MFG Core Infrastructure (USD)

MFG ASSET MANAGEMENT

AS AT 31 MARCH 2025

PORTFOLIO MANAGERS DAVID COSTELLO, CFA, JOWELL AMORES, BEN MCVICAR, CFA AND OFER KARLINER, CFA

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 $6,101.3 million	USD $10,510.9 million	18 January 2012

USD PERFORMANCE[2]

	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	10 Years (% p.a.)	Since Inception (% p.a.)
Composite (Gross)	9.1	16.0	2.5	8.8	7.3	8.9
Composite (Net)	8.9	15.4	2.0	8.2	6.7	8.3
Global Infrastructure Benchmark[3]	4.4	17.8	5.2	12.9	5.6	6.8
Excess (Gross)	4.7	-1.8	-2.7	-4.1	1.7	2.1
MSCI World NTR Index[+]	-1.8	7.0	7.6	16.1	9.5	10.7

CALENDAR YEAR RETURNS[2]	CYTD (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)*
Composite (Gross)	9.1	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)	8.9	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[3]	4.4	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)	4.7	-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[+]	-1.8	**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

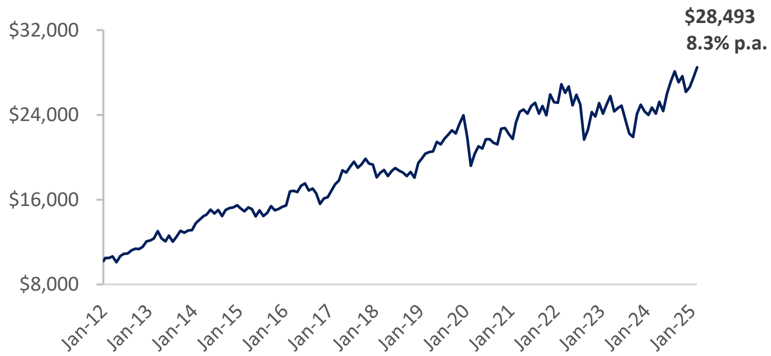
Past performance does not predict future returns.

STRATEGY FUNDAMENTALS[4,5]

Number of Holdings	92
Dividend Yield	4
P/E Ratio (1 year forward)	19
EBITDA multiple (historic)	13.3
EPS Growth (%) (next 3 years)	4.5
Carbon Intensity (CO_2t/US$1m revenue)[#]	778

[#] 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]



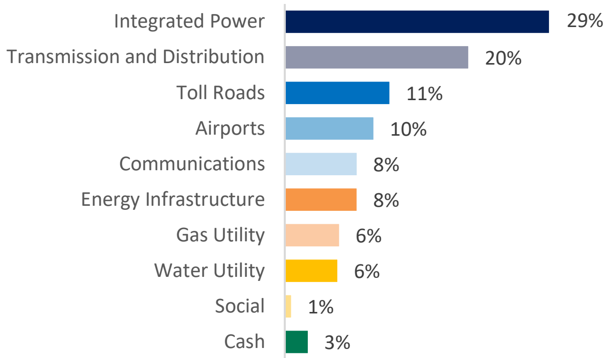
Past performance does not predict future returns.

[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] 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.
[4] 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.
[5] Please refer to the Glossary for definitions.
[+] All MSCI data used is the property of MSCI. No use or distribution without written consent. Data provided “as is” without any warranties. MSCI and its affiliates assume no liability for or in connection with the data. Please see complete disclaimer in www.mfgam.com.au/funds/benchmark-information/
[*] Part year return.

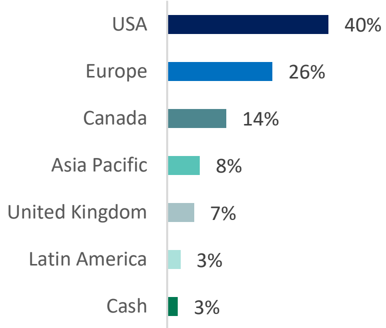
TOP 10 HOLDINGS[6]

STOCK	SECTOR	%
National Grid Plc	Transmission and Distribution	3.1
Aena SME SA	Airports	2.9
Vinci SA	Toll Roads	2.9
Cellnex Telecom SA	Communications	2.9
Enbridge Inc	Energy Infrastructure	2.9
Transurban Group	Toll Roads	2.9
Ferrovial SE	Toll Roads	2.8
TC Energy Corporation	Energy Infrastructure	2.8
Fortis Inc	Transmission and Distribution	2.6
Hydro One Ltd	Transmission and Distribution	2.4
	TOTAL:	28.2

SECTOR EXPOSURE[6]



GEOGRAPHICAL EXPOSURE[6]



CONTRIBUTION HIGHLIGHTS[5,7]

1 YEAR

TOP 5	CONTRIBUTION (%)
TC Energy	1.0
Enbridge	0.9
Entergy	0.7
Aena	0.7
Southern Co	0.6
BOTTOM 5	**CONTRIBUTION (%)**
Groupe ADP	-0.4
Elia	-0.1
NextEra Energy	-0.1
Grupo Aeroportuario	-0.1
Macquarie Korea Infra Fund	-0.1

5 YEARS

TOP 5	CONTRIBUTION (%)
Aena	3.7
Enbridge	2.9
Vinci	2.5
Hydro One	2.1
Ferrovial	2.1
BOTTOM 5	**CONTRIBUTION (%)**
Algonquin Power & Utilities	-0.7
Elia	-0.5
NextEra Energy	-0.1
Macquarie Korea Infra Fund	-0.1
Pennon	-0.1

10 YEARS

TOP 5	CONTRIBUTION (%)
Aena	6.2
American Tower	3.9
TC Energy	3.6
Snam	3.6
Southern Co	3.5
BOTTOM 5	**CONTRIBUTION (%)**
SES	-1.1
PG & E	-1.0
Algonquin Power & Utilities	-0.7
Elia	-0.5
Eutelsat Communications	-0.4

SUPPLEMENTARY STATISTICAL MEASURES[5,8]

	3 Years	5 Years	10 Years	Since Inception
Turnover	12.8%	17.3%	14.9%	12.8%
Beta	1.0	0.9	0.8	0.8
Tracking Error (% p.a.)	4.3%	5.6%	6.3%	5.7%
Standard Deviation - Strategy	16.5%	15.2%	13.9%	13.1%
Information Ratio	-0.7	-0.8	0.2	0.3

[6] 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.
[7] 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.
[8] 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 benchmark[4]. 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 then 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 benchmark[4], 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

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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.

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 ®).

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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.

Strategy Commentary

The strategy delivered a positive return over the March quarter, as concerns over the potential impact of tariffs on the US and global economies steered investors to the relative safety of infrastructure.

Some of the largest stock contributors over the March quarter were Vinci, Exelon and American Electric Power. Shares of French toll road and airport operator Vinci lifted as its full-year result beat expectations and as the minority French government passed a budget, reducing short-term political uncertainty. The company was also boosted by the announcement of a German €500bn stimulus package that could benefit its contracting business. Shares of US-based utility Exelon climbed after reporting better-than-expected results and an increase to its five-year capital plan. Meanwhile, US-regulated utility American Electric Power rose after selling down a stake in its transmission assets at a better-than-anticipated valuation, which in turn alleviated a balance sheet overhang.

Stocks detracting the most over the three months were Sempra, Power Assets Holdings and Groupe ADP. US-based utility Sempra declined as management announced a guidance cut to FY25 expectations, which predominantly reflected the near-term impact of regulatory earnings lag in their Texas jurisdiction. Hong Kong-based utility Power Assets Holdings declined after announcing lower-than-expected dividend growth. Shares were also weighed down by continued speculation that the company would acquire an equity stake in a beleaguered UK water utility (thereby requiring significant investment). French airport operator Groupe ADP fell despite a solid result as the company guided to higher medium-term capex than the market was expecting.

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, interest rates and rapidly shifting policy from the new US administration, 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 believe that share prices in the longer term may reflect the underlying cash flows, potentially 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 - Italgas

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

While debt and political crises have swirled around it, one of the world's more stable and attractive regulatory regimes has continued to operate in Italy. One key beneficiary of this stability has been gas utility Italgas. While Italgas re-emerged as a stand-alone listed entity in 2016, following its spin-off from then-parent company Snam, the business has a long operating history – originating in the 1800s as a public lighting company in northern Italy before transitioning to natural gas distribution.

Today, the business remains centred on its core gas distribution operations but has expanded across several strategic pillars:

- Italian gas distribution: Provision of pipeline gas distribution services across numerous concession areas in Italy, serving residential, commercial and industrial users.
- Greek gas distribution: Operations like those in Italy, giving Italgas a larger geographic footprint to apply its operational expertise.
- Water services: Delivery of water utilities across various territories in Italy.

At the heart of the investment appeal lies a combination of structural strengths: 1) a stable regulatory framework where Italgas benefits from well-established regulation, offering predictable, inflation-protected returns; 2) growth opportunities through both organic investments and strategic acquisitions; and 3) operational efficiency – where the company has a proven track record of improving performance through digitalisation and disciplined cost management.

Regulatory framework

The demand for Italgas's services is essential—especially in winter, when heating needs peak. Given the nature of its business, within its territories, Italgas operates as a monopoly. This is why the business is governed by economic regulation rather than market forces. Regulation allows the company to earn a fair return over time but in exchange it agrees to limitations on the levels of prices it can reasonably charge users.

The regulatory regime, overseen by Italy's ARERA, plays a central role in investment assessment. We evaluate such frameworks based on:

1. Return reasonableness
2. Transparency and accountability
3. Predictability and consistency

On these dimensions, ARERA scores well, having demonstrated a willingness to allow investors to earn a reasonable rate of return that has been predictable, reasonable and with the underlying methodology clearly articulated to investors.

Another strength of the regime is its mitigation of inflation and real interest rate risk (or interest rates adjusted for inflation). Capital invested is indexed to inflation and the rate of return is updated periodically to reflect the prevailing interest rate environment, providing further stability.

Growth opportunities

Italgas has several growth engines within its business.

Total investment is forecast to reach €15.6 billion over 2024–2030, nearly doubling prior plans.

A major portion is allocated to the acquisition of 2i Rete Gas, Italy's second-largest operator, expected to be completed this year. This follows the 2022 acquisition of Depa Infrastructure in Greece, giving Italgas both scale and a second regulated geography. The Greek business is expected to converge with the profitability of Italian operations over the medium term. Beyond gas, Italgas is diversifying into water and energy efficiency. It now has a growing footprint of water services after acquiring Veolia's Italian assets. The ageing water network presents substantial opportunities for improvement, where Italgas can apply its existing technologies (e.g. smart metering, leak detection).

Meanwhile, its energy efficiency subsidiary expands its capabilities further into energy services.

We see scope for Italgas to grow its business further as the government continues to push for consolidation of the numerous operators in the market to drive more efficiencies – something for which Italgas is well positioned.

Cost focus and discipline

Since listing, Italgas has delivered substantial operational savings. Between 2016 and 2023, it reduced opex by 40% in its Italian gas business – equivalent to 15% of 2016 EBITDA – driven by internalising services and digitalising processes.

The regulatory regime encourages such efficiencies, offering cost-sharing mechanisms that reward long-term value creation for end users.

Now, Italgas plans to extend its cost leadership to 2i Rete Gas. The newly acquired network, with more rural and less digitised operations, presents a runway for improvement. Planned efficiency levers include centralised procurement, knowledge sharing and best practices, and comprehensive digitalisation of services.