

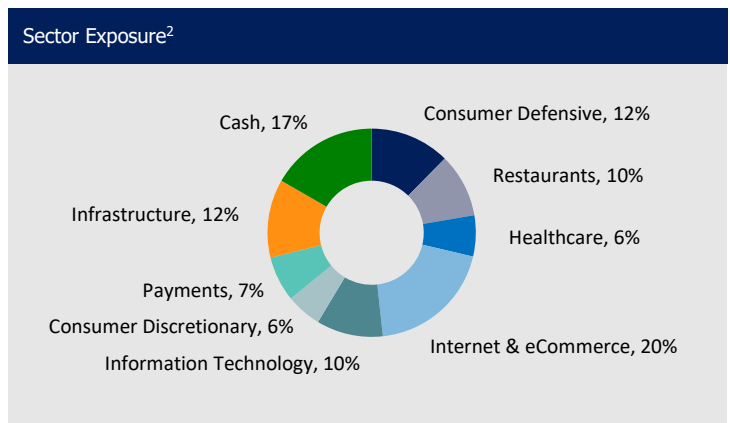
MFG Global Equity (USD)

| Portfolio Manager | Strategy Inception Date | Total Strategy Assets | Total Global Assets ¹ |
|-------------------|-------------------------|------------------------|----------------------------------|
| Hamish Douglass | 1 July 2007 | USD \$33,423.1 million | USD \$44,134.6 million |

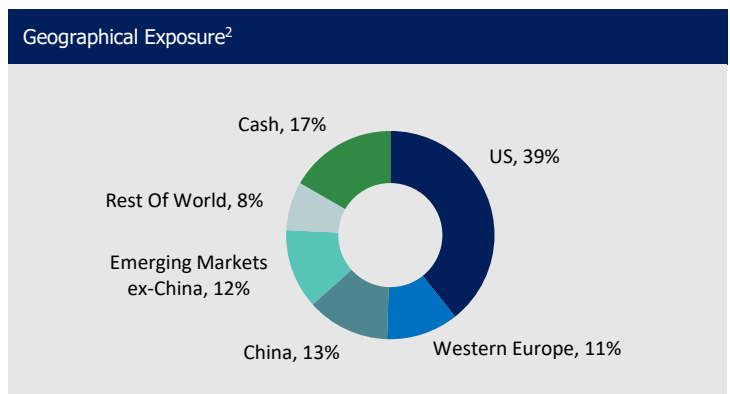
| Objective | Approach |
|--|---|
| Capital preservation in adverse markets | High conviction (20-40 securities), high quality focus |
| Pre-fee return of 10%p.a. through the economic cycle | Dual-sleeve portfolio construction with dynamic allocation to cash (max 20%) Combined Risk Ratio cap of 0.8^ |

| Strategy Fundamentals ² | Strategy | Index |
|---|----------|-------|
| Number of Holdings | 25 | 1,641 |
| Return on Equity | 35 | 16 |
| P/E Ratio (1 year forward) | 20.3 | 14.0 |
| Interest Cover | 13 | 10 |
| Debt/Equity Ratio | 95 | 54 |
| Active Share | 80 | n/a |
| Weighted Average Market Cap (USD million) | 272,878 | n/a |

| Top 10 Holdings ² | Sector ² | % |
|------------------------------|------------------------|------|
| Microsoft Corp | Information Technology | 7.2 |
| Alibaba Group Holding Ltd | Internet & eCommerce | 6.1 |
| Alphabet Inc | Internet & eCommerce | 5.7 |
| Facebook Inc-A | Internet & eCommerce | 5.4 |
| Starbucks Corp | Restaurants | 4.9 |
| Novartis AG | Health Care | 4.3 |
| Visa Inc | Payments | 4.1 |
| Reckitt Benckiser | Consumer Defensive | 4.0 |
| Nestle SA | Consumer Defensive | 3.7 |
| Crown Castle International | Communications | 3.7 |
| TOTAL: | | 49.1 |



| Capital Preservation Measures ³ | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception |
|--|---------|---------|---------|----------|-----------------|
| Adverse Markets | | | | | |
| No of observations | 9 | 17 | 20 | 31 | 46 |
| Outperformance consistency | 89% | 94% | 95% | 97% | 93% |
| Average return – Strategy | -3.5% | -2.9% | -2.2% | -1.9% | -3.8% |
| Average return – Benchmark | -6.7% | -5.7% | -5.0% | -5.8% | -8.2% |
| Down Market Capture | 0.5 | 0.5 | 0.4 | 0.3 | 0.5 |
| Drawdown | | | | | |
| Maximum Drawdown - Strategy | -15.3% | -15.3% | -15.3% | -15.3% | -36.0% |
| Maximum Drawdown - Index | -21.1% | -21.1% | -21.1% | -21.1% | -54.0% |



| Cumulative Performance ³ | 3 Months (%) | 1 Year (%) | 3 Years (% p.a.) | 5 Years (% p.a.) | 7 Years (% p.a.) | 10 Years (% p.a.) | Since Inception (% p.a.) |
|-------------------------------------|--------------|------------|------------------|------------------|------------------|-------------------|--------------------------|
| Composite (Gross) | -13.7 | 0.3 | 9.5 | 8.5 | 9.7 | 12.5 | 11.0 |
| Composite (Net) | -13.9 | -0.5 | 8.6 | 7.6 | 8.9 | 11.6 | 10.1 |
| MSCI World NTR Index | -21.1 | -10.4 | 1.9 | 3.2 | 5.8 | 6.6 | 3.2 |
| Excess (Gross) | 7.4 | 10.7 | 7.6 | 5.3 | 3.9 | 5.9 | 7.8 |
| MSCI World Qual. Mix NTR | -19.2 | -8.1 | 3.3 | 4.6 | 6.7 | 7.8 | 4.8 |
| MSCI Min. Vol. NTR | -15.6 | -6.0 | 4.2 | 5.4 | 6.8 | 8.5 | 5.2 |

| Annual Performance ³ | CYTD (%) | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---------------------------------|----------|------|------|------|------|------|------|------|------|------|------|
| Composite (Gross) | -13.7 | 29.7 | 0.4 | 25.2 | 4.7 | 4.2 | 6.6 | 30.8 | 21.6 | 11.9 | 18.3 |
| Composite (Net) | -13.9 | 28.7 | -0.4 | 24.2 | 3.9 | 3.4 | 5.7 | 29.8 | 20.7 | 11.0 | 17.4 |
| MSCI World NTR Index | -21.1 | 27.7 | -8.7 | 22.4 | 7.5 | -0.9 | 4.9 | 26.7 | 15.8 | -5.5 | 11.8 |
| Excess (Gross) | 7.4 | 2.0 | 9.1 | 2.8 | -2.8 | 5.1 | 1.7 | 4.1 | 5.8 | 17.4 | 6.5 |
| MSCI World Qual. Mix NTR | -19.2 | 27.7 | -6.5 | 21.5 | 7.9 | 1.6 | 7.3 | 24.5 | 13.0 | 0.7 | 11.4 |
| MSCI Min. Vol. NTR | -15.6 | 23.2 | -2.0 | 17.3 | 7.5 | 5.2 | 11.4 | 18.6 | 8.1 | 7.3 | 12.0 |

| Supplementary Statistical Measures ⁵ | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception |
|---|---------|---------|---------|----------|-----------------|
| Turnover | 22.1% | 19.4% | 18.7% | 15.9% | 13.9% |
| Beta | 0.8 | 0.8 | 0.8 | 0.7 | 0.8 |
| Tracking Error (% p.a.) | 5.4% | 5.0% | 4.8% | 5.7% | 6.7% |
| Standard Deviation – Strategy | 12.1% | 11.3% | 10.8% | 11.3% | 13.3% |
| Information Ratio | 1.4 | 1.0 | 0.8 | 1.0 | 1.2 |

1 Comprised of all Global Strategies.

2 The data is based on a representative portfolio for the 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. The Index is the MSCI World NTR Index. Refer to the Important Notice below for further information.

3 Risk measures are calculated before fees and in USD. An adverse market is defined as a negative quarter, rolled monthly, for the MSCI World Net TR USD Index, whilst drawdown measures are measured monthly.

4 Returns are for the Global Equity 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. 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.

5 Supplementary Statistical Measures Beta, Tracking Error and Information Ratio are calculated in USD using the MSCI World NTR Index.

^ Combined risk ratio is a measure of relative beta and relative drawdown to MSCI World NTR USD Index. Please contact MFGAM should you wish for further details on the calculation.

* Returns are only for part year.

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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

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.

GLOBALUSD43921

Market Commentary

Global stocks in the three months ended March 31st staged their biggest quarterly decline in more than 10 years after the coronavirus that causes the illness called covid-19 escaped from China and battered global economic activity, corporate earnings and investor sentiment to such an extent the pandemic threatened to usher in a global recession. During the quarter, all 11 sectors dived in US-dollar terms. Energy (-45%) declined the most after Saudi Arabia and Russia commenced an oil price war while healthcare (-12%) fell least. The Morgan Stanley Capital International World Index fell 21% in US dollars – its biggest quarterly drop since the global financial crisis struck in the December quarter of 2008.

US stocks fell as companies withdrew guidance as authorities enforced lockdowns, shut service industries and told people to 'self-isolate' as the virus took hold across the 50 states but with particular venom in New York. Emergency fiscal stimulus and radical monetary easing failed to arrest the economic emergency that some commentators said could lead to at least a 10% decline in GDP in the June quarter. Congress passed a package worth US\$2 trillion to help households and businesses cope. The Federal Reserve in two unscheduled steps in March cut the US cash rate by 150 basis points to near zero, promised unlimited bond buying to stabilise government and corporate credit markets and announced a US\$300 billion program to lend to US companies. Neither stopped a record 3.28 million people from claiming unemployment insurance in the week ended March 21, up 3.0 million from the week before and more than four times the previous record of 695,000 in October 1982. In political news, former vice president Joe Biden all but clinched the Democratic Party's nomination to contend the presidential election against Donald Trump in November by winning most of the primaries held in March after the party's establishment united to defeat the bid by self-described socialist Bernie Sanders. The S&P 500 Index plummeted 20%, after reaching a record high in February due to robust earnings reports.

European stocks sank as the coronavirus epidemic took hold, especially in Italy, Spain and France, German politics became unsettled and reports showed the eurozone economy was struggling even before the virus hit. Towns in northern Italy were quarantined in February after they formed the first area in Europe to experience a stream of infections from the novel coronavirus but such steps failed to spare Italy or stop the spread of the pandemic across Europe. German political uncertainty rose when Annegret Kramp-Karrenbauer, the leader of the Christian Democrats, said she would not run for chancellor in next year's election, which threw open the race to succeed Angela Merkel as chancellor. A report in February showed the eurozone economy expanded only 0.1% in the fourth quarter – Germany's economy showed no growth for the three months. Reports in March, when the virus had enforced lockdowns across Europe, showed consumer confidence at a five-year low and business activity plunging – the IHS Markit purchasing managers index for Germany, for example, fell from 50.7 points in February (any figure over 50 indicates expansion) to 37.2 in March. The Euro Stoxx 50 Index plummeted 26%.

In other markets, Japan's Nikkei 225 Index dropped 20% after a report showed the economy shrank at an annualised pace of 6.3% in the fourth quarter due to an increase in the consumption tax and covid-19 posed such a threat schools were closed and large gatherings and sports events were cancelled or curtailed. China's CSI 300 Index lost 10% as measures to contain the coronavirus kept businesses and ports closed and prevented workers from returning to their jobs and the official manufacturing purchasing managers index fell to a record low of 35.7 in February from 50 in January. The S&P/ASX 200 Accumulation Index slumped 21% as authorities froze much economic activity, sparking immediate job losses, and the virus jolt to the global economy mauled material prices. The MSCI Emerging Markets Index shed 24% in US dollars on the prospect of a global recession.

Index movements are in local currency.

Strategy Commentary

The strategy recorded a negative return for the quarter. The biggest detractors were the investments in Yum! Brands, Starbucks, HCA Healthcare and Facebook. Yum! Brands and Starbucks fell as their outlets were closed when countries ordered lockdowns or restrictions on restaurants to stop the transmission of the virus – though the decline in Yum! Brands first started when the owner of KFC, Pizza Hut and Taco Bell restaurants reported a 2% decline in Pizza Hut's same-store sales for the fourth quarter. HCA Healthcare dropped after elective surgeries were deferred as hospitals built capacity to respond to the pandemic and investors weighed the impact of the unprecedented jump in US unemployment on HCA's revenue mix from different payers. Facebook fell after demand for advertising fell amid the health and economic emergency.

Two investments to rise in local currency were Microsoft and Tencent. Microsoft surged to a record high over the quarter after its cloud business helped the software giant beat earnings and revenue forecasts for the fourth quarter of 2019 and then held up relatively well after it was judged a stock that would benefit from the world's switch to online due to the pandemic. Tencent rose on an improving earnings outlook and as the virus forced Chinese to work from home and engage more with the company's suite of digital services.

Stock story: Alibaba



Top this for a company head's farewell to staff. A tearful Alibaba co-founder Jack Ma wore oversized purple-tinged glasses, a studded leather jacket with chains and a braided long-haired wig and sang Chinese pop songs accompanied by two other co-founders, a rock-star-decked Lucy Peng, and Joe Tsai, who opted for a 'Marilyn Monroe'-style dress and a blonde wig. And these were just some of the antics at a four-hour celebration in front of 60,000 employees in September last year in the eastern Chinese city of Hangzhou to mark Ma's achievements and the e-commerce giant's 20th birthday.¹

The company that earned 377 billion yuan (US\$56 billion) in revenue in fiscal 2019 had much to celebrate. Alibaba, with more than 60% market share, is the leading e-commerce marketplace operator in China, which is one of the world's fastest-growing online retail markets thanks to rising incomes, the proliferation of smartphones and the fact that traditional western-style retailing never fully developed in the country. Alibaba's domestic consumer-to-consumer platform Taobao (launched in 2003) and its business-to-customer platform Tmall (launched in 2008) that houses the world's most valuable brands have 820 million monthly users today. The platforms generate transactions worth almost US\$950 billion a year, an amount twice that of Amazon's. Alibaba is behind the world's largest shopping event; the company's annual 'Singles Day', which on November 11 last year notched a record US\$38.4 billion in sales across Alibaba's main e-commerce sites.

And e-commerce is just one of Alibaba's businesses. The company has used the profits from its lucrative e-commerce arm to expand into other large, fast-growing and often-complementary industries. Two of its most promising businesses include Alibaba Cloud Intelligence (founded in 2009), which is one of the world's largest cloud-computing businesses, and Ant Financial (established in 2004, 33% owned by Alibaba), which is China's largest payments and digital financial services platform. In addition, Alibaba operates China's leading digital advertising platform, emerging international e-commerce platforms (AliExpress and Lazada), one of China's leading online-food delivery and local-services platforms (Ele.me), a logistics business that supports the delivery of millions of items daily (Cainiao), a grocery business pioneering online-offline integration (Hema) and a leading digital media and entertainment business (Youku). Together, these businesses are supporting enterprise digitalisation in China and, in aggregate, have helped Alibaba notch revenue growth of 48% p.a. over the past five years.

Alibaba is well placed to record impressive earnings growth in coming years. The company is positioned to benefit from growing consumer spending in China and rising online penetration in rural cities. Network effects, user data insights,

economies of scale and an ability to outspend competitors are sealing Alibaba's market supremacy across many e-commerce segments. The synergies across Alibaba's many units attract and retain people to its sites, which presents opportunities to cross-promote, hone algorithms and monetise data through targeted ads. The cloud arm, which is twice the size of its next Chinese rival, is well positioned to add to its 1.4 million paying customers that include more than half of the A-share listed companies in China and 80% of Chinese technology companies. All up, Alibaba's wide reach presents as a unique opportunity to benefit from China's digital transformation and shift to a consumption economy.

Alibaba comes with risks, to be clear. One that is common to Chinese stocks is that, to skirt government restrictions on foreign ownership of 'sensitive' businesses, foreign investors can gain exposure to Alibaba only by investing in 'variable interest entity' structures where they don't own shares in the operating companies directly. Another risk is interference from the Chinese government and its omnipotent regulatory powers. Although these market nuances create uncertainty for foreign shareholders, the probability of them transpiring into material shareholder losses for high-profile companies such as Alibaba is considered to be low, particularly given the importance of foreign capital to the Chinese economy. Another risk is that Alibaba competes for the attention and business of Chinese consumers in a dynamic market against the formidable Tencent, JD.com and Meituan-Dianping. Notwithstanding the intense competition, Alibaba is likely to deliver the earnings growth in coming years that justify its risks.

Four reporting segments

In 1999, Ma was one of 18 people who gathered in his small, shared apartment in Hangzhou to form Alibaba. The company's first initiatives were to create the English-language global wholesale marketplace Alibaba.com and a domestic-based marketplace, now known as 1688.com, for domestic wholesale trade. By the end of 2001, Alibaba.com had more than one million registered users and within another 18 months the company was profitable.

Skip to 19 September 2014 and Alibaba, after 15 years of excelling in e-commerce and branching beyond by organic investment, acquisition, forming alliances and minority investments, emerged as one of the world's most valuable technology companies, raising a record US\$25 billion for its New York Stock Exchange debut.

Alibaba's secondary listing on the Hong Kong Stock Exchange in 2019 was just as successful for the company now under CEO Daniel Zhang that reports its earnings across four key segments. The 'core commerce' division earned 86% of group revenue in fiscal 2019 from commission fees, memberships and advertising on Alibaba's e-commerce platforms. Core commerce also includes revenue generated from the sale of goods (i.e. first-party sales), primarily through Alibaba's New Retail initiative, Hema, as well as revenue generated from the provision of logistics services (through Cainiao) and local services (through Ele.me and Koubei).

¹ See Reuters. 'Tearful Ma bids Alibaba farewell with rock star show.' 9 September 2019. [reuters.com/article/us-alibaba-jackma-idUSKCN1VU0VY](https://www.reuters.com/article/us-alibaba-jackma-idUSKCN1VU0VY)

The next most important division is cloud computing, which earned 7% of Alibaba's revenue by providing cloud solutions. The unprofitable 'digital media and entertainment' segment attracted 6% revenue from membership fees and advertising. This revenue was mainly derived from Alibaba's online video platform, Youku, and online browser, UCWeb, as well as through diverse content platforms that provide film, online ticketing, music, news, literature and gaming.

The other division is the loss-making 'innovation initiatives and others' segment, which earned 1% of revenue. Within this division are found the company's operating system, navigation technology, AI-powered voice assistants and smart speakers, and enterprise-communication software, where revenue is typically generated through software or annual fees.

With so many dominant positions across so many industries likely to ensure that these four segments generate strong growth over time, the party marking Alibaba's next birthday of note could be the most bizarre yet.

Sources include company filings and website, Bloomberg and Hoover's, a Dun & Bradstreet Company.