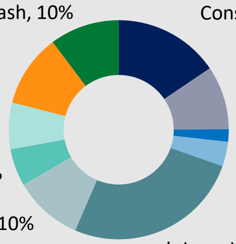
MFG Global Sustainable (USD)

Portfolio Manager	Strategy Inception Date	Total Strategy Assets	Total Global Assets[1]
Domenico Giuliano	1 October 2016	USD $109.6 million	USD $60,421.8 million

Objective	Approach
Capital preservation in adverse markets	High conviction (20-50 securities), high quality focus, low turnover
Attractive absolute risk-adjusted returns through the economic cycle	Dual-sleeve portfolio construction with dynamic allocation to cash (typically between 0% - 20%) Combined Risk Ratio cap of 0.8^
Deliver carbon intensity less than 1/3 of MSCI World	Integrated ESG with proprietary, multi-dimensional carbon emissions management. Certain stocks are excluded from the investment universe, including those with material exposures to gambling, alcohol, tobacco, adult entertainment and weapons, amongst other exposures as determined from time to time by MFG/Magellan

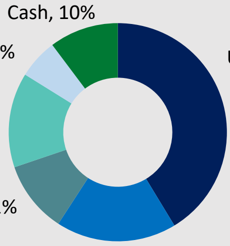
Top 10 Holdings[2]	Sector[2]	%
Alphabet Inc	Internet & eCommerce	7.4
Microsoft Corporation	Information Technology	7.2
Facebook Inc - Class A Shares	Internet & eCommerce	6.1
Alibaba Group Holding Ltd	Internet & eCommerce	4.2
Reckitt Benckiser Group	Consumer Defensive	4.0
Novartis AG	Health Care	3.6
Starbucks Corporation	Restaurants	3.6
Tencent Holdings Ltd	Internet & eCommerce	3.5
Unilever PLC	Consumer Defensive	3.5
Chipotle Mexican Grill Inc	Restaurants	3.4
	TOTAL:	46.5

Sector Exposure[2]



Strategy Fundamentals[2]	Strategy
Number of Holdings	27
Carbon Intensity (CO_2t/US$1m revenues)	25
Return on Equity	22
P/E Ratio (1 year forward)	28.8
Interest Cover (EBIT/interest expense)	20
Active Share	87
Weighted Average Market Cap (USD million)	519,406

Geographic Exposure[2]



3 Year rolling returns[3] (measured monthly)	Last 12 Months	Since Inception (19 Months)
Against MSCI World NTR Index		
Average excess return (% p.a.) (Gross)	2.7	2.8
Average excess return (% p.a.) (Net)	1.8	1.9
Outperformance consistency (Gross)	83%	89%
Outperformance consistency (Net)	83%	89%

Performance[4]	3 Months (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	Since Inception (% p.a.)
Composite (Gross)	2.1	33.3	13.1	12.5	12.9
Composite (Net)	1.9	32.2	12.2	11.6	12.0
MSCI World NTR Index	4.9	54.0	17.5	12.8	13.5
Excess (Gross)	-2.8	-20.7	-4.4	-0.3	-0.6
MSCI World Low Carbon NTR Index	4.7	54.2	18.0	13.1	13.6

Annual Performance[4] (%)	CYTD	2020	2019	2018	2017	2016*
Composite (Gross)	2.1	10.1	27.2	-1.0	21.4	0.3
Composite (Net)	1.9	9.2	26.2	-1.8	20.4	0.1
MSCI World NTR Index	4.9	15.9	27.7	-8.7	22.4	1.9
Excess (Gross)	-2.8	-5.8	-0.5	7.7	-1.0	-1.6
MSCI World Low Carbon NTR Index	4.7	16.5	28.5	-8.9	22.2	1.4

Market Commentary

Global stocks reached record highs as they rose for the eighth quarter in nine for the three months to March after the vaccine rollout intensified, US President Joe Biden capitalised on the Democrat's surprise control of Congress to launch massive fiscal stimulus, the Federal Reserve reiterated it would keep interest rates low, encouraging reports emerged on the US economy, and investors welcomed Italy's new prime minister. Gains were capped as US bond yields rose on concerns that the fiscal stimulus could revive US inflation and a third wave of covid-19 infections swept through Europe. During the quarter, 10 of the 11 sectors rose in US dollars. Energy (+22%) climbed most while consumer staples fell (-0.6%). The Morgan Stanley Capital International World Index climbed 4.9% in US dollars and 6.3% in Australian currency over the quarter.

US stocks gained as the White House count showed 37% of Americans had received one vaccine dose by quarter end and Democrat control of Capitol Hill allowed Biden to force a US$1.9 trillion bill through Congress that, at 9% of GDP, will boost the budget shortfall for fiscal 2021 to 18% of output. The Democratic party gained control of the Senate after winning the two seats in Georgia that went to a special election (by-election) on January 6. The result tied the Senate 50-50 but new Vice President Kamala Harris's tie-breaking vote gives the party control of the upper chamber to go with its control of the House of Representatives and the White House. In other political news, outgoing president Donald Trump was impeached and acquitted for a record second time. The House in January impeached Trump for helping to incite a mob that breached congress during a protest on January 6 against the election result. The Senate in February acting as an impeachment court acquitted Trump when it failed to gain the required two-thirds majority, though seven Republicans were among the 57 who voted for a guilty verdict while 43 senators voted not guilty. The Fed soothed concerns about bond yields rising on inflation concerns. Fed Chair Jay Powell testified to Congress that the US's recovery is "far from complete" and that the central bank intends to keep interest rates at levels that support employment growth while concerns about inflation remain low. In economic news, the US economy grew at a (revised) annualised speed of 4.3% in the last three months of 2020. The March quarter was marked by individual investors on Reddit and Robinhood bidding up selected stocks that heightened concerns of a stock bubble and the liquidation of Archegos Capital Management's leveraged bets that hurt selected stocks and its banking counterparties. The S&P 500 Index rose 5.8%.

European stocks rallied after the vaccine rollout gained enough pace, the European Central Bank loosened monetary policy even more and Mario Draghi won parliamentary backing to become Italy's next prime minister. Draghi, the former president of the European Central Bank, accepted a mandate from the Italian President Sergio Mattarella to lead the eurozone's third-largest economy after Italy's 66th post-war government collapsed. The European Central Bank officials spoke to calm investors about the risk from rising bond yields as it stepped up the pace of bond-buying to arrest the rise in borrowing costs. This offset the damage from a third wave of infections that forced fresh restrictions across Europe. An economic report showed the eurozone GDP fell a revised 0.7% for the fourth quarter. The Euro Stoxx 50 Index jumped 10.3%.

In other markets, Japan's Nikkei 225 Index rallied 6.3% after the Diet approved a record budget worth 106.6 trillion yen (US$976 billion) for the fiscal year starting on April 1 and a report showed the economy expanded a revised 2.8% in the fourth quarter. China's CSI 300 Index slid 3.1% as Chinese interest rates rose and the government set a modest growth rate of above 6% for 2021. The S&P/ASX 200 Accumulation Index added 4.3% as company earnings for the period ending December 31 exceeded expectations, the jobless rate fell below 6% and a report showed the economy expanded a higher-than-expected 3.1% in the December quarter. The MSCI Emerging Markets Index edged up 1.9% in US dollars on the better outlook for the world economy.

Strategy Commentary

The strategy recorded a positive return for the quarter. The biggest contributors were the investments in Alphabet, Wells Fargo and Tencent. Alphabet rallied after its 23% surge in revenue for the fourth quarter that was driven by Search and YouTube advertising beat expectations. Wells Fargo gained on a view the stimulus would boost lending and curtail consumer bad debts, that the associated increase in interest rates would help profit margins, and on a Bloomberg report in February that the Fed has accepted the bank's risk-management plan that, if confirmed, would be the first step in removing the Fed-imposed cap on the value of assets the bank can hold. Tencent gained 8.2% after it was among the Chinese stocks that the Trump administration spared from its 'blacklist' of Chinese stocks. Microsoft added 6.2% after fourth-quarter sales advanced a higher-than-expected 17% on pandemic-driven demand for video games and cloud resources.

The biggest detractors were the investments in Red Eléctrica of Spain, PepsiCo and Unilever. Red Eléctrica, which manages Spain's electricity transmission grid, fell after the utility provided a disappointing forward investment outlook. PepsiCo slid as further restrictions on out-of-home activity were implemented, especially in Europe. Unilever declined as rising costs due to covid-19-related safety measures was just one of the causes behind a drop in profit margins that saw second-half revenue and profits miss expectations.

In relative terms, the strategy underperformed over the quarter. While the strategy performed well during the pandemic up to the end of October, it has lagged the benchmark significantly since November for three main reasons.

The first was, to conform with portfolio risk controls (a combined risk-ratio cap of 0.8), about half of the strategy was invested in cash and defensive equities such as utilities, consumer staples and defensive healthcare. This portion of the strategy has delivered lagging returns compared with the benchmark (but not noticeably against defensive stocks overall), highlighting the unusually strong preference among investors for riskier investments. The flipside is that these stocks are at their cheapest in many years, giving us comfort about future portfolio returns.

The second reason for the underperformance was the stock-specific issues faced by companies such as Alibaba. Despite their volatile stock prices, we remain comfortable with holding our investments and we see a high likelihood of them delivering attractive returns over our horizon of three to five years. The third reason was our underweight exposure to cyclical equities, which have rallied very strongly following the announcement of the vaccines in November and the extraordinary fiscal stimulus announced by the new Biden administration.

Index movements and stock contributors/detractors are based in local currency terms unless stated otherwise.

[1] Comprised of all Global Strategies.
[2] The data is based on a representative portfolio for the strategy. Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding. Refer to the Important Notice below for further information.
[3] Rolling 3-year returns are calculated and rolled monthly for the duration of each period shown. The average excess return is then calculated for each period, with the outperformance consistency indicating the percentage of positive excess returns.
[4] Returns are for the Global Sustainable Composite and denoted in USD. Performance would vary if returns were denominated in a currency other than USD. 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.
^ Combined risk ratio is a measure of relative beta and relative drawdown to MSCI World NTR USD Index. Please contact MFGAM should you wish for further details on the calculation.
* Returns are only for part year.

IMPORTANT NOTICE

The MSCI World Index (Net) is a free-float adjusted market capitalization weighted index that is designed to measure the equity performance of 24 developed markets. 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 Sustainable composite is a concentrated global equity strategy investing in high quality companies (typically 20-50 stocks) with an integrated ESG risk assessment process, including a low carbon overlay and specific ESG exclusions on societal grounds related to either material manufacturing or retail exposures to Tobacco, Alcohol, Gambling, Controversial Weapons, Civilian Firearms, Adult Entertainment and other activities that Magellan may specify from time to time. High quality companies are those companies that have sustainable competitive advantages which translate into returns on capital materially in excess of their cost of capital for a sustained period of time. The investment objectives of the Global Sustainable strategy are to earn superior risk adjusted returns through the business cycle whilst minimising the risk of a permanent capital loss with specific ESG exclusions and a meaningfully lower carbon intensity than broader equity markets. The composite name was changed from Global ESG to Global Sustainable on 1 November 2020 following the restructure of our Global Sustainable product offerings into two distinct strategies, one with additional ESG exclusions and one without. The Global Sustainable strategy does apply additional ESG exclusions.

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. The representative portfolio for the Global Sustainable strategy changed on 1 November 2020 following the removal of the additional ESG exclusions from the previous representative portfolio. Information regarding the representative portfolio and the other accounts in the composite is available upon request.

USD is the currency used to calculate performance.