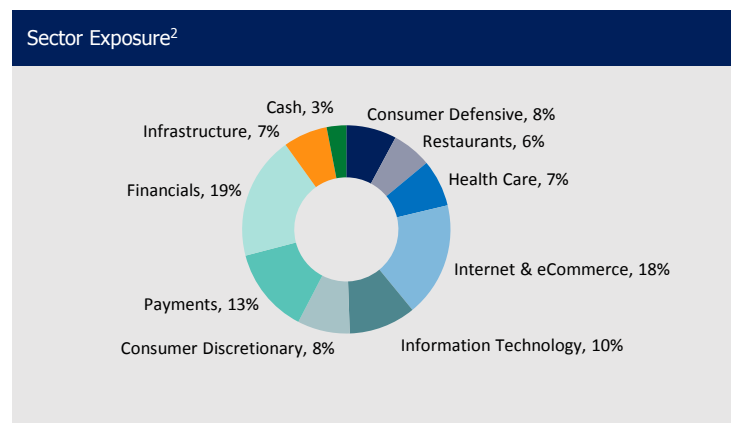


MFG US Sustainable (USD)

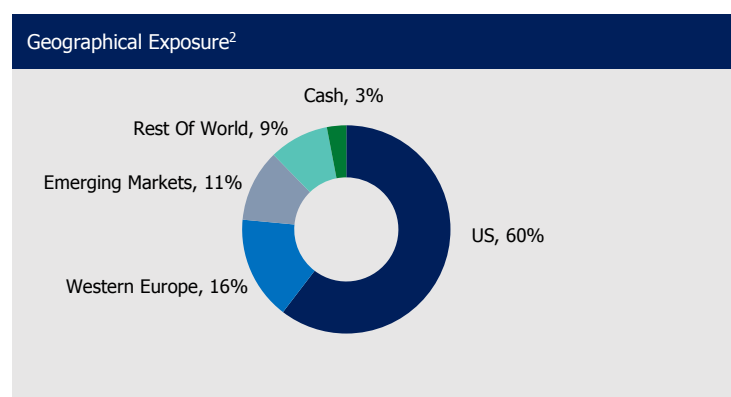
Portfolio Manager	Strategy Inception Date	Total Strategy Assets	Total Global Assets ¹
Alan Pullen	1 January 2017	USD \$87.9 million	USD \$44,926.4 million

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 a combined Risk Ratio cap of 1.0 [^]
Deliver carbon intensity less than 1/3 of S&P500	Integrated ESG with proprietary, multi-dimensional carbon emissions management

Top 10 Holdings ²	Sector ²	%
Visa Inc	Payments	7.1
Facebook Inc-A	Internet & eCommerce	7.0
Alphabet Inc	Internet & eCommerce	6.6
Microsoft Corp	Information Technology	6.4
Kraft Heinz Co	Consumer Defensive	4.7
HCA Healthcare Inc	Health Care	4.5
Home Depot Inc	Consumer Discretionary	4.2
Amazon.com Inc	Internet & eCommerce	4.1
Apple Inc	Information Technology	4.0
Intercontinental Exchange Inc	Financials	4.0
	TOTAL:	52.6



Strategy Fundamentals ²	Strategy	Index
Number of Holdings	26	504
Carbon Intensity	29.5	n/a
Return on Equity	21	21
P/E Ratio (1 year forward)	18.6	16.9
Interest Cover	9	11
Debt/Equity Ratio	66	60
Active Share	77	n/a
Weighted Average Market Cap (USD million)	314,556	n/a



Cumulative Performance ³	3 Months (%)	1 Year (%)	2 Years (% p.a.)	Since Inception (% p.a.)
Composite (Gross)	6.8	14.3	14.2	15.5
Composite (Net)	6.6	13.4	13.3	14.6
S&P 500 NTR Index	4.1	9.8	11.7	13.1
Excess (Gross)	2.7	4.5	2.5	2.4

Annual Performance ³	CYTD (%)	2018	2017*
Composite (Gross)	21.0	-2.6	21.7
Composite (Net)	20.5	-3.4	20.7
S&P500 Net TR Index	18.2	-4.9	21.1
Excess (Gross)	2.8	2.3	0.6

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. The Index is the S&P500 Net TR Index. Refer to the Important Notice below for further information.

3 Returns are for the US 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.

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The S&P 500 TR Index is a float adjusted market capitalization weighted index that is designed to measure the equity performance of the top 500 companies in the United States. 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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For the purpose of complying with GIPS, the Firm is defined as all discretionary portfolios managed by MFG Asset Management, excluding portfolios 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 US Sustainable composite is a concentrated global equity strategy investing in high quality companies (typically 20-50 stocks), domiciled in the United States, with an integrated low carbon overlay. 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 US Sustainable strategy are to earn superior risk adjusted returns through the business cycle whilst minimising the risk of a permanent capital loss with an integrated ESG strategy with meaningfully lower carbon intensity than broader equity markets. The composite was created in January 2017. Prior to May 29, 2018 the composite was named the US Low Carbon Composite.

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.

USUSUSD43646

Market Commentary

US stocks reached record highs as they rose for a second consecutive quarter in the three months to June after the Federal Reserve flagged fresh stimulus to protect the US economy, investors grew hopeful the China-US trade war would be contained, and US companies on average reported better-than-expected earnings for the March quarter. The S&P 500 Index rallied 3.8%.

The Fed hinted it would cut rates if clashes on trade drag on the US economy. The central bank in June downgraded its assessment of US economic activity from "solid" to "moderate". Downbeat reports released over the quarter showed US housing starts dropped 0.9% in May, and consumer sentiment as measured by The Conference Board fell to a 21-month low in June. Better news on the economy was that a report showed the US economy expanded at a faster-than-expected annualised pace of 3.1% in the first quarter, up from 2.2% in the last quarter of 2018. The Fed's preferred measure of inflation, the core personal consumption expenditure index, stood at 1.6% in the 12 months to May, which is below the Fed's 2% target.

Even as trade tensions fanned speculation the Fed would cut the cash rate as soon as July, stocks rose on hopes that China and the US would settle differences at the meeting of their leaders at the G20 meeting in Japan in June when they duly agreed to restart talks. Such optimism rose when US President Donald Trump tweeted he "had a very good telephone conversation with President Xi (Jinping)" and the two would meet at the G20 summit in Japan on June 29 and 30. The two leaders duly met and agreed to restart trade talks, and the US delayed new tariffs and lifted a ban on US companies selling items to Chinese telco Huawei.

Movements in benchmark indices are in local currency unless stated otherwise.

Strategy Commentary

The portfolio recorded a positive return for the June quarter. The biggest contributors included the investments in Facebook, Microsoft and Starbucks. Facebook climbed after first-quarter sales jumped a higher-than-expected 26%, monthly visitor numbers to the main site over the three months exceeded forecasts, the company hinted it was near a settlement with US authorities over privacy violations, and its plans for a digital currency Libra were cautiously received. Microsoft surged to record highs as March-quarter earnings exceeded expectations thanks to strong growth from the Azure cloud-computing business. Starbucks, which has a growing presence in China, rose as trade tensions eased.

The largest detractors included the investments in Alphabet, State Street and Kraft Heinz. Alphabet declined after the House of Representatives said it was launching a broad anti-trust investigation into technology companies including Alphabet's Google. State Street fell after the company reported a larger-than-expected drop in fee income and said the outlook for fee income was "challenging". Kraft Heinz slid amid talk the US Securities and Exchange Commission might uncover more than expected as it investigates the company's accounting practices.