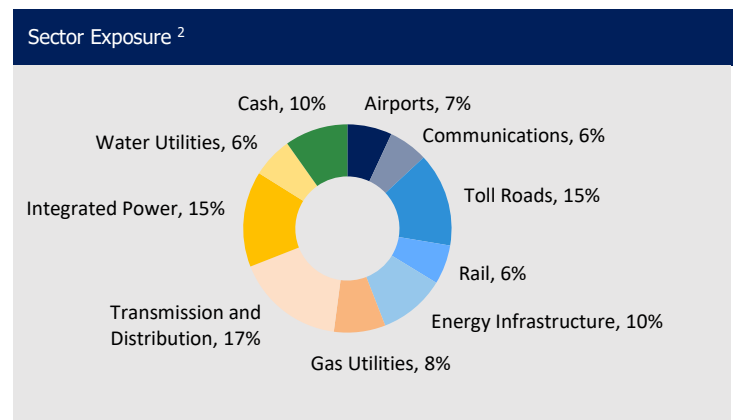


MFG Select Infrastructure (USD)

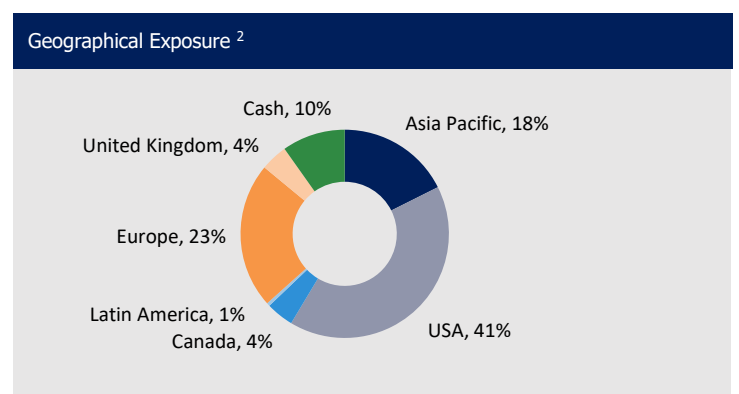
Portfolio Manager	Strategy Inception Date	Total Strategy Assets	Total Infrastructure Assets ¹
Gerald Stack	2 May 2013	USD \$6,131.2 million	USD \$12,382.1 million

Objective	Approach
Capital preservation in adverse markets	Concentrated 20-40 stock portfolio applying our proprietary infrastructure classification
Pre-fee return of CPI plus 5-6%p.a. through the economic cycle	Valuation driven benchmark-unaware strategy
	Highly defensive, inflation-linked exposure

Top 10 Holdings ²	Sector	%
Transurban Group	Toll Roads	6.3
Atmos Energy Corporation	Gas Utilities	5.5
Red Electrica Corporacion	Transmission and Distribution	5.0
Eversource Energy	Transmission and Distribution	4.6
Sempra Energy	Integrated Power	4.4
Vopak NV	Energy Infrastructure	4.4
Enbridge Inc	Energy Infrastructure	4.3
Crown Castle International	Communications	4.2
Xcel Energy Inc	Integrated Power	4.0
American Water Works	Water Utilities	3.9
	TOTAL:	46.6



USD 5 Year Risk Measures ⁴	Against Global Equities	Against Infrastructure Benchmark ⁵
Upside Capture	0.6	0.9
Downside Capture	0.5	0.7
Beta	0.7	0.7
Correlation	0.8	0.9



Cumulative Performance ³	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (% p.a.)	Since Inception (% p.a.)
Composite (Gross)	1.4	-8.0	4.0	7.9	8.3	7.7
Composite (Net)	1.2	-8.7	3.1	7.1	7.4	6.9
Global Infrastructure Benchmark	1.4	-14.6	-2.3	3.5	3.3	2.9
Excess (Gross)	0.0	6.6	6.3	4.4	5.0	4.8
MSCI World NTR Index	7.9	10.4	7.7	10.5	8.3	8.7

Annual Performance ³	CYTD (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013* (%)
Composite (Gross)	-11.3	26.7	-4.4	25.0	4.4	3.9	14.1	4.6
Composite (Net)	-11.8	25.7	-5.2	24.0	3.6	3.1	13.2	4.0
Global Infrastructure Benchmark	-18.6	25.8	-10.4	19.1	11.4	-12.2	14.1	0.9
Excess (Gross)	7.3	0.9	6.0	5.9	-7.0	16.1	0.0	3.7
MSCI World NTR Index	1.7	27.7	-8.7	22.4	7.5	-0.9	4.9	14.7

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 Returns are for the Global Select Infrastructure 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.

4 Risk measures are for the Global Select Infrastructure Composite before fees. The Global Equity Index is the MSCI World NTR Index.

5 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.

* Returns are only for part year.

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The Global Infrastructure Benchmark is comprised of the following: from inception to 31 December 2014 the benchmark is UBS Developed Infrastructure & Utilities Index Net Total Return 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 Index Net Total Return 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.

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The Global Select Infrastructure composite is a concentrated global strategy investing in strictly defined or "pure" infrastructure companies, (typically 20-40). The filtered investment universe is comprised of stocks that 1. generate reliable income streams 2. benefit from inflation protection and 3. 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 May 2013.

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.

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Strategy Commentary

The strategy recorded a positive return for the quarter. Stocks that contributed the most included the investments in Xcel Energy of the US, American Water Works and CSX and Union Pacific, two North American railroad companies. Xcel Energy rose after the monopoly provider of electricity and gas services across eight mid-western US states announced a higher-than-expected jump of 18% in earnings-per-share growth for the second quarter and management reiterated its 2020 and long-term earnings guidance. American Water Works, the largest listed water utility in the US, rose as investors appeared to continue to favour its low-risk business model. CSX and Union Pacific, which are regarded as bellwethers of economic activity in North America, rose as US states relaxed pandemic-related restrictions.

Stocks that detracted included the investments in FirstEnergy of the US, Vinci of France and Atlas Arteria of Australia. FirstEnergy plunged after the US Attorney's Office of Ohio charged House Speaker Larry Householder and five others with bribery and money-laundering charges tied to a bill that effectively was a US\$1.5 billion bailout of a former subsidiary of FirstEnergy's nuclear plants in the US state. Vinci dived after the economic blow associated with the pandemic reduced the first-half revenue of the concessions and construction company by 15%. Atlas Arteria fell over the quarter as surging infection rates in France, the location of its largest asset, led to concerns regarding greater mobility restrictions.

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

Stock Story: Spark Infrastructure



About 15 gigawatts or 63% of Australia's coal-fired power generation will reach the end of its technical life and is likely to be retired by 2040, according to Australian Energy Market Operator, the body that oversees the country's energy markets. Replacing this much coal-fired generation will require more than twice the volume of renewable generation capacity, given the vagaries of renewables. The replacement of the existing coal-fired fleet with renewables will require meaningful investment in transmission networks, as the existing network has an estimated connection capacity of only 13 gigawatts when it comes to renewable resources.

Across about A\$13 billion worth of likely renewables projects sits TransGrid, the monopoly operator of the biggest transmission network by volume in Australia's National Electricity Market. TransGrid delivers power to more than 3.6 million homes and businesses within NSW and the Australian Capital Territory. TransGrid is 15% owned by Spark, an ASX-listed investment fund that owns four major energy assets, of which TransGrid has by far the best growth prospects.

SA Power Networks is the only operator of South Australia's distribution network. The utility distributes power to about 887,000 residential and business customers across the state. SA Power is 49% owned by Spark.

CitiPower and Powercor form Victoria Power Networks, which distributes power to about 330,000 customers in Melbourne and another 810,000 clients in the central and western parts of the state. Victoria Power is 49% owned by Spark. Spark's other, lesser, asset is the 2019-purchased and newly built Bomen Solar Farm that will produce enough renewable energy to power 36,000 homes a year.

These four assets that service about five million clients worth about A\$18 billion form the core, or perhaps springboard, of Spark's 'growth plus yield' strategy. To comprehend the basis for this strategy, it can help to understand that the core business model of utilities is that they own a monopoly right to provide their services in a defined territory but the return on their capital spending is limited to ensure that they provide affordable services to customers. The way, therefore, for a utility to increase gross earnings is to spend more on approved capital works while earning a return on its asset base, a term for the amount of capital on which regulators can earn a regulated return.

The yield part of Spark's strategy is that its share of its Victorian and South Australian distribution assets and its stake in TransGrid give Spark an effective regulated asset base of A\$6.6 billion. In (fiscal) 2019, the regulated return comprised 86% of Spark's revenue of A\$1.2 billion, an increase of 3.3% from 2018.

The growth part of Spark's strategy is about investing more to increase the asset base of its three regulated assets and investing in renewable energy, which often falls outside of the regulated sphere. The NSW government, for example, forecasts A\$8 billion worth of investment will be needed over the coming decade to power the state, divided between regulated and unregulated assets. TransGrid, for example, is considering a joint bid to build a 900-kilometre interconnector between Wagga Wagga and Robertson in South Australia that will enable more renewable energy to be injected into the national grid. This is just one of the plans that could see TransGrid's regulated asset base double in the next decade.

Another leg of Spark's strategy is to enhance the assets it owns; that is to say, make them more efficient so it has more capital to grow its business, something it does well. (Spark calls this its 'value enhance, value build and value acquire' strategy).

Spark's portfolio of regulated and renewable assets and their potential to expand has helped the company be one of the most resilient stocks over 2020. Many people have seen that Spark offers what investors generally seek when they invest in essential services: growth plus income.

To be sure, Spark faces the challenge of all the regulatory and political uncertainty that surrounds Australia's energy market. Regulators are trimming some of its regulated returns. Spark's plan to invest in solar, wind and storage projects in coming years come with the risk that management might make poor investments.

Even allowing for these risks, though, Spark is likely to deliver on its growth plus yield strategy in the coming years as solar panels, wind farms and other renewable sources of energy become a more important source of power for Australia.

Sources: Company filings.