



INTERIM FINANCIAL REPORT

FOR THE PERIOD 16 JULY 2019 TO 31 DECEMBER 2019

MAGELLAN HIGH CONVICTION TRUST
ABN 25 531 724 961

MAGELLAN HIGH CONVICTION TRUST

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MAGELLAN HIGH CONVICTION TRUST

Chairman's Report

for the period 16 July 2019 to 31 December 2019

Dear Unitholders,

We are pleased to present the Interim Financial Report for Magellan High Conviction Trust (the "Fund"). The Fund is a closed end managed investment scheme for which Magellan Asset Management Limited ("MAM") acts as both Responsible Entity and Investment Manager.

The Fund is quoted on the Australian Securities Exchange (ticker code: MHH) and commenced trading on 11 October 2019, after raising \$862 million at \$1.50 per unit through an initial public offering. As at 31 December 2019, the Fund had net assets of \$919 million and a net asset value of \$1.60 per unit after providing for a distribution of 2.25 cents per unit for the six months ended 31 December 2019.

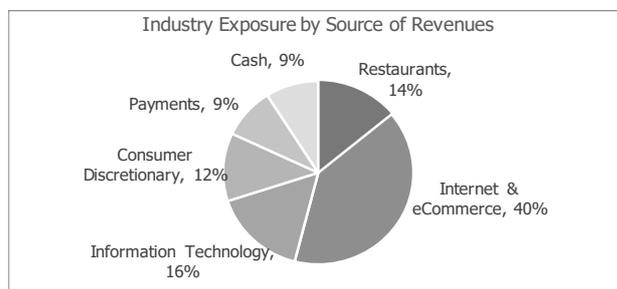
MAM aims to achieve attractive risk-adjusted returns over the medium to long term for unitholders through investment in a concentrated portfolio. To achieve this, the Fund invests in a portfolio of between 8 and 12 high-quality global equity stocks, as assessed by MAM, and has the ability to manage equity market risk by holding up to 50% of its net assets in cash. The Fund may also manage its foreign currency exposure arising from investments in overseas markets and as at 31 December 2019 was 51% hedged to the Australian Dollar. Since inception on 11 October 2019 to 31 December 2019, the Fund returned 8.2% net of fees.

The Fund also aims to deliver investors a Target Cash Distribution yield of 3% per annum, paid semi-annually. For investors wishing to reinvest distributions, a distribution reinvestment plan has been established with a 5% discount to the net asset value per unit. To ensure investors electing to receive cash are not disadvantaged due to dilution, Magellan Financial Group Limited will pay to the Fund a cash amount equal to the discount, to offset the dilutionary impact.

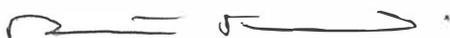
We would encourage you to read our monthly and quarterly Fund Reports which provide valuable insight into our investment strategies and portfolio managers' thoughts. These are released on ASX and can also be found on our website: www.magellangroup.com.au.

As at 31 December 2019, the Fund consisted of investments in 10 companies. The Fund's cash position was 9% which was predominantly held in US Dollars. The Fund's industry exposure by source of revenues is highlighted below.

Top 5 holdings (as at 31 December 2019) <i>In alphabetical order</i>	Sector
Alibaba Group Holding	Internet & eCommerce
Alphabet - class C shares	Internet & eCommerce
Facebook - class A shares	Internet & eCommerce
Microsoft	Information Technology
Visa - class A shares	Payments



The following report contains relevant financial statements and information which we encourage you to read carefully.


Robert Fraser
 Chairman

Sydney, 27 February 2020

MAGELLAN HIGH CONVICTION TRUST

Responsible Entity's Report

for the period 16 July 2019 to 31 December 2019

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan High Conviction Trust (the "Fund") present their first report on the Fund for the period 16 July 2019 to 31 December 2019.

1. Directors

The following persons were Directors of MAM during the period and up to the date of this report:

Name	Directorship	Appointed
Brett Cairns	Chief Executive Officer	22 January 2007
John Eales	Non-Executive Director	1 July 2017
Robert Fraser	Chairman	23 April 2014
Paul Lewis	Non-Executive Director	20 December 2006
Hamish McLennan	Non-Executive Director	1 March 2016
Kirsten Morton	Chief Financial Officer	5 October 2018
Karen Phin	Non-Executive Director	23 April 2014

2. Principal Activity

The Fund is a registered managed scheme structured as a closed-end unit trust that is domiciled in Australia and quoted on the Australian Securities Exchange ("ASX") (ticker code: MHH). It was registered on 16 July 2019.

The Portfolio will typically comprise 8 to 12 investments, weighted towards MAM's highest conviction ideas, as assessed by the Portfolio Managers. MAM seeks to invest in a focused portfolio of outstanding global companies and seeks to purchase investments when they are trading at a discount to MAM's assessment of their intrinsic value. MAM undertakes extensive fundamental analysis on the individual companies and the industries in which they operate.

The Fund's investment objective is to achieve attractive risk-adjusted returns over the medium to long term, while reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the Product Disclosure Statement ("PDS"), issued 13 August 2019).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund. As the Investment Manager, MAM is responsible for selecting and managing the assets of the Fund.

The Fund's principal place of business is Level 36, 19 Martin Place, Sydney, New South Wales 2000.

3. Background Information On The Fund

On 9 October 2019 the Fund raised \$862 million from an initial offering ("Offer") at \$1.50 per unit. The Offer comprised a Priority Offer, a Wholesale Offer and a General Public Offer. The Priority Offer was made to shareholders in Magellan Financial Group Limited ("MFG") and underlying investors in the Magellan Global Trust and the Magellan High Conviction Fund who were on the registers of these entities on 12 August 2019. The Wholesale Offer was open to wholesale clients and Australian Financial Services Licence holders (applying on behalf of their clients) who received an invitation from MAM to participate in the Wholesale Offer. The General Public Offer was open to eligible members of the public.

Priority applicants were eligible to receive a number of additional units, being Loyalty Units, equivalent to 7.5% of the number of units allotted to them under the Priority Offer. Wholesale and General Public Offer applicants were eligible to receive a number of additional units, being IPO Foundation Units, equivalent to 2.5% of the number of units allotted to them under the Wholesale and/or General Public Offer. Priority, Wholesale and General Public Offer applicants needed to be a unitholder in the Fund on 31 December 2019, the Loyalty and IPO Foundation Units Determination Date, in order to receive Loyalty and/or IPO Foundation Units.

On 9 October 2019, 574,542,499 units in the Fund were allotted and on 11 October 2019 the Fund commenced trading on the ASX. A total of 34,447,931 Loyalty Units and IPO Foundation Units vested to eligible unitholders on 31 December 2019 and were allotted, as ordinary units, on 15 January 2020.

The costs of the Offer were paid by MFG which ensured the opening cash net asset value per unit of the Fund on 11 October 2019 was equal to the application unit price of \$1.50. MFG also bore the economic cost associated with the issue of Loyalty Units and IPO Foundation Units (issued on 15 January 2020), being the dilutive effect on the NAV per unit, by paying the Fund an amount equal to the NAV per unit on the issue of the Loyalty Units and IPO Foundation Units.

4. Significant Changes In State Of Affairs

There were no significant changes in the state of affairs of the Fund during the period.

MAGELLAN HIGH CONVICTION TRUST

Responsible Entity's Report

for the period 16 July 2019 to 31 December 2019

5. Review Of Financial Results And Operations

a) Financial Results For The Period

The performance of the Fund, as represented by the results of its operations for the period 16 July 2019 to 31 December 2019, was as follows:

	16 July 2019 To 31 December 2019 (A)
Results	
Total net investment income (\$'000)	79,403
Total expenses (\$'000)	9,012
Profit/(Loss)	70,391
Distributions	
Distribution payable to unitholders (\$'000) ^(B)	12,927
Distribution payable (cents per unit)	2.250
Unit Price/NAV Per Unit (\$) ^(C)	1.6000

(A) The Fund commenced trading on 11 October 2019.

(B) Distribution for the period ended 31 December 2019 was paid on 16 January 2020.

(C) The Net Trust Value ("NAV") per unit represents the net assets of the Fund presented in the Statement Of Financial Position at balance date divided by the number of units on issue at balance date (refer Note 4 to the financial statements).

b) Total Indirect Cost Ratio ("ICR")

The ICR, for the period 11 October 2019 to 31 December 2019, is the ratio of the Fund's actual management costs over the average portfolio value expressed as a percentage. Management costs, accrued within the Fund's unit prices on a daily basis, include management and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

	11 October 2019 to 31 December 2019 (A) %
Indirect Cost Ratio	
Management fee	0.34
Performance fee ^(B)	0.62
Total Indirect Cost Ratio	0.96

(A) The Fund commenced trading on 11 October 2019.

(B) Performance fees are calculated on six monthly measurement periods ending on 30 June and 31 December of each calendar year (refer Note 7 c) ii) and iii) to the financial statements). The Performance fees component of the ICR is calculated on an accrual basis for each measurement period.

MAGELLAN HIGH CONVICTION TRUST

Responsible Entity's Report

for the period 16 July 2019 to 31 December 2019

5. Review Of Financial Results And Operations (continued)

c) Performance Returns

The performance returns, for the period 11 October 2019 to 31 December 2019, have been calculated using the NAV per unit for the Fund, which is after fees and expenses, assuming the reinvestment of distributions at NAV per unit. The returns are calculated daily, compounded to produce longer period returns.

	11 October 2019 to 31 December 2019 (A) %
Performance	
Growth return ^(B)	6.7
Distribution return ^(C)	1.5
Total Return ^(D)	8.2

(A) The Fund commenced trading on 11 October 2019 and as a result, the performance returns were measured from 11 October 2019 to 31 December 2019.

(B) The Growth return is calculated daily as a percentage by dividing the NAV per unit (ex-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

(C) The Distribution return is calculated as a percentage by subtracting the Growth return from the Total return.

(D) The Total return is calculated daily as a percentage by dividing the NAV per unit (cum-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Total returns are then compounded to produce longer period returns.

MAM may be entitled to a performance fee of 10%, exclusive of GST, of the Excess Return of the Fund above the Absolute Return Performance Hurdle (10% per annum) over each six-month period ending 30 June and 31 December in each year ("Calculation Period"), or from the 11 October 2019 to 31 December 2019 in the case of the first Calculation Period. Performance fees are accrued daily in the NAV per unit. Performance fees are paid subject to the performance hurdles and the High Water Mark being met for the relevant Calculation Period. The High Water Mark is the NAV per Unit at the end of the most recent Calculation Period for which MAM was entitled to a performance fee, less any intervening income or capital distribution. Further details of the performance fees can be found in the Fund's PDS which is available in the 'Our Funds' section of the MFG website at www.magellangroup.com.au.

d) Strategy And Future Outlook

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Therefore, investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement of expected results of operations. The Fund provides monthly fund updates, quarterly portfolio disclosure and annual investor reports, which can be found in 'Our Funds' section of the MFG website and also the ASX website. The Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

6. Interest In The Fund

The movement in units on issue in the Fund is disclosed in Note 4 to the financial statements.

7. Likely Developments And Expected Results Of Operations

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the PDS. The method of operating the Fund is not expected to change in the foreseeable future however the results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and past returns should not be used to predict future returns.

MAGELLAN HIGH CONVICTION TRUST

Responsible Entity's Report

for the period 16 July 2019 to 31 December 2019

8. Subsequent Events

In a release to the ASX on 24 February 2020 the Fund reported a NAV per unit, as at 21 February 2020, of \$1.7075.

Other than the items disclosed throughout this financial report and the above, there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods. Asset prices move daily and intraday indicative NAV per unit and daily NAV per unit are available on the MFG website and also the ASX website.

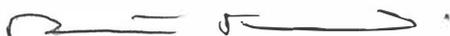
9. Rounding Of Amounts

The Fund is of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and consequently amounts in the Responsible Entity's Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

10. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.



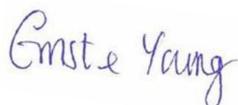
Robert Fraser
Chairman

Sydney, 27 February 2020

Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as the Responsible Entity of Magellan High Conviction Trust

As lead auditor for the review of the financial report of Magellan High Conviction Trust for the half year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Clare Sporle

Partner
Sydney, 27 February 2020

MAGELLAN HIGH CONVICTION TRUST
Statement Of Profit Or Loss And
Comprehensive Income
for the period 16 July 2019 to 31 December 2019

	Note	16 July 2019 to 31 December 2019 (A) \$'000
Investment Income		
Dividend and distribution income		1,463
Interest income		800
Net change in fair value of investments		80,046
Net gains/(losses) on foreign exchange settlements, derivative contracts and cash		(2,906)
Total Net Investment Income		79,403
Expenses		
Management fees	7 c) i), iii)	3,131
Performance fees	7 c) ii), iii)	5,612
Brokerage costs		49
Withholding tax on dividends		220
Total Expenses		9,012
Profit/(Loss)		70,391
Other comprehensive income		-
Total Comprehensive Income		70,391
Basic Earnings Per Unit (cents)	5	12.25
Diluted Earnings Per Unit (cents)	5	12.25

(A) The Fund was registered on 16 July 2019 and commenced trading on 11 October 2019. The Fund's first reporting period covers 16 July 2019 to 31 December 2019 and as a result there are no prior period comparatives.

The above Statement Of Profit Or Loss And Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN HIGH CONVICTION TRUST

Statement Of Financial Position

as at 31 December 2019

	Note	31 December 2019 (A) \$'000
Assets		
Cash and cash equivalents		66,967
Receivables		1,160
Investments	3 a)	859,105
Derivative assets	3 b)	12,632
Total Assets		939,864
Liabilities		
Distributions payable	2	12,927
Payables		7,659
Total Liabilities		20,586
Total Unitholders' Equity		919,278

(A) The Fund was registered on 16 July 2019 and commenced trading on 11 October 2019. The Fund's first reporting period covers 16 July 2019 to 31 December 2019 and as a result there are no prior period comparatives.

The above Statement Of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN HIGH CONVICTION TRUST

Statement Of Changes In Equity

for the period 16 July 2019 to 31 December 2019

	Note	16 July 2019 to 31 December 2019 (A) \$'000
Total Unitholders' Equity At The Beginning Of The Period		-
Transactions with unitholders in their capacity as owners:		
Ordinary units:		
Units issued - Priority Offer		631,857
Units issued - Wholesale Offer		113,870
Units issued - General Public Offer		116,087
		861,814
Distributions paid and payable	2	(12,927)
Total transactions with unitholders		848,887
Comprehensive income:		
Profit/(Loss)		70,391
Other comprehensive income		-
Total comprehensive income		70,391
Total Unitholders' Equity At The End Of The Period		919,278

(A) The Fund was registered on 16 July 2019 and commenced trading on 11 October 2019. The Fund's first reporting period covers 16 July 2019 to 31 December 2019 and as a result there are no prior period comparatives.

The above Statement Of Changes In Equity should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN HIGH CONVICTION TRUST

Statement Of Cash Flows

for the period 16 July 2019 to 31 December 2019

	16 July 2019 to 31 December 2019 (A) \$'000
Cash Flows From Operating Activities	
Dividends and distributions received (net of withholding tax)	1,193
Interest received	733
Management and performance fees paid	(2,131)
Brokerage costs paid	(49)
Net Cash Inflows/(Outflows) From Operating Activities	(254)
Cash Flows From Investing Activities	
Purchase of investments	(969,724)
Proceeds from sale of investments	169,482
Net foreign exchange gains/(losses)	4,847
Net cash flows from settlement of forward foreign currency contracts	2,927
Net Cash Inflows/(Outflows) From Investing Activities	(792,468)
Cash Flows From Financing Activities	
Receipts from issue of units	861,814
Net Cash Inflows/(Outflows) From Financing Activities	861,814
Net Increase/(Decrease) In Cash And Cash Equivalents	69,092
Effect of exchange rate fluctuations on cash and cash equivalents	(2,125)
Cash And Cash Equivalents At The End Of The Period	66,967

(A) The Fund was registered on 16 July 2019 and commenced trading on 11 October 2019. The Fund's first reporting period covers 16 July 2019 to 31 December 2019 and as a result there are no prior period comparatives.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN HIGH CONVICTION TRUST

Notes To The Financial Statements

for the period 16 July 2019 to 31 December 2019

Overview

Magellan High Conviction Trust (the "Fund") is a registered managed scheme structured as a closed-end unit trust that is domiciled in Australia and quoted on the Australian Securities Exchange ("ASX") (ticker code: MHH). The Fund was registered on 16 July 2019 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 9 October 2019. The Fund terminates on the earlier of the time provided by the Fund's Constitution or by law.

Magellan Asset Management Limited ("MAM") (ABN 31 120 593 946) is the Responsible Entity of the Fund.

This is the first financial report of the Fund and covers the period 16 July 2019 to 31 December 2019 and was authorised for issue by the Directors of the Responsible Entity on 27 February 2020. The Directors have the power to amend and reissue this financial report.

The Fund is considered a for-profit unit trust for the purpose of this financial report.

1. Basis Of Preparation

This condensed interim financial report is a general purpose financial report, presented in Australian Dollars, and has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, other mandatory professional reporting requirements and the Fund's Constitution.

This condensed interim financial report does not include all the information and disclosures normally included in the annual financial report. The Statement Of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss. These fair value assets and liabilities comprise mainly investments that are managed based on the economic circumstances at any given point in time as well as to meet any liquidity requirements. Consequently, the investments that may be realised within 12 months cannot be determined at reporting date.

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000) or in certain cases, the nearest dollar, unless otherwise stated in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

a) Accounting Policies

The accounting policies adopted in the preparation of this financial report are contained within the notes to which they relate. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

b) Foreign Currency Translation

The functional and presentation currency of the Fund is the Australian Dollar, as determined in accordance with AASB 121 *The Effects of Changes in Foreign Exchange Rates*. Transactions denominated in foreign currencies are translated into Australian Dollars at the foreign currency exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian Dollars at the foreign currency closing exchange rate at balance date.

Foreign currency exchange differences arising on translation, and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian Dollars at the foreign currency closing exchange rates at the dates that the values were determined. Foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in profit or loss.

c) Investment Income

Dividend And Distribution Income

Dividend and distribution income is recognised on the applicable ex-dividend/distribution date gross of withholding tax, which is recorded as an expense in profit or loss. Dividends and distributions received are presented net of withholding tax in the Statement Of Cash Flows.

Net Change In Fair Value Of Investments

Realised and unrealised gains and losses on investments are measured at fair value through profit or loss.

Interest Income

Interest income is recognised on an accrual basis using the effective interest rate method.

MAGELLAN HIGH CONVICTION TRUST

Notes To The Financial Statements

for the period 16 July 2019 to 31 December 2019

1. Basis Of Preparation (continued)

d) Expenses

All expenses are recognised in profit or loss on an accruals basis.

Performance fees

A performance fee is recognised in the Statement Of Financial Position if the Fund's performance exceeds certain hurdles over the relevant calculation period. The end of the relevant calculation period is the date where certainty exists that the criteria has been met and a liability is crystallised (refer Note 7 c) ii)).

e) Income Tax

On 5 May 2016 the Attribution Managed Investment Trust ("AMIT") regime was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The AMIT regime allows Managed Investment Trusts that meet certain requirements to make an irrevocable choice to be an AMIT. As detailed in the Product Disclosure Statement ("PDS") dated 13 August 2019, the Fund has elected into the AMIT regime effective from the date of registration.

Under current income tax legislation, the Fund is not subject to income tax provided the Fund attributes the entirety of its taxable income to unitholders.

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in profit or loss. The benefits of foreign withholding tax paid, and of imputation credits attaching to Australian franked dividends, are passed onto unitholders.

f) Goods And Services Tax ("GST")

The GST incurred on the costs of various services provided to the Fund by third parties, such as custodial services and management fees, has been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits at a rate of 55%-75% and is also eligible to recover GST on offshore transactions. Management and performance fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Statement Of Financial Position as a receivable or payable. Cash flows are included in the Statement Of Cash Flows on a gross basis.

g) Cash and Cash Equivalents

Cash comprises cash at bank. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

h) Receivables

Receivables comprise amounts due from brokers for sales of assets unsettled at balance date, dividends and trust distributions declared but not yet received, and reclaimable taxes. They are recognised and carried at amortised cost using the effective interest rate method and adjusted for changes in foreign exchange rates where applicable. A provision was deducted from receivables for uncollectible amounts based on expected credit losses. Expected credit losses are calculated as the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The Fund applies the simplified approach for receivables whereby the loss allowance is based on lifetime expected credit losses at each balance date.

i) Payables

Payables comprise trade creditors and accrued expenses owing by the Fund at balance date. Amounts due to brokers relating to the purchase of investments are usually settled between two and five days after trade date. Payables and accruals are recognised at amortised cost, using the effective interest rate method, at the point where the Fund becomes obliged to make payments in respect of the purchase of these goods and services.

j) Critical Accounting Estimates And Judgements

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates.

MAGELLAN HIGH CONVICTION TRUST

Notes To The Financial Statements

for the period 16 July 2019 to 31 December 2019

1. Basis Of Preparation (continued)

j) Critical Accounting Estimates And Judgements (continued)

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at balance date. Fair values may however move materially with movements in market prices (refer Note 3). As the investments are valued with reference to the listed quoted prices, and the Fund's cash is held with strongly rated financial institutions, the Fund's financial assets are not subject to significant judgement or complexity nor are the Fund's liabilities.

2. Distributions To Unitholders

	31 December 2019
Interim distribution payable (\$'000)	12,927
Distribution To Unitholders (cents per unit)	2.250
Payment date	16 Jan 2020

Distributions to unitholders are recognised directly in equity and presented in the Statement Of Changes In Equity. A distribution payable is recognised in the Statement Of Financial Position where the distribution has been declared but remains unpaid at balance date.

Distributions are determined by the Responsible Entity of the Fund and are payable as set out in the Fund's PDS. Distributable income includes capital gains arising from the disposal of financial assets and liabilities. Unrealised gains and losses on financial assets and liabilities that are recognised as income are transferred to unitholders' equity and are not assessable and distributable until realised. Net realised capital losses and tax losses are not distributed to unitholders but are retained to be offset against any realised capital gains and future assessable income respectively.

a) Distribution Reinvestment Plan ("DRP")

The Fund's DRP was available to eligible unitholders during the period.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest all or part of their cash distributions in additional units in the Fund, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a price that is determined by MAM in accordance with the DRP Rules.

Investors who participate in the DRP receive units at an issue price that includes a specified discount to the Net Trust Value ("NAV") per unit. To ensure that unitholders who do not to participate in the DRP suffer no dilution as a result of any discount, Magellan Financial Group Limited ("MFG") will pay the Fund consideration equal to the cost of this discount in accordance with the terms of the MFG Commitment Deed. The DRP issue price discount of 5%, in respect of the interim distribution for the period ended 31 December 2019, payable by MFG, is recognised as a receivable in the Statement Of Financial Position.

Details of the DRP for the interim distribution are as follows:

	31 December 2019
DRP issue price (\$)	1.5470
DRP unitholder participation rate (%)	27.06
Number of ordinary units issued under DRP	2,229,014
Value of ordinary units issued under DRP (\$'000)	3,448
MFG contribution to offset dilutionary impact of DRP discount	181
DRP issue date (distribution payment date)	16 Jan 2020

MAGELLAN HIGH CONVICTION TRUST

Notes To The Financial Statements

for the period 16 July 2019 to 31 December 2019

3. Investments And Derivatives

The Fund classifies its equity securities, derivative assets and derivative liabilities as financial assets and liabilities at fair value through profit or loss.

The Fund discloses the fair value measurements of financial assets and financial liabilities using a three-level fair value hierarchy to reflect the source of valuation inputs used when determining the fair value as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these securities is based on the closing price for the security as quoted on the relevant exchange.
- Level 2: valuation techniques using observable inputs either directly (as prices) or indirectly (derived from prices). The fair value of derivatives is based on a discounted cash flow analysis using quoted market inputs (spot and forward rates, volatility) adjusted for specific features of the instruments and applied debit and credit valuation adjustments based on the Fund's, or the derivative counterparties', current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

	31 December 2019 \$'000
a) Investments (Level 1)	
International listed equity securities	
United States	759,238
France	57,657
Germany	42,210
Total Equity Securities	859,105
b) Derivative Assets (Level 2)	
Forward foreign currency contracts	12,632
Total Derivative Assets	12,632

The Fund does not hold any level 3 assets. There have been no transfers between any of the three levels in the hierarchy during the period and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at balance date.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value, which in the case of the Fund is the transaction price. Brokerage costs are expensed immediately in the profit or loss. Subsequent to initial recognition, all financial assets and liabilities classified at fair value through profit or loss are measured at fair value. Changes in fair value are recognised in profit or loss. The net change in fair value does not include dividend or distribution income.

Purchases and sales are recognised on trade date, being the date the Fund commits to purchase or sell the asset. Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership are passed to a third party. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The fair value of equity securities traded in active markets is based on their quoted market prices at balance date without any deduction for estimated future selling costs. The quoted market price used for securities held by the Fund is the closing price for the security as quoted on the relevant stock exchange. If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques including recent arm's length market transactions, reference to the current fair value of other instruments that are substantially the same, discounted cash flows techniques, option pricing models or any other valuation techniques commonly used by market participants.

Derivatives are contracts whose value is derived from one or more underlying price, index or other variable. Derivatives are included in the Statement Of Financial Position as an asset when the fair value at balance date is positive and classified as a liability when the fair value at balance date is negative.

MAGELLAN HIGH CONVICTION TRUST

Notes To The Financial Statements

for the period 16 July 2019 to 31 December 2019

4. Unitholders' Equity

	Note	16 July 2019 To 31 December 2019 Number of units '000
a) Ordinary Units		
Opening balance		-
Units issued - Priority Offer	4 i)	421,237
Units issued - Wholesale Offer	4 ii)	75,913
Units issued - General Public Offer	4 iii)	77,392
Closing Balance		574,542

As the Fund has elected into the AMIT regime (refer Note 1 e)) units in the Fund are classified as equity under AASB 132 *Financial Instruments: Presentation* ("AASB 132"). As a result, equity transactions including distributions have been included in the Statement Of Changes In Equity.

Ordinary Units

Ordinary units are listed on the Australian Securities Exchange ("ASX"). Each ordinary unit confers upon the unitholder an equal interest in the Fund, and is of equal value to other units in the Fund. A unit does not confer upon the holder any interest in any particular asset or investment of the Fund. The rights of unitholders are contained in the Fund's Constitution and include:

- the right to receive a distribution determined in accordance with the provisions of the Fund's Constitution;
- the right to attend and vote at meetings of unitholders; and
- the right to participate in the termination and winding up of the Fund.

There are no separate classes of units and each unit in the Fund has the same rights attaching to it as all other units of the Fund.

i) Priority Offer

The Priority Offer was open to eligible unitholders in Magellan Global Trust, the Magellan High Conviction Fund or shareholders in MFG ("Eligible Vehicles"). Priority Applicants were invited to subscribe under the Priority Offer for up to 33,334 Units, equivalent to \$50,001. Priority Applicants with more than one holding across the Eligible Vehicles were able to participate in the Priority Offer for up to 33,334 Units in respect of each holding. Further details of the Priority Offer can be found in the Fund's PDS which is available in the 'Our Funds' section of the MFG website at www.magellangroup.com.au.

ii) Wholesale Offer

The Wholesale Offer was open to Wholesale Clients of MFG and Australian Financial Services Licence holders (applying on behalf of their clients) who received an invitation from MFG to participate in the Wholesale Offer.

iii) General Public Offer

The General Public Offer was open to eligible members of the public.

iv) Unit Buy-back

On 10 October 2019, the Responsible Entity of the Fund announced its intention to undertake an on-market buy-back. No units were bought back during the period.

b) Movements In Unitholders' Equity Subsequent To 31 December 2019

Unitholders who subscribed under the Priority Offer were eligible to receive a number of additional units, being Loyalty Units, equivalent to 7.5% of the number of units allotted to them under the Priority Offer. Unitholders who subscribed under the Wholesale and General Public Offers were eligible to receive a number of additional units, being IPO Foundation Units, equivalent to 2.5% of the number of units allotted to them under the Wholesale and/or General Public Offer. Priority, Wholesale, and General Public Offer applicants needed to be a unitholder in the Fund on 31 December 2019, the Loyalty and IPO Foundation Units Determination Date, in order to receive Loyalty and/or IPO Foundation Units.

MAGELLAN HIGH CONVICTION TRUST

Notes To The Financial Statements

for the period 16 July 2019 to 31 December 2019

4. Unitholders' Equity (continued)

b) Movements In Unitholders' Equity Subsequent To 31 December 2019 (continued)

On 31 December 2019, 31,044,775 Loyalty Units and 3,403,156 IPO Foundation Units vested to eligible unitholders and were allotted, as ordinary units, on 15 January 2020. MFG bore the economic cost associated with the issue of Loyalty Units and IPO Foundation Units, being the dilutive effect on the NAV per unit, by paying the Fund an amount equal to the NAV per unit on the issue of the Loyalty Units and IPO Foundation Units (refer Note 7 d) ii)).

On 16 January 2020, 2,229,014 ordinary units, amounting to \$3,448,000, were issued under the terms of the DRP, in respect of the distribution for the period ended 31 December 2019 (refer Note 2 a) and Note 7 d) ii)).

5. Earnings Per Unit

Basic Earnings Per Unit ("EPU") is calculated as profit/(loss) for the period divided by the weighted average number of units on issue. Diluted earnings per share is calculated by adjusting the basic earnings per unit to take into account the effect of any changes in income or expense associated with dilutive potential units and the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary units.

	31 December 2019
Basic EPU	
Profit/(loss) attributable to unitholders (\$'000)	70,391
Weighted average number of units for basic EPU ('000)	574,542
Basic EPU (Cents)	12.25
Diluted EPU	
Profit/(loss) attributable to unitholders (\$'000)	70,391
Weighted average number of units for diluted EPU ('000)	574,542
Diluted EPU (Cents)	12.25
Earnings Reconciliation	
Profit/(loss) used in the calculation of basic and diluted EPU (\$'000)	70,391

As the Fund has no potential dilutive ordinary units, basic and diluted EPU are equal. Since the end of the period the Responsible Entity has issued Loyalty and IPO Foundation Units as ordinary units (refer Note 4 b)) and issued ordinary units under the DRP (refer Note 2 a)).

6. NAV Per Unit

The NAV per unit represents the net assets of the Fund presented in the Statement Of Financial Position at balance date divided by the number of units on issue at balance date (refer Note 4).

	31 December 2019
	\$
NAV per unit	1.6000

The NAV per unit at balance date may differ from the NAV per unit reported to the ASX due to distributions payable and accruals for fees and minor expenses.

MAGELLAN HIGH CONVICTION TRUST

Notes To The Financial Statements

for the period 16 July 2019 to 31 December 2019

7. Related Parties

a) Responsible Entity

The Responsible Entity of the Fund is MAM. MAM is a wholly-owned subsidiary of MFG (ASX ticker code: MFG), the immediate and ultimate parent entity of the Responsible Entity, and both are considered related parties of the Fund.

b) Key Management Personnel ("KMP")

KMP are those persons or corporate entities who have authority and responsibility for planning, directing and controlling the activities of the Fund. The Responsible Entity is responsible for managing the activities of the Fund and is considered to be a KMP. The Fund does not employ personnel in its own right.

The Directors of MAM are considered to be KMP. The Directors of MAM during the period and up to the date of this report are: Dr Brett Cairns, Mr John Eales, Mr Robert Fraser, Mr Paul Lewis, Mr Hamish McLennan, Ms Kirsten Morton and Ms Karen Phin. The Fund did not pay any compensation to the Directors of the Responsible Entity.

c) Responsible Entity Fees

i) Management Fees

The Responsible Entity is entitled to receive management fees from the Fund for managing the assets and overseeing the operations of the Fund. The management fee is 1.50% per annum of the value of the Fund, calculated daily. The Responsible Entity pays operating expenses of the Fund, such as audit and tax compliance fees, distribution costs, investor reporting, custody and fund administration costs. Management fees are reflected in the daily unit prices of the Fund and are payable at the end of each month.

ii) Performance Fees

The Responsible Entity may be entitled to a performance fee of 10%, exclusive of GST, of the Excess Return of the Fund above the Absolute Return Performance Hurdle (10% per annum) over each six-month period ending 30 June and 31 December in each year ("Calculation Period"). Performance fees are accrued daily in the NAV per unit. Performance fees are paid subject to the performance hurdles and the High Water Mark being met for the relevant Calculation Period. The High Water Mark is the NAV per Unit at the end of the most recent Calculation Period for which MAM was entitled to a performance fee, less any intervening income or capital distribution. Further details of the performance fees can be found in the Fund's PDS which is available in the 'Our Funds' section of the MFG website.

Performance fees crystallise at the end of a measurement period, or from the 11 October 2019 to 31 December 2019 in the case of the first performance fee measurement period. Where units are bought back by the Fund, a portion of the performance fee will crystallise if a performance fee is accrued at that date.

iii) Total Management And Performance Fees

The fees paid/payable by the Fund are net of any applicable reduced input tax credits (refer Note 1 f)). The management and performance fees paid/payable by the Fund are as follows:

	16 July 2019 To 31 December 2019 \$'000
Management fees	3,131
Performance fees	5,612
Total Fees Expensed In The Statement Of Profit Or Loss	8,743
Total Fees Payable In The Statement Of Financial Position	7,486

MAGELLAN HIGH CONVICTION TRUST

Notes To The Financial Statements

for the period 16 July 2019 to 31 December 2019

7. Related Parties (continued)

d) Transactions With Related Parties

i) Unit Holdings in the Fund

The number of units held by each KMP, including their personally-related parties, in the Fund is as follows:

	2019				
	Priority Offer Units allotted 9 October 2019 (A)	Units acquired/ (disposed) during period	Units held at end of period (B)	Loyalty/IPO Foundation Unit Entitlement at end of period (C)	Distribution paid/ payable at end of period (D)
	Number	Number	Number	Number	\$
MFG	66,668	2,474,979	2,541,647	5,000	57,187
Directors				-	-
Brett Cairns	166,670	-	166,670	12,500	3,750
John Eales	200,268	-	200,268	15,020	4,506
Robert Fraser	233,338	-	233,338	17,500	5,250
Paul Lewis	1,433,335	-	1,433,335	107,500	32,250
Hamish McLennan	33,334	-	33,334	2,500	750
Kirsten Morton	20,000	-	20,000	1,500	450
Karen Phin	113,335	-	113,335	8,500	2,550

(A) Priority Applicants were invited to subscribe under the Priority Offer for up to 33,334 Units. Priority Applicants with more than one holding across the Eligible Vehicles were able to participate in the Priority Offer for up to 33,334 units in respect of each holding (refer Note 4 a) i)).

(B) All holdings less than 0.5%.

(C) Unitholders who subscribed under the Priority Offer and/or Wholesale and General Public Offers were eligible to receive a number of additional units, being Loyalty Units and IPO Foundation Units respectively (refer Note 4 b)).

(D) Represents the interim distribution payable, comprising cash paid and DRP units issued.

ii) Other Transactions With Related Parties

	\$'000
Contribution receivable from MFG to offset the dilutionary impact of: DRP for the interim distribution (received 14 January 2020)	181
Issue of Loyalty and IPO Foundation Units (received 15 January 2020)	57,752

8. Segment Information

An operating segment is a distinguishable component of the Fund that is engaged in business activity from which the Fund earns revenues and incurs expenses, whose operating results are regularly reviewed by the Fund's chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision maker has been determined as Dr Brett Cairns.

The Fund's investments are managed on a single portfolio basis and in one business segment being equity investment, as well as in one geographic segment being Australia. The Fund continues to have foreign exposures as it invests in companies which operate internationally.

MAGELLAN HIGH CONVICTION TRUST

Notes To The Financial Statements

for the period 16 July 2019 to 31 December 2019

9. Contingent Assets, Contingent Liabilities And Commitments

The Fund has a contingent asset for the amount receivable from MFG where the Fund offers a discount to the NAV per unit on units issued under the DRP in future periods, in accordance with the terms of the MFG Commitment Deed. It is not practical to estimate the future amounts receivable to the Fund as there is uncertainty as to the level of participation in the DRP, the NAV per unit and whether the DRP will be offered (refer Note 2 a)).

Other than the above the Fund has no contingent assets, contingent liabilities or commitments at 31 December 2019.

10. Subsequent Events

In a release to the ASX on 24 February 2020, the Fund reported a NAV per unit as at 21 February 2020 of \$1.7075.

Other than the items disclosed throughout this financial report and the above there have been no matters or circumstances arising after the end of the period that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future financial periods. Asset prices move daily and daily unit prices are available on the MFG website and also the ASX website.

MAGELLAN HIGH CONVICTION TRUST

Directors' Declaration

for the period 16 July 2019 to 31 December 2019

In the opinion of the Directors,

- a) the financial statements and notes of Magellan High Conviction Trust as set out on pages 9 to 21 are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the financial position of the Fund as at 31 December 2019 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
 - ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Chief Executive Officer and Chief Financial Officer which mirror section 295A of the *Corporations Act 2001* and are recommended by the ASX Corporate Governance Principles and Recommendations.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.



Robert Fraser
Chairman

Sydney, 27 February 2020

Independent Auditor's Review Report to the members of Magellan Global Trust

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Magellan Global Trust (the "Trust"), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of profit and loss and comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial report of the Trust is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Trust's financial position as at 31 December 2019 and of its financial performance for the period ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Interim Financial Report

The Directors of the Responsible Entity are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2019 and its financial performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Clare Spore

Partner

Sydney, 27 February 2020

MAGELLAN HIGH CONVICTION TRUST

Corporate Information

Directors Of The Responsible Entity

Brett Cairns (Chief Executive Officer)
John Eales
Robert Fraser (Chairman)
Paul Lewis
Hamish McLennan
Kirsten Morton (Chief Financial Officer)
Karen Phin

Company Secretary Of The Responsible Entity

Marcia Venegas

Registered Office

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Auditor

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Sydney NSW 2000

Unit Registrar

Boardroom Pty Limited
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Telephone: +61 2 9290 9600
Fax: +61 2 9279 0664
Email: enquiries@boardroomlimited.com.au

Securities Exchange Listing

Australian Securities Exchange ("ASX")
ASX Code: MHH

Website

<http://www.magellangroup.com.au>

Corporate Governance Statement

The Corporate Governance Statement for MHH can be found on the Magellan Financial Group Limited website at www.magellangroup.com.au under Reports and ASX releases for the Fund.