

# Annexure A: Supplemental Deed Poll

Allens < Linklaters

Magellan Global Fund (ARSN 126 366 961)

## Supplemental Deed Poll

Amending the Constitution for the Magellan Global Fund

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**This Deed Poll** is made on **2024**

**Parties**

**Magellan Asset Management Limited** (ACN 120 593 946) as responsible entity of the Magellan Global Fund (ARSN 126 366 961) of Level 36, 25 Martin Place, Sydney NSW 2000 (the **Responsible Entity**).

**Recitals**

- A The Responsible Entity is the responsible entity of the trust known as the Magellan Global Fund (ARSN 126 366 961) (the **Trust**).
- B The Trust is registered under section 601EB of the *Corporations Act 2001* (Cth) (the **Corporations Act**) as a managed investment scheme.
- C Clause 44.1 of the Constitution provides that, subject to the Corporations Act, the Responsible Entity may by supplemental deed modify, add to or delete from the Constitution. Clause 7.5 of the Constitution provides that the rights attached to a Class may only be varied or cancelled with approval by way of special resolution passed at a separate meeting of the Holders of the issued Units of that Class.
- D On 26 June 2024, Unit Holders and Holders of Closed Class Units approved by special resolutions the amendments to the Constitution set out in the schedule to this Supplemental Deed Poll.
- E The Responsible Entity now wishes, by this Supplemental Deed Poll, to give effect to the amendments described in Recital D.
- F In accordance with section 601GC(2) of the Corporations Act, the amendments to the Constitution set out in this Supplemental Deed Poll do not take effect until a copy of this Supplemental Deed Poll has been lodged with the Australian Securities and Investments Commission.

**It is declared** as follows.

**1 Definitions and Interpretation**

**1.1 Definitions**

In this Supplemental Deed Poll including the Recitals, the following definitions apply unless the context otherwise requires.

**Constitution** means the constitution constituting the Trust dated 22 June 2007, as amended from time to time, including by supplemental deeds dated 11 July 2007, 17 July 2007, 18 December 2009, 21 September 2010, 9 March 2018 and 27 November 2020.

**Effective Date** means the date and time on which a copy of this Supplemental Deed Poll is lodged with ASIC under section 601GC(2) of the Corporations Act.

**1.2 Interpretation**

- (a) Terms used but not defined in this Supplemental Deed Poll have the same meanings given to them in the Constitution.
- (b) Clauses 1.2 and 1.3 of the Constitution apply to this Supplemental Deed Poll as if set out in this Supplemental Deed Poll.

**1.3 Benefit of this Supplemental Deed Poll**

This Supplemental Deed Poll is made by the Responsible Entity so that it shall enure to the benefit of Unit Holders jointly and severally.

**2 Amendment of Constitution**

The Responsible Entity amends the Constitution so that, on and from the Effective Date, the Constitution is amended as set out in the schedule.

**3 No Resettlement**

The Responsible Entity confirms that it is not by this Supplemental Deed Poll intending to:

- (a) resettle or redeclare the Trust declared under the Constitution; or
- (b) cause the transfer, vesting or accruing of any property comprising the assets of the Trust in any person.

**4 Governing Law and Jurisdiction**

This Supplemental Deed Poll is governed by the laws of New South Wales, Australia.



Supplemental Deed Poll

Alens < Linklaters

**Executed and delivered as a Deed Poll** in Sydney.

**Executed** in accordance with section 127 of the *Corporations Act 2001* by Magellan Asset Management Limited as responsible entity for the **Magellan Global Fund**:

\_\_\_\_\_  
Director Signature

\_\_\_\_\_  
Director/Secretary Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
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**Schedule****Amendments to the Constitution of Magellan Global Fund****Clauses 52 and 53**

Insert the following clauses after clause 51:

**52 Definitions and Interpretation****52.1 Definitions**

Unless the context requires otherwise, the following definitions apply in clauses 52 and 53.

**Conversion Ratio** has the meaning given in clause 53.7(b).

**Conversion Ratio Calculation Date** means the Business Day immediately before the Implementation Date or such other earlier date as is determined by the Responsible Entity (not exceeding five Business Days before the Implementation Date).

**Court** means the Supreme Court of New South Wales, or such other court as the Responsible Entity determines.

**Effective Date** means the date on and time at which the supplemental deed making amendments to this constitution to facilitate the Scheme takes effect under section 601GC(2) of the Corporations Act.

**Encumbrance** means any mortgage, charge, lien, pledge, trust, power or title retention, flawed deposit arrangement, 'security interest' as defined in sections 12(1) or (2) of the *Personal Property Securities Act 2009* (Cth), or interest of a third party of any kind, whether legal or otherwise, or any agreement to create any of them or allowing them to exist.

**Foreign Holder Units** means Open Class Unit Consideration referable to Ineligible Foreign Holders calculated in accordance with clause 53.7.

**Government Agency** means a government or a governmental, semi-governmental or judicial entity or authority including a minister, department, delegate, statutory body or instrumentality.

**Implementation Date** means the 5th Business Day following the Record Date or such other date as is determined by the Responsible Entity (not exceeding ten Business Days following the Record Date).

**Ineligible Foreign Holder** means a Scheme Participant whose address shown in the Register on the Record Date is a place outside Australia and its external territories, New Zealand, Hong Kong and Singapore unless the Responsible Entity determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Participant with Open Class Units under the Scheme.

**Open Class Unit Consideration** means Scheme Consideration comprising Open Class Units as calculated under clause 53.7.

**Record Date** means 7:00 pm on the 2<sup>nd</sup> Business Day following the Effective Date or such other date as is determined by the Responsible Entity (not exceeding five Business Days following the Effective Date).

**Registered Address** means, in relation to a Holder, the address shown in the Register (including, where relevant, any electronic address).

**Registry** means Apex Fund Services Pty Limited or such other person appointed by the Responsible Entity to maintain the Register.

**Regulatory Authority** includes:

- (a) ASX;
- (b) ASIC;
- (c) the Australian Taxation Office; and
- (d) any other Government Agency.

**Sale Agent** means an entity or the entities appointed by the Responsible Entity to sell the Foreign Holder Units pursuant to clause 53.10.

**Sale Facility** means the facility provided for in clause 53.10.

**Sale Proceeds** has the meaning given in clause 53.10(c)(ii).

**Scheme** means the arrangement under which all Closed Class Units on issue are redeemed in return for the issue of Open Class Units as contemplated by clause 53.

**Scheme Consideration** has the meaning given in clause 53.7, as determined in that clause.

**Scheme Holder Custodian** means a Scheme Participant that holds one or more parcels of Scheme Units as trustee, custodian or nominee for, or otherwise on account of, another person.

**Scheme Meeting** means the meetings of Holders held on 26 June 2024 for the purposes of voting on the Scheme Resolutions.

**Scheme Participant** means a person registered in the Register as a holder of one or more Scheme Units as at the Record Date.

**Scheme Redemptions** has the meaning given in clause 53.2.

**Scheme Resolutions** means the resolutions of Holders to approve the Scheme being:

- (a) a special resolution of Unit Holders to approve amendments to this constitution to facilitate the implementation of the Scheme (**scheme amendments**);
- (b) a special resolution of Holders of Closed Class Units to approve the scheme amendments; and
- (c) a special resolution of Holders of Closed Class Units to approve the de-listing of the Trust.

**Scheme Unit** means a Closed Class Unit on issue as at the Record Date.

**Separate Parcel** means each:

- (a) parcel of Scheme Units held by a Scheme Holder Custodian as trustee, custodian or nominee for, or otherwise on account of, another person; and
- (b) parcel of Scheme Units held by the Scheme Holder Custodian in its own right.

## 52.2 Inconsistency

In clauses 52 and 53, defined terms in clause 52.1 apply to the exclusion of definitions or principles in the remainder of this constitution to the extent of any inconsistency.

## 52.3 Cessation of operation

Clauses 52 and 53 cease to have any force or operation if the Deed Poll is terminated in accordance with its terms.

## 53 Scheme

### 53.1 Implementation of the Scheme

- (a) Each Scheme Participant and the Responsible Entity must do all things and execute all deeds, instruments, transfers or other documents as the Responsible Entity considers are necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it.
- (b) Without limiting the Responsible Entity's other powers under this clause 53, the Responsible Entity has power to do all things that it considers necessary or desirable to give effect to the Scheme.
- (c) The Responsible Entity may do anything that it is permitted to do under this clause 53, and may execute all deeds, instruments, transfers or other documents as the Responsible Entity considers necessary or desirable to give effect to anything that it is permitted to do under this clause 53.
- (d) Subject to the Corporations Act, the Responsible Entity and any of its directors, officers, employees or associates, may do any act, matter or thing described in or contemplated by this clause 53 even if they have an interest (financial or otherwise) in the outcome.
- (e) Each of clause 52 and this clause 53:
  - (i) binds the Responsible Entity and all of the Scheme Participants (including those who did not attend the Scheme Meeting, those who did not vote at the Scheme Meeting and those who voted against the Scheme Resolutions); and
  - (ii) to the extent of any inconsistency, overrides the other provisions of this constitution (but remains subject to the Corporations Act and the applicable Listing Rules).

Without limiting the above, clause 9.9 does not apply to the issue of Open Class Units and clause 14 does not apply to redemptions of Closed Class Units, each as effected in accordance with the Scheme.

### 53.2 Redemption of Scheme Units

On the Implementation Date:

- (a) subject to, and after, the provision of the Scheme Consideration in the manner contemplated by clause 53.9, the Scheme Units, together with all rights and entitlements attaching to the Scheme Units, must be redeemed by the Responsible Entity (**Scheme Redemptions**); and
- (b) no Redemption Request or other application or consent by any of the Scheme Participants is required for, or a pre-condition to, the Scheme Redemptions.

### 53.3 Entitlement to receive Scheme Consideration

On the Implementation Date, in consideration for the redemption of the Scheme Units, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Units in accordance with clauses 53.7, 53.8, 53.9, 53.10 and 53.11.

### 53.4 Scheme Participants' agreements

Under the Scheme, each Scheme Participant irrevocably:

- (a) acknowledges that clauses 52 and 53 bind the Responsible Entity and all of the Scheme Participants from time to time (including those who did not attend the Scheme Meeting, did not vote at the Scheme Meeting or voted against the Scheme Resolutions);

- (b) agrees to the redemption of their Scheme Units, together with all rights and entitlements attaching to those Scheme Units, in accordance with the terms of the Scheme;
- (c) agrees to provide the Responsible Entity with any information it reasonably requires to comply with any law in respect of the Scheme and the transactions contemplated in this clause 53, including information required to comply with laws relating to anti-money laundering; and
- (d) consents to the Responsible Entity doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this clause 53 and the transactions contemplated by it, subject to the Scheme Participant's ability to revoke or amend consents in accordance with clause 53.20.

### 53.5 Warranty by Scheme Participants

Each Scheme Participant warrants to the Responsible Entity that all their Scheme Units (including any rights and entitlements attaching to those units) under the Scheme will, as at the date of the redemption, be free from all Encumbrances.

### 53.6 Appointment of the Responsible Entity as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Units in accordance with clause 53.9, on and from the Implementation Date until all of the Scheme Units are redeemed in the Register, each Scheme Participant:

- (a) irrevocably appoints the Responsible Entity as attorney and agent and each of its directors from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to attend Holders' meetings, exercise the votes attaching to Closed Class Units registered in its name and sign any Holders' resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 53.6); and
- (b) must take all other actions in the capacity of the registered holder of Closed Class Units as the Responsible Entity directs.

### 53.7 Scheme Consideration

- (a) **(Consideration to be provided)** The consideration to be provided to each Scheme Participant (having regard to clause 53.8) (**Scheme Consideration**) will be:
  - (i) if paragraph (ii) does not apply, the number of Open Class Units calculated in accordance with clause 53.7(b); and
  - (ii) if the Scheme Participant is an Ineligible Foreign Holder, a proportion of the Sale Proceeds in accordance with clause 53.10, derived from the sale of the number of Foreign Holder Units referable to the Ineligible Foreign Holder as calculated in accordance with clause 53.7(b).
- (b) **(Calculation of the number of Open Class Units)** The number of Open Class Units to be issued to a Scheme Participant (or, in relation to Ineligible Foreign Holders, to the Sale Agent) will be calculated as follows:

*Number of Open Class Units = Conversion Ratio x Number of Scheme Participant's Scheme Units*

Where:

**Closed Class Value** means the Unit Class Value of a Closed Class Unit as at the Conversion Ratio Calculation Date (calculated as if a Redemption Request had been made and Redemption Transaction Costs are zero).

**Conversion Ratio** means Closed Class Value divided by Open Class Value.

**Number of Scheme Participant's Scheme Units** means the number of Scheme Units held by the Scheme Participant at the Record Date.

**Open Class Value** means the Unit Class Value of an Open Class Unit as at the Conversion Ratio Calculation Date (calculated as if an Application had been made and Application Transaction Costs are zero).

- (c) **(Fractional entitlements)** Where the calculation of the number of Open Class Units to be issued to a Scheme Participant would result in the issue of a fraction of an Open Class Unit, then the fractional entitlement will be rounded to the nearest whole number of Open Class Units, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number, and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole number.

#### 53.8 Treatment of Separate Parcels held by Scheme Holder Custodians

For the purpose of implementing the Scheme (including for the purposes of calculating the Scheme Consideration, and the treatment of fractional entitlements), each Separate Parcel held by a Scheme Holder Custodian will be treated as though it were held by a separate Scheme Participant.

#### 53.9 Provision of Scheme Consideration

- (a) Subject to clauses 53.10(b) and 53.11, the obligation of the Responsible Entity to issue or procure the issue of Scheme Consideration to each Scheme Participant (other than Ineligible Foreign Holders) will be satisfied by the Responsible Entity, on the Implementation Date:
- (i) issuing:
    - (A) to each Scheme Participant (other than Ineligible Foreign Holders) the number of Open Class Units determined in accordance with clause 53.7(b); and
    - (B) to the Sale Agent the number of Foreign Holder Units referable to all Ineligible Foreign Holders determined in accordance with clause 53.7; and
  - (ii) entering each Scheme Participant (other than Ineligible Foreign Holders) as holders of those Open Class Units and the Sale Agent as holder of those Foreign Holder Units (as applicable) in the Register.
- (b) The Open Class Units comprising Scheme Consideration are created and issued on the Implementation Date and in accordance with applicable Settlement Rules and Operating Rules.
- (c) The Responsible Entity must procure that within five Business Days after the Implementation Date, a holding statement or allotment confirmation advice is sent to each Scheme Participant (other than Ineligible Foreign Holders), that sets out the number of Open Class Units issued to the Scheme Participant pursuant to the Scheme.

**53.10 Sale Facility**

- (a) The Responsible Entity must not issue any Open Class Units to an Ineligible Foreign Holder.
- (b) Instead, any entitlement that an Ineligible Foreign Holder would otherwise have to be issued Open Class Units will be satisfied by the Responsible Entity, on the Implementation Date, issuing the Foreign Holder Units to the Sale Agent, and entering the Sale Agent on the Register.
- (c) The Responsible Entity must procure that within 20 Business Days after the Implementation Date, the Sale Agent:
  - (i) sells all the Foreign Holder Units issued to it (which may be on an aggregated or partially aggregated basis), in the ordinary course of trading on the ASX, and at the risk of the Ineligible Foreign Holders; and
  - (ii) remits to the Registry the aggregate proceeds of the sale or sales referred to in paragraph (i) above after deduction of any applicable brokerage, stamp duty, taxes, duty or other costs and charges (the **Sale Proceeds**).
- (d) The Responsible Entity must procure that within 5 Business Days after receiving the Sale Proceeds, the Registry pays (or procures payment) to each Ineligible Foreign Holder, in full satisfaction of the Responsible Entity's obligations to them under the Scheme, an amount calculated as follows:

$$\text{Amount Due} = \frac{\text{Relevant Foreign Holder Units}}{\text{Total Foreign Holder Units}} \times \text{Sale Proceeds}$$

Where:

**Amount Due** means the amount to be paid to the Ineligible Foreign Holder

**Relevant Foreign Holder Units** means the number of Foreign Holder Units attributable to, and that would otherwise have been issued to, that Ineligible Foreign Holder had it not been an Ineligible Foreign Holder

**Total Foreign Holder Units** means the total number of Foreign Holder Units issued to the Sale Agent

**Sale Proceeds** is as defined in clause 53.10(c)(ii).

The Amount Due must be rounded down to the nearest cent.

- (e) The obligation to pay the Amount Due to an Ineligible Foreign Holder under clause 53.10(d) will be satisfied by electronic funds transfer of the Amount Due to a bank account nominated by the Ineligible Foreign Holder.
- (f) Neither the Responsible Entity nor the Sale Agent gives any assurance as to the price that will be achieved for the sale of Foreign Holder Units and the sale of those units will be at the risk of the Ineligible Foreign Holder.
- (g) Each Ineligible Foreign Holder appoints the Responsible Entity as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required by law to provide to the Ineligible Foreign Holder.

**53.11 Joint Holders**

In the case of Scheme Participants that hold Scheme Units in joint names:

- (a) any document required to be sent under the Scheme, will be forwarded to either, at the sole discretion of the Responsible Entity, the Holder whose name appears first in the Register as at the Record Date or to the joint Holders;
- (b) any Open Class Units to be issued under the Scheme will be issued to the same joint holders; and
- (c) any amount of Sale Proceeds to be paid to an Ineligible Foreign Holder by way of electronic funds transfer may be paid either, at the sole discretion of the Responsible Entity, to the account of the Holder whose name appears first in the Register as at the Record Date or to either of the account(s) nominated by the joint Holders.

**53.12 Unclaimed monies**

- (a) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any amount payable to a Scheme Participant under the Scheme which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995* (NSW)).

**53.13 Orders of a court or Regulatory Authority**

- (a) Notwithstanding anything else in this clause 53, the Responsible Entity may deduct and withhold from any consideration which would otherwise be payable by the Responsible Entity to a Scheme Participant in accordance with this clause 53, any amount that it determines is required to be so deducted and withheld from that consideration under any applicable law, including any order, direction or notice made or given by a court of competent jurisdiction or by another Regulatory Authority.
- (b) To the extent that amounts are so deducted or withheld, such deducted or withheld amounts will be treated for all purposes under the Scheme as having been paid to the Scheme Participant in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxation office or other Regulatory Authority.
- (c) If requested in writing by the Scheme Participant, the Responsible Entity must provide a receipt or other appropriate evidence of such payment to the taxation office or other Regulatory Authority.
- (d) If written notice is given to the Responsible Entity (or the Registry) of an order, direction or notice made or given by a court of competent jurisdiction or by another Regulatory Authority that requires that Scheme Consideration that would otherwise be provided to a Scheme Participant by the Responsible Entity in accordance with this clause 53, must instead be paid or provided to a Regulatory Authority or other third party (either by payment of money or the issue of Open Class Units), then:
  - (i) the Responsible Entity is entitled to pay the relevant money or issue the relevant Open Class Units in accordance with that order, direction or notice; and
  - (ii) doing so will be treated for all purposes under the Scheme as having been paid or provided to that Scheme Participant.
- (e) If written notice is given to the Responsible Entity (or the Registry) of an order, direction or notice made or given by a court of competent jurisdiction or by another Regulatory Authority that prevents the Responsible Entity from providing consideration to a particular Scheme Participant in accordance with this clause 53, or if the payment or provision of



any Scheme Consideration to a particular Scheme Participant is otherwise prohibited by applicable law, the Responsible Entity will be entitled to (as applicable):

- (i) refrain from issuing any Open Class Units that would otherwise be issued to the Scheme Participant; or
- (ii) refrain from procuring the remittance of any Sale Proceeds that would otherwise be payable to the Scheme Participant,

until such time as the issue of Open Class Units or the of Sale Proceeds (as applicable) in accordance with this clause 53 is permitted by that order or direction or otherwise by law.

#### **53.14 Determination of Scheme Units**

To establish the identity of the Scheme Participants, dealings in Scheme Units will only be recognised by the Responsible Entity if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Scheme Units on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

The Responsible Entity will register any registrable transmission applications or transfers in registrable form received as described in clause 53.14(b) on or before the Record Date.

#### **53.15 No disposals after Effective Date**

- (a) A Holder of Scheme Units (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Units or any interest in them after the Effective Date in any way except as set out in the Scheme and any such disposal will be void and of no legal effect whatsoever.
- (b) The Responsible Entity will not accept for registration, or recognise for any purpose, any transmission, application or transfer in respect of the Scheme Units received after the Record Date.

#### **53.16 Maintenance of Register**

For the purpose of determining entitlements to the Scheme Consideration, the Responsible Entity will maintain the Register in accordance with the provisions of this constitution including this clause 53, until the Scheme Consideration has been provided to the Scheme Participants and all Scheme Units have been redeemed. The Register in this form will solely determine entitlements to the Scheme Consideration.

#### **53.17 Effect of certificates (if any) and holding statements**

Subject to provision of the Scheme Consideration and registration of the redemption of all of the Scheme Units contemplated in clauses 53.2 and 53.16, any statements of holding in respect of Scheme Units will cease to have effect after the Record Date as documents of title in respect of those units. After the Record Date, each entry current on the Register as at the Record Date will cease to have effect except as evidence of entitlement to the Scheme Consideration.

#### **53.18 Suspension of trading**

Suspension of trading in Closed Class Units on the ASX will occur from the close of trading on ASX on the Effective Date.

**53.19 De-listing of the Trust**

Subject to approval of the Scheme Resolutions, the Responsible Entity will apply:

- (a) for termination of the official quotation of Closed Class Units on the ASX; and
- (b) to have the Trust removed from the official list of the ASX.

**53.20 Instructions and elections to be applied to Open Class Units**

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), subject to this clause, all instructions, notifications, consents or elections by each Scheme Participant to the Responsible Entity binding or deemed binding between the Scheme Participant and the Responsible Entity relating to the Trust or the Scheme Units, including instructions, notifications, consents or elections relating to:

- (a) the disclosure of the Scheme Participant's personal information (including tax file numbers and tax file number information, each as defined under the *Privacy Act 1988* (Cth), and information referred to in clause 53.20(b)) to, or collection of such personal information by, the Responsible Entity;
- (b) the disclosure information pertaining to the Scheme Participant to Australian or foreign Government Agencies, including under the *Foreign Account Tax Compliance Act* of the United States of America and the Common Reporting Standard under the *Tax Laws Amendment (Implementation of the Common Reporting Standard) Act 2016* (Cth);
- (c) participation in distribution reinvestment plans;
- (d) whether distributions (of income or capital, or both) are to be paid into a specific account; and
- (e) the receipt of notices or other communications from the Responsible Entity (including by email or other electronic platform),

will be deemed from the Implementation Date (except to the extent determined otherwise by the Responsible Entity in its sole discretion), by reason of this Scheme, to continue being made by the Scheme Participant in relation to the Trust, and to be a binding instruction, notification, consent or election to, and accepted by, the Responsible Entity in relation to any Open Class Units held by the Scheme Participant, until that instruction, notification or election is revoked or amended in writing to the Responsible Entity or Registry and actually received by it.

**53.21 Power of Attorney**

Each Scheme Participant, without the need for any further act by the Scheme Participant, irrevocably appoints the Responsible Entity and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of executing any document necessary or expedient to give effect to the Scheme including:

- (a) executing any document relating to the Scheme Redemptions ;
- (b) applying for Open Class Units in (and agreeing to become a member of) the Trust and Holder of Open Class Units;
- (c) executing any documents that may be required in relation to the Sale Facility; and
- (d) communicating the Scheme Participants' instructions, notifications, consents and elections under clause 53.20,

and the Responsible Entity accepts such appointment.

**53.22 Notices**

- (a) If a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to the Responsible Entity, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the Responsible Entity's registered office or at the Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Holder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

**53.23 Further action by the Responsible Entity**

The Responsible Entity will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement and perform its and each Scheme Participant's obligations under the Scheme.

**53.24 No liability when acting in good faith**

To the maximum extent permitted by law, none of the Responsible Entity nor any of its directors, officers, employees or associates will be liable for anything done or omitted to be done in the performance of the Scheme in good faith.

**53.25 Stamp duty**

The Responsible Entity will pay all stamp duty (including any fines, penalties and interest) payable in respect of the Scheme.

**53.26 Limitation of liability**

Without limiting clauses 20 and 29 but subject to law (including the Corporations Act), the Responsible Entity will not have any liability of any nature whatsoever to Holders beyond the extent to which the Responsible Entity is actually indemnified out of Trust Property, arising, directly or indirectly, from the Responsible Entity doing or refraining from doing any act (including the execution of a document), matter or thing pursuant to or in connection with the implementation of the Scheme.

## 2. Notice of Meeting (Closed Class Unitholders only)

### Notice of Meeting

#### Magellan Global Fund (ARSN 126 366 961) – Closed Class

This notice is issued by Magellan Asset Management Limited ABN 31 120 593 946 (**Magellan**) as responsible entity of the Magellan Global Fund ARSN 126 366 961 (**MGF**) to the members of Closed Class of MGF (**Closed Class Unitholders**).

A meeting of Closed Class Unitholders will be held at:

**Venue: Level 36, 25 Martin Place, Sydney NSW 2000**

**Time: 10:00 am (AEST)**

**Date: Wednesday, 26 June 2024**

(the **Meeting**).

The Explanatory Memorandum contained in Part 1 of the Unitholder Booklet provides additional information on the matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form comprise part of this Notice of Meeting.

#### **Business:**

The business of the Meeting will consist of the following resolutions:

#### **Resolutions**

##### **Resolution 1 – Variation or cancellation of class rights of Closed Class Units**

To consider, and if thought fit, to pass the following resolution as a special resolution of the Closed Class Unitholders:

*'That, subject to and conditional on Resolution 2 and the Fund Resolution (as defined in the Explanatory Memorandum issued by Magellan Asset Management Limited ABN 31 120 593 946 dated 20 May 2024 in connection with the Conversion) being approved, in accordance with and for all purposes of clause 7.5 and paragraph 2.4(j) of Schedule 1 of the Constitution of Magellan Global Fund (ARSN 126 366 961), the variation or cancellation of class rights of the Closed Class Units as a result of the modifications to the Constitution set out in the Supplemental Deed tabled at the Meeting and signed by the Chairperson are approved.'*

##### **Resolution 2 – Removal of the Fund from the Official List of ASX**

To consider, and if thought fit, to pass the following resolution as a special resolution of the Closed Class Unitholders:

*'That, subject to and conditional on Resolution 1 and the Fund Resolution (as defined in the Explanatory Memorandum issued by Magellan Asset Management Limited ABN 31 120 593 946 dated 20 May 2024 in connection with the Conversion) being approved, approval is given for the removal of the Fund from the Official List of ASX.'*

By order of the Board of Magellan Asset Management Limited.

Marcia Venegas

#### **Company Secretary**

Magellan Asset Management Limited ABN 31 120 593 946 as responsible entity of the Magellan Global Fund ARSN 126 366 961

20 May 2024

## Notes on the Notice of Meeting

### 1. Quorum

The Meeting must satisfy the quorum requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**), which is at least two Unitholders present in person or by proxy or body corporate representative and the quorum must be present at all times during the Meeting.

This Notice of Meeting is also a notice that if the quorum required under the Corporations Act is not present within 30 minutes after the time notified for the commencement of the Meeting, the Meeting will be adjourned. The adjourned Meeting will be convened to such place and time as the Chairperson thinks fit. At least two Unitholders present in person or by proxy or corporate representative constitute a quorum at the adjourned meeting.

If the quorum is not present at the adjourned meeting within 30 minutes after the time notified for the commencement of the Meeting, the Meeting will be dissolved.

### 2. Voting requirements

A Resolution will be validly passed as a special resolution if at least 75% of the total votes cast on a resolution are cast in favour of a resolution by the Closed Class Unitholders entitled to vote.

Voting will be conducted by poll, as required by the Corporations Act.

In the absence of any special circumstances, the register of Closed Class Unitholders as at 7:00pm (AEST), 24 June 2024 will be taken as evidence of those Closed Class Unitholders entitled to vote.

The Chairperson's declaration of the validity of any vote and the result of voting will be conclusive.

Under section 253C(2) of the Corporations Act, on a poll each Closed Class Unitholder has one vote for each dollar of the value of the total interests they have in MGF. Under section 253F(a) of the Corporations Act, the value of the Closed Class Units will be the last sale price of the Units on the ASX on the trading day immediately before the day on which the poll is taken. If a Closed Class Unitholder's interest in MGF is held jointly and more than one of those Closed Class Unitholders votes, only the vote of the Closed Class Unitholder first named in the register of Closed Class Unitholders will be counted.

Magellan has determined that the persons who are entitled to vote at the Meeting will be set by reference to the Unitholders recorded on the MGF register of Closed Class Unitholders as at 7:00pm (AEST), 24 June 2024 and the last sale price of the Closed Class Units on the ASX on 25 June 2024 will be used to determine the number of votes each Closed Class Unitholder has on the polls.

### 3. Attending the Meeting

If you wish to attend the Meeting, please bring the Proxy Form or (if you are a corporate representative under section 253B of the Corporations Act) an original Certificate of Appointment of Corporate Representative with you to assist with registration.

### 4. How to vote

Closed Class Unitholders entitled to participate and vote at the Meeting may vote:

- (a) in person at the Meeting;
- (b) by appointing a proxy to participate in the Meeting and to vote on their behalf in accordance with section 5 of the Notes on this Notice of Meeting;
- (c) by appointing an attorney to participate in the Meeting and to vote on their behalf in accordance with section 6 of the Notes on this Notice of Meeting; or
- (d) by appointing a corporate representative to participate in the Meeting and to vote on their behalf in accordance with section 7 of the Notes on this Notice of Meeting.

### 5. Voting by proxy

You have the right to appoint a proxy to attend and vote for you even if you are present at the Meeting. They need not be another Closed Class Unitholder. The Chairperson may act as your proxy if you wish. You may appoint two proxies. Please note that in that case you will need to specify what proportion or number of votes each proxy is appointed to

exercise for you. If the proxy appointments do not specify the proportion of voting rights that each proxy may exercise, each proxy may exercise half of your votes. Fractions of votes will be disregarded.

If the Chairperson is nominated as your proxy (or so acts because no other person is nominated or your named proxy does not attend the Meeting) and you do not tell the Chairperson exactly how to vote, the Chairperson's intention is to vote in favour of the Resolutions at the Meeting.

The notes on the Proxy Form describe how it should be completed. The Proxy Form must be completed, signed and received by Boardroom Pty Limited (**Boardroom**) (if relevant, with a certified copy of the power of attorney under which the Proxy Form was signed), by:

**Mail the Proxy Form to:** Magellan Global Fund  
Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

**Email the Proxy Form to:** magellan@boardroomlimited.com.au

**Fax the Proxy Form to:** +61 2 9290 9655

**Deliver the Proxy Form to:** Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000 Australia

**at least 48 hours before the time of the Meeting** for the proxy appointment to be effective.

**Magellan encourages Closed Class Unitholders who cannot or who do not wish to attend the meeting in person to use the Proxy Form provided.**

#### **6. Voting by attorney**

You may appoint an attorney to participate and vote at the Meeting on your behalf. Such an appointment must be made by a duly executed power of attorney, which must be received by Boardroom by 10:00am (AEST), 24 June 2024, unless it has been previously provided to the Fund's registry, Apex Fund Services Pty Ltd.

#### **7. Corporations**

Corporations wishing to attend and vote at the Meeting (other than by proxy) must appoint a representative who must provide a duly executed 'Certificate of Appointment of Corporate Representative' to Boardroom by 10:00am (AEST), 24 June 2024. A form of the certificate may be obtained from Boardroom's website at [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au).

#### **8. Voting Exclusions**

Votes cast by a person who is not entitled to vote because of section 253E of the Corporations Act will be disregarded. This section of the Corporations Act provides that Magellan and its associates are not entitled to vote their interest on a resolution at a meeting of the MGF unitholders if they have an interest in a resolution or matter other than as a member. At this meeting, Magellan and its associates will not vote their interests on the resolutions. However, this does not apply to a vote cast on a resolution by a person who votes as a proxy for another member who can vote if their appointment specifies the way they are to vote on a resolution and they vote that way.

#### **9. Chairperson**

Magellan will appoint Mr. Robert Fraser to chair the Meeting. Mr Fraser is the Chairman of Magellan. Magellan will appoint another similarly qualified person to chair the Meeting if Mr Fraser is unable to chair the Meeting.

#### **10. Defined terms**

Terms defined in the Explanatory Memorandum accompanying this Notice of Meeting have the same meaning in this Notice of Meeting, unless the context otherwise requires.

#### **11. Important information**

To enable you to make an informed decision on the Resolutions, please carefully read the Explanatory Memorandum.



## PART 3: Independent Expert's Report



# LONERGAN EDWARDS & ASSOCIATES LIMITED

ABN 53 095 445 560  
AFS Licence No 246532  
Level 7, 64 Castlereagh Street  
Sydney NSW 2000 Australia  
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500  
www.lonerganedwards.com.au

The Directors  
Magellan Asset Management Limited  
As responsible entity for Magellan Global Fund  
Level 36  
25 Martin Place  
Sydney NSW 2000

15 May 2024

**Subject: Conversion Proposal – conversion of Closed Class Units to Open Class Units**

Dear Directors

## Introduction

- 1 On 16 October 2023, Magellan Asset Management Limited (Magellan), in its capacity as responsible entity (RE) of the Magellan Global Fund (MGF or the Fund), announced that the Board had “*determined to consider a conversion of the Closed Class Units into Open Class Units*”. The conversion was proposed to address the discount to net asset value (NAV) per Closed Class Unit when trading on the Official List of the Australian Securities Exchange (ASX) and to enable Closed Class Unitholders to retain the benefits of an investment in the Fund.
- 2 Having progressed the consideration of legal, regulatory and tax matters in respect of the Conversion<sup>1</sup>, on 7 December 2023 Magellan announced its decision to proceed with the conversion of Closed Class Units in the Fund to Open Class Units in the Fund which are quoted on the ASX under the AQUA Rules<sup>2</sup>.
- 3 If the Conversion is approved and implemented:
  - (a) Closed Class Unitholders will have their Closed Class Units redeemed and eligible Closed Class Unitholders<sup>3</sup> will be issued with new Open Class Units as consideration

<sup>1</sup> The Conversion as referenced in the ASX announcements and Unitholder Booklet will require redemption of the Closed Class Units and the issue of Open Class Units as consideration. For consistency of definitions we have referred to this as the Conversion.

<sup>2</sup> The AQUA Rules (Schedule 10A to the ASX Operating Rules) are specifically designed for ‘open-ended’ investment schemes such as exchange traded funds (ETFs) and structured products that do not fit easily under the ASX Listing Rules. Section 3.3 of the Unitholder Booklet sets out the key differences between the AQUA Rules and the ASX Listing Rules.

<sup>3</sup> Ineligible Foreign Closed Class Unitholders (being those unitholders resident outside of Australia, New Zealand, Hong Kong or Singapore) will not be entitled to receive Open Class Units and will instead receive cash from the sale of the new Open Class Units issued in respect of the Closed Class Units held. A Sales Agent will sell the units within 20 business days and remit the net proceeds (after deduction of any applicable costs e.g. brokerage, tax etc.).

### Authorised Representatives:

Hung Chu • Martin Hall • Grant Kepler\* • Julie Planinic\* • Jorge Resende • Nathan Toscan • Wayne Lonergan • Craig Edwards

\* Members of Chartered Accountants Australia and New Zealand and holders of Certificate of Public Practice.  
*Liability limited by a scheme approved under Professional Standards Legislation*

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for their Closed Class Units. The number of Open Class Units to be received will be based on the Conversion Ratio calculated by reference to the respective NAV of each unit class on the Conversion Calculation Date, expected to be the Business Day immediately before the Implementation Date. Closed Class Unitholders will receive the same underlying NAV in Open Class Units as the underlying NAV held in the Closed Class Units, with Open Class Units to be issued on the Implementation Date<sup>4</sup>

- (b) the Fund will be removed from the Official List of the ASX and the Open Class Units (being the only class then on issue<sup>5</sup>) will trade as an open ended exchange traded fund (ETF) on the ASX under the AQUA Rules.

- 4 Amendments to Fund's Constitution are required to facilitate the Conversion and must be approved by both Closed Class and Open Class Unitholders.

### **Purpose of report**

- 5 While there is no regulatory requirement for Magellan, as RE of the Fund, to obtain an independent expert's report (IER), the Directors of Magellan have requested that Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in LEA's opinion, the Conversion is in the best interests of existing MGF Unitholders (both Closed Class and Open Class Unitholders) and the reasons for that opinion.
- 6 LEA is independent of Magellan and MGF and has no other involvement or interest in the Conversion.

### **Summary of opinion**

- 7 In our opinion, the Conversion is in the best interests of MGF Unitholders (in each respective unit class and as a whole) in the absence of a superior proposal (which we consider unlikely). We have formed this opinion for the reasons set out below.

### **Assessment of the Conversion**

- 8 There is no legal definition of the expression "in the best interests". However, Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – Content of expert reports (RG 111) states that a proposal may be "in the best interests of the members of the company" if there are sufficient reasons for security holders to vote in favour of the proposal.
- 9 In our opinion, in the circumstances, the Conversion will be in the best interests of the MGF Unitholders (in each respective unit class and as a whole) if the advantages of the Conversion outweigh the disadvantages from the perspective of the unitholders in each of their respective classes and as a whole. In reaching our view, we have compared the position of MGF Unitholders (in each respective unit class and as a whole) both before and after the Conversion.
- 10 We summarise below the likely advantages and disadvantages of the Conversion for MGF Unitholders (in each respective unit class and as a whole).

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<sup>4</sup> Expected to be 22 July 2024.

<sup>5</sup> Which have the ticker "MGOC".

### **Advantages**

11 The Conversion has the following advantages:

#### ***MGF Closed Class Unitholders***

- (a) the Conversion will be effected based on the respective underlying NAV per Closed Class Unit and underlying NAV per Open Class Unit at the Conversion Calculation Date resulting in no diminution in the underlying NAV of the Closed Class Unitholders' investment at the time of implementation (other than a minor diminution due to the costs of the Conversion)
- (b) Closed Class Units have consistently traded at a significant discount to the reported NAV prior to the announcement that conversion was being considered. The trading discount to NAV historically experienced by the Closed Class Units is expected to be addressed as Open Class Units in the Fund have generally traded at prices close to the prevailing NAV per Open Class Unit. Eliminating this discount is a major benefit for existing Closed Class Unitholders
- (c) the receipt of Open Class Units by existing Closed Class Unitholders will enable unitholder interests to be traded in the secondary market on the ASX or redeemed directly with Magellan at close to NAV per Open Class Unit (noting that redemption is not currently available to Closed Class Unitholders). Magellan, as RE of the Fund, will continue to operate a daily application and redemption facility in relation to Open Class Units in the Fund. Further, Magellan, on behalf of the Fund, may provide on-market liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units
- (d) as an Open Class Unitholder you may elect<sup>6</sup> to participate in the Distribution Reinvestment Plan (the DRP) at a price equal to the NAV per Open Class Unit at the relevant time. Whilst the issue price under the previous Closed Class Unitholder DRP was 92.5% of the underlying NAV per Closed Class Unit, the Closed Class Unitholder DRP was suspended on 10 January 2022
- (e) there will be no change to the investment objectives, investment strategy, distribution policy or to the fees charged by the Fund as a result of the Conversion

#### ***Open Class Unitholders***

- (f) there are no changes to the rights and entitlements or underlying NAV of Open Class Unitholders as a result of the Conversion
- (g) the increased number of Open Class Unitholders is likely to:
  - (i) increase market activity and liquidity in the units
  - (ii) result in a more diverse register mitigating the impact on the Fund from withdrawals (subject to any increase in initial withdrawals after the Conversion).

### **Disadvantages**

12 The Conversion will result in a significant increase (some 53%) in the total number of Open Class Units on issue in the Fund. As such, the following disadvantages may arise:

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<sup>6</sup> Those Closed Class Unitholders who had previously participated in the Closed Class Unitholder DRP will be treated as having made an election to participate in the Open Class Unitholder DRP.

***Closed Class Unitholders***

- (a) the relative voting power of existing Closed Class and Open Class Unitholders will be impacted with Closed Class Unitholders' relative voting power as a percentage of the total number of units on issue in the respective class will be lower<sup>7</sup>
- (b) if, as a result of the Conversion, the number of Open Class Units redeemed directly with Magellan increases, there may be a need for the Fund to sell underlying assets to fund these redemptions. Funding redemptions by way of sale of underlying assets may result in the Fund crystallising capital gains or trading profits which are attributed to MGF Unitholders at an earlier date
- (c) those Closed Class Unitholders holding units on income account will crystallise a gain or loss on the Conversion based on the difference between the value of the Open Class Units issued as consideration for the redemption of Closed Class Units held over their tax cost base
- (d) minor third party transaction costs of \$1.232 million excluding goods and services tax (GST) will be incurred to implement the Conversion. These costs are borne by the Closed Class Unitholders and will be deducted in determining the underlying NAV per Closed Class Unit as at the Conversion Calculation Date. The costs of implementing the Conversion are significantly more than offset by the elimination of the discount to NAV in unit price.

***Open Class Unitholders (existing and upon Conversion)***

- (e) if, as a result of the Conversion, the number of Open Class Units redeemed directly with Magellan increases, there may be a need for the Fund to sell underlying assets to fund these redemptions. Funding redemptions by way of sale of underlying assets may result in the Fund crystallising capital gains or trading profits which are attributed to MGF Unitholders at an earlier date. However this is the practical reality of open class redeemable funds.

**Conclusion**

- 13 Given the above analysis, we consider that on balance the advantages of the Conversion outweigh the disadvantages of the Conversion and as such the Conversion is in the best interests of MGF Unitholders (in each respective unit class and as a whole) in the absence of a superior proposal (which in our view is unlikely).

**General**

- 14 This report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual MGF Unitholders. Accordingly, before acting in relation to the Conversion, MGF Unitholders should have regard to their own objectives, financial situation and needs. MGF Unitholders should also read the Unitholder Booklet that has been issued in relation to the Conversion.
- 15 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether MGF Unitholders should vote for, or against the Conversion. This is a matter for individual MGF Unitholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal

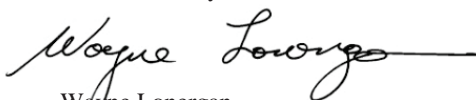
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<sup>7</sup> Relative to voting in overall unitholder matters, e.g. where a combined vote of Open Class and Closed Class Unitholders is held then there is no material change, as votes are determined based on dollar value of holdings.


circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If MGF Unitholders are in doubt about the action they should take in relation to the Conversion or matters dealt with in this report, MGF Unitholders should seek independent professional advice.

- 16 For our full opinion on the Conversion and the reasoning behind our opinion, we recommend that MGF Unitholders read the remainder of our report.

Yours faithfully



Wayne Lonergan  
Authorised Representative



Julie Planinic  
Authorised Representative

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## I Key terms of the Conversion

### Terms

- 17 An overview and key terms of the Conversion is set out at paragraphs 1 to 4.
- 18 In order to implement the Conversion, Magellan is proposing to amend the Fund's Constitution to permit the conversion of Closed Class Units to Open Class Units.

### Conditions

- 19 The Conversion is subject to the satisfaction of a number of conditions<sup>8</sup>, including:
- (a) MGF Closed Class Unitholders and MGF Open Class Unitholders passing the relevant Conversion Resolutions by the requisite majorities at the applicable unitholder meeting
  - (b) ASX formally approving the removal of MGF from the Official List of the ASX
  - (c) Magellan receiving judicial advice from the Court relating to the Conversion.

### Conversion Resolutions

- 20 MGF Unitholders (both Closed Class and Open Class Unitholders) will be asked to vote on the Conversion in accordance with the inter-conditional resolutions contained in the Notice of Meeting and Explanatory Memorandum contained in the Unitholder Booklet.
- 21 All MGF Unitholders will be asked to vote on a special resolution to approve changes to the Constitution to facilitate the Conversion (Fund Resolution).
- 22 MGF Closed Class Unitholders will vote on special resolutions to:
- (a) Closed Class Unitholder Resolution 1 – approve the variation or cancellation of rights of the Closed Class Unitholders arising from proposed changes to the Constitution (as set out in Section 5.1 of the Unitholder Booklet) to facilitate the Conversion
  - (b) Closed Class Unitholder Resolution 2 – approve the removal of the Fund from the Official List of the ASX under ASX Listing Rule 17.11.
- 23 If any of the Conversion Resolutions are not passed, the Conversion will be unable to proceed.
- 24 Further details with respect to the Conversion Resolutions are set out in Section 5 of the Unitholder Booklet.

### Implementation

- 25 If the Conversion Resolutions are passed, subject to formal ASX approval of the delisting of the Fund from the Official List of the ASX, the Closed Class Units will be redeemed. The consideration for the redemption will be Open Class Units issued in accordance with the Conversion Ratio (being the number of Open Class Units to be issued per Closed Class Unit).

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<sup>8</sup> Full details with respect to the conditions are set out in Section 1 of the Unitholder Booklet.

The Conversion Ratio will be calculated as the underlying NAV per Closed Class Unit divided by the underlying NAV per Open Class Unit as at the Conversion Calculation Date<sup>9</sup>.

- 26 Following implementation of the Conversion, the Fund will have only one class of unit on issue (i.e. the Open Class Units) and will operate as an open-ended Active ETF<sup>10</sup> quoted on the ASX under the AQUA Rules, with the ticker 'MGOC'.
- 27 On and from 23 July 2024, Closed Class Unitholders are expected to be able to:
  - (a) sell the Open Class Units received under the Conversion on the ASX under the AQUA Rules
  - (b) redeem the Open Class Units received under the Conversion directly with Magellan.

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<sup>9</sup> Being the business day immediately before the Implementation Date, expected to be 19 July 2024.

<sup>10</sup> Active ETFs are a type of ETF that has a professional investment fund manager or team making decisions about the underlying investment portfolio allocation.

## II Scope of our report

### Purpose

- 28 While there is no regulatory requirement for Magellan, as RE of the Fund, to obtain an IER, the Directors of Magellan have requested that LEA prepare an IER stating whether, in LEA's opinion, the Conversion is in the best interests of existing MGF Unitholders and the reasons for that opinion.
- 29 It should be noted that this report contains general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual MGF Unitholders. Accordingly, before acting in relation to the Conversion, MGF Unitholders should have regard to their own objectives, financial and taxation situation and needs. MGF Unitholders should also read the Unitholder Booklet that has been issued by Magellan in relation to the Conversion.
- 30 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether MGF Unitholders should vote for or against the Conversion. This is a matter for individual MGF Unitholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If MGF Unitholders are in doubt about the action they should take in relation to the Conversion or matters dealt with in this report, MGF Unitholders should seek independent professional advice.

### Basis of assessment

- 31 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111, which outlines the approaches which should be used in IERs when opining on public company transactions.
- 32 There is no legal definition of the expression "in the best interests". However, RG 111 states that a proposal may be "in the best interests of the members of the company" if there are sufficient reasons for securityholders to vote in favour of the proposal.
- 33 In our opinion, the Conversion will be in the best interests of MGF Unitholders if the advantages of the Conversion outweigh the disadvantages from the perspective of MGF Unitholders (both Closed Class and Open Class and as a whole). In reaching our view, we have compared (in particular) the position of MGF Unitholders (both Closed Class and Open Class and as a whole) both before and after the Conversion.

### Limitations and reliance on information

- 34 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 35 Our report is also based upon financial and other information in respect of MGF provided by Magellan and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this



information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

- 36 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming our opinion on the Conversion. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 37 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or without considering all factors together, could create a misleading or incorrect view or opinion.
- 38 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant funds. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 39 In forming our opinion, we have also assumed that the information set out in the Unitholder Booklet is complete, accurate and fairly presented in all material respects.

### III Profile of Magellan Global Fund (MGF)

#### Overview

40 MGF is a managed investment scheme for which Magellan acts as both RE and investment manager. The fund has two unit classes, an Open Class Units and a Closed Class Units, both of which are quoted on the ASX. The Fund's portfolio is actively managed by Magellan 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 to 40 high-quality global equity stocks, as assessed by Magellan, and has the ability to manage equity market risk by holding up to 20% of its net assets in cash. The investment portfolio is currency unhedged.

#### Fund overview

41 MGF is a unit trust registered as a managed investment scheme under the *Corporations Act 2001* (Cth) (Corporations Act). MGF's RE, Magellan, is a wholly owned subsidiary of Magellan Financial Group Limited (MFG), an ASX listed entity. Arvid Streimann, CFA and Nikki Thomas, CFA are the portfolio managers responsible for the investment decisions of MGF. A brief overview of MGF is as follows:

MGF – fund overview		
	Open Class Units	Closed Class Units
Portfolio managers	Arvid Streimann and Nikki Thomas	
Structure	Global equity fund, AUD unhedged	
Inception date	1 July 2007	20 November 2020
Management fee	1.35% per annum	
Buy / sell spread <sup>(1)</sup>	0.07% / 0.07%	n/a
Fund size <sup>(2)</sup>	A\$6.2 billion	A\$3.3 billion
Distribution policy	Target cash distribution yield of 4% per annum paid semi-annually at 30 June and 31 December	
Performance fee	10% of excess return of the units of MGF above the higher of the Index Relative Hurdle <sup>(3)</sup> and the Absolute Return Hurdle <sup>(4)</sup> . Additionally, the performance fees are subject to a high water mark	

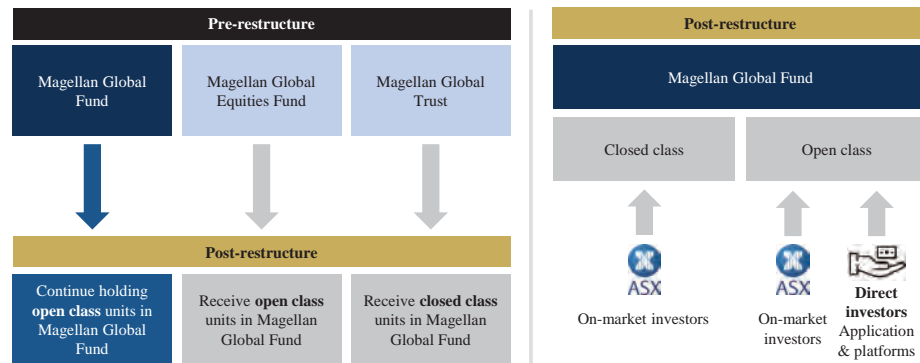
**Note:**

- 1 Buy and sell spreads are only applicable to investors who apply for Open Class Units directly with the fund and refer to the transaction costs to enter and exit.
  - 2 Fund size as at 30 April 2024.
  - 3 Being the MSCI World Net Total Return Index (AUD).
  - 4 Being the yield of 10-year Australian Government bonds.
- n/a – not applicable

#### Fund restructure and unit classes

42 In December 2020 Magellan undertook a restructure to simplify its global equities retail product offering by combining the Magellan Global Equities Fund (MGE) and the Magellan Global Trust (MGG) with MGF. The restructure involved the acquisition of all the units in MGE and MGG by MGF. A number of changes to MGF's constitution were required to facilitate the transaction, which resulted in MGF having two unit classes on issue upon completion. An overview of the 2020 transaction is set out below:

MGF – overview of 2020 restructure



- 43 MGF presently has two unit classes on issue, Open Class Units and Closed Class Units. For operational purposes, the assets and liabilities of MGF are allocated proportionally between the Open Class Units and Closed Class Units based on their respective NAVs. An overview of the key differences between the two unit classes is provided in the table below:

Category	Open Class Units	Closed Class Units
<b>Capital structure</b>	Open ended unit class. Magellan (as RE of MGF) has the power to issue or redeem units on a daily basis.	Closed ended unit class. Magellan (as RE of MGF) can only issue new Closed Class Units in accordance with ASX Listing Rules and may also undertake a buy-back that satisfies requirements of the Corporations Act and ASX Listing Rules.
<b>ASX quotation</b>	Quoted as an “Active ETF” under AQUA Rules	Official listing under ASX Listing Rules
<b>Buying and selling on the ASX</b>	Unitholders are able to buy and sell Open Class Units on the ASX. Magellan (on behalf of MGF) may provide liquidity to investors on the ASX by acting as the buyer or seller of Open Class Units.	Unitholders are able to buy and sell Closed Class Units on the ASX, subject to there being sufficient liquidity in Closed Class Units.
<b>Voting rights</b>	<p>Matters requiring specific approval of Open Class Unitholders:</p> <ul style="list-style-type: none"> <li>control transaction (as defined by the MGF constitution)</li> <li>significant transactions (as defined by the MGF constitution)</li> <li>a wind up of the open unit class and, where Closed Class Unitholders have passed an equivalent resolution, a wind up of MGF</li> <li>variation of certain rights relating to Open Class Units under the MGF constitution</li> </ul>	<p>Matters requiring specific approval of Closed Class Unitholders:</p> <ul style="list-style-type: none"> <li>control transaction (as defined by the MGF constitution)</li> <li>matters requiring approval under ASX Listing Rules</li> <li>removal of MGF from the official list of ASX, a wind up of the closed unit class and, where Open Class Unitholders have passed an equivalent resolution, a wind up of MGF</li> <li>variation of certain rights relating to Closed Class Units under the MGF constitution</li> </ul>

Category	Open Class Units	Closed Class Units
<b>Distribution reinvestment</b>	Unitholders can reinvest their distributions into additional Open Class Units at the NAV per Open Class Unit.	Reinvestment of distributions was suspended for Closed Class Unitholders on 10 January 2022. Prior to this Closed Class Unitholders were able to reinvest their distributions into additional Closed Class Units at a 7.5% discount to the NAV per Closed Class Unit.

- 44 In addition to the above, the two unit classes were subject to different levels of access to partnership benefits at the time of the 2020 restructure. These benefits included the following:
- (a) Partnership Offer – eligible MGF Unitholders at the time of the restructure<sup>11</sup> were able to subscribe for \$1 of Closed Class Units for every \$4 of MGF units held. Successful applicants also received additional Closed Class Units worth 7.5% of their subscription at no additional cost, as well as one Closed Class Unit option for every Closed Class Unit allotted to them (refer below)
  - (b) bonus option issue – a separate bonus issue of Closed Class Unit options was provided to Closed Class Unitholders on the basis of one option for every eight units held<sup>12</sup>. Each Closed Class Unit option had an exercise price of 92.5% of the prevailing NAV per Closed Class Unit at the time of exercise. The options automatically lapsed at the end of the exercise period, which began on 1 June 2021 (i.e. three months from the date of issue of 1 March 2021) and concluded on 1 March 2024 (i.e. three years from the date of issue).
  - (c) dividend reinvestment plan (DRP) discount – Closed Class Unitholders who elect to participate in the DRP had the ability to reinvest all or part of their distribution in additional Closed Class Units at a price equal to 7.5% discount to the NAV per unit as provided by the MGF DRP rules.
- 45 Whilst the above resulted in a significant advantage to Closed Class Unitholders at the time of the 2020 restructure, we note that as at 30 April 2024:
- (a) reinvestment of distributions at a discount to NAV is no longer available to Closed Class Unitholders as Magellan (as RE of MGF) suspended the DRP plan on 10 January 2022
  - (b) all bonus options issued at the time of restructure have expired, with MFG (the parent of Magellan) acquiring 750 million outstanding options in December 2023 and January 2024<sup>13</sup>.

<sup>11</sup> Being unitholders that held Open Class or Closed Class Units on the implementation date of the restructure who have a registered address in Australia, New Zealand, Hong Kong or Singapore.

<sup>12</sup> Open Class Unitholders were not eligible for the bonus option issue unless they participated and received Closed Class Units in accordance with the Partnership Offer.

<sup>13</sup> All options purchased by MFG were held until expiration in March 2024.

46 Accordingly, as at 30 April 2024, there are no additional partnership benefits that exist for Closed Class Unitholders relative to Open Class Unitholders.

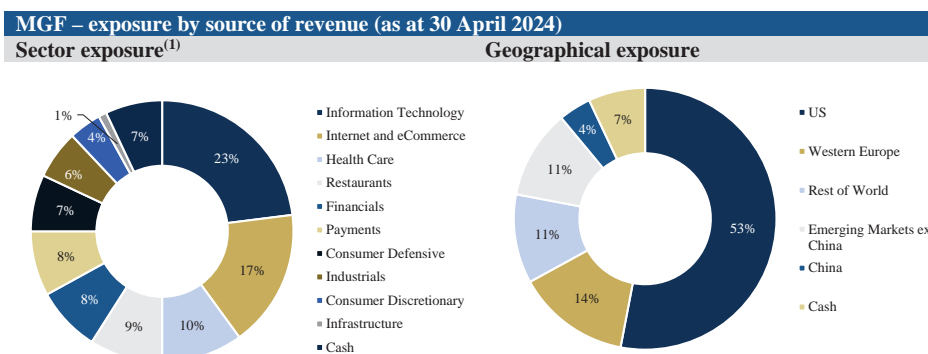
**Fee structure**

47 As indicated above, MGF pays both management fees and performance fees to Magellan, which are consistent across both unit classes. These fees are summarised as follows:

- (a) **management fees** – 1.35% per annum (inclusive of the estimated net effect of GST less any reduced input tax credits), which is calculated daily based on the underlying NAV of each unit class. The management fees cover all fees, costs, charges, expenses and outgoings that are incurred, such as administration and accounting costs, audit and tax fees, and investor reporting expenses. Management fees are paid monthly in arrears, however they are calculated daily and allowed for in the NAV per unit calculation for each unit class
- (b) **performance fees** – Magellan may be entitled to a performance fee of 10% (inclusive of the estimated net effect of GST less any reduced input tax credits) of the excess return of MGF above the higher of the Index Relative Hurdle (MSCI World Net Total Return Index (AUD)), and the Absolute Return Hurdle (the yield of 10-year Australian Government bonds) over each six month period ending 31 December and 30 June each year. Performance fees are accrued daily in the NAV calculation for each unit class and are paid subject to the achievement of performance hurdles (and the high water mark) for the relevant period.

**Investment portfolio**

48 MGF’s portfolio typically comprises 20 to 40 investments, including equity securities held across a number of sectors and regions globally, as indicated below:



**Note:**  
1 Exposures may not total 100% due to rounding.

**Top 10 holdings**

49 As at 31 March 2024, the top 10 investments within MGF’s portfolio represented 48.7% of the fund, as shown in the table below:

**MGF – top 10 investments (as at 31 March 2024)**

Company	Sector	% holding
Microsoft Corporation	Information Technology	7.3
Amazon.com Inc	Internet and eCommerce	7.1
SAP SE	Information Technology	5.2
Intercontinental Exchange Inc	Financials	4.9
Chipotle Mexican Grill Inc	Restaurants	4.3
UnitedHealth Group Inc	Health Care	4.2
ASML Holding NV	Information Technology	4.1
Mastercard Inc	Payments	4.0
Intuit Inc	Information Technology	3.9
Visa Inc	Payments	3.7
<b>Total</b>		<b>48.7</b>

## Strategy

### Investment objectives

- 50 MGF’s investment objectives are to provide attractive risk-adjusted returns over the medium to long term (9% per annum net of fees over the economic cycle), whilst reducing the risk of permanent capital loss. Magellan aims to achieve these objectives by investing in a portfolio of high quality global companies that provide potential for capital growth over the medium to long term.

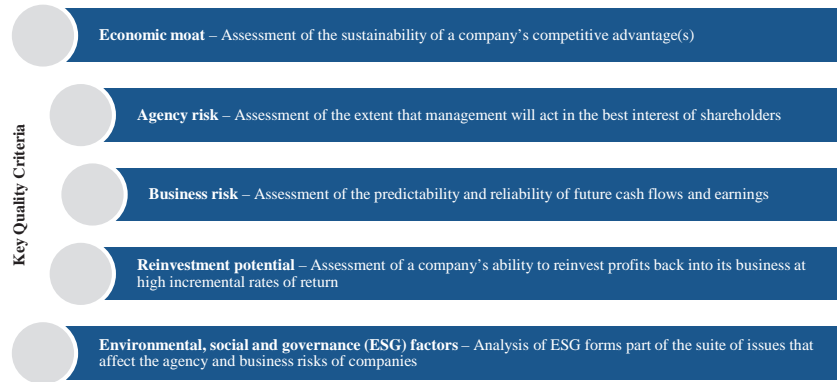
### Investment strategy

- 51 Magellan invests in a focused portfolio of high quality global companies, which are distinguished as having a competitive advantage that can be sustainably exploited in order to earn returns on capital that are in excess of the company’s cost of capital. Magellan undertakes extensive fundamental company analysis and seeks to purchase investments when they are trading at a discount to their assessed intrinsic value.
- 52 Magellan also undertakes detailed macroeconomic analysis in order to take advantage of mis-pricing of economic cycles to manage investment risk. Magellan is able to invest up to 20% of MGF’s gross assets in cash and cash equivalents and borrow up to 5% of MGF’s gross assets.
- 53 MGF’s investment strategy is benchmark agnostic, as it aims to achieve attractive absolute returns, rather than benchmark-relative returns, and has few similarities to market benchmarks or share market indices. Notwithstanding this, Magellan’s performance fee is calculated with reference to benchmark indices.

### Investment process

- 54 Magellan’s investment process integrates three key disciplines:
- (a) **intensive bottom-up stock analysis and industry research** – through in-depth, proprietary company research, seeking to identify sustainable competitive advantages that enable businesses to generate excess returns on capital and predictable cash flow streams. This information is then used to identify stock valuation anomalies. Company research includes an assessment of a company’s inherent quality based on the following specific key quality criteria:

**MGF – key quality criteria**



- (b) **broad and detailed macroeconomic insight** – Magellan also undertakes proprietary macroeconomic research in order to identify and manage risks and opportunities presented by the macroeconomic environment which can be applied in most market conditions to protect the portfolio from external shocks
- (c) **rigorous portfolio construction and risk discipline** – Magellan utilises portfolio construction and formal risk control processes to provide downside protection in falling markets, whilst also providing the flexibility to participate in varying stages of the market cycle.

**Investment parameters**

55 The key investment parameters for the construction of MGF’s portfolio are based on the following principles:

<b>MGF – key investment parameters</b>	
<b>Exposure</b>	<b>Guidelines</b>
Number of companies	Typically 20 to 40 companies
Asset classes and allocation ranges	Securities – 80% to 100% Cash and cash equivalents – 0% to 20%
Geographical	MGF invests in securities on global securities exchanges
Currency hedging	MGF’s foreign currency exposures arising from investment in overseas markets are unhedged
Borrowing policy	MGF may borrow against all or part of the portfolio, provided that, at the time, aggregated borrowings do not exceed 5% of MGF’s gross asset value

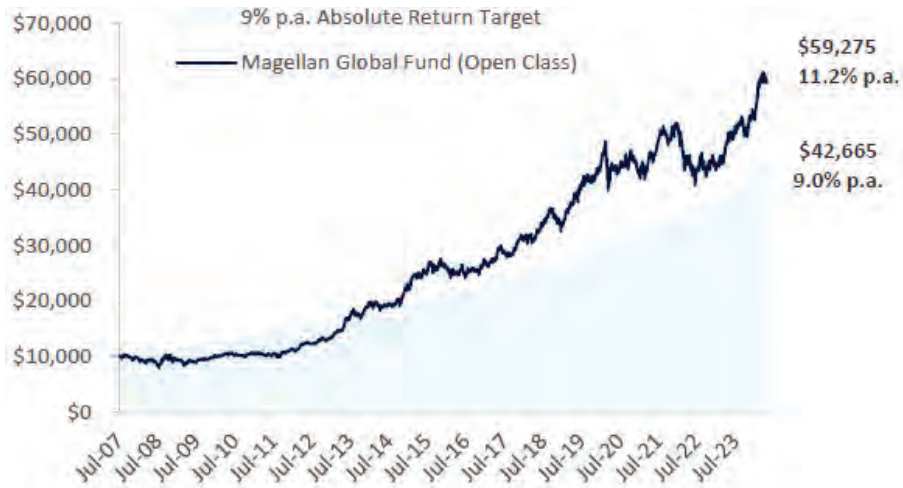
**Fund performance**

56 The performance of Open Class and Closed Class Units as at 30 April 2024, measured by the return per annum on \$10,000 invested since the inception of each unit class, is depicted in the charts below:



**MGF – fund performance<sup>(1)</sup>**

**Open Class Units**



**Closed Class Units**



**Note:**

<sup>1</sup> Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable).

**Source:** Magellan ASX Investor Update announcements for 30 April 2024 for Open Class Units and Closed Class Units.

- 57 The performance of each of MGF’s unit classes to 30 April 2024 in comparison to the MSCI World Net Total Return Index (AUD) is as follows:



**MGF – unit class performance**

	Open Class <sup>(1)</sup>		Index <sup>(2)</sup>	Excess / (deficiency)	
	Open Class <sup>(1)</sup>	Closed Class <sup>(1)</sup>		Open Class	Closed Class
	%	%	%	%	%
1 month	(2.8)	(2.8)	(3.3)	0.5	0.5
3 months	4.9	4.9	5.5	(0.6)	(0.6)
1 year	17.9	18.6	20.5	(2.6)	(1.9)
3 years (% per annum)	8.2	9.1	11.9	(3.7)	(2.8)
5 years (% per annum)	8.6	n/a	12.3	(3.7)	n/a
7 years (% per annum)	11.0	n/a	12.5	(1.5)	n/a
10 years (% per annum)	12.0	n/a	12.8	(0.8)	n/a
Since inception (% per annum)	11.2	9.2	8.1 / 13.2 <sup>(3)</sup>	3.1	(4.0)

**Note:**

- Calculations are based on exit price (Open Class Units) and NAV prices (Closed Class Units) with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable).
  - MSCI World Net Total Return Index (AUD).
  - Being 8.1% per annum since the inception of Open Class Units and 13.2% per annum since the inception of Closed Class Units.
- n/a – not applicable  
Rounding differences may exist.

**Financial performance**

58 The financial performance for MGF for the four years ended 30 June 2023 (FY20 to FY23), and the six months ended 31 December 2023 (1H24), is set out below:

**MGF – statement of financial performance<sup>(1)</sup>**

	FY20	FY21	FY22	FY23	1H24
	\$m	\$m	\$m	\$m	\$m
Total net investment income	157.4	164.7	200.4	157.6	43.8
Dividend and distribution income	8.9	0.2	0.9	20.9	14.4
Net change in fair value of investments	1,115.1	1,808.6	(1,717.8)	1,931.0	318.1
Net gains / (losses) on foreign exchange settlements, derivatives contracts and cash	(128.9)	(128.3)	72.7	5.8	(18.9)
Other income	0.0	1.6	0.3	1.2	0.0
<b>Total net investment income / (loss)</b>	<b>1,152.6</b>	<b>1,846.6</b>	<b>(1,443.5)</b>	<b>2,116.5</b>	<b>357.5</b>
Management fees	(159.8)	(196.2)	(215.9)	(143.5)	(62.8)
Performance fees	(3.1)	(0.1)	(0.1)	(10.9)	(0.0)
Brokerage costs	(0.9)	(1.1)	(8.2)	(2.4)	(0.6)
Withholding tax on dividends	(22.4)	(23.3)	(27.5)	(23.1)	(5.2)
<b>Total expenses</b>	<b>(186.2)</b>	<b>(220.7)</b>	<b>(251.6)</b>	<b>(179.9)</b>	<b>(68.6)</b>
<b>Profit / (loss) for the year</b>	<b>966.4</b>	<b>1,626.0</b>	<b>(1,695.1)</b>	<b>1,936.6</b>	<b>288.9</b>
<i>Return after fees – Open Class (%)</i>	<i>9.0%</i>	<i>10.8%</i>	<i>(11.8%)</i>	<i>20.6%</i>	<i>3.3%</i>
<i>Return after fees – Closed Class (%)</i>	<i>n/a</i>	<i>11.5%</i>	<i>(10.6%)</i>	<i>21.4%</i>	<i>3.8%</i>
<i>Distributions paid per Open Class Unit (cents)</i>	<i>10.50</i>	<i>9.98</i>	<i>10.20</i>	<i>10.21</i>	<i>5.08</i>
<i>Distributions paid per Closed Class Unit (cents)</i>	<i>n/a</i>	<i>3.66</i>	<i>7.32</i>	<i>7.35</i>	<i>3.69</i>

**Note:**

1 Rounding differences exist.  
n/a – not applicable.

59 Regarding MGF's FY22 and FY23 financial performance, we note that:

- (a) **FY22** – MGF's portfolio generated negative returns for the period, decreasing by 11.8% and 10.6% for Open Class Unitholders and Closed Class Unitholders respectively, driven by Russia's invasion of Ukraine, which impacted global equity markets due to the resulting economic uncertainty and volatility in energy and food prices. In addition, global markets were further impacted by rising inflation and the associated increase in interest rates as central banks began tightening over the period
- (b) **FY23** – MGF's portfolio recovered, generating returns of 20.6% and 21.4% for Open Class Unitholders and Closed Class Unitholders, respectively, driven by strong performance from individual holdings in Amazon, Microsoft, Chipotle Mexican Grill, Alphabet and Apple, which all increased by more than 15% over the three months ended 30 June 2023. Global equity markets similarly increased over the period, underpinned by rapid advances in artificial intelligence, solid momentum in US equity markets and signs that inflation was beginning to ease (reducing the need for higher interest rates).

60 Regarding MGF's 1H24 financial performance and outlook, MGF's December 2023 Fund Update stated the following:

***Fund commentary***

*For the quarter, the largest contributors were the holdings in Microsoft, Amazon, Chipotle Mexican Grill, ASML and Intuit, which all rose 19% or more in the quarter. The moves reflect both bullish expectations for many of these as AI opportunities are considered and a weak period of growth ends, and a shift in sentiment around higher growth investments as policy interest rates are seen to be at peak (and falling in 2024)...*

*Detractors were limited to Nestlé and Diageo, which both fell just over 5% over the quarter. We have high long-term conviction in Nestlé as its ability to deliver steady compound growth in cash flows and earnings remains robust and we anticipate good results in February. Short-term digestion of some supply constraints and related capacity additions has weighed on near-term growth. Diageo is cycling exceptional growth, particularly in the US and its tequila franchises, in the past two years while recent weakness reflected inventory excesses in Latin America which it is working to clear but which will weigh on near term profits.*

***Outlook***

*"2023 ended with a bang as markets almost everywhere (OK, not China) rallied. Breadth expanded beyond the few stocks that led 2023 strength and financials caught some interest as a benign US economic backdrop became a more consensus view. We are seeing recessions in Europe, clear weakness in China and still some small risk of a brief period of economic weakness in the US even though in late 2023 US growth accelerated..."*

*Prospects for corporate earnings and cash flows mean an exciting backdrop for long-term investors. New projects are being undertaken as the trends of decarbonisation, digitisation*

and deglobalisation gain momentum. US nonresidential construction spend is strong and has one of the highest growth multipliers (estimated at 3x) of any industry. Even if interest rates do not fall materially, we believe opportunities outweigh the risks within equity markets.

We expect that some volatility in markets may accompany us over the next few months as share prices continue to adapt to the evolving interest rate environment and reshaping of economic growth. Volatility isn't inherently risky. We work diligently to assess the real risks that face our portfolio companies and will continue to hold the line on our absolute return objective."

## Financial position

- 61 The financial position of MGF as at 30 June 2022, 30 June 2023 and 31 December 2023 is set out below:

<b>MGF – statement of financial position<sup>(1)</sup></b>			
	<b>30 Jun 22</b>	<b>30 Jun 23</b>	<b>31 Dec 23</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Cash and cash equivalents	841.3	664.3	357.7
Receivables	58.6	33.9	48.5
Investments	11,180.0	9,311.6	8,465.9
<b>Total assets</b>	<b>12,079.8</b>	<b>10,009.8</b>	<b>8,872.1</b>
Distributions payable	(262.3)	(188.7)	(164.4)
Other payables	(61.2)	(40.3)	(15.0)
<b>Total liabilities</b>	<b>(323.6)</b>	<b>(229.0)</b>	<b>(179.4)</b>
<b>Net assets</b>	<b>11,756.2</b>	<b>9,780.8</b>	<b>8,692.7</b>
<i>Units on issue – Open Class (million)</i>	<i>4,066.4</i>	<i>2,649.6</i>	<i>2,235.1</i>
<i>Units on issue – Closed Class (million)</i>	<i>1,501.6</i>	<i>1,444.1</i>	<i>1,379.2</i>
<i>NAV per unit - Open Class (\$) <sup>(2)</sup></i>	<i>2.28</i>	<i>2.64</i>	<i>2.67</i>
<i>NAV per unit - Closed Class (\$) <sup>(2)</sup></i>	<i>1.66</i>	<i>1.97</i>	<i>1.97</i>

**Note:**

- 1 Rounding differences exist.  
2 The NAV per unit represents the net assets presented in the statement of financial position at 30 June and 31 December divided by the number of units on issue at 30 June and 31 December each year.

## Cash and cash equivalents

- 62 Cash and cash equivalents comprises cash at bank and short-term highly liquid investments that are readily convertible to cash. Cash at bank is denominated in various currencies with the primary balance held in United States of America (US) dollars (USD).

## Investments

- 63 Investments primarily comprise globally listed equity securities, a summary of which as at 30 June 2022, 30 June 2023, and 31 December 2023 is detailed below:

<b>MGF – internationally listed equity securities<sup>(1/2)</sup></b>			
	<b>30 Jun 22</b>	<b>30 Jun 23</b>	<b>31 Dec 23</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
US	7,642.1	6,419.4	6,458.2
France	454.1	583.2	420.0
Germany	320.3	409.4	371.8
Netherlands	362.8	401.8	364.4
Switzerland	949.8	529.1	310.0
Canada	-	281.7	255.8
Hong Kong	-	189.1	180.0
United Kingdom (UK)	1,021.6	497.9	105.6
Spain	195.2	-	-
<b>Total listed equity securities<sup>(3)</sup></b>	<b>10,946.0</b>	<b>9,311.6</b>	<b>8,465.9</b>
Unlisted investments – units in MGE and MGG <sup>(4)</sup>	234.0	-	-
<b>Total investments</b>	<b>11,180.0</b>	<b>9,311.6</b>	<b>8,465.9</b>

**Note:**

- 1 Rounding differences exist
- 2 Shown by domicile of primary stock exchange listing.
- 3 The fair value of equity securities traded in active markets is based on their quoted market prices at balance date with a deduction for estimated future selling costs. The quoted market price is the closing price for the security as quoted on the relevant stock exchange.
- 4 MGG and MGE were terminated on 10 June 2022 and 1 July 2022, respectively.

**Currency exposure**

- 64 MGF has significant foreign currency exposure arising from its investments in foreign securities, which are predominantly domiciled in the US. Magellan does not hedge the foreign currency exposure of MGF arising from investments in global markets. MGF's total net exposure to fluctuations in foreign currency exchange rates as at 30 June 2022, 30 June 2023 and 31 December 2023 is shown below:

<b>MGF – exposure to foreign currency</b>			
	<b>30 Jun 22</b>	<b>30 Jun 23</b>	<b>31 Dec 23</b>
<b>Assets and liabilities denominated in</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
USD	8,457.9	7,047.1	6,797.2
Euros	1,312.0	1,395.2	1,159.5
Swiss francs	973.3	547.1	328.7
British pounds	1,022.1	496.8	106.6
Canadian dollars	-	282.4	256.4
Hong Kong dollars	0.0	189.2	180.0

**Distributions payable**

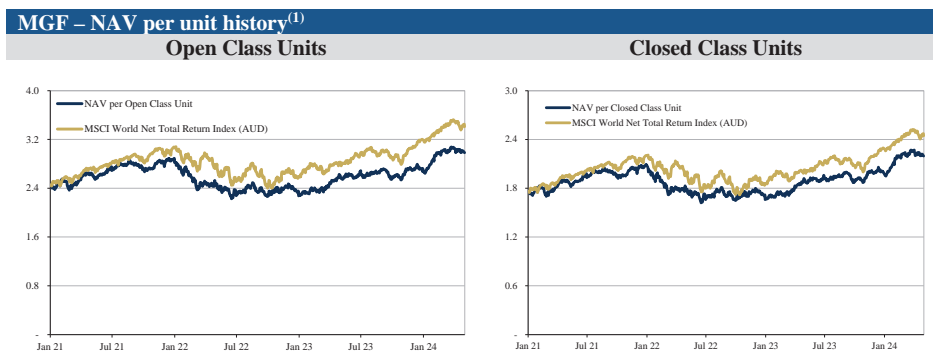
- 65 MGF pays a semi-annual distribution for the six months to 31 December and 30 June. A distribution payable is recognised on the balance sheet where the distribution has been declared but remains unpaid as at the balance sheet date.
- 66 On 24 September 2020 Magellan (as RE of MGF) announced a change in distribution policy to reflect an intention to target a rate of distribution of 4% per annum of the underlying NAV to be paid semi-annually. The target rate of distribution is applicable for both Open Class Units and Closed Class Units.

### Unit capital and performance

67 As at 30 April 2024, there were 2,082.3 million Open Class Units on issue and 1,507.6 million Closed Class Units on issue. Magellan (as RE of MGF) has been undertaking an on-market buy-back program in respect of Closed Class Units over the period since 30 November 2020 as part of ongoing capital management. As at 30 April 2024, a total of 324.3 million Closed Class Units had been purchased and cancelled by Magellan.

### NAV performance

68 MGF's NAV per unit for each unit class relative to the MSCI World Net Total Return Index (AUD) from 1 January 2021 to 30 April 2024 is set out in the following charts:



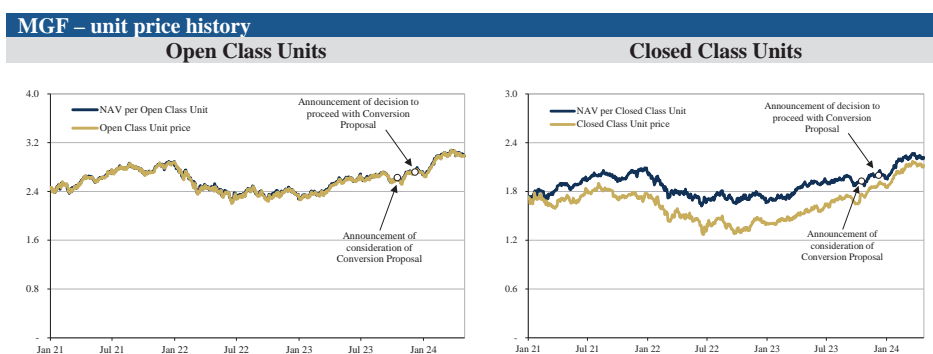
**Note:**

1 The MSCI World Net Total Return Index (AUD) has been rebased to each unit class issue NAV per unit of \$1.00 (Open Class) and \$1.83 (Closed Class).

Source: FactSet, Magellan and LEA analysis.

### Unit price performance

69 In addition to the above, the unit price relative to NAV per unit for each unit class of MGF over the period 1 January 2021 to 30 April 2024 is set out below:



Source: FactSet, Magellan and LEA analysis.

- 70 The price of Open Class Units has closely tracked the NAV per unit, with an average discount to NAV of 0.4% over the period above. The price of Closed Class Units has traded at a material discount to NAV per unit over the period, averaging 12.8% below NAV per unit. In respect of this, we note that:
- (a) trading in Closed Class Units was initially impacted by the bonus option issue, (refer paragraph 44 above), which allowed MGFCC option holders to exercise their options at a 7.5% discount to the prevailing NAV
  - (b) the discount widened significantly as a result of material underperformance<sup>14</sup> which persisted through to the end of 2022 (reaching a maximum discount of 25.0% in October 2022)
  - (c) the discount began to narrow from around November 2022, driven by:
    - (i) Magellan extending its on market buy-back program
    - (ii) the announcement of the consideration of the Conversion Proposal in October 2023, followed by the announcement in December 2023 of the decision to proceed with Conversion Proposal
    - (iii) the expiration of options on 1 March 2024.
- 71 The discount has since declined to approximately 3.9% as at 30 April 2024.

### Liquidity in MGF Units

#### Open Class Units

- 72 The liquidity in Open Class Units based on trading on the ASX over the 12 month period ending 30 April 2024 is set out below:

MGFOC – liquidity in units						
Period	Start date	End date	Units traded 000	WANOU <sup>(1)</sup> outstanding 000	Implied level of liquidity Period <sup>(2)</sup> %	Annual <sup>(3)</sup> %
1 month	31 Mar 24	30 Apr 24	11,221	2,101,527	0.5	6.4
3 months	31 Jan 24	30 Apr 24	34,131	2,141,869	1.6	6.4
6 months	31 Oct 23	30 Apr 24	79,340	2,205,655	3.5	7.2
1 year	1 May 23	30 Apr 24	192,511	2,395,078	7.9	8.0

**Note:**

- 1 Weighted average number of outstanding units (WANOU) during relevant period.
- 2 Number of units traded during the period divided by WANOU.
- 3 Implied annualised figure based upon implied level of liquidity for the period.

- 73 Whilst prima facie, trading in Open Class Units appears to exhibit relatively low levels of liquidity (as indicated by the implied annual liquidity for the one, three, six and 12 months ended 30 April 2024), we note that unitholders are also able to redeem their units and subscribe for new units directly with Magellan (as RE for MGF) and benefit from Magellan’s market making on the ASX on behalf of MGF (which is also at NAV based prices). Accordingly, the above on-market trading activity materially understates the actual liquidity in Open Class Units. The below table sets out the daily “off-market” transactions of Open

<sup>14</sup> For example as at 31 January 2021 MGF had underperformed by 9.5% relative to MSCI World Net Total Return Index (AUD) over 1 year.

Class Units between unitholders and Magellan over the 12 month period ending 30 April 2024:

Open Class – “off-market” unit transfers			Total unit transactions			WANOU <sup>(3)</sup>
Period	Start date	End date	Inflows <sup>(1)</sup> 000	Outflows <sup>(2)</sup> 000	Net 000	outstanding 000
1 month	31 Mar 24	30 Apr 24	183,863	223,582	(39,719)	2,101,527
3 months	31 Jan 24	30 Apr 24	327,029	457,448	(130,419)	2,141,869
6 months	31 Oct 23	30 Apr 24	455,050	732,782	(277,732)	2,205,655
1 year	1 May 23	30 Apr 24	714,340	1,470,332	(755,992)	2,395,078

**Note:**

- 1 Includes subscriptions, reinvestments, transfers in, switches in and fee rebates.
- 2 Includes redemptions, transfers out and switches out.
- 3 WANOU during the relevant period.

**Closed Class Units**

74 The liquidity in Closed Class Units based on trading on the ASX over the 12 month period ending 30 April 2024 is set out below:

MGFCC – liquidity in units			Units traded	WANOU <sup>(1)</sup>	Implied level of liquidity	
Period	Start date	End date	000	000	Period <sup>(2)</sup> %	Annual <sup>(3)</sup> %
1 month	31 Mar 24	30 Apr 24	36,177	1,507,561	2.4	28.8
3 months	31 Jan 24	30 Apr 24	141,697	1,470,445	9.6	38.5
6 months	31 Oct 23	30 Apr 24	268,323	1,427,141	18.8	37.6
1 year	1 May 23	30 Apr 24	558,031	1,430,995	39.0	39.0

**Note:**

- 1 WANOU during relevant period.
- 2 Number of units traded during the period divided by WANOU.
- 3 Implied annualised figure based upon implied level of liquidity for the period.

75 The implied annual liquidity exhibited by trading in Closed Class Units is significantly higher than the on-market trading in Open Class Units, however, we note that this is materially impacted by the on-market unit buyback program that was being undertaken by Magellan (as RE of MGF) over the above period (refer paragraph 67 above).

**Unit redemptions**

- 76 Both Open Class and Closed Class Unit sales can be undertaken at any time by selling units on the ASX (subject to there being sufficient liquidity in respect of Closed Class Units). However, it should be noted that whilst Open Class Units are expected to trade at a tight spread to the prevailing NAV per unit, Closed Class Units have historically traded at a discount to NAV per unit, and the exit price was less than the underlying NAV per unit.
- 77 Open Class Unitholders may also redeem units directly with Magellan (as RE of MGF) by sending a completed withdrawal form or written notice of withdrawal indicating the specified dollar amount to be withdrawn, a specified number of units to be withdrawn, or a full

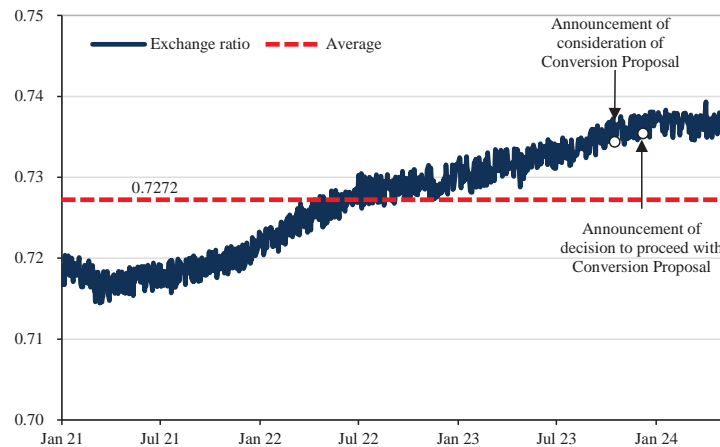
redemption of the unitholder’s investment. Unitholders will receive the exit unit price applicable on the business day on which Magellan receives completed documentation.

- 78 Redemption payments are usually paid into a nominated bank account within seven business days after receipt and acceptance of the withdrawal request. However, during July of each year, or at any other time when MGF is processing a distribution, withdrawal payments may be delayed by up to 15 business days. There may also be other circumstances, such as a freeze on withdrawals or where MGF is illiquid (as defined in the Corporations Act), where the ability to withdraw from MGF is restricted and unitholders may have to wait a period of time before they can withdraw some or all of their investment.
- 79 Under ASX Listing Rules, Closed Class Unitholders do not have the ability to apply for or redeem Closed Class Units directly with Magellan (as RE of MGF).

**Historical exchange ratio**

- 80 The below table sets out the exchange ratio, calculated on daily basis, over the period 1 January 2021 to 30 April 2024:

**MGF – unit exchange ratio<sup>(1)</sup>**  
**1 January 2021 to 30 April 2024**



**Note:**  
1 Being the daily NAV per Closed Class Unit divided by the corresponding daily NAV per Open Class Unit.  
**Source:** Magellan and LEA analysis.

- 81 In respect of the above, we note that:



- (a) the exchange ratio has generally increased over the period, albeit marginally<sup>15</sup>. The increase was driven by the buyback of Closed Class Units that was being undertaken by Magellan, which resulted in an increase in the NAV per Closed Class Unit<sup>16</sup>
- (b) as at 30 April 2024, the exchange ratio of 0.7363 was slightly higher than the average ratio over the period of 0.7272.

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<sup>15</sup> The ratio increased from 0.7167 as at 1 January 2021 to 0.7363 as at 30 April 2024, representing an increase of 3.0% over the period.

<sup>16</sup> This is due to the fact that Closed Class Units were trading at a discount to underlying NAV over the period, and as a result, were repurchased by Magellan at a cost that was lower than the corresponding NAV associated with each unit.

## IV Evaluation of the Conversion

82 In our opinion, the Conversion is in the best interests of existing MGF Unitholders (both Closed Class and Open Class Unitholders and as a whole) in the absence of a superior proposal (which we consider unlikely). We have formed this opinion for the following reasons.

### Consideration to be received by Closed Class Unitholders

83 Closed Class Unitholders (other than Ineligible Foreign Closed Class Unitholders) will receive a number of Open Class Units as consideration for the redemption of the Closed Class Units on issue. The number of Open Class Units received will be based on the Conversion Ratio as at the Conversion Calculation Date. An illustration of the Conversion Ratio as at 30 April 2024 is as follows:

Open Class Units to be issued	Unadjusted	Adjusted <sup>(1)</sup>
NAV per Closed Class Unit <sup>(2)</sup>	\$2.1964	\$2.1956
NAV per Open Class Unit <sup>(3)</sup>	\$2.9830	\$2.9830
Number of Open Class Units per Closed Class Unit redeemed <sup>(4)</sup>	0.7363	0.7360

**Note:**

- 1 The Conversion Ratio has been calculated after adjusting the NAV per Closed Class Unit for the costs of Conversion of 0.08 cents per unit (refer paragraph 92 below).
- 2 Magellan NAV per unit sourced from the ASX announcement dated 1 May 2024.
- 3 Source from the Magellan website.
- 4 The total number of Open Class Units issued to each Closed Class Unitholder will be rounded to the nearest whole unit.

### Number of Open Class Units on issue

84 If the Conversion is implemented, there will be some 53% additional Open Class Units on issue. The estimated additional Open Class Units based on the Conversion Ratio above, is calculated as follows:

Open Class Units post Conversion	Unadjusted	Adjusted
Number of Open Class Units on issue (million)	2,082.3	2,082.3
Number of Closed Class Units on issue (million)	1,507.6	1,507.6
Number of Open Class Units per Closed Class Unit redeemed <sup>(1)</sup>	0.7363	0.7360
Number of new Open Class Units to be issued (million)	1,110.0	1,109.6
Total number of Open Class Units on issue after the Conversion (million)	3,192.3	3,191.9
Increase in the number of Open Class Units on issue (%)	53.3%	53.3%

**Note:**

- 1 As per paragraph 83 above.

### Assessment of “in the best interests”

- 85 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a proposal may be “in the best interests” of members of the company if there are sufficient reasons for security holders to vote in favour of the proposal.
- 86 In our opinion, in the circumstances, the Conversion will be in the best interests of the MGF Unitholders (both Closed Class and Open Class Unitholders and as a whole) if the advantages of the Conversion outweigh the disadvantages from the perspective of the Closed Class and Open Class Unitholders and unitholders taken as a whole. In reaching our view in this regard, we have compared (in particular) the position of MGF Unitholders (both Closed Class and Open Class Unitholders) both before and after the Conversion

### Comparative position of MGF Unitholders (both Closed Class and Open Class Unitholders)

- 87 We have considered the comparative position of MGF Unitholders (both Closed Class and Open Class Unitholders) prior to the Conversion and on the assumption that the Conversion is implemented, in particular as regards the differences between the existing unit classes including rights, entitlements and differences (if any) in the underlying portfolio mix of investments and associated investment risk and the Conversion Ratio.

### Changes to unit entitlements

- 88 Section 3.2 of the Unitholder Booklet sets out a comparison between the Closed Class Units and Open Class Units. The differences between the Closed Class Units and Open Class Units are as follows:

Key differences	
Closed Class Units	Open Class Units
Units can only be issued or bought back on the ASX	Magellan can issue or redeem units on a daily basis
Listed on the ASX and trade under the ASX Listing Rules	Listed on the ASX and trade under the AQUA Rules
Can buy or sell units on the ASX at the prevailing market price which may be at a discount or at a premium to NAV per Closed Class Unit (and indeed have traded at a discount)	Magellan may provide liquidity to investors by acting as a buyer or seller of Open Class Units
No ability to redeem Closed Class Units	The Open Class Units generally trade at a tight spread around NAV per Open Class Unit Open Class Unitholders can apply to redeem units daily
DRP suspended	DRP available at a price equal to the prevailing NAV per Open Class Unit

- 89 If the Conversion is approved and implemented, existing Closed Class Unitholders will have greater flexibility with respect to acquiring more units or realising value for the units they currently hold (i.e. either on market or by application to Magellan).
- 90 The Conversion does not affect the rights and entitlements of the Open Class Unitholders.

### Underlying investment portfolio

- 91 Pursuant to the Conversion, the investment funds that comprise the majority of the net assets of the MGF Closed Class Units pool will effectively be transferred to the MGF Open Class

Units pool. We note that the investment portfolio of the Closed Class Units mirrors (to all intents and purposes) the existing Open Class Units investment portfolio. Accordingly, we would not expect there to be any material change in the underlying investment risk profile of existing Closed Class or Open Class Unitholders subsequent to implementation of the Conversion.

### **Costs of the Conversion**

- 92 The costs of the Conversion (principally third party advisor and Independent Expert fees and other costs in connection with the Unitholder Booklet and the Meetings) are to be borne by the Closed Class Unitholders. Accordingly:
- (a) there will a reduction in the NAV per Closed Class Unit of some 0.08 cents<sup>17</sup> based on Magellan's current estimates<sup>18</sup>
  - (b) there will be no negative impact on the NAV of the existing Open Class Units in MGF pursuant to the Conversion.

### **Taxation implications**

- 93 Magellan is in the process of applying for a class ruling from the Australian Taxation Office (ATO) on specific income tax implications for Australian resident shareholders in relation to the redemption of the Closed Class Units under the Conversion. Based on the tax advice obtained by Magellan, if capital gains tax roll-over relief is available<sup>19</sup> and chosen, the capital gain or capital loss that the Closed Class Unitholder would otherwise make on the redemption of their Closed Class Units will be rolled forward (i.e. deferred) until the disposal of the Open Class Units received as consideration under the Conversion. Further detail with respect to the Australian taxation implications for Closed Class Unitholders holding units on capital account is set out in Section 6 of the Unitholder Booklet.
- 94 Closed Class Unitholders who hold their units on income account will crystallise a profit or loss for income tax purposes on redemption of the Closed Class Units.
- 95 Closed Class Unitholders should consult their tax adviser regarding the taxation consequences of the Conversion.
- 96 The Conversion should have no taxation implications for Open Class Unitholders.

### **Implications if the Conversion does not proceed**

- 97 If the required approvals are not obtained and the Conversion is not implemented:
- (a) the current provisions of the Constitution will continue to be in effect
  - (b) the Closed Class Units will continue to trade of the Official List of the ASX
  - (c) Closed Class Units will not convert to Open Class Units and Closed Class Unitholders will continue to hold their units

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<sup>17</sup> As noted in section 7.5 of the Unitholder Booklet, costs of approximately 0.06 cents per unit have been incurred as at the date of the Unitholder Booklet, with a further 0.02 cents per unit to be incurred through implementation of the Conversion.

<sup>18</sup> As noted in the Unitholder Booklet, actual costs may be higher or lower than this estimate.

<sup>19</sup> The class ruling is not expected to be issued by the ATO until after the Implementation Date.

- (d) Closed Class Unitholders will not obtain the greater flexibility with respect to:
  - (i) acquiring more units or realising value for the units they currently hold (by being able to redeem the Open Class Units issued as consideration for the existing Closed Class Units or sell on market at or around NAV per unit)
  - (ii) acquiring more units either directly from MGF or on market.

### **Summary of advantages and disadvantages of the Conversion**

98 We summarise below the likely advantages and disadvantages of the Conversion for MGF Unitholders (in each respective unit class and as a whole).

#### **Advantages**

99 The Conversion has the following advantages:

#### ***Closed Class Unitholders:***

- (a) the Conversion will be effected based on the respective underlying NAV per Closed Class Unit and underlying NAV per Open Class Unit at the Conversion Calculation Date resulting in no diminution in the underlying NAV of the Closed Class Unitholders' investment at the time of implementation (other than a minor diminution due to the costs of the Conversion)
- (b) Closed Class Units have consistently traded at a significant discount to the reported NAV prior to the announcement that the Conversion was being considered. The trading discount to NAV historically experienced by the Closed Class Units is expected to be addressed as Open Class Units in the Fund have generally traded at prices close to the prevailing NAV per Open Class Unit. Eliminating this discount is a major benefit for existing Closed Class Unitholders
- (c) the receipt of Open Class Units by existing Closed Class Unitholders will enable unitholder interests to be traded in the secondary market on the ASX or redeemed directly with Magellan at close to NAV per Open Class Unit (noting that redemption is not currently available to Closed Class Unitholders). Magellan (as RE of the Fund) will continue to operate a daily application and redemption facility in relation to Open Class Units in the Fund. Further, Magellan, on behalf of the Fund, may provide on-market liquidity to investors on the ASX by acting as a buyer and seller of Open Class Units
- (d) as an Open Class Unitholder you may elect<sup>20</sup> to participate in the DRP at a price equal to the NAV per Open Class Unit at the relevant time. Whilst the issue price under the previous Closed Class Unitholder DRP was 92.5%, the Closed Class Unitholder DRP was suspended on 10 January 2022
- (e) there will be no change to the investment objectives, investment strategy, distribution policy or to the fees charged by the Fund as a result of the Conversion

#### ***Open Class Unitholders***

- (f) there are no changes to the rights and entitlements or underlying NAV of Open Class Unitholders under the Conversion
- (g) the increased number of Open Class Unitholders is likely to:

<sup>20</sup> Those Closed Class Unitholders who had previously participated in the Closed Class Unitholder DRP will be treated as having made an election to participate in the Open Class Unitholder DRP.

- (i) increase market activity and liquidity in the units
- (ii) result in a more diverse register mitigating the impact on the Fund from withdrawals (subject to any increase in initial withdrawals after the Conversion).

### **Disadvantages**

100 The Conversion will result in a significant increase (some 53%) in the total number of Open Class Units on issue in the Fund. As such, the following disadvantages may arise:

#### ***Closed Class Unitholders***

- (a) the relative voting power of existing Closed Class and Open Class Unitholders will be impacted with Closed Class Unitholders' relative voting power as a percentage of the total number of units on issue in the respective class will be lower<sup>21</sup>
- (b) if, as a result of the Conversion, the number of Open Class Units redeemed directly with Magellan increases, there may be a need for the Fund to sell underlying assets to fund these redemptions. Funding redemptions by way of sale of underlying assets may result in the Fund crystallising capital gains or trading profits which are attributed to MGF Unitholders at an earlier date
- (c) those Closed Class Unitholders holding units on income account will crystallise a gain or loss on the Conversion based on the difference between the value of Open Class Units issued as consideration for the redemption of Closed Class Units held over their tax cost base
- (d) minor third party transaction costs of \$1.232 million will be incurred to implement the Conversion. These costs are borne by the Closed Class Unitholders and will be deducted in determining the underlying NAV per Closed Class Unit as at the Conversion Date. The costs of implementing the Conversion are significantly more than offset by the elimination of the discount to NAV in unit price.

#### ***Open Class Unitholders***

- (e) if, as a result of the Conversion, the number of Open Class Units redeemed directly with Magellan increases (particularly initially), there may be a need for the Fund to sell underlying assets to fund these redemptions. Funding redemptions by way of sale of underlying assets may result in the Fund crystallising unrealised capital gains or unrealised trading profits at an earlier date which are attributed to MGF Unitholders. However this is the practical reality of open class redeemable funds.

### **Conclusion**

101 Given the above analysis, we consider that on balance the advantages of the Conversion outweigh the disadvantages of the Conversion and as such the Conversion is in the best interests of MGF Unitholders (in each respective unit class and as a whole) in the absence of a superior proposal (which in our view is unlikely).

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<sup>21</sup> Relative to voting in overall unitholder matters, e.g. where a combined vote of Open Class and Closed Class Unitholders is held then there is no material change, as votes are determined based on dollar value of holdings.

## A Financial Services Guide

### Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532, which authorises it to provide a broad range of financial services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

### Financial Services Guide

- 3 LEA has been engaged by Magellan to provide general financial product advice in the form of an IER in relation to the Scheme. The Corporations Act requires that LEA include this Financial Services Guide (FSG) with our IER.
- 4 This FSG is designed to assist retail clients in their use of the general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

### General financial product advice

- 5 The IER contains general financial product advice only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

### Fees, commissions and other benefits we may receive

- 6 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$66,000 inclusive of GST.
- 7 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.
- 8 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

## Appendix A

- 9 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

### Complaints

- 10 If you have a complaint, please raise it with us first. LEA can be contacted by sending a letter to the following address:

Level 7  
64 Castlereagh Street  
Sydney NSW 2000  
(or GPO Box 1640, Sydney NSW 2001)

- 11 We will endeavour to satisfactorily resolve your complaint in a timely manner. Please note that LEA is only responsible for the preparation of this IER. Complaints or questions about the Scheme Booklet should not be directed toward LEA as it is not responsible for the preparation of this document.
- 12 If we are not able to resolve your complaint to your satisfaction within 30 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

### Compensation arrangements

- 13 LEA has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of the Corporations Act.



## Appendix B

### **B Qualifications, declarations and consents**

#### **Qualifications**

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This report was prepared by Mr Wayne Lonergan and Ms Julie Planinic, who are each authorised representatives of LEA. Mr Lonergan and Ms Planinic have over 50 years and 25 years experience respectively in the provision of valuation advice (and related advisory services).

#### **Declarations**

- 3 This report has been prepared at the request of the Directors of Magellan to accompany the Unitholder Booklet to be sent to MGF Unitholders (both Closed Class and Open Class Unitholders). It is not intended that this report serve any purpose other than as an expression of our opinion as to whether or not the Conversion is in the best interests of MGF Unitholders (in each respective unit class and as a whole).
- 4 LEA expressly disclaims any liability to any MGF Unitholder who relies or purports to rely on our report for any other purpose and to any other party who relies or purports to rely on our report for any purpose whatsoever.

#### **Interests**

- 5 At the date of this report, neither LEA, Mr Lonergan nor Ms Planinic have any interest in the outcome of the Conversion. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 6 LEA has not had within the previous two years, any business or professional relationship with Magellan or MGF or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.
- 7 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.
- 8 LEA has had no part in the formulation of the Conversion. Its only role has been the preparation of this report.

#### **Indemnification**

- 9 As a condition of LEA's agreement to prepare this report, Magellan has agreed to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of MGF which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

## Appendix B

### Consents

- 10 LEA consents to the inclusion of this report in the form and context in which it is included in the Unitholder Booklet.

## **C Glossary**

<b>Term</b>	<b>Meaning</b>
AFCA	Australian Financial Complaints Authority
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
AUD	Australian dollars
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	<i>Corporations Regulations 2001</i>
DRP	Distribution Reinvestment Plan
ESG	Environmental, social and governance
ETF	Exchange traded fund
FSG	Financial Services Guide
Fund Resolution	A special resolution to approve changes to the Constitution
FY	Financial year
GST	Goods and services tax
IER	Independent expert's report
LEA	LonerGAN Edwards & Associates Limited
Magellan	Magellan Asset Management Limited
MFG	Magellan Financial Group Limited
MGE	Magellan Global Equities Fund
MGF / the Fund	Magellan Global Fund
MGG	Magellan Global Trust
NAV	Net asset value
RE	Responsible entity
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
UK	United Kingdom
US	United States of America
USD	US dollars
WANOU	Weighted average number of outstanding units