

# Magellan High Conviction Fund

## Class A and Class B Units

ARSN 164 285 947  
APIR MGE0005AU  
APIR MGE9885AU

## Product Disclosure Statement | 18 November 2019

Issued by Magellan Asset Management Limited  
ABN 31 120 593 946, AFS Licence No. 304 301

### Contents

1.	About Magellan Asset Management Limited	2
2.	How Magellan High Conviction Fund works	2
3.	Benefits of investing in Magellan High Conviction Fund	3
4.	Risks of managed investment schemes	4
5.	How we invest your money	5
6.	Fees and costs	5
7.	How managed investment schemes are taxed	7
8.	How to apply	8
9.	Other Information	8

### Contact Details

**Address** MLC Centre  
Level 36, 19 Martin Place  
Sydney NSW 2000

**Website** [www.magellangroup.com.au](http://www.magellangroup.com.au)

**Email** [info@magellangroup.com.au](mailto:info@magellangroup.com.au)

### Investor Services – Unit Registry:

#### Mainstream Fund Services

T 1300 127 780 (or +61 2 8259 8566) or 0800 787 621 (NZ)  
F +61 2 9247 2822  
E [magellanfunds@mainstreamgroup.com](mailto:magellanfunds@mainstreamgroup.com)  
A GPO Box 143, Sydney NSW 2001

#### Adviser Enquiries

T +61 2 9235 4888  
E [info@magellangroup.com.au](mailto:info@magellangroup.com.au)

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

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

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

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

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

## 1. About Magellan Asset Management Limited

Magellan Asset Management Limited (“**Magellan**” or “**we**”) is the responsible entity and investment manager for Magellan High Conviction Fund (“**Fund**”). As responsible entity, we are responsible for overseeing the operations of the Fund. As the investment manager, we are responsible for selecting and managing the assets of the Fund.

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

## 2. How Magellan High Conviction Fund works

When you invest your money in the Fund, your money is pooled together with other investors’ money. Magellan uses this pool to buy investments and manage them on behalf of all investors in the Fund in accordance with the Fund’s investment strategy. By investing in the Fund you have access to investments you may not be able to access on your own and you also benefit from the insights of Magellan’s skilled investment team.

### Units and unit prices

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



You should read the additional information about “Units and Unit Prices” in section 2 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to units and unit prices may change between the time you read this PDS and the day when you acquire the product.

### Investing in the Fund

You can make an investment in the Fund by sending us a correctly completed Application Form together with the required supporting identification documentation. The minimum initial investment is \$10,000 for Class A Units and \$100,000 for Class B Units.

Additional investments can be made into an existing account at any time. The minimum amount for an additional investment made using BPAY® is \$500 for Class A Units and \$1,000 for Class B Units. The minimum amount for an additional investment made using EFT or cheque is \$5,000 for Class A Units and \$10,000 for Class B Units.

We may accept initial and additional investment applications for smaller amounts at our discretion. The processing of applications for lower amounts may be delayed while approval is sought for the lower application amount. We may also reject applications at our discretion.

If you invest into the Fund indirectly through an Investor Directed Portfolio Service (“**IDPS**”), IDPS-like scheme or a nominee or custody service (collectively referred to as “**master trusts**” or “**wrap accounts**”), the minimum investment amount will be determined by the operator of the master trust or wrap account and may be higher or lower than if you invest in the Fund directly.



You should read the additional information about “Completing the Application Form”, “Additional investments” and the “Payment of your application monies” in section 2 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

### Withdrawing your investment in the Fund

You can withdraw some or all of your investment at any time, so long as the withdrawal request is for at least \$5,000 for Class A Units or \$10,000 for Class B Units. To do this, please send to us a completed Withdrawal Form or written notice of withdrawal. You can request a specified dollar amount to be withdrawn, a specified number of units to be withdrawn, or a full redemption of your investment in the Fund. If your withdrawal request results in your remaining investment in the Fund falling below \$5,000 for Class A Units or \$50,000 for Class B Units, we may require you to withdraw your entire balance.

You can usually expect to receive payment into your nominated bank account within 7 Business Days after our receipt and acceptance of your withdrawal request. However, during July of each year, or at any other time when the Fund is processing a distribution, payment of your withdrawal may be delayed by up to 15 Business Days. There may be other circumstances, such as a freeze on withdrawals or where the Fund is illiquid (as defined in the Corporations Act 2001), where your ability to withdraw from the Fund is restricted and you may have to wait a period of time before you can withdraw some or all of your investment.



You should read the additional information about “Withdrawals”, “Switches” and “Restrictions on withdrawals and switches” in section 2 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

### How we process transactions

We will process your application and issue units to you when we have received:

- your completed Application Form or Additional Application Form (not required for additional investments made by BPAY®), including any required identification documentation; and
- your cleared application monies into the Fund’s application bank account.

If we receive your Application Form by 2.00pm (Sydney time) on a Business Day and your cleared funds by close of business on the same Business Day, you will receive the entry unit price applicable to that Business Day. Otherwise we will issue units to you using the entry unit price applicable to the Business Day on which we receive your completed documentation and cleared monies, subject to the applicable cut-off times.

For additional investments made by BPAY®, we will not issue units until we receive the money from your financial institution. Please note that although your BPAY® transactions may be processed from your bank account immediately, your funds and payment instructions may take some time to be received from your financial institution. You will need to quote the Fund's Biller Code (available in section 2 of the Additional Information Booklet) and your unique reference number (refer to your last transaction confirmation or contact the Unit Registry).

If you invest by EFT, you must quote your account name (or part thereof) and/or your current investor number as a reference to the payment. If you make an additional investment by EFT, please also ensure that you notify the Unit Registry of your EFT payment using the Additional Application Form or by sending an email to the Unit Registry. Otherwise, there may be a delay in issuing you with units.

If you invest by cheque or request us to process a direct debit (available for initial applications only), it may take up to two Business Days (in the case of a cheque) and three Business Days (in the case of a direct debit) for your application monies to clear from the date we bank the cheque or issue a direct debit request to your bank. If we receive your cheque or direct debit request before 2.00pm (Sydney time) on a Business Day we will action these on the day we receive them. If they are received after 2.00pm (Sydney time) on a Business Day we will action them the following Business Day. We will not issue units until your application monies have cleared.

If your cheque, direct debit or EFT is dishonoured by your financial institution, we will not process your application. We will not represent a dishonoured payment unless you first contact us to discuss your application. We may deduct any fees incurred as a result of the dishonoured payment from your application amount before we issue you with units.

If we receive your withdrawal request before 2.00pm (Sydney time) on a Business Day, we will calculate the amount of your withdrawal using the exit unit price applicable to that Business Day. If we receive your request after 2.00pm we will use the following Business Day's exit unit price.

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

® Registered to BPAY Pty Ltd ABN 69 079 137 518

#### Distributions

The Fund will generally make a distribution to investors annually (as at 30 June of each year) but it may do so more frequently at the discretion of Magellan. The distribution may comprise an amount attributed to you from income (such as dividends received from shares, interest and net foreign exchange gains) less expenses incurred by the Fund (such as management fees paid), plus net capital gains made on sale of shares or other investments held. If there is no net income or net capital gains earned in a particular year, a distribution in respect of that year may not be paid. In some circumstances, the Fund may distribute a payment out of capital in addition to, or instead of, a distribution of net income or net capital gains.

When the total Fund distribution for a period has been determined, the distribution amount per unit in each class is calculated by dividing the total distribution in that class by the number of units on issue at the distribution date. Under the AMIT regime, the Fund may attribute an amount of income to you and this amount may or may not be the same as the distribution you receive. We will send you a tax statement after the end of each financial year detailing the amounts attributed to you to assist in the preparation of your tax return. You can choose to have your distributions directly credited to your Australian or New Zealand bank account or automatically re-invested as additional units in the Fund. No fees or transaction costs will be payable in respect of distributions that are automatically re-invested. The conversion of your Australian dollar distribution to New Zealand dollars will be processed by the Fund's bank at the exchange rate prevailing at the processing time. Please be aware that distributions will be reinvested unless you instruct us otherwise on the Application Form.

The Fund's constitution permits us to require that your distributions be reinvested as additional units in the same class in the Fund. We will provide a notification on our website if, in relation to a particular distribution, we have elected to require the reinvestment of the distribution.

#### Indirect Investors

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



You should read the additional information about "Indirect investors" in section 2 of the Additional Information Booklet before making a decision to invest in the Fund. The material relating to indirect investors may change between the time you read this PDS and the day when you acquire the product.

### 3. Benefits of investing in Magellan High Conviction Fund

#### Significant Features

The primary objectives of the Fund are to achieve attractive risk-adjusted returns over the medium to long-term. The Fund offers investors an opportunity to invest in a high conviction global equity fund. We aim to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time. We endeavour to acquire these companies at discounts to their assessed intrinsic value. The Fund's portfolio will comprise 8 to 12 investments with the portfolio weighted towards our highest conviction ideas.

As part of the investment objectives of the Fund, we may from time to time hedge some or all of the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars. However, there is no guarantee that any or all of the Fund will be hedged at any point in time.

#### Significant Benefits

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

- access to our investment expertise and a professionally managed global equity portfolio;

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

#### 4. Risks of managed investment schemes

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

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

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

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

The significant risks for the Fund are:

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

**Concentration risk:** As the Fund will hold a concentrated portfolio of 8 to 12 investments, returns of the Fund may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in the Fund's unit price, and increased risk of poor performance.

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

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

**Currency risk:** From time to time, some or all of the capital component of the Fund's foreign currency exposure arising from investments in overseas markets may be unhedged. In such circumstances, a rise in the Australian dollar relative to other currencies will negatively impact investment values and returns. Currency markets can be extremely volatile and are subject to a range of unpredictable forces.

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

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

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

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

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

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

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

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

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

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

## 5. How we invest your money

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

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

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

Magellan High Conviction Fund							
<b>Investment return objective</b>	The primary objectives of the Fund are to achieve attractive risk-adjusted returns over the medium to long-term.						
<b>Minimum suggested time frame for holding investment</b>	At least 7 to 10 years.						
<b>Asset classes and asset allocation ranges</b>	<p>The Fund's assets are typically invested within the following asset allocation ranges:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Investment Range</th> </tr> </thead> <tbody> <tr> <td>Securities</td> <td>50% – 100%</td> </tr> <tr> <td>Cash &amp; cash equivalents</td> <td>0% – 50%</td> </tr> </tbody> </table>	Asset Class	Investment Range	Securities	50% – 100%	Cash & cash equivalents	0% – 50%
Asset Class	Investment Range						
Securities	50% – 100%						
Cash & cash equivalents	0% – 50%						
<b>Investments held</b>	The Fund primarily invests in the securities of companies listed on stock exchanges around the world, but will also have some exposure to cash & cash equivalents. The Fund can use foreign exchange contracts to facilitate settlement of stock purchases and to mitigate currency risk on specific investments within the portfolio. As part of the investment objectives of the Fund, we may from time to time hedge some or all of the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars. However, there is no guarantee that any or all of the Fund will be hedged at any point in time.						
<b>Risk level<sup>1</sup></b>	Medium to high.						
<b>Fund performance</b>	For up-to-date information on the performance of the Fund, including daily unit prices and performance history, please visit <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a> .						

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



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

## 6. Fees and costs

### DID YOU KNOW?

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

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

### TO FIND OUT MORE

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

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

You should read all the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other investment funds.

Type of fee or cost	Amount	
	Class A Units	Class B Units
<b>Fees when your money moves in or out of the Fund</b>		
Establishment fee	Nil	Nil
Contribution fee	Nil	Nil
Withdrawal fee	Nil	Nil
Exit fee	Nil	Nil
<b>Management Costs<sup>1</sup></b>		
<b>The fees and costs for managing your investment</b>	Management fee of 1.50% per annum	Management fee of 0.78% per annum
	PLUS an estimated performance fee <sup>2</sup> of 0.98% per annum	PLUS an estimated performance fee <sup>2</sup> of 1.72% per annum
	<b>EQUALS total management costs<sup>3</sup> of 2.48% per annum</b>	<b>EQUALS total management costs<sup>3</sup> of 2.50% per annum</b>

1 These fees may be individually negotiated if you are a wholesale client (as defined in the Corporations Act 2001).

2 The estimated performance fee for Class A and Class B Units represents Magellan's reasonable estimate of the prospective performance fee payable by the Fund. For Class A Units, it has been calculated as the simple average of the actual performance fees of the Fund since inception (up to and including 30 June 2019). Class B Units only have one full financial year's performance history, therefore the estimated performance fee has been calculated using the actual performance fee of Class B Units for the year ended 30 June 2019. The estimated performance fees are inclusive of the net effect of Goods and Services Tax ("GST") (i.e. inclusive of GST, less any reduced input tax credits). Past performance is not necessarily indicative of future performance. The actual performance fee payable (if any) will depend on the performance of each class of units over the relevant period.

3 Management costs described above are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). As the Fund predominantly invests in international securities, the GST impact on the management costs is currently estimated to be negligible. To the extent the GST impact changes (for example, if the Fund's exposure to Australian securities increases), the actual management costs may vary from the rates stated above.

**Warning:** Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your adviser.

### Example of annual fees and costs

#### Example 1 – Class A Units

This table gives an example of how the fees and costs for this product can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example <sup>1</sup> – Magellan High Conviction Fund – Class A Units		Balance of \$50,000 with a contribution of \$5,000 during year <sup>2</sup>
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	2.67% <sup>3</sup> p.a.	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$1,335 each year.
EQUALS Cost of the Fund	2.67% p.a.	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: <b>\$1,335<sup>5</sup></b> . <b>What it costs you will depend on the fund you choose and the fees you negotiate.</b>

#### Example 2 – Class B Units

This table gives an example of how the fees and costs for this product can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example <sup>1</sup> – Magellan High Conviction Fund – Class B Units		Balance of \$50,000 with a contribution of \$5,000 during year <sup>2</sup>
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	2.50% <sup>4</sup> p.a.	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$1,250 each year.
EQUALS Cost of the Fund	2.50% p.a.	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: <b>\$1,250<sup>5</sup></b> . <b>What it costs you will depend on the fund you choose and the fees you negotiate.</b>

1 This is an example only and does not take into account any movements in the value of an investor's units that may occur over the course of the year or any abnormal costs.

2 This example assumes the \$5,000 contribution occurs at the end of the first year. Management costs are calculated using the \$50,000 balance only.

3 This management cost amount consists of the management fee (1.50%) and the actual performance fee (1.17%) that was incurred by the Fund for Class A Units for the year ended 30 June 2019. This rate is inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). Please see the "Additional information about fees and costs" section below for more details.

4 This management cost amount consists of the management fee (0.78%) and the actual performance fee (1.72%) that was incurred by the Fund for Class B Units for the year ended 30 June 2019. This rate is inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). Please see the "Additional information about fees and costs" section below for more details.

5 Please note that this example does not capture all the fees and costs that may apply to you, such as transactional and operational costs.

## Additional information about fees and costs

### Management fees

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

### Performance fees

In addition to the management fees which are part of the management costs, Magellan will also receive a performance fee of 10% of the excess return of Class A Units in the Fund and 20% of the excess return of Class B Units in the Fund above the Absolute Return performance hurdle (10% per annum), calculated in respect of each calculation period ending 31 December and 30 June in each year. Performance fees are paid subject to the "High Water Mark" being met for the relevant calculation period. Estimated performance fees for a class are reflected in the daily unit price for that class and are payable at the end of each calculation period.



You should read the important information about fees and costs before making a decision to invest in the Fund. Go to the additional information titled "Additional explanation of fees and costs" in section 6 of the Additional Information Booklet. The material relating to fees and costs may change between the time you read this PDS and the day when you acquire the product.

## Total transactional and operational costs

Transactional and operational costs such as brokerage and transactional taxes are incurred by the Fund when the Fund acquires and disposes of securities. An estimate of transactional and operational costs for the Fund is provided in the table below. These estimated costs are based on the actual transactional and operational costs incurred by the Fund for the year ended 30 June 2019.

Total transactional and operational costs (% p.a.)	Recovery through buy/sell spread (% p.a.)	Net transactional and operational costs (% p.a.)	For every \$50,000 you have in the Fund you will likely incur approximately:
0.05%	0.03%	0.02%	\$10

The net transactional and operational costs take into account the buy / sell spread recovered in respect of the year ended 30 June 2019. The amount of these costs will vary from year to year depending on the volume and value of the trading activity in the Fund, and the value of applications and withdrawals processed.

Transactional and operational costs are paid out of the assets of the Fund and are not paid to Magellan.

### Buy and sell spreads

A portion of the total transactional and operational costs are recovered from investors entering or exiting the Fund. New investments into the Fund or withdrawals from the Fund will typically cause the Fund to incur transaction costs. So that existing investors do not bear the transactions costs that arise from these investments and withdrawals from the Fund, the entry and exit unit prices include an allowance to cover these costs (sometimes called the "buy spread" and the "sell spread"). These represent an additional cost to you of investing in the Fund but it is not a fee paid to Magellan.

The current buy spread is 0.07% of the NAV unit price of each class, represented by the difference between the entry price and the NAV unit price. The current sell spread is 0.07% of the amount that you withdraw, represented as the difference between the exit price and the NAV unit price. For example, if you invested \$50,000 in the Fund the cost of your buy spread would be \$35, or if you withdrew \$50,000 from your investment the cost of the sell spread would be \$35. We may vary the buy and sell spreads from time to time and prior notice will not ordinarily be provided. Updated information on the buy and sell spreads will be posted on our website at [www.magellangroup.com.au](http://www.magellangroup.com.au).

No buy or sell spread applies if you switch your investment between different classes of units in Magellan High Conviction Fund.

### Changes in fees

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



You should read the important information about fees and costs associated with investing via a platform, financial adviser fees and negotiable fee arrangements before making a decision. Go to the additional information titled "Fees for indirect investors", "Payments to platforms" and "Financial adviser fees" in section 6 of the Additional Information Booklet. The material relating to these matters may change between the time you read this PDS and the day when you acquire the product.

## 7. How managed investment schemes are taxed

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

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

The attributed amounts may or may not be the same as the distribution/s you received during the year.

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



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

## 8. How to apply

### Steps

Before completing the Application Form please ensure you have read this PDS together with the Additional Information Booklet available from [www.magellangroup.com.au](http://www.magellangroup.com.au).

If you already hold an investment in another Magellan Fund, you do not need to complete the Application Form or provide further copies of supporting identification documents. You can instead complete the Additional Application Form, ensuring that you include your current investor number.

- 1) Complete all relevant sections of the Application Form, available from [www.magellangroup.com.au](http://www.magellangroup.com.au). If you have any questions regarding the completion of the Application Form speak to your licensed financial adviser or call our Unit Registry on 1300 127 780 (or +61 2 8259 8566) or 0800 787 621 (NZ). Payment details and methods are described on the Application Form.
- 2) Mail your completed Application Form together with supporting identification documents to our Unit Registry:  
Mainstream Fund Services – Unit Registry  
GPO Box 143, Sydney NSW 2001

### Cooling-off period

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

The 14-day cooling-off period starts on the earlier of the date when you receive confirmation of your transaction or the end of the 5th calendar day after the day we issue the units to you. Please note that the cooling-off period will lapse if you transact on your account within the 14 days. Under normal circumstances refunds will be made within 7 Business Days of you notifying us. For more information, please call our Unit Registry on 1300 127 780 (or +61 2 8259 8566) or 0800 787 621 (NZ).

### Complaints Resolution

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

Website: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Telephone: 1800 931 678

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

## 9. Other information

### Additional disclosure information

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

- The Fund's Annual Financial Report most recently lodged with ASIC;
- Any Half Year Financial Report lodged with ASIC; and
- Any continuous disclosure notices we place online at [www.magellangroup.com.au](http://www.magellangroup.com.au) or lodge with ASIC.

### Further reading



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

### New Zealand Investors



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



# Magellan Funds

## Additional Information Booklet | 18 November 2019

Issued by Magellan Asset Management Limited  
ABN 31 120 593 946, AFS Licence No. 304 301

You should read this Additional Information Booklet together with the PDS for the Magellan Fund(s) you are considering investing in.

Magellan Funds	PDS Date
Magellan Global Fund (ARSN 126 366 961)	18 November 2019
Magellan Global Fund (Hedged) (ARSN 164 285 661)	18 November 2019
Magellan Infrastructure Fund (ARSN 126 367 226)	18 November 2019
Magellan Infrastructure Fund (Unhedged) (ARSN 164 285 830)	18 November 2019
Magellan High Conviction Fund – Class A Units (ARSN 164 285 947)	18 November 2019
Magellan High Conviction Fund – Class B Units (ARSN 164 285 947)	18 November 2019

### Contents

1. About Magellan Asset Management Limited	2
2. How the Funds work	2
3. Benefits of investing in the Funds	4
4. Risks of managed investment schemes	4
5. How we invest your money	4
6. Fees and costs	5
7. How managed investment schemes are taxed	9
8. How to apply	10
9. Other Information	10

### Contact Details

**Address** MLC Centre  
Level 36, 19 Martin Place  
Sydney NSW 2000  
**Website** [www.magellangroup.com.au](http://www.magellangroup.com.au)  
**Email** [info@magellangroup.com.au](mailto:info@magellangroup.com.au)

### Investor Services – Unit Registry: Mainstream Fund Services

**T** 1300 127 780 (or +61 2 8259 8566) or 0800 787 621 (NZ)  
**F** +61 2 9247 2822  
**E** [magellanfunds@mainstreamgroup.com](mailto:magellanfunds@mainstreamgroup.com)  
**A** GPO Box 143, Sydney NSW 2001

### Adviser Enquiries

**T** +61 2 9235 4888  
**E** [info@magellangroup.com.au](mailto:info@magellangroup.com.au)

This Additional Information Booklet ("**Booklet**") provides important additional information about topics specified under the prescribed sections of the Product Disclosure Statement ("**PDS**") of each of the Funds listed above.

The information in this Booklet forms part of the PDS for each of the Funds. The PDS for each Fund is available on our website or you can call us and we will send you a paper copy free of charge.

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

Please visit our website for further information on the Funds including updated disclosure information, unit prices and performance. We recommend that you obtain and review such information before you invest in a Fund. Alternatively, you can call us and we will send you a paper copy of such information free of charge.

## 1. About Magellan Asset Management Limited

There is no additional information for this section.

## 2. How the Funds work

### Units and unit prices

Unit prices are calculated by dividing the net asset value ("**NAV**") attributable to a unit class in a Fund by the number of units on issue in that class. Unit prices fluctuate each day as the market value of a Fund's assets rise or fall. The NAV unit price applicable to a given business day in New South Wales ("**Business Day**") reflects the value of the net assets attributable to a unit class of a Fund at the close of business in each market in which a Fund invests. As the Funds invest in overseas markets, some of the Funds' asset values are not available until early the next day in Australia. Unit prices are usually calculated by the end of the Business Day following the day to which they are applicable, and are usually published on our website by 7.00pm (Sydney time) on the day of calculation.

When you invest in a Fund, we will calculate the units you receive using an entry unit price. The entry unit price is the NAV unit price for that day plus an allowance for transaction costs incurred by the Fund. When you withdraw your investment in a Fund, the value of your units will be calculated using an exit unit price. The exit unit price is the NAV unit price less an allowance for transaction costs. Further information about transaction costs can be found in Section 6 of the PDS.

Magellan's Unit Pricing Permitted Discretions Policy provides further information about how we calculate unit prices. You can request a copy of the policy free of charge by calling us.

### Completing the Application Form

The Application Form is available from [www.magellangroup.com.au](http://www.magellangroup.com.au). If you are a new investor to Magellan, please complete every section of the Application Form that is relevant to the type of investor you are. If you already hold an investment in another Magellan Fund, you do not need to complete the Application Form or provide further copies of supporting identification documents. You can instead complete the Additional Application Form, ensuring that you include your current investor number.

The Application Form includes details of the identification documentation that we are required by law to collect from you before we can issue units in a Fund to you.

Please mail the completed original of the Application Form, together with certified copies of the requested identification documentation, to our Unit Registry. The Unit Registry's postal address details appear on the front of this Booklet and on the Application Form.

Please note that legislative requirements mean that we may not be able to accept an Application Form for an initial investment by fax or email. However, we may accept applications by other electronic means.

### Additional investments

You can make an additional investment into an existing account at any time. The easiest means to make an additional investment is by BPAY®. There is no requirement to send in an Additional Application Form if you are making an additional investment by BPAY®. Your unique customer reference number ("CRN") will allow the Unit Registry to apply your additional investment to your account. Please refer to your last transaction confirmation or contact the Unit Registry to obtain your CRN.

If you intend to make an additional investment by EFT or cheque, you can complete the Additional Application Form available on our website or you can fax, email or write to our Unit Registry indicating:

- your account name
- your account/investor number
- the name of the Fund into which you are making an additional investment
- the amount of additional monies you are investing
- the method of payment.

### Payment of your application monies

We can accept payment of your application monies by BPAY® (additional investments only), Australian Dollar cheque, electronic funds transfer (EFT), or Direct Debit (initial investments only). Direct debit requests can only be made from an Australian bank account.

### By BPAY® (additional investments only)

You can make additional investments using BPAY® (you cannot make initial investments using BPAY®). Contact your participating Australian financial institution to establish this service.

BPAY® provides you with the flexibility to make regular recurring additional investments at the frequency and amount of your choosing. The minimum for an additional investment using BPAY® is \$1,000 if applying for Class B Units in Magellan High Conviction Fund. Otherwise the minimum for an additional investment using BPAY® is \$500.

Please follow these steps using your bank account's BPAY® function if you wish to add to your existing investment without the need to complete any forms:

1. Enter the Biller Code of the Fund. Biller Codes for the Funds are in the following table
2. Enter your unique 12-digit Customer Reference Number (CRN). Please note that this is different from your investor number. Please contact the Unit Registry to obtain your CRN or refer to your latest transaction confirmation
3. Enter the amount you wish to invest. Please note that a minimum of \$500 applies to additional investments made by BPAY® (the minimum additional investment for Class B Units in Magellan High Conviction Fund is \$1,000)
4. Save a copy of your BPAY® payment receipt as proof of payment. The Unit Registry will send you a transaction confirmation once units have been issued to you.

Fund	Biller Code
<b>Magellan Global Fund</b>	308163
<b>Magellan Global Fund (Hedged)</b>	308171
<b>Magellan Infrastructure Fund</b>	308205
<b>Magellan Infrastructure Fund (Unhedged)</b>	308189
<b>Magellan High Conviction Fund (Class A and Class B Units)</b>	308197

® Registered to BPAY Pty Ltd ABN 69 079 137 518

### By Cheque

If you wish to pay by cheque, please make your cheque payable to the relevant entity set out below, and mail the cheque with your Application Form:

Magellan Funds	Cheque payable to:
<b>Magellan Global Fund</b>	Magellan Asset Management Ltd ATF Magellan Global Fund
<b>Magellan Global Fund (Hedged)</b>	Magellan Asset Management Ltd ATF Magellan Global Fund (Hedged)
<b>Magellan Infrastructure Fund</b>	Magellan Asset Management Ltd ATF Magellan Infrastructure Fund
<b>Magellan Infrastructure Fund (Unhedged)</b>	Magellan Asset Management Ltd ATF Magellan Infrastructure Fund (Unhedged)
<b>Magellan High Conviction Fund (Class A and Class B Units)</b>	Magellan Asset Management Ltd ATF Magellan High Conviction Fund

### By EFT

EFT payments can be made directly to a Fund's applications bank account. Please ensure that you make the EFT payment to the correct bank account for the Fund you wish to invest in. The Funds' bank account details are as follows:

Fund:	Bank:	Branch:	Account Name:	BSB:	Account Number:
<b>Magellan Global Fund</b>			Magellan Asset Management Ltd ATF Magellan Global Fund	082401	85-414-3371
<b>Magellan Global Fund (Hedged)</b>			Magellan Asset Management Ltd ATF Magellan Global Fund (Hedged)	082401	94-365-2581
<b>Magellan Infrastructure Fund</b>	National Australia Bank	225 George St, Sydney, NSW 2000	Magellan Asset Management Ltd ATF Magellan Infrastructure Fund	082401	85-414-3662
<b>Magellan Infrastructure Fund (Unhedged)</b>			Magellan Asset Management Ltd ATF Magellan Infrastructure Fund (Unhedged)	082401	94-365-2530
<b>Magellan High Conviction Fund (Class A and Class B Units)</b>			Magellan Asset Management Ltd ATF Magellan High Conviction Fund	082401	94-365-2477

If you invest by EFT, you must quote your account name (or part thereof) and/or your current investor number as a reference to the payment. If you make an additional investment by EFT, please also ensure that you notify the Unit Registry of your EFT payment using the Additional Application Form or by sending an email to the Unit Registry. Otherwise, there may be a delay in issuing you with units.

### By Direct Debit

If you wish to pay Direct Debit, please complete and sign the Direct Debit section of the Application Form. This will give us the authority to debit the monies from the account you nominate. Please also ensure you have read the terms of the Direct Debit Service Agreement which appears in Section 9 of this Booklet.

Direct Debit is available for initial applications only.

Any interest earned on the Funds' bank accounts is retained by Magellan.

### Withdrawals

We will accept withdrawal requests via fax, email or mail. Instructions to withdraw should be signed by the nominated authorised signatory or signatories. Under some circumstances, we may need to contact you to request further documentation to confirm the validity of your instruction. This may delay processing of the withdrawal request.

We can only pay redemption proceeds to an Australian or New Zealand bank account held in the name of the investor. We are unable to pay redemption proceeds to a third party bank account. Normally we will pay redemption proceeds to the bank account you nominated on

your Application Form when you opened your investment, or if you have subsequently written to us to change your nominated account, we will pay proceeds to that account. For redemption proceeds paid to New Zealand bank accounts, the conversion of your Australian dollar proceeds to New Zealand dollars will be processed by the Funds' bank at the exchange rate prevailing at the processing time.

We will send you a confirmation of your redemption once it has been processed and paid. The confirmation will include details of the bank account to which the proceeds have been paid. If any details of the bank account are incorrect, you should contact our Unit Registry straight away.

### Switches

We will accept switch requests via fax, email or mail. Instructions to switch should be signed by the nominated authorised signatory or signatories. Under some circumstances, we may need to contact you to request further documentation to confirm the validity of your instruction. This may delay processing of the switch request. We are unable to process switches out of a Fund whilst restrictions on withdrawals apply.

### Restrictions on withdrawals and switches

No withdrawals or switches, or payment of withdrawal proceeds shall be permitted where the calculation of the Net Asset Value of a Fund or withdrawals are suspended. Withdrawals or switches may be suspended for up to 28 days including where:

- a) it is impracticable for us, or we are unable, to calculate the Net Asset Value of a Fund, for example, because of financial market disruptions or closures;
- b) the payment of withdrawal proceeds involves realising a significant portion of a Fund's assets which would, in our 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;
- c) we reasonably consider it would be in the interests of investors, or it is otherwise permitted by law; or
- d) where we receive withdrawal requests of an aggregate value that in our reasonable estimate exceeds 5% of a Fund's assets.

The withdrawal process, including the calculation of the exit unit price, applies only when a Fund is "liquid" (within the meaning given to that term in the Corporations Act 2001). Where a Fund ceases to be liquid, units may only be withdrawn pursuant to a withdrawal offer made to all investors in a Fund in accordance with that Fund's constitution and the Corporations Act 2001. We are not obliged to make such offers.

### Compulsory redemptions

In the case of Magellan High Conviction Fund, the Responsible Entity may redeem some or all of an investor's Units without asking them in accordance with the Constitution or as permitted by law. As an example, this may occur when an investor breaches their obligation to the Responsible Entity (for example, where the Responsible Entity believes that the Units are held in breach of prohibitions contained within the Constitution) or where the Responsible Entity believes that the Units are held in circumstances which might result in a violation of an applicable law or regulation.

### Indirect investors

We authorise the use of this PDS as disclosure to persons who wish to access a Fund indirectly through an Investor Directed Portfolio Service ("IDPS"), IDPS-like scheme or a nominee or custody service (collectively referred to as "master trusts" or "wrap accounts").

If you are investing in a Fund through a master trust or wrap account you do not yourself become an investor in that Fund. Instead, as the master trust or wrap account operator is investing on your behalf, it acquires the rights of investors. In most cases, references to "you" or "your" in the PDS (for example, receiving distribution income, reinvestment distribution income and redemptions) is a reference to the master trust or wrap account operator and accordingly their arrangements with you will set out your rights. We do not keep personal information about indirect investors.

Further, some provisions of that Fund's constitution will not be relevant to you. For example, you will generally not be able to attend meetings, or withdraw investments directly. You will receive reports from the master trust or wrap account operator, not us. The master trust or wrap account operator can exercise (or decline to exercise) those rights in accordance with the arrangements governing the operation of the master trust or wrap account.

Enquiries about a Fund should be directed to your licensed financial adviser, master trust or wrap account operator.

## 3. Benefits of investing in the Funds

There is no additional information for this section.

## 4. Risks of managed investment schemes

There is no additional information for this section.

## 5. How we invest your money

### Permitted Investments

Each Fund may invest in a wide variety of assets, including but not limited to the following:

- securities quoted (or soon to be quoted) on an international securities exchange or the ASX;
- specialised international and Australian investment trusts and other pooled investment vehicles;
- unlisted securities;
- options to purchase or sell any investment which is a permitted investment;

- discounted or purchased bills of exchange, promissory notes or other negotiable instruments accepted, drawn or endorsed by any bank or any corporation;
- convertible notes or preference shares;
- equity swaps; and
- foreign exchange contracts.

#### **Borrowing restrictions**

Each Fund may borrow against all or part of its investment portfolio provided that, at the time any new borrowing is entered into, the aggregate of those new borrowings and any pre-existing borrowings do not exceed:

- in the case of Magellan Global Fund, 5% of that Fund's gross asset value;
- in the case of Magellan Global Fund (Hedged), 5% of that Fund's gross asset value;
- in the case of Magellan Infrastructure Fund, 20% of that Fund's gross asset value;
- in the case of Magellan Infrastructure Fund (Unhedged), 20% of that Fund's gross asset value; or
- in the case of Magellan High Conviction Fund, 5% of that Fund's gross asset value.

#### **Changes to a Fund**

Magellan has the right to close or terminate a Fund and change a Fund's investment return objective, asset classes and asset allocation ranges and currency strategy (if any), without prior notice in some cases. Magellan will inform investors of any material changes to a Fund's details in our next regular communication or as otherwise required by law.

#### **Labour standards and environmental, social or ethical considerations**

Magellan believes that issues relating to labour standards, and to environmental, social and ethical considerations have the potential to affect the business outcomes of a Fund's investment companies. Accordingly, we review labour standards, and environmental, social and ethical considerations as part of the risk assessment that is completed when we determine the investment grade status of a company.

## 6. Fees and costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

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

#### **Magellan Funds**

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable

## Management costs<sup>1</sup> – the fees and costs for managing your investment

<b>Magellan Global Fund</b>	% per annum	<p>Management fees are calculated monthly based on the value of units in each class of a Fund at the end of each month. An estimate for a class of a Fund is accrued daily in the unit price for that class and the fees are payable monthly in arrears from the assets of the relevant Fund.</p> <p>Performance fees (for all funds except Magellan High Conviction Fund) are 10% of the excess return of the units in each class of a Fund above the higher of the “Index Relative” hurdle and the “Absolute Return” hurdle (the yield of 10-year Australian Government Bonds) over each 6 monthly period ending 31 December and 30 June (each a “Calculation Period”).</p> <p>For Magellan High Conviction Fund - Class A Units, performance fees are 10% of the excess return of Class A Units above the “Absolute Return” hurdle (10% per annum) over each 6 monthly Calculation Period ending 31 December and 30 June.</p> <p>For Magellan High Conviction Fund – Class B Units, performance fees are 20% of the excess return of Class B Units above the “Absolute Return” hurdle (10% per annum) over each 6 monthly Calculation Period ending 31 December and 30 June.</p> <p>All Funds are subject to a “High Water Mark” and “Performance Fee Cap”, as described below.</p> <p>Estimated performance fees in this table are calculated as the simple average of the actual performance fees of each Fund (excluding Magellan High Conviction Fund – Class B Units) since inception (up to and including 30 June 2019). Magellan High Conviction Fund – Class B Units have only one full financial year’s performance history, therefore the estimated performance fee has been calculated using the actual performance fee of Class B Units for the year ended 30 June 2019.</p> <p>Performance fees for a class of a Fund are estimated daily and accrued in the relevant unit prices for that class. Performance fees are payable at the end of each Calculation Period from the assets of the relevant Fund.</p>
Management fee	1.35% <sup>2</sup>	
Estimated performance fee	0.24% <sup>3</sup>	
<b>Estimated total management costs</b>	<b>1.59%</b>	
<b>Magellan Global Fund (Hedged)</b>	% per annum	
Management fee	1.35% <sup>2</sup>	
Estimated performance fee	0.12% <sup>3</sup>	
<b>Estimated total management costs</b>	<b>1.47%</b>	
<b>Magellan Infrastructure Fund</b>	% per annum	
Management fee	1.05% <sup>2</sup>	
Estimated performance fee	0.16% <sup>3</sup>	
<b>Estimated total management costs</b>	<b>1.21%</b>	
<b>Magellan Infrastructure Fund (Unhedged)</b>	% per annum	
Management fee	1.05% <sup>2</sup>	
Estimated performance fee	0.26% <sup>3</sup>	
<b>Estimated total management costs</b>	<b>1.31%</b>	
<b>Magellan High Conviction Fund – Class A Units</b>	% per annum	
Management fee	1.50% <sup>2</sup>	
Estimated performance fee	0.98% <sup>3</sup>	
<b>Estimated total management costs</b>	<b>2.48%</b>	
<b>Magellan High Conviction Fund – Class B Units</b>	% per annum	
Management fee	0.78% <sup>2</sup>	
Estimated performance fee	1.72% <sup>4</sup>	
<b>Estimated total management costs</b>	<b>2.50%</b>	

## Service fees

<b>Switching fee</b>	Nil	Not applicable
The fee for changing investment options		

- 1 These fees may be individually negotiated if you are a wholesale client (as defined in the Corporations Act 2001). For more information about negotiable fees, see “Differential fees” under the heading “Additional Explanation of Fees and Costs”.
- 2 Management costs described above are inclusive of the estimated net effect of Goods and Services Tax (“GST”) (i.e. inclusive of GST, less any reduced input tax credits). As the Funds predominantly invest in international securities, the GST impact on the management costs is currently estimated to be negligible. To the extent the GST impact changes (for example, if a Fund’s exposure to Australian securities increases), the actual management costs may vary from the rates stated above. For more information about management costs, see “Management costs” under the heading “Additional Explanation of Fees and Costs”.
- 3 The estimated performance fees represent Magellan’s reasonable estimate of the prospective performance fees payable by the Funds. They have been calculated as the simple average of the actual performance fees of each Fund since inception (up to and including 30 June 2019). The estimated performance fees are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). Past performance is not necessarily indicative of future performance. The actual performance fees payable (if any) will depend on the performance of the classes of units in the Funds over the relevant period. For more information about performance fees, see “Performance fees” under the heading “Additional Explanation of Fees and Costs”.
- 4 Class B Units in Magellan High Conviction Fund only have one full financial year’s performance history, therefore the estimated performance fee is based on the actual performance fee of Class B Units for the year ended 30 June 2019. The estimated performance fee is inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). Past performance is not necessarily indicative of future performance. The actual performance fee payable (if any) will depend on the performance of Class B Units over the relevant period. For more information about performance fees, see “Performance fees” under the heading “Additional Explanation of Fees and Costs”.

## Additional Explanation of Fees and Costs

### Management costs

Management costs comprise of a management fee and a performance fee, each of which is explained below.

### Management fees

Each Fund pays management fees to Magellan as Responsible Entity for managing the assets of the Fund and to cover normal fund expenses. The amount of the management fees for each Fund and, where relevant, each class of a Fund are set out in the table above.

The management fees help cover all ordinary fees, costs, charges, expenses and outgoings that are incurred in connection with each Fund (such as administration and accounting costs, registry fees, audit and tax fees, and investor reporting expenses). Management fees are calculated monthly based on the NAV (before fees) of each unit class of the Funds at the end of each month. Estimated fees for a class of a Fund are reflected in daily unit prices for that class and are payable at the end of each month from the assets of the relevant Fund.

Under each Fund's constitution, we are entitled to receive the following maximum management fee:

Magellan Funds	Management fee <sup>1</sup> (%)
Magellan Global Fund	1.35% per annum
Magellan Global Fund (Hedged)	1.35% per annum
Magellan Infrastructure Fund	1.05% per annum
Magellan Infrastructure Fund (Unhedged)	1.05% per annum
Magellan High Conviction Fund – Class A and Class B Units	1.50% <sup>2</sup> per annum

1 The management fees quoted in the PDS for each Fund are inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). As each Fund predominantly invests in international securities, the GST impact on the management costs quoted in the PDS for each Fund is currently estimated to be negligible. To the extent the GST impact changes (for example, if a Fund's exposure to Australian securities increases), the actual management fees may vary from the rates stated above and in the PDS for the applicable Fund.

2 The actual management fee payable by Magellan High Conviction Fund Class A Units is 1.50% and by Class B Units is 0.78%.

In addition to the management fee, where a Fund incurs extraordinary expenses and outgoings, Magellan may pay for these from that Fund's assets. We may pay extraordinary expenses and outgoings from a Fund's assets because, under the constitutions of the Funds, in addition to the management fee, Magellan is entitled to be indemnified from the assets of the Funds for any liability properly incurred by us in performing properly any of our duties or exercising any of our powers in relation to the Funds or attempting to do so.

### Performance Fees

Depending on how well a class of units in a Fund performs, Magellan may be entitled to a performance fee, paid out of the assets attributed to that class of units in the Fund. Performance fees are calculated with reference to a performance hurdle (or hurdles) applicable to a class of units in a Fund and are subject to a "High Water Mark" requirement and an overall cap. The details of the calculation methodology and the hurdles are set out below.

The daily unit price for each class of units in a Fund includes a performance fee accrual equal to the amount that would be payable if it were the end of a Calculation Period.

### Calculation Methodology

A Fund's "total return" per unit for each unit class ("**Total Return**") is the dollar movement in its unit price (without transaction costs) during the Calculation Period (adjusted for any income or capital distributions and before any accrued performance fees during that Calculation Period). Adjustments will be made for any capital re-organisations such as unit divisions or consolidations. "Calculation Periods" are 6 months in duration ending on 30 June and 31 December of each year.

A Fund's "excess return" per unit for each unit class ("**Excess Return**") is its Total Return per unit less the hurdle return. Where a class of units in a Fund has multiple performance hurdles, the Excess Return is the Total Return per unit less the higher of the applicable hurdle returns expressed in dollar terms.

Under each Fund's constitution, the Performance Fee per unit for each unit class contemplated in this Additional Information Booklet is 10%<sup>1</sup> of the Excess Return, except Magellan High Conviction Fund - Class B Units which is 20%<sup>1</sup> of the Excess Return.

1 The performance fee quoted in the PDS for each Fund is inclusive of the estimated net effect of GST (i.e. inclusive of GST, less any reduced input tax credits). As each Fund predominantly invests in international securities, the GST impact on the performance fees quoted in the PDS for each Fund is currently estimated to be negligible. To the extent the GST impact changes (for example, if a Fund's exposure to Australian securities increases), the actual performance fees may vary from the rates stated above and in the PDS for the applicable Fund.

### Units issued during a Calculation Period

Performance fees are paid on the Excess Return of each unit on issue at the end of a Calculation Period, less a class level equalisation reserve ("**Equalisation Reserve**"). The effect of the Equalisation Reserve is that we will only receive a performance fee in respect of a specific unit on performance generated after that unit is issued. The Equalisation Reserve accumulates over a Calculation Period. Each time a new unit is issued, the Equalisation Reserve is adjusted by an amount that represents the prevailing performance fee per unit accrued in the applicable entry price immediately prior to the issue of that new unit ("**Equalisation Adjustment**"). If the accrued performance fee per unit on the day a new unit is issued is nil, there will be no Equalisation Adjustment made to the Equalisation Reserve in respect of the issue of that new unit.

The Equalisation Reserve, except for Magellan High Conviction Fund – Class B Units, is subject to a ceiling such that the total Equalisation Reserve is the lesser of:

- the total of the Equalisation Adjustments calculated on each day of the Calculation Period; and
- the number of new units issued during the Calculation Period multiplied by the prevailing performance fee per unit.

For Magellan High Conviction Fund – Class B Units, the Equalisation Reserve is subject to a ceiling such that the total Equalisation Reserve is the lesser of:

- the total of the Equalisation Adjustments calculated on each day of the Calculation Period; and
- the number of new units issued during the Calculation Period multiplied by the prevailing performance fee per unit; and
- 1.11% of the total number of new units issued during the Calculation Period multiplied by the prevailing unit price.

The ceiling on the Equalisation Reserve ensures that our performance fee entitlement is not less than it would have been had no units been issued during the Calculation Period.

The exact impact of the performance fee on a particular investor will depend on the number of new units issued during a Calculation Period, the excess return achieved from the start of the Calculation Period to the date of issue of new units and the subsequent movement in the unit price to the end of the Calculation Period.

### Units withdrawn during a Calculation Period

For units that are withdrawn during the Calculation Period, the day of withdrawal will be treated as the end of the Calculation Period with respect to those units and the performance fee will become payable to us.

The withdrawal proceeds will be net of any performance fees accrued on the day of withdrawal. Any switches will also be treated as if they were withdrawals for the purposes of calculating the performance fees.

### Performance Hurdles

Magellan Global Fund, Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged) are each subject to an "Index Relative" and an "Absolute Return" performance hurdle, as described below.

Magellan High Conviction Fund (Class A and Class B Units) are subject to Absolute Return performance hurdles only.

All Funds are subject to a "High Water Mark" and "Performance Fee Cap", as described below.

### Index Relative Hurdles

Magellan Funds	Index Relative Hurdles
Magellan Global Fund	MSCI World Net Total Return Index (AUD)
Magellan Global Fund (Hedged)	MSCI World Net Total Return Index (hedged to AUD)
Magellan Infrastructure Fund	S&P Global Infrastructure Index A\$ Hedged Net Total Return <sup>1</sup>
Magellan Infrastructure Fund (Unhedged)	S&P Global Infrastructure Index A\$ Unhedged Net Total Return <sup>1</sup>

1 The S&P Global Infrastructure Indices are a product of S&P Dow Jones Indices LLC and/or its affiliates. Redistribution, reproduction and/or photocopying in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC.

If an index ceases to be published, we will nominate an equivalent replacement index.

### Absolute Return Hurdles

For Magellan Global Fund, Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged), the applicable Absolute Return performance hurdle is the yield of 10-year Australian Government Bonds as at the first Business Day of the Calculation Period, pro-rated for the Calculation Period.

For Magellan High Conviction Fund (Class A and Class B units), the Absolute Return performance hurdle is 10% per annum.

### High Water Mark

We will only be entitled to a Performance Fee where the unit price at the end of the Calculation Period exceeds the applicable High Water Mark. The High Water Mark is the unit price at the end of the most recent Calculation Period for which we were entitled to a performance fee, less any intervening income and capital distribution. For the first Calculation Period after the commencement of a class of units in a Fund, the High Water Mark is taken to be \$1.00.

### Performance Fee Cap

A performance fee reduces the unit price of a class of units in a Fund. We will reduce a performance fee we are otherwise entitled to in order to make sure that the performance fee does not reduce the unit price (after the performance fee has been paid) of a class of units in a Fund below the High Water Mark for the relevant Calculation Period.

In addition to the above, for Magellan High Conviction – Class B Units, there is a Performance Fee Cap of 1.11% per Calculation Period (2.22% p.a.). The Performance Fee Cap is calculated as total performance fees paid or payable on Class B Units in respect of any Calculation Period (excluding any performance fees paid or payable on Class B Units withdrawn during a Calculation Period) divided by the NAV (after management fees) for Class B Units at the end of the Calculation Period. The performance fee estimate that is accrued daily in the unit prices (excluding any performance fees payable on Class B Units that have been withdrawn) will not exceed 1.11% of the NAV (after management fees) for Class B Units on any Business Day.

### **Total transactional and operational costs**

Transactional and operational costs such as brokerage and transactional taxes are incurred by a Fund when a Fund acquires and disposes of securities. An estimate of transactional and operational costs for each Fund is provided in the table below. These estimated costs are based on the actual transactional and operational costs incurred by each Fund for the year ended 30 June 2019.

Magellan Funds	Total transactional and operational costs (% p.a.)	Recovery through buy/ sell spread (% p.a.)	Net transactional and operational costs (% p.a.)	For every \$50,000 you have in the Fund you will likely incur approximately:
Magellan Global Fund	0.03%	0.02%	0.01%	\$5
Magellan Global Fund (Hedged)	0.06%	0.05%	0.01%	\$5
Magellan Infrastructure Fund	0.10%	0.07%	0.03%	\$15
Magellan Infrastructure Fund (Unhedged)	0.06%	0.06%	Nil	Nil
Magellan High Conviction Fund (Class A & Class B Units)	0.05%	0.03%	0.02%	\$10



The net transactional and operational costs take into account the buy / sell spread recovered in respect of the year ended 30 June 2019. The amount of these costs will vary from year to year depending on the volume and value of the trading activity in the Funds, and the value of applications and withdrawals processed. Where the transactional and operational costs are not fully recovered from investors from the buy / sell spread, the difference will be borne by the relevant Fund out of that Fund's assets without recovery from individual investors and is reflected in the unit price of each class in the relevant Fund.

Transactional and operational costs are paid out of the assets of the Funds and are not paid to Magellan.

#### **Fees for indirect investors**

For investors accessing the Funds through an Investor Directed Portfolio Service ("IDPS"), IDPS-like scheme or a nominee or custody service (collectively referred to as "master trusts" or "wrap accounts"), additional fees and costs may apply. These fees and costs are stated in the offer document provided by your master trust or wrap account operator. These are not fees paid to Magellan.

#### **Payments to platforms**

Some master trusts, wrap accounts or other investment administration services ("Platforms") charge product access payments fees (as a flat dollar amount each year) for having the Funds included on their investment menus. We may, therefore, pay amounts from the fees we receive to any Platform through which the Funds are made available. As these amounts are paid by us out of our own resources, they are not an additional cost to you.

#### **Financial adviser fees**

Your licensed financial adviser may also charge you fees for the services they provide. These should be set out in the Statement of Advice given to you by your adviser. Magellan pays no commissions related to your investments to financial advisers.

#### **Differential fees**

A rebate of part of the management fee or a lower management fee may be negotiated with investors who are wholesale clients for the purposes of the Corporations Act 2001. Further information can be obtained by contacting us.

## 7. How managed investment schemes are taxed

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

The taxation information contained in this Booklet reflects the Australian income tax legislation in force, and the interpretation of the Australian Taxation Office ("ATO") and the courts, as at the date of issue of this Booklet. Taxation laws are subject to continual change and there are reviews in progress that may impact the taxation of trusts and investors.

#### **AMIT Regime**

Each Fund has elected to become an Attribution Managed Investment Trust ("AMIT"). Accordingly, investors will be subject to tax on the income of the Fund that is attributed to them under the AMIT rules each year ending 30 June. If there is income of a Fund that is not attributed to an investor, that Fund will be subject to tax at the highest marginal rate (plus Medicare levy) on that non-attributed income. The AMIT rules also allow the Funds to accumulate part or all of a Fund's income in that Fund, in which case the income of a Fund that is attributed to you (and which must be included in your income tax return) will be more than the total distribution you receive.

Investors will be assessed for tax on their share of the net income and net capital gains generated by a Fund that is attributed to them under the AMIT rules. Investors will receive a tax statement after the end of each financial year (referred to as an AMIT Member Annual Statement) that will provide them with details of the amounts that have been attributed to them by that Fund to assist them in the preparation of their tax return.

If a Fund or any of its classes of units were to incur a tax loss for a year then that Fund could not attribute that loss to investors. However, subject to a Fund meeting certain conditions, a Fund may be able to recoup such a loss against taxable income in subsequent income years.

Depending on an investor's particular circumstances, they may also be liable to pay capital gains tax (or income tax if they hold their Units on revenue account) when they withdraw units.

#### **Taxation of non-resident investors**

If a non-resident investor is entitled to taxable income of a Fund, the investor may be subject to Australian tax at the rates applicable to non-residents. If you are a non-resident, you may be entitled to a credit for Australian income tax paid by a Fund in respect of your tax liability.

#### **Taxation reforms**

Reforms to the taxation of funds are generally ongoing. Investors should seek their own advice and monitor the progress of announcements and proposed legislative changes on the potential impact to their investment.

#### **Quoting your Tax File Number ("TFN") or an Australian Business Number ("ABN")**

It is not compulsory for investors to quote their TFN, ABN, or exemption details. However, should an investor choose not to, Magellan is required to deduct tax from an investor's distributions at the maximum personal rate (plus the Medicare levy). Collection of TFNs is permitted by taxation and privacy legislation.

#### **GST**

Your investment in the Funds will not be subject to goods and services tax.

## Foreign Account Tax Compliance Act

Under the Foreign Account Tax Compliance Act (“**FATCA**”), Magellan is required to collect and report information about certain investors identified as U.S. tax residents or citizens. In order to comply with its FATCA obligations, Magellan may request investors to provide certain information (“**FATCA Information**”).

To the extent that all FATCA Information is obtained, the imposition of US withholding tax on payments of US income or gross proceeds from the sale of particular US securities shall not apply. Although Magellan attempts to take all reasonable steps to comply with its FATCA obligations and to avoid the imposition of the withholding tax, this outcome is not guaranteed.

Under the terms of the intergovernmental agreement between the US and Australian governments, Magellan may provide FATCA Information to the ATO. Please be aware that Magellan may use an investor’s personal information to comply with FATCA, and may contact an investor if additional information is required.

## Common Reporting Standard

The Common Reporting Standard (“**CRS**”) is a global standard for the collection, reporting and exchange of financial account information on foreign tax residents. The CRS requires Magellan to collect certain information about an investor’s tax residence. If an investor is a tax resident of any country outside Australia, Magellan may be required to pass certain information about the investor (including account-related information) to the ATO. The ATO may then exchange this information with the tax authorities of another jurisdiction or jurisdictions, pursuant to intergovernmental agreements to exchange financial account information.

Although the CRS does not involve any withholding tax obligations, please be aware that Magellan may use an investor’s personal information to comply with the CRS obligations, and may contact an investor if additional information is required. Note: the account opening process cannot be completed until the requested information has been provided.

## 8. How to apply

There is no additional information for this section.

## 9. Other information

### Change of details

From time to time, you may need to advise us of changes relating to your investment. You may advise us by fax, email or mail of changes relating to:

- your mailing address;
- your licensed financial adviser, if you have nominated one; or
- your election to receive distributions as cash or to reinvest them.

If you need to advise us of changes relating to your nominated bank account (to which we will pay the proceeds of withdrawals and distributions, if you have elected to receive these as cash), we require you to instruct us via mail. Please note that to enable us to verify that the account is in the name of the investor, you will need to include a copy of a bank statement for the new account with your notification showing the name in which the account is held and the bank account number. We may also request a certified copy of the bank statement.

We require original copies of standard transfer forms to be mailed to us (used if you wish to transfer your units from one account to a different account). We are unable to process transfer forms that are faxed, emailed or photocopied.

We require your instructions to be signed by the nominated signatory on your account. If you have nominated joint signatories for the account, both should sign notifications of changes in any of your details.

### Contact details:

**Mail** Mainstream Fund Services – Unit Registry GPO Box 143, Sydney NSW 2001

**Email** [magellanfunds@mainstreamgroup.com](mailto:magellanfunds@mainstreamgroup.com)

**Fax** +61 2 9247 2822

**Phone** 1300 127 780 or +61 2 8259 8566 (international) or 0800 787 621 (NZ).

### Constitution

The operation of each Fund is governed under the Law and the respective constitutions of each Fund which addresses matters such as unit pricing and withdrawals and applications; the issue and transfer of units; investor meetings; investors’ rights; our powers to invest, borrow and generally manage a Fund and our fee entitlement and right to be indemnified from that Fund’s assets. Each Constitution states that your liability is limited to the amount you paid for your units, but the courts are yet to determine the effectiveness of provisions of this kind. We may alter a Fund’s Constitution if we, as the responsible entity, reasonably consider the amendments will not adversely affect investors’ rights. Otherwise, we must obtain investors’ approval at a meeting of investors. We may retire or be required to retire as responsible entity (if investors vote for our removal). No units may be issued after the 80th anniversary of the date of the Constitution. We may exercise our right to terminate the Fund earlier. Your rights to requisition, attend and vote at meetings are mainly contained in the Corporations Act.

You can inspect a copy of a Fund’s Constitution at our head office or we will provide you with a copy free of charge.

### Classes of Units in a Fund

Additional unit classes in a Fund may be issued by Magellan in the future with the same or different terms to any existing unit classes of the Fund.

## Custodian

The Northern Trust Company (acting through its Australian branch) ("**Northern Trust**") has been appointed to hold the assets of each Fund under a Master Custody Agreement. As Custodian, Northern Trust will safe-keep the assets of each Fund, collect the income of each Fund's assets and act on our directions to settle each Fund's trades. Northern Trust does not make investment decisions in respect of the Funds' assets that it holds.

## Consents

The following parties have given written consent (which has not been withdrawn at the date of this PDS) to being named in the form and context in which they are named, in this PDS:

- Mainstream Fund Services Pty Limited; and
- The Northern Trust Company.

Each party named above who has consented to be named in the PDS:

- has not authorised or caused the issue of this PDS;
- does not make or purport to make any statement in the PDS (or any statement on which a statement in the PDS is based) other than as specified; and
- to the maximum extent permitted by law, takes no responsibility for any part of the PDS other than the reference to their name in a statement included in the PDS with their consent as specified.

## Anti-money laundering and counter terrorism financing (AML/CTF)

Australian AML/CTF laws require us to adopt and maintain an AML/CTF Program. A fundamental part of the AML/CTF Program is that we know certain information about investors in the Funds. To meet this legal requirement, we need to collect certain identification information and documentation ("**KYC Documents**") from you if you are a new investor. If you are an existing investor you may also be asked to provide KYC Documents as part of a re-identification process to comply with the AML/CTF laws. Processing of applications or redemptions will be delayed or refused if you do not provide the KYC Documents when requested.

Under the AML/CTF laws, we may be required to submit reports to the Australian Transaction Reports and Analysis Centre ("**AUSTRAC**"). This may include the disclosure of your personal information. We may not be able to tell you when this occurs and, as a result, AUSTRAC may require us to deny you (on a temporary or permanent basis) access to your investment.

This could result in loss of the capital invested, or you may experience significant delays when you wish to transact on your investment. We are not liable for any loss you may suffer because of compliance with the AML/CTF laws.

## Your privacy

We collect, hold, use, disclose and protect personal information in accordance with our Privacy Policy. A copy of our Privacy Policy is available on our website. You should contact us if you have any questions about Magellan's practices relating to the handling of personal information.

Your personal information is disclosed, collected and used by Mainstream Fund Services Pty Limited ("**Mainstream Fund Services**"), who Magellan has engaged as its third party investment administrator to support the administration of the Funds. We have contractual arrangements with Mainstream Fund Services to ensure that they comply with privacy laws when dealing with your personal information. A copy of Mainstream Fund Services' Privacy Policy can be accessed through their website at [www.mainstreamgroup.com](http://www.mainstreamgroup.com).

Magellan may use your personal information to market products and services to you; and to improve customer service by providing your personal information to other external service providers (including companies conducting market research).

Magellan also uses your personal information to comply with Anti-Money Laundering/Counter Terrorism Financing laws, Australian taxation laws and all other applicable laws; and discloses personal information to various law enforcement agencies, regulatory authorities and governments around the world, including the Australian Taxation Office and the Australian Transaction Reports and Analysis Centre.

Under FATCA and the CRS, Magellan is required to ask about your tax residency status under taxation information sharing agreements between Australia and other countries.

## Additional information for New Zealand investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and the regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the PDS are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act sets out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between the currency for the financial products and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in this PDS is available only in Australia and is not available in New Zealand.

### **Direct Debit Request Service Agreement**

This information applies only if you have indicated that you wish for your initial amounts to be paid by direct debit. Please ensure you have provided the details of your financial institution and completed the direct debit request in the relevant sections of the Application Form.

The following is your Direct Debit Service Agreement ("**Agreement**") with Mainstream Fund Services Pty Ltd ABN 81 118 902 891 ("**Mainstream Fund Services**"), who acts as the Unit Registry of each Fund. The Agreement is designed to explain what your obligations are when undertaking a Direct Debit arrangement with Mainstream Fund Services. It also details what Mainstream Fund Services' obligations are to you as your Direct Debit Provider. We recommend you keep this information in a safe place for future reference. It forms part of the terms and conditions of your Direct Debit Request in the relevant sections of the Application Form.

#### **Definitions:**

**Account** means the account held at your financial institution from which we are authorised to arrange for funds to be debited

**Agreement** means the Direct Debit Request Service Agreement between you and us

**Banking Day** means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia

**Debit Day** means the day that payment by you to us is due

**Direct Payment** means a particular transaction where a debit is made

**Direct Debit Request** means the direct debit request in the Application Form

**Us or We** means Mainstream Fund Services, (the "Debit User") you have authorised by signing a Direct Debit Request

**You** means the customer who has signed or authorised by other means the Direct Debit Request

**Your financial institution** means the financial institution nominated by you on the Direct Debit Request at which the account is maintained.

#### **1. Debiting your Account**

- 1.1 By signing a direct debit request or by providing us with a valid instruction, you have authorised us to arrange for funds to be debited from your account. You should refer to the direct debit request and this agreement for the terms of the arrangement between us and you.
- 1.2 We will only arrange for funds to be debited from your account as authorised in the direct debit request.  
or  
We will only arrange for funds to be debited from your account if we have sent to the address nominated by you in the direct debit request, a billing advice which specifies the amount payable by you to us and when it is due.
- 1.3 If the debit day falls on a day that is not a banking day, we may direct your financial institution to debit your account on the following banking day. If you are unsure about which day your account has or will be debited you should ask your financial institution.

#### **2. Amendments by Us**

- 2.1 We may vary any details of this agreement or a direct debit request at any time by giving you at least fourteen (14) days written notice.

#### **3. Amendments by You**

- 3.1 You may change, stop or defer a debit payment, or terminate this agreement by providing us with at least fourteen (14) days notification by writing to:

##### **Unit Registry**

Mainstream Fund Services Pty Ltd  
GPO BOX 143  
Sydney NSW 2001

or

by telephoning us on 1300 127 780 or +61 2 8259 8566 (international) or 0800 787 621 (NZ) during business hours;

or

arranging it through your own financial institution.

#### **4. Your Obligations**

- 4.1 It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the direct debit request.
- 4.2 If there are insufficient clear funds in your account to meet a debit payment:
  - a) you may be charged a fee and/or interest by your financial institution;
  - b) you may also incur fees or charges imposed or incurred by us; and
  - c) you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.

- 4.3 You should check your account statement to verify that the amounts debited from your account are correct.
- 4.4 If we are liable to pay goods and services tax ("**GST**") on a supply made in connection with this agreement, then you agree to pay us on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

## **5. Dispute**

- 5.1 If you believe that there has been an error in debiting your account, you should notify us directly on 1300 127 780 and confirm that notice in writing with us as soon as possible so that we can resolve your query more quickly. Alternatively, you can take it up with your financial institution directly.
- 5.2 If we conclude as a result of our investigations that your account has been incorrectly debited we will respond to your query by arranging for your financial institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your account has been adjusted.
- 5.3 If we conclude as a result of our investigations that your account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding in writing.

## **6. Accounts**

- 6.1 You should check:
- With your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions; and
  - Your account details which you have provided to us are correct by checking them against a recent account statement; and
  - With your financial institution before completing the direct debit request if you have any queries about how to complete the direct debit request.

## **7. Confidentiality**

- 7.1 We will keep any information (including your account details) in your direct debit request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.
- 7.2 We will only disclose information that we have about you:
- To the extent specifically required by law; or
  - For the purposes of this agreement (including disclosing information in connection with any query or claim).

## **8. Notice**

- 8.1 If you wish to notify us in writing about anything relating to this agreement, you should write to:

**Mainstream Fund Services Pty Ltd**  
GPO Box 143  
Sydney NSW 2001

- 8.2 We will notify you by sending a notice in the ordinary post to the address you have given us in the Direct Debit Request.
- 8.3 Any notice will be deemed to have been received on the third banking day after posting.