MFG Global Equity (USD)

MFG ASSET MANAGEMENT

AS AT 30 JUNE 2025

PORTFOLIO MANAGERS | **ARVID STREIMANN, CFA AND ALAN PULLEN**

INVESTMENT PHILOSOPHY	OBJECTIVE	PORTFOLIO CONSTRUCTION
To invest in outstanding companies at attractive prices, while exercising a deep understanding of the macroeconomic environment to manage investment risk.	To achieve attractive risk-adjusted returns over the medium to long term; while reducing the risk of permanent capital loss.	High conviction (20-40 securities), high quality focus. Portfolio construction with dynamic allocation to cash (typical exposure between 0% - 10%). Combined Risk Ratio cap of 0.8^

MFG GLOBAL EQUITY (USD)

STRATEGY SIZE	TOTAL GLOBAL EQUITY ASSETS[1]	INCEPTION DATE
USD $6,540.4 million	USD $8,650.7 million	1 July 2007

USD PERFORMANCE[2]

	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	10 Years (% p.a.)	Since Inception (% p.a.)	OUTPERFORMANCE CONSISTENCY*
Composite (Gross)	11.1	14.9	18.3	10.7	10.9	11.6	77%
Composite (Net)	10.8	14.0	17.3	9.8	10.1	10.7	73%
MSCI World NTR Index (USD)[+]	11.5	16.3	18.3	14.6	10.7	7.3	-
Excess (Gross)	-0.4	-1.4	0.0	-3.9	0.2	4.3	-
MSCI Min. Vol. NTR Index[+]	2.4	17.0	10.6	8.4	8.1	6.6	-

CALENDAR YEAR RETURNS[2]	CYTD (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)
Composite (Gross)	9.6	19.4	24.6	-20.2	13.9	11.2	29.7	0.4	25.2	4.7	4.2	6.6	30.8	21.6	11.9
Composite (Net)	9.2	18.4	23.6	-20.8	13.0	10.3	28.7	-0.4	24.2	3.9	3.4	5.7	29.8	20.7	11.0
MSCI World NTR Index (USD)[+]	9.5	18.7	23.8	-18.1	21.8	15.9	27.7	-8.7	22.4	7.5	-0.9	4.9	26.7	15.8	-5.5
Excess (Gross)	0.1	0.7	0.8	-2.1	-7.9	-4.7	2.0	9.1	2.8	-2.8	5.1	1.7	4.1	5.8	17.4
MSCI Min. Vol. NTR Index[+]	10.4	10.9	7.4	-9.8	14.3	2.6	23.2	-2.0	17.3	7.5	5.2	11.4	18.6	8.1	7.3

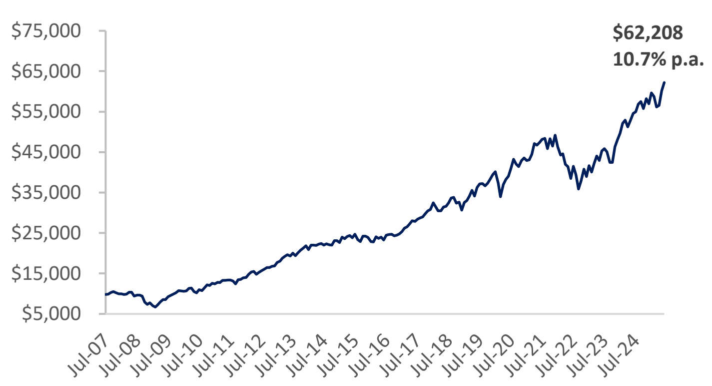
Past performance does not predict future returns.

STRATEGY FUNDAMENTALS[3,4]

Number of Holdings	27
Return on Equity (%)	37
P/E Ratio (1 year forward)	28
Interest Cover	20
Debt/Equity Ratio	65
Weighted Average Market Cap (USD million)	923,467
Carbon Intensity (CO_2t/US$1m revenue)[#]	24

[#] 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]



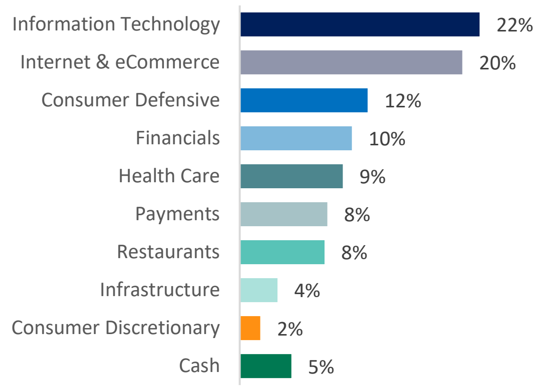
Past performance does not predict future returns.

[1] Comprised of all Global Equity strategies.
[2] Returns are for the Global Equity 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 1 July 2007. 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] The data is based on a representative portfolio for the Global Equity Strategy. Refer to the Glossary for further information on representative portfolio use.
[4] Please refer to the Glossary for definitions.
^ Combined risk ratio is a measure of relative beta and relative drawdown to MSCI World NTR USD Index. Please contact MFG Asset Management should you wish for further details on the calculation.
* Outperformance consistency indicates the percentage of positive excess returns against the benchmark (MSCI World NTR USD Index) for rolling 3 year returns since inception.
+ 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.magellangroup.com.au/funds/benchmark-information/.

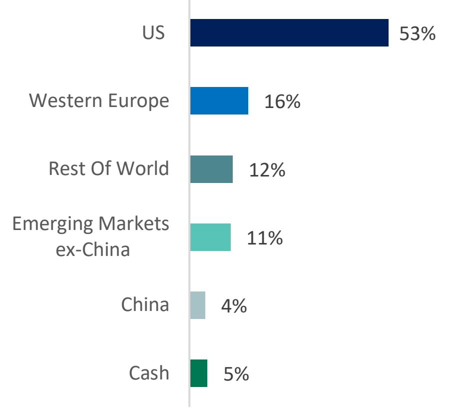
TOP 10 HOLDINGS[5]

STOCK	SECTOR[4]	%
Amazon.com	Internet & eCommerce	8.1
Microsoft Corporation	Information Technology	7.9
Meta Platforms	Internet & eCommerce	5.1
Taiwan Semiconductor	Information Technology	4.8
Yum! Brands	Restaurants	4.1
Visa	Payments	4.0
Mastercard	Payments	4.0
Procter & Gamble	Consumer Defensive	3.9
Netflix	Internet & eCommerce	3.7
Chipotle Mexican Grill	Restaurants	3.7
	TOTAL	49.3

SECTOR EXPOSURE BY SOURCE OF REVENUE[5]



GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE[5]



CONTRIBUTION HIGHLIGHTS[4,6]

1 YEAR

TOP 5	CONTRIBUTION (%)
Netflix	3.3
Meta Platforms	2.0
SAP	1.9
Intercontinental Exchange	1.5
Brookfield	1.5
BOTTOM 5	**CONTRIBUTION (%)**
Novo Nordisk	-2.6
UnitedHealth	-1.1
ASML	-1.1
LVMH	-0.7
Chipotle	-0.2

5 YEARS

TOP 5	CONTRIBUTION (%)
Microsoft Corporation	8.4
Alphabet	6.1
SAP	5.1
Chipotle Mexican Grill	4.3
Amazon	4.2
BOTTOM 5	**CONTRIBUTION (%)**
Alibaba	-3.6
Novo Nordisk	-2.2
US Bancorp	-1.8
Diageo	-1.1
AIA Group	-1.0

10 YEARS

TOP 5	CONTRIBUTION (%)
Microsoft Corporation	29.3
Alphabet	17.5
Visa	15.9
Apple	14.5
Mastercard	11.9
BOTTOM 5	**CONTRIBUTION (%)**
Kraft Heinz	-7.5
Lloyds Banking	-3.8
Novo Nordisk	-2.2
CVS	-2.2
Target	-1.9

SUPPLEMENTARY STATISTICAL MEASURES[4,7]

	3 Years	5 Years	10 Years	Since Inception
Turnover	30.4%	21.8%	15.3%	11.8%
Beta	1.0	0.9	0.8	0.8
Tracking Error (% p.a.)	4.3%	6.1%	5.8%	6.7%
Standard Deviation - Strategy	15.2%	14.8%	13.4%	13.8%
Information Ratio	-0.2	-0.8	-0.1	0.5

[5] The data is based on a representative portfolio for the Global Equity Strategy. Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding. Refer to the Glossary for further information on representative portfolio use.

[6] The contribution highlight table is actual performance data of a representative portfolio within the Global Equity Composite. Contributions are denoted in USD and are cumulative for each period. 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 Equity Strategy. The Global Equity Strategy's total returns are available on request.

[7] Supplementary Statistical Measures are calculated after fees in USD against the MSCI World NTR USD Index.

GLOSSARY

Beta A measure of the composite's sensitivity to market movements, with the market defined as the MSCI World NTR USD Index. 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 the composite has lower volatility then the market and a beta of 1.00 suggests the composite 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.

Debt/Equity Ratio A measure of a company's financial leverage calculated by dividing its net debt by stockholders' equity. 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 (MSCI World NTR USD Index), relative to the volatility of those returns. Measured by excess return over the tracking error.

Interest Cover Current year earnings before interest and tax divided by net interest expense – a measure of ability to service debt. Calculated as a weighted average of all stocks in the representative portfolio.

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.

Return on Equity A measure of a company's profitability that takes a company's annual net income divided by the book value of its shareholder equity. Calculated as a weighted average of all stocks in the representative portfolio.

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.

Tracking Error Calculated as the standard deviation of the difference between the return of the composite and its benchmark (MSCI World NTR USD Index) and used as a measure of relative consistency of performance to the benchmark.

Weighted average market cap (USD Million) The average market capitalisation of all companies in the representative portfolio, with each company weighted according to its percent held.

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The MSCI World Index (Net) is a free-float adjusted market capitalization weighted index that is designed to measure the equity performance of 24 developed markets. 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 Equity composite is a concentrated global equity strategy investing in high quality companies (typically 20-40 stocks). High quality companies are those companies that have sustainable competitive advantages which translate into returns on capital materially in excess of their cost of capital for a sustained period of time. The investment objectives of the Global Equity strategy are to earn superior risk adjusted returns through the business cycle whilst minimising the risk of a permanent capital loss. The composite was created in December 2011.

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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USD is the currency used to calculate performance.

Market Commentary

Global equities gained 11.5% in the June quarter as measured by the MSCI World Index in USD. There was significant volatility within the quarter. The June quarter began with Donald Trump announcing 'Liberation Day' tariffs that were deeper and more broad-reaching than anticipated, leading to a substantial market correction. Since then, trade tensions have de-escalated, with the US and China agreeing to a 90-day reduction in tariffs while working towards a trade deal. The US House of Representatives passed Donald Trump's signature budget bill to the Senate, legislating the extension of major tax cuts. Markets also endured a so far short-lived conflict between Israel and Iran towards the end of the quarter. The US yield curve steepened over the quarter as near-term rates factored in growth concerns and policy easing by the US Federal Reserve. Longer-term rates were partly affected by prospects of higher budget deficits. The Q1 corporate earnings season was generally positive. The best performers in the quarter were Information Technology (+22.5%), Communication Services (+18.1%) and Industrials (+11.9%). Consumer Discretionary (+8.9%) and Financials (+7.1%) underperformed the overall market slightly. In contrast, defensive Utilities (+5.6%), Consumer Staples (+0.8%) and Healthcare (-6.1%) sectors lagged. The Energy sector (-7.1%) was the worst performer.

Japan's Nikkei 225 was the best-performing index in the quarter, rising by 13.8%. This move was supported by a broad easing of trade tensions, and a sustained weakening of the Yen. The MSCI Emerging Markets Index followed, gaining 12.0% in the June quarter. The S&P 500 Index gained 10.8% while the tech-focused Nasdaq Composite rallied 17.9% in the June quarter. Australia's S&P/ASX 200 Accumulation Index grew by 9.5%. Notably, the STOXX Europe 600 and China's CSI 300 Index lagged, rising by 2.8% and 2.3% respectively.

Over the quarter, the US economy appeared to be resilient despite tariff-induced uncertainties. Survey-based consumer confidence and ISM releases contrasted with a relatively positive March quarter given uncertainty relating to tariffs. Despite this, the US labour market remained resilient throughout the quarter with robust payrolls growth alongside a steady unemployment rate remaining at 4.2% through the quarter. Although Q1 US Real GDP contracted by 0.5% this was due mainly to the pulling forward of import demand that detracted from growth ahead of a tariff announcement in Q2. We see this as backward-looking. On monetary policy, the Federal Reserve progressively downgraded its growth forecasts and raised inflation forecasts. Minutes from the June FOMC meeting highlighted the difficulty the current macroeconomic environment posed to balancing competing goals of full employment and price stability.

Fund Commentary

The strategy slightly lagged global stock markets in the quarter to June 2025, largely due to its below-market level of risk that sees it lag slightly when markets are rising strongly.

The stocks that contributed the most to the portfolio's return this quarter were Microsoft, Netflix and TSMC. Microsoft released a strong Q1 result beating across all segments including its non-AI growth within its cloud business – an area whose growth had previously underwhelmed investors. Additionally, Microsoft displayed good cost restraint. Netflix also had a solid Q1 result, but investors were increasingly attracted to its industry leadership and defensiveness, as well as its insulation from geopolitical risk and AI disruptions. TSMC also produced a strong Q1 result, with investors also buoyed by Trump's 90-day tariff pause and major AI data centre buildouts announced in the US and the Middle East.

The largest detractors were UnitedHealth, LVMH and Nestlé. UnitedHealth's share price fell as policyholder payouts were higher than expected and it revealed it had underestimated the cost of serving new customers. These revelations saw CEO Witty resign and the former CEO Hemsley step back in. We believe Hemsley is well-placed to address the issues facing the business given his prominent role in building the company. LVMH was affected by tariffs, USD depreciation and slower sales on weaker consumer sentiment. In our view, these factors are manageable or short-term in nature. Nestlé's share price was pressured by signs of a slower consumption growth outlook with the company, having already raised prices considerably since Covid to protect profit margins.

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

Outlook

We continue to expect markets to grind higher, based on our expectations that there will be trade deals signed with the US and governments will stimulate their economies via fiscal policy. Uncertainty about the international trading patterns has weighed on the spending plans of consumers and employers; however, we believe all countries are incentivised to reduce this uncertainty in order to support economic growth. In a similar vein, we expect governments around the world to stimulate their economies to offset tariff-related uncertainty as well as reduce their reliance on the US. In a world with a moderate cyclical pickup in growth and tariff barriers, we see the outlook for growth and inflation being consistent with a drift higher in market interest rates.

Consistent with our base case outlook, the portfolio is taking its maximum permitted level of risk, albeit this is 20% below that of the overall market. In our view, a continuation of the circa 20% p.a. returns of the past few years is unlikely, as our analysis suggests that the majority of these gains were driven by higher investor sentiment rather than improved fundamentals such as larger-than-expected profits. Moreover, our work indicates that sentiment is at peak cycle levels, signalling to us that there is little scope for it to push markets higher in a sustainable manner. Accordingly, should market returns prove to be weaker than we anticipate, we are confident that the portfolio will outperform the broader stock market.

With sentiment and market valuations elevated, we believe that it is incredibly important that investors pay attention to stock valuations. The larger-than-usual gap between the valuations of growth companies compared to those of defensive companies sits well with our natural overweight to defensive companies. When it comes to our exposure to growth companies, we remain convinced that the transition to the cloud, rising digitalisation and ageing populations are attractive structural themes. While comparisons of technology valuations now versus the late 1990s are commonplace, we believe that there are a couple of important differences. The first is that AI seems to have a shorter pathway to producing profits compared to the late 1990s, when many of the largest internet companies were loss-making. The second is that the largest threat to technology company returns may not be the popping of an irrational investor exuberance bubble like in the late 1990s, but regulators and politicians fundamentally undermining profitability. The earnings and market power of today's AI companies exceed that of the late 1990s technology leaders.

We view geopolitical shocks as most likely offering investors opportunities to purchase high-quality companies at low prices. We applied this perspective to markets after the "Liberation Day" tariffs in early April, confident in our view that neither Trump nor other national leaders wanted a global economic slowdown, with tough talk eventually replaced with backing down – and markets eventually recovering. Unless the geopolitical event results in a prolonged and negative supply-side shock, the medium- to longer-term impact of geopolitical developments has generally been minor.

We remain confident that the portfolio will achieve its 9% per annum net of fees objective over the economic cycle while minimising the permanent loss of capital. Your portfolio management team is backed by a team of talented analysts who are focused on finding the highest-quality companies and most attractive investment opportunities.

Stock Story: Chipotle

(Emma Henderson - Investment Analyst)

Steve Ells, a classically trained chef, founded Chipotle in 1993 with a vision to combine the speed and accessibility of fast food with the quality and integrity of higher-end dining. His goal was to prove that serving delicious, affordable food made from real, responsibly sourced ingredients could be scalable. Mexican cuisine – naturally aligned with this desire for fresh, simple ingredients and supported by a highly efficient food assembly model – became the obvious choice to meet Ells's vision.

Three decades later, Chipotle has grown into the largest 'fast-casual' dining offering in North America, with over 3,700 stores that generate industry-leading average sales volumes and restaurant operating margins from a simple menu of Mexican burritos, bowls and tacos. Its growth is far from over, with the company targeting new store openings at a rate of between 8% and 10% per annum and seeing a long-term opportunity to nearly double its North American store base from its size today.

In a United States food industry that is increasingly bifurcating between those who embrace transparency, health and sustainability – and those who don't – Chipotle's brand values and industry positioning are more relevant than ever. Earlier this year, the United States Department of Health and Human Services released the 'Make America Healthy Again' (MAHA) report, which seeks to combat rising chronic diseases among children and modernise the US food industry to better align with the regulatory standards of other developed markets. Key actions include reducing ultra-processed foods, eliminating synthetic additives and promoting whole, nutrient-dense ingredients. With just 53 ingredients on its approved list, Chipotle's food menu has long excluded artificial flavours, colours, preservatives, added hormones and food dyes. It was the first national restaurant chain to commit to using only responsibly raised meat and to set goals for sourcing organic and local produce. While not receiving a perfect score – some consumers still criticise the use of seed oils in cooking or the presence of genetically modified organisms (GMOs) in certain beverages or animal feed – its food quality efforts remain among the most credible and ambitious in the industry.

Chipotle also continues to benefit from the secular rise of Mexican cuisine, a category that offers freshness, flavour and customisability. Chipotle's menu allows for fully personalised meals and emphasises high-protein, minimally processed ingredients, making it attractive to a broad base of health-conscious consumers, including athletes and a new and growing demographic: GLP-1 medication users. These drugs, such as Ozempic and Wegovy, are reshaping American eating habits by curbing appetite and reducing caloric intake. As consumers shift towards fewer but higher-quality meals, Chipotle stands out as a preferred option, especially compared to brands dependent on highly processed, impulse purchases.

We view Chipotle as a high-conviction structural compounder, uniquely positioned as a well-loved brand at the intersection of the consumer preferences, policy trends and medical innovations that are reshaping the US food system. We expect Chipotle, stewarded by strong, forward-looking management, to continue delivering attractive, durable shareholder returns in a changing world as the company progresses towards its goal of 7,000 North America locations.