

Magellan Wholesale Plus Infrastructure Fund

Manager Profile

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Manager Overview

Magellan Asset Management Limited ('Magellan') is the investment manager of the Magellan Wholesale Plus Infrastructure Fund ('Fund'). Magellan was formed in 2006 to generate attractive returns for clients by investing in global equities and global listed infrastructure while protecting their capital.

Magellan is a wholly owned subsidiary of Magellan Financial Group Limited ACN 108 437 592, which has been listed on the Australian Securities Exchange since 2006, managing A\$100.4 billion in global equity, infrastructure and Australian equities for clients based all around the world.¹

Investment Philosophy and Style

The Fund has been designed with the aim of providing investors with efficient access to the infrastructure asset class, while aiming to protect capital in adverse markets.

Magellan's philosophy is based on the premise that equity markets are inefficient, and may lead to a discrepancy between a company's share price and its intrinsic value. With a view to identifying these opportunities, the Magellan team applies a rigorous investment research approach with a bias towards companies that it considers exhibit consistent cash-flow generation through the market cycle, and operate in an industry that it believes displays little to no competitive pressure.

Investment Process

The Fund's investment process involves three key stages:

1. Determining the investment universe – only securities that meet Magellan's proprietary infrastructure classification criteria are included in the Fund's investable universe. In order for a security to meet this definition, its underlying business must provide a service that Magellan thinks is essential to the efficient functioning of a community, while generating cash flows that in Magellan's view, are less subject to external risks such as commodity prices. Furthermore, Magellan evaluates other criteria, such as gearing levels, sovereign risk, regulatory risk and reporting transparency, which, if failed, could result in exclusion from the Fund's investment universe. Magellan believes that by excluding businesses that fail to meet these criteria, the investment universe should consist purely of companies that Magellan thinks may enjoy reliable demand, with the potential to generate predictable cash flows.

2. Assessing each potential investment's quality and intrinsic value – each security in the investment universe is subjected to Magellan's analysis, including evaluation of a company's:
 - external environment
 - business specific issues
 - historical financial performance
 - valuation
3. Allocating capital to the securities within the investment universe in an appropriate manner – portfolio construction is intended to be driven by the results of qualitative stock analysis, valuation, formal risk controls and factor risk management. The portfolio construction process aims to focus on long-term value rather than index-relative positioning.

The resulting portfolio is intended to provide investors with exposure to securities that meet Magellan's infrastructure classification criteria, while aiming to give consideration to what Magellan believes is each security's quality and its price relative to its assessed intrinsic value.

Investment Strategy

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

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

About the Team

The strategy is led by Gerald Stack, Head of Infrastructure, and is managed by a dedicated infrastructure team. Including Gerald, there are 5 Portfolio Managers and 3 Investment Analysts. The team collectively bring over 110 years of investment experience.

Important Information

All investments carry risk. Factors that influence the direction and volatility of your investment are varied and include risks such as market risk and security specific risk. Please refer to the 'Risks of managed investment schemes' of the PDS for the Fund for further details.

Small differences in investment performance and fees and costs can have a substantial impact on your long term returns. Please refer to the 'Fees and costs' section of the PDS for the Fund for more information.



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WFSL is the responsible entity for the Magellan Wholesale Plus Infrastructure Fund ARSN 612 670 989 ('Fund'). A Product Disclosure Statement ('PDS') is available for the Fund and can be obtained by calling 1800 287 873 or by visiting bt.com.au/wholesaleplus. The Financial Services Guide ('FSG') for WFSL can also be obtained via the Product Disclosure Statement page on bt.com.au. You should obtain and consider the PDS for the Fund and the FSG before deciding whether to acquire, continue to hold or dispose of units in the Fund.

WFSL has appointed Magellan Asset Management Limited ABN 31 120 593 946 AFSL No. 304301 as the investment manager ('Manager') for the Fund. The Manager has consented to the statements pertaining to it in this document, in the form and context in which they appear and has not withdrawn its consent as at the date this document was published. The information in this document may contain material provided by third parties derived from sources believed to be accurate as at the date this document was published. While such material is published with necessary permission, no company in the Westpac Group accepts any responsibility for the accuracy or completeness of, or endorses any such material. Except where contrary to law, we intend by this notice to exclude liability for this material.

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The information in this document and the details of the Manager may change from time to time.

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