

MFG Global Core Infrastructure (USD)

Portfolio Manager	Strategy Inception Date	Total Strategy Assets	Total Infrastructure Assets ¹
Gerald Stack	18 January 2012	USD \$5,289.6 million	USD \$10,778.3million

Objective	Approach
Capital preservation in adverse markets	Diversified rules-based portfolio applying our proprietary infrastructure classification
Pre-fee return of CPI plus 5%p.a. through the economic cycle	Highly defensive, inflation-linked exposure
	Benchmark unaware

Top 10 Holdings ²	Sector ²	%
Cellnex Telecom SA	Communications	3.1
Vinci SA	Toll Roads	3.0
National Grid Plc	Transmission and Distribution	3.0
Enbridge Inc	Energy Infrastructure	3.0
TC Energy Corporation	Energy Infrastructure	2.9
Fortis Inc	Transmission and Distribution	2.9
Transurban Group	Toll Roads	2.8
Ferrovial SA	Toll Roads	2.8
Aena SME SA	Airports	2.7
Hydro One Ltd	Transmission and Distribution	2.3
	TOTAL:	28.5

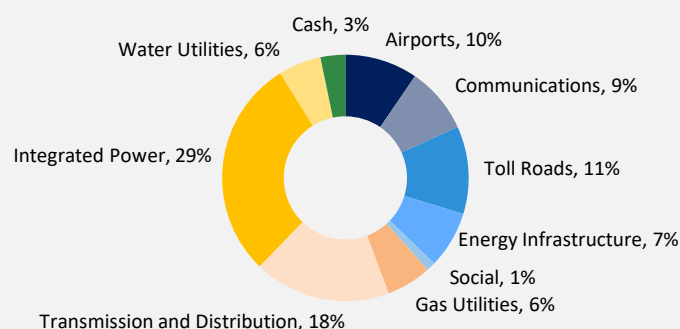
USD 5 Year Risk Measures ³	Against Global Equities	Against Infrastructure Benchmark ⁴
Upside Capture	0.6	0.9
Downside Capture	0.6	0.9
Beta	0.7	0.8
Correlation	0.8	0.9

3 Year rolling returns ⁵ (measured monthly)	1 Year	3 Years	5 Years	Since Inception
Against Global Infrastructure Benchmark⁴				
No. of observations	12	36	60	94
Average excess return (% p.a.) (Gross)	2.8	4.3	3.6	3.9
Average excess return (% p.a.) (Net)	2.2	3.7	2.9	3.2
Outperformance consistency (Gross)	100%	100%	95%	97%
Outperformance consistency (Net)	100%	100%	92%	95%

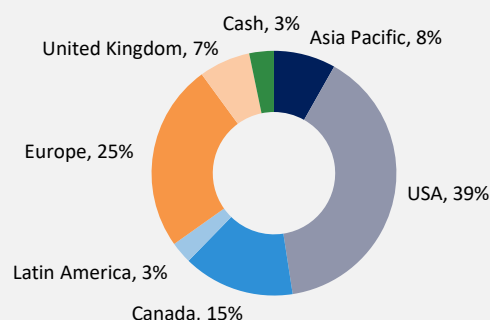
Performance ⁶	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	10 Years (% p.a.)	Since Inception (% p.a.)
Composite (Gross)	-12.8	-9.7	-0.2	3.2	7.5	8.2
Composite (Net)	-13.0	-10.2	-0.7	2.7	6.8	7.5
Global Infrastructure Benchmark	-9.8	-6.7	-0.9	1.2	4.8	5.1
Excess (Gross)	-3.0	-3.0	0.7	2.0	2.7	3.1
MSCI World NTR Index ⁺	-6.2	-19.6	4.6	5.3	8.1	8.5

Annual Performance ⁶ (%)	CYTD	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012 ⁺
Composite (Gross)	-16.1	14.4	-1.3	29.0	-6.1	21.2	7.2	-0.1	17.4	14.0	16.4
Composite (Net)	-16.4	13.8	-1.8	28.2	-6.7	20.4	6.5	-0.8	16.6	13.2	15.6
Global Infrastructure Benchmark	-10.7	11.0	-6.5	25.8	-10.4	19.1	11.4	-12.2	14.1	14.4	7.0
Excess (Gross)	-5.4	3.4	5.2	3.2	4.3	2.1	-4.2	12.1	3.3	-0.4	9.4
MSCI World NTR Index ⁺	-25.4	21.8	15.9	27.7	-8.7	22.4	7.5	-0.9	4.9	26.7	13.0

Sector Exposure²



Geographical Exposure²



¹ Comprised of all Infrastructure Strategies.

² The data is based on a representative portfolio for the strategy. Refer to the GIPS Disclosure below for further information. Sectors are internally defined. Geographical exposure is by domicile of listing. Exposures may not sum to 100% due to rounding.

³ Risk measures are for the Global Core Infrastructure Composite before fees. The Global Equities Index is the MSCI World NTR Index⁴.

⁴ The Benchmark or Global Infrastructure benchmark is comprised of the following: from inception to 31 December 2014 the benchmark is UBS Developed Infrastructure & Utilities NTR Index and from 1 January 2015 onwards, the benchmark is the S&P Global Infrastructure NTR Index. Note: the UBS Developed Infrastructure and Utilities NTR Index ceased to be published from 31 May 2015, replaced on 1 January 2015 with the S&P Global Infrastructure NTR Index.

⁵ Rolling 3-year returns are calculated in USD and rolled monthly for the duration of each period shown. The average excess return is then calculated for each period, with outperformance consistency indicating the percentage of positive excess returns. Strategy inception is 18 January 2012.

⁶ Returns are for the Global Core Infrastructure Composite and denoted in USD. Performance would vary if returns were denominated in a currency other than USD. Strategy inception is 18 January 2012. Refer to the GIPS Disclosure section below for further information. Composite (Net) returns are net of fees charged to clients and have been reduced by the amount of the highest fee charged to any client employing that strategy during the period under consideration. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Fees are available upon request.

⁷ All MSCI data is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI and its affiliates assume no liability for or in connection with the data. Please see complete disclaimer in www.mfgam.com.au/funds/benchmark-information/.

* Returns are only for part year.

IMPORTANT NOTICE

This material is being furnished to you to provide summary information regarding Magellan Asset Management Limited trading as MFG Asset Management ("**MFG Asset Management**") and an investment fund or investment strategy managed by MFG Asset Management ("**Strategy**"). This material is not intended to constitute advertising or advice of any kind and you should not construe the contents of this material as legal, tax, investment or other advice. In making an investment decision, you must rely on your own examination of any offering documents relating to the Strategy.

The investment program of the Strategy presented herein is speculative and may involve a high degree of risk. The Strategy is not intended as a complete investment program and is suitable only for sophisticated investors who can bear the risk of loss. The Strategy may lack diversification, which can increase the risk of loss to investors. The Strategy's performance may be volatile. Past performance is not necessarily indicative of future results and no person guarantees the future performance of the Strategy, the amount or timing of any return from it, that asset allocations will be met, that it will be able to implement its investment strategy or that its investment objectives will be achieved. Statements contained in this material that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of MFG Asset Management. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. This material may contain 'forward-looking statements'. Actual events or results or the actual performance of an MFG Asset Management financial product or service may differ materially from those reflected or contemplated in such forward-looking statements. The Strategy will have limited liquidity, no secondary market for interests in the Strategy is expected to develop and there are restrictions on an investor's ability to withdraw and transfer interests in the Strategy. The management fees, incentive fees and allocation and other expenses of the Strategy will reduce trading profits, if any, or increase losses.

No representation or warranty is made with respect to the correctness, accuracy, reasonableness or completeness of any of the information contained in this material. This information is subject to change at any time and no person has any responsibility to update any of the information provided in this material. This material may include data, research and other information from third party sources. MFG Asset Management makes no guarantee that such information is accurate, complete or timely and does not provide any warranties regarding results obtained from its use. MFG Asset Management will not be responsible or liable for any losses, whether direct, indirect or consequential, including loss of profits, damages, costs, claims or expenses, relating to or arising from your use or reliance upon any part of the information contained in this material including trading losses, loss of opportunity or incidental or punitive damages.

No distribution of this material will be made in any jurisdiction where such distribution is not authorised or is unlawful. This material does not constitute, and may not be used for the purpose of, an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorized or in which the person making such offer or solicitation is not qualified to do so. This material and the information contained within it may not be reproduced, or disclosed, in whole or in part, without the prior written consent of MFG Asset Management. Further information regarding any benchmark referred to herein can be found at www.mfgam.com.au. Any trademarks, logos, and service marks contained herein may be the registered and unregistered trademarks of their respective owners.

United Kingdom - This material does not constitute an offer or inducement to engage in an investment activity under the provisions of the Financial Services and Markets Act 2000 (FSMA). This material does not form part of any offer or invitation to purchase, sell or subscribe for, or any solicitation of any such offer to purchase, sell or subscribe for, any shares, units or other type of investment product or service. This material or any part of it, or the fact of its distribution, is for background purposes only. This material has not been approved by a person authorised under the FSMA and its distribution in the United Kingdom and is only being made to persons in circumstances that will not constitute a financial promotion for the purposes of section 21 of the FSMA as a result of an exemption contained in the FSMA 2000 (Financial Promotion) Order 2005 as set out below. This material is exempt from the restrictions in the FSMA as it is to be strictly communicated only to 'investment professionals' as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (FPO).

United States of America - This material is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of MFG Asset Management to create legal relations on the basis of information provided herein. Where performance figures are shown net of fees charged to clients, the performance has been reduced by the amount of the highest fee charged to any client employing that particular strategy during the period under consideration. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Fees are available upon request and also may be found in Part II of MFG Asset Management's Form ADV.

The Global Infrastructure Benchmark is comprised of the following: from inception to 31 December 2014 the benchmark is UBS Developed Infrastructure & Utilities Net Total Return Index and from 1 January 2015 the benchmark is S&P Global Infrastructure Net Total Return Index. The benchmark changed because UBS discontinued their index series.

The UBS Developed Infrastructure & Utilities Net Total Return Index is a market capitalisation weighted index that is designed to measure the equity performance of listed Infrastructure and Utility stocks. Index results assume the reinvestment of all distributions of capital gain and net investment income using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

The S&P Global Infrastructure Net Total Return Index is a market capitalisation weighted index that is designed to track 75 companies from around the world diversified across three infrastructure sectors energy, transportation and utilities. Index results assume the reinvestment of all distributions of capital gain and net investment income using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS®) DISCLOSURE

Magellan Asset Management Limited, doing business as MFG Asset Management in jurisdictions outside Australia and New Zealand, (MFG Asset Management) claims compliance with the Global Investment Performance Standards (GIPS®)

For the purpose of complying with GIPS, the Firm is defined as all discretionary portfolios managed by MFG Asset Management, excluding brands managed by subsidiaries operating as distinct business entities. MFG Asset Management is a wholly-owned subsidiary of the publicly listed company Magellan Financial Group Limited. MFG Asset Management is based in Sydney, Australia. Total Firm assets is defined as all assets managed by MFG Asset Management, excluding assets managed by subsidiaries operating as distinct business entities.

The Global Core Infrastructure composite is a global strategy investing in strictly defined or "pure" infrastructure companies (typically 80-100). The filtered investment universe is comprised of stocks that 1. generate reliable income streams, 2. benefit from inflation protection and have an appropriate capital structure. The investment objective of the strategy is to minimise the risk of permanent capital loss; and achieve superior risk adjusted investment returns over the medium to long-term. The composite was created in February 2012.

To achieve investment objectives, the composite may also use derivative financial instruments including, but not limited to, options, swaps, futures and forwards. Derivatives are subject to the risk of changes in the market price of the underlying securities instruments, and the risk of the loss due to changes in interest rates. The use of certain derivatives may have a leveraging effect, which may increase the volatility of the composite and may reduce its returns.

A copy of the composite's GIPS compliant presentation and/or the firm's list of composite descriptions are available upon request by emailing client.reporting@magellangroup.com.au

The representative portfolio is an account in the composite that closely reflects the portfolio management style of the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio may differ from those of the composite and of the other accounts in the composite. Information regarding the representative portfolio and the other accounts in the composite is available upon request.

USD is the currency used to calculate performance.

COREUSD44834

Strategy Commentary

The strategy recorded a negative return in the September quarter when higher interest rates reduced the appeal of safer equities. The stocks that detracted the most were the investments in TC Energy of Canada, Snam of Italy and Transurban of Australia. TC Energy fell on news delivered in late July that the company had increased by 70% the estimated cost of building the Coastal GasLink pipeline. The energy company said covid-19-related delays and protests against the pipeline had boosted the cost of building the link to a new liquefied natural gas facility on Canada's west coast. Snam fell when Italian bond yields rose after Italy headed to a snap election after Prime Minister Mario Draghi quit when three parties in his coalition sat out a vote of confidence in his government. Transurban declined after its full-year fiscal 2022 result and distribution target for fiscal 2023 (of 53 Australian cents per unit; +30% approximately) disappointed.

The two stocks that contributed the most were the investments in Aguas Andinas of Chile and Zurich Airports. Aguas Andinas rose as voters rejected a left-leaning constitution that could have had repercussions for the water utility. Zurich Airport gained after first-half earnings came in at a higher-than-expected 238.3 million Swiss francs as revenue also topped analyst estimates.

Stock contributors/detractors are based in local currency terms.

Stock Story: SNAM



In May, Snam paid US\$350 million for Italy's first floating regasification unit. Such vessels convert liquefied natural gas brought by ship into gas suitable for transporting within the 41,000 kilometres of pipelines that the Italian gas network operator owns and operates in its homeland, as well as in Austria, France, Greece and the UK.

In July, Snam purchased another floating unit for US\$400 million. The object of the spending is to help gas-import-dependent Italy cut its reliance on the Russian gas that supplied about 40% of the country's gas before the Ukraine War. Italy has already reduced its reliance on Russian gas to 25% of imports.

Such steps are tied to the energy crisis spurred by Russia's invasion of its neighbour and Moscow's subsequent moves to curtail gas deliveries in retaliation for sanctions. Snam, which earned 3.3 billion euros in revenue in fiscal 2021 (about 70% of which came from transporting gas and another 16% from storage), is poised to benefit from investment opportunities as it helps Italy turn to other countries to obtain gas.

The challenges for Snam posed by Europe's energy crisis are formidable, especially as it has had to work to ensure adequate storage levels are reached in its facilities for the coming winter.

However, the task is made easier by the way Snam, as a provider of an essential service, is regulated. As an economically regulated utility, Snam's revenue is not expected to drop noticeably, as less than 1% of Snam's revenue is linked to gas volumes. Earnings are instead tied to the level of investment by Snam into the network (which is known as the 'regulated asset base') and allowed return on capital the regulator sets on this spending. This framework provides predictability and stability to the company's earnings outlook. Further, the invested capital is indexed to inflation over time, providing a protection of real earnings power for investors.

Snam's opportunity is that the Italian government is driving the push to divert the source of the country's energy supplies and this initiative requires investment. The company's spending on the floating regasification plants, for instance, earns a decent and dependable return for investors. There are likely to be other such investments required to manage the changed pattern of gas flows across the country.

Longer term, Snam will benefit from the drive to renewables. The company is expected to have a role in the transportation and storage of green gases such as biomethane and hydrogen – both considered important planks in the energy transition in Europe for hard-to-abate sectors such as industrial and heating. While this is a long-term opportunity, Snam is already flagging that it expects to spend more than 8 billion euros on developing infrastructure for the green switch.

Biomethane is a sustainable natural gas made from waste biomass such as agricultural by-products, animal droppings, dedicated crops and food waste. Green hydrogen is touted as a key part of the drive to net-zero emissions because electrolyzers that split water into its two elements of hydrogen and oxygen produce emissions-free energy. Snam's gas infrastructure means the company is set for any transition to hydrogen.

In a world of energy crises and the shift to renewables, Snam's dependable regulated returns and its ability to expand its regulated asset base means the company offers the regular income and growth potential that the Magellan infrastructure team demands of stocks included in its portfolio.

Snam comes with risks, of course. The main longer-term one is that renewably sourced electricity might reduce household and business demand for natural gas by more than expected. A shorter-term risk is Snam maintaining its standing in the community to ensure regulators don't come under political pressure to lower Snam's allowable return if the company is seen to be benefiting from the energy crisis.

Each new regasification unit that helps Italy battle through Europe's energy crisis, however, boosts Snam's public standing and, as that rate base expands, its standing among investors too.