Magellan Select Infrastructure

Strategy Update: 30 June 2013

Portfolio Manager
Gerald Stack / Dennis Eagar
Inception date
1 July 2007

Total Infrastructure Assets[1]
USD $2,386.7 million / GBP £1,573.6 million
Composite Size[2]
USD $423.5 million / GBP £279.2 million

AUD Hedged Gross Performance[2]

	Composite %	Index %[3]	Excess Return %
1 Month	-1.9	-1.0	-0.9
3 Months	1.1	0.4	0.7
6 Months	9.1	10.0	-0.9
1 Year	19.4	14.4	5.0
2 Years (p.a.)	14.0	9.6	4.4
3 Years (p.a.)	20.6	12.0	8.6
4 Years (p.a.)	19.3	11.3	8.0
5 Years (p.a.)	10.5	2.5	8.0
Since Inception (p.a.)	5.6	2.0	3.6
Since Inception	39.0	12.6	26.4

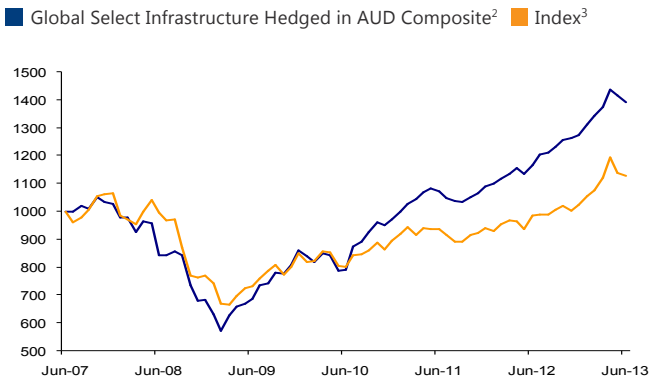
AUD Hedged Gross Performance - Calendar Year[2]

	Composite %	Index %[3]	Excess Return %
2007 (part year)	2.7	6.5	-3.8
2008	-33.4	-27.5	-5.9
2009	25.5	10.0	15.5
2010	13.0	5.7	7.3
2011	12.4	4.7	7.7
2012	16.8	9.1	7.7
2013	9.1	10.0	-0.9

AUD Hedged Risk Measures Since Inception[2]

Upside Capture	0.9
Downside Capture	0.7
Beta	0.8
Information Ratio (p.a.)	0.4
Tracking Error (p.a.)	9.8%
Worst Drawdown - Composite	-45.6%
Worst Drawdown - Index[3]	-37.4%

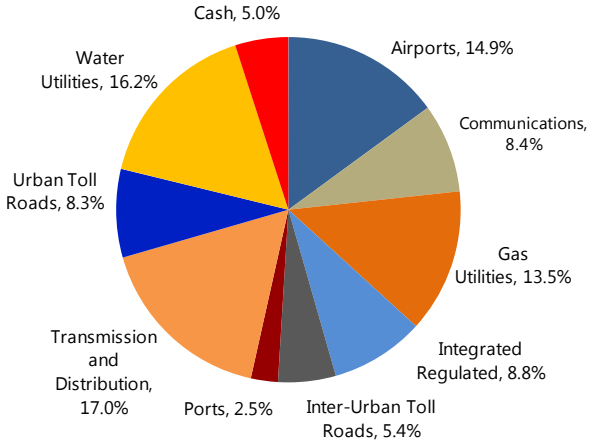
Performance Chart Growth of AUD $1,000



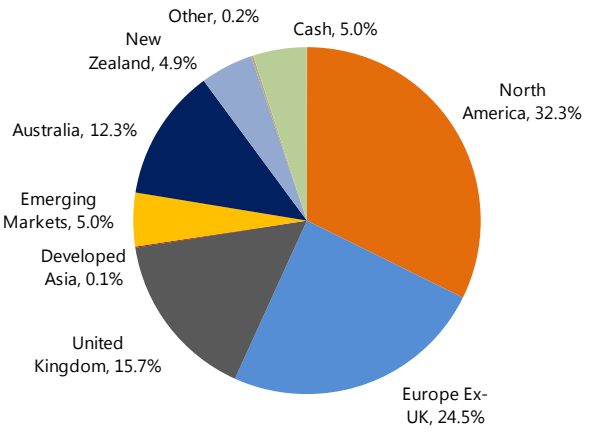
Top 10 Holdings[4]

	Sector	% of Strategy
Transurban Group	Urban Toll Roads	8.3
National Grid	Transmission and Distribution	6.6
American Water Works	Water Utilities	5.2
Auckland Airport	Airports	4.9
Zurich Airport	Airports	4.8
SES	Communications	4.8
ITC Holdings	Transmission and Distribution	4.6
Fraport	Airports	4.3
Severn Trent	Water Utilities	4.0
Atlantia	Inter-Urban Toll Roads	3.9

Industry Exposure[4]



Geographical Exposure[4]



[1] Comprised of the total Firm Infrastructure assets, comprising the Infrastructure strategy and Core Infrastructure strategy.
[2] Returns and risk measures are for the Select Infrastructure Hedged in AUD Composite. *Refer overleaf for further information.
[3] Index: UBS Developed Infrastructure & Utilities Net Total Return Index (Hedged to AUD). Source: UBS
[4] Representative Portfolio. ^Refer overleaf for further information.

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Strategy Commentary

During the June 2013 quarter, the Strategy generated a return of 1.1% against the benchmark UBS Developed Infrastructure and Utilities Net Total Return Index (Hedged to AUD) return of 0.4%.

The Strategy's performance was the result of two opposing strong trends. Very good results were achieved from the Strategy's toll road and airport exposures, up 9.5% and 6.5% respectively for the quarter. Offsetting these results was an approximate 13% negative return from the Strategy's two satellite communications companies, in our view, a market reaction to a combination of a rise in prevailing interest rates and a modest reduction in guidance by one of those companies. The rise in prevailing interest rates also led to a pull back in the share prices of US utilities in the Strategy.

For those stocks included in the benchmark index but excluded from Magellan's universe of investable infrastructure stocks, the June quarter saw a strong recovery in the share prices of stocks that had been very poor performers in recent years. Japanese stocks were up over 23% on average while the rail sector was up by more than 6% during the period.

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Performance is compared to the UBS Developed Infrastructure & Utilities Net Total Return Index (Hedged to AUD) which 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 index is hedged to Australian dollars.

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The Select Infrastructure composite is a global strategy investing in strictly defined or "pure" infrastructure companies (typically 80-120). The composite is hedged to Australian dollars with forward contracts.

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 list of composites and descriptions, as well as policies for valuing investments, calculating performance, and preparing compliant presentations are available upon request by emailing data@magellan.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.

Industry and Geographical Exposures are calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio.



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