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Magellan Global Fund

Annual Report

For the year ended 30 June 2022

ABN 18 387 878 844

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Chairman's Report

for the year ended 30 June 2022

Dear Unitholders,

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

The Fund has two unit classes – an open-ended unit class (ASX: MGOC / APIR: MGE0001AU) and a closed-ended unit class (ASX: MGF). As at 30 June 2022, the Fund has total net assets of \$11.8 billion comprising \$9.3 billion in MGOC and \$2.5 billion in MGF.

Consistent with the Responsible Entity's stated intention to target a cash distribution yield of 4% per annum¹, the Fund paid a cash distribution of 5.10 cents per MGOC unit (June 2021: 5.10 cents per unit) and 3.66 cents per MGF unit (June 2021: 3.66 cents per unit) in respect of the six months to 30 June 2022. The Fund paid total distributions of 10.20 cents per MGOC unit (June 2021: 9.98 cents per unit) and 7.32 cents per MGF unit (June 2021: 3.66 cents per unit) for the year ended 30 June 2022.

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

For the 12 months to 30 June 2022, the Fund returned for MGOC (11.8)% and MGF (10.6)%, net of fees. This compares with the return of the benchmark index (MSCI World Net Total Return Index (Australian Dollars)) of (6.5)% over the same period. MGOC has delivered a return of 10.2% per annum net of fees since inception, compared with the benchmark index return of 6.7% per annum.

While MGOC has met its long term objective of delivering returns of 9% per annum net of fees since inception, we recognise that the Fund has underperformed relative to the market in recent periods and that we must do better. The current investment landscape is a challenging one, however we believe that our investment style is well-suited to navigate our investors through such conditions. We remain steadfast in our belief that high-quality companies acquired at attractive prices will provide investors with the most reliable returns over the medium to long term.

In July 2022, subsequent to the end of the period, we were pleased to welcome David George as CEO and Managing Director of MAM. David has deep funds management experience and joins MAM following 14 years with the Future Fund, where he was Deputy CIO, Public Markets. He brings an outstanding investment management pedigree, strong client service credentials and a fresh perspective to our team. David is working closely with MAM's investment team to improve process and decision making, drawing on his years of observing investment managers, processes and cultures around the world. This includes putting additional data and tools in the hands of portfolio managers which support converting Magellan's research advantage into portfolios that outperform.

We would encourage you to read Magellan's InReview 2022, our annual investor communication published in July each year, which shares a collection of thought-provoking investment perspectives from across the Magellan investment teams. You can access InReview 2022 at: 2022.magellaninreview.com.au. We would also encourage you to read our monthly and quarterly Fund Reports which provide valuable insight into our investment strategies and portfolio managers' thoughts. These are released on ASX and can also be found on our website at: www.magellangroup.com.au.

As per the 30 June 2022 Fund Update, the Fund consisted of investments in 30 companies, with the top 10 investments (listed below) representing 49.1% of the Fund. The Fund's cash position was 9% and was predominantly held in US Dollars. The Fund's industry exposure by source of revenues is highlighted below.

¹ 4% per annum of the average of the month-end NAV per unit over the two year rolling period ending on the last business day of the prior distribution period.

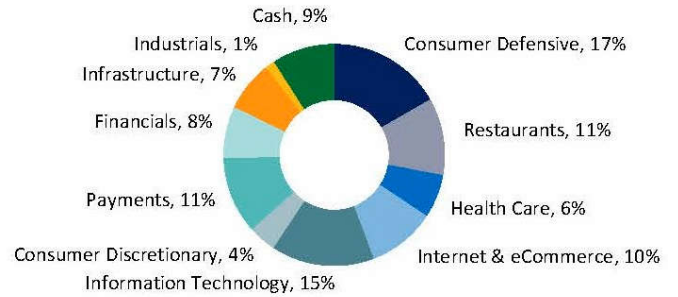
Chairman's Report

for the year ended 30 June 2022

Top 10 Holdings

	Sector [#]	%
Microsoft Corporation	Information Technology	7.8
Visa Inc	Payments	6.0
Alphabet Inc	Internet & eCommerce	5.6
MasterCard Inc	Payments	5.1
McDonald's Corporation	Restaurants	4.5
Yum! Brands Inc	Restaurants	4.3
Novartis AG	Health Care	4.3
Reckitt Benckiser Group	Consumer Defensive	4.0
Intercontinental Exchange Inc	Financials	3.9
Nestle SA	Consumer Defensive	3.6
TOTAL:		49.1

Sector Exposure by Source of Revenue[#]



[#] Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding.

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

Yours sincerely

Robert Fraser

Chairman

Sydney, 26 August 2022

Responsible Entity's Report

for the year ended 30 June 2022

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan Global Fund (the "Fund") present their annual report on the Fund for the period ended 30 June 2022.

1. Directors

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

		Appointed	Resigned
Robert Fraser	Chairman	23 April 2014	
John Eales	Non-executive Director	1 July 2017	
Colette Garnsey	Non-executive Director	30 November 2020	
David George	Chief Executive Officer and Managing Director	19 July 2022	
Hamish McLennan	Non-executive Director	1 March 2016	
Kirsten Morton	Chief Operating Officer and Chief Financial Officer ¹	5 October 2018	
Karen Phin	Non-executive Director	23 April 2014	
Brett Cairns	Chief Executive Officer	22 January 2007	6 December 2021
Paul Lewis	Non-executive Director	20 December 2006	30 September 2021

¹ Ms Morton was appointed Interim Chief Executive Officer following Dr Cairns' resignation on 6 December 2021. Following the commencement of Mr George on 19 July 2022, Ms Morton stepped down as Interim CEO.

2. Principal Activity

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

Until 8 December 2020, the Fund was an open-ended, single class and unlisted fund where investors were able to apply and redeem their investment directly with the Fund on a daily basis. On 8 December 2020, the Fund acquired the Magellan Global Equities Fund ("MGE") and the Magellan Global Trust ("MGT") ("the Restructure") (refer Note 8.1 to the Financial Statements). On the same date, the units in the Fund were renamed MGOC units.

Following the completion of the Restructure the Fund is a single trust with two unit classes:

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

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

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

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

3. Significant Changes in State of Affairs

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

Responsible Entity's Report

for the year ended 30 June 2022

4. Review of Financial Results and Operations

4.1. Financial Results for the Period

The performance of the Fund, as represented by the results of its operations for the periods ended 30 June, was as follows:

	30 Jun 2022	30 Jun 2021
Results		
Total net investment income/(loss) (\$'000)	(1,443,486)	1,846,633
Total expenses (\$'000)	(251,632)	(220,677)
Operating Profit/(Loss) (\$'000)	(1,695,118)	1,625,956
Finance Costs Attributable to Unitholders¹		
Distributions to unitholders (\$'000)	(572,380)	(331,993) ²
(Increase)/decrease in net assets attributable to unitholders (\$'000)	2,267,498	(958,401)
Profit/(Loss) (\$'000)	-	335,562 ³
Distributions		
MGOC distribution paid and payable (\$'000)	459,332	496,585
MGOC distribution paid and payable (CPU) ⁴	10.20	9.98
MGF distribution paid and payable (\$'000)	113,048	60,553
MGF distribution paid and payable (CPU) ⁴	7.32	3.66
Unit Price (NAV Per Unit) MGOC (\$) ⁵	2.2786	2.6895
ASX Reported NAV Per Unit MGOC (\$) ⁶	2.3295	2.7405
Unit Price (NAV Per Unit) MGF (\$) ⁵	1.6588	1.9303
ASX Reported NAV Per Unit MGF (\$) ⁶	1.6954	1.9670

¹ Effective 8 December 2020, units in the Fund were reclassified from equity to financial liability in accordance with Australian Accounting Standard AASB 132 Financial Instruments: Disclosures. As a consequence, changes in net assets attributable to unitholders for the period 8 December 2020 to 30 June 2021 were recognised as finance costs.

² Relates to distribution for the period 8 December 2020 to 30 June 2021. Distributions are presented in the Statement of Profit or Loss where units in the Fund are classified as a financial liability.

³ For the year ended 30 June 2021, statutory net profit of the Fund represents the profit earned, from 1 July 2020 to 8 December 2020, while units were classified as equity.

⁴ Cents per unit.

⁵ The Net Asset Value ("NAV") per unit represents the net assets of each class of unit divided by the number of units on issue in that class at balance date (refer Note 9 to the Financial Statements).

⁶ The NAV per unit reported to the ASX differs to the NAV per unit at balance date due to distributions payable and fee accruals.

Whilst the Fund's Distribution Reinvestment Plan ("DRP") was available to eligible unitholders of MGOC for the year ended 30 June 2022, the Responsible Entity suspended the DRP of MGF for the period ended 31 December 2021 onwards having regard to the best interests of DRP participants when considering the DRP price relative to the current market price of the Fund.

Responsible Entity's Report

for the year ended 30 June 2022

Distribution Components

The Fund may attribute an estimate of net capital gains generated as a result of redemptions of MGOC Units and buy-backs of MGF Units to the unitholders of the relevant class. Net capital gains that are otherwise generated in the ordinary operations of the Fund, including as a result of portfolio management will be attributed between unit classes and unitholders on a proportionate basis.

Distribution components which can be found in the 'Our Funds' section of the Magellan Financial Group Limited ("MFG") website www.magellangroup.com.au, are as follows:

	MGOC 31 Dec 2021 CPU	MGOC 30 Jun 2022 CPU	MGF 31 Dec 2021 CPU	MGF 30 Jun 2022 CPU	MGOC 31 Dec 2020 CPU	MGOC 30 Jun 2021 CPU	MGF 30 Jun 2021 CPU ¹
Foreign Sourced Income	0.2794	0.8602	0.4022	0.4723	-	-	-
Foreign income tax offsets	0.1220	0.3757	0.1756	0.2063	-	-	-
Capital Gains							
Discounted	2.4103	3.6578	1.6289	1.9133	0.9630	1.3815	0.7396
AMIT CGT gross up amount	2.4103	3.6578	1.6289	1.9133	0.9630	1.3815	0.7396
Other non-attributable amounts (tax deferred amounts)	-	-	-	-	2.9540	2.3370	2.1808
Attribution Amount	5.2220	8.5515	3.8356	4.5052	4.8800	5.1000	3.6600
AMIT cost base net increase	-	(3.0758)	-	(0.6389)	-	-	-
Tax Offsets							
Foreign income tax offsets	(0.1220)	(0.3757)	(0.1756)	(0.2063)	-	-	-
Cash Distribution	5.1000	5.1000	3.6600	3.6600	4.8800	5.1000	3.6600

¹ As this was the first distribution for MGF units there is no December 2020 interim distribution and no comparatives.

4.2. Total Indirect Cost Ratio

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

	MGOC 30 Jun 2022 %	MGF 30 Jun 2022 %	MGOC 30 Jun 2021 %	MGF 28 Nov 2020 to 30 Jun 2021 % ¹
Management fee	1.35	1.35	1.35	0.79
Performance fee ²	-	-	³	³
Total Indirect Cost Ratio	1.35	1.35	1.35	0.79

¹ The Restructured Magellan Global Fund commenced on 28 November 2020 and for MGF units, management and performance fees are measured from this date to 30 June 2021.

² Performance fees are calculated on six monthly measurement periods ending on 30 June and 31 December of each calendar year. The performance fees component of the ICR is calculated on an accrual basis for each measurement period.

³ Due to the Restructure, the Fund's performance fee measurement period was from 1 July 2020 to the Effective Date. As at the Effective Date, the High Water Mark for MGOC was reset to \$2.47160 and for MGF set to \$1.77512. The final 2021 measurement period for the Fund was 28 November 2020 to 30 June 2021.

Responsible Entity's Report

for the year ended 30 June 2022

4.3. Performance Returns

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

	MGOC	MGF	MGOC	MGF
	30 Jun 2022	30 Jun 2022	30 Jun 2021	28 Nov 2020 to 30 Jun 2021
	%	%	%	%
Growth return	(15.3) ¹	(14.1) ²	6.7 ¹	9.4 ²
Distribution return ³	3.5	3.5	4.1	2.1
Total Return	(11.8)⁴	(10.6)⁵	10.8 ⁴	11.5 ⁵

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

² The Growth return is calculated daily as a percentage by dividing the NAV per unit (ex-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

³ The Distribution return is calculated as a percentage by subtracting the Growth return from the Total return.

⁴ The Total Return is calculated daily as a percentage by dividing the unit price (cum-distribution) by the previous day's unit price (ex-distribution) minus 1; the daily Total Returns are then compounded to produce longer period returns.

⁵ The Total Return is calculated daily as a percentage by dividing the NAV per unit (cum-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Total Returns are then compounded to produce longer period returns.

5. Strategy and Future Outlook

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

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

6. Interests in the Fund

The movement in units on issue in the Fund is disclosed in Note 8 to the Financial Statements.

7. Likely Developments and Expected Results of Operations

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

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

Responsible Entity's Report

for the year ended 30 June 2022

8. Subsequent Events

NAV moves as a result of a number of factors including movements in asset prices, exchange rates, options exercised, units bought back and unitholder subscriptions and redemptions. Asset prices move daily and daily unit prices are available on the MFG and ASX websites. Subsequent to balance date, as at 24 August 2022, the relevant information is as follows:

	MGOC	MGF
NAV per unit (\$)	2.4132	1.7580
Net asset value (\$'000)	9,275,596	2,629,788
Units ('000)	3,843,757	1,495,934

Subsequent to balance date and up until 24 August 2022, 110,000 MGFO have been exercised resulting in an additional 110,000 MGF Units being issued and the Fund purchased on-market, and cancelled, 5,750,000 MGF Units, at a total cost of \$8,290,000.

Other than the above, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods.

9. Indemnification and Insurance of Directors and Officers

The Directors and Officers of the Responsible Entity in office are insured to the extent permitted by law for losses, liabilities, costs and charges in defending any legal proceedings arising out of their conduct while acting in their capacity of Directors and Officers of the Responsible Entity, other than for conduct involving a wilful breach of duty in relation to the Responsible Entity.

During the period, MAM paid an insurance premium to insure the Directors and Officers of the Responsible Entity. The terms of the contract prohibit the disclosure of the premiums paid.

10. Rounding of Amounts

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

11. Auditor's Independence Declaration

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

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


Robert Fraser

Chairman

Sydney, 26 August 2022



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

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

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

As lead auditor for the audit of Magellan Global Fund for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

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

Ernst & Young

Clare Sporle

Partner

Sydney, 26 August 2022

Statement of Profit or Loss and Comprehensive Income

for the year ended 30 June 2022

	Note	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Investment Income			
Dividend and distribution income		200,403	164,659
Interest income		863	158
Net change in fair value of investments		(1,717,791)	1,808,580
Net gain/(loss) on foreign exchange settlements, derivative contracts and cash		72,721	(128,322)
Other income		318	1,558
Total Net Investment Income/(Loss)		(1,443,486)	1,846,633
Expenses			
Management fees	10	215,850	196,208
Performance fees	10	104	103
Transaction costs		8,202	1,054
Withholding tax on dividends and distributions		27,476	23,312
Total Operating Expenses		251,632	220,677
Operating Profit/(Loss)		(1,695,118)	1,625,956
Finance Costs Attributable to Unitholders¹			
Distributions to unitholders	2	(572,380)	(331,993) ²
(Increase)/decrease in net assets attributable to unitholders	8	2,267,498	(958,401)
Profit/(Loss)		-	335,562 ³
Other comprehensive income		-	-
Total Comprehensive Income/(Loss)		-	335,562

¹ Effective 8 December 2020, units in the Fund were reclassified from equity to financial liability in accordance with Australian Accounting Standard AASB 132 Financial Instruments: Disclosures. As a consequence, changes in net assets attributable to unitholders for the period 8 December 2020 to 30 June 2021 were recognised as finance costs.

² Relates to distribution for the period 8 December 2020 to 30 June 2021. Distributions are presented in the Statement of Profit or Loss where units in the Fund are classified as a financial liability.

³ For the year ended 30 June 2021, statutory net profit of the Fund represents the profit earned, from 1 July 2020 to 8 December 2020, while units were classified as equity.

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

Statement of Financial Position

as at 30 June 2022

	Note	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Assets			
Cash and cash equivalents	3	841,260	960,771
Receivables	5	58,552	31,051
Investments	6	11,179,975	16,886,626
Total Assets		12,079,787	17,878,448
Liabilities			
Distributions payable	2	262,342	331,993
Payables	7	61,217	38,477
Total Liabilities		323,559	370,470
Net Assets Attributable to Unitholders - Liability	8	11,756,228	17,507,978

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

Statement of Changes in Equity

for the year ended 30 June 2022

	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Unitholders' Equity at the beginning of the Period	-	11,133,174
Transactions with unitholders in their Capacity as Owners:		
Units issued	-	1,138,091
Units issued under Distribution Reinvestment Plan and management fee rebates	-	108,521
Distributions paid and payable	-	(225,145)
Units redeemed	-	(693,105)
Total transactions with Unitholders	-	328,362
Profit/(Loss)	-	335,562
Other comprehensive income	-	-
Total Comprehensive Income/(Loss)	-	335,562
Reclassification to financial liability	-	(11,797,098)
Reclassification to financial liability¹	-	(11,797,098)
Total Unitholders' Equity at the end of the Period	-	-

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

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

Statement of Cash Flows

for the year ended 30 June 2022

	Note	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Cash Flows from Operating Activities			
Dividends and distributions received (net of withholding tax)		162,481	136,968
Interest received		662	160
Other income received		318	1,558
Management and performance fees paid		(218,091)	(191,503)
Transaction costs paid		(8,202)	(1,054)
Net Cash Inflow/(Outflow) from Operating Activities	4	(62,832)	(53,871)
Cash Flows from Investing Activities			
Purchase of investments		(4,890,482)	(4,426,296)
Proceeds from sale of investments		8,861,802	3,197,818
Net foreign exchange gain/(loss)		77,615	(175,477)
Net Cash Inflow/(Outflow) from Investing Activities		4,048,935	(1,403,955)
Cash Flows from Financing Activities			
Receipts from issue of units		1,073,305	3,268,244
Payments for redemption of units		(4,614,206)	(2,087,831)
Distributions paid		(574,667)	(581,557)
Net Cash Inflow/(Outflow) from Financing Activities		(4,115,568)	598,856
Net Increase/(Decrease) in Cash and Cash Equivalents		(129,465)	(858,970)
Cash and cash equivalents at the beginning of the period		960,771	1,777,140
Effect of exchange rate fluctuations on cash and cash equivalents		9,954	42,601
Cash and Cash Equivalents at the end of the Period	3	841,260	960,771
Significant Non-Cash Transaction			
Acquisition of MGE and MGG	8.1	-	4,020,569
Total Significant Non-Cash Transaction		-	4,020,569

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

Notes to the Financial Statements

for the year ended 30 June 2022

Overview

The Fund is a registered managed investment scheme. Following the Restructure on 8 December 2020, the Fund has two class of units: an Open Class ("MGOC") and a Closed Class ("MGF"). MGOC Units are quoted on the ASX (ticker code: MGOC) under the AQUA Rules; and MGF Units are listed on ASX (ticker code: MGF) under ASX Listing Rules (refer to Note 8.1).

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

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

This financial report was authorised for issue by the Directors of the Responsible Entity on 26 August 2022. The Directors have the power to amend and reissue this financial report.

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

1. Basis of Preparation

This general purpose financial report is presented in Australian Dollars and has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards ("AASB") and Interpretations issued by the Australian Accounting Standards Board, other mandatory professional reporting requirements and the Fund's Constitution. The financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Following the Restructure (refer Note 8.1), the Fund controlled MGG and MGE ("subsidiaries"). The Fund has determined it is an investment entity under the definition in AASB 10 *Consolidated Financial Statements* and the Fund is exempt from consolidating the subsidiaries. In accordance with the exemption, it measures its subsidiaries at fair value through profit or loss.

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

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

1.1. Accounting Policies

The accounting policies adopted in the preparation of this financial report are contained within the notes to which they relate. The accounting policies adopted are consistent with those of the previous financial period. The Fund has not early adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective at balance date.

1.2. Foreign Currency Translation

The functional and presentation currency of the Fund is the Australian Dollar, as determined in accordance with AASB 121 *The Effects of Changes in Foreign Exchange Rates*. Transactions denominated in foreign currencies are translated into Australian Dollars at the foreign currency exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate at balance date.

Foreign currency exchange differences arising on translation, and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian Dollars at the foreign currency closing exchange rates at the dates that the values were determined. Foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2022

1.3. Investment Income

Dividend and Distribution Income

Dividend and distribution income is recognised on the applicable ex-dividend/distribution date gross of withholding tax, which is recorded as an expense in profit or loss. Dividends and distributions received are presented net of withholding tax in the Statement of Cash Flows.

Net Change in Fair Value of Investments

Realised and unrealised gains and losses on investments measured at fair value through profit or loss are recognised in the Statement of Profit or Loss and Comprehensive Income. The net change in fair value does not include dividend and distribution income.

Interest Income

Interest income is recognised on an accrual basis using the effective interest rate method.

1.4. Expenses

All expenses are recognised in profit or loss on an accruals basis.

1.5. Income Tax

On 5 May 2016, the Attribution Managed Investment Trust ("AMIT") regime was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The AMIT regime allows Managed Investment Trusts that meet certain requirements to make an irrevocable choice to be an AMIT. The Fund elected into the AMIT regime effective 30 June 2018.

Under current income tax legislation, the Fund is not subject to income tax provided the Fund attributes the entirety of its taxable income to unitholders.

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in profit or loss. The benefits of foreign withholding tax paid, and of imputation credits attaching to Australian franked dividends, are passed onto unitholders.

1.6. Goods and Services Tax

The Goods and Services Tax ("GST") incurred on the costs of various services provided to the Fund by third parties, such as custodial services and management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits at a rate of 55%-75% and is also eligible to recover GST on offshore transactions. Management and performance fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position as a receivable or payable. Cash flows are included in the Statement of Cash Flows on a gross basis.

1.7. Critical Accounting Estimates and Judgements

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

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may however move materially with movements in market prices (refer Note 11). As all investments for the year ended 30 June 2022 are valued with reference to the listed quoted prices and the Fund's cash is held with strongly rated financial institutions, the Fund's financial assets are not subject to significant judgement or complexity nor are the Fund's liabilities.

Notes to the Financial Statements

for the year ended 30 June 2022

2. Distributions to Unitholders

Distributions are determined by the Responsible Entity of the Fund and are payable as set out in the Fund's PDS. Distributable income includes capital gains arising from the disposal of financial assets and liabilities. Unrealised gains and losses on financial assets and liabilities that are recognised as income are transferred to net assets attributable to unitholders and are not assessable or distributable until realised. Net realised capital losses and tax losses are not distributed to unitholders but are retained to be offset against any realised capital gains and future assessable income respectively. The Responsible Entity may attribute an amount to a unitholder on redemption.

The distribution policy targets a cash distribution yield of 4% per annum, paid semi-annually each June and December. The Target Cash Distribution ("TCD") for each period will be determined by using the average of the month-end NAV per unit class over a two year rolling period ending on the last business day of the prior distribution period.

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

Distributions for the periods ended 30 June are as follows:

	MGOC		MGF		Date Paid
	\$'000	CPU	\$'000	CPU	
Period ended 30 June 2022					
Interim distribution paid	251,948	5.10	58,090	3.66	19 Jan 2022
Final distribution payable	207,384	5.10	54,958	3.66	21 Jul 2022

	MGOC		MGF		Date Paid
	\$'000	CPU	\$'000	CPU	
Period ended 30 June 2021					
Interim distribution paid	225,145	4.88	- ¹	-	19 Nov 2020 ²
Final distribution payable	271,440	5.10	60,553	3.66	21 Jul 2021

¹ As MGF Units were first issued on 8 December 2020, there is no interim dividend comparative.

² MGOC paid its first interim distribution prior to the Restructure (refer to Note 8.1 for details).

On 7 July 2022, the Responsible Entity announced the TCD for the six month period ended 31 December 2022 will be 5.10 CPU for MGOC and 3.66 CPU for MGF.

Distribution Reinvestment Plan

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

	MGOC		MGF ¹	
	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022
DRP issue price (\$)	2.8236	2.2785	-	-
DRP unitholder participation rate (%)	11.27	11.20	-	-
Number of units issued under DRP	10,048,450	10,181,893	-	-
Value of units issued under DRP (\$'000)	28,373	23,199	-	-
DRP issue date	19 Jan 2022	21 Jul 2022	-	-

¹ On 10 January 2022, MAM announced the suspension of the MGF DRP with immediate effect. As such the December 2021 and June 2022 distributions were paid in cash only.

Notes to the Financial Statements

for the year ended 30 June 2022

3. Cash and Cash Equivalents

	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Cash at bank - denominated in Australian Dollars	39,619	22,847
Cash at bank - denominated in foreign currency:		
United States Dollars	801,479	937,807
British Pounds	54	39
Euro	47	34
Swiss Francs	42	27
Hong Kong Dollars	19	17
Total Cash and Cash Equivalents	841,260	960,771

Cash comprises cash at bank. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4. Statement of Cash Flows Reconciliation

	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Reconciliation of Cash Flows from Operating Activities		
Net operating profit/(loss)	(1,695,118)	1,625,956
Net change in fair value of investments	1,717,791	(1,808,580)
Net (gain)/loss on foreign exchange settlements, derivative contracts and cash	(72,659)	128,666
Fee rebates reinvested into units in the Funds	2,599	2,212
Net (increase)/decrease in receivables and other assets	(8,971)	(6,945)
Net increase/(decrease) in payables and other liabilities	(6,474)	4,820
Net Cash Inflow/(Outflow) from Operating Activities	(62,832)	(53,871)
Non-Cash Investing and Financing Activities		
Fee rebates reinvested into units in the Fund	2,599	2,212
Distribution reinvested into units in the Fund	67,365	107,400
Acquisition of MGE and MGG	-	4,020,569

5. Receivables

	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Recoverable GST and foreign withholding tax	28,737	21,390
Due from brokers - receivable for securities sold	24,295	-
Dividend and distribution receivable	4,000	2,661
Applications receivable	1,083	6,187
Other receivable	236	813
Interest receivable	201	-
Total Receivables	58,552	31,051

Receivables comprise amounts due from brokers for sales of assets unsettled at balance date, dividends and trust distributions declared but not yet received, and reclaimable taxes. They are recognised and carried at amortised cost using the effective interest rate method and adjusted for changes in foreign exchange rates where applicable. A provision is deducted from receivables for uncollectible amounts based on expected credit losses, if applicable. Expected credit losses are calculated as the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The Fund applies the simplified approach for receivables whereby the loss allowance is based on lifetime expected credit losses at each balance date.

Notes to the Financial Statements

for the year ended 30 June 2022

At balance date, the Fund's receivables, excluding recoverable GST and foreign withholding tax, were due within 0 to 30 days (June 2021: 0 to 30 days). Recoverable GST is due within 30 to 90 days (June 2021: 30 to 90 days). Foreign withholding tax is due within 2 to 4 years (June 2021: 2 to 4 years) depending on the jurisdiction. No amounts are impaired or past due at 30 June 2022 or 30 June 2021.

6. Investments and Derivatives

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

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

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

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

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

	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Listed Equity Securities (Level 1)		
United States	7,642,116	11,056,969
United Kingdom	1,021,579	548,083
Switzerland	949,839	1,018,595
France	454,115	262,539
Netherlands	362,787	-
Germany	320,290	663,921
Spain	195,229	-
Hong Kong	-	801,283
Total Listed Equity Securities	10,945,955	14,351,390
Unlisted Investments (Level 2)		
Units held in MGE and MGG ¹	234,020	2,535,236
Total Unlisted Investments	234,020	2,535,236
Total Investments	11,179,975	16,886,626
Derivative Assets (Level 2)		
Forward foreign currency contracts	-	-
Total Derivative Assets	-	-
Derivative Liabilities (Level 2)		
Forward foreign currency contracts	-	-
Total Derivative Liabilities	-	-

¹ MGG was terminated on 10 Jun 2022 and subsequent to balance date, on 1 July 2022, MGE was also terminated (Refer Note 13).

Notes to the Financial Statements

for the year ended 30 June 2022

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, which in the case of the Fund is the transaction price. Brokerage costs are expensed immediately in the profit or loss. Subsequent to initial recognition, all financial assets and liabilities classified at fair value through profit or loss are measured at fair value. Changes in fair value are recognised in profit or loss. The net change in fair value does not include dividend or distribution income.

Purchases and sales are recognised on trade date, being the date the Fund commits to purchase or sell the asset. Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership are passed to a third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The fair value of equity securities traded in active markets is based on their quoted market prices at balance date without any deduction for estimated future selling costs. The quoted market price used for securities held by the Fund is the closing price for the security as quoted on the relevant stock exchange. If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques including recent arm's length market transactions, reference to the current fair value of other instruments that are substantially the same, discounted cash flow techniques, option pricing models or any other valuation techniques commonly used by market participants.

At 30 June 2022 the carrying value of MGE's financial assets (e.g. receivables) and financial liabilities (e.g. payables) approximate their fair value due to their short term nature.

Derivatives are contracts whose value is derived from one or more underlying price, index or other variable. Derivatives are included in the Statement of Financial Position as an asset when the fair value at balance date is positive and classified as a liability when the fair value at balance date is negative.

Notes to the Financial Statements

for the year ended 30 June 2022

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

	Domicile	30 Jun 2022 Holding	30 Jun 2021 Holding	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Microsoft	ii	2,505,198	3,016,138	935,668	1,088,340
Visa Inc - Class A	ii	2,538,247	2,186,697	726,758	681,044
MasterCard	ii	1,341,261	1,069,294	615,344	519,998
McDonald's	ii	1,500,293	1,330,711	538,635	409,432
Yum! Brands	ii	3,170,586	3,942,700	523,367	604,101
Novartis	iv	4,190,358	4,417,679	514,627	536,776
Alphabet - Class C	ii	158,786	302,038	505,106	1,008,330
Reckitt Benckiser Group	vi	4,468,022	4,656,184	486,870	548,083
Intercontinental Exchange	ii	3,413,040	3,865,591	466,752	611,183
Nestle	iv	2,570,975	2,901,939	435,212	481,819
Diageo	vi	6,871,841	-	428,471	-
ASML Holdings NV	ix	523,472	-	362,787	-
US Bancorp	ii	5,116,926	-	342,443	-
Procter & Gamble	ii	1,610,266	2,865,206	336,712	514,955
Lowe's	ii	1,311,063	-	333,023	-
Crown Castle International	ii	1,336,339	2,127,833	327,220	552,967
SAP	v	2,423,473	3,536,718	320,290	663,921
Chipotle Mexican Grill	ii	153,261	-	291,357	-
Amazon.com	ii	1,738,434	-	268,507	-
Meta Platforms - Class A	ii	1,076,993	1,916,948	252,549	887,835
HCA Healthcare	ii	1,016,787	-	248,500	-
Magellan Global Equities Fund ¹	i	52,542,812	314,426,451	234,020	1,362,033
WEC Energy Group	ii	1,378,395	3,431,593	201,733	406,580
Pepsico	ii	828,036	2,994,359	200,684	590,975
Amadeus IT Group	viii	2,415,588	-	195,229	-
Xcel Energy	ii	1,765,895	5,061,642	181,713	444,170
Eversource Energy	ii	1,422,518	3,660,130	174,740	391,194
Alphabet Class A	ii	54,054	42,711	171,305	138,916
Safran	vii	1,165,649	-	166,955	-
LVMH Moët Hennessy Louis Vuitton	vii	180,245	251,329	159,404	262,539
L'Oreal	vii	255,185	-	127,756	-
Lloyds Banking Group	vi	142,175,580	-	106,238	-
Magellan Global Trust	i	-	584,351,661	-	1,173,203
Tencent Holdings	iii	-	7,999,405	-	801,283
Starbucks	ii	-	5,047,589	-	751,743
Alibaba Group Holding	ii	-	2,485,304	-	750,739
Netflix	ii	-	1,001,266	-	704,467
Total Investments				11,179,975	16,886,626

¹ Investment in MGE consists of cash and receivables only.

Stock Exchange Domicile

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

During the period 3,374 listed security transactions were made, incurring brokerage costs of \$1,155,000.

Notes to the Financial Statements

for the year ended 30 June 2022

7. Payables

	Note	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Redemptions payable		24,755	16,658
Due to brokers - payable for securities purchases		21,569	-
Management fees payable	10	14,873	21,347
Other payables		20	472
Total Payables		61,217	38,477

Payables comprise trade creditors and accrued expenses owing by the Fund at balance date. Amounts due to brokers relating to the purchase of investments are usually settled between two and five days after trade date. Payables and accruals are recognised at amortised cost, using the effective interest rate method, at the point where the Fund becomes obliged to make payments in respect of the purchase of these goods and services.

At balance date, all payables mature in 0 to 90 days (June 2021: 0 to 90 days).

8. Net Assets Attributable to Unitholders - Liability

	Note	MGOC 30 Jun 2022 No. of Units '000	MGF 30 Jun 2022 No. of Units '000	MGOC 30 Jun 2021 No. of Units '000	MGF 30 Jun 2021 No. of Units '000
Units on Issue					
Opening balance		5,322,362	1,654,335	4,417,255	-
Units issued		1,245,248	-	1,395,735	-
Units issued on Restructure	8.1	-	-	686,402	1,241,629
Units issued under Partnership Offer	8.2	-	-	-	449,384
Units issued on exercise of options	8.6	-	5,268	-	867
Units issued under DRP and management fee rebates		22,280	4,858	42,973	-
Units redeemed		(2,523,534)	-	(1,220,003)	-
Units bought back on-market and cancelled	8.8	-	(162,887)	-	(37,545)
Units on Issue at the end of the Period		4,066,356	1,501,574	5,322,362	1,654,335
MGFO 2024 Options					
Opening balance		-	1,068,657	-	-
Options issued 1 March 2021 under Partnership Offer	8.2	-	-	-	449,384
Options issued 1 March 2021 under Bonus MGF Option Issue	8.3	-	-	-	620,140
Units issued from exercise of options		-	(5,268)	-	(867)
Total MGFO 2024 Options at the end of the Period		-	1,063,389	-	1,068,657

¹ MGF Units were first issued on 8 December 2020.

Notes to the Financial Statements

for the year ended 30 June 2022

	Note	MGOC 30 Jun 2022 \$'000	MGF 30 Jun 2022 \$'000	MGOC 30 Jun 2021 \$'000 ¹	MGF 30 Jun 2021 \$'000 ²
Changes in Net Assets Attributable to Unitholders - Liability					
Opening balance		14,314,543	3,193,435	-	-
Units Issued		1,056,947	-	1,349,188	-
Units reclassified from equity		-	-	11,797,098	-
Issue of units on Restructure	8.1	-	-	1,748,698	2,271,871
Units issued under Partnership Offer	8.2	-	-	-	726,691
MFG contribution to fund additional 7.5% MGF					
Units issued under Partnership Offer		-	-	-	54,502
Units issued on exercise of options	8.6	-	9,655	-	1,533
MFG contribution to offset dilutionary impact of options exercised		-	782	-	123
Units issued under DRP and management fee rebates		61,290	8,674	1,091	-
MFG contribution to offset dilutionary impact of MGF DRP Units issued		-	703	-	-
Units redeemed		(4,354,459)	-	(1,337,879)	-
Units bought back on-market and cancelled	8.8	-	(267,844)	-	(63,339)
Increase/(decrease) in net assets attributable to unitholders		(1,812,884)	(454,614)	756,347	202,054
Net Assets Attributable to Unitholders at the end of the Period		9,265,437	2,490,791	14,314,543	3,193,435

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

² MGF Units were first issued on 8 December 2020.

8.1. Restructure

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

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

8.2. Partnership Offer

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

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

- additional MGF Units worth 7.5% of their subscription (funded by MFG); and
- one MGFO for each MGF Unit allotted under the Partnership Offer (refer Note 8.6).

A total of 449,383,670 MGF units and 449,383,670 MGF options were allotted at a price of \$1.7383 being the MGF NAV on 26 February 2021.

8.3. Bonus MGF Option Issue

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

MGFO issued under the Bonus MGF Option Issue have the same terms as MGFO issued under the Partnership Offer (refer Note 8.6).

Notes to the Financial Statements

for the year ended 30 June 2022

8.4. MGOC Units

Entering and exiting the Fund

Investors can enter or exit the Fund via buying/selling units on the ASX or by applications/withdrawals direct to/from the Responsible Entity. The method of entry into the Fund does not affect the method of exit from the Fund. The entry and exit price received and investment minimums are set out in the Fund's PDS that can be found in the 'Our Funds' section of the MFG website, www.magellangroup.com.au.

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

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

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

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

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

8.5. MGF Units

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

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

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

8.6. MGF Options

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2022

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

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

During the period 5,268,000 MGFO have been exercised resulting in an additional 5,268,000 MGF Units being issued.

Subsequent to balance date and up until 24 August 2022, 110,000 MGFO have been exercised resulting in an additional 110,000 MGF Units being issued.

8.7. Distribution Reinvestment Plan

Refer to Note 2 for details on the DRP.

8.8. MGF Unit On-Market Buy-back

On 19 October 2021, MAM announced its intention to undertake an on-market buy-back of MGF Units for a 12 month period ending 29 November 2022. During the period ended 30 June 2022, the Fund purchased on-market, and cancelled, 162,887,000 MGF Units, at a total cost of \$267,844,000. Subsequent to balance date and up until 24 August 2022, the Fund purchased on-market, and cancelled, 5,750,000 MGF Units, at a total cost of \$8,290,000.

9. Net Asset Value per Unit

The NAVs per unit represent the net assets of each class of unit, presented in aggregate in the Statement of Financial Position, at balance date divided by the number of units on issue in that class at balance date (refer Note 8).

	30 Jun 2022	30 Jun 2021
	\$	\$
NAV per unit MGOC	2.2786	2.6895
NAV per unit MGF	1.6588	1.9303

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

NAV moves as a result of a number of factors including movements in asset prices, exchange rates, options exercised, units bought back and unitholder subscriptions and redemptions. Asset prices move daily and daily unit prices are available on the MFG and ASX websites. Subsequent to balance date, as at 24 August 2022, the relevant information is as follows:

	MGOC	MGF
NAV per unit (\$)	2.4132	1.7580
Net asset value (\$'000)	9,275,596	2,629,788
Units ('000)	3,843,757	1,495,934

Notes to the Financial Statements

for the year ended 30 June 2022

10. Related Parties

Responsible Entity

The Responsible Entity of the Fund is MAM. MAM is a wholly-owned subsidiary of MFG (ASX code: MFG), the immediate and ultimate parent entity of the Responsible Entity and both are considered to be related parties of the Fund.

Key Management Personnel

Key management personnel ("KMP") are those persons or corporate entities who have authority and responsibility for planning, directing and controlling the activities of the Fund. The Responsible Entity is responsible for managing the activities of the Fund and is considered to be a KMP. The Fund does not employ personnel in its own right.

The Directors of MAM are considered to be KMP. The Directors of MAM during the period and up to the date of this report are: Dr Brett Cairns (resigned 6 December 2021), Mr John Eales, Mr Robert Fraser, Ms Colette Garnsey, Mr Hamish McLennan, Mr Paul Lewis (resigned 30 September 2021), Ms Kirsten Morton and Ms Karen Phin. Mr David George was appointed to the MAM Board on 19 July 2022. The Fund did not pay any compensation to the Directors of the Responsible Entity.

Responsible Entity Fees

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

Management Fees

The Responsible Entity is entitled to receive management fees from the Fund for managing the assets of the Fund. The management fee is 1.35% per annum (excluding GST) of the value of the Fund, calculated daily. The Responsible Entity pays operating expenses of the Fund, such as audit and tax compliance fees, distribution costs, investor reporting, custody and fund administration costs. Prior to the Restructure, management fees were calculated monthly based on the NAV of the Fund (before fees) at the end of each month. Since the Restructure, management fees are calculated daily based on the NAV of each class of unit, before fees. Management fees are payable in arrears at the end of each month. Estimated fees are reflected in the NAV of each unit class of the Fund.

Performance Fees

Performance fees are calculated on six monthly calculation periods ending on 30 June and 31 December of each year. The Responsible Entity is entitled to Performance fees of 10% of excess return of the Fund above the higher of the index relative hurdle and the absolute return hurdle, subject to exceeding the applicable high watermark and an overall cap. Performance fees crystallise at the end of a calculation period, or when units are redeemed, subject to a performance fee entitlement existing at the date of redemption. The estimated NAV of each unit class of the Fund includes a performance fee accrual equal to the amount that would be payable if it were the end of a calculation period. Further detail of the performance fees can be found in the PDS and Explanatory Memorandum.

Total Management and Performance Fees

The fees paid/payable by the Fund are net of any applicable reduced input tax credits (refer Note 1.6). The management and performance fees paid/payable by the Fund are as follows:

	MGOC 30 Jun 2022 \$	MGF 30 Jun 2022 \$	MGOC 30 Jun 2021 \$	MGF 30 Jun 2021 \$
Management fees	174,796,549	41,053,878	174,567,780	21,640,650
Performance fees	91,937	11,976	102,765	-
Total Fees Expensed in the Statement of Profit or Loss and Comprehensive Income	174,888,486	41,065,854	174,670,545	21,640,650
Total Fees Payable in the Statement of Financial Position	11,763,758	3,109,188	17,451,668	3,895,645

Notes to the Financial Statements

for the year ended 30 June 2022

Transactions with Related Parties

Number of units and MGFO held by each KMP, including their personally-related parties, in the Fund for the period ended 30 June 2022 is as follows:

	Units/MGFO acquired/ disposed Number ¹	Units/MGFO 30 Jun 2022 Holding Number	%	Distribution paid/payable 30 Jun 2022 \$ ²
MGOC Units				
MFG	(10,658,054)	66,325,425	1.63	7,255,265
Directors				
Paul Lewis ³	10,437	623,457	na	-
Brett Cairns ⁴	1,335	71,751	na	-
MGF Units/MGFO				
MFG				
Units	17,999,911	41,399,902	2.76	2,450,861
MGFO	-	8,379,927	0.79	
Directors				
Brett Cairns ⁴				
Units	274	142,544	na	-
MGFO	-	96,598	⁵	
John Eales				
Units	7,961	396,396	⁵	28,725
MGFO	-	235,377	⁵	
Robert Fraser				
Units	5,348	266,241	⁵	19,293
MGFO	-	158,092	⁵	
Paul Lewis ³				
Units	-	1,048,196	na	-
MGFO	-	696,197	⁵	
Hamish McLennan				
Units	2,371	118,026	⁵	8,553
MGFO	-	70,083	⁵	
Kirsten Morton				
Units	936	46,610	⁵	3,378
MGFO	-	26,702	⁵	
Karen Phin				
Units	2,376	118,285	⁵	8,572
MGFO	-	70,237	⁵	

¹ Includes DRP units allotted.

² Represents the interim distribution paid and final distribution payable for the period, comprising cash paid and DRP units issued.

³ Holdings shown at date of retirement, 30 September 2021.

⁴ Holdings shown at date of resignation, 6 December 2021.

⁵ Less than 0.1%.

Notes to the Financial Statements

for the year ended 30 June 2022

Number of units and MGFO held by each KMP, including their personally-related parties, in the Fund for the period ended 30 June 2021 is as follows:

	Restructure Units allotted Number ¹	Partnership Offer Number ²	Bonus MGFO Offer Number ³	Units/MGFO acquired/ disposed Number ⁴	Units/MGFO 30 Jun 2021 Holding Number	%	Distribution paid/payable 30 Jun 2021 \$ ⁵
MGOC Units							
MFG	32,093,439	-	-	(12,503,222)	76,983,479	1.45	5,492,317
Directors							
Paul Lewis	-	-	-	31,696	613,020	⁶	60,687
Brett Cairns	70,416	-	-	-	70,416	⁶	3,591
MGF Units/MGFO							
MFG							
Units	16,759,856	-	-	6,640,135	23,399,991	1.41	856,440
MGFO	-	-	8,379,927	-	8,379,927	0.78	
Directors							
Brett Cairns							
Units	91,344	50,926	-	-	142,270	⁶	5,207
MGFO	-	50,926	45,672	-	96,598	⁶	-
John Eales							
Units	306,115	82,320	-	-	388,435	⁶	14,217
MGFO	-	82,320	153,057	-	235,377	⁶	-
Robert Fraser							
Units	205,601	55,292	-	-	260,893	⁶	9,549
MGFO	-	55,292	102,800	-	158,092	⁶	-
Paul Lewis							
Units	703,998	344,198	-	-	1,048,196	⁶	38,364
MGFO	-	344,198	351,999	-	696,197	⁶	-
Hamish McLennan							
Units	91,144	24,511	-	-	115,655	⁶	4,233
MGFO	-	24,511	45,572	-	70,083	⁶	-
Kirsten Morton							
Units	37,944	7,730	-	-	45,674	⁶	1,672
MGFO	-	7,730	18,972	-	26,702	⁶	-
Karen Phin							
Units	91,344	24,565	-	-	115,909	⁶	4,242
MGFO	-	24,565	45,672	-	70,237	⁶	-

¹ Units issued 8 December 2020 under Restructure (refer Note 8.1).

² MGF Units and MGFO issued under Partnership Offer 1 March 2021 (refer Note 8.2).

³ MGFO issued under Bonus MGFO Offer 1 March 2021 (refer Note 8.3).

⁴ Includes DRP units allotted.

⁵ Represents the interim distribution paid and final distribution payable for the period, comprising cash paid and DRP units issued.

⁶ Less than 0.1%.

Transactions between the Fund and related parties are subject to the same terms and conditions as those entered into by other unitholders. Unless specified above, no other KMP held units in the Fund.

Notes to the Financial Statements

for the year ended 30 June 2022

Other Transactions with Related Parties

	Note	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Cash contribution from MFG:			
To fund the additional 7.5% MGF Units issued under Partnership Offer	8.2	-	54,502
To offset the dilutionary impact of MGFO exercised	8.6	782	123
To offset the dilutionary impact of DRP on MGF distributions	2	-	690

11. Capital and Financial Risk Management

Financial Risk Management

The Fund's investment portfolio primarily comprises listed equity investments. The investment objectives of the Fund are to achieve attractive risk-adjusted returns over the medium to long-term, whilst reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the current Product Disclosure Statement). The Fund's investing activities expose it to various types of risks including concentration risk, market risk, liquidity risk and credit risk.

Financial risk management is carried out under policies approved by the Responsible Entity. The risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

The following disclosures in relation to the various risks of the Fund's portfolio have been based on the Fund's direct holdings.

Concentration Risk

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. The Fund holds a concentrated portfolio of investments, and the 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 also increases the risk of poor performance.

The Fund's concentration risk is managed in accordance with the portfolio risk controls for the Fund, which are approved by MAM's Investment Committee.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices, foreign exchange rates, and interest rates.

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. The size and diversification of the portfolio is sufficient to ensure the Fund's returns are not overly correlated to a single company, industry specific or macroeconomic risk but the returns of the portfolio are not expected to be perfectly correlated to any market or sector index. If equity markets as a whole rise or fall by 5%, the return of the Fund may increase or decrease by different amounts.

For illustrative purposes an increase of 5% in the market prices of each of the Fund's investments held at balance date, assuming all other variables remain constant, would have had the following impact on the Fund's net assets attributable to unitholders.

	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Impact on net assets attributable to unitholders	558,999	844,331

A decrease of 5% in the market price of each of the Fund's investments would have had an equal but opposite effect on the Fund's net profit and net assets attributable to unitholders.

Notes to the Financial Statements

for the year ended 30 June 2022

Currency Risk

Currency risk is the risk that the fair value of financial assets and liabilities will fluctuate due to changes in foreign exchange rates. Assets and liabilities that the Fund may typically own and that can be affected by foreign exchange rate fluctuations include equities listed on foreign exchanges, cash, forward foreign currency contracts, outstanding broker settlements, and outstanding receipts of income from foreign companies.

The currency risk of the Fund is managed on an unhedged basis and therefore the returns of the Fund are exposed to changes in exchange rates relative to the Australian Dollar.

The Fund's total net exposure to fluctuations in foreign currency exchange rates at balance date is:

	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Assets and liabilities denominated in:		
United States Dollars	8,457,867	11,994,132
Euro	1,312,006	926,849
British Pounds	1,022,130	548,121
Swiss Francs	973,251	1,031,960
Hong Kong Dollars	19	801,301

For illustrative purposes the changes in net assets attributable to unitholders that would arise from a 5% increase or decrease in the Australian Dollar, at balance date, relative to each currency to which the Fund is exposed (based on assets and liabilities) are as follows:

	5% increase A\$'000	30 June 2022 5% decrease A\$'000	5% increase A\$'000	30 June 2021 5% decrease A\$'000
Assets and liabilities denominated in:				
United States Dollars	(402,756)	445,151	(571,149)	631,270
Euro	(62,476)	69,053	(44,136)	48,782
British Pounds	(48,673)	53,796	(26,101)	28,848
Swiss Francs	(46,345)	51,224	(49,141)	54,314
Hong Kong Dollars	(1)	1	(38,157)	42,174

Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The primary exposure to interest rate movements arises on the Fund's cash balances. The value of cash balances is sensitive to the RBA and US Federal Reserve cash rate.

Interest rate movements have an insignificant impact upon the Fund's recorded net profit or equity.

Market Making Risk

The Responsible Entity, on behalf of the Fund, may provide liquidity to investors on the ASX by acting as a buyer and seller of MGOC units in the Fund. At the end of each business day, the Responsible Entity, on behalf of the Fund, may create or cancel units by applying for or redeeming its net position in units bought or sold on the ASX. The Responsible Entity has appointed an independent market participant to act as its agent to transact and facilitate settlement on its behalf.

Market making risk comprises:

- the risk that the market making agent makes an error in executing the Fund's market making services. If the market making agent does not fulfil its settlement processing obligations in a correct and timely manner, the Fund could suffer a loss; and
- the risk of an error in the execution of market making activities, or in the price at which units are transacted on the ASX. As many overseas stock exchange markets in which the Fund invests are closed during the ASX trading day, it is not possible for the Responsible Entity to hedge the Fund's market making activities. This may result in either a cost or a benefit to the Fund.

Notes to the Financial Statements

for the year ended 30 June 2022

In order to mitigate this risk, the Responsible Entity, on behalf of the Fund, has the discretion to increase the spread at which it makes a market and also has the right to cease making a market subject to its obligations under the AQUA Rules and ASX Operating Rules.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities on the due date or will be forced to sell financial assets at a value which is less than they are worth.

This risk is managed by the Fund maintaining sufficient cash reserves to meet its normal operating requirements and holding investments that are traded in active markets and can be readily disposed. The majority of the Fund's listed securities are considered readily realisable as they are listed on stock exchanges around the world. In addition, the Fund's Constitution and PDS allow the Responsible Entity to suspend capital withdrawals from the Fund for up to 28 days, at its discretion, if withdrawal requests would require the disposal of 5% or more of the Trust Property of the Fund, the payment of withdrawals would disadvantage remaining unitholders by imposing a disproportionate share of capital gains tax liabilities, or if the Responsible Entity reasonably considers it to be in the interests of remaining unitholders of the Fund.

At balance date, the Fund had an obligation to settle payables (including distribution payable) of \$323,559,000 (June 2021: \$370,470,000) within 30 days. The Fund had cash and receivables totalling \$899,812,000 (June 2021: \$991,822,000) to cover these liabilities.

Credit Risk

Credit risk refers to the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the Fund. Market prices generally take counterparty credit into account and therefore the risk of loss is implicitly provided for in the carrying value of financial assets and liabilities held at fair value.

The Fund's maximum exposure to credit risk is the carrying amount of all cash and cash equivalents, financial assets and receivables recognised in the Statement of Financial Position as well as the value of any financial commitments which the Fund would assume in the event of counterparty default.

Assets Recognised at balance date

The Fund minimises concentrations of credit risk by undertaking transactions with numerous reputable brokers, and by ensuring cash balances are held with and managed by financial intermediaries with acceptable credit ratings as determined by a recognised rating agency. To further mitigate this risk, the credit rating and financial positions of the brokers used by the Fund are regularly monitored. Credit risk relating to outstanding settlements is considered low due to the short settlement periods involved.

Unrecognised Commitments

The Fund is exposed to credit risk in respect of the 7.5% discount MFG has committed to fund when MGF DRP Units are allotted or MGF Options are exercised (refer Notes 2 and 8.6 respectively). MAM, the Responsible Entity of the Fund, is a wholly-owned subsidiary of MFG, which disclosed net assets at 30 June 2022 of approximately \$1 billion and access to liquid investments of approximately \$381 million. Further, in February 2021, MFG increased the capacity available to it under a three-year Australian debt facility to \$150 million to ensure it had sufficient access to finance to meet its obligations under the Partnership Offer.

The Fund is also exposed to the credit risk of The Northern Trust Company ("NT") which is the appointed custodian of the Fund. In acting as custodian, NT is required to comply with the relevant provisions of the *Corporations Act 2001*, applicable ASIC regulatory guides and class orders relating to registered managed investment schemes property arrangements with custodians. The credit quality of NT's long-term deposit/debt is rated at balance date, by Standard and Poor's as AA- and by Moody's as Aa2 (June 2021: Standard and Poor's as AA- and by Moody's as Aa2).

Notes to the Financial Statements

for the year ended 30 June 2022

12. Segment Information

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

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

13. Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements. On 8 December 2020 the Fund acquired MGG and MGE and they became structured entities of the Fund.

In accordance with AASB 10 *Consolidated Financial Statements* the Fund meets the criteria as an investment entity and therefore is required to recognise subsidiaries that also qualify as investment entities at fair value through profit or loss. The Fund does not consolidate the structured entities it controls.

The exposure to investments in unconsolidated structured entities at fair value is as follows:

	30 Jun 2022	30 Jun 2021
Financial assets at fair value (\$'000)	234,020	2,535,236
Interest held as a % of NAV	2.0	14.5
Gross distribution attributable (\$'000) ¹	991,207	238,999
Number of units acquired during the period ('000)	-	1,693,437
Number of units disposed of during the period ('000)	846,235	794,659

¹ Distributions from MGE and MGG are attributed to the Fund rather than paid in cash.

During the year ended 30 June 2022, total profits, net of distributions, incurred on investments in investee funds were \$308,162,000 as a result of increases in the fair value of the investee funds (2021: total losses of \$2,178,000).

The Fund has exposures to unconsolidated structured entities through its investment activities. The Fund's maximum exposure to loss is restricted to the carrying value of the asset. The Fund's overall risk management programme focuses on ensuring compliance with its PDS and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. The risks associated with the investments are disclosed to in Note 11.

During the period, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

On 10 June 2022, MAM as Responsible Entity and sole unitholder terminated MGG. From this date MGG ceased to be a structured entity of the Fund.

At balance date, there were no capital commitments other than unsettled sales or unsettled purchases in the Statement of Financial Position.

Subsequent to balance date, on 1 July 2022, MAM as Responsible Entity and sole unitholder terminated MGE. From this date MGE ceased to be a structured entity of the Fund.

Notes to the Financial Statements

for the year ended 30 June 2022

14. Auditor's Remuneration

The following amounts were paid or payable by the Responsible Entity on behalf of the Fund for services provided by the auditor of the Fund, Ernst & Young Australia:

	30 Jun 2022	30 Jun 2021
	\$	\$
Fees for audit and review of statutory financial reports	27,510	27,600
Fees for audit related assurance services ¹	1,279	1,267
Fees for other services:		
Taxation compliance services ²	7,900	14,200
Total Auditor Remuneration	36,689	43,067
% of non-audit fees paid to auditor	25.0%	35.9%

¹ Comprises review of ICR calculations.

² Comprises review of income tax returns and distribution calculations.

Auditor Tenure

Since 2008, Ernst & Young have been appointed as external auditor of the Funds, where MAM is a Responsible Entity or Trustee. The external audit was last put out to tender in 2018, which aligned to the auditor's 10 year anniversary, and Ernst & Young was reappointed auditor as it scored highest across all requirements and the Board of the Responsible Entity was satisfied that appropriate safeguards were in place to ensure the required independence of Ernst & Young. Ms Clare Sporle has served as lead audit partner since August 2019. In accordance with the *Corporations Act 2001* the next rotation of the lead audit partner is planned to occur after the completion of the 30 June 2024 financial year audit.

15. Contingent Assets, Contingent Liabilities and Commitments

Other than the contingent assets in Notes 2 and 8.6, the Fund has no contingent assets, contingent liabilities or commitments at balance date (June 2021: nil).

16. Subsequent Events

Other than the items disclosed throughout this financial report, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods.

Directors' Declaration

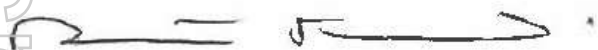
for the year ended 30 June 2022

In the Directors' opinion,

- a. the financial statements and notes set out on pages 11 to 33 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the financial position of the Fund as at 30 June 2022 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, International Financial Reporting Standards (IFRS) as disclosed in Note 1, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2022.

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



Robert Fraser
Chairman

Sydney, 26 August 2022

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Magellan Global Fund (the Fund), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Investment existence and valuation

Why significant

The Fund has a significant investment portfolio consisting primarily of listed equities and investment in unlisted Magellan Funds. As at 30 June 2022, the fair values of these investments were 90.6% and 1.9% of the total assets of the Fund respectively.

As detailed in Fund's accounting policy, described in Note 6 of the financial report, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards.

Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report. Accordingly, existence and valuation of the investment portfolio was considered a key audit matter.

2. Management and performance fees

Why significant

Management fees paid to the investment manager, Magellan Asset Management Limited, are the most significant expense for the Fund.

The Fund's accounting policy for management and performance fees is described in Note 10 to the financial report. All expenses are recognised on an accruals basis, with performance fees recognised in the financial report if the performance hurdles for the Fund have been met at the end of the relevant measurement period.

As at 30 June 2022, management and performance fees totalled \$216.0m which equates to 86% of total expenses. Of this amount, performance fees totalled \$104k (excluding GST recovered) which equates to less than 1% of total expenses.

Due to the complexity of the performance fee arrangements, this was considered to be a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

We assessed the effectiveness of the controls relating to the recognition and valuation of investments.

We obtained and considered the assurance report on the controls of the Fund's administrator in relation to Fund Administration Services for the year ended 30 June 2022 and considered the auditor's qualifications, capability and objectivity and the results of their procedures.

We have obtained third party confirmations of the balances of investment holdings, including cash accounts, at 30 June 2022.

We assessed the fair value of all listed investments in the portfolio held at 30 June 2022 by comparing to independently sourced market prices. For the unlisted funds, we compared the prices of underlying listed investments, the significant valuation input, to independently sourced market prices.

We assessed the adequacy of the disclosures in Note 6 and Note 11 of the financial report in accordance with the requirements of Australian Accounting Standards.

How our audit addressed the key audit matter

We assessed the effectiveness of the controls in relation to the calculation of management and performance fees.

We obtained and considered the assurance report on the controls of the Fund's administrator in relation to Fund Administration Services for the period ended 30 June 2022 and considered the auditor's qualifications and objectivity and results of their procedures.

We recalculated management fees in accordance with contractual arrangements.

We assessed the performance fee calculation, including testing the inputs into the calculation model, and assessed whether the calculation was in line with the relevant agreement.

We assessed the adequacy of the disclosures in Note 10 of the financial report.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Fund's 2022 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Clare Sporle
Partner

Sydney, 26 August 2022

Unit and Option Holder Information

for the year ended 30 June 2022

Distribution of MGOC Unitholders

The distribution of MGOC unitholders of the Fund as at 18 August 2022 is as follows:

	Number of Holders	Number	Percentage on Issue %
1-1,000	1,615	806,265	0.02
1,001-5,000	4,672	14,089,996	0.36
5,001-10,000	5,437	40,748,185	1.05
10,001-100,000	16,827	490,293,127	12.68
100,001 and over	1,079	3,322,209,213	85.89
Total	29,630	3,868,146,786	100.00
Number of holders with less than a marketable parcel of units	219	24,949	

Twenty Largest MGOC Unitholders

The names of the 20 largest MGOC Unitholders of the Fund as at 18 August 2022 are as follows:

	Number	Percentage on Issue %
BT Portfolio Services (Panorama A/C)	476,155,488	12.31
Citicorp Nominees ACF (2224440000)	474,412,005	12.26
Bond Street Custodians (Portfolio Manager A/C)	400,021,174	10.34
The Trust Company (PTAL) (Cash A/C)	376,546,343	9.73
The Trust Company (PTAL)	360,399,228	9.32
Asgard Capital Management (Asgard & IBS Holdings A/C)	149,968,199	3.88
Australian Executor Trustees (IOOF Super and Pension)	140,710,131	3.64
Onepath Funds Management (Oneanswer - Perpetual International Share Trust)	90,622,803	2.34
Netwealth Investments (Wrap Services A/C)	86,637,015	2.24
Netwealth Investment (Super Services A/C)	77,701,224	2.01
Magellan Financial Group	65,320,392	1.69
INVIA Custodian (Portfolio Advantage A/C)	57,965,667	1.50
Australian Executor Trustees ACF Investor Directed Portfolio Services	32,708,264	0.85
Future Generation Global Investment Company	32,248,411	0.83
HSBC Custody Nominees (Australia)	26,991,749	0.70
FNZ Custodians	21,109,735	0.55
INVIA Custodian (Portfolio Advantage DRP A/C)	17,023,578	0.44
Investment Custodial Services (C)	14,430,580	0.37
State Street Australia (Perpetual Wealthfocus Investment Advantage Fund)	13,500,686	0.35
BNP Paribas Nominees ACF AUI (LNMAGG)	11,528,721	0.30
Total Units held by the 20 Largest Unitholders	2,926,001,392	75.64
Total Units on Issue	3,868,146,786	

Unit and Option Holder Information

for the year ended 30 June 2022

Distribution of MGF Unitholders

The distribution of MGF unitholders of the Fund as at 18 August 2022 is as follows:

	Number of Holders	Number	Percentage on Issue %
1-1,000	2,605	1,330,612	0.09
1,001-5,000	8,206	23,626,381	1.58
5,001-10,000	6,863	50,732,817	3.39
10,001-100,000	23,311	720,203,681	48.11
100,001 and over	1,407	701,156,306	46.83
Total	42,392	1,497,049,797	100.00
Number of holders with less than a marketable parcel of units	766	131,730	

Twenty Largest MGF Unitholders

The names of the 20 largest MGF Unitholders of the Fund as at 18 August 2022 are as follows:

	Number	Percentage on Issue %
HSBC Custody Nominees (Australia)	120,805,051	8.07
Nulis Nominees (Australia) (Navigator Master Plan A/C)	51,176,308	3.42
Magellan Financial Group	44,192,380	2.95
Citicorp Nominees	38,098,670	2.54
Navigator Australia (MLC Investment A/C)	34,213,991	2.29
BNP Paribas Nominees Hub24 Custodial Services (DRP A/C)	31,965,543	2.14
Netwealth Investments (Wrap Services A/C)	24,735,248	1.65
Midas Touch Investments P/L	20,081,954	1.34
Netwealth Investments (Super Services A/C)	13,615,558	0.91
Generate Kiwisaver Public Trust Nominee (Generate Unit Trust Scheme)	10,672,563	0.71
Australian Executor Trustees (IPS IOOF Employer Super A/C)	9,464,416	0.63
HSBC Custody Nominees (Australia) -GSCO ECA	9,346,677	0.62
Hobson Wealth Custodians (Resident Cash Account)	5,314,137	0.35
J-P Morgan Nominees Australia	3,868,860	0.26
Australian Executor Trustees (No 1 Account)	3,020,714	0.20
Nota Bene Investments (Nota Bene Investment A/C)	2,833,333	0.19
National Nominees	2,602,204	0.17
HSBC Custody Nominees (Australia) - A/C 2	2,272,743	0.15
Australian Executor Trustees (IDPS A/C)	2,189,125	0.15
Mutual Trust	2,139,437	0.14
Total Units held by the 20 Largest Unitholders	432,608,912	28.90
Total Units on Issue	1,497,049,797	

Unit and Option Holder Information

for the year ended 30 June 2022

Distribution of Option Holders

The distribution of MGFO holders of the Fund as at 18 August 2022 is as follows:

	Number of Holders	Number	Percentage on Issue %
1-1,000	4,046	2,012,904	0.19
1,001-5,000	11,636	33,818,625	3.18
5,001-10,000	9,140	66,785,976	6.28
10,001-100,000	18,781	455,189,811	42.81
100,001 and over	620	505,477,021	47.54
Total	44,223	1,063,284,337	100.00

Twenty Largest Option Holders

The names of the 20 largest MGFO holders of the Fund as at 18 August 2022 are as follows:

	Number	Percentage on Issue %
Hsbc Custody Nominees (Australia)	98,917,134	9.30
Keybridge Capital	31,915,967	3.00
Netwealth Investments (Wrap Services A/C)	31,426,068	2.96
Nulis Nominees (Australia) (Navigator Mast Plan A/C)	26,946,692	2.53
Navigator Australia (MLC Investment A/C)	20,775,043	1.95
BNP Paribas Nominees Hub24 Custodial Serv (DRP A/C)	18,440,536	1.73
Citicorp Nominees	12,783,535	1.20
Midas Touch Investments P/L	12,058,807	1.13
Generate Kiwisaver Public Trust Nominee (Generate Unit Trust Scheme)	10,458,198	0.98
Netwealth Investments (Super Services A/C)	9,261,221	0.87
Tulloch Equities	8,589,886	0.81
Magellan Financial Group	8,379,927	0.79
Australian Executor Trustees (IBS IOOF Employer Super A/C)	6,921,288	0.65
ABN AMRO Clearing Sydney Nominees (Custodian A/C)	5,536,170	0.52
Mr John Corr	5,200,000	0.49
Raymond Gordon (The Pettett Family A/C)	4,142,857	0.40
J P Morgan Nominees Australia	4,067,830	0.38
Simmonds Capital (Simmonds Family A/C)	3,598,964	0.34
BNP Paribas Nominees (Pitcher Partners DRP)	3,001,646	0.29
Mr Kevin Berkowitz	2,812,500	0.27
Total Units held by the 20 Largest Option Holders	325,234,269	30.59
Total Units on Issue	1,063,284,337	

Corporate Information

Directors

Robert Fraser - Chairman
John Eales AM
Colette Garnsey OAM
David George - Chief Executive Officer and Managing Director
Hamish McLennan
Kirsten Morton - Chief Operating Officer and Chief Financial Officer
Karen Phin

Company Secretary of the Responsible Entity

Marcia Venegas

Registered Office

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

Website

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

Auditor

Ernst & Young
200 George Street
Sydney NSW 2000

Unit Registrar

Mainstream Fund Services Pty Ltd (as part of the Apex Group)
Level 10/12 Shelley St
Sydney NSW 2001
Telephone: 1300 127 780 (Australia), +61 2 8259 8566 (International), 0800 787 621 (New Zealand)
Fax: +61 2 9247 2822
Email: magellanfunds@mainstreamgroup.com

Securities Exchange Listing

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

Corporate Governance Statement

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