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ASX Limited
ASX Market Announcements Office
Exchange Centre
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SYDNEY NSW 2000

LAUNCH OF MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED) ON ASX
(ASX code: MICH)

- **New fund offers investors the opportunity to invest in a specialised and focused global infrastructure fund while substantially hedging the foreign currency exposure of the fund**
- **Creates a simple solution to help SMSF and retail investors diversify their portfolios and achieve attractive risk adjusted returns**
- **Magellan's third Exchange-Quoted Managed Fund (EQMF) – one of the fastest growing segments of the funds management industry**

Magellan Financial Group Limited ("Magellan"), the international investment management company, announced today that it is launching the ASX-quoted Magellan Infrastructure Fund (Currency Hedged) (ASX:MICH) (the "Fund"). The Fund is expected to commence trading on the ASX on 22 July 2016.

Lead portfolio manager for Magellan's global listed infrastructure strategy, Mr Gerald Stack said: "Magellan launched its currency hedged infrastructure strategy in July 2007 and currently has over A\$1 billion in funds under management. The strategy has delivered investors solid and reliable, low-risk investment returns over the long term with an average annual return over the five years to 30 June 2016 of 15.4%."

"We attribute this performance to Magellan's strict application of its proprietary definition of infrastructure. We exclude companies where we assess their earnings have material direct exposure to commodity prices, competitive pressure or sovereign risk and we focus on companies with reliable demand and stable cash flow generation. Magellan believes that by applying its strict definition, the infrastructure asset class should deliver investors total returns of approximately CPI + 5% p.a. over the business cycle."

“The global opportunity for the listed infrastructure sector is significant with investment opportunities available across the world in a range of different segments including regulated utilities (water and energy), toll roads, airports, ports, communications infrastructure and social infrastructure. The ability to invest globally means that there is a larger investable universe from which to apply Magellan’s strict infrastructure definition than would otherwise be available to Australian and New Zealand investors.”

The Magellan Infrastructure Fund (Currency Hedged) (ASX:MICH) is the third EQMF launched by Magellan. Magellan’s EQMFs, with over A\$500 million in assets, have been widely adopted by investors who benefit from:

- Ability to buy and sell units on the ASX and settle via CHESS, avoiding the administrative complexities associated with investing in unlisted funds;
- Access to real time and transparent market pricing, which is unavailable for unlisted funds;
- Active management, unlike exchange traded funds (ETFs), which are passively managed or index linked;
- Efficient pricing and high liquidity due to the open-ended nature of the Fund; and
- A tight price range around net asset value, with the Fund acting as market maker and assisting with providing liquidity.

Magellan will seed the new fund with A\$10 million of its own capital.

About the Magellan Infrastructure Fund (Currency Hedged)

The Magellan Infrastructure Fund (Currency Hedged)’s investment objective is to achieve attractive risk-adjusted investment returns over the medium to long-term, whilst minimising the risk of permanent capital loss.

The investment process involves intensive bottom-up stock analysis, industry research and macroeconomic analysis, overlaid with a rigorous portfolio construction and risk discipline.

The Fund expects to invest in a portfolio of between 20 and 40 global securities whose primary business is the ownership and operation of infrastructure assets. It has the ability to manage equity market risk by holding up to 20% of its net assets in cash. Currency exposure is substantially hedged.

Historical performance of Magellan’s unlisted Magellan Infrastructure Fund

| Investment Performance for the period to 30 June 2016 | 1 Year (%) | 3 Years (% p.a.) | 5 Years (% p.a.) | Since Inception (% p.a.) ² |
|---|-------------|------------------|------------------|---------------------------------------|
| Magellan Infrastructure Fund | 17.8 | 17.3 | 15.4 | 8.6 |
| Global Infrastructure Benchmark ¹ | 5.2 | 12.1 | 11.1 | 5.3 |

IMPORTANT INFORMATION:

The historical performance data shown above relates to the Magellan Infrastructure Fund (MIF) only. It is not the historical or back-tested performance data of the Magellan Infrastructure Fund (Currency Hedged) (MICH). It represents the past performance of MIF and is not a guarantee of the future performance of either MIF or MICH. As MIF and MICH are modelled on the same portfolio, philosophy and strategy, the historical performance data is provided strictly for illustrative purposes only.

¹ S&P Global Infrastructure Index A\$ Hedged Net spliced with UBS Developed Infrastructure and Utilities Net Total Return Index (hedged to AUD). Note: As the UBS Developed Infrastructure and Utilities Net Total Return Index (hedged to AUD) ceased to be published from 31 March 2015, it was replaced by Magellan on 1 January 2015 with the S&P Global Infrastructure Index A\$ Hedged Net Total Return.

² Fund inception 1 July 2007

About Magellan

Magellan is a specialist funds management business established in 2006 and based in Sydney, Australia. Magellan's core operating subsidiary, Magellan Asset Management Limited, manages over A\$40 billion of funds across its global equities and global listed infrastructure strategies for retail, high net worth and institutional investors and employs over 100 staff.

Magellan is listed on the Australian Securities Exchange (ASX Code: MFG) and has a market capitalisation of approximately A\$3.4 billion. Further information can be obtained from www.magellangroup.com.au.

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