

MFG Core Infrastructure (USD)

AS AT 31 DECEMBER 2024

PORTFOLIO MANAGERS

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INVESTMENT PHILOSOPHY

To prudently invest in outstanding infrastructure and utilities companies at attractive prices that exhibit highly predictable cashflows.

OBJECTIVE

To achieve attractive risk-adjusted returns over the medium to long term; while reducing the risk of permanent capital loss.

PORTFOLIO CONSTRUCTION

Diversified rules-based portfolio applying our proprietary infrastructure classification.

Valuation driven benchmark-unaware strategy.

Highly defensive, inflation-linked exposure.

MFG CORE INFRASTRUCTURE (USD)

TOTAL STRATEGY ASSETS	TOTAL INFRASTRUCTURE ASSETS ¹	INCEPTION DATE
USD \$5,771.1 million	USD \$10,270.2 million	18 January 2012

USD PERFORMANCE²

	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	10 Years (% p.a.)	Since Inception (% p.a.)	OUTPERFORMANCE CONSISTENCY ³
Composite (Gross)	-6.8	5.3	0.8	3.0	6.2	8.4	78%
Composite (Net)	-6.9	4.8	0.3	2.4	5.5	7.7	74%
Global Infrastructure Benchmark ⁴	-2.6	14.0	6.1	4.4	5.0	6.6	-
Excess (Gross)	-4.2	-8.7	-5.3	-1.4	1.2	1.8	-
MSCI World NTR Index ⁺	-0.2	18.7	6.3	11.2	9.9	11.0	-

CALENDAR YEAR RETURNS ²	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)*
Composite (Gross)	5.3	5.3	-7.5	14.4	-1.3	29.0	-6.1	21.2	7.2	-0.1	17.4	14.0	16.4
Composite (Net)	4.8	4.7	-8.0	13.8	-1.8	28.2	-6.7	20.4	6.5	-0.8	16.6	13.2	15.6
Global Infrastructure Benchmark ⁴	14.0	5.8	-1.0	11.0	-6.5	25.8	-10.4	19.1	11.4	-12.2	14.1	14.4	7.0
Excess (Gross)	-8.7	-0.5	-6.5	3.4	5.2	3.2	4.3	2.1	-4.2	12.1	3.3	-0.4	9.4
MSCI World NTR Index ⁺	18.7	23.8	-18.1	21.8	15.9	27.7	-8.7	22.4	7.5	-0.9	4.9	26.7	13.0

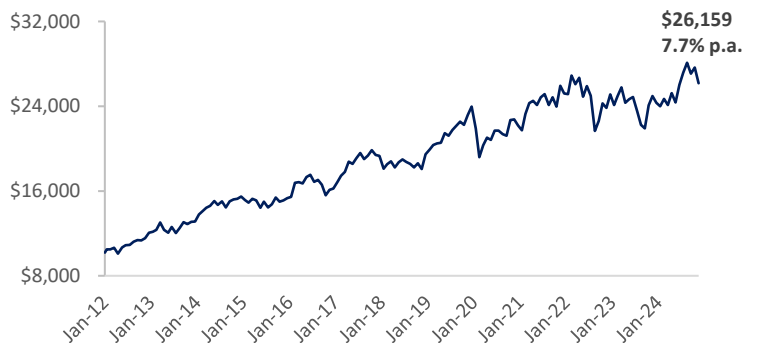
Past performance does not predict future returns.

STRATEGY FUNDAMENTALS^{5,6}

Number of Holdings	92
Dividend Yield	4.1
P/E Ratio (1 year forward)	18
EBITDA multiple (historic)	13.7
EPS Growth (%) (next 3 years)	3.6
Carbon Intensity (CO ₂ t/US\$1m revenue) [#]	813

[#]The carbon intensity score is calculated using MSCI data. In a limited number of circumstances, where data is not available or MFG Asset Management deems it appropriate, manual adjustments are made to the MSCI carbon intensity.

PERFORMANCE CHART GROWTH OF USD \$10,000 (NET)²



Past performance does not predict future returns.

¹ Comprised of all Infrastructure strategies.

² Returns are for the Global Core Infrastructure Composite ("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 18 January 2012. 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.

³ Outperformance consistency indicates the percentage of positive excess returns for rolling 3 year against the benchmark⁴ returns since inception in USD.

⁴ S&P Global Infrastructure Index Net Total Return spliced with UBS Developed Infrastructure and Utilities Net Total Return Index prior to 1 January 2015.

Note: as the UBS Developed Infrastructure and Utilities Net Total Return Index ceased to be published from 31 May 2015, it was replaced by MFG on 1 January 2015 with the S&P Global Infrastructure Index Net Total Return.

⁵ The data is based on a representative portfolio for the Global Core Infrastructure Strategy. Refer to the Glossary for further information on representative portfolio use.

⁶ Please refer to the Glossary for definitions.

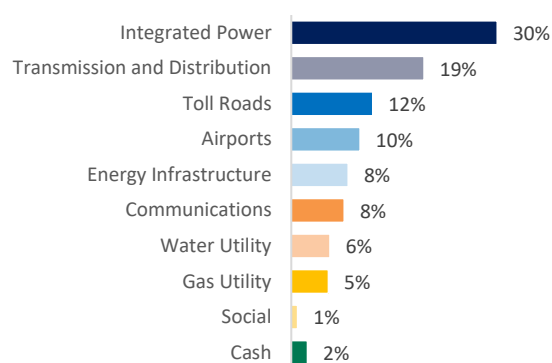
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⁺Part year return.

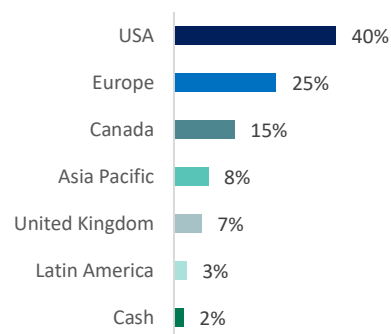
TOP 10 HOLDINGS⁷

STOCK	SECTOR	%
National Grid Plc	Transmission and Distribution	3.1
Enbridge Inc	Energy Infrastructure	3.1
Vinci SA	Toll Roads	3.0
Transurban Group	Toll Roads	3.0
Ferrovial SE	Toll Roads	3.0
TC Energy Corporation	Energy Infrastructure	3.0
Aena SME SA	Airports	3.0
Cellnex Telecom SA	Communications	2.8
Fortis Inc	Transmission and Distribution	2.7
Hydro One Ltd	Transmission and Distribution	2.4
TOTAL:		29.1

SECTOR EXPOSURE⁷



GEOGRAPHICAL EXPOSURE⁷



CONTRIBUTION HIGHLIGHTS^{6,8}

1 YEAR		5 YEARS		10 YEARS	
TOP 5	CONTRIBUTION (%)	TOP 5	CONTRIBUTION (%)	TOP 5	CONTRIBUTION (%)
TC Energy	1.0	Enbridge	1.8	Aena	5.3
Enbridge	0.7	Ferrovial	1.7	Transurban	3.1
Public Service Enterprise	0.6	Hydro One	1.6	American Tower	3.0
Ferrovial	0.5	Vinci	1.5	Terna	2.8
Entergy	0.5	TC Energy	1.3	Snam	2.8
BOTTOM 5	CONTRIBUTION (%)	BOTTOM 5	CONTRIBUTION (%)	BOTTOM 5	CONTRIBUTION (%)
Cellnex	-0.6	Groupe ADP	-1.2	SES	-1.1
Elia	-0.5	Algonquin Power & Utilities	-0.7	PG & E	-0.9
Vinci	-0.4	Elia	-0.6	Algonquin Power & Utilities	-0.7
Crown Castle	-0.3	Dominion Energy	-0.4	Elia	-0.6
SBA	-0.3	Fraport	-0.4	Aleatica	-0.4

SUPPLEMENTARY STATISTICAL MEASURES^{6,9}

	3 Years	5 Years	10 Years	Since Inception
Turnover	13.8%	18.3%	14.6%	12.7%
Beta	1.0	0.8	0.8	0.8
Tracking Error (% p.a.)	4.0%	7.3%	6.2%	5.7%
Standard Deviation - Strategy	16.8%	16.7%	13.9%	13.1%
Information Ratio	-1.5	-0.3	0.1	0.2

⁷ The data is based on a representative portfolio for the strategy. Sectors are internally defined. Geographical exposure is by domicile of listing. Exposures may not sum to 100% due to rounding. Refer to the Glossary for further information on representative portfolio use.

⁸ The contribution highlight table is actual performance data of a representative portfolio within the Global Core Infrastructure Composite. Refer to the Glossary for further information on representative portfolio use. The securities identified above do not represent all the securities purchased, sold or recommended for MFG Asset Management's clients in connection with the Global Core Infrastructure Strategy. The Global Core Infrastructure Strategy's total returns are available on request.

⁹ Supplementary Statistical Measures are calculated after fees in USD against the benchmark.⁴

GLOSSARY

Beta A measure of a composite's sensitivity to market movements, with the market defined as the composite benchmark⁴. The beta of the market is 1.00 by definition. A beta greater than 1.00 suggests the composite is more volatile than the market, a beta less than 1.00 indicates a composite with lower volatility than the market and a beta of 1.00 suggests the portfolio has the same level of volatility as the market.

Carbon Intensity A measure of the metric tonnes of CO₂ released per \$1mil USD revenue of a company. Calculated as a weighted average of all stocks in the representative portfolio.

Contribution The contribution values at the security level comprise the sum of each security's daily contribution to the return of the total portfolio multiplied by total portfolio growth over the remainder of the prescribed period (i.e. 1 year, 5 years and 10 years). The daily contribution is the movement in the security price multiplied by the security weight in the portfolio.

Dividend Yield The ratio that shows how much a company pays out in dividends each year relative to its stock price. Calculated as a weighted average of all stocks in the representative portfolio.

EBITDA multiple (historic) A ratio used to measure corporate profitability. It stands for earnings before interest, taxes, depreciation and amortization (the process of paying off a debt over time). Calculated as a weighted average of all stocks in the representative portfolio.

EPS Growth the change between earnings per share values reported by a company. i.e. how much EPS has increased/decreased over the previous 12 months. Calculated as a weighted average of all stocks in the representative portfolio.

Information Ratio Is a risk-adjusted return measure that calculates the composite return above the benchmark⁴, relative to the volatility of those returns. Measured by excess return over the tracking error.

P/E Ratio (1 year rolling forward) The share price divided by a forecast of earnings per share in one year. Calculated as a weighted average of all stocks in the representative portfolio.

Representative Portfolio 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.

Standard Deviation measures how widely individual performance returns, within the composite, are dispersed from the average or mean value.

Turnover A measure of the representative portfolio's trading activity, which is calculated by taking the lesser of purchases or sales and dividing by the average net assets of the measurement period.

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The Global Infrastructure Benchmark is comprised of the following: from inception to 31 December 2014 the benchmark is UBS Developed Infrastructure & Utilities Net Total Return Index and from 1 January 2015 the benchmark is S&P Global Infrastructure Net Total Return Index. The benchmark changed because UBS discontinued their index series.

The UBS Developed Infrastructure & Utilities Net Total Return Index 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 S&P Global Infrastructure Net Total Return Index is a market capitalisation weighted index that is designed to track 75 companies from around the world diversified across three infrastructure sectors energy, transportation and utilities. 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 Core Infrastructure composite is a global strategy investing in strictly defined or "pure" infrastructure companies (typically 80-100). The filtered investment universe is comprised of stocks that 1. generate reliable income streams, 2. benefit from inflation protection and have an appropriate capital structure. The investment objective of the strategy is to minimise the risk of permanent capital loss; and achieve superior risk adjusted investment returns over the medium to long-term. The composite was created in February 2012.

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.

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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.

COREUSD45657

Strategy Commentary

The portfolio recorded a negative return over the December quarter, due broadly to the rise in bond yields across several key markets – including in the US, France and the UK.

Some of the largest stock detractors over the December quarter were Cellnex, Crown Castle and American Tower. Shares of the three telecommunications companies were weighed down by rising bond yields and persisting inflation concerns. In addition to bond yields, Cellnex shares were pressured by investor concerns of relatively high leverage and suggestions of potential mergers amongst its mobile service customers. Crown Castle was also affected by rumours it may sell its fibre business for a price below market expectations, while American Tower was also affected by a rising US dollar that reduced the USD valuation of its offshore assets.

Key stock contributors during the quarter were TC Energy, Enbridge and Ferrovial. Both Canadian energy infrastructure companies, TC Energy and Enbridge, saw their shares benefit from the Trump presidential campaign that ran on a fossil-fuel-friendly platform. That said, the impact of higher energy prices for both stocks would arguably be modest. Separately, TC Energy shares saw an additional lift from the successful spin-off of its liquids business (South Bow) and the potential for its Southeast Gateway pipeline project to be completed ahead of schedule. Meanwhile, shares of Spanish toll road and airport operator Ferrovial rose on the announcement of larger-than-expected toll increases for its largest toll road asset (ETR 407) in 2025 and the sale of its stake in Heathrow Airport.

Stock contributors/detractors are based in local currency terms unless stated otherwise.

Outlook

Notwithstanding our expectations for greater volatility in the short to medium term driven by inflation and interest rates, we are confident that the underlying businesses we have included in our defined universe and in our investment strategy will prove resilient over the longer term. We regard the businesses we invest in to be of high quality and, while short-term movements in share prices reflect issues of the day, we expect that share prices in the longer term will reflect the underlying cash flows leading to investment returns consistent with our expectations.

The strategy seeks to provide investors with attractive risk-adjusted returns from infrastructure securities. It does this by investing in a portfolio of listed infrastructure companies that meet our strict definition of infrastructure. We believe that infrastructure assets, with requisite earnings reliability and a linkage of earnings to inflation, offer attractive, long-term investment propositions. Furthermore, we believe the resilient nature of earnings and the structural linkage of those earnings to inflation means that investment returns typically generated by infrastructure stocks are different from standard asset classes and offer investors diversification when included in an investment portfolio. In the current uncertain economic and investment climate, the historically reliable financial performance of infrastructure investments makes them attractive, and an investment in listed infrastructure has the potential to reward patient investors with a long-term time frame.

Stock Story – Getlink

(Ben McVicar – Portfolio Manager and Sector Head Infrastructure and Industrials)



The Channel Tunnel connecting France and the United Kingdom is widely recognised as one of the world's ultimate engineering marvels. The 50 km tunnel, which includes a 38 km stretch that runs beneath the seabed, is recognised by most travelling on the Eurostar high-speed rail or using the car-shuttle service between Folkestone and Coquelles (near Calais). For investors, many recognise the Channel Tunnel as Getlink's core asset – offering highly attractive and resilient returns, diversified revenue streams, a long concession extending to 2086, and entrenched competitive advantages over alternative sea and air transport options. Getlink's revenue is derived from several complementary services, which include:

- LeShuttle: A roll-on service for passenger vehicles, enabling seamless connections between terminals and the national highway networks.
- LeShuttle Freight: A specialised service offering swift and reliable transport for freight vehicles.
- Rail Services: Operating under a long-term contract, Eurostar is the key user, operating high-speed rail services.
- ElecLink: A significant addition since 2022, this 1 GW high-voltage electric cable connects the UK and French power markets, allowing for trading between the two nations.
- Euroports: Provides rail freight services across France and neighbouring countries.

The Channel Tunnel enjoys material competitive advantages over other transport modes. In the passenger vehicle segment, LeShuttle offers faster, more reliable travel compared to car ferry services across the Straits of Dover, allowing it to command a price premium and market share of around 60%. In the freight transport segment, high-value or perishable goods benefit from the tunnel's reliability and time savings, making it the preferred choice for trucking. For rail services, there is no alternative to the tunnel, but its users (Eurostar) compete indirectly with air travel. However, we find rail dominates over shorter-haul trips. The advantages of city-centre-to-city-centre convenience, ease of use, and growing environmental awareness make rail increasingly attractive to travellers. This has led to a market share of 63% in the rail markets of London-Paris (77% share), and London-Brussels/Amsterdam (47% share).

While the Channel Tunnel is a dominant infrastructure asset today, its early history underscores the risks of greenfield projects. Conceived in the 1980s, the project suffered significant delays and cost overruns, opening with a strained balance sheet. Early traffic levels also fell short of forecasts, which led to the company entering bankruptcy protection in 2006 as it sought a debt restructure – highlighting the dual risks of construction and demand uncertainty. However, once

the asset stabilised, its long-term earnings potential and strategic importance became clear – a textbook example of the advantages established infrastructure assets offer over new developments.

Despite challenges from COVID-19 and Brexit, Getlink has demonstrated resilience and adaptability. Post-pandemic traffic patterns have shifted but the company's strategic pricing adjustments have driven aggregate revenue and earnings beyond previous peaks. Key drivers of future growth include: (1) yield optimisation through ongoing pricing strategies that aim to enhance revenue per user, rather than focusing solely on traffic volume recovery; and (2) high-speed rail market expansion from increased competition in the rail market, which will bring down prices, and stimulating demand and adding capacity. In addition, additional services linking European cities with the UK will further bolster demand; and (3) following the success of ElecLink, the company is exploring ElecLink 2, which would expand energy capacity between the UK and France. Although a long-term project, it underscores Getlink's ability to leverage its core infrastructure for diversified growth.

Getlink's Channel Tunnel is an irreplaceable asset, offering stable and diversified revenue streams, a strong competitive moat and long-term growth potential. With strategic investments and operational enhancements, the company is well-positioned to adapt to evolving transport and energy demands, ensuring sustained value creation for investors.