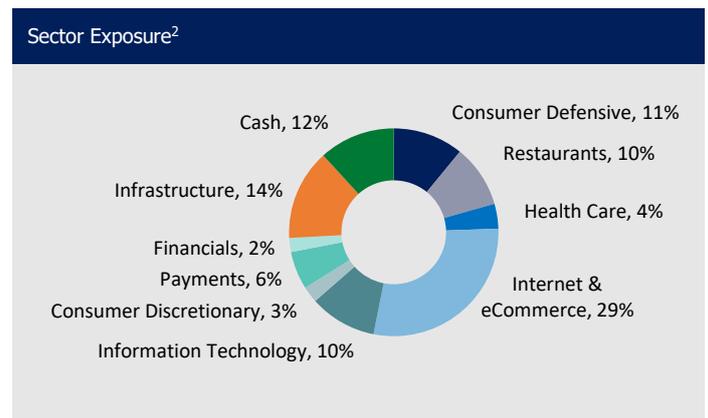


MFG Global Equity (USD)

Portfolio Manager	Strategy Inception Date	Total Strategy Assets	Total Global Assets ¹
Lead Portfolio Manager: Hamish Douglass Co-Portfolio Manager: Arvid Streimann	1 July 2007	USD \$40,977.9 million	USD \$55,659.4 million

Objective	Approach	Strategy Fundamentals ²	Strategy	Index
Capital preservation in adverse markets	High conviction (20-40 securities), high quality focus	Number of Holdings	24	1,606
Pre-fee return of 10%p.a. through the economic cycle	Dual-sleeve portfolio construction with dynamic allocation to cash (max 20%) Combined Risk Ratio cap of 0.8 [^]	Return on Equity	25	12
		P/E Ratio (1 year forward)	27.4	20.2
		Interest Cover	12	8
		Debt/Equity Ratio	69	56
		Active Share	88	n/a
		Weighted Average Market Cap (USD million)	398,152	n/a

Top 10 Holdings ²	Sector ²	%
Alibaba Group Holding Ltd	Internet & eCommerce	8.2
Microsoft Corporation	Information Technology	6.9
Tencent Holdings Ltd	Internet & eCommerce	6.3
Alphabet Inc	Internet & eCommerce	5.8
Facebook Inc - Class A Shares	Internet & eCommerce	5.4
Starbucks Corporation	Restaurants	4.6
Reckitt Benckiser Group	Consumer Defensive	4.6
Novartis AG	Health Care	3.9
Xcel Energy Inc	Integrated Power	3.7
Crown Castle International	Communications	3.7
TOTAL:		53.1



Capital Preservation Measures ³	3 Years	5 Years	7 Years	10 Years	Since Inception
Adverse Markets					
No of observations	10	15	21	29	47
Outperformance consistency	90%	93%	95%	97%	94%
Average return – Strategy	-3.9%	-3.4%	-2.4%	-1.8%	-3.9%
Average return – Benchmark	-7.2%	-6.2%	-5.4%	-5.8%	-8.2%
Down Market Capture	0.5	0.5	0.5	0.3	0.5
Drawdown					
Maximum Drawdown - Strategy	-15.3%	-15.3%	-15.3%	-15.3%	-36.0%
Maximum Drawdown - Index	-21.1%	-21.1%	-21.1%	-21.1%	-54.0%



Cumulative Performance ³	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (% p.a.)	10 Years (% p.a.)	Since Inception (% p.a.)
Composite (Gross)	8.0	15.6	14.1	13.9	12.0	14.8	12.3
Composite (Net)	7.8	14.7	13.2	13.0	11.1	13.9	11.5
MSCI World NTR Index	7.9	10.4	7.7	10.5	8.3	9.4	5.1
Excess (Gross)	0.1	5.2	6.4	3.4	3.7	5.4	7.2
MSCI World Qual. Mix NTR	5.7	5.8	7.4	10.2	8.8	9.8	6.2
MSCI Min. Vol. NTR	4.7	0.0	7.0	9.3	8.8	9.6	6.1

Annual Performance ³	CYTD (%)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Composite (Gross)	7.3	29.7	0.4	25.2	4.7	4.2	6.6	30.8	21.6	11.9	18.3
Composite (Net)	6.6	28.7	-0.4	24.2	3.9	3.4	5.7	29.8	20.7	11.0	17.4
MSCI World NTR Index	1.7	27.7	-8.7	22.4	7.5	-0.9	4.9	26.7	15.8	-5.5	11.8
Excess (Gross)	5.6	2.0	9.1	2.8	-2.8	5.1	1.7	4.1	5.8	17.4	6.5
MSCI World Qual. Mix NTR	-1.7	27.7	-6.5	21.5	7.9	1.6	7.3	24.5	13.0	0.7	11.4
MSCI Min. Vol. NTR	-2.9	23.2	-2.0	17.3	7.5	5.2	11.4	18.6	8.1	7.3	12.0

Supplementary Statistical Measures ⁵	3 Years	5 Years	7 Years	10 Years	Since Inception
Turnover	22.6%	20.1%	18.3%	15.9%	13.6%
Beta	0.8	0.8	0.8	0.7	0.8
Tracking Error (% p.a.)	5.6%	5.1%	4.8%	5.7%	6.7%
Standard Deviation – Strategy	13.6%	11.8%	11.4%	11.1%	13.4%
Information Ratio	1.1	0.7	0.8	0.9	1.1

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 MSCI World NTR Index. Refer to the Important Notice below for further information.

3 Risk measures are calculated before fees and in USD. An adverse market is defined as a negative quarter, rolled monthly, for the MSCI World Net TR USD Index, whilst drawdown measures are measured monthly.

4 Returns are for the Global Equity 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.

5 Supplementary Statistical Measures Beta, Tracking Error and Information Ratio are calculated in USD using the MSCI World NTR Index.

^ 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 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.

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The Global Equity composite is a concentrated global equity strategy investing in high quality companies (typically 20-40 stocks). 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 Equity strategy are to earn superior risk adjusted returns through the business cycle whilst minimising the risk of a permanent capital loss. The composite was created in December 2011.

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.

GLOBALUSD44104

Market Commentary

Global stocks hit records highs in the three months to September as they rose for the sixth quarter in seven after reports showed stimulus is helping reopening economies recover from the pandemic, the Federal Reserve indicated it would keep rates low for a while yet, and tech stocks reported earnings that showed how much they have benefited from the shift to online. During the quarter, 10 of the 11 sectors rose in US-dollar terms. Consumer Discretionary (+16%) rose the most as economies reopened while Energy (-16%) was the sector that declined. The Morgan Stanley Capital International World Index climbed 7.9% in US dollars but, after a rise in the Australian dollar reduced gains for unhedged investors, rose only 3.7% in Australian currency.

US stocks set fresh record highs after readings showed the jobs market had recovered nearly half the jobs lost when the economy was closed to restrict the pandemic, Big Tech shone and the Federal Reserve moved to a flexible average inflation target by allowing inflation to exceed 2%. The Fed's shift suggested lower interest rates for longer as it indicated the central bank would not pre-emptively raise interest rates when unemployment was low so long as inflation was under control. During the quarter, reports indicated the US economy was recovering from the record 31.4% annualised decline in the second quarter. Of note, a report showed the jobless rate fell to 8.4% in August and that the economy had added 10.6 million jobs since it shredded 22.2 million jobs in March and April when the jobless rate was 14.7% (compared with 3.5% in February). Big Tech CEOs survived a grilling from congress over the alleged anti-competitive nature of their businesses as the tech icons posted healthy earnings for the second quarter. In political news, the Democratic and Republican parties held their conventions and at quarter end polls placed Democrat presidential nominee Joe Biden ahead of President Donald Trump in the quest for the White House. The S&P 500 Index rallied 8.5%, to complete its best back-to-back quarters since 2009.

European stocks fell as reinfection rates picked up enough for restrictions to be reimposed. Of note during the quarter was that EU leaders struck an agreement to allow the EU to sell debt on a large scale for the first time so it could install a 750-billion-euro pandemic recovery fund. The Euro Stoxx 50 Index fell 1.3%. Japan's Nikkei 225 Index added 4.0% on the better global outlook as investors looked past the record annualised economic contraction of 28.1% in the second quarter and the unexpected resignation due to ill health of Prime Minister Shinzō Abe (who was replaced by Yoshihide Suga). China's CSI 300 Index surged 10.2% after a report showed the country's economy grew 3.2% in the June quarter from a year earlier, making China the first major economy to return to growth. Australia's S&P/ASX 200 Accumulation Index lost 0.4% amid concerns that Victoria's second lockdown was causing vast economic damage. The MSCI Emerging Markets Index rallied 8.7% in US dollars as key countries contained the virus and commodity prices gained.

Strategy Commentary

The strategy recorded a positive return for the quarter. The biggest contributors were the investments in Alibaba Group, Facebook and Starbucks. Alibaba rallied after the Chinese e-commerce giant reported revenue growth of 34% in the second quarter from a year earlier as lockdowns turned Chinese to online retail, and China's economy rebounded. Facebook rose after its 11% surge in second-quarter earnings beat expectations and the social-media company said its main site has 2.7 billion users per month. Starbucks rose after the coffee chain said its businesses in China and the US were recovering well as these economies reopened.

The biggest detractors were the investments in a recently purchased stock and Novartis. Novartis fell after the health-products group refused to discuss revenue or profits prospects when revealing that sales for the first half rose 1%, the higher end of expectations.

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

Alphabet

People don't visa their lunch. They pay for it with a credit card. Teenagers don't mcdonalds a hamburger. They eat one. Someone doesn't coca-cola a drink. Nobody says let's apple somebody. Parents don't tell their kids to colgate their teeth. Yet people Hoover a room, uber home and photoshop. And, of course, everybody googles.

The morphing of a brand name into a verb is a rare feat achieved only by a product highly valued, widely used and dominant within its category. The owners of this product obviously possess something of value.

Alphabet is the parent company of Google and more. Sergey Brin and Larry Page, the two Stanford University students who started Google in 1998 when ranking search results, created Alphabet in 2015 to house Google, other internet-related businesses, and what the duo dubbed 'Other Bets', which are businesses they often started from scratch with the potential for disrupting large global markets. Chock-full of such assets, Alphabet has become one of the world's most valuable listed companies by market value. At times, the company has been the world's most valuable stock.

Alphabet, for all its subsidiaries, is mostly about Google, which has about a 90% share of the global search market outside of China (from where the company withdrew in 2010 after a hack). Google has ridden this success in search to become the world's largest advertising company, capturing about 26% of global media advertising spending. The business under the 'search & other' category in Alphabet's accounts provided about 61% of Alphabet's sales of US\$162 billion in fiscal 2019 and an even higher proportion of its earnings – advertising across all asset bought in 83% of revenue.

Google in 2009 released the Android mobile operating system for free to the makers of smartphones keen to meet the competitive challenge of Apple's iPhone and it is now the dominant mobile operating system. The majority of Android devices are preloaded with Google's services. Nine of these – Android, Chrome, Drive, Gmail, Google Pay, Maps, Search, Photos and YouTube – have more than one billion users a month. Google directly monetises Android through the Google Play Store, a platform where app developers can sell games, services and content to Android's billions of users. We estimate this added US\$10 billion to Alphabet's revenue last fiscal year.

In 2006, Google bought the video platform YouTube that earned US\$15 billion in revenue in fiscal 2019. Google Cloud Platform, its huge public cloud, generated US\$9 billion in revenue in fiscal 2019 and grew by 53% over the previous year. Its revenue is likely to expand considerably in coming years as businesses turn more to outsourcing their hardware and software needs.

Over time, Alphabet has used some of Google's profits to invest in other, often far-flung, products and services, representing a series of bets that it could dominate potentially massive

markets. These investments include artificial intelligence (DeepMind), drone delivery (Wing), internet access via high-altitude balloons (Loon), self-driving cars (Waymo), quantum computing, urban innovation (Sidewalk Labs), and secretive 'moonshot' programs (Google X).

It's rare to find a company with advantages in so many businesses. Alphabet owns some of the world's best businesses and it could one day own other businesses that are as dominant within their spheres. Alphabet is well placed to provide investors with compounded returns for years to come.

Every company has challenges and many of Alphabet's risks stem from its success. Regulators are questioning whether Google's dominance in search, digital advertising technology, and Android give the company too much market power. Google has been fined for anti-competitive behaviour in Europe. Media reports say the US Justice Department plans to file anti-competitive charges against Google soon. Australia's government plans to introduce a mandatory code of conduct aimed at improving the bargaining power of traditional media against Google (and Facebook) for displaying their news reports, something other governments could copy. Privacy surrounding the data Google collects for advertising is a concern in many jurisdictions. While these threats need to be monitored, it's unlikely that regulators will permanently reduce Google's competitiveness in search or digital advertising. YouTube is sometimes in trouble for the content it carries though the company is developing systems and hiring content reviewers to remove harmful content.

Alphabet is often criticised for the way subsidiaries shift revenue to minimise tax and we expect it will pay a higher tax rate over time as governments reduce their ability to do this. Some of Alphabet's other bets are in industries that appear distant from Google's core skills such as medical devices (Verily is making glucose-monitoring contact lenses) and town planning. But none need to succeed to justify the investment case.

Alphabet's growth rates are likely to fall over time. But any company that owns a household verb doesn't need much to go right for it to deliver bumper returns for its investors for many years.