



Magellan Global Fund

 RESEARCHIP Rating



RIPPL Effect

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This report is based on publicly available information and/or data sourced directly from the Fund Manager. Any views or opinions expressed in this document are believed to be accurate at the time of publishing.

[Glossary of Terms – please explain the jargon in this report](#)

17 DECEMBER 2022

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Meet the Manager

Magellan was formed in 2006 to generate attractive returns for clients by investing in global equities and global listed infrastructure while protecting their capital. Magellan was founded by Hamish Douglass and Chris Mackay and has offices in Australia, New Zealand and the US. They are a wholly owned subsidiary of Magellan Financial Group, which is one of the top-100 stocks by market value on the ASX. Further information about the Manager can be found in its [online profile](#).

Magellan's [investment philosophy](#) which underpins the investment process, which is consistent across all their equity strategies. Magellan perceives outstanding companies to be those that are able to sustainably exploit competitive advantages in order to continually earn returns on capital that are materially in excess of their cost of capital.

Magellan is a signatory to the United Nations Principles of [Responsible Investment](#) (UNPRI). They also believe that ESG practices can have a material impact, whether for better or worse, on a company's long term sustainability and prosperity.

Magellan manages the following funds:

- [Magellan Global Fund](#)
- Magellan Global Fund (Hedged)
- Magellan High Conviction Fund
- Magellan Infrastructure Fund
- Magellan Infrastructure Fund (Unhedged)
- Magellan Sustainable Fund
- Magellan FuturePay
- MFG Core International
- MFG Core ESG
- MFG Core Infrastructure



A selection of the funds can be accessed in listed form or unlisted. A full list of the funds can be found [here](#).



Magellan Global Fund RE aims to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time. The Magellan Global Fund RE endeavours to acquire these companies at discounts to their assessed intrinsic value. Magellan Global Fund's portfolio comprises 20 to 40 investments.

Fund Description

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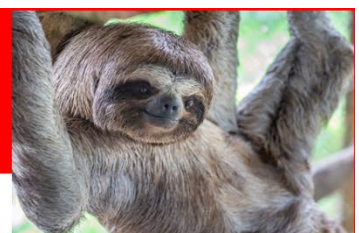


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Helping you
navigate Fund
Managers



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The Fund's Profile

The Magellan Global Fund ("the Fund") invests in outstanding global companies, which is defined as those that are able to sustainably exploit competitive advantages in order to continually earn returns on capital that are materially in excess of their cost of capital.

Magellan focuses on risk-adjusted returns, rather than benchmark-relative returns. As a result, the Magellan Global Fund's investment process is designed to generate an unconstrained, concentrated portfolio of high-quality companies.

Magellan believes that an appropriately structured portfolio of 20 to 40 investments can provide sufficient diversification to ensure that investors are not overly correlated to any single company, industry-specific or macroeconomic risk.

The Manager has reasonable degree of flexibility despite being a concentrated portfolio. The Factor table above highlights the Fund's constraints and flexibilities. However, Research IP believes that the Manager is unlikely to use the full range of discretion, except in exceptional circumstances.

<Any missing data points have not yet been supplied by the manager>

Fund Information	Magellan Global Fund
Who is ultimately accountable for the Fund performance?	Hamish Douglass, Arvid Streimann
Hamish Douglass is Co-Founder, Chairman and Chief Investment Officer of Magellan Financial Group, and Lead Portfolio Manager of Magellan's Global Equity strategies. Prior to Magellan, Hamish was Co-Head of Global Banking for Deutsche Bank AG in Australia and New Zealand. Hamish is a former member of the Australian Government's Financial Literacy Board, the Australian Government's Takeovers Panel, the Australian Government's Foreign Investment Review Board and the Forum of Young Global Leaders – World Economic Forum. Hamish is a member of Magellan's Investment Committee.	
When did the named individual(s) assume accountability?	01/07/2007
Is the Portfolio Manager invested in the Fund?	Yes
Asset manager's full name	Magellan Asset Management
ISIN Code	AU60MGE00019
APIR Code	MGE0001AU
Responsible Entity / Trustee / Supervisor	Magellan Asset Management
Legal Domicile of the Fund	Australia
Legal Structure	Unit Trust
Is the Fund a registered NZ PIE structure?	No
Is the Fund open to new or existing investors?	Open
The asset class that the Fund primarily invests in is	Shares
Product's investment style	High quality
Geographical focus of the Fund	Global
Investment focus	<no supplied response>
Manager's ownership structure	ASX Listed
How many years has this Manager been managing this asset class?	14
Country Registered for Sale	Australia;
Date of the latest PDS	16/12/2022

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Under the Bonnet

Investors should consider the Fund as being a globally focused equity fund, with the ability to hold cash up to 20%. The Fund tends to be closer to fully invested, having a minimal cash holding. However, the Manager has utilised the full range of cash holdings since inception. The Manager will not equitise cash.

Research IP notes that the Manager does not actively hedge the portfolio, rather it offers a hedged and unhedged version. Advisers and investors can mix the funds to replicate a hedging strategy and take a view on their desired currency exposure.

Research IP notes the manager is a USA reporting entity to the Securities Exchange Commission (SEC). Accordingly, the Manager cannot report operations, performance, or portfolio holdings differently to the SEC guidelines. This is the same for all USA SEC reporting entities. Under SEC disclosure rules, Magellan releases [full portfolio holdings](#) quarterly.

Overview	Magellan Global Fund
Product's public published benchmark	MSCI World Net Total Return Index (AUD)
The product's internal targeted excess return is	Not targeted
Minimum investment horizon	7-10 years%
Does the product charge a performance fee?	Yes
Product's performance fee	10.00%
Hurdle before a performance fee is charged	0.00%
Is there a high water mark?	Yes
Product's current buy spread	0.07%
Product's current sell spread	0.07%
Does the manager have the ability to change the Buy/Sell spread?	Yes
Distributions per year	2
Distribution Dates	30 June and 31 December
Normal pricing frequency	Daily
Product inception date	01/07/2007
Strategy inception date	01/07/2007

Management Fees	Historic	Estimate
GST - inclusive or exclusive		inc GST
Management Fee (MER) / Manager's basic fee		1.35%
Other Fees and Costs		inc
Performance Fee		0.07%
Total Fund Charges (i.e. TER/ICR)		1.42%
Date		16/12/2022

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Does Size Matter?


FUM	Magellan Global Fund	@Date
Fund currency	AUD	
Current size of the Fund (\$m) NZD	\$8,580	31/10/2022
Current FUM in the strategy, including mandates (\$m)	\$63,512	30/09/2021
Current total FUM of the Manager (\$m)	\$66,910	30/09/2021

 See our view on the Research IP blog [Does Size Matter](#). The investible universe for a fund can be limited by some or all of these attributes:



- Asset class (e.g. cash, bonds, shares etc)
- Geography (e.g. Australia, New Zealand, global etc)
- Size of issue (e.g. minimum issue size of bonds, market capitalisation of shares)
- Liquidity
- or other factors like credit ratings, issuer types etc.

The Downside

The Manager is aware of the broad range of risks, as identified in the [Product Disclosure Statement \(PDS\)](#), and is mindful of them when constructing and managing the portfolio.


 Investors should note that all investments carry risk. Different investment strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long- term returns may also carry the highest level of short-term risk. See our views on [what investment risks to look out for](#) on the Research IP blog.

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Is it Ticking?

 Responsible investing has become front of mind for many investors, but there is a minefield of green washing out there. We share the views of the Research IP team on sustainable investing, the 17 Sustainable Development Goals (SDGs), Environmental, Social and Governance (ESG) considerations and the United Nations Principles for Responsible Investment (UN PRI) on the [Research IP blog](#).

ESG Information	Magellan Global Fund
Which EU Sustainable Finance Disclosure Regulation (SFDR) classification best describes this product?	No integration of sustainability risks promoted or any sustainable investment objective (Article 6)
Is the Manager a signatory to the UNPRI?	Yes
UNPRI Rating : Strategy & Governance	A
UNPRI Rating : Listed Equity – Incorporation	A+
UNPRI Rating : Listed Equity – Active Ownership	A
Are the UN Sustainable Development Goals considered in the investment process?	Yes
Does the Manager incorporate ESG factors into analysis and decisions?	Yes
Does the Manager implement negative screening?	Yes
Does the Manager implement positive, best-in-class or norms-based screening?	Yes
Does the Manager focus specifically on sustainability themed investments?	No
Does the Manager invest for impact? i.e. target non-financial outcomes that are intentional, measurable and additional.	No
Does the Manager integrate corporate engagement and proxy voting into their investment approach?	Yes
Is the Fund RIAA Certified?	No
RIAA Primary Investment Approach	n/a
RIAA Secondary Investment Approach	n/a
Link to RIAA Fund Profile	n/a
Link to Disclose information on Sorted (NZ only)	n/a
Link to Mindful Money (NZ only)	n/a

You can find fund manager [Public Signatory Reports](#) on the UNPRI site.

 [Click here to access the full qualitative research report on this fund](#)



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Qualitative Fund Research
Magellan Global Fund
10 January 2022

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The views and opinions in this document are considered valid from one year from the date published.


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Check the Pulse

Philosophy & Process		Magellan Global Fund
Research Philosophy Fundamental bottom up		
Guidelines for filtering the universe Fundamental screening		
Research Approach Magellan undertakes 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. A key source of alpha generation from stock-specific research is something Magellan refers to as 'duration arbitrage'. Duration arbitrage arises where Magellan identifies material value catalysts that are likely to be evident during Magellan's investment horizon (typically five years), but may not be recognised by the market over a shorter investment horizon (which Magellan believes is typically around 12-18 months). In addition, Magellan undertakes proprietary macroeconomic research and combines its findings with insight into global equity markets in order to identify and manage risks and opportunities presented by the macroeconomic environment. This work is particularly important in managing 'event risk', i.e. reducing drawdown in broadly falling markets. In this area of research, trend identification is often an important source of idea generation. In addition to deep research into equities and macroeconomics, Magellan also spends considerable effort in understanding of global credit markets. Although this expertise has been particularly useful both during and in the aftermath of the global financial crisis.		
Specific inputs to the research process Proprietary tools		
Third party inputs used	No	
Primary valuation approach	DCF, TSR	
Secondary valuation approach (if applicable)	N/A	
In constructing the portfolio the manager is...	Benchmark unaware	
Biases present in the product	High quality, large cap	
Number of securities in the investment universe	200	
Number of securities fully researched	200	
Typical number of holdings in the portfolio	20-40	
Anticipated portfolio turnover	20-25%	
Typical level of cash held in the portfolio?	0-20%	

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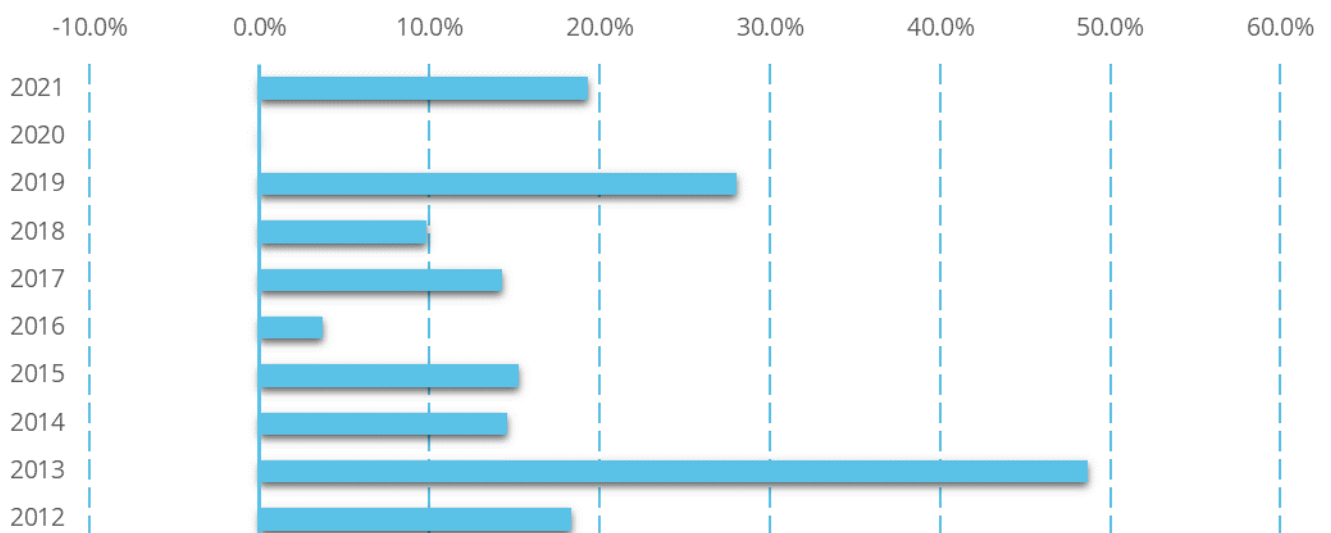


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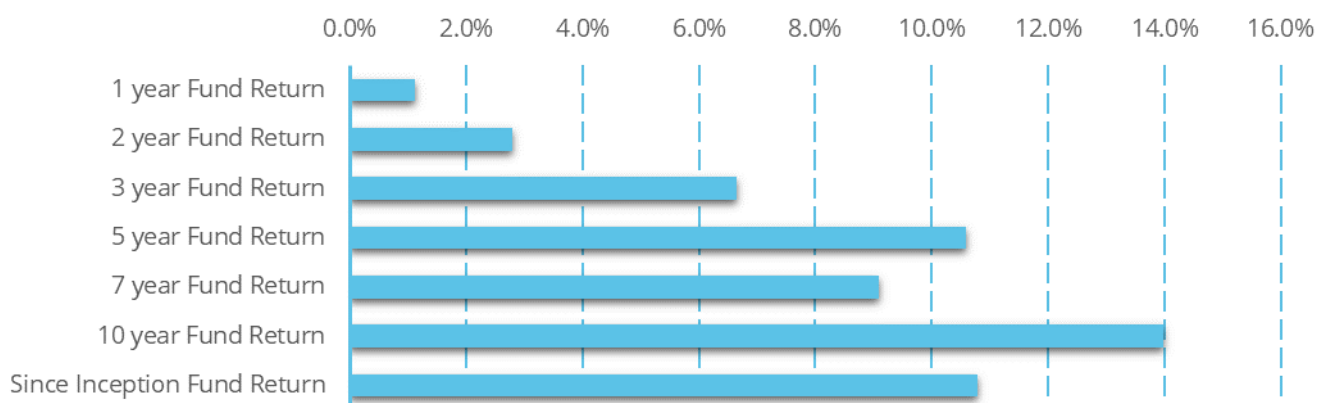
Is it Working?

Performance	Magellan Global Fund
"Performance to" date	31/03/2022
	14 years, 8 months, 30 days
Inception date of the performance?	01/07/2007
Negative Months (3 Years)	44%
Negative Months (5 Years)	38%
Negative Months (7 Years)	44%
Negative Months (10 Years)	39%
Max Gain Since Inception	47.8%
Max Loss Since Inception	-14.5%
Max Drawdown Since Inception	-19.3%
Volatility (3 Years)	11.2%
Beta (3 Years)	0.74
Sharpe (3 Years)	0.28

Annual Performance



Annualised Performance



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Our experience has been gained in well over 20 years of roles across different facets of the industry, so we understand the key drivers and challenges for people trusted with the management of investments.

Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus. We have strong philosophical alignment with John Hagel's work on the possibilities for "Disruption by Trusted Advisors" and John Kay's views in "Other People's Money: Masters of the Universe or Servants of the People".

Some of the consulting services we provide to financial advisers, charities, not-for-profit organisations and other investors include:

- AFSL reviews
- Platform and Financial Adviser Software reviews
- Fee negotiations for better client outcomes
- Investment committee terms of reference / charter
- Investment committee skills assessment
- Investment policy development
- Investment committee implementation review
- Chair or independent investment committee member
- Investment manager review
- Investment manager / adviser selection
- Quarterly reporting and commentary
- Sustainability and ESG policy development
- Sustainability and ESG investment selection / implementation of strategies.

If you would like to discuss one or a number of these consulting services, please contact info@research-ip.com.

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