



Magellan Infrastructure Fund

 RESEARCH IP 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](#).



To achieve attractive risk adjusted returns over the medium to long term, while reducing the risk of permanent capital loss.

Fund Description

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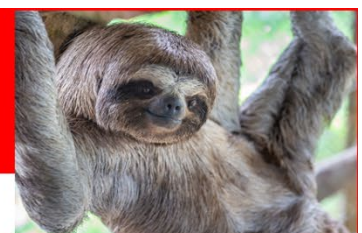
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Helping you
navigate Fund
Managers



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The Fund's Profile

The Magellan Infrastructure Fund ("the Fund") primarily invests in the securities of companies listed on stock exchanges around the world, but will also have some exposure to cash & 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.

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

Fund Information	Magellan Infrastructure Fund
Who is ultimately accountable for the Fund performance?	Gerald Stack
Gerald Stack joined Magellan in January 2007 and is Head of Investments and leads the team responsible for managing Magellan's infrastructure portfolios and providing research coverage of companies within the Infrastructure, Transport & Industrials sector. Prior to joining Magellan, Gerald was a Director of Capital Partners (now known as CP2) where he was Head of Securities Research and a member of the Management and Investment committees. Gerald has extensive experience in the analysis and investment management of listed and unlisted debt, equity and hybrid assets on a global basis. Gerald holds a Bachelor of Economics and a Master of Business Administration, both from Sydney University, and is a Chartered Accountant. Gerald is Chair of Magellan's Investment Committee.	
When did the named individual(s) assume accountability?	01/07/2007
Is the Portfolio Manager invested in the Fund?	<no supplied response>
Asset manager's full name	Magellan Financial Group
ISIN Code	AU60MGE00027
APIR Code	MGE0002AU
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	Property & Infrastructure
Product's investment style	Value orientated with a quality overlay
Geographical focus of the Fund	Global
Investment focus	Infrastructure
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

Under the Bonnet

The Magellan Infrastructure Fund has been designed to provide investors with efficient access to the infrastructure asset class, while protecting capital in adverse markets.

The infrastructure asset class, when appropriately defined, is characterised by monopoly-like assets that face reliable demand and enjoy predictable cashflows. As a result, Magellan has established proprietary classification criteria to appropriately categorise securities as investment grade infrastructure, and thus eligible for inclusion in its portfolios or otherwise. Potential investments that meet these criteria are expected to achieve strong underlying financial performance over medium- to long-term timeframes, which should translate into reliable, inflation-linked investment returns.

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.

Overview	Magellan Infrastructure Fund
Product's public published benchmark	S&P Global Infrastructure Net Total Return Index (A\$ Hedged)
The product's internal targeted excess return is	Not targeted
Minimum investment horizon	Other
Does the product charge a performance fee?	Yes
Product's performance fee	10.00%
Hurdle before a performance fee is charged	(0%)
Is there a high water mark?	Yes
Product's current buy spread	0.15%
Product's current sell spread	0.15%
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		1.06%
Other Fees and Costs		Inc
Performance Fee		0.09%
Total Fund Charges (i.e. TER/ICR)		1.15%
Date		16/12/2022

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Does Size Matter?


	Magellan Infrastructure Fund	@Date
Fund currency	AUD	
Current size of the Fund (\$m) AUD	\$3,260	31/10/2022
Current FUM in the strategy, including mandates (\$m)	\$10,102	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 Infrastructure 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 Infrastructure 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 Infrastructure Fund
Research Philosophy		
Value orientated with quality overlay		
Guidelines for filtering the universe		
Proprietary infrastructure qualification criteria		
Research Approach		
<p>The Magellan Infrastructure Investment team undertakes detailed bottom-up stock analysis and industry research. Their approach identifies duration arbitrage and valuation anomalies from which the strategy can achieve attractive investment returns. The fund can adjust exposures to manage risks arising from capital markets, for example, during periods of rising interest rates. The integration of macroeconomic analysis, portfolio construction, and risk discipline have contributed to delivering lower volatility than commonly used infrastructure indices.</p> <p>The team's assessment framework requires qualitative analysis of the external environment (industry structure, industry themes, regulatory issues, macro issues) and internal environmental issues. The conclusions are then used to anchor the cash flow forecasts and valuation. Where industry themes are relevant to the investment thesis, they are identified and reviewed as part of the investment analysis process.</p> <p>The Magellan Macro Committee provides broad and detailed macro insights targeting trend identification and event-risk mitigation. Macro views can provide the driver for sector/geographic allocations or overall portfolio risk management. The Infrastructure Investment team has the ultimate responsibility for how macro views are reflected within the final portfolio.</p>		
Specific inputs to the research process		
Magellan's strict infrastructure definition		
Third party inputs used	Broker reports are used to gauge market	
Primary valuation approach	WACC DCF	
Secondary valuation approach (if applicable)	N/A	
In constructing the portfolio the manager is...	Benchmark unaware	
Biases present in the product	Large cap , Developed markets	
Number of securities in the investment universe	350	
Number of securities fully researched	130	
Typical number of holdings in the portfolio	20-40	
Anticipated portfolio turnover	25-30%	
Typical level of cash held in the portfolio?	0-20%	

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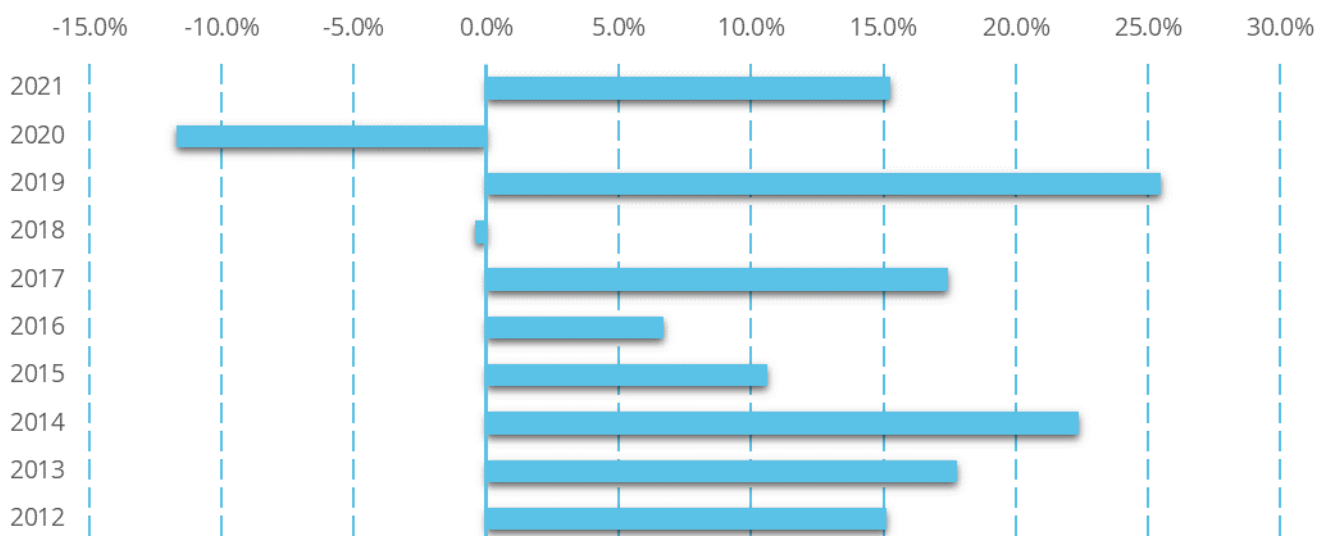


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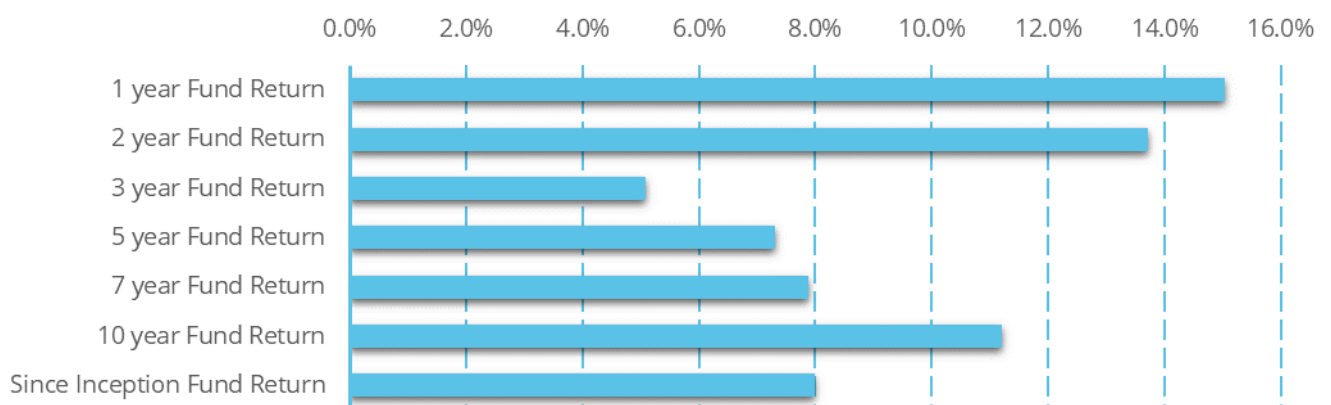
Is it Working?

Performance	Magellan Infrastructure Fund
"Performance to" date	31/03/2022
	14 years, 9 months, 2 days
Inception date of the performance?	29/06/2007
Negative Months (3 Years)	44%
Negative Months (5 Years)	43%
Negative Months (7 Years)	38%
Negative Months (10 Years)	33%
Max Gain Since Inception	35.9%
Max Loss Since Inception	-21.6%
Max Drawdown Since Inception	-46.3%
Volatility (3 Years)	14.5%
Beta (3 Years)	1.14
Sharpe (3 Years)	0.11

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.

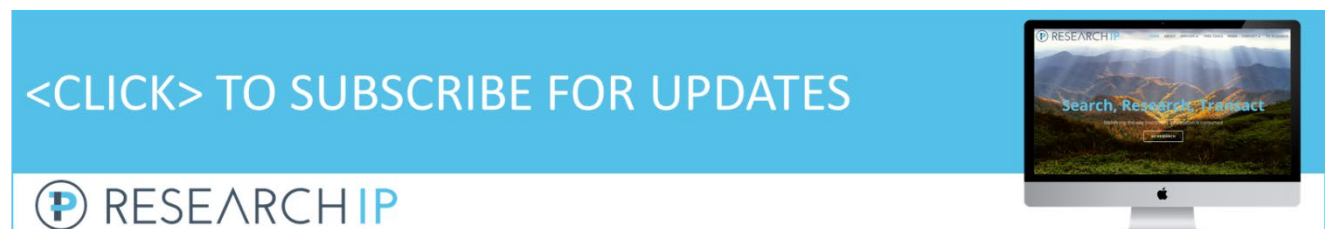
Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus. We have strong philosophical alignment with John Hagel's work 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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