



ANNUAL FINANCIAL REPORTS

FOR THE YEAR ENDED 30 JUNE 2019

MAGELLAN GLOBAL FUND: ABN 18 387 878 844

MAGELLAN GLOBAL FUND (HEDGED): ABN 72 263 210 345

MAGELLAN INFRASTRUCTURE FUND: ABN 64 144 747 279

MAGELLAN INFRASTRUCTURE FUND (UNHEDGED): ABN 79 874 701 620

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Responsible Entity's Report

for the year ended 30 June 2019

The Directors of Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946), the Responsible Entity of Magellan Global Fund, Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged) (collectively the "Funds") present their report on the Funds for the year ended 30 June 2019.

1.0 Directors

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

Name	Directorship	Appointed
Brett Cairns	Chief Executive Officer	22 January 2007
Hamish Douglass	Chief Investment Officer ^(A)	21 November 2006
John Eales	Non-executive Director	1 July 2017
Robert Fraser	Chairman	23 April 2014
Paul Lewis	Non-executive Director	20 December 2006
Hamish McLennan	Non-executive Director	1 March 2016
Kirsten Morton	Chief Financial Officer	5 October 2018
Karen Phin	Non-executive Director	23 April 2014

^(A) On 5 October 2018, Mr Douglass resigned as a Director of MAM and was appointed Chairman of Magellan Financial Group Limited ("MFG") the parent company of MAM.

1.1 Principal Activity

The Funds are registered managed investment schemes domiciled in Australia, with a principal place of business at Level 36, 19 Martin Place, Sydney, New South Wales 2000.

Magellan Global Fund ("MGF") invests in a portfolio of between 20 and 40 high quality stocks, listed on a global stock exchange, 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. MGF invests in a concentrated portfolio of global equities which spans sectors including financial services, consumer and retail, health care, telecommunications, technology platforms, software and internet related products and services. Such a portfolio will achieve sufficient diversification to ensure MGF is not overly correlated to a single company or to macroeconomic risks. MGF aims to achieve attractive risk-adjusted returns over the medium to long term, while reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the Product Disclosure Statement, issued 3 November 2018). The capital component of the foreign currency exposure, arising from investments in overseas markets, is substantially unhedged.

Magellan Global Fund (Hedged) ("MGFH") has the same investment strategy as MGF, except that the capital component of the foreign currency exposure, arising from investment in overseas markets, is substantially hedged to Australian Dollars (as detailed in the Product Disclosure Statement, issued 3 November 2018).

Magellan Infrastructure Fund ("MIF") invests in a portfolio of between 20 and 40 high quality stocks listed on a global stock exchange whose primary business is the ownership and operation of infrastructure assets, which spans sectors including roads and airports, water and sewage, energy and communications infrastructure. Such a portfolio will achieve sufficient diversification to ensure MIF is not overly correlated to a single company or to macroeconomic risks. MIF aims to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the Product Disclosure Statement, issued 3 November 2018). The capital component of the foreign currency exposure, arising from investments in overseas markets, is substantially hedged to Australian Dollars.

Responsible Entity's Report

for the year ended 30 June 2019

1.1 Principal Activity (continued)

Magellan Infrastructure Fund (Unhedged) ("MIFU") has the same investment strategy as MIF, except that the capital component of the foreign currency exposure, arising from investment in overseas markets, is substantially unhedged (as detailed in the Product Disclosure Statement, issued 3 November 2018).

1.2 Significant Changes In State Of Affairs

There were no significant changes in the state of affairs of the Funds during the year.

1.3 Review Of Operations

a) Financial Results For The Year

The performance of the Funds, as represented by the results of their operations for the years ended 30 June, were as follows:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Results								
Total net investment income (\$'000)	2,052,520	1,640,704	83,925	61,399	298,226	118,154	158,963	68,661
Total expenses (\$'000)	172,221	167,382	9,099	7,974	24,957	24,340	11,128	12,256
Net Operating Profit/(Loss) (\$'000)	1,880,299	1,473,322	74,826	53,425	273,269	93,814	147,835	56,405
Distributions								
Distribution paid and payable to unitholders (\$'000)	521,596	710,350	19,766	29,630	51,056	64,310	42,072	18,437
Distribution paid and payable (cents per unit) (refer (i) on following page for components)	11.7912	16.1456	5.5000	10.0066	3.8000	5.3662	9.4120	4.7000
Unit Price								
Unit price (net asset value) (ex-distribution) (\$)	2.4095	2.1032	1.6760	1.5212	1.4295	1.2622	1.9716	1.7216
Redemption Unit Price (ex-distribution) (\$)	2.4078	2.1011	1.6748	1.5197	1.4274	1.2603	1.9686	1.7190
Indirect Cost Ratio^(A)								
Management fee (%)	1.35	1.35	1.35	1.35	1.06	1.06	1.06	1.06
Performance fee (%)	0.14	0.20	0.13	0.16	0.01	0.26	-	0.48
Total Indirect Cost Ratio (%)	1.49	1.55	1.48	1.51	1.07	1.32	1.06	1.54

^(A) The Total Indirect Cost Ratio ("ICR") is the ratio of the Funds' management costs over their average portfolio value, attributable to unitholders, expressed as a percentage. Management costs, accrued within the Funds' unit prices on a daily basis, include management and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

Responsible Entity's Report

for the year ended 30 June 2019

1.3 Review Of Operations (continued)

(i) Distribution components for interim and final distribution, which can be found in 'Our Funds' section of the MFG website, www.magellangroup.com.au are as follows:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund				Magellan Infrastructure Fund (Unhedged)			
	cents per unit		cents per unit		cents per unit				cents per unit			
	30 Jun 2019 Final	30 Jun 2018 Final	30 Jun 2019 Final	30 Jun 2018 Final	31 Dec 2018 Interim	30 Jun 2019 Final	31 Dec 2017 Interim	30 Jun 2018 Final	31 Dec 2018 Interim	30 Jun 2019 Final	31 Dec 2017 Interim	30 Jun 2018 Final
Domestic Income												
Interest	0.0042	0.0013	-	0.1583	0.0171	-	0.0601	0.2087	0.1660	0.1690	0.0371	0.1398
Franked dividends	-	-	-	0.0014	-	-	0.0125	0.0434	-	0.0559	0.0148	0.0420
Franking credits	-	-	-	-	-	-	0.0081	0.0281	-	0.0346	0.0181	0.0300
Unfranked dividends	-	-	-	-	-	-	0.0233	0.0808	-	0.1530	0.0250	0.0777
Other income	0.0122	0.0014	-	0.0035	-	-	0.0850	0.2951	0.0279	0.0383	0.0179	-
Foreign Sourced Income	2.2236	0.9640	-	3.4784	0.0077	-	0.5135	1.7828	1.9561	1.5068	0.4982	1.7703
Foreign income tax offsets	0.4420	0.4270	-	0.3113	-	-	0.0868	0.3015	0.1672	0.4232	0.1609	0.3648
Capital Gains												
Discounted	4.7756	7.5979	-	3.1825	0.0005	-	0.2225	0.7726	-	2.6695	-	0.3919
AMIT CGT gross up amount	4.7756	7.5810	-	3.1825	0.0005	-	0.2225	0.7726	-	2.6695	-	0.3919
Other non-attributable amounts (tax deferred amounts)	-	-	5.5000	-	1.5242	2.2500	0.0606	0.2102	-	-	1.0070	0.2864
Attribution Amount	12.2332	16.5726	5.5000	10.3179	1.5500	2.2500	1.2949	4.4958	2.3172	7.7198	1.7790	3.4948
Tax Offsets												
Franking credits	-	-	-	-	-	-	(0.0081)	(0.0281)	-	(0.0346)	(0.0181)	(0.0300)
Foreign income tax offsets	(0.4420)	(0.4270)	-	(0.3113)	-	-	(0.0868)	(0.3015)	(0.1672)	(0.4232)	(0.1609)	(0.3648)
Cash Distribution	11.7912	16.1456	5.5000	10.0066	1.5500	2.2500	1.2000	4.1662	2.1500	7.2620	1.6000	3.1000

Responsible Entity's Report

for the year ended 30 June 2019

1.3 Review Of Operations (continued)

a) Financial Results For The Year (continued)

The performance returns for the years ended 30 June shown in the following table have been calculated using redemption unit prices for the Funds, which are after fees and expenses, assuming reinvestment of distributions at exit price. The returns are calculated daily, compounded to produce longer period returns.

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 %	30 June 2018 %	30 June 2019 %	30 June 2018 %	30 June 2019 %	30 June 2018 %	30 June 2019 %	30 June 2018 %
Performance								
Growth return ^(A)	14.6	8.6	10.2	6.1	13.3	2.5	14.5	6.2
Distribution return ^(B)	5.6	8.3	3.6	7.0	3.3	4.4	5.7	3.0
Total Return ^(C)	20.2	16.9	13.8	13.1	16.5	6.9	20.2	9.2

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

^(B) The Distribution return is calculated as a percentage by subtracting the Growth return from the Total Return.

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

b) Strategy And Future Outlook

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

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations. The Funds provide daily unit prices, monthly fund updates and annual investor reports which can be found in 'Our Funds' section of the MFG website, www.magellangroup.com.au. These fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

Responsible Entity's Report

for the year ended 30 June 2019

1.4 Interest In The Funds

The unitholders' equity of the Funds at 30 June was as follows:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Unitholders' Equity	10,658,670	9,247,330	602,358	450,168	1,977,434	1,521,884	902,720	673,777

1.5 Likely Developments And Expected Results Of Operations

The Funds will continue to invest in companies and businesses in accordance with the investment strategies as detailed in their Product Disclosure Statements. Additional comments on the expected results of operations of the Funds are included in this report in Section 1.3 under the Review of Operations. The methods of operating the Funds are not expected to change in the foreseeable future however the results of the Funds' operations may be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and past returns should not be used to predict future returns.

1.6 Events Subsequent To The End Of The Year

Other than the items disclosed throughout these Financial Reports, there have been no matters or circumstances arising after the end of the year that have significantly affected, or may significantly affect, the Funds' operations, the results of those operations, or the Funds' state of affairs in future financial years.

1.7 Indemnification And Insurance Of Directors And Officers

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

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

1.8 Rounding Of Amounts

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

Responsible Entity's Report

for the year ended 30 June 2019

1.9 Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

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

A handwritten signature in black ink, appearing to read 'Robert Fraser', written over a faint horizontal line.

Robert Fraser
Chairman

Sydney, 30 August 2019



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

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

Auditor's independence declaration to the Directors of Magellan Asset Management Limited as the Responsible Entity of Magellan Global Fund, Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged), (the "Funds")

As lead auditor for the audit of the financial report of the Funds for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Rita Da Silva'.

Rita Da Silva
Partner
Sydney, 30 August 2019

Statements Of Profit Or Loss And Comprehensive Income

for the year ended 30 June 2019

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
Note	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Investment Income								
Dividend and distribution income	142,466	136,264	7,605	6,668	57,768	48,773	26,103	21,511
Interest income	31,656	11,680	1,167	736	2,076	1,843	1,107	523
Net change in fair value of investments	1,785,093	1,431,154	75,035	54,125	238,111	67,448	128,489	44,375
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash	92,978	61,236	117	(147)	(40)	20	3,124	2,249
Other income	327	370	1	17	311	70	140	3
Total Net Investment Income	2,052,520	1,640,704	83,925	61,399	298,226	118,154	158,963	68,661
Expenses								
Management fees	9 c) i) 137,005	128,077	7,256	6,233	18,071	15,388	8,094	6,881
Performance fees	9 c) ii) 14,068	18,861	710	758	157	3,747	30	3,091
Brokerage fees	503	633	34	36	206	191	98	70
Withholding tax on dividends	20,645	19,811	1,099	947	6,523	5,014	2,906	2,214
Total Expenses	172,221	167,382	9,099	7,974	24,957	24,340	11,128	12,256
Net Operating Profit/(Loss)	1,880,299	1,473,322	74,826	53,425	273,269	93,814	147,835	56,405
Finance Costs Attributable To Unitholders								
Distributions of income and capital to unitholders (Increase)/decrease in net assets attributable to unitholders	2 -	(710,350)	-	(29,630)	-	(64,310)	-	(18,437)
	-	(762,972)	-	(23,795)	-	(29,504)	-	(37,968)
Profit/(Loss) For The Year	1,880,299	-	74,826	-	273,269	-	147,835	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total Comprehensive Income For The Year	1,880,299	-	74,826	-	273,269	-	147,835	-

The above Statements Of Profit Or Loss And Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

Statements Of Financial Position

as at 30 June 2019

	Note	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Assets									
Cash and cash equivalents	3	899,232	1,819,756	52,379	88,978	86,485	145,254	42,366	59,706
Receivables	5	15,132	21,277	1,365	1,760	9,967	12,937	4,575	5,246
Derivative assets	6 b)	-	-	5,174	-	13,901	-	-	-
Investments	6 a)	10,310,781	8,154,527	569,099	404,343	1,900,255	1,446,572	891,008	623,744
Total Assets		11,225,145	9,995,560	628,017	495,081	2,010,608	1,604,763	937,949	688,696
Liabilities									
Derivative liabilities	6 c)	-	-	-	13,525	-	29,308	-	-
Payables	7	44,879	37,880	5,893	1,758	2,054	3,241	1,978	2,764
Distributions payable	2	521,596	710,350	19,766	29,630	31,120	50,330	33,251	12,155
Total Liabilities		566,475	748,230	25,659	44,913	33,174	82,879	35,229	14,919
Total Unitholders' Equity		10,658,670	9,247,330	602,358	450,168	1,977,434	1,521,884	902,720	673,777

The above Statements Of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

Statements Of Changes In Equity

for the year ended 30 June 2019

	Note	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Unitholders' Equity At Beginning Of The Year		9,247,330	-	450,168	-	1,521,884	-	673,777	-
Reclassification due to AMIT regime implementation ^(A)	1 b)	-	9,247,330	-	450,168	-	1,521,884	-	673,777
Transactions with unitholders in their capacity as owners:									
Applications		1,481,180	-	199,496	-	480,504	-	224,951	-
Redemptions		(1,553,975)	-	(108,585)	-	(265,005)	-	(104,271)	-
Reinvestment of distributions and management fee rebates		125,432	-	6,219	-	17,838	-	2,500	-
Distributions paid and payable	2	(521,596)	-	(19,766)	-	(51,056)	-	(42,072)	-
Total transactions with unitholders		(468,959)	-	77,364	-	182,281	-	81,108	-
Profit/(Loss) for the year		1,880,299	-	74,826	-	273,269	-	147,835	-
Other comprehensive income for the year		-	-	-	-	-	-	-	-
Total comprehensive income for the year		1,880,299	-	74,826	-	273,269	-	147,835	-
Total Unitholders' Equity At The End Of The Year		10,658,670	9,247,330	602,358	450,168	1,977,434	1,521,884	902,720	673,777

^(A) Effective 30 June 2018, units in the Funds have been reclassified from financial liability to equity (refer Note 1 b)).

The above Statements Of Changes In Equity should be read in conjunction with the accompanying notes to the financial statements.

Statements Of Cash Flows

for the year ended 30 June 2019

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)		
Note	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	
Cash Flows From Operating Activities									
Interest received	31,744	10,735	1,195	713	2,141	1,816	1,102	463	
Dividends and distributions received (net of withholding tax)	125,303	116,323	6,410	5,510	52,835	41,500	23,373	18,622	
Other income received	327	370	1	17	311	70	140	3	
Management and performance fees paid	(154,699)	(135,342)	(7,379)	(7,095)	(16,723)	(17,446)	(8,928)	(8,975)	
Other expenses paid	(997)	(1,879)	(90)	(105)	(320)	(373)	(163)	(141)	
Net Cash Inflows/(Outflows) From Operating Activities	4	1,678	(9,793)	137	(960)	38,244	25,567	15,524	9,972
Cash Flows From Investing Activities									
Purchase of investments	(2,805,682)	(2,342,715)	(217,797)	(156,069)	(756,510)	(523,598)	(387,415)	(184,888)	
Proceeds from sale of investments	2,445,142	3,424,495	155,566	178,810	586,919	388,433	248,715	161,189	
Net foreign exchange gains/(losses)	133,160	(10,240)	(2)	361	800	21	5,989	(381)	
Net cash flows from settlement of forward foreign currency contracts	-	-	(42,209)	10,468	(88,492)	14,806	-	-	
Net Cash Inflows/(Outflows) From Investing Activities		(227,380)	1,071,540	(104,442)	33,570	(257,283)	(120,338)	(132,711)	(24,080)
Cash Flows From Financing Activities									
Receipts from issue of units	1,484,264	1,391,037	199,987	156,253	480,273	408,968	224,778	153,209	
Payments for redemption of units	(1,555,647)	(1,888,212)	(108,619)	(158,829)	(265,866)	(196,812)	(103,660)	(117,224)	
Distributions paid	(587,398)	(187,905)	(23,684)	(7,446)	(54,075)	(86,536)	(18,980)	(15,988)	
Net Cash Inflows/(Outflows) From Financing Activities		(658,781)	(685,080)	67,684	(10,022)	160,332	125,620	102,138	19,997
Net Increase/(Decrease) In Cash And Cash Equivalents		(884,483)	376,667	(36,621)	22,588	(58,707)	30,849	(15,049)	5,889
Cash and cash equivalents at the beginning of the year		1,819,756	1,372,498	88,978	66,369	145,254	114,379	59,706	51,300
Effect of exchange rate fluctuations on cash and cash equivalents		(36,041)	70,591	22	21	(62)	26	(2,291)	2,517
Cash And Cash Equivalents At End Of Year	3	899,232	1,819,756	52,379	88,978	86,485	145,254	42,366	59,706

The Statements Of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

Notes To The Financial Statements

for the year ended 30 June 2019

Overview

The financial reports cover the Magellan Global Fund ("MGF"), Magellan Global Fund (Hedged) ("MGFH"), Magellan Infrastructure Fund ("MIF") and Magellan Infrastructure Fund (Unhedged) ("MIFU"), (collectively the "Funds"), as individual entities, for the year ended 30 June 2019.

The Funds are registered managed investment schemes under the *Corporations Act 2001*. In accordance with the Funds' Constitutions, they commenced on the date that their first units were issued, which is set out as follows:

Fund	Date of Commencement
Magellan Global Fund	1 July 2007
Magellan Infrastructure Fund	1 July 2007
Magellan Global Fund (Hedged)	28 June 2013
Magellan Infrastructure Fund (Unhedged)	28 June 2013

The Funds terminate on the day immediately preceding the 80th anniversary of their Date of Commencement, unless terminated earlier in accordance with the provisions of each Fund's Constitution.

Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946) is the Responsible Entity of the Funds.

The financial reports were authorised for issue by the Directors of the Responsible Entity on 30 August 2019. The Directors have the power to amend and reissue the financial reports.

The Funds are considered for-profit unit trusts for the purpose of these financial reports.

1. Basis Of Preparation

These general purpose financial reports are presented in Australian Dollars and have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards ("AASB") and Interpretations issued by the Australian Accounting Standards Board, other mandatory professional reporting requirements and the Funds' Constitutions. They also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

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

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

Notes To The Financial Statements

for the year ended 30 June 2019

1. Basis Of Preparation (continued)

a) Accounting Policies

The accounting policies adopted in the preparation of these financial reports are contained within the notes to which they relate. The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards effective as of 1 July 2018 that are described in Note 1 c). The Funds have not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

b) Adoption Of Attribution Managed Investment Trust ("AMIT") Regime

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

Whilst the intention of the Responsible Entity with respect to distributions has not changed as a result of adopting AMIT, the contractual wording in the Funds' Constitutions no longer gives rise to an obligation, for accounting purposes, to distribute income to unitholders.

As a consequence, at 30 June 2018, the units in the Funds meet the definition of equity under AASB 132: *Financial Instruments: Presentation* ("AASB 132"). This has resulted in the reclassification of units from financial liability to equity in the Statements Of Financial Position on 30 June 2018.

c) New And Amended Accounting Standards

The Funds applied, for the first time from 1 July 2018, AASB 9: *Financial Instruments* ("AASB 9") and AASB 15: *Revenue from Contracts with Customers* ("AASB 15") which require restatement of previous financial statements. The nature and effect of these changes are as follows.

- **AASB 9: Financial Instruments**

AASB 9 contains new requirements for the classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139: *Financial Instruments: Recognition and Measurement*. Under the new requirements the four categories of financial assets have been replaced with two measurement categories: fair value and amortised cost, and financial assets will only be measured at amortised cost where very specific conditions are met. AASB 9 also includes new hedge accounting requirements and an expected-loss impairment model that requires credit losses to be recognised on a more timely basis.

There was no material impact on the Funds upon adoption of AASB 9 on 1 July 2018 as the Funds currently classify financial assets and financial liabilities at fair value through profit or loss or amortised cost, and the Funds do not apply hedge accounting.

- **AASB 15: Revenue From Contracts With Customers**

AASB 15 superseded AASB 118: *Revenue*. Although AASB 15 is principles-based, it is a significant change from the previous revenue requirements and involves more judgements and estimates as revenue is recognised when control of a good or service transfers to a customer, or on satisfaction of performance obligations under contracts, which replaced the previous notion of risk and rewards.

There was no material impact on the Funds upon adoption of AASB 15 on 1 July 2018 as the Funds' revenue recognition of interest, dividend and distribution income, investment gains/(losses) and foreign exchange gains/(losses) was unaffected as these items are excluded from the scope of AASB 15.

Notes To The Financial Statements

for the year ended 30 June 2019

1. Basis Of Preparation (continued)

c) **New And Amended Accounting Standards (continued)**

Several other amendments and interpretations apply for the first time in the reporting period commencing 1 July 2018, but did not result in any adjustments to the amounts recognised in the financial statements or disclosures.

d) **Foreign Currency Translation**

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

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

e) **Investment Income**

Dividend And Distribution Income

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

Net Change In Fair Value Of Investments

Realised and unrealised gains and losses on investments are measured at fair value through profit or loss.

Interest Income

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

f) **Expenses**

All expenses are recognised in profit or loss on an accruals basis. Management and performance fees are set out in Note 9 c) iii).

g) **Income Tax**

Under current income tax legislation, the Funds are not subject to income tax provided they attribute the entirety of their taxable income to unitholders.

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

Notes To The Financial Statements

for the year ended 30 June 2019

1. Basis Of Preparation (continued)

h) Goods And Services Tax ("GST")

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

i) Critical Accounting Estimates And Judgements

The preparation of the Funds' financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates.

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may however move materially with movements in market prices (refer Note 10 c)). As the investments are valued with reference to the listed quoted prices, the Funds' financial assets are not subject to significant judgement or complexity nor are the Funds' liabilities.

j) Including Different Registered Scheme Financial Reports In A Single Document

The Funds have applied *ASIC Corporations (Related Scheme Reports) Instrument 2015/839*, which allows registered schemes with a common Responsible Entity to include their financial statements in adjacent columns in a single financial report.

Notes To The Financial Statements

for the year ended 30 June 2019

2. Distributions To Unitholders

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Interim distribution paid to unitholders (\$'000)	-	-	-	-	19,936	13,980	8,821	6,282
Final distribution payable to unitholders (\$'000)	521,596	710,350	19,766	29,630	31,120	50,330	33,251	12,155
Total Distribution To Unitholders (\$'000)	521,596	710,350	19,766	29,630	51,056	64,310	42,072	18,437
The total distribution consisted of:								
Income (\$'000)	521,596	710,350	-	29,630	332	61,065	42,072	13,360
Return of capital (\$'000)	-	-	19,766	-	50,724	3,245	-	5,077
Total Distribution (Cents Per Unit)	11.7912	16.1456	5.5000	10.0066	3.8000	5.3662	9.4120	4.7000

Final distributions for the Funds for the six months ended 30 June 2019, shown in the table above, were paid on 12 July 2018. The interim distributions for MIF and MIFU, for the six months ended 31 December 2018, were paid on 8 January 2019.

Distributions are determined by the Responsible Entity of the Funds and are payable as set out in the Funds' Product Disclosure Statements. Distributable income includes capital gains arising from the disposal of financial assets and liabilities. Unrealised gains and losses on financial assets and liabilities that are recognised as income are transferred to unitholders' equity and are not assessable and distributable until realised. Net realised capital losses and tax losses are not distributed to unitholders but are retained to be offset against any realised capital gains and future assessable income respectively.

Distributions payable are recognised in the Statements Of Financial Position where the distributions have been declared but remain unpaid at balance date.

Notes To The Financial Statements

for the year ended 30 June 2019

2. Distributions To Unitholders (continued)

a) Distribution Reinvestment Plan ("DRP")

A DRP operated in each Fund during the current year.

Unitholders may request their distributions to be applied as subscriptions for additional units in the respective Fund at the Issue Price (as defined in the Funds' Constitutions). DRP details for the interim and final distributions are as follows:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
DRP issue price (final distribution - units issued 1 July) (\$)	2.4095	2.1032	1.6760	1.5212	1.4295	1.2622	1.9716	1.7216
DRP unitholder participation rate (%)	15.57	17.31	13.98	20.08	20.60	23.19	8.97	9.61
Number of units issued under DRP	33,702,256	58,459,548	1,648,360	3,908,747	4,484,606	9,236,273	1,511,010	677,272
Value of units issued under DRP (\$'000)	81,206	122,952	2,763	5,946	6,411	11,658	2,982	1,166
					Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
					31 December 2018	31 December 2017	31 December 2018	31 December 2017
DRP issue price (interim distribution - units issued 1 January) (\$)					1.2183	1.2802	1.7076	1.6803
DRP unitholder participation rate (%)					22.76	24.34	9.43	9.39
Number of units issued under DRP					3,722,635	2,656,518	486,650	350,546
Value of units issued under DRP (\$'000)					4,535	3,401	831	589

Notes To The Financial Statements

for the year ended 30 June 2019

3. Cash And Cash Equivalents

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Cash at bank - denominated in Australian Dollars	42,832	17,513	51,854	88,291	81,771	143,612	5,357	4,427
Cash at bank - denominated in foreign currency:								
- United States Dollars	856,344	1,802,195	471	638	1,904	1,507	35,548	55,143
- British Pounds	19	20	19	18	38	36	37	36
- Euros	23	16	20	17	2,682	32	1,353	33
- Swiss Francs	14	12	15	14	30	27	29	27
- Canadian Dollars	-	-	-	-	22	21	22	21
- New Zealand Dollars	-	-	-	-	20	19	20	19
- Hong Kong Dollars	-	-	-	-	18	-	-	-
Total Cash And Cash Equivalents	899,232	1,819,756	52,379	88,978	86,485	145,254	42,366	59,706

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

Notes To The Financial Statements

for the year ended 30 June 2019

4. Statement Of Cash Flows Reconciliation

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
a) Reconciliation Of Cash Flows From Operating Activities								
Net operating profit/(loss)	1,880,299	1,473,322	74,826	53,425	273,269	93,814	147,835	56,405
Adjusted for:								
Income entitlements reinvested	-	-	-	-	(1,444)	-	(631)	-
Net change in fair value of investments	(1,785,093)	(1,431,154)	(75,035)	(54,125)	(238,111)	(67,448)	(128,489)	(44,375)
Net (gains)/losses on foreign exchange settlements, derivative contracts and cash	(92,398)	(61,131)	(87)	153	48	(141)	(3,122)	(2,307)
Fee rebates reinvested into units in the Funds	3,045	2,524	331	244	1,831	1,677	595	213
Changes in operating receivables and payables								
- Net (increase)/decrease in receivables and other assets	2,496	(2,426)	(154)	(309)	2,977	(2,347)	735	(748)
- Net increase/(decrease) in payables and other liabilities	(6,671)	9,072	256	(348)	(326)	12	(1,399)	784
Net Cash Inflows/(Outflows) From Operating Activities	1,678	(9,793)	137	(960)	38,244	25,567	15,524	9,972
b) Non-Cash Investing And Financing Activities								
Investments purchased via reinvestment of income entitlements	-	-	-	-	1,444	-	631	-
Fee rebates reinvested into units in the Funds	3,045	2,524	331	244	1,831	1,677	595	213
Distributions reinvested into units in the Funds	122,952	36,390	5,946	1,485	16,193	31,163	1,997	1,664

Notes To The Financial Statements

for the year ended 30 June 2019

5. Receivables

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Dividend receivable	-	-	-	-	6,711	9,151	3,141	3,945
Applications receivable	210	3,859	322	871	1,576	1,529	685	603
Interest receivable	870	958	62	90	107	172	67	62
Recoverable GST and foreign withholding tax	14,052	16,460	981	799	1,573	2,085	682	636
Total Receivables	15,132	21,277	1,365	1,760	9,967	12,937	4,575	5,246

Receivables comprise amounts due from brokers for sales of assets and applications for units in the Funds unsettled at balance date, dividends and trust distributions declared but not yet received, and reclaimable taxes. They are recognised and carried at amortised cost using the effective interest rate method and adjusted for changes in foreign exchange rates where applicable. Until 30 June 2018 a provision was deducted from receivables for uncollectible amounts. From 1 July 2018 this provision is based on expected credit losses. Expected credit losses are calculated as the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Funds expect to receive, discounted at an approximation of the original effective interest rate. The Funds apply the simplified approach for receivables whereby the loss allowance is based on lifetime expected credit losses at each balance date.

Ageing Analysis Of Receivables

At balance date, the Funds' receivables, excluding recoverable GST and foreign withholding tax, were due within 0 to 30 days (June 2018: 0 to 30 days). Recoverable GST is due within 30 to 90 days (June 2018: 30 to 90 days). Foreign withholding tax is due within 2 to 10 years depending on the jurisdiction (June 2018: 2 to 10 years). No amounts are impaired or past due at 30 June 2019 or 30 June 2018.

Notes To The Financial Statements

for the year ended 30 June 2019

6. Investments And Derivatives

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
a) Investments								
Australian listed equity securities	-	-	-	-	375,345	303,894	175,369	130,676
International listed equity securities:								
- United States	8,093,550	6,969,151	446,803	345,508	748,451	472,929	351,109	203,725
- Switzerland	844,283	595,323	46,422	29,635	28,978	38,166	13,502	16,387
- United Kingdom	402,687	263,181	22,177	12,943	24,905	84,736	11,545	36,591
- Germany	509,415	326,872	28,416	16,257	-	-	-	-
- France	235,167	-	12,898	-	114,201	133,840	53,071	57,572
- Belgium	113,762	-	6,240	-	-	-	-	-
- Italy	-	-	-	-	161,289	130,970	76,307	56,497
- Canada	-	-	-	-	147,067	130,080	68,924	56,513
- New Zealand	-	-	-	-	50,934	45,444	24,130	19,837
- Netherlands	111,917	-	6,143	-	114,906	44,551	54,161	19,122
- Spain	-	-	-	-	105,685	37,132	49,228	16,015
- Chile	-	-	-	-	28,494	24,830	13,662	10,809
Total Investments	10,310,781	8,154,527	569,099	404,343	1,900,255	1,446,572	891,008	623,744
b) Derivative Assets								
Forward foreign currency contracts	-	-	5,174	-	13,901	-	-	-
Total Derivative Assets	-	-	5,174	-	13,901	-	-	-
c) Derivative Liabilities								
Forward foreign currency contracts	-	-	-	13,525	-	29,308	-	-
Total Derivative Liabilities	-	-	-	13,525	-	29,308	-	-

The Funds classify their equity securities, derivative assets and derivative liabilities as financial assets and liabilities at fair value through profit or loss. The classification is based on the contractual cash flow characteristics and the Funds' business models for managing them.

Notes To The Financial Statements

for the year ended 30 June 2019

6. Investments And Derivatives (continued)

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

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

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

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

^(A) Prior to 1 July 2018, the fair value of these investments was based on closing bid prices. The impact of the change was not material.

d) Fair Value Measurement

The Funds classify the fair value measurements of financial assets and financial liabilities using a three level fair value hierarchy to reflect the source of valuation inputs used when determining the fair value:

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

^(B) Prior to 1 July 2018, the fair value of these investments was based on closing bid prices. The impact of the change was not material.

Notes To The Financial Statements

for the year ended 30 June 2019

6. Investments And Derivatives (continued)

d) Fair Value Disclosures (continued)

The following table presents the fair value measurement hierarchy of the Funds' financial assets and liabilities:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Financial Assets Measured At Fair Value								
Level 1: Investments - valued using quoted price ^(c)	10,310,781	8,154,527	569,099	404,343	1,900,255	1,446,572	891,008	623,744
Level 2: Forward foreign currency contracts	-	-	5,174	-	13,901	-	-	-
Total Financial Assets Measured at Fair Value	10,310,781	8,154,527	574,273	404,343	1,914,156	1,446,572	891,008	623,744
Financial Liabilities Measured At Fair Value								
Level 2: Forward foreign currency contracts	-	-	-	13,525	-	29,308	-	-
Total Financial Liabilities Measured At Fair Value	-	-	-	13,525	-	29,308	-	-

^(c) All Australian and international equity securities held by the Funds are Level 1 assets.

The Funds do not hold any level 3 assets.

There have been no transfers between any of the three levels in the hierarchy during the year and the Funds' policies are to recognise transfers into and out of fair value hierarchy levels as at balance date.

Notes To The Financial Statements

for the year ended 30 June 2019

6. Investments And Derivatives (continued)

e) Offsetting Financial Assets And Financial Liabilities

Financial assets and financial liabilities are presented net in the Statements Of Financial Position where the Funds currently have a legally enforceable right to offset the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Derivative assets and liabilities are subject to legally enforceable master netting agreements, such as an International Swaps and Derivatives Association master netting agreements. Foreign currency contracts are contracted individually with the intention to settle the forward asset or liability simultaneously if required.

The following table presents the Funds' gross and net positions of derivative assets and liabilities that have been offset:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Gross Amounts Of Financial Assets								
Forward Foreign Currency Contracts	-	-	6,082	-	16,195	-	-	-
Gross amounts offset in the Statements of Financial Position	-	-	(908)	-	(2,294)	-	-	-
Gross Amounts Of Financial Liabilities								
Forward Foreign Currency Contracts	-	-	(908)	(13,525)	(2,294)	29,308	-	-
Gross amounts offset in the Statements of Financial Position	-	-	908	-	2,294	-	-	-
Net Amount Of Financial Assets/(Liabilities) Presented In The Statement Of Financial Position	-	-	5,174	(13,525)	13,901	29,308	-	-

Notes To The Financial Statements

for the year ended 30 June 2019

7. Payables

	Note	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
		30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Management fees payable	9 c) i)	13,674	12,196	761	586	1,906	1,496	889	654
Performance fees payable	9 c) ii)	10,656	18,805	663	582	148	884	1	1,635
Due to brokers - payable for securities purchases		15,342	-	3,913	-	-	-	2	-
Redemptions payable		5,207	6,879	556	590	-	861	1,086	475
Total Payables		44,879	37,880	5,893	1,758	2,054	3,241	1,978	2,764

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

Maturities Of Payables

At 30 June 2019 all payables mature in 0 to 30 days (June 2018: 0 to 30 days).

Notes To The Financial Statements

for the year ended 30 June 2019

8. Unitholders' Equity

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 No. of Units '000	30 June 2018 No. of Units '000	30 June 2019 No. of Units '000	30 June 2018 No. of Units '000	30 June 2019 No. of Units '000	30 June 2018 No. of Units '000	30 June 2019 No. of Units '000	30 June 2018 No. of Units '000
Units On Issue								
Units on issue at beginning of the year	4,399,639	4,617,246	296,102	297,708	1,208,048	1,014,090	392,080	368,869
Units issued	651,168	677,581	126,400	101,897	365,361	325,687	122,758	92,768
Units issued under DRP	58,460	18,784	3,909	1,036	12,959	24,933	1,164	892
Units redeemed	(685,669)	(913,972)	(67,026)	(104,539)	(203,261)	(156,662)	(58,122)	(70,449)
Units On Issue At End Of Year	4,423,598	4,399,639	359,385	296,102	1,383,107	1,208,048	457,880	392,080

Applications received for units in the Funds are recorded net of entry fees. Redemptions from the Funds are recorded gross of exit fees. The Funds recognise the units issued or redeemed when settled, which is trade date.

Each unit confers upon the unitholder an equal interest in that fund and is of equal value to other units in the same fund. A unit does not confer upon the holder any interest in any particular asset or investment of the Funds. The rights of unitholders are contained in the Funds' Constitutions and include:

- the right to redeem units, subject to restrictions disclosed in the Funds' Product Disclosure Statements;
- the right to receive a distribution determined in accordance with the Funds' Constitutions;
- the right to attend and vote at meetings of unitholders; and
- the right to participate in the termination and winding up of the Funds.

There are no separate classes of units and each unit in a Fund has the same rights attaching to it as all other units of that Fund.

Notes To The Financial Statements

for the year ended 30 June 2019

9. Related Parties

a) Responsible Entity

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

b) Key Management Personnel

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

The Directors of MAM are considered to be KMP. The Directors of MAM during the year and up to the date of this report are: Dr Brett Cairns, Mr Hamish Douglass (resigned 5 October 2018), Mr John Eales, Mr Robert Fraser, Mr Paul Lewis, Mr Hamish McLennan, Ms Kirsten Morton (appointed 5 October 2018) and Ms Karen Phin. The Fund did not pay any compensation to the Directors of the Responsible Entity.

c) Responsible Entity Fees

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

i) Management Fees

The Responsible Entity is entitled to receive management fees from the Funds for managing the assets of the Funds. The Responsible Entity pays operating expenses of the Funds, such as audit and tax compliance fees, distribution costs, investor reporting, custody and fund administration costs. Management fees are calculated monthly based on the Net Asset Value of each Fund (before fees) at the end of each month. Estimated fees are reflected in the daily unit prices of the Funds and are payable at the end of each month.

ii) Performance Fees

Performance fees are calculated on six monthly calculation periods ending on 30 June and 31 December of each year. The Responsible Entity's entitlement to a performance fee is dependent on a fund exceeding both index relative and absolute return hurdles over a given calculation period, as well as exceeding the applicable high watermark. Performance fees crystallise at the end of a calculation period, or when units are redeemed, subject to a performance fee entitlement existing at the date of redemption. The estimated daily unit price of each Fund includes a performance fee accrual equal to the amount that would be payable if it were the end of a Calculation Period. Further detail of the performance fees can be found in the Funds' Product Disclosure Statements.

Notes To The Financial Statements

for the year ended 30 June 2019

9. Related Parties (continued)

c) Responsible Entity Fees (continued)

iii) Total Management And Performance Fees

The fees paid/payable by the Funds are net of any applicable reduced input tax credits (refer Note 1 h)). The management and performance fees paid/payable by the Funds are as follows:

	30 June 2019		30 June 2018	
	% pa	\$	% pa	\$
Magellan Global Fund				
Management fees	1.35	137,004,907	1.35	128,077,103
Performance fees		14,068,131		18,861,122
Total Fees Expensed In The Statement Of Profit Or Loss And Comprehensive Income		151,073,038		146,938,225
Total Management And Performance Fees Payable In The Statement Of Financial Position		24,329,321		31,001,034
Magellan Global Fund (Hedged)				
Management fees	1.35	7,256,051	1.35	6,233,437
Performance fees		709,780		758,464
Total Fees Expensed In The Statement Of Profit Or Loss And Comprehensive Income		7,965,831		6,991,901
Total Management And Performance Fees Payable In The Statement Of Financial Position		1,423,323		1,168,895
Magellan Infrastructure Fund				
Management fees	1.05	18,070,592	1.05	15,387,554
Performance fees		156,687		3,747,330
Total Fees Expensed In The Statement Of Profit Or Loss And Comprehensive Income		18,227,279		19,134,884
Total Management And Performance Fees Payable In The Statement Of Financial Position		2,054,780		2,380,084
Magellan Infrastructure Fund (Unhedged)				
Management fees	1.05	8,093,823	1.05	6,881,336
Performance fees		29,506		3,091,172
Total Fees Expensed In The Statement Of Profit Or Loss And Comprehensive Income		8,123,328		9,972,508
Total Management And Performance Fees Payable In The Statement Of Financial Position		890,093		2,289,304

Notes To The Financial Statements

for the year ended 30 June 2019

9. Related Parties (continued)

d) Transactions With Related Parties

The number of units held and related transactions during the year by each KMP, including their personally-related parties, in the Funds is as follows:

	30 June 2019					30 June 2018				
	Units acquired during the year ^(A)	Units redeemed during the year	Units held at end of year		Distribution paid or payable	Units acquired during the year ^(A)	Units redeemed during the year	Units held at end of year		Distribution paid or payable ^(B)
	Number	Number	Number	%	\$	Number	Number	Number	%	\$
Magellan Global Fund										
Magellan Financial Group Limited	4,091,793	-	57,393,262	1.3	6,767,360	-	-	53,301,469	1.2	8,605,861
Directors										
Hamish Douglass ^(D)	121,007	-	1,697,290	^(C)	200,131	38,558	-	1,576,283	^(C)	254,501
Paul Lewis	35,253	-	557,127	^(C)	65,692	11,233	-	521,874	^(C)	83,498
Magellan Global Fund (Hedged)										
Magellan Financial Group Limited	33,951	-	550,084	0.2	30,255	-	-	516,133	0.2	51,647
Magellan Infrastructure Fund										
Directors										
Paul Lewis	18,908	-	428,629	^(C)	16,204	34,939	-	409,721	^(C)	17,070

^(A) Includes the reinvestment of 30 June 2017 and 30 June 2018 distributions paid in the years ended 30 June 2018 and 30 June 2019 respectively.

^(B) Represents the current year interim distribution paid and final distribution payable, comprising cash paid and DRP units issued.

^(C) Less than 0.1%.

^(D) In addition to the above holdings, Mr Douglass selected the Magellan Global Option product via his employer superannuation account and currently has holdings of 459,428 units at a value of \$982,166 as at 30 June 2019 (June 2018: 450,260 units at a value of \$821,003).

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

Notes To The Financial Statements

for the year ended 30 June 2019

10. Capital And Financial Risk Management

a) Financial Risk Management

The Funds' investment portfolios primarily comprise listed equity investments. The investment objectives of the Funds' are to achieve attractive risk-adjusted returns over the medium to long-term, whilst reducing the risk of permanent capital loss, in accordance with their investment strategies (as detailed in the current Product Disclosure Statements). The Funds' investing activities expose them to various types of risks including concentration risk, market risk, liquidity risk and credit risk.

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

The following disclosures in relation to the various risks of the Funds' portfolios have been based on the Funds' direct holdings.

b) Concentration Risk

Concentration indicates the relative sensitivity of the Funds' performance to developments affecting a particular industry or geographical location. The Funds hold concentrated portfolios of investments, and the returns of the Funds may be dependent upon the performance of individual companies. The concentrated exposure may lead to increased volatility in the Funds' unit prices, and also increases the risk of poor performance.

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

c) Market Risk

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

i) Equity Price Risk

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

Notes To The Financial Statements

for the year ended 30 June 2019

10. Capital And Financial Risk Management (continued)

c) Market Risk (continued)

i) Equity Price Risk (continued)

An increase of 5% in the market price of each of the Fund's investments held at balance date, assuming all other variables remain constant, would have had the following impact on the Funds' net operating profit and unitholders' equity.

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Impact on net operating profit and unitholders' equity	515,539	407,726	28,455	20,217	95,013	72,329	44,550	31,187

A decrease of 5% in the market price of each of the Funds' investments would have had an equal but opposite effect.

ii) Currency Risk

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

The currency risk of MGF and MIFU is managed on an unhedged basis and therefore the returns of these funds are exposed to changes in exchange rates relative to the Australian Dollar. In exceptional circumstances the Investment Manager may elect to hedge currency exposure in these funds to a major currency. No such hedging activities were undertaken in respect of these funds during the current year.

MGFH and MIF are managed on a currency hedged basis using forward foreign currency contracts. MGFH and MIF invest in financial assets denominated in currencies other than the Australian Dollar and are therefore exposed to the risk that movements in foreign exchange rates will cause fluctuations in profit or loss. MGFH and MIF use forward foreign currency contracts to mitigate this risk by hedging the underlying exposure to financial assets denominated in currencies other than the Australian Dollar.

Due to daily changes in the fair value of underlying assets, the face value of hedging contracts will not always completely eliminate currency exposure. Where it is a strategy of the funds to substantially eliminate currency exposure, the appropriateness of the amounts hedged is monitored daily and adjusted if the total net exposure of the funds to any individual foreign currency is greater than 5% of the net assets of the respective fund.

Notes To The Financial Statements

for the year ended 30 June 2019

10. Capital And Financial Risk Management (continued)

c) Market Risk (continued)

ii) Currency Risk (continued)

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

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
US Dollars	8,935,396	8,773,310	26,766	(3,988)	33,627	20,609	388,389	259,318
Euro	971,437	329,562	2,473	284	4,794	1,541	233,012	149,445
Swiss Francs	852,333	604,751	4,324	1,437	4,062	(493)	13,712	16,620
British Pounds	402,706	263,200	136	(1,344)	936	1,928	11,996	37,874
Canadian Dollars	-	-	-	-	11,204	8,951	69,006	56,596
New Zealand Dollars	-	-	-	-	8,329	1,260	24,151	19,856
Chilean Pesos	-	-	-	-	(1,383)	(942)	13,662	10,809
Hong Kong Dollars	-	-	-	-	18	17	-	-

Notes To The Financial Statements

for the year ended 30 June 2019

10. Capital And Financial Risk Management (continued)

c) Market Risk (continued)

ii) Currency Risk (continued)

The changes in unitholders' equity and net operating profit that would arise from a 5% increase or decrease in the Australian Dollar relative to each currency to which the Funds are exposed at balance date are as follows:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019		30 June 2019		30 June 2019		30 June 2019	
	5% increase in A\$'000	5% decrease in A\$'000	5% increase in A\$'000	5% decrease in A\$'000	5% increase in A\$'000	5% decrease in A\$'000	5% increase in A\$'000	5% decrease in A\$'000
Assets and liabilities denominated in:								
US Dollars	(425,495)	470,284	(1,275)	1,409	(1,601)	1,770	(18,495)	20,442
Euro	(46,259)	51,128	(118)	130	(228)	252	(11,096)	12,264
Swiss Francs	(40,587)	44,860	(206)	228	(193)	214	(653)	722
British Pounds	(19,176)	21,195	(6)	7	(45)	49	(571)	631
Canadian Dollars	-	-	-	-	(534)	590	(3,286)	3,632
New Zealand Dollars	-	-	-	-	(397)	438	(1,150)	1,271
Chilean Pesos	-	-	-	-	66	(73)	(651)	719
Hong Kong Dollars	-	-	-	-	(1)	1	-	-
	30 June 2018		30 June 2018		30 June 2018		30 June 2018	
	5% increase in A\$'000	5% decrease in A\$'000	5% increase in A\$'000	5% decrease in A\$'000	5% increase in A\$'000	5% decrease in A\$'000	5% increase in A\$'000	5% decrease in A\$'000
Assets and liabilities denominated in:								
US Dollars	(417,777)	461,753	190	(210)	(981)	1,085	(12,348)	13,648
Euro	(15,693)	17,345	(14)	15	(73)	81	(7,116)	7,866
Swiss Francs	(28,798)	31,829	(68)	76	23	(26)	(791)	875
British Pounds	(12,533)	13,853	64	(71)	(92)	101	(1,804)	1,993
Canadian Dollars	-	-	-	-	(426)	471	(2,695)	2,979
New Zealand Dollars	-	-	-	-	(60)	66	(946)	1,045
Chilean Pesos	-	-	-	-	45	(50)	(515)	569
Hong Kong Dollars	-	-	-	-	(1)	1	-	-

Notes To The Financial Statements

for the year ended 30 June 2019

10. Capital And Financial Risk Management (continued)

c) Market Risk (continued)

iii) Interest Rate Risk

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

The primary exposure to interest rates arises on cash balances held by the Funds, which are all held in floating interest rate accounts. Based on the Australian and US Dollar cash balances held by the Funds, an increase of 10 basis points in floating interest rates, assuming all other variables remain constant, would have increased the Funds' net operating profit and unitholders' equity at balance date as follows:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
	Australian dollar cash balances	38	15	52	88	83	144	5
US dollar cash balances	857	1,804	0	1	2	2	36	55
Impact on net operating profit and unitholders' equity	895	1,819	52	88	85	146	41	60

A decrease of 10 basis points in floating interest rates would have an equal but opposite effect on interest income earned. The level of cash held by the Funds may vary from time to time, depending on the level of recent capital flows into and out of the Funds, and on the Investment Manager's judgement. The cash balances held by the Funds as at balance date may therefore not be typical of the amounts of cash generally held by the Funds.

None of the Funds hold other significant cash balances exposed to interest rates in other currencies. In addition, the Funds did not have any borrowings, or other financial liabilities or assets with direct exposure to changes in interest rates.

d) Liquidity Risk

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

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

Notes To The Financial Statements

for the year ended 30 June 2019

10. Capital And Financial Risk Management (continued)

d) Liquidity Risk (continued)

At balance date, the Funds had an obligation to settle payables (including distributions payable) with cash, cash equivalents and derivative assets as follows:

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Cash and cash equivalents	899,232	1,819,756	52,379	88,978	86,485	145,254	42,366	59,706
Derivative assets	-	-	5,174	-	13,901	-	-	-
	899,232	1,819,756	57,553	88,978	100,386	145,254	42,366	59,706
Liabilities								
Payables	44,879	37,880	5,893	1,758	2,054	3,241	1,978	2,764
Distributions payable	521,596	710,350	19,766	29,630	31,120	50,330	33,251	12,155
Derivative liabilities	-	-	-	13,525	-	29,308	-	-
	566,475	748,230	25,659	44,913	33,174	82,879	35,229	14,919

At balance date, the Funds' non-derivative financial liabilities comprised payables which mature in less than a month (June 2018: less than one month) (refer Note 7). At balance date MGFH and MIF had derivative assets that were settled within one month (refer Note 6 b)).

e) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets and liabilities when valued at fair value. The Funds minimise concentrations of credit risk by undertaking transactions with numerous reputable brokers, and by ensuring cash balances are held with and managed by counterparties that are reputable financial intermediaries with acceptable credit ratings determined by a recognised rating agency. In addition, the credit rating and financial positions of the brokers used by the Funds are regularly monitored to further mitigate this risk. Credit risk relating to outstanding settlements is considered small due to the short settlement periods involved.

MGF and MIFU do not hold derivatives. MGFH and MIF use derivative financial instruments for currency hedging purposes. Derivatives are not used to gear (leverage) the portfolios. MGFH and MIF may have credit risk arising from forward foreign currency positions if the market value of those positions is positive. At balance date the market value of forward foreign currency contracts were: MIFH positive \$5,174,000 (June 2018: negative \$13,525,000) and MIF positive \$13,901,000 (June 2018: negative 29,308,000).

The Responsible Entity has appointed the Northern Trust Company ("NT") as the Funds' custodian. In acting as custodian, NT is required to comply with the relevant provisions of the *Corporations Act 2001*, applicable ASIC regulatory guides, legislative instruments and class orders relating to registered managed investment schemes property arrangements with custodians. The credit quality of NT's senior debt is rated, at balance date, by Standard and Poor's as A+ and by Moody's as A2 (June 2018: Standard and Poor's as A+ and by Moody's as A2).

Notes To The Financial Statements

for the year ended 30 June 2019

10. Capital And Financial Risk Management (continued)

e) Credit Risk (continued)

At balance date, the Funds' maximum exposure to credit risk is the carrying value of the financial assets recognised in the Statements Of Financial Position.

11. Auditor's Remuneration

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

	Magellan Global Fund		Magellan Global Fund (Hedged)		Magellan Infrastructure Fund		Magellan Infrastructure Fund (Unhedged)	
	30 June 2019 \$	30 June 2018 \$	30 June 2019 \$	30 June 2018 \$	30 June 2019 \$	30 June 2018 \$	30 June 2019 \$	30 June 2018 \$
Audit Services								
Audit and review of financial reports	15,700	16,400	15,700	16,400	15,700	16,400	15,700	16,400
Other assurance services	1,364	1,951	1,364	1,951	1,364	1,951	1,364	1,951
Non-Audit Services								
Taxation	7,700	7,600	6,600	13,050	6,600	6,600	6,600	6,600
Total Auditor's Remuneration of Ernst & Young Australia	24,764	25,951	23,664	31,401	23,664	24,951	23,664	24,951

12. Contingent Assets, Contingent Liabilities And Commitments

The Funds have no contingent assets, contingent liabilities or commitments at 30 June 2019 (June 2018: nil).

13. Events Subsequent To The End Of The Year

Other than the items disclosed throughout these Financial Reports, there have been no matters or circumstances arising after the end of the year that have significantly affected, or may significantly affect, the Funds' operations, the results of those operations, or the Funds' state of affairs in future financial years.

Directors' Declaration

for the year ended 30 June 2019

In the opinion of the Directors, the financial statements and notes of:

Magellan Global Fund
Magellan Global Fund (Hedged)
Magellan Infrastructure Fund; and
Magellan Infrastructure Fund (Unhedged), (together "the Funds") as set out on pages 10 to 38;

- a) are in accordance with the *Corporations Act 2001*, including:
- i) giving a true and fair view of the financial position of the Funds as at 30 June 2019 and of their performance as represented by the results of their operations and their cash flows for the year ended on that date; and
 - ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, International Financial Reporting Standards as disclosed in Note 1 and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the Responsible Entity.



Robert Fraser
Chairman

Sydney, 30 August 2019



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

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

Independent auditor's report to the unitholders of Magellan Global Fund, Magellan Global Fund (Hedged), Magellan Infrastructure Fund and Magellan Infrastructure Fund (Unhedged)

Opinion

We have audited the accompanying financial report of Magellan Global Fund, Magellan Global Fund (Hedged), Magellan Infrastructure Fund, and Magellan Infrastructure Fund (Unhedged) (collectively the "Schemes"), which comprises the statements of financial position as at 30 June 2019, the statements of profit or loss and comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- i) giving a true and fair view of the Schemes' financial position as at 30 June 2019 and of their financial performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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



Information Other than the Financial Report and Auditor's Report

The Directors of Magellan Asset Management Limited (the "Responsible Entity") are responsible for the other information. The other information is the Responsible Entity's report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

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



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

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

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

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Rita Da Silva'.

Rita Da Silva

Partner

Sydney

30 August 2019

Corporate Information

Directors Of The Responsible Entity

Brett Cairns (Chief Executive Officer)
John Eales
Robert Fraser (Chairman)
Paul Lewis
Hamish McLennan
Kirsten Morton (Chief Financial Officer)
Karen Phin

Company Secretary Of The Responsible Entity

Marcia Venegas

Registered Office

Level 36, 19 Martin Place
Sydney NSW 2000
Telephone: +61 2 9235 4888
Fax: +61 2 9235 4800
Email: info@magellangroup.com.au

Investment Manager

Magellan Asset Management Limited

Auditor

Ernst & Young
200 George Street
Sydney NSW 2000

Unit Registrar

Mainstream Fund Services Pty Ltd
Level 1, 51 – 57 Pitt Street
Sydney NSW 2000
Telephone: +61 2 9247 3326
Fax: +61 2 9251 3525
Email: registry@mainstreamgroup.com

Website

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