April 2014 | |
| John Eales | Non-executive Director | 1 July 2017 | |
| Colette Garnsey | Non-executive Director | 30 November 2020 | |
| Hamish McLennan | Non-executive Director | 1 March 2016 | |
| Kirsten Morton | Interim Chief Executive Officer/Chief Financial Officer ¹ | 5 October 2018 | |
| Karen Phin | Non-executive Director | 23 April 2014 | |
| Brett Cairns | Chief Executive Officer | 22 January 2007 | 6 December 2021 |
| Paul Lewis | Non-executive Director | 20 December 2006 | 30 September 2021 |

¹ Following Mr Cairns' resignation on 6 December 2021, Ms Morton was appointed Interim Chief Executive Officer.

2. Principal Activity

The Fund is a registered managed investment scheme, domiciled in Australia, with the principal place of business at Level 36, 25 Martin Place, Sydney, New South Wales 2000. MAM is both the Responsible Entity and the Investment Manager of the Fund.

The Fund is a single trust with two unit classes:

- an Open Class ("MGOC") whose units ("MGOC Units") are quoted on Australian Securities Exchange ("ASX") (ticker code: MGOC) under the AQUA Rules and provide investors with the ability to buy and sell units on the ASX or apply and redeem their investment directly with the Fund on a daily basis; and
- a Closed Class ("MGF") whose units ("MGF Units") are quoted on the ASX (ticker code: MGF) under the ASX Listing Rules.

On 1 March 2021, MGF Options ("MGFO") ASX (ticker code: MGFO) were issued to eligible MGF unitholders.

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund. As Investment Manager, MAM is responsible for selecting and managing the assets of the Fund. In addition, the Responsible Entity, on behalf of the Fund, may also provide trading liquidity on the ASX under the AQUA Rules by acting as a buyer and a seller of MGOC units in the Fund. MAM has appointed an independent market participant to act as its agent to execute its market making activities.

The Fund invests in a portfolio of between 20 and 40 high quality global equity stocks. To achieve this MAM undertakes rigorous company research to identify what it assesses to be very high quality companies, with an evaluation of the macro-economic environment and a disciplined, risk controlled approach to portfolio construction. The Fund has utilised its cash and assets that it had at the time of admission in a way consistent with its investment objective to achieve attractive risk-adjusted returns over the medium to long term, while reducing the risk of permanent capital loss, as well as in accordance with its investment strategy detailed in the Explanatory Memorandum issued 21 October 2020 and Product Disclosure Statement ("PDS"), issued 23 December 2021.

3. Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Fund during the period.

Responsible Entity's Report

for the half year ended 31 December 2021

4. Review of Financial Results and Operations

4.1. Financial Results for the Period

The performance of the Fund, as represented by the results of its operations for the periods ended 31 December, was as follows:

| | 31 Dec 2021 | 31 Dec 2020 |
|--|----------------------|------------------------|
| Results | | |
| Total net investment income (\$'000) | 1,309,906 | (151,275) |
| Total expenses (\$'000) | (135,313) | (93,899) |
| Operating Profit/(Loss) (\$'000) | 1,174,593 | (245,174) ¹ |
| Finance Costs Attributable to Unitholders² | | |
| Distributions to unitholders (\$'000) ³ | (310,038) | - |
| (Increase)/decrease in net assets attributable to unitholders (\$'000) | (864,555) | 580,736 |
| Profit/(Loss) (\$'000) | -⁴ | 335,562 ⁵ |
| Distributions | | |
| MGOC distribution paid and payable (\$'000) | 251,948 | 225,145 |
| MGOC distribution paid and payable (CPU) ⁶ | 5.10 | 4.88 |
| MGF distribution paid and payable (\$'000) | 58,090 | - ⁷ |
| MGF distribution paid and payable (CPU) ⁶ | 3.66 | - ⁷ |
| Unit Price (NAV Per Unit) MGOC (\$) ⁸ | 2.8236 | 2.4556 |
| ASX Reported NAV Per Unit MGOC (\$) ⁹ | 2.8746 | 2.4556 |
| Unit Price (NAV Per Unit) MGF (\$) ⁸ | 2.0382 | 1.7639 |
| ASX Reported NAV Per Unit MGF (\$) ⁹ | 2.0748 | 1.7640 |

¹ The Fund was restructured on 8 December 2020 (refer Note 4.1 to the Financial Statements). For the period ended 31 December 2020, this represents the net profit of the Fund for the period 1 July 2020 to 31 December 2020 before reflecting the accounting effects of units classified as a liability from 8 December 2020.

² Effective 8 December 2020, units in the Fund were reclassified from equity to financial liability in accordance with Australian Accounting Standard AASB 132 Financial Instruments: Presentation. As a consequence, changes in net assets attributable to unitholders from 8 December 2020 are recognised as finance costs.

³ From 8 December 2020, distributions are presented in the Statement of Profit or Loss and Comprehensive Income where units in the Fund are classified as a financial liability.

⁴ The statutory net profit of the Fund, for the period ended 31 December 2021, includes the accounting effects of the Fund's units being classified as a liability. These include deducting distributions from operating profit and reflecting the Fund's increase in net assets being recorded as finance costs.

⁵ For the period ended 31 December 2020, statutory net profit of the Fund represents the profit earned, from 1 July 2020 to 8 December 2020, while units were classified as equity. From 8 December 2020 to 31 December 2020, the accounting effects of the units being classified as liabilities were taken into account in the determination of statutory net profit, in accordance with the Australian Accounting Standard AASB 132 Financial Instruments: Presentation. As a consequence, the Fund's decrease in net assets attributable to unitholders was recorded as finance costs.

⁶ Cents Per Unit.

⁷ The first distribution for MGF Units was for the period ended 30 June 2021 therefore there is no December 2020 comparative.

⁸ The Net Asset Value ("NAV") per unit represents the net assets of each class of unit divided by the number of units on issue in that class at balance date (refer Note 4 to the Financial Statements).

⁹ The NAV per unit reported to the ASX differs to the NAV per unit at balance date due to distributions payable and fee accruals.

The Fund reported an operating profit for the period ended 31 December 2021 of \$1,174,593,000 (December 2020: operating loss of \$245,174,000). During the prior period, the Fund completed a restructure which included the creation of a closed unit class (refer to Note 4 in the Financial Statements for further detail). As the two classes of units have different features, the accounting standards required the reclassification of units from equity to financial liability, in the Statement of Financial Position, from 8 December 2020.

The Fund reported a statutory profit for the period ended 31 December 2021 of nil as the profit/(loss) of the Fund, after current period dividends are deducted, was transferred to net assets attributable to unitholders. For the prior period ended 31 December 2020 the Fund reported a statutory profit of \$335,562,000 which represented the profit from 1 July 2020 to the restructure on 8 December 2020.

The Fund incurred an operating loss from 8 December 2020 to 31 December 2020 which was transferred to net assets attributable to unitholders.

The final distributions for the year ended 30 June 2021, paid on 21 July 2021 were as follows:

- MGOC: 5.10 Cents per unit amounting to \$271,440,000; and
- MGF: 3.66 Cents per unit amounting to \$60,553,000.

Responsible Entity's Report

for the half year ended 31 December 2021

4.2. Total Indirect Cost Ratio

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

| | MGOC | | MGF | |
|----------------------------------|-------------|--------------|-------------|--------------|
| | 6 Months to | 12 Months to | 6 Months to | 12 Months to |
| | 31 Dec 2021 | 31 Dec 2021 | 31 Dec 2021 | 31 Dec 2021 |
| | % | % | % | % |
| Management fee | 0.68 | 1.35 | 0.68 | 1.35 |
| Performance fee ¹ | - | - | - | - |
| Total Indirect Cost Ratio | 0.68 | 1.35 | 0.68 | 1.35 |

| | MGOC | | MGF |
|----------------------------------|----------------|-------------------------|-------------------------|
| | 6 Months to | 12 Months to | 28 Nov to |
| | 31 Dec 2020 | 31 Dec 2020 | 31 Dec 2020 |
| | % | % | % |
| Management fee | 0.68 | 1.35 | 0.13 |
| Performance fee ¹ | - ² | 0.02 ² | - ² |
| Total Indirect Cost Ratio | 0.68 | 1.37³ | 0.13³ |

¹ Performance fees are calculated on six monthly measurement periods ending on 30 June and 31 December of each calendar year. The performance fees component of the ICR is calculated on an accrual basis for each measurement period.

² The Effective Date of the Restructure was 27 November 2020 ("Effective Date"). The Fund's performance fee measurement period was from 1 July 2020 to the Effective Date. At the Effective Date, the High Water Mark for MGOC was reset to \$2.47160 and MGF was re-set to \$1.77512. A new calculation period commenced after the Effective Date and ended on 31 December 2020.

³ At the Effective Date, accrued management and performance fees in the Fund crystallised and became payable to MAM. A new calculation period commenced after the Effective Date and ended on 31 December 2020.

Responsible Entity's Report

for the half year ended 31 December 2021

4.3. Performance Returns

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

| | MGOC | | MGF | |
|----------------------------------|-------------|----------------|-------------|--------------|
| | 6 Months to | 12 Months to | 6 Months to | 12 Months to |
| | 31 Dec 2021 | 31 Dec 2021 | 31 Dec 2021 | 31 Dec 2021 |
| | % | % ¹ | % | % |
| Growth return ¹ | 1.9 | 4.3 | 5.6 | 15.6 |
| Distribution return ² | 5.0 | 15.0 | 1.9 | 4.3 |
| Total Return³ | 6.9 | 19.3 | 7.5 | 19.9 |

| | MGOC | | MGF |
|----------------------------------|--------------|--------------|--------------------------|
| | 6 Months to | 12 Months to | 28 Nov to |
| | 31 Dec 2020 | 31 Dec 2020 | 31 Dec 2020 |
| | % | % | % |
| Growth return ¹ | (2.6) | (5.8) | (3.2) |
| Distribution return ² | 1.8 | 5.8 | - |
| Total Return³ | (0.8) | - | (3.2)⁴ |

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

² The Distribution return is calculated as a percentage by subtracting the Growth return from the Total return.

³ The Total Return is calculated daily as a percentage by dividing the unit price (cum-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Total Returns are then compounded to produce longer period returns.

⁴ The first measurement period for MGF commenced the day after the Effective Date of the Restructure, 27 November 2020.

5. Strategy and Future Outlook

The Fund's investment objective is unchanged. The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Therefore, investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

The Fund provides daily unit prices, monthly fund updates, quarterly portfolio disclosures and annual investor reports, which can be found in the 'Our Funds' section of the Magellan Financial Group Limited ("MFG") website, www.magellangroup.com.au and also the ASX website. Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

6. Interests in the Fund

The movement in units on issue in the Fund is disclosed in Note 4.4 to the Financial Statements.

7. Likely Developments and Expected Results of Operations

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the Explanatory Memorandum and PDS.

The method of operating the Fund is not expected to change in the foreseeable future. However the results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and past returns should not be used to predict future returns.

Responsible Entity's Report

for the half year ended 31 December 2021

8. Subsequent Events

On 10 January 2022, MAM announced the suspension of the MGF Dividend Reinvestment Plan ("DRP") for distributions paid from taxable income for the period ended 31 December 2021, with immediate effect. All MGF unit holders were paid distributions in cash on 19 January 2022.

NAV moves as a result of a number of factors including movements in asset prices, exchange rates, options exercised, units bought back and unitholder subscriptions and redemptions. Subsequent to balance date, as at 24 February 2022, the relevant positions were as follows:

| | MGOC | MGF |
|--------------------------|------------|-----------|
| NAV per unit (\$) | 2.5642 | 1.8533 |
| Net asset value (\$'000) | 11,958,913 | 2,890,226 |
| Units ('000) | 4,663,800 | 1,557,809 |

Other than the items disclosed throughout this Responsible Entity's Report, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods. Asset prices move daily and daily unit prices are available on the MFG and ASX websites.

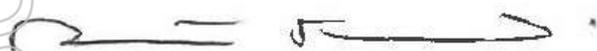
9. Rounding of Amounts

The Fund is of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and consequently amounts in the Responsible Entity's Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

10. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

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



Robert Fraser
Chairman

Sydney, 28 February 2022



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as Responsible Entity for Magellan Global Fund

As lead auditor for the review of the Interim Financial Report of Magellan Global Fund for the interim period ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

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

Ernst & Young

Clare Sporle

Partner

Sydney, 28 February 2022

Statement of Profit or Loss and Comprehensive Income

for the half year ended 31 December 2021

| | Note | 31 Dec 2021 \$'000 | 31 Dec 2020 \$'000 |
|--|------|-----------------------|------------------------------|
| Investment Income | | | |
| Dividend and distribution income | | 77,882 | 54,698 |
| Interest income | | 29 | 102 |
| Net change in fair value of investments | | 1,208,110 | (59,886) |
| Net gain/(loss) on foreign exchange settlements, derivative contracts and cash | | 23,663 | (147,737) |
| Other income | | 222 | 1,548 |
| Total Net Investment Income | | 1,309,906 | (151,275) |
| Expenses | | | |
| Management fees | 1.2 | 121,166 | 85,190 |
| Performance fees | 1.2 | 104 | 103 |
| Transaction costs | | 3,314 | 397 |
| Withholding tax on dividends and distributions | | 10,729 | 8,209 |
| Total Operating Expenses | | 135,313 | 93,899 |
| Operating Profit/(Loss) | | 1,174,593 | (245,174)¹ |
| Finance Costs Attributable to Unitholders² | | | |
| Distributions to unitholders ³ | 2 | (310,038) | - |
| (Increase)/decrease in net assets attributable to unitholders | 4.4 | (864,555) | 580,736 |
| Profit/(Loss) | | -⁴ | 335,562⁵ |
| Other comprehensive income | | - | - |
| Total Comprehensive Income/(Loss) | | - | 335,562 |

¹ The Fund was restructured on 8 December 2020 (refer Note 4.1). For the period ended 31 December 2020, this represents the net profit of the Fund for the period 1 July 2020 to 31 December 2020 before reflecting the accounting effects of units classified as a liability from 8 December 2020.

² Effective 8 December 2020, units in the Fund were reclassified from equity to financial liability in accordance with Australian Accounting Standard AASB 132 Financial Instruments: Presentation. As a consequence, changes in net assets attributable to unitholders from 8 December 2020 are recognised as finance costs.

³ From 8 December 2020, distributions are presented in the Statement of Profit or Loss and Comprehensive Income where units in the Fund are classified as a financial liability.

⁴ The statutory net profit of the Fund, for the period ended 31 December 2021, includes the accounting effects of the Fund's units being classified as a liability. These include deducting distributions from operating profit and reflecting the Fund's increase in net assets being recorded as finance costs.

⁵ For the period ended 31 December 2020, statutory net profit of the Fund represents the profit earned, from 1 July 2020 to 8 December 2020, while units were classified as equity. From 8 December 2020 to 31 December 2020, the accounting effects of the units being classified as liabilities were taken into account in the determination of statutory net profit, in accordance with the Australian Accounting Standard AASB 132 Financial Instruments: Presentation. As a consequence, the Fund's decrease in net assets attributable to unitholders was recorded as finance costs.

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

Statement of Financial Position

as at 31 December 2021

| | Note | 31 Dec 2021 \$'000 | 30 Jun 2021 \$'000 |
|---|------|-----------------------|-----------------------|
| Assets | | | |
| Cash and cash equivalents | | 1,227,490 | 960,771 |
| Receivables | | 96,918 | 31,051 |
| Investments | 3 | 16,202,460 | 16,886,626 |
| Total Assets | | 17,526,868 | 17,878,448 |
| Liabilities | | | |
| Distributions payable | 2 | 310,038 | 331,993 |
| Payables | | 32,825 | 38,477 |
| Total Liabilities | | 342,863 | 370,470 |
| Net Assets Attributable to Unitholders - Liability | 4.4 | 17,184,005 | 17,507,978 |

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

Statement of Changes in Equity

for the half year ended 31 December 2021

| | 31 Dec 2021 \$'000 | 31 Dec 2020 \$'000 |
|--|-----------------------|-----------------------|
| Unitholders' Equity at the beginning of the Period | - | 11,133,174 |
| Transactions with Unitholders in their Capacity as Owners: | | |
| Units issued | - | 1,138,091 |
| Units issued under Distribution Reinvestment Plan and management fee rebates | - | 108,521 |
| Distributions paid and payable | - | (225,145) |
| Units redeemed | - | (693,105) |
| Total Transactions with Unitholders | - | 328,362 |
| Profit/(Loss) | - | 335,562 |
| Other comprehensive income | - | - |
| Total Comprehensive Income/(Loss) | - | 335,562 |
| Reclassification to financial liability ¹ | - | (11,797,098) |
| Total Unitholders' Equity at the end of the Period | - | - |

¹ Effective 8 December 2020, units in the Fund were reclassified from equity to financial liability in accordance with Australian Accounting Standard AASB 132 Financial Instruments: Presentation.

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

Statement of Cash Flows

for the half year ended 31 December 2021

| | Note | 31 Dec 2021 \$'000 | 31 Dec 2020 \$'000 |
|---|------|-----------------------|-----------------------|
| Cash Flows from Operating Activities | | | |
| Dividends and distributions received (net of withholding tax) | | 63,022 | 45,063 |
| Interest received | | 29 | 104 |
| Other income received | | 222 | 1,549 |
| Management and performance fees paid | | (118,997) | (79,406) |
| Transaction costs paid | | (3,314) | (397) |
| Net Cash Inflow/(Outflow) from Operating Activities | | (59,038) | (33,087) |
| Cash Flows from Investing Activities | | | |
| Purchase of investments | | (1,559,093) | (2,061,400) |
| Proceeds from sale of investments | | 3,383,793 | 964,616 |
| Net foreign exchange gain/(loss) | | 38,853 | (151,983) |
| Net Cash Inflow/(Outflow) from Investing Activities | | 1,863,553 | (1,248,767) |
| Cash Flows from Financing Activities | | | |
| Receipts from issue of units | | 769,296 | 1,635,816 |
| Payments for redemption of units | | (2,000,393) | (866,398) |
| Distributions paid | | (293,001) | (581,544) |
| Net Cash Inflow/(Outflow) from Financing Activities | | (1,524,098) | 187,874 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | 280,417 | (1,093,980) |
| Cash and cash equivalents at the beginning of the period | | 960,771 | 1,777,140 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (13,698) | 2,428 |
| Cash and Cash Equivalents at the end of the Period | | 1,227,490 | 685,588 |
| Significant Non-Cash Transaction | | | |
| Acquisition of MGE and MGG | 4.1 | - | 4,020,569 |
| Total Significant Non-Cash Transaction | | - | 4,020,569 |

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

Notes to the Financial Statements

for the half year ended 31 December 2021

Overview

The Magellan Global Fund (the "Fund") is a registered managed investment scheme with two classes of units. MGOC Units are quoted on the ASX (ticker code: MGOC) under the AQUA Rules; and MGF Units are listed on ASX (ticker code: MGF) under ASX Listing Rules.

The Fund was registered on 17 July 2007 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 1 July 2007. The Fund terminates on the earlier of the time provided by the Fund's Constitution or by law.

MAM (ABN 31 120 593 946) is the Responsible Entity of the Fund.

This interim financial report was authorised for issue by the Directors of the Responsible Entity on 28 February 2022. The Directors have the power to amend and reissue this interim financial report.

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

1. Basis of Preparation

The condensed interim financial report is a general purpose financial report, presented in Australian Dollars, and has been prepared in accordance with AASB 134 *Interim Financial Reporting, the Corporations Act 2001*, other mandatory professional reporting requirements and the Fund's Constitution.

The condensed interim financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2021 Annual Report and any public announcements made during the period.

Following the restructure discussed further in Note 4.1, the Fund controlled MGG and MGE ("subsidiaries"). The Fund has determined it is an investment entity under the definition in AASB 10 *Consolidated Financial Statements* and the Fund is exempt from consolidating the subsidiaries. In accordance with the exemption, it measures its subsidiaries at fair value through profit or loss.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss. These fair value assets and liabilities comprise mainly investments that are managed based on the economic circumstances at any given point in time as well as to meet any liquidity requirements. Consequently, the investments that may be realised within 12 months cannot be determined at balance date.

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000) or in certain cases, the nearest dollar, unless otherwise stated in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

1.1. Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The Fund has not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at balance date.

1.2. Responsible Entity Fees

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

Management Fees

The Responsible Entity is entitled to receive management fees from the Fund for managing the assets of the Fund. The Responsible Entity pays operating expenses of the Fund, such as audit and tax compliance fees, distribution costs, investor reporting, custody and fund administration costs. Prior to the Restructure ("the Restructure") on 8 December 2020 (refer Note 4.1), management fees were calculated monthly based on the NAV of each fund (before fees) at the end of each month. Since the Restructure, Management fees are calculated daily based on the NAV of each class of unit, before fees. Management fees are payable in arrears at the end of each month. Estimated fees are reflected in the NAV of each unit class of the Fund.

On the Effective Date of the Restructure, 27 November 2020, any accrued management fees were crystallised and became payable to MAM.

Notes to the Financial Statements

for the half year ended 31 December 2021

Performance Fees

Performance fees are calculated on six monthly calculation periods ending on 30 June and 31 December of each year. The Responsible Entity's entitlement to a performance fee is dependent on the Fund exceeding both index relative and absolute return hurdles over a given calculation period, as well as exceeding the applicable high watermark. Performance fees crystallise at the end of a calculation period, or when units are redeemed, subject to a performance fee entitlement existing at the date of redemption. The estimated NAV of each unit class of the Fund includes a performance fee accrual equal to the amount that would be payable if it were the end of a calculation period. Further detail of the performance fees can be found in the PDS and Explanatory Memorandum.

1.3. Critical Accounting Estimates and Judgements

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

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may however move materially with movements in market prices (refer Note 3). As most investments are valued with reference to the listed quoted prices and the Fund's cash is held with strongly rated financial institutions, the Fund's financial assets are not subject to significant judgement or complexity nor are the Fund's liabilities.

Notes to the Financial Statements

for the half year ended 31 December 2021

2. Distributions to Unitholders

Distributions for the periods ended 31 December are as follows:

| | MGOC | | MGF | | Date Paid |
|--------------------------------------|---------|------|--------|------|-------------|
| | \$'000 | CPU | \$'000 | CPU | |
| Period ended 31 December 2021 | | | | | |
| Prior year final distribution paid | 271,440 | 5.10 | 60,553 | 3.66 | 21 Jul 2021 |
| Interim distribution payable | 251,948 | 5.10 | 58,090 | 3.66 | 19 Jan 2022 |

| | MGOC | | MGF ¹ | | Date Paid |
|--------------------------------------|---------|--------------------|------------------|-----|--------------------------|
| | \$'000 | CPU | \$'000 | CPU | |
| Period ended 31 December 2020 | | | | | |
| Prior year final distribution paid | 463,812 | 10.50 ² | - | - | 14 Jul 2020 |
| Interim distribution paid | 225,145 | 4.88 | - | - | 19 Nov 2020 ³ |

¹ MGF Units were first issued on 8 December 2020 and the first distribution paid was for the period ended 30 June 2021. Therefore there is no December 2020 comparison.

² Income attributed to unitholders was 32.528 CPU. Under the AMIT requirements, where income attributed to an investor is more than the cash distribution paid, the tax cost base of the investor's units increase by a corresponding amount.

³ The Fund paid its first interim distribution prior to the restructure.

A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at balance date.

On 10 January 2022, MAM announced the Target Cash Distribution for the six month period ended 30 June 2022 will be 5.10 CPU for MGOC and 3.66 CPU for MGF.

Distribution Reinvestment Plan

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

Details of the DRP for the interim distribution are as follows:

| | MGOC | | MGF | |
|--|-------------|-------------|--------------------------|-------------|
| | 31 Dec 2021 | 30 Jun 2021 | 31 Dec 2021 ¹ | 30 Jun 2021 |
| DRP issue price (\$) | 2.8236 | 2.6895 | - | 1.7856 |
| DRP unitholder participation rate (%) | 11.27 | 11.18 | - | 14.54 |
| Number of units issued under DRP | 10,048,450 | 11,272,569 | - | 4,857,769 |
| Value of units issued under DRP (\$'000) | 28,373 | 30,318 | - | 8,674 |
| DRP 7.5% issue price discount (\$'000) | n/a | n/a | - | 690 |
| DRP issue date | 19 Jan 2022 | 21 Jul 2021 | - | 21 Jul 2021 |

¹ On 10 January 2022, MAM announced the suspension of the MGF DRP for distributions paid from taxable income for the period ended 31 December 2021, with immediate effect. All MGF unit holders were paid distributions in cash on 19 January 2022.

MGF unitholders who participated in the June 2021 DRP received MGF Units at an issue price that included a specified discount to the NAV per unit. To ensure that unitholders who did not participate in the DRP suffered no dilution as a result of any discount, MFG paid the Fund consideration equal to the cost of this discount in accordance with the terms of the MFG Commitment Deed. The MGF DRP issue price discount of 7.5% is applicable to distributions declared from 1 January 2021, when the MGF DRP was operative. The amount received from MFG in respect of the June 2021 distribution was recognised as a receivable in the Statement of Financial Position at 30 June 2021. The DRP issue price discount was only offered to MGF unitholders.

Amounts receivable from MFG in respect of future distributions are contingent assets that are not recognised at balance date. It is not practical to estimate the future amounts receivable by the Fund as there is uncertainty as to whether the DRP will be made available to eligible unitholders, the level of DRP participation and MGF NAV per unit at the time of the transaction.

Notes to the Financial Statements

for the half year ended 31 December 2021

3. Investments and Derivatives

The Fund classifies its equity securities, derivative assets and derivative liabilities as financial assets and liabilities at fair value through profit or loss.

The Fund discloses the fair value measurements of financial assets and financial liabilities using a three-level fair value hierarchy to reflect the source of valuation inputs used when determining the fair value as follows:

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

The Fund meets the investment entity definition under AASB 10 Consolidated Financial Statements and as a result, units acquired in MGE and MGG are classified as financial assets at fair value through profit or loss. These units are categorised as level 2 and valued at the respective NAV of each fund, the inputs of which are directly observable from published price quotations, at balance date.

The Fund does not hold any level 3 assets. There have been no transfers between any of the three levels in the hierarchy during the period and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at balance date.

| | 31 Dec 2021 \$'000 | 30 Jun 2021 \$'000 |
|---|-----------------------|-----------------------|
| Listed Equity Securities (Level 1) | | |
| United States | 12,123,477 | 11,056,969 |
| Switzerland | 1,077,895 | 1,018,595 |
| Hong Kong | 91,149 | 801,283 |
| Germany | 634,186 | 663,921 |
| United Kingdom | 542,369 | 548,083 |
| France | 260,859 | 262,539 |
| Spain | 259,309 | - |
| Total Listed Equity Securities | 14,989,244 | 14,351,390 |
| Unlisted Investments (Level 2) | | |
| Units held in MGE and MGG | 1,213,216 | 2,535,236 |
| Total Unlisted Investments | 1,213,216 | 2,535,236 |
| Total Investments | 16,202,460 | 16,886,626 |

Notes to the Financial Statements

for the half year ended 31 December 2021

The equity securities, including stock exchange domicile, held by the Fund are:

| | Domicile | 31 Dec 2021 Holding | 30 Jun 2021 Holding | 31 Dec 2021 \$'000 | 30 Jun 2021 \$'000 |
|----------------------------------|----------|------------------------|------------------------|-----------------------|-----------------------|
| Microsoft | ii | 2,916,840 | 3,016,138 | 1,349,277 | 1,088,340 |
| Magellan Global Equities Fund | i | 223,162,365 | 314,426,451 | 1,045,426 | 1,362,033 |
| Alphabet - Class C | ii | 225,809 | 302,038 | 898,698 | 1,008,330 |
| Netflix | ii | 987,661 | 1,001,266 | 818,385 | 704,467 |
| Starbucks | ii | 4,882,946 | 5,047,589 | 785,583 | 751,743 |
| Yum! Brands | ii | 3,887,731 | 3,942,700 | 742,522 | 604,101 |
| Visa Inc - Class A | ii | 2,451,802 | 2,186,697 | 730,803 | 681,044 |
| Pepsico | ii | 2,953,700 | 2,994,359 | 705,711 | 590,975 |
| Intercontinental Exchange | ii | 3,657,927 | 3,865,591 | 688,116 | 611,183 |
| Meta Platforms Class A | ii | 1,469,788 | 1,916,948 | 679,958 | 887,835 |
| SAP | v | 3,246,249 | 3,536,718 | 634,186 | 663,921 |
| MasterCard | ii | 1,232,914 | 1,069,294 | 609,326 | 519,998 |
| Crown Castle International | ii | 2,100,853 | 2,127,833 | 603,166 | 552,967 |
| Procter & Gamble | ii | 2,608,032 | 2,865,206 | 586,785 | 514,955 |
| Nestle | iv | 2,859,324 | 2,901,939 | 550,066 | 481,819 |
| Alibaba Group Holding | ii, iii | 7,111,515 | 2,485,304 | 543,104 | 750,739 |
| Reckitt Benckiser Group | vi | 4,590,606 | 4,656,184 | 542,369 | 548,083 |
| Novartis | iv | 4,355,525 | 4,417,679 | 527,829 | 536,776 |
| McDonald's | ii | 1,312,786 | 1,330,711 | 484,036 | 409,432 |
| Amazon | ii | 104,798 | - | 480,616 | - |
| Xcel Energy | ii | 4,891,174 | 5,061,642 | 455,447 | 444,170 |
| WEC Energy Group | ii | 3,318,475 | 3,431,593 | 443,057 | 406,580 |
| Eversource Energy | ii | 3,535,056 | 3,660,130 | 442,362 | 391,194 |
| Amadeus IT Group | viii | 2,779,763 | - | 259,309 | - |
| Safran | vii | 1,407,863 | - | 237,076 | - |
| Magellan Global Trust | i | 76,459,401 | 584,351,661 | 167,790 | 1,173,203 |
| Alphabet Class A | ii | 42,080 | 42,711 | 167,674 | 138,916 |
| LVMH Moët Hennessy Louis Vuitton | vii | 20,915 | 251,329 | 23,783 | 262,539 |
| Tencent Holdings | iii | - | 7,999,405 | - | 801,283 |
| Total Investments | | | | 16,202,460 | 16,886,626 |

Stock Exchange Domicile

| | | |
|------------------|-------------------|------------|
| i Australia | iv Switzerland | vii France |
| ii United States | v Germany | viii Spain |
| iii Hong Kong | vi United Kingdom | |

Notes to the Financial Statements

for the half year ended 31 December 2021

The underlying equity securities in the Magellan Global Equities Fund ("MGE") and the Magellan Global Trust ("MGG"), including stock exchange domicile, at the end of the period are:

| | Domicile | Holding | MGE \$'000 | Holding | MGG \$'000 |
|--------------------------------|----------|---------|------------------|---------|----------------|
| Microsoft | ii | 366,693 | 169,625 | - | - |
| Netflix | ii | 107,897 | 89,404 | 22,934 | 19,003 |
| Reckitt Benckiser Group | vi | 591,622 | 69,899 | 193,853 | 22,903 |
| Nestle | iv | 368,299 | 70,852 | 106,596 | 20,507 |
| Novartis | iv | 559,015 | 67,745 | 159,860 | 19,373 |
| Pepsico | ii | 312,059 | 74,559 | 42,624 | 10,184 |
| Yum! Brands | ii | 376,407 | 71,890 | 43,312 | 8,272 |
| Visa Inc - Class A | ii | 213,823 | 63,734 | 30,605 | 9,122 |
| Starbucks | ii | 433,123 | 69,682 | - | - |
| McDonald's | ii | 134,043 | 49,423 | 21,892 | 8,072 |
| MasterCard | ii | 85,532 | 42,271 | - | - |
| Alphabet Class A | ii | 5,994 | 23,884 | 2,466 | 9,826 |
| Crown Castle International | ii | 109,924 | 31,560 | - | - |
| Alibaba Group Holding | ii | 116,832 | 19,089 | - | - |
| SAP | v | 93,748 | 18,315 | - | - |
| Cash, payables and receivables | | - | 113,494 | - | 40,528 |
| Total Investments | | | 1,045,426 | | 167,790 |

Stock Exchange Domicile

- | | | |
|------------------|-------------------|------------|
| i Australia | iv Switzerland | vii France |
| ii United States | v Germany | viii Spain |
| iii Hong Kong | vi United Kingdom | |

Notes to the Financial Statements

for the half year ended 31 December 2021

4. Net Assets Attributable to Unitholders - Liability

4.1. Restructure

On 8 December 2020, MAM completed the Restructure of the Fund. The Restructure, which simplified MAM's global equities retail product offering, was achieved via a series of transactions which had the effect of consolidating three of MAM's existing global equities retail funds, being Magellan Global Fund, MGE and the MGG into a single trust (the Magellan Global Fund) which has two unit classes, MGOC and MGF.

There were three key components to the Restructure:

1. Amendments to the Magellan Global Fund constitution to enable it to offer Closed Class Units and Open Class Units;
2. The acquisition of units in MGE by the Fund in exchange for MGOC Units by way of a trust scheme (the MGE Trust Scheme); and
3. The acquisition of units in MGG by the Fund in exchange for MGF Units by way of a trust scheme (the MGG Trust Scheme).

On 2 August 2020, MAM entered into a Scheme Implementation Deed that outlined the terms and conditions of the MGE Trust Scheme. Unitholders in MGE were offered MGOC Units in the Fund in exchange for their existing MGE Units. The terms relating to the MGE Trust Scheme were such that MGE unitholders received the net asset value of MGOC Units in the Fund as they held in MGE.

On 2 August 2020, MAM also entered into a Scheme Implementation Deed which outlined the terms and conditions of the MGG Trust Scheme. Unitholders in MGG were offered MGF Units in the Fund in exchange for their existing MGG Units. The terms relating to the MGG Trust Scheme were such that MGG unitholders received the net asset value of MGG Units in the Fund as they held in MGG.

Following unitholder approval on 25 November 2020 and related lodgements with the Supreme Court of NSW and ASIC, the Trust Schemes became effective on 27 November 2020. MGE and MGG units were suspended from quotation on the ASX and MAM commenced steps to operationalise the Fund including calculating the exchange ratios for MGE and MGG which were announced on 30 November 2020. The Restructured Magellan Global Fund commenced on 28 November 2020 and from this date a daily management fee calculation basis was effective, along with a pro-rated performance fee calculation period with a reset high water mark. From 30 November 2020, MGOC and MGF units commenced trading on a deferred settlement basis on the ASX.

On 8 December 2020, the Fund acquired MGE and MGG on a unit-for-unit basis at NAV for \$4,020,569,000. MGE unitholders received 686,402,168 MGOC Units and MGG unitholders received 1,241,629,119 MGF Units. MGE and MGG were delisted from the ASX on 9 December 2020 and the units in MGE and MGG will be held by the Fund until such time as the underlying equities held in MGE and MGG are sold and units redeemed.

MGOC Units and MGF Units commenced trading on a normal settlement basis on the ASX on 9 December 2020.

Following the restructure, investors can access the Fund through two unit classes:

- MGOC Units are quoted on ASX (ticker code: MGOC) under the AQUA Rules and provide investors with the ability to buy and sell MGOC Units on the ASX or apply and redeem their investment directly with the Fund on a daily basis; and
- MGF Units are quoted on the ASX (ticker code: MGF) under the ASX Listing Rules.

4.2. Partnership Offer

On 18 January 2021, MAM launched the Magellan Global Fund Partnership Offer ("Partnership Offer"), which provided eligible unitholders in the Fund the opportunity to subscribe for up to \$1 worth of MGF Units for every \$4 worth of units held in the Fund.

Investors who participated in the Partnership Offer also received benefits in the form of:

- additional MGF Units worth 7.5% of their subscription; and
- one MGFO for each MGF Unit allotted under the Partnership Offer (refer Note 4.7).

The Partnership Offer closed on 23 February 2021 after receiving applications from more than 30,000 unitholders, totalling \$726,691,000. Additionally the unitholders who participated received additional MGF Units worth 7.5% of their subscription, which totalled \$54,502,000 and was funded by MFG as per the terms of the MFG Equity Commitment Deed executed on 14 October 2020. A total of 449,383,670 MGF units and 449,383,670 MGF options were allotted at a price of \$1.7383 being the MGF NAV on 26 February 2021.

Notes to the Financial Statements

for the half year ended 31 December 2021

4.3. Bonus MGF Option Issue

The Fund also issued eligible MGF unitholders, who held MGF Units on 26 February 2021 (record date), with bonus MGF Options on a one-for-two basis ("Bonus MGF Option Issue"). A total of 620,140,000 MGFO were issued. Each MGFO is exercisable into one MGF Unit at an exercise price set at a 7.5% discount to the prevailing NAV per unit at the time of exercise (as detailed in the Magellan Global Fund, Bonus MGF Option Issue PDS, issued 5 January 2021).

MGFO issued under the Bonus MGF Option Issue have the same terms as MGFO issued under the Partnership Offer (refer Note 4.7).

4.4. Reclassification of Units on Issue from Unitholders' Equity to Net Assets Attributable to Unitholders - Liability

Prior to the Restructure, the Fund had one unit class and classified units on issue as equity under AASB 132 *Financial Instruments: Presentation* ("AASB 132"). Following the issue of a second class of units, units on issue were classified as a financial liability in the Statement of Financial Position as the two classes of units are differentiated by the manner in which the units can be purchased and redeemed, the net asset value per unit and the partnership benefits offered to MGF unitholders under the dividend reinvestment plan. As a consequence, the two classes of units do not have identical features and meet the definition of financial liability under AASB 132. Therefore from 8 December 2020, being the date the Restructure was completed, the Fund's units on issue were reclassified as Net Assets Attributable to Unitholders - Liability in the Statement of Financial Position.

| | Note | MGOC 6 Months to 31 Dec 2021 No. of Units '000 | MGF 6 Months to 31 Dec 2021 No. of Units '000 | MGOC 12 Months to 30 Jun 2021 No. of Units '000 | MGF 8 Dec 2020 to 30 Jun 2021 No. of Units '000 |
|--|------|--|---|---|---|
| Units on Issue | | | | | |
| Opening balance | | 5,322,362 | 1,654,335 | 4,417,255 | - |
| Units issued | | 707,027 | - | 1,395,735 | - |
| Units issued on Restructure | 4.1 | - | - | 686,402 | 1,241,629 |
| Units issued under Partnership Offer | 4.2 | - | - | - | 449,384 |
| Units issued on exercise of options | 4.7 | - | 4,756 | - | 867 |
| Units issued under DRP and management fee rebates | | 11,798 | 4,858 | 42,973 | - |
| Units redeemed | | (1,101,039) | - | (1,220,003) | - |
| Units bought back on-market and cancelled | 4.9 | - | (76,783) | - | (37,545) |
| Units on Issue at the end of the Period | | 4,940,148 | 1,587,166 | 5,322,362 | 1,654,335 |
| MGFO 2024 Options | | | | | |
| Opening balance | | - | 1,068,657 | - | - |
| Options issued 1 March 2021 under Partnership Offer | 4.2 | - | - | - | 449,384 |
| Options issued 1 March 2021 under Bonus MGF Option Issue | 4.3 | - | - | - | 620,140 |
| Units issued from exercise of options | | - | (4,756) | - | (867) |
| Total MGFO 2024 Options at the end of the Period | | - | 1,063,901 | - | 1,068,657 |

Notes to the Financial Statements

for the half year ended 31 December 2021

| | Note | MGOC 6 Months to 31 Dec 2021 \$'000 | MGF 6 Months to 31 Dec 2021 \$'000 | MGOC 8 Dec 2020 to 30 Jun 2021 \$'000 ¹ | MGF 8 Dec 2020 to 30 Jun 2021 \$'000 ¹ |
|---|------|--|---|---|---|
| Changes in Net Assets Attributable to Unitholders - Liability | | | | | |
| Opening balance | | 14,314,543 | 3,193,435 | - | - |
| Units Issued | | 754,919 | - | 1,349,188 | - |
| Units reclassified from equity | 4.4 | - | - | 11,797,098 | - |
| Issue of units on Restructure | 4.1 | - | - | 1,748,698 | 2,271,871 |
| Units issued under Partnership Offer | 4.2 | - | - | - | 726,691 |
| MFG contribution to fund additional 7.5% MFG Units issued under Partnership Offer | | - | - | - | 54,502 |
| Units issued on exercise of options | 4.7 | - | 8,762 | - | 1,533 |
| MFG contribution to offset dilutionary impact of options exercised | | - | 709 | - | 123 |
| Units issued under DRP and management fee rebates | 2 | 31,780 | 8,674 | 1,091 | - |
| MFG contribution to offset dilutionary impact of MFG DRP Units issued | | - | 703 | - | - |
| Units redeemed | | (1,858,510) | - | (1,337,879) | - |
| Units bought back on-market and cancelled | 4.9 | - | (135,565) | - | (63,339) |
| Increase/(decrease) in net assets attributable to unitholders | | 706,377 | 158,178 | 756,347 | 202,054 |
| Net Assets Attributable to Unitholders at the end of the Period | | 13,949,109 | 3,234,896 | 14,314,543 | 3,193,435 |

¹ The units on issue were previously classified as equity. A new unit class, MGF, was issued on 8 December 2020 and as a result, the Fund's units were reclassified from equity to financial liability.

4.5. MGOC Units

Applications received for MGOC Units in the Fund are recorded net of entry fees. Redemptions from the Fund are recorded gross of exit fees. The Fund recognises MGOC Units issued or redeemed when settled, which is trade date.

Each MGOC Unit confers upon the unitholder an equal interest in the Fund and is of equal value to other units in the Open Class. An MGOC Unit does not confer upon the holder any interest in any particular asset or investment of the Fund. The rights of MGOC unitholders are contained in the Fund's Constitution and include:

- the right to receive a distribution determined in accordance with the provisions of the Fund's Constitution;
- the right to attend and vote at meetings of unitholders;
- the right to participate in the termination and winding up of the Fund; and
- the right to redeem units, subject to restrictions disclosed in the Fund's PDS. Those restrictions may include where trading in units on the ASX are suspended for five consecutive business days. In this case, unitholders may apply to the Responsible Entity to make an off-market withdrawal of their investment from the Fund when the Fund is liquid. Where the Fund ceases to be liquid, units may only be withdrawn once an offer is made to all investors in the Fund in accordance with the Fund's Constitution.

There may be other circumstances where off-market withdrawals from the Fund are suspended for up to 28 days, including where:

- it is impracticable for the Responsible Entity, or the Responsible Entity is unable, to calculate the NAV of the Fund;
- the payment of withdrawal proceeds involves realising a significant portion of the Fund's assets which would, in the Responsible Entity's opinion, result in remaining investors bearing a disproportionate amount of capital gains tax or expenses, or suffering any other disadvantage or diminution of the value of units held;
- the Responsible Entity reasonably considers it would be in the interests of investors, or it is otherwise permitted by law; or
- the Responsible Entity receives withdrawal requests of an aggregate value that in its reasonable estimate exceeds 5% of the Fund's assets.

Notes to the Financial Statements

for the half year ended 31 December 2021

4.6. MGF Units

MGF Units are listed on the ASX. Each MGF Unit confers upon the unitholder an equal interest in the Fund and is of equal value to other units in the Closed Class. An MGF Unit does not confer upon the holder any interest in any particular asset or investment of the Fund. The rights of MGF unitholders are contained in the Fund's Constitution and include:

- the right to receive a distribution determined in accordance with the provisions of the Fund's Constitution;
- the right to attend and vote at meetings of unitholders; and
- the right to participate in the termination and winding up of the Fund.

Redemption of MGF Units is not permitted while the Fund is listed on the ASX.

4.7. MGF Options

Each MGFO was granted for no consideration and allotted on 1 March 2021. MGFO are listed on the ASX.

Each MGFO has an exercise price of 92.5% of the estimated NAV per MGF Unit, for the previous day, that is published by MAM, on the website, prior to commencement of ASX trading on the date that the MGFO is exercised. In accordance with the terms of the MFG Equity Commitment Deed, MFG will bear the economic cost associated with the 7.5% discount each time an MGFO is exercised. MGF Units issued on exercise of MGFO are ranked equally with all other MGF Units.

MGFO have a three year term. Each MGFO can be exercised on business days from 10.00am (Sydney time) on 1 June 2021 to 4.00pm (Sydney time) on 1 March 2024, at which time any unexercised MGFO will expire.

MGFO holders do not have the right to participate in offers made to MGF Unitholders until the MGFO are exercised and are not entitled to distributions unless exercised before the relevant distribution record date.

MGFO allotted under the Partnership Offer and Bonus MGF Option Issue have been issued for nil consideration. The fair value of the MGFO units is insignificant to the Fund as the consideration to be received by the Fund on exercise, is equal to the NAV of MGF Units at the time of exercise, consisting of the 7.5% discount paid by MFG and the remainder paid by the MGF Unitholder.

Amounts recoverable from MFG in respect of future MGFO exercised are contingent assets that are not recognised at balance date. It is not practical to estimate the future amount receivable by the Fund as there is uncertainty to the number of MGFO conversions and the MGF NAV per unit at the time of each conversion.

Subsequent to balance date and up until 24 February 2022, 378,000 MGFO have been exercised resulting in an additional 378,000 MGF Units being issued.

4.8. Distribution Reinvestment Plan

Refer to Note 2 for details on the DRP.

4.9. MGF Unit On-Market Buy-back

On 19 October 2021, MAM announced its intention to undertake an on-market buy-back of MGF Units for a 12 month period ending 29 November 2022. During the period ended 31 December 2021, the Fund purchased on-market, and cancelled, 76,783,000 MGF Units, at a total cost of \$135,565,000. Subsequent to balance date and up until 24 February 2022, the Fund purchased on-market, and cancelled, 29,734,000 MGF Units, at a total cost of \$48,882,000.

Notes to the Financial Statements

for the half year ended 31 December 2021

5. Net Asset Value per Unit

The NAVs per unit represent the net assets of each class of unit, presented in aggregate in the Statement of Financial Position, at balance date divided by the number of units on issue in that class at balance date (refer Note 4).

| | 31 Dec 2021 | 30 Jun 2021 |
|------------------|-------------|-------------|
| | \$ | \$ |
| NAV per unit MGO | 2.8236 | 2.6895 |
| NAV per unit MGF | 2.0382 | 1.9303 |

The NAV per unit at balance date may differ from the NAV per unit reported to the ASX due to distributions payable.

NAV moves as a result of a number of factors including movements in asset prices, exchange rates, options exercised, units bought back and unitholder subscriptions and redemptions. Subsequent to balance date, as at 24 February 2022, the relevant positions were as follows:

| | MGO | MGF |
|--------------------------|------------|-----------|
| NAV per unit (\$) | 2.5642 | 1.8533 |
| Net asset value (\$'000) | 11,958,913 | 2,890,226 |
| Units ('000) | 4,663,800 | 1,557,809 |

6. Segment Information

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

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

7. Contingent Assets, Contingent Liabilities and Commitments

Other than the contingent assets in Notes 2 and 4.7 the Fund has no contingent liabilities or commitments at balance date (June 2021: nil contingent liabilities or commitments).

8. Subsequent Events

Other than the items disclosed throughout this interim financial report, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods. Asset prices move daily and daily unit prices are available on the MFG and ASX websites.

Directors' Declaration

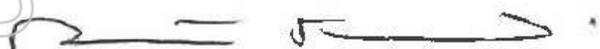
for the half year ended 31 December 2021

In the Directors' opinion,

- a. the financial statements and notes set out on pages 11 to 25 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the financial position of the Fund as at 31 December 2021 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving declarations that mirror section 295A of the *Corporations Act 2001* and are recommended by the ASX Corporate Governance Principles and Recommendations.

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



Robert Fraser
Chairman

Sydney, 28 February 2022

Independent Auditor's Review Report to the unitholders of Magellan Global Fund

Conclusion

We have reviewed the accompanying Interim Financial Report of Magellan Global Fund (the Fund), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the interim period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

1. giving a true and fair view of the Fund's financial position as at 31 December 2021 and of its financial performance for the interim period ended on that date; and
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Annual Financial Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2021 and its performance for the interim period ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Clare Sporle

Clare Sporle
Partner

Sydney, 28 February 2022

Corporate Information

Directors

Robert Fraser - Chairman
John Eales AM
Colette Garnsey OAM
Hamish McLennan
Kirsten Morton - Interim Chief Executive Officer and Chief Financial Officer
Karen Phin

Company Secretaries of the Responsible Entity

Marcia Venegas
Mariana Kolaroski

Registered Office

Level 36, 25 Martin Place
Sydney NSW 2000
Telephone: 1800 6243 5526 (Australia), +61 2 9235 4888 (International)
Fax: +61 2 9235 4800
Email: info@magellangroup.com.au

Website

<http://www.magellangroup.com.au>

Auditor

Ernst & Young
200 George Street
Sydney NSW 2000

Unit Registrar

Mainstream Fund Services Pty Ltd
Level 10, 12 Shelly Street
Sydney NSW 2000
Telephone: 1300 127 780 (Australia), +61 2 8259 8566 (International), 0800 787 621 (New Zealand)
Fax: +61 2 9247 2822
Email: magellanfunds@mainstreamgroup.com

Securities Exchange Listing

Australian Securities Exchange code:
Open Class MGOC
Closed Class MGF
MGF options MGFO

Corporate Governance Statement

The Corporate Governance Statement for the Fund can be found on the Magellan website at <http://www.magellangroup.com.au> under Reports and ASX releases for the Fund.