Strategy Update: 30 June 2022

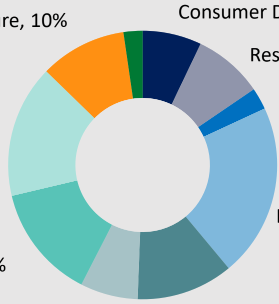
MFG US Sustainable (USD)

Portfolio Manager	Strategy Inception Date	Total Strategy Assets[1]	Total Global Sustainable Assets[2]
Alan Pullen	1 January 2017	USD $2.0 million	USD $292.1 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 (max 10%) Combined Risk Ratio cap of 1.0^
Deliver carbon intensity less than 1/3 of S&P 500	Integrated ESG with proprietary, multi-dimensional carbon emissions management

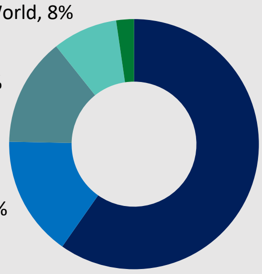
Top 10 Holdings[3]	Sector	%
Visa Inc	Payments	7.6
Microsoft Corporation	Information Technology	7.5
Alphabet Inc	Internet & eCommerce	7.2
Amazon.com Inc	Internet & eCommerce	4.8
Netflix Inc	Internet & eCommerce	4.8
Intercontinental Exchange Inc	Financials	4.7
MasterCard Inc	Payments	4.3
salesforce.com Inc	Information Technology	4.2
Eversource Energy	Transmission and Distribution	4.1
Meta Platforms Inc	Internet & eCommerce	4.1
	TOTAL:	53.3

Sector Exposure[3]



Strategy Fundamentals[3]	Strategy
Number of Holdings	26
Carbon Intensity (CO_2t/US$1m revenue)	20
Return on Equity	33
P/E Ratio (1 year forward)	24
Interest Cover	16
Debt/Equity Ratio	83
Weighted Average Market Cap (USD million)	441,552

Geographic Exposure[3]



3 Year rolling returns[4] (measured monthly)	1 Year	Since Inception
Against S&P500 Net TR Index		
No of observations	12	31
Average excess return (% p.a.) (Gross)	3.7	3.9
Average excess return (% p.a.) (Net)	2.7	3.0
Outperformance consistency (Gross)	100%	100%
Outperformance consistency (Net)	100%	100%

Performance[5]	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (% p.a.)
Composite (Gross)	-17.5	-14.8	11.2	12.4	13.2
Composite (Net)	-17.7	-15.5	10.3	11.5	12.3
S&P 500 NTR Index	-16.2	-11.0	10.0	10.7	11.4
Excess (Gross)	-1.3	-3.8	1.2	1.7	1.8

Annual Performance[5] (%)	CYTD	2021	2020	2019	2018	2017*
Composite (Gross)	-23.9	31.1	22.4	36.4	-2.6	21.7
Composite (Net)	-24.2	30.0	21.4	35.3	-3.4	20.7
S&P500 Net TR Index	-20.1	28.2	17.8	30.7	-4.9	21.1
Excess (Gross)	-3.8	2.9	4.6	5.7	2.3	0.6

[1] US Sustainable Strategy is currently based on a proprietary portfolio.
[2] Comprised of all Sustainable Strategies.
[3] 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.
[4] 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 1 January 2017.
[5] 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. Strategy inception is 1 January 2017. 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 S&P 500 NTR Index (USD). Please contact MFGAM should you wish for further details on the calculation.

IMPORTANT NOTICE

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.

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 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.

Market Commentary

US stocks fell for a second consecutive quarter in the three months to June after the Federal Reserve tightened monetary policy to combat inflation, concerns grew that higher interest rates could pummel the US and global economies, and companies reported disappointing earnings and warned of pressure on margins. The S&P 500 Index shed 16%.

US stocks dropped as disappointing earnings (especially from retailers) added to pessimism that higher interest rates could send the US economy into recession. Inflation around 40-year highs prompted the Fed to deliver the first of two rate rises (that boosted the US cash rate by 1.25% to a range of 1.5% to 1.75%) in what is thought to be a series of rate increases that are expected to boost the key rate to above 3% by year end. As the University of Michigan consumer sentiment slid to its lowest since the survey began in 1952 and mortgage rates surged to 14-year highs as the Fed commenced 'quantitative tightening' (asset selling), Fed chair Jerome Powell warned the country must accept a higher risk of recession to curb inflation. A report in June showed US inflation reached 8.6% in the 12 months to May, its fastest since 1981. Another report showed the US economy unexpectedly shrank at an annualised pace of 1.6% in the first quarter, whereas investors had expected a gain of 1.1%.

Strategy Commentary

The strategy recorded a negative return for the quarter. Among the biggest detractors as a rise in government bond yields applied a greater discount to future profits were the investments in Netflix, Amazon and Alphabet. Netflix dived after the streaming service reported an unexpected decline in subscribers during the first quarter, when 200,000 people cancelled their subscriptions. Amazon declined after the online retailer posted its first quarterly loss since 2015 due to rising costs and a writedown on its investment in electric carmaker, Rivian. Alphabet, the parent of Google, dropped after first-quarter revenue growth of 20% disappointed due to poorer-than-expected ad sales in Europe and on YouTube.

The biggest contributors as defensives outperformed cyclicals were the investments in American Tower Corp, PepsiCo and Coca-Cola Company. American Tower jumped after management lifted fiscal 2022 guidance thanks to higher property revenue in Europe. PepsiCo and Coca-Cola gained as quality consumer-goods companies were able to raise the prices of their goods by enough to protect margins from rising input prices.

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