

Magellan Infrastructure Briefing

April 2023



Important Information

Units in the fund referred to herein are issued by Magellan Asset Management Limited ABN 31 120 593 946, AFS Licence No. 304 301 ('**Magellan**'). This material is issued by Magellan and has been prepared for general information purposes only and must not be construed as investment advice or as an investment recommendation. This material does not take into account your investment objectives, financial situation or particular needs. This material does not constitute an offer or inducement to engage in an investment activity nor does it form part of any offer documentation, offer or invitation to purchase, sell or subscribe for interests in any type of investment product or service. You should obtain and consider the relevant Product Disclosure Statement ('**PDS**') and Target Market Determination ('**TMD**') and consider obtaining professional investment advice tailored to your specific circumstances before making a decision about whether to acquire, or continue to hold, the relevant financial product. A copy of the relevant PDS and TMD relating to the relevant Magellan financial product may be obtained by calling +61 2 9235 4888 or by visiting www.magellangroup.com.au.

Past performance is not necessarily indicative of future results and no person guarantees the future performance of the fund/trust [Delete where appropriate], the amount or timing of any return from it, that asset allocations will be met, that it will be able to implement its investment strategy or that its investment objectives will be achieved. Statements contained in this material that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Magellan. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. This material may contain 'forward-looking statements'. Actual events or results or the actual performance of a Magellan financial product or service may differ materially from those reflected or contemplated in such forward-looking statements. This material may include data, research and other information from third-party sources. Magellan makes no guarantee that such information is accurate, complete or timely and does not provide any warranties regarding results obtained from its use. This information is subject to change at any time and no person has any responsibility to update any of the information provided in this material. No representation or warranty is made with respect to the accuracy or completeness of any of the information contained in this material. Magellan will not be responsible or liable for any losses arising from your use or reliance upon any part of the information contained in this material.

Further information regarding any benchmark referred to herein can be found at www.magellangroup.com.au. Any third party trademarks contained herein are the property of their respective owners and Magellan claims no ownership in, nor any affiliation with, such trademarks. Any third party trademarks that appear in this material are used for information purposes and only to identify the company names or brands of their respective owners. No affiliation, sponsorship or endorsement should be inferred from the use of these trademarks. This material and the information contained within it may not be reproduced, or disclosed, in whole or in part, without the prior written consent of Magellan.

Agenda

1. Infrastructure Definition
2. Magellan Infrastructure Fund – Positioning and Outlook
3. Impact of a recession on Infrastructure

Proven and well-resourced Infrastructure team

PORTFOLIO MANAGEMENT



Gerald Stack (34) ^{IC}
Deputy CIO,
Head of Infrastructure
and Portfolio Manager



Ofer Karliner (26) ^{IC}
Portfolio Manager



Ben McVicar (13) ^{IC}
Portfolio Manager



Jowell Amores (23)
Portfolio Manager



David Costello (13) ^{IC}
Portfolio Manager

INFRASTRUCTURE RESEARCH

Ryan Joyce
Investment Analyst (10)

Yathavan Suthaharan
Investment Analyst (7)

Fiona Wu
Investment Analyst (12)

MACRO COMMITTEE



The Importance of Definition

Magellan's definition of infrastructure

Strict definition: critical to reliable earnings through the economic cycle

Essential for the efficient function
of a community

AND

Earnings are NOT sensitive to competition,
commodity price movements or
sovereign risk

Demand is predictable

Cashflows are reliable

Magellan considers that assets that meet these requirements provide investors with a highly defensive, inflation-linked exposure that exhibits low correlation with other asset classes

Our pure definition: power industry example

Generation



Unregulated



Transmission



100% Regulated



Distribution



100% Regulated



Retailing



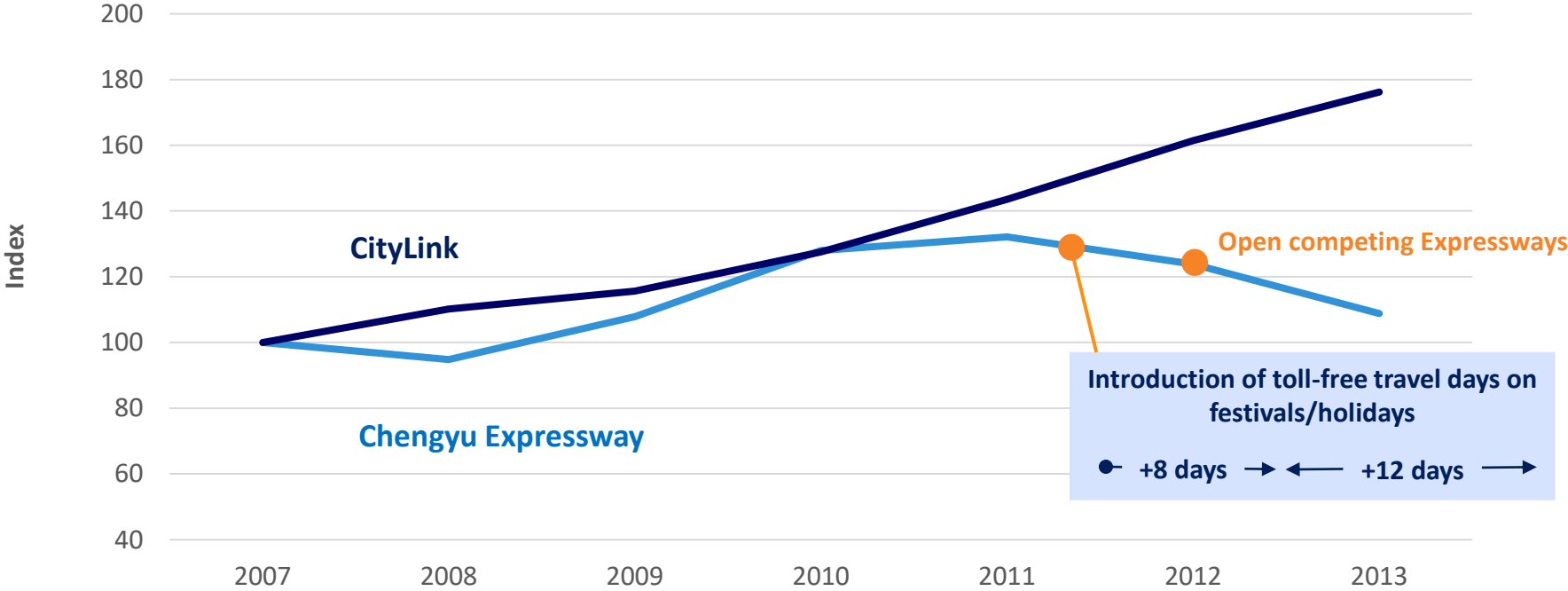
Unregulated



We do not consider competitive power generation assets as infrastructure, yet such companies are routinely included in commonly used benchmark indices

China sovereign risk

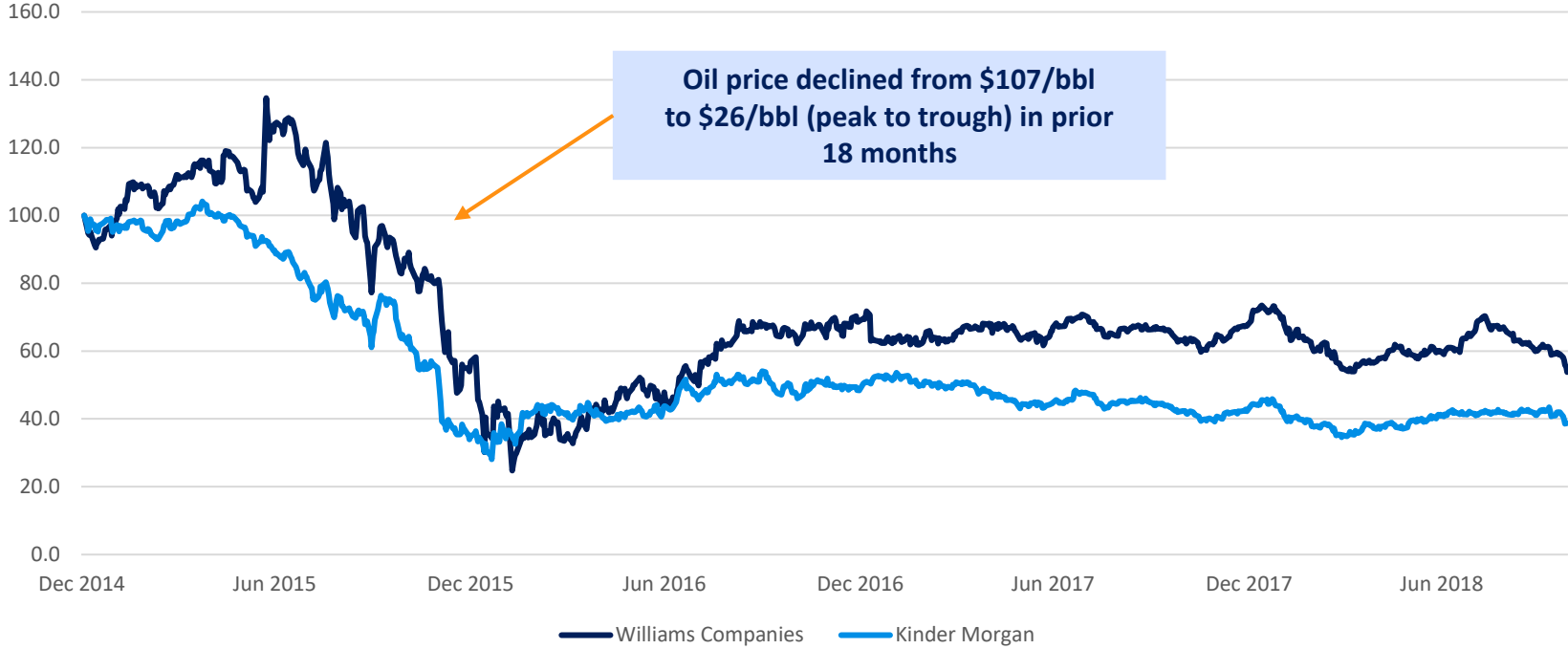
Chinese government impact on toll income



Source: Bloomberg, Magellan analysis.

Commodity risk

Correlations to the oil price

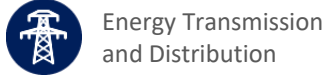


Source: Bloomberg, Magellan analysis.

Magellan's infrastructure universe

Around 130 stocks with a market capitalisation of more than US\$2 trillion

Utilities



Transport



Social





Investment Objectives & Outcomes

Investment objectives

**Achieve attractive risk-adjusted returns
over the medium to long term**

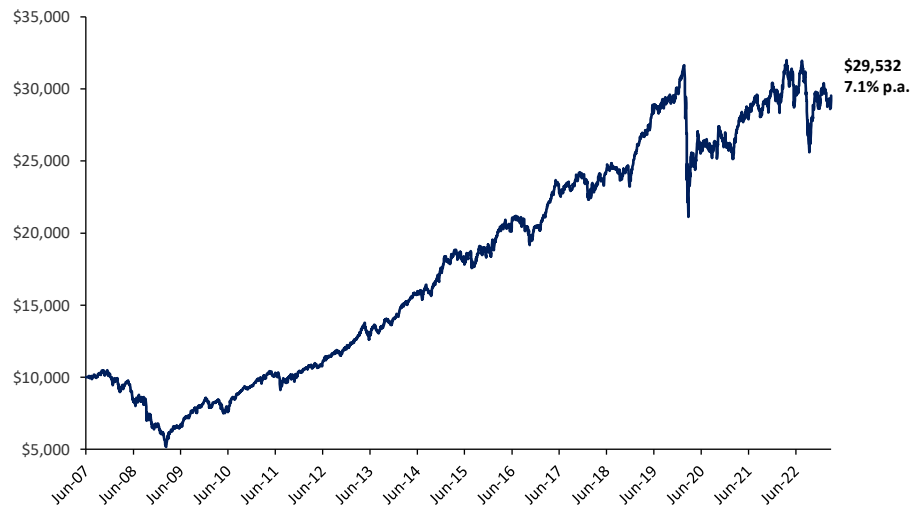
Reducing the risk of permanent capital loss

Magellan Infrastructure Fund

AUD Net Performance as at 31 March 2023

	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)	Seven Years (% p.a.)	Ten Years (% p.a.)	Since Inception (% p.a.) [#]
Magellan Infrastructure Fund	-5.4	6.9	4.9	5.4	8.6	7.1
Global Infrastructure Benchmark	-2.5	13.3	5.4	6.0	7.2	5.3
Excess	-2.9	-6.4	-0.5	-0.6	1.4	1.8

Calendar Year	Fund	Index**	Excess Return
2007*	2.2	6.5	-4.3
2008	-34.1	-27.5	-6.6
2009	24.2	10.0	14.2
2010	11.8	5.7	6.1
2011	11.2	4.7	6.5
2012	15.1	9.1	6.0
2013	17.8	18.5	-0.7
2014	22.4	22.9	-0.5
2015	10.6	-5.4	16.0
2016	6.7	14.1	-7.4
2017	17.4	14.4	3.0
2018	-0.4	-6.7	6.3
2019	25.5	25.3	0.2
2020	-11.7	-11.9	0.2
2021	15.2	13.7	1.5
2022	-5.9	1.3	-7.2
2023 (CYTD)	3.2	3.2	0.0



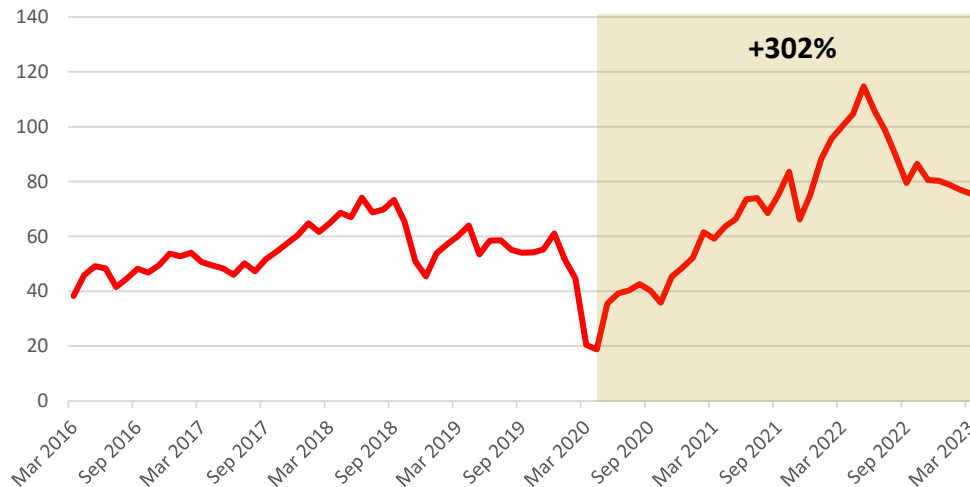
[#] The inception date is 01 July 2007 (inclusive). * Part year performance. ** The Global Infrastructure Benchmark is the S&P Global Infrastructure NTR Index (A\$ Hedged) spliced with the UBS Developed Infrastructure & Utilities NTR Index (A\$ Hedged) prior to 1 January 2015. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns are denoted in AUD.

1 May 2020 – 31 March 2023

Spike in oil price drove commodity price sensitive stocks higher

Magellan Infrastructure Fund	Fund*	Benchmark**	Excess
AUD Net Performance (% p.a.)	5.4	10.8	-5.4

Crude Oil WTI (US\$/bbl)



Commodity price sensitive stocks held in S&P Infrastructure Index that fail Magellan's infrastructure definition

Security	AUD Return (%)	BM Weight (%)	BM CTR (%)
Cheniere Energy	233.6	1.7	2.3
ONEOK Inc	141.2	1.7	1.8
Williams Cos	72.1	2.4	1.6
Targa Resources Corp.	469.0	0.8	1.4
Pembina Pipeline	58.6	1.2	0.7
Kinder Morgan	29.4	2.4	0.6
Inter Pipeline	73.1	0.2	0.3
Westshore Terminals	114.9	0.3	0.2
Keyera Corp	67.6	0.3	0.2
DT Midstream	39.6	0.2	0.1
Gibson Energy Inc.	25.9	0.2	0.1
Equitrans Midstream Corp	-21.2	0.2	-0.1
Total		11.6	9.3

Source: Magellan Asset Management Limited, Bloomberg LLC.

*Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns are denoted in AUD.

**The benchmark is the S&P Global Infrastructure NTR Index (A\$ Hedged) spliced with the UBS Developed Infrastructure & Utilities NTR Index

(A\$ Hedged) prior to 1 January 2015.

Strict application protects capital

Impact of oil price movements

Date Range	WTI Crude USD	Alerian MLP Index USD	S&P Global Infrastructure NTR Index (A\$ Hedged)	MSCI World NTR (A\$ Hedged)*	Magellan Infrastructure Fund
July 2014 – January 2016	-68.1%	-46.0%	-0.6%	3.5%	22.5%
February 2016 – June 2018	120.6%	23.6%	28.7%	41.6%	25.5%
July 2018 – April 2020	-74.6%	-39.8%	-8.2%	0.4%	3.9%
May 2020 – March 2023	301.6%	112.7%	34.9%	38.7%	16.6%

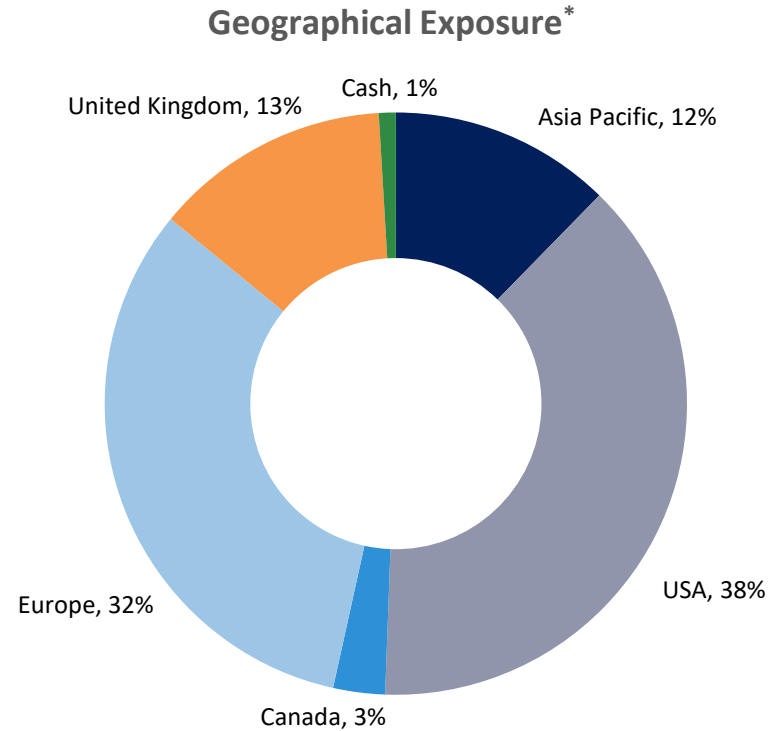
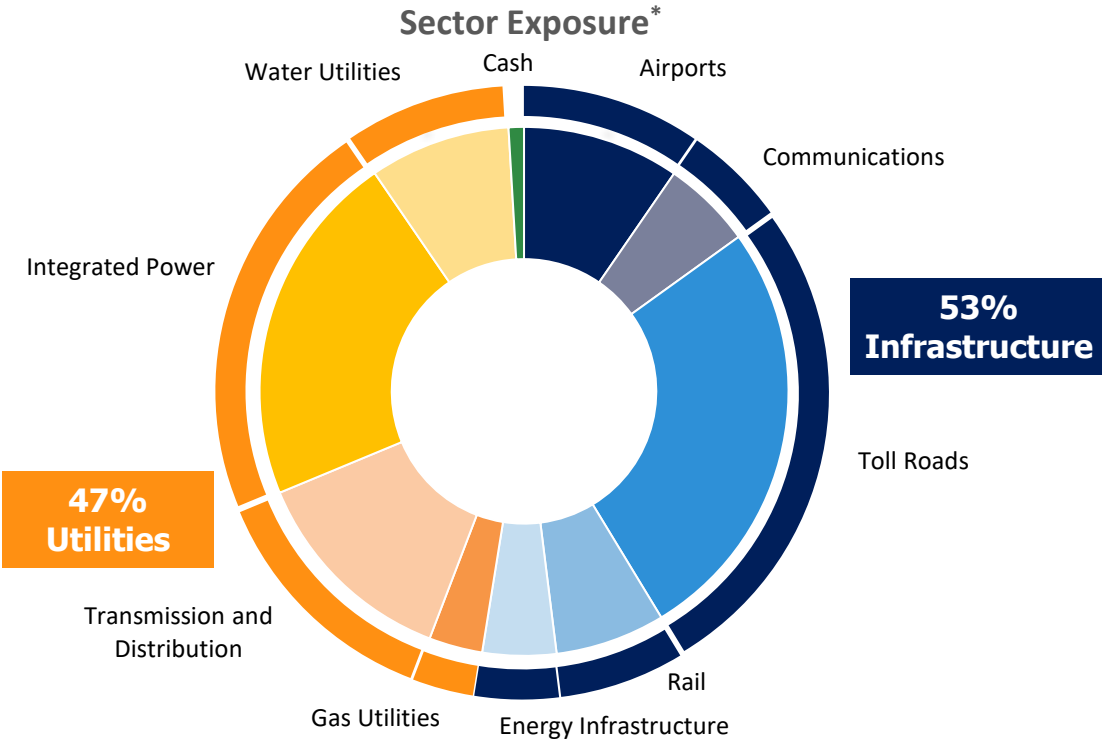
Sources: Magellan, Bloomberg. Performance shown is cumulative and inclusive of the months stated in date range. The Magellan Infrastructure Fund returns are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). *All MSCI data used is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI and its affiliates assume no liability for or in connection with the data. Please see complete disclaimer in www.magellangroup.com.au/funds/benchmark-information/.



Portfolio Positioning - Infrastructure

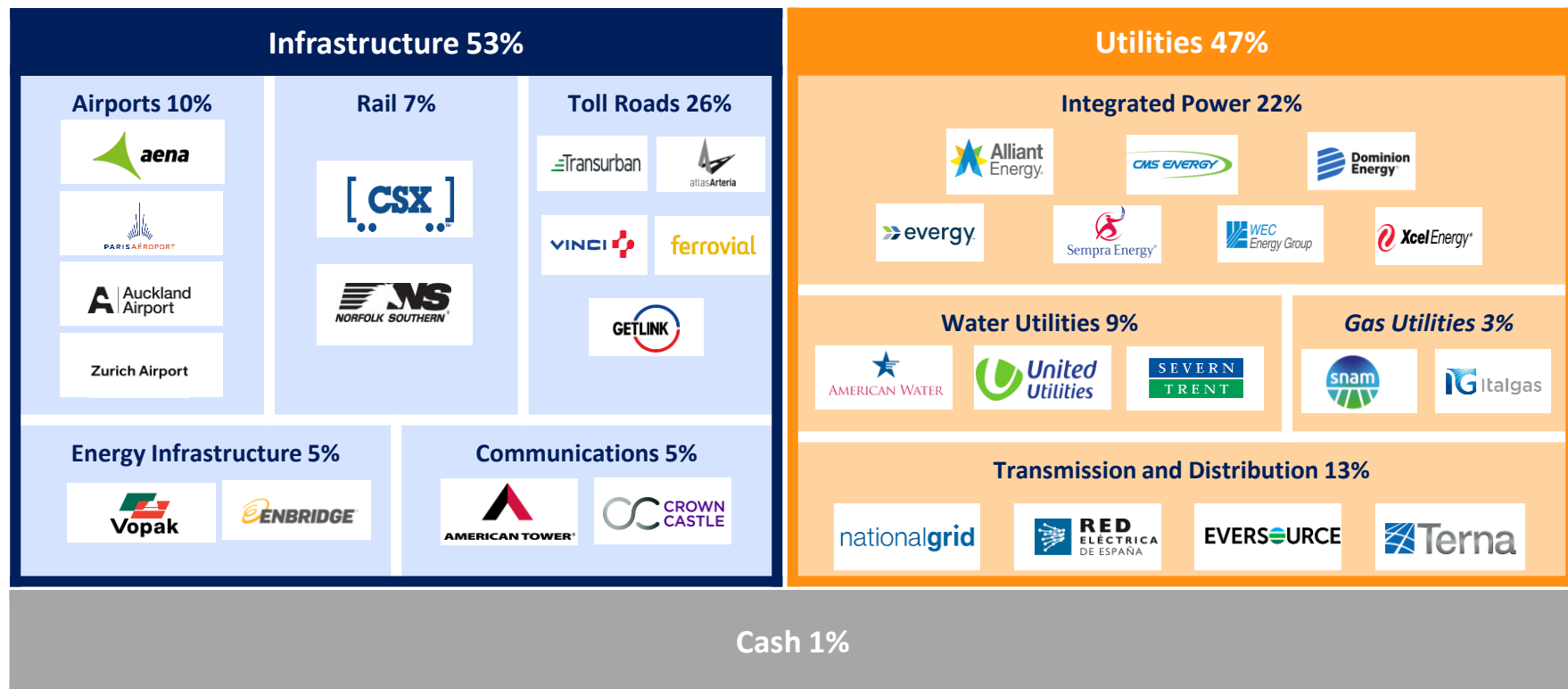
Magellan Infrastructure Fund

Exposures as at 31 March 2023








* Magellan defined sectors, Geographical exposures are by domicile of listing. Exposures may not sum to 100% due to rounding.

Portfolio composition



As at 31 March 2023. Magellan defined sectors, exposures may not sum to 100% due to rounding. The numerical information above is based on a representative portfolio. The representative portfolio is an account in the Global Select Infrastructure (Hedged AUD) Composite that closely reflects the portfolio management style of the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio may differ from those of the composite and of the other accounts in the composite. Please see the GIPS Composite Report, found in the appendix of this presentation for more information.

Toll Roads		Airport	Construction
<p>43.23% stake in Toronto orbital toll road</p> <p>2098 concession</p> <p>Limited toll price restriction</p>	<p>US managed lanes</p> <p>Portfolio of managed lanes in the US</p> <p>Toll prices increased to maintain road speeds</p> <p>Growing opportunity</p>	 	<p>Unattractive business</p> <p>Diminishing share of total (<15% est. value)</p>

Concessions		Contracting	Balance Sheet
 <p>Largest motorway operator in France</p> <p>EBITDA €4,419mn</p> <p>Inflation linked tolls</p>	 <p>Global airport platform with 210m pax in 2022</p> <p>ANA Portugal 100%</p> <p>Gatwick 50.01%</p>	  	<p>S&P/Moody's A- / A3 Stable</p> <p>€ 19.7bn cash and undrawn facilities</p> <p>Net Debt / EBITDA 1.8x</p>

Energy transition opportunity for utilities

Historic investments will sustain attractive growth rates for a generation

Estimated Investment Required to Achieve Net-Zero in the US by 2050

New wind and solar capacity

\$3.4 – 6.2
trillion

New transmission capacity

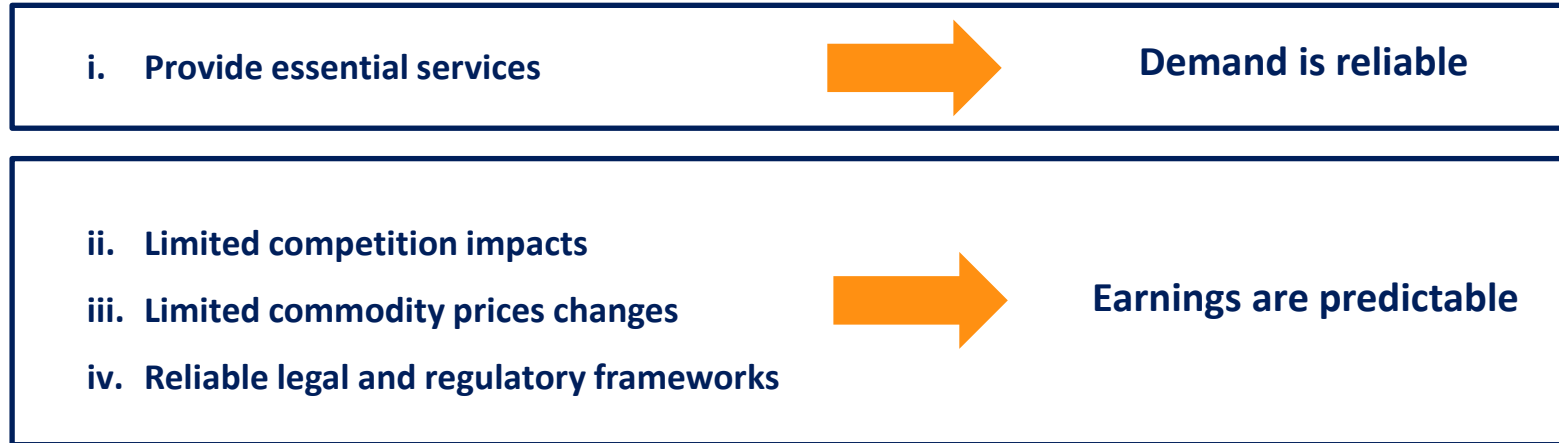
\$2.5 – 3.7
trillion



Resilient in difficult economic environments

Overview of recession impacts

- Using Magellan's definition, investment grade infrastructure businesses:



- How do we expect infrastructure and utilities to perform in an economic recession?



Utilities

Utilities – nature of returns

The regulation of utility earnings leads to stable financial results and ultimately stable investment returns

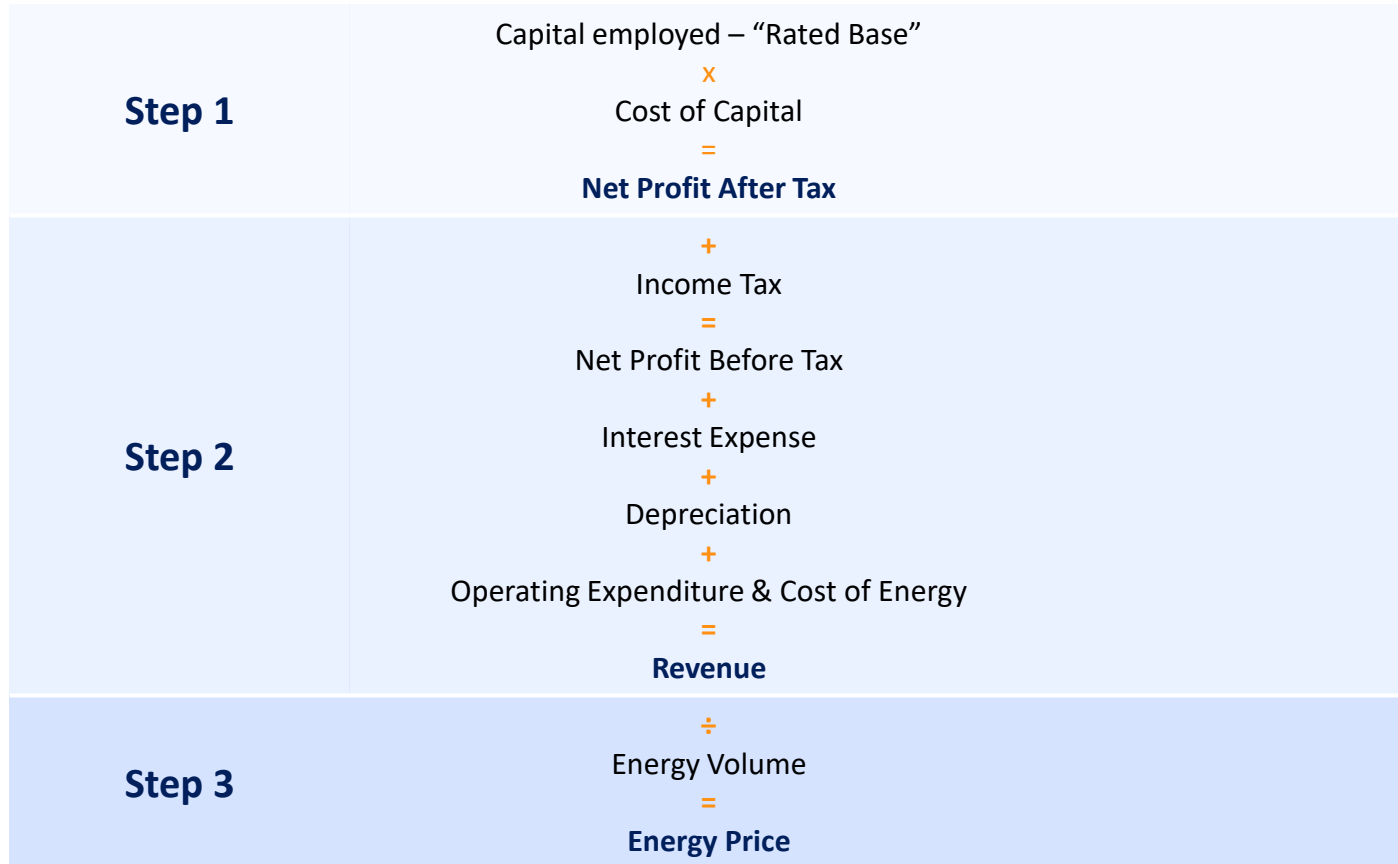
Regulation allows utilities to earn fair returns with low potential for loss



Earnings regulation leads to stable financial results



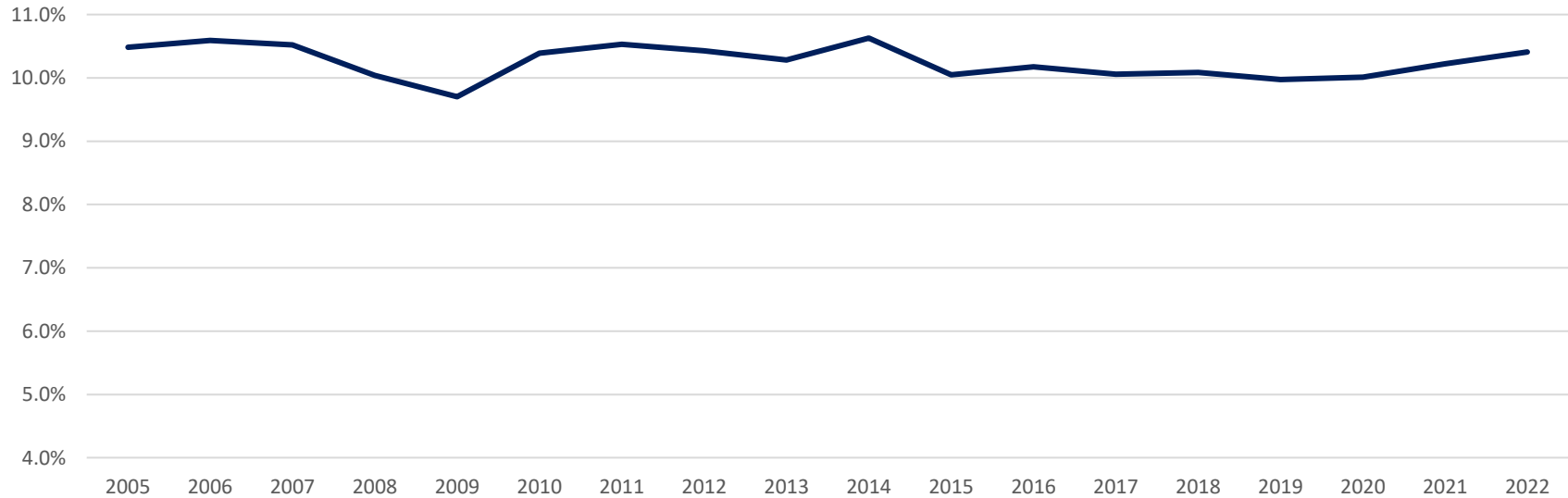
How regulation works for regulated utilities



Regulation leads to stable financial performance











The earnings of US regulated utilities were stable through the recession and covid-19

Return on Equity for High Quality US Regulated Utilities



Regulated utilities in 2020

Delivering reliable results, in-line with or ahead of guidance

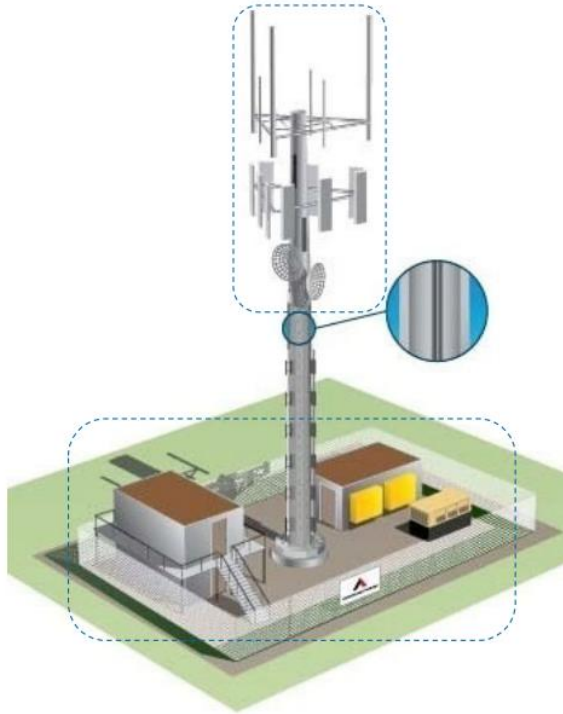
Company	Exposures	FY20 Result vs guidance	
American Water	US water utility		Results above guidance
Atmos Energy	US gas distribution		Results above guidance
Eversource Energy	US diversified utility		Results inline with guidance
FirstEnergy	US electric transmission and distribution		Marginally below (0.4% behind bottom of range)
Red Electrica	Spain electric transmission	na	no guidance provided, but no material impact from covid
Sempra Energy	US electric and gas utility		Above guidance affirmed early in 2020
Snam	Italian electric transmission		Result above guidance for 2020 Net Income
Spark Infrastructure	Australian electric transmission and distribution		Met distribution per unit guidance for period
Terna	Italian electric transmission		Result above guidance for 2020 EBITDA
WEC Energy	US electric and gas utility		Above top-end of guided range
Xcel	US electric and gas utility		Inline with guidance



Communications Infrastructure

Communications infrastructure business model

Defensive and growing earnings underpinned by profound competitive advantages



Business model - Earnings are derived by leasing space on towers and other structures to mobile network operators

Competitive advantage – there are meaningful switching costs for tower customers (mobile network operators)

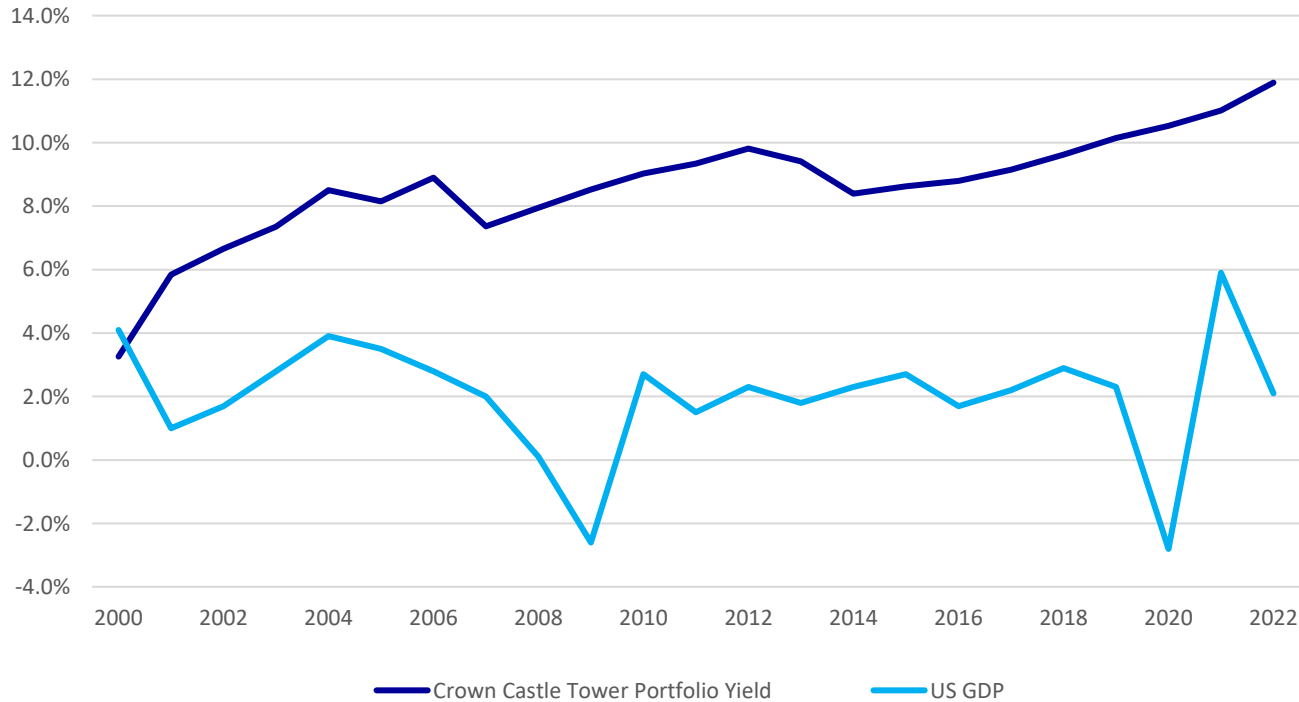
Predictable earnings - Long-term leases with multiple renewal terms provide earnings resilience and predictability

Earnings growth - Additional tenants add revenues but incur only limited additional costs

Earnings benefit from structural growth

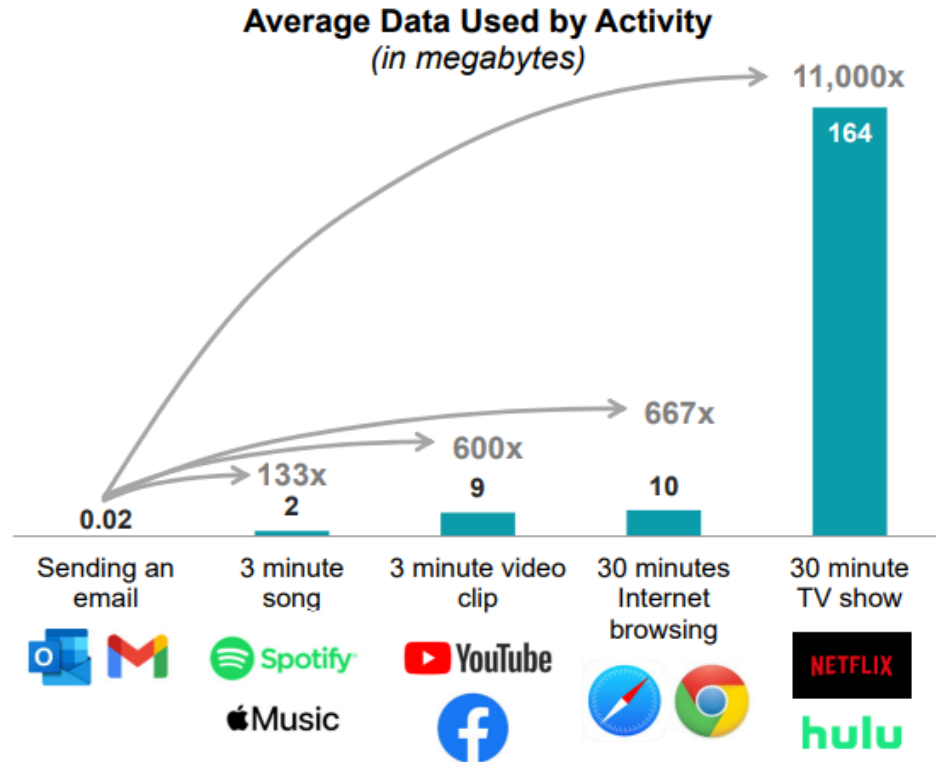
Not only are tower earnings resilient but they also benefit from secular growth

Tower Income Yield for Crown Castle compared to Economic Conditions (2000 to 2022)



Technology is driving data growth

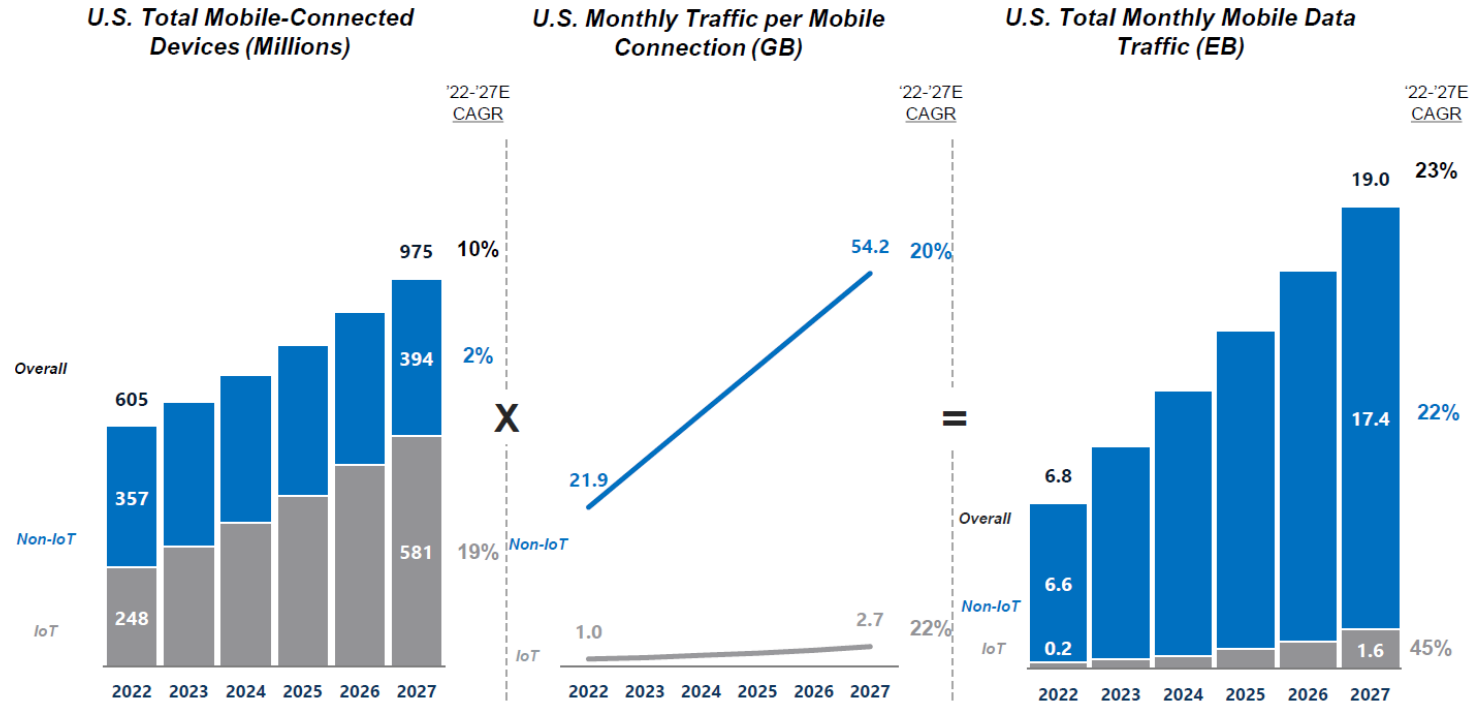
Sustained data usage growth driven by advancement in applications



Outlook is for sustained data traffic growth

More devices and more data per device leads to strong growth in data traffic

US Total Mobile Data Traffic Growth (2022 to 2027) per American Tower

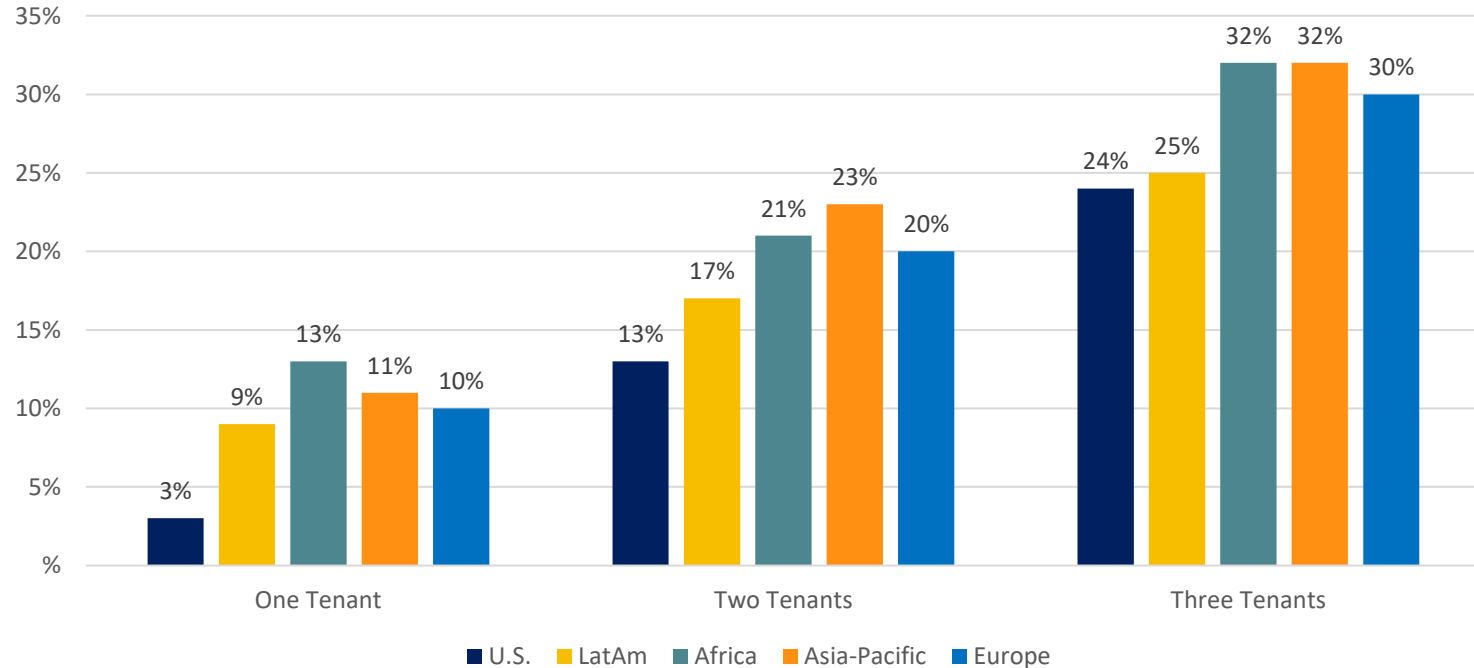


Source: American Tower, Ericsson Mobility Report June 2022, Cisco VNI, Altman Solon Research and Analysis

Additional tenants drive earnings

Adding tenants adds revenue with minimal incremental cost

American Tower - Sample Return on Investment by Geography



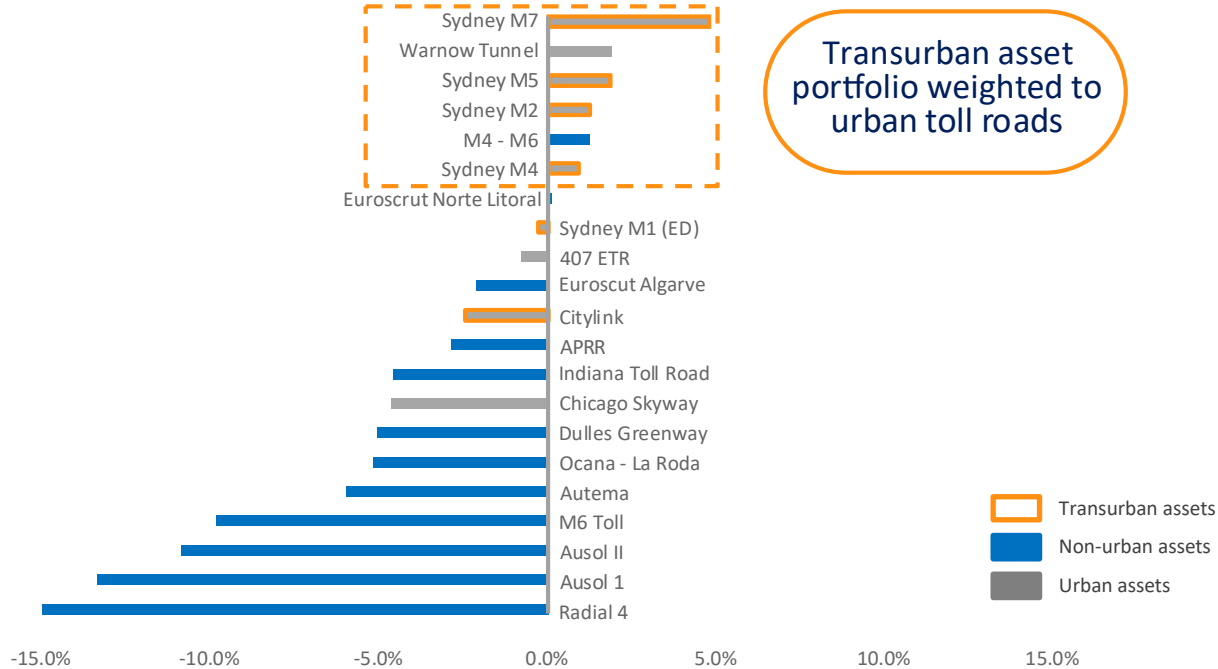


Toll Roads

Urban toll road

Resilient during recession

GFC case Study: Traffic volume growth on Transurban assets versus global peers during the 2008-09 financial crisis ^{1,2,3}

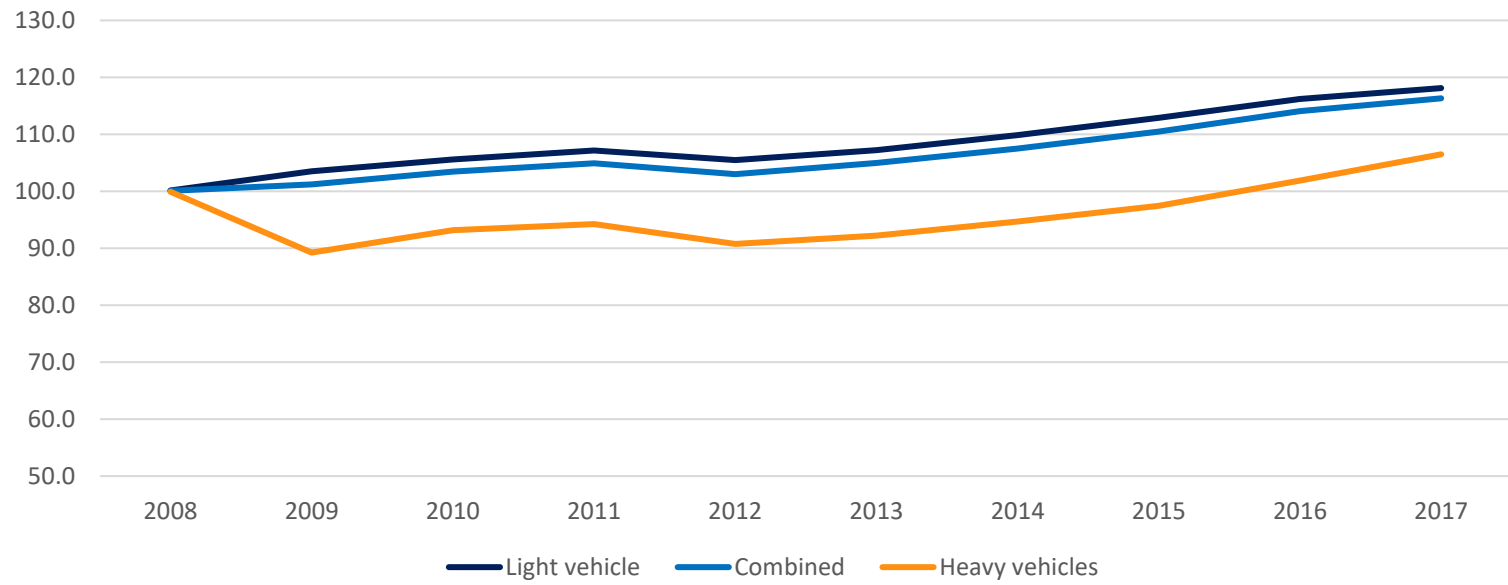


Transurban asset portfolio weighted to urban toll roads

1. ADT for the 12 months ended 30 June 2009. 2. Citylink decline in this period was due to significant works as part of the M1 upgrade. Following substantial completion of the construction works in October 2010, traffic growth for the December 2010 quarter was 12.8%. Actual traffic volume growth for the financial year ended 30 June 2011 was 8.8%. Average daily traffic data shown for the year ended 30 June 2009 versus prior year. 3. Toll road classification based on the nature of the road at June 2009. Toll roads with publicly available full year comparative data have been selected. Data sourced from publicly available presentations, press releases and ASX releases issued by Cintra, Macquarie Atlas Roads and Transurban.

Inter-urban toll Roads – French network

Resilient – but still impacted by economic changes from trade and leisure

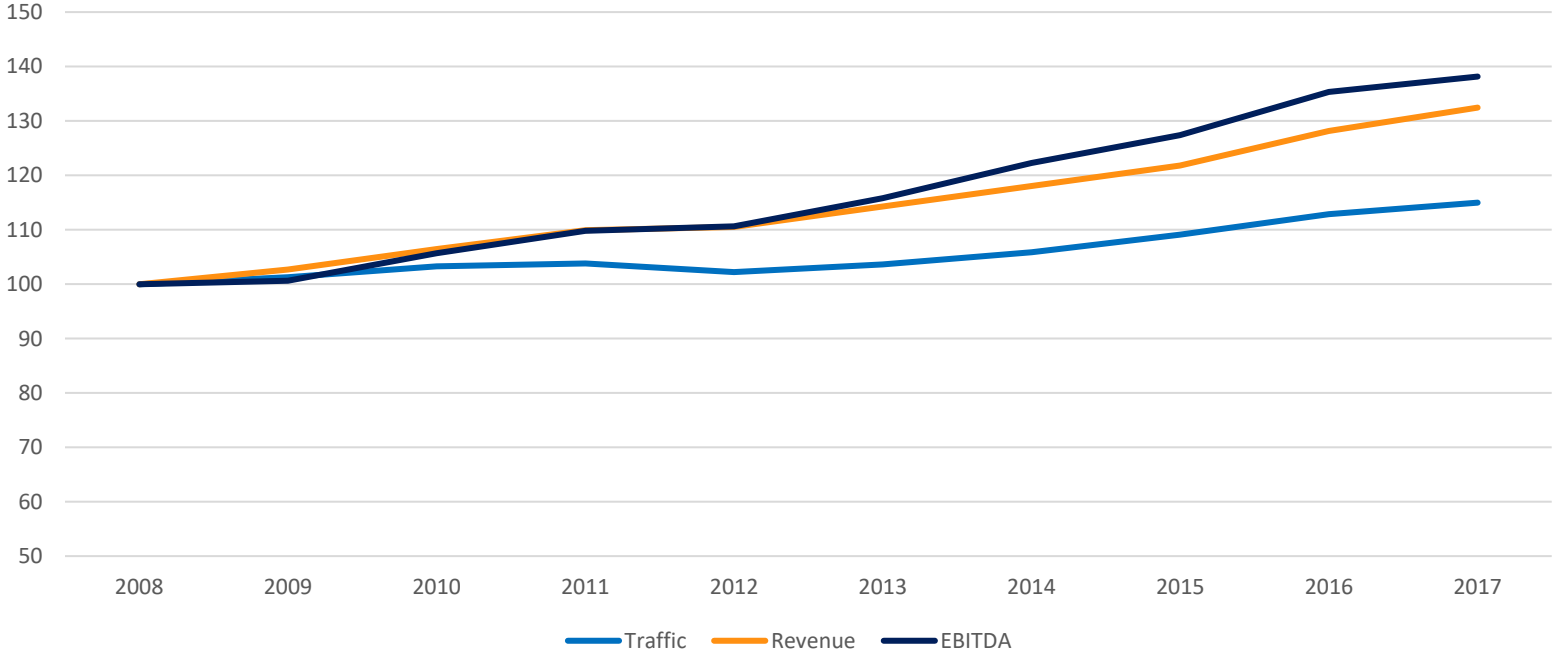


GFC and European debt crisis resulted in government requested stimulus in exchange for concession extensions

Source: ASFA (French motorways). Index for the combined network in operation as of the 1st January three years previously

Inter-urban toll roads

Vinci owned ASF case study shows resilience



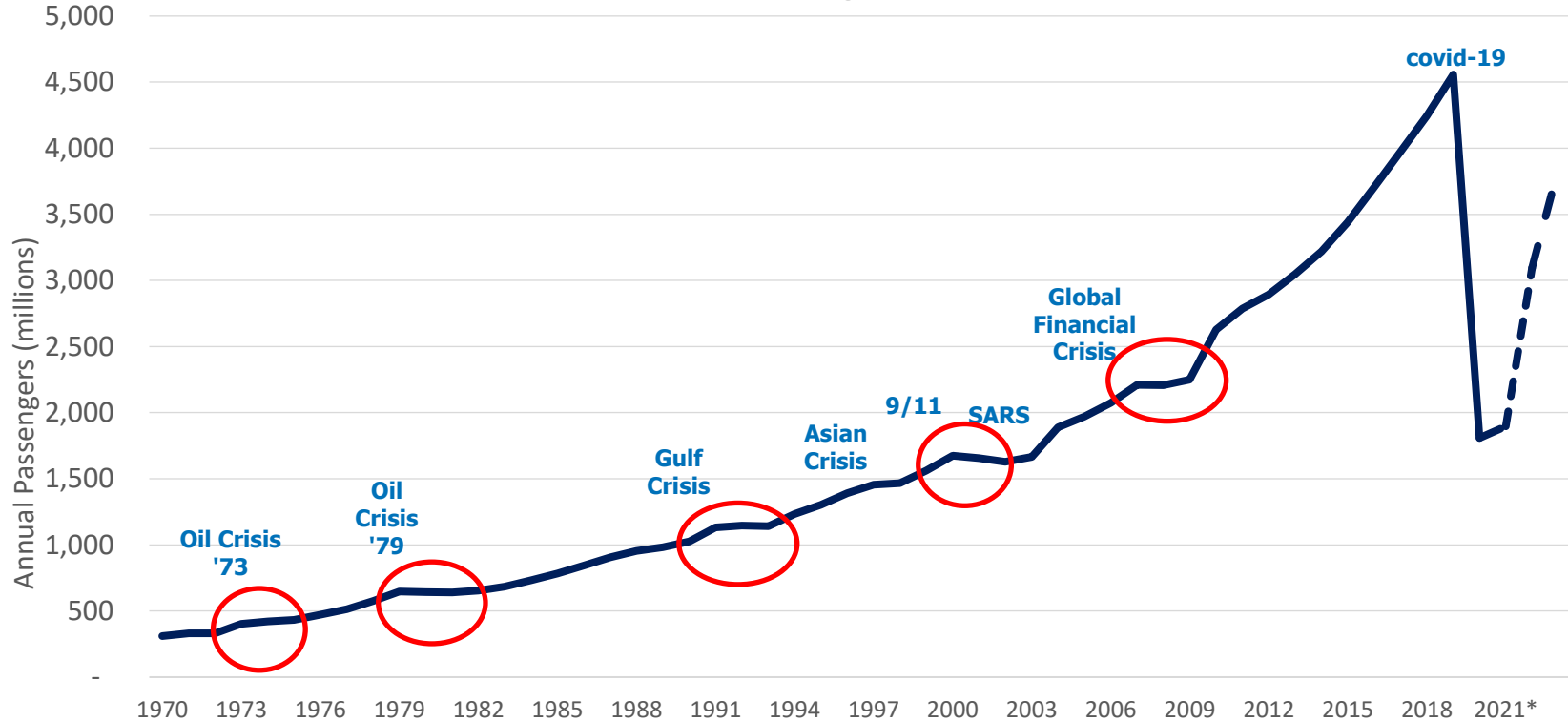
Source: company filings, Magellan



Airports

Resilient global passenger growth

Global Aviation Passengers (1970 - 2023*)

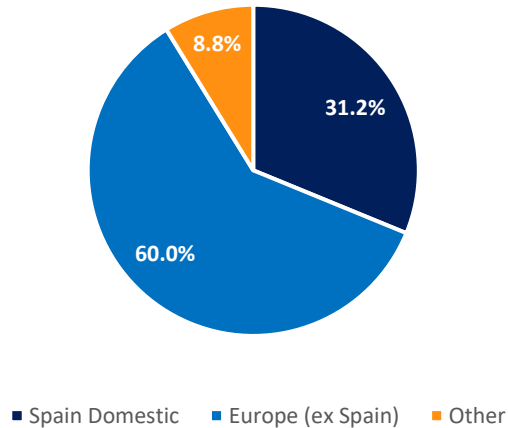


Source: World Bank, 2021 and 2022 and 2023 YTD are based on IATA RPK data

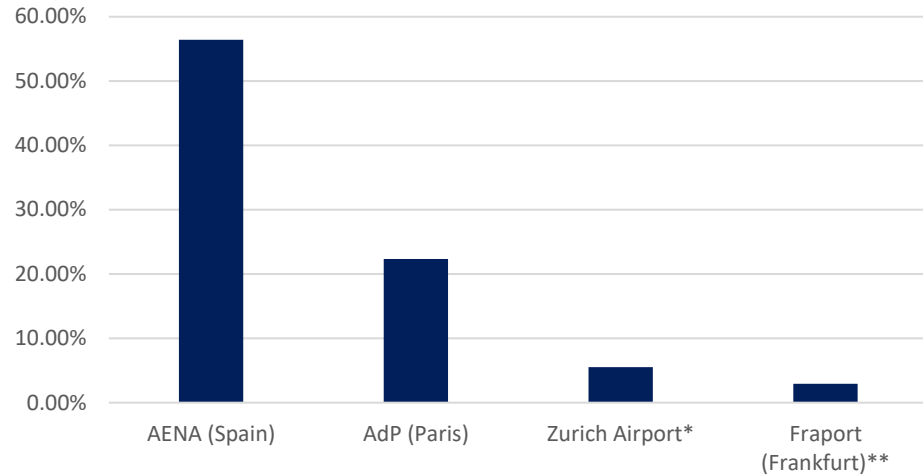
Aena

Spanish airport network benefits from trade-down

AENA 2019 Passenger Traffic by Market



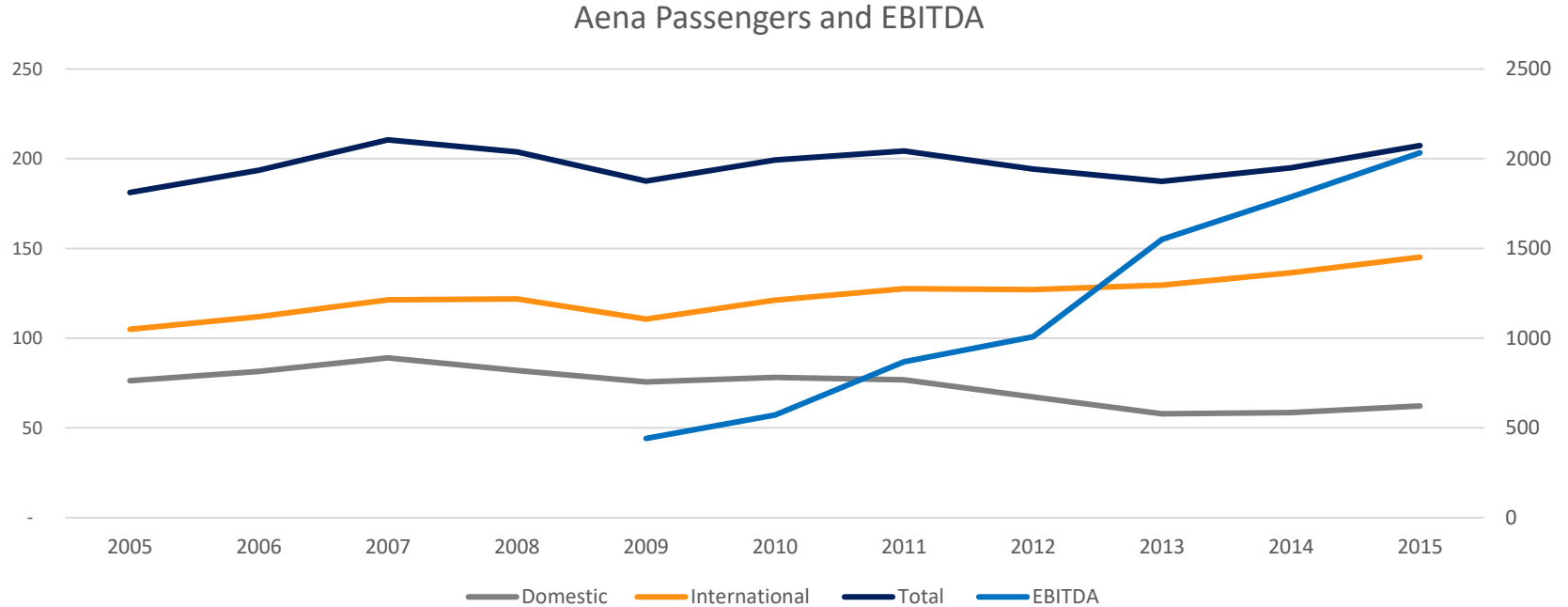
2019 LCC Passengers as Percent of Total



*Zurich is an estimate based on management guidance. **Frankfurt percentage adjusted for Ryanair's departure from the airport. Ryanair represented 4% of passengers at the airport in 2019. Source: Aena, AdP, Fraport and Zurich Airport.

Aena during GFC

International traffic took 1 year to recover from the GFC, total traffic 2 years

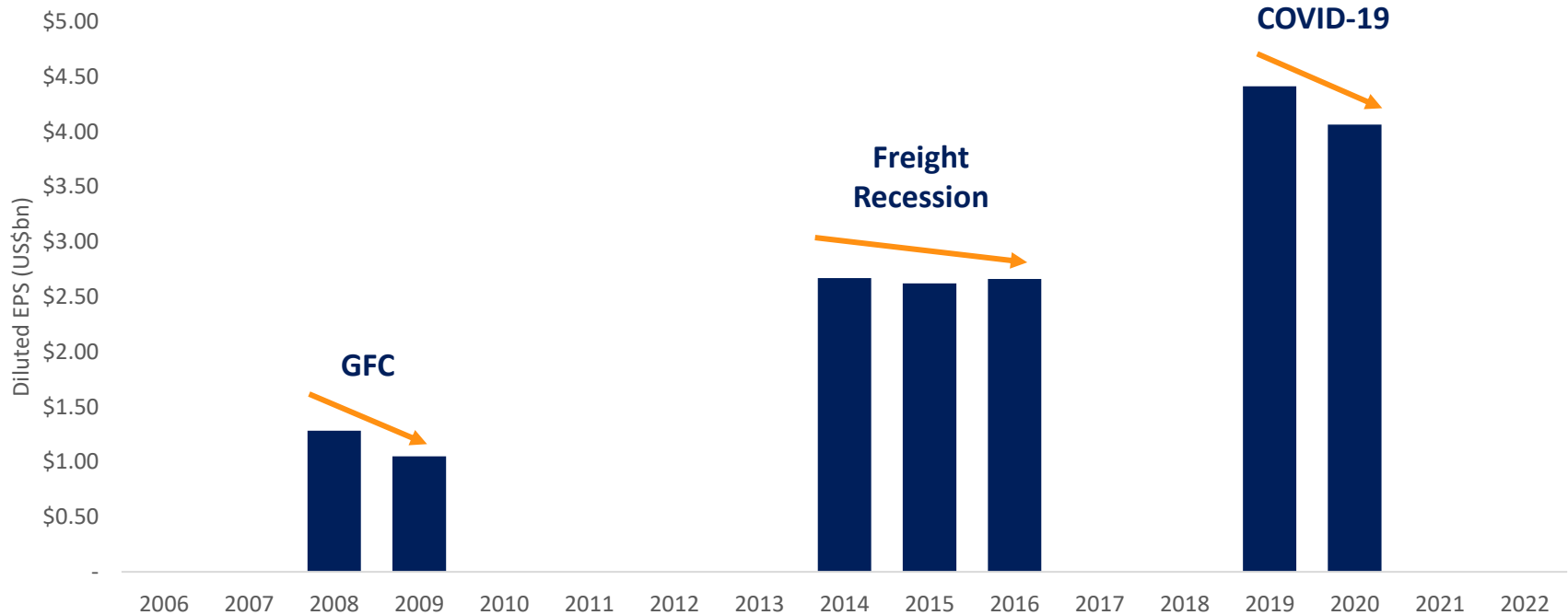




Rail

Rail infrastructure

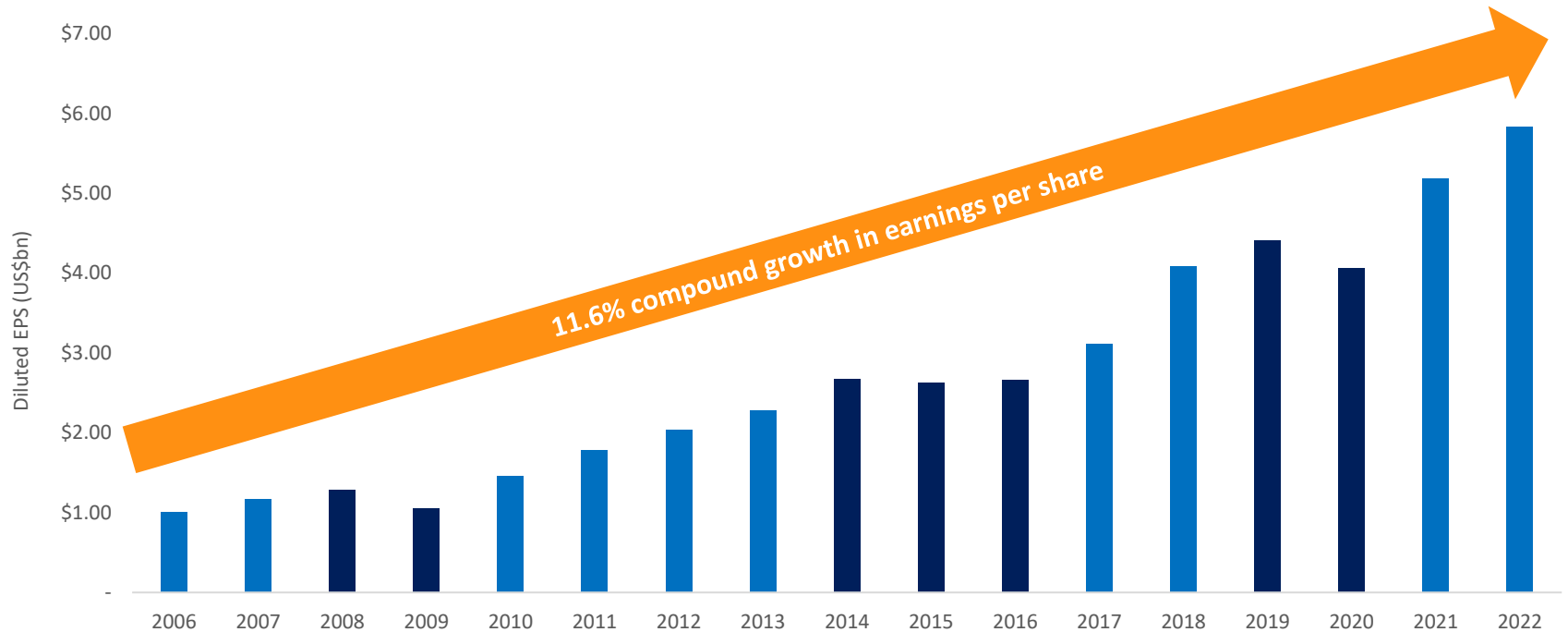
Rail earnings are more economically sensitive than other infrastructure assets...



Source: Company filings, Magellan analysis. Note: Reflects the aggregate earnings per share of the publicly listed North American Class 1 railroads (CSX, Norfolk Southern, Union Pacific, Kansas City Southern, Canadian National and Canadian Pacific).

Rail infrastructure

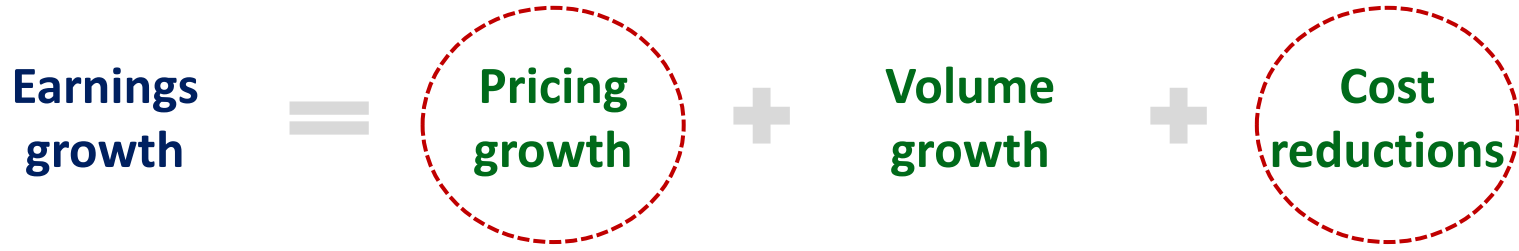
...but recover quickly and have demonstrated strong growth over the long-term



Source: Company filings, Magellan analysis. Note: Reflects the aggregate earnings per share of the publicly listed North American Class 1 railroads (CSX, Norfolk Southern, Union Pacific, Kansas City Southern, Canadian National and Canadian Pacific).

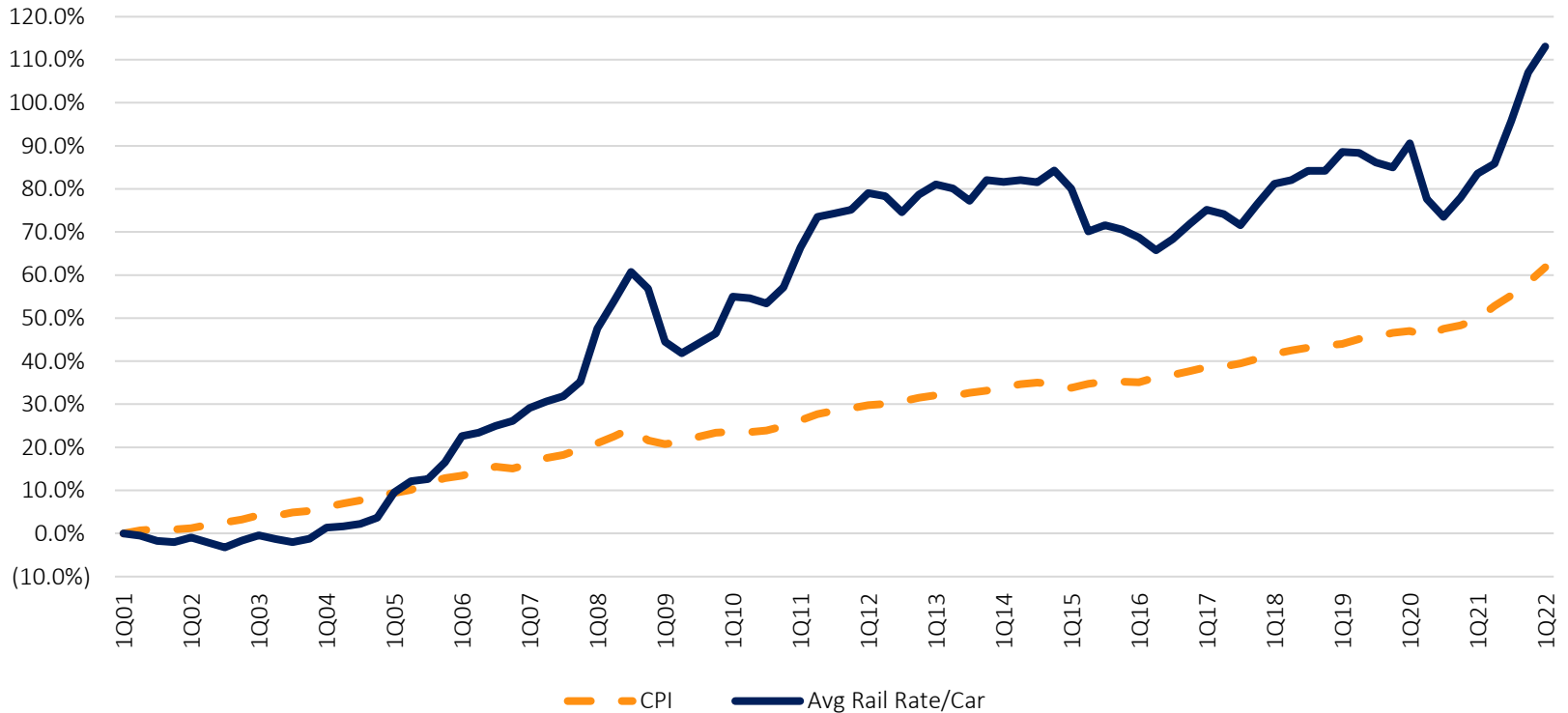
Rail infrastructure

Improvements in pricing and productivity are the key earnings growth drivers



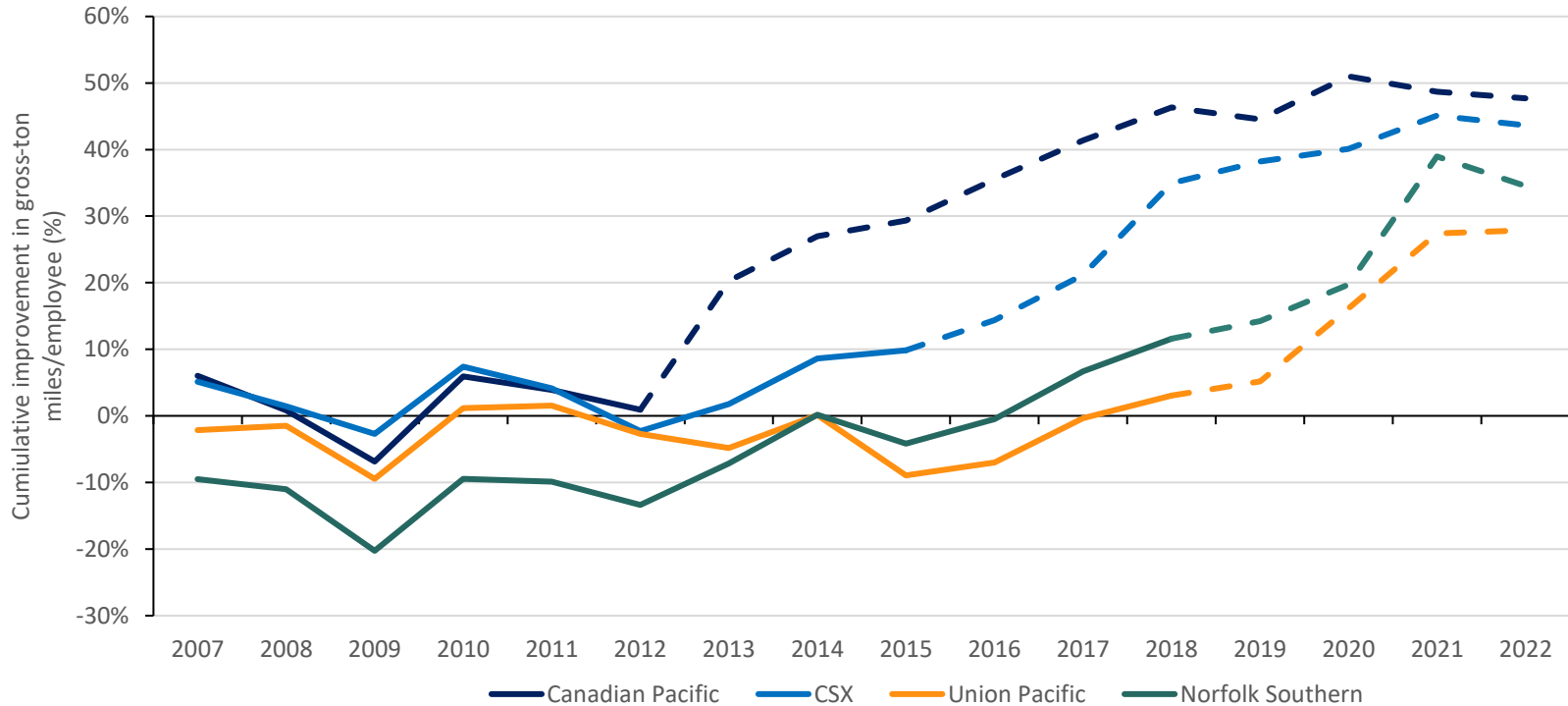
Rail infrastructure

Real pricing power is a key driver of earnings



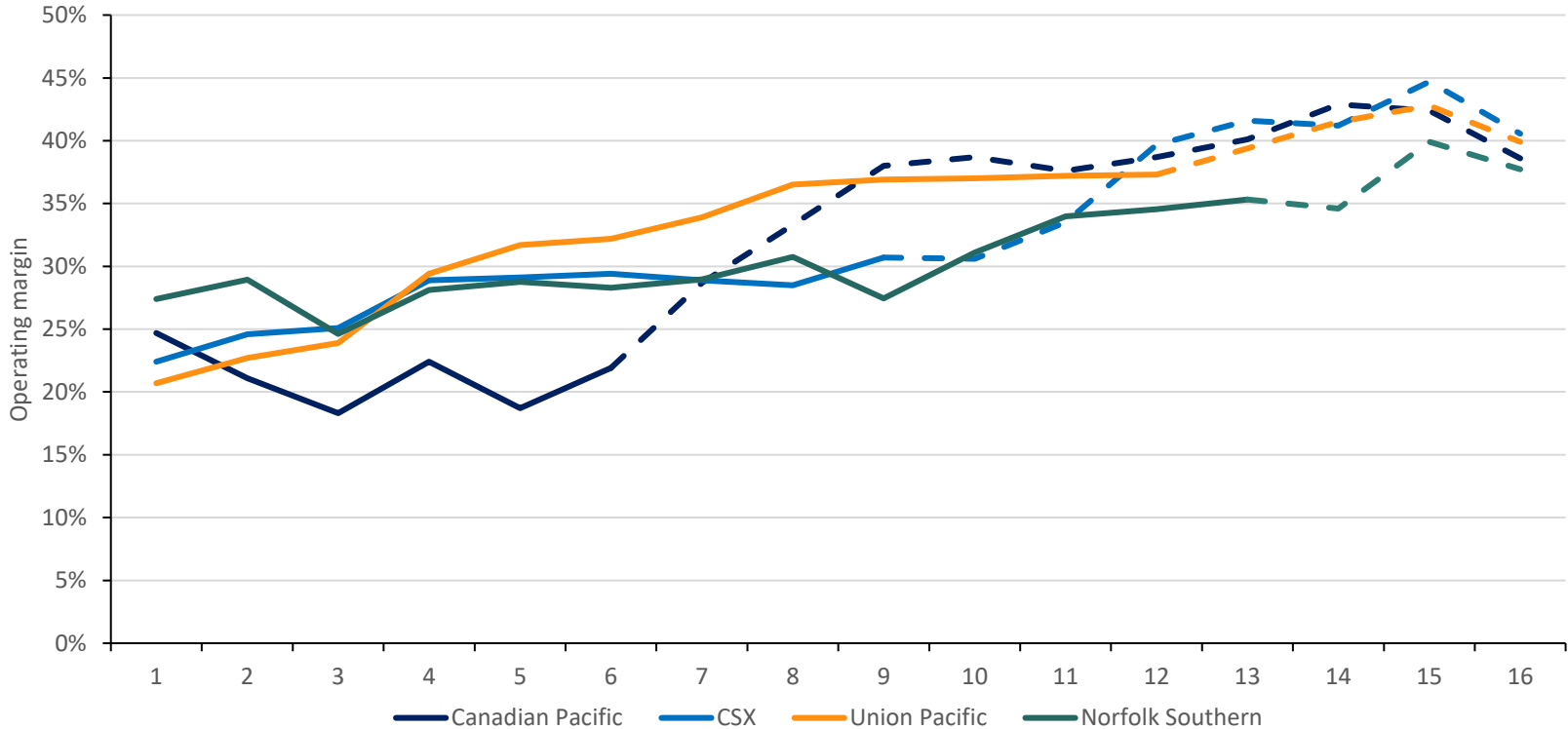
Rail infrastructure

Precision Scheduled Railroading drives dramatic productivity improvements



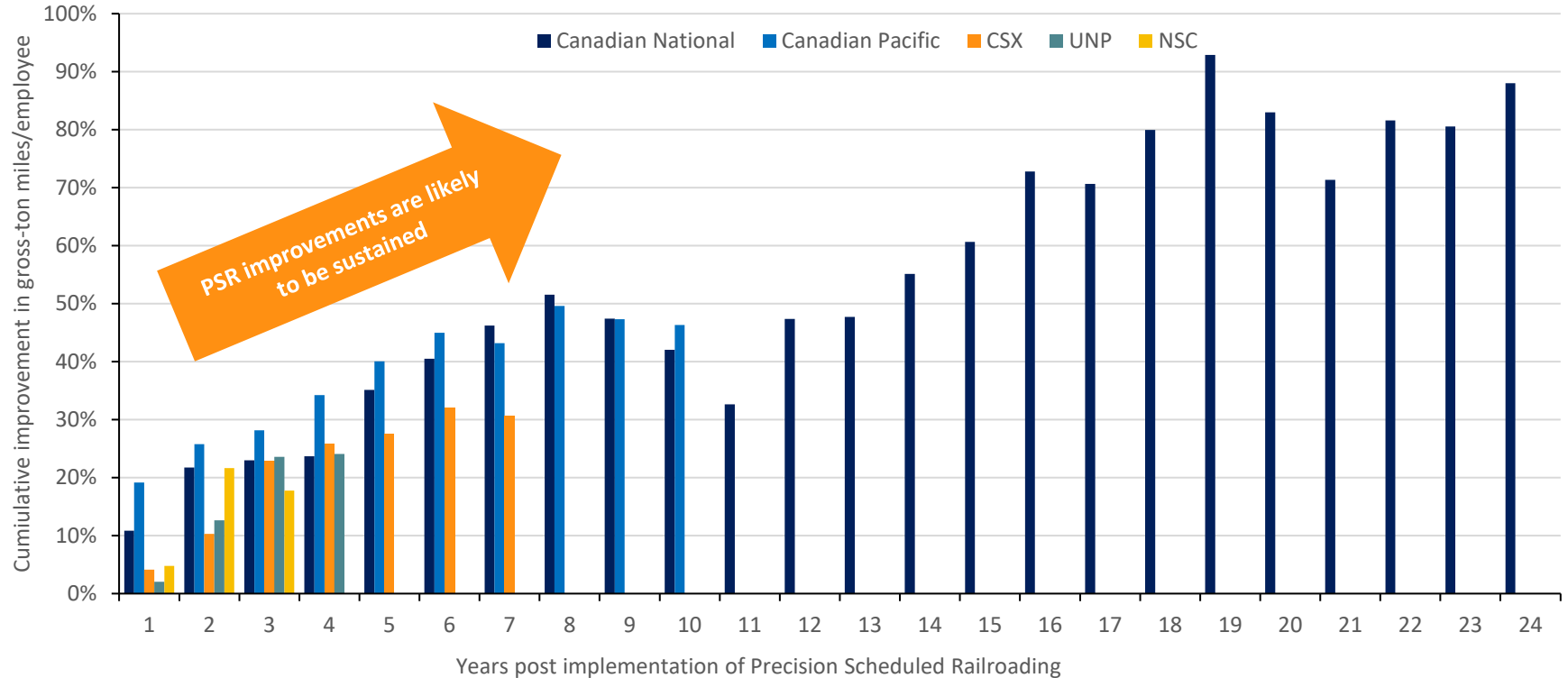
Rail infrastructure

Productivity gains unlock significant margin improvement



Rail infrastructure

Sustained improvements in productivity create a duration arbitrage opportunity



Conclusion slide

1. Definition is important
2. We are optimistic on the outlook, particularly
 - Toll roads
 - Airports
 - Electric utilities
3. Limited impacts to infrastructure from a recession

Magellan Infrastructure Funds

	Magellan Infrastructure Fund	MFG Core Infrastructure Fund
Methodology/Approach	Applies proprietary infrastructure definition	
	Benchmark agnostic	
	Concentrated Portfolio Fundamental valuation driven	Diversified Portfolio Rules based construction
	OCED and emerging markets	Investment grade OECD only
Number of positions	20-40	80-90
Maximum stock position	10%	3%
Maximum cash position	20%	5%
Inception date	July 2007	December 2009
Management Fee (p.a.)	1.06% plus PF	0.50%