

Magellan High Conviction Fund

Class A and Class B Units

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This Product Disclosure Statement (“PDS”) provides a summary of significant information relating to the Magellan High Conviction Fund (“Fund”). This PDS includes references to important additional information contained in the Additional Information Booklet, which forms part of this PDS. **You should consider both the information in this PDS and the Additional Information Booklet before making a decision to invest in the Fund.** A reference to “this PDS” or “the PDS” includes, unless the context requires otherwise, a reference to both the PDS and the Additional Information Booklet.

The Additional Information Booklet is available on our website or you can call us to request a copy free of charge. The information contained in the Additional Information Booklet may change between the day you receive this PDS and the day you sign the Application form. You must ensure that you have read the Additional Information Booklet, current at the date of your application.

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

The information in this PDS is subject to change from time-to-time. Information that is not materially adverse information can be updated by us. Updated information can be obtained by going to our website, by calling us, by contacting your licensed financial adviser or by contacting your master trust or wrap account operator (for indirect investors). You may request a paper copy of any updated information at any time, free of charge.

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

Target Market Determination: The Target Market Determination for the Fund can be found at www.magellangroup.com.au and includes a description of the class of investors for which the Fund is likely to be appropriate.

1. About Magellan Asset Management Limited

Magellan Asset Management Limited (the “**Responsible Entity**”, “**Investment Manager**”, “**Magellan**”, “**we**”, “**our**” or “**us**”) is the responsible entity and investment manager for the Fund. As responsible entity, we are responsible for overseeing the operations of the Fund. As the investment manager, we are responsible for selecting and managing the assets of the Fund.

Magellan is a wholly owned subsidiary of Magellan Financial Group Ltd, which is listed on the Australian Securities Exchange.

2. How Magellan High Conviction Fund works

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

Units and unit prices

The total value of the net assets in the Fund attributable to a unit class is divided by the number of units on issue in that class to calculate a unit price for each business day in New South Wales (“**Business Day**”). The unit price will change daily as the market value of assets in the Fund rises or falls. When you make an investment in the Fund, we will allocate units to you based on the entry unit price for that class for the Business Day on which we receive your valid application and cleared funds. When you withdraw some or all of your investment, we will withdraw your units based on the exit unit price for the Business Day on which we receive your withdrawal request, subject to the applicable cut of time.

Applications

Applications will be processed and units in the Fund will be issued only following:

- the acceptance of a valid Application Form (including investor identification documents); and
- the receipt of your application monies in cleared funds.

Minimum initial application amount	Minimum additional application amount (EFT or cheque)	Minimum additional application amount (BPAY®)	Application cut-off time
\$25,000	\$5,000	\$500	2pm on any Business Day

Application monies are held in the Fund’s application bank account until units are issued. Any interest earned on the Fund’s application bank account is retained by us.

You can make an additional application into an existing account at any time. The easiest means to make an additional application is by BPAY®. There is no requirement to send in an Additional Application Form if you are making an additional application by BPAY®.

If you intend to make an additional application by EFT or cheque, you can complete the Additional Application Form available on our website or you can fax, email or write to Investor Services.

Valid applications accepted by Investor Services:

- before 2pm on any Business Day, will be processed using the entry unit price calculated for that Business Day;
- after 2pm on any Business Day or at any time on a non-Business Day, will be processed using the entry unit price calculated for the next Business Day.

Withdrawals

Withdrawals are only processed following the acceptance of a valid Withdrawal Form or by notifying Investor Services otherwise in writing.

Minimum withdrawal amount	Minimum balance amount ¹	Withdrawal cut-off time
\$5,000	\$5,000	2pm on any Business Day

1 If your balance falls below the minimum balance, we may compulsorily withdraw your remaining unitholding in the Fund and pay the balance to you.

Valid withdrawals received by Investor Services:

- before 2pm on any Business Day, will be processed using the exit unit price calculated for that Business Day;
- after 2pm on any Business Day or at any time on a non-Business Day, will be processed using the exit unit price calculated for the next Business Day.

You will generally receive your withdrawal amount within seven Business Days of our receipt and acceptance of your withdrawal request. Withdrawal proceeds are paid into your nominated Australian or New Zealand bank account, which must be in the name of your investment account. We cannot pay withdrawal proceeds to a third party. For withdrawal proceeds paid to New Zealand bank accounts, the conversion of your Australian dollar proceeds to New Zealand dollars will be processed by the Funds’ bank at the exchange rate prevailing at the processing time.

In certain circumstances, such as when there is a freeze on withdrawals, we may not be able to process withdrawals within the usual period.

Switches

A switch is a withdrawal from one fund and an application into another. You are able to switch all or part of your investment to another fund issued by Magellan where switches are permitted by us. If we receive your switch instruction before 2.00pm on a Business Day, we will usually process the switch using the entry and exit unit prices applicable to that Business Day. If we receive your request after 2.00pm, we will usually process it using the following Business Day’s unit prices. In circumstances where the calculation of unit prices is delayed for any reason, including while we are determining and processing distributions, we have the discretion to defer the processing of switches until unit pricing has resumed.

Distributions

The Responsible Entity intends to target a cash distribution yield of 3% per annum of the average of the month-end net asset value per unit over the two year rolling period ending on the last Business Day of the prior distribution period (“**Target Cash Distribution**”). The Responsible Entity has the discretion to distribute an amount higher than the Target Cash Distribution. The distribution per unit will be paid semi-annually (for the periods ending 30 June and 31 December of each year) although the Fund may make distributions more or less frequently at the discretion of the Responsible Entity. The distribution may comprise an amount attributed to you from income (such as dividends received from shares and interest) less expenses incurred by the Fund and attributed to that class (such as management and performance fees), plus net capital gains made on the sale of shares or other investments held. In some circumstances, the Fund may distribute a payment out of the capital invested in addition to a distribution of net income or net capital gains, or where the Fund has not generated any net income or net capital gains during the income year. The distribution investors may receive will be based on the number of units they hold at the nominated record date. It is not pro-rated according to the time that investors have held their units.

Indirect investors

We authorise the use of this PDS as disclosure to persons who wish to access the Fund indirectly through an IDPS, IDPS-like scheme or a nominee or custody service (collectively referred to as “**master trusts**” or “**wrap accounts**”). These investors are referred to as “**Indirect Investors**”.



You should read the additional information about “Units and unit prices”, “Restrictions on withdrawals and switches”, “Compulsory withdrawals”, “Distributions” and “Indirect Investors” in section 2 and “How to apply”, “How to withdraw”, “How to transfer”, “How to switch” and “Payment options” in section 8 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

3. Benefits of investing in Magellan High Conviction Fund

Significant features and benefits

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

- access to our investment expertise and a professionally managed global equity portfolio;
- access to a concentrated portfolio of attractive investment opportunities in offshore markets; and
- participation in any capital appreciation and income distributions of the Fund.

4. Risks of managed investment schemes

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

Risks can be managed but not completely eliminated. It is important that you understand that:

- the value of your investment will rise and fall;
- investment returns will vary and future returns may differ from past returns;
- returns are not guaranteed and there is a risk that you may lose some money on any investment you make; and
- laws affecting your investment in a managed investment scheme may change over time.

The appropriate level of risk for you will depend on various factors and may include your age, investment timeframe, where other parts of your wealth are invested and your overall tolerance to risk. You may wish to consult a licensed financial adviser to better understand the risks involved in investing in this Fund.

The significant risks for the Fund are:

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

Concentration risk: As the Fund will hold a concentrated portfolio of 10 to 20 investments, returns of the Fund may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in the Fund’s unit price, and increased risk of poor performance.

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

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

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

Currency risk: As the Fund’s investments in international assets will typically be unhedged, a rise in the Australian dollar relative to other currencies will negatively impact investment values and returns. Currency markets can be extremely volatile and are subject to a range of unpredictable forces. From time to time, the Fund may manage its foreign currency exposures to reduce currency risk of the Fund. Where any part of the Fund’s currency exposure is hedged, the Fund’s investment returns will not benefit where the Australian dollar has declined relative to other currencies. There is also a risk that the Fund’s currency management activities might not be effective and may lose the Fund money.

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

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

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

Fund risk: Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. The performance of the Fund or the security of an investor's capital is not guaranteed. There is no guarantee that the investment strategy of the Fund will be managed successfully or that the Fund will meet its investment objectives. Failure to do so could negatively impact the performance of the Fund. An investment in the Fund is governed by the terms of the Fund's Constitution and this PDS, each as amended from time to time. Magellan may elect, in accordance with the Fund's Constitution and the Corporations Act 2001, to terminate the Fund for any reason.

Liquidity of investments risk: Whilst the Fund is exposed to listed securities which are generally considered to be liquid investments, under extreme market conditions, there is a risk that such investments cannot be readily converted into cash or at an appropriate price. In such circumstances, the Fund may be unable to liquidate sufficient assets to meet its obligations, including payment of withdrawals, within required timeframes or it may be required to sell assets at a substantial loss in order to do so.

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

Operational risk: Operational risk includes those risks which arise from carrying on a funds management business. The operation of the Fund may require us, the custodian, the unit registry, the administrator and other service providers to implement sophisticated systems and procedures. Some of these systems and procedures are specific to the operation of the Fund. Inadequacies with these systems and procedures or the people operating them could lead to a problem with the Fund's operation and result in a decrease in the value of units.

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

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

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

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

Withholding tax reclaim risk: The Fund may file claims to recover excess foreign withholding taxes on dividend and interest income (if any) withheld by issuers from certain countries and capital gains on the disposition of stocks or securities where such withholding tax reclaim is possible. Whether or when the Fund will receive a withholding tax refund is within the control of the tax authorities in such countries and is subject to changes in tax regulation or approach in the respective foreign country. Subsequently, if the likelihood of recovery materially decreases, accruals for the Fund's net asset value for such refunds may be written down partially or in full.

5. How we invest your money

An investment in the Fund may suit you if you are seeking a medium to long-term investment exposure to international equities.

Before deciding whether to invest in the Fund, you should consider:

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

Magellan High Conviction Fund							
Investment return objective	The Fund's primary investment objective is to achieve attractive risk-adjusted returns over the medium to long-term. The Fund aims to deliver 10% per annum net of fees over the economic cycle.						
Investment strategy	The Fund offers investors an opportunity to invest in a high conviction global equity fund. We aim to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time. We endeavour to acquire these companies at discounts to their assessed intrinsic value. The Fund's portfolio will comprise 10 to 20 investments. We intend to diversify the Fund's portfolio across geographic region and industry. The Fund will not typically invest in individual companies with a market capitalisation of less than US\$3 billion at the time of investment. The Fund may, from time to time, hedge some or all of the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars.						
Minimum suggested time frame for holding investment	At least 7 to 10 years.						
Asset classes and asset allocation ranges	The Fund's assets are invested within the following asset allocation ranges: <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Investment Range*</th> </tr> </thead> <tbody> <tr> <td>Securities</td> <td>85% – 100%</td> </tr> <tr> <td>Cash and cash equivalents</td> <td>0% – 15%</td> </tr> </tbody> </table> <p>* These asset class investment ranges may temporarily fall outside of these ranges in certain circumstances including, but not limited to, as a result of market movements, applications into or withdrawals from the Fund.</p>	Asset Class	Investment Range*	Securities	85% – 100%	Cash and cash equivalents	0% – 15%
Asset Class	Investment Range*						
Securities	85% – 100%						
Cash and cash equivalents	0% – 15%						
Investments held	The Fund primarily invests in the securities of companies listed on stock exchanges around the world, although will also have some exposure to cash and cash equivalents. The Fund can use foreign exchange contracts to facilitate settlement of stock purchases and to mitigate currency risk on specific investments within the portfolio. As part of the investment objectives of the Fund, we may from time to time hedge some or all of the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars. However, there is no guarantee that any or all of the Fund will be hedged at any point in time.						
Risk level ¹	High.						
Fund performance	For up-to-date information on the performance of the Fund, including daily unit prices and performance history, visit www.magellangroup.com.au .						

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



You should read the additional information about "Permitted investments", "Borrowing restrictions", "Changes to a Fund" and "Labour standards and environmental, social or ethical considerations" in section 5 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

6. Fees and costs

DID YOU KNOW?

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

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser.

TO FIND OUT MORE

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

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your investment, from the returns on your investment or from the Fund's assets as a whole. You have two different fee payment options: Class A and Class B. Taxes are set out in another part of this document.

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

Fees and costs summary

Magellan High Conviction Fund			
Type of fee or cost	Amount		How and when paid
	Class A Units	Class B Units	
Ongoing annual fees and costs			
Management fees and costs¹ The fees and costs for managing your investment	1.50% ² per annum	0.78% ² per annum	Management fees for a class are calculated monthly based on the net asset value (before fees) of that class at the end of each month. Estimated fees for a class are reflected in the daily unit price for that class and are payable monthly in arrears from the assets of the Fund.
Performance fees¹ Amounts deducted from your investment in relation to the performance of the product	Estimated 0.53% ³ per annum	Estimated 0.82% ³ per annum	<p>For Class A Units, performance fees are 10% of the excess return of Class A Units above the “Absolute Return” hurdle (10% per annum, pro-rated for the Calculation Period) over each 6-monthly period ending 31 December and 30 June (each a “Calculation Period”).</p> <p>For Class B Units, performance fees are 20% of the excess return of Class B Units above the “Absolute Return” hurdle (10% per annum pro-rated for the Calculation Period) over each 6 monthly Calculation Period ending 31 December and 30 June.</p> <p>Performance fees are payable at the end of each Calculation Period from the assets of the Fund.</p> <p>The Fund is subject to a “High Water Mark” and “Performance Fee Cap”, as described in section 6 of the Additional Information Booklet.</p> <p>Performance fees for a class of the Fund are estimated daily and accrued in the relevant unit prices for that class.</p>
Transaction costs The costs incurred by the scheme when buying or selling assets	Nil	Nil	Transaction costs such as brokerage and transactional taxes are incurred by the Fund when the Fund acquires and disposes of securities and are paid out of the assets of the Fund as and when incurred. This transaction costs amount is net of any amounts recovered by the buy/sell spread (see ‘Buy-sell spread’ below).
Member activity related fees and costs (fees for services or when your money moves in or out of the product)			
Establishment fee The fee to open your investment	Nil	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Nil	Not applicable
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	0.12% buy spread ⁴ 0.12% sell spread ⁴	0.12% buy spread ⁴ 0.12% sell spread ⁴	The buy/sell spread is an allowance to cover the transaction costs that arise from investments and withdrawals from the Fund. It represents an additional cost to investors applying and withdrawing directly from the Fund. The entry and exit unit prices for the Fund include an allowance for the buy/sell spread.
Withdrawal fee The fee on each amount you take out of your investment	Nil	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Nil	Not applicable
Switching fee The fee for changing investment options	Nil	Nil	Not applicable

- 1 These fees may be individually negotiated if you are a wholesale client (as defined in the Corporations Act 2001). For further information refer to “Differential fees” in the “Additional explanation of fees and costs” section of the Additional Information Booklet.
- 2 Inclusive of the net effect of Goods and Services Tax (“GST”) (i.e. inclusive of GST, less any reduced input tax credits). As the Fund predominantly invests in international securities, the GST impact on fees and costs will typically be negligible. To the extent the GST impact changes (for example, if the Fund’s exposure to Australian securities or the composition of resident unitholders increases, or due to changes in the size of the Fund), the actual fees and costs may vary from the rates stated above.
- 3 The estimated performance fee has been calculated as the simple average of the actual performance fees of each class of units for the previous 5 financial years (up to and including 30 June 2024). The estimated performance fees are inclusive of the net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). Past performance is not necessarily indicative of future performance. The actual performance fee payable (if any) will depend on the performance of each class of units over the relevant period.
- 4 For further information refer to “Buy and sell spreads” in the “Additional explanation of fees and costs” section of the Additional Information Booklet.

Warning: Your licensed financial adviser may also charge you fees for the services they provide. Your adviser should tell what those fees are.

Example of annual fees and costs

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

Example 1 - Class A Units

Example ¹ – Magellan High Conviction Fund – Class A Units		Balance of \$50,000 with a contribution of \$5,000 during year ²
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management fees and costs	1.50% per annum	And , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$750 each year.
PLUS Performance fees	0.53% per annum	And , you will be charged or have deducted from your investment \$265 in performance fees each year.
PLUS Transaction costs	Nil	And , you will be charged or have deducted from your investment \$0 in transaction costs.
EQUALS Cost of Magellan High Conviction Fund – Class A Units	2.03% ³ per annum	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of: \$1,015⁴ . What it costs you will depend on the fund you choose and the fees you negotiate.

Example 2 - Class B Units

Example ¹ – Magellan High Conviction Fund – Class B Units		Balance of \$50,000 with a contribution of \$5,000 during year ²
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management fees and costs	0.78% per annum	And , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$390 each year.
PLUS Performance fees	0.82% per annum	And , you will be charged or have deducted from your investment \$410 in performance fees each year.
PLUS Transaction costs	Nil	And , you will be charged or have deducted from your investment \$0 in transaction costs.
EQUALS Cost of Magellan High Conviction Fund – Class B Units	1.60% ³ per annum	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of: \$800⁴ . What it costs you will depend on the fund you choose and the fees you negotiate.

- 1 This is an example only and does not take into account any movements in the value of an investor's units that may occur over the course of the year or any abnormal costs.
- 2 This example assumes the \$5,000 contribution occurs at the end of the first year. Fees and costs are calculated using the \$50,000 balance only.
- 3 Fees and costs are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). See the "Additional information about fees and costs" section below for more details.
- 4 This example does not capture all the fees and costs that may apply to you, such as the buy-sell spread. For further information refer to "Buy and sell spreads" in the "Additional Explanation of Fees and Costs" section of the Additional Information Booklet.

Additional information about fees and costs

Management fees and costs

The Fund pays a management fee of 1.50% per annum of the Net Asset Value (before fees) ("**NAV Before Fees**") of Class A Units in the Fund and a management fee of 0.78% per annum of the NAV Before Fees of Class B Units in the Fund to Magellan for managing the assets of the Fund and overseeing the operations of the Fund. Ordinary costs incurred in connection with the Fund (such as administration and accounting costs, registry fees, audit and tax fees, and investor reporting expenses) are paid by Magellan out of the management fee. Management fees for a class are calculated monthly based on the NAV Before Fees of that class at the end of each month. Estimated fees for a class are reflected in the daily unit prices for that class and are payable monthly from the assets of the Fund.

Performance fees

In addition to the management fees, Magellan will also receive a performance fee of 10% of the excess return of Class A Units in the Fund and 20% of the excess return of Class B Units in the Fund above the Absolute Return performance hurdle (10% per annum, pro-rated for the calculation period), calculated in respect of each calculation period ending 31 December and 30 June in each year.

Performance fees are paid subject to the "High Water Mark" being met for the relevant calculation period. Estimated performance fees for a class are reflected in the daily unit price for that class and are payable at the end of each calculation period.

Changes in fees

Fees may increase or decrease for a number of reasons including changes in the competitive, industry and regulatory environments or simply from changes in costs. We can change fees without your consent, however we will provide you with at least 30 days written notice of any fee increase.



You should read the important information about fees and costs before making a decision to invest in the Fund. Go to the additional information titled "Additional explanation of fees and costs", "Management fees and costs", "Performance fees", "Transaction Costs", "Buy and sell spreads", "Fees for indirect investors", "Payments to platforms" and "Financial adviser fees" in section 6 of the Additional Information Booklet. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

7. How managed investment schemes are taxed

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

The Fund generally attributes its net income to investors each financial year so that it is not subject to tax. The Fund does not pay the tax liability on behalf of investors. As an investor, you will be assessed for tax on the net income and net capital gains attributed to you. The attributed amounts may or may not be the same as the distribution/s you received during the year.

We will send you a tax statement after the end of each financial year that will provide you with details of the amounts attributed to you from the Fund to assist you in the preparation of your tax return.



You should read the additional information about “How managed investment schemes are taxed” in section 7 of the Additional Information Booklet before making a decision to invest in the Fund. They may change between the time you read this PDS and the day when you acquire the product.

8. How to apply

Steps

To make your initial application in the Fund:

1. read and consider the PDS and Additional Information Booklet together before making a decision about the Fund;
2. complete the Application Form; and
3. pay the application monies.

All our forms are available at www.magellangroup.com.au or can be obtained by contacting Investor Services.

Cooling-off period

If you are a retail investor, a 14-day “cooling-off period” may apply to your initial investment in the Fund in certain circumstances. If, during the 14-day cooling-off period, you decide that the investment does not meet your needs, then you should immediately notify us. If you exercise your cooling-off rights we will return your money to you. However, the amount you receive will reflect any market movement up or down which means there may be taxation implications for you. We will also deduct any tax or duty incurred and a reasonable amount for transaction and administration costs. As a result, the amount returned to you may be less than your original investment.

The 14-day cooling-off period starts on the earlier of the date when you receive confirmation of your transaction or the end of the 5th calendar day after the day we issue the units to you. The cooling-off period will lapse if you transact on your account within the 14 days. Under normal circumstances refunds will be made within seven Business Days of you notifying us. For more information, call Investor Services on 1300 127 780 (or +61 2 8259 8566) or 0800 787 621 (NZ).

Complaints resolution

Should an investor have any concerns or complaints, as a first step they should contact our Complaints Officer on +61 2 9235 4888 and we will do our best to resolve your concern quickly and fairly. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (“AFCA”). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678

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



You should read the additional information about “How to apply”, “How to withdraw”, “How to transfer”, “How to switch” and “Payment options” in section 8 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

9. Other information

Additional disclosure information

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

- The Fund’s Annual Financial Report most recently lodged with ASIC;
- Any Half Year Financial Report lodged with ASIC;
- Any continuous disclosure notices we place online at www.magellangroup.com.au or lodge with ASIC.

Further reading



You should read the additional information titled “Change of details”, “Constitution”, “Custodian”, “Consents”, “Anti-money laundering and counter terrorism financing” and “Privacy policy” in section 9 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

New Zealand Investors



New Zealand Investors should read the additional information titled “Additional information for New Zealand investors” in section 9 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to New Zealand Investors may change between the time you read this PDS and the day when you acquire the product.