Magellan
Global
Equities

Distributed by Magellan Investment Partners

MFG Global Fund - Class 1

MARKETING COMMUNICATION

AS AT 31 DECEMBER 2025

PORTFOLIO MANAGERS ALAN PULLEN AND CASEY MCLEAN, CFA

INVESTMENT PHILOSOPHY

To invest in outstanding companies at attractive prices, while exercising a deep understanding of the macroeconomic environment to manage investment risk.

OBJECTIVE

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

PORTFOLIO CONSTRUCTION

A relatively concentrated portfolio of 20-40 high quality securities constructed with strict risk discipline and macroeconomic insight seeking to achieve strong risk-adjusted returns.

Cash and cash equivalents exposures between 0 – 10%.

MFG GLOBAL FUND - CLASS 1

FUND SIZE	TOTAL GLOBAL EQUITY ASSETS[1]	MANAGEMENT FEES	INCEPTION DATE
USD $2.6 million	USD $7,824.5 million	Management fee for the Fund is 0.80% per annum	8 October 2013

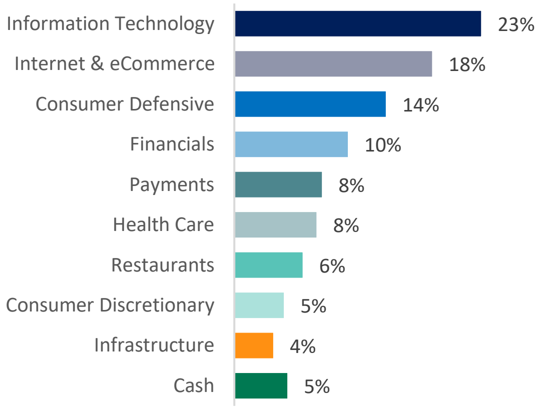
USD PERFORMANCE[#]

	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (% p.a.)	10 Years (% p.a.)	Since Inception[2] (% p.a.)	OUTPERFORMANCE CONSISTENCY[3]
MFG Global Fund - Class 1 (Before Fees)	0.3	1.3	16.5	20.2	9.5	12.3	11.4	11.0	59%
MFG Global Fund - Class 1 (After Fees)	0.2	1.0	15.6	19.3	8.6	11.5	10.5	10.2	52%
MSCI World NTR Index[+]	0.8	3.1	21.1	21.2	12.1	14.8	12.2	10.9	-

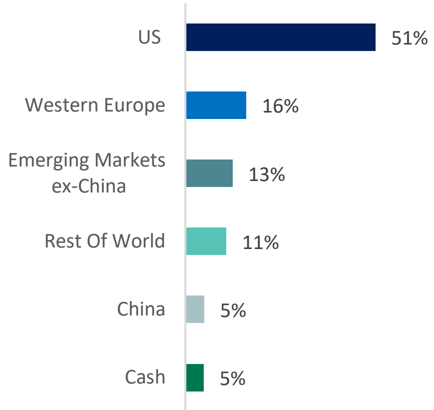
CALENDAR YEAR RETURNS	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)*
MFG Global Fund - Class 2 (Before Fees)	16.5	19.6	24.8	-20.4	13.7	11.0	29.3	0.1	24.9	4.2	4.0	6.2	10.7
MFG Global Fund - Class 2 (After Fees)	15.6	18.6	23.8	-21.0	12.8	10.1	28.3	-0.7	23.9	3.4	3.1	5.4	10.5
MSCI World NTR Index[+]	21.1	18.7	23.8	-18.1	21.8	15.9	27.7	-8.7	22.4	7.5	-0.9	4.9	8.5

Past performance does not predict future returns.

SECTOR EXPOSURE BY SOURCE OF REVENUE[4]



GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE[4]

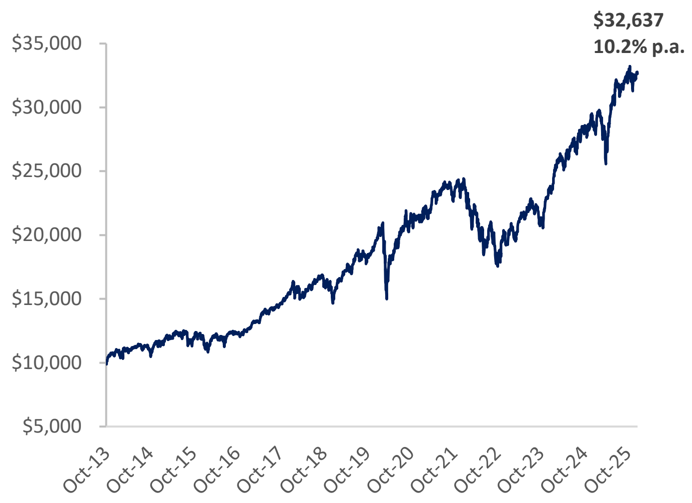


[1] Comprised of all Global Equity strategies managed by Magellan Investment Partners.
[2] Inception date of the Fund (Class 1) is 8 October 2013.
[3] Outperformance consistency indicates the percentage of positive excess returns for rolling 3 year returns since inception.
[4] Sectors are internally defined. Geographical exposure is calculated on a look through basis on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding.
[#] Shares are denominated in USD. This presents certain risks relating to currency conversion if an investor's financial activities are denominated principally in a different currency, for example, Euro. These include the risk that exchange rates may significantly change. An increase in the value of the investor's currency against USD would decrease the investor's currency equivalent value of the Net Asset Value and Net Asset Value per Share.
[+] 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.magellaninvestmentpartners.com/funds/benchmark-information/
[*] Part year return.

TOP 10 HOLDINGS

STOCK	SECTOR[4]	%
Amazon.com	Internet & eCommerce	8.1
Microsoft	Information Technology	7.5
Taiwan Semiconductor	Information Technology	5.3
Alphabet	Internet & eCommerce	4.4
Nestlé	Consumer Defensive	4.1
Visa	Payments	4.1
Mastercard	Payments	4.0
SAP	Information Technology	3.9
Yum! Brands	Restaurants	3.8
Procter & Gamble	Consumer Defensive	3.8
	TOTAL:	49.0

PERFORMANCE CHART GROWTH OF USD $10,000[5]



Past performance does not predict future returns.

CAPITAL PRESERVATION MEASURES[6]

ADVERSE MARKETS	3 Years	5 Years	10 Years	Since Inception
No of observations	10	20	36	47
Outperformance consistency	40%	35%	58%	60%
Average return - Fund (%)	-2.7	-3.9	-3.5	-3.1
Average return - Index (%)	-2.6	-3.8	-4.0	-3.7
Down Market Capture	1.0	1.0	0.9	0.9
DRAWDOWN				
Maximum Drawdown - Fund (%)	-7.2	-26.7	-26.7	-26.7
Maximum Drawdown - Index (%)	-9.3	-25.4	-25.4	-25.4

[5] Growth of USD $10,000 is calculated using USD returns after fees and since inception.
[6] Capital preservation measures are calculated before fees. An adverse market is defined as a negative monthly return for the MSCI World NTR Index (USD). Down market capture shows how the fund performed relative to the index while the market is falling.

IMPORTANT INFORMATION

MFG Global Fund - Class 1 ('**Fund**') is a sub-fund of MFG Investment Fund plc, an open-ended umbrella fund with segregated liability between sub-funds, which is incorporated in Ireland and authorised under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended). This is a marketing communication and is not a contractually binding document. Please refer to the Prospectus of MFG Investment Fund plc and the Supplement and KIID for the Fund and do not base any final investment decision on this communication alone. The Prospectus, Supplement, KIID and a summary of investor rights are available in English at www.magellaninvestmentpartners.com.

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The investment program of the Fund presented herein is speculative and may involve a high degree of risk. It is not intended as a complete investment program and is suitable only for sophisticated investors who can bear the risk of loss. The Fund may lack diversification, which can increase the risk of loss to investors. The Fund's performance may be volatile. The past performance of the Fund is not necessarily indicative of future results and no person guarantees the performance of the Fund or the amount or timing of any return from it. There can be no assurance that the Fund will achieve any targeted returns, that asset allocations will be met or that the Fund will be able to implement its investment strategy or achieve its investment objective. This document may contain 'forward-looking statements'. Actual events or results or the actual performance of a Fund may differ materially from those reflected or contemplated in such forward-looking statements. The management fees, incentive fees and allocation and other expenses of the Fund will reduce trading profits, if any, or increase losses. The Fund will have limited liquidity, no secondary market for interests in the Fund is expected to develop and there are restrictions on an investor's ability to withdraw and transfer interests in the Fund. In making an investment decision, you must rely on your own examination of any offering documents relating to the Fund.

An investment in shares of the Fund does not represent a direct interest in any of the underlying assets owned by the Fund which may be freely acquired and disposed of by Magellan for and on behalf of the Fund.

The Fund aims to preserve capital and reduce downside volatility risk and offers investors an opportunity to invest in a focused global equity fund, through a portfolio comprising 20 to 40 securities in high quality companies. The Fund is actively managed with investment decisions made on a fully discretionary basis. However, the portfolio is designed to have lower historical volatility than that exhibited by world equity markets, as measured against the MSCI World Index. Therefore, the Fund can be said to be managed by reference to the MSCI World Index, but as a performance reference benchmark only. The MSCI World Index 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. Further information regarding any benchmark referred to herein can be found at www.magellaninvestmentpartners.com/funds/benchmark-information/. Any third-party trademarks contained herein are the property of their respective owners and Magellan claims no ownership in, nor any affiliation with, such trademarks. Any third-party trademarks that appear in this material are used for information purposes and only to identify the company names or brands of their respective owners. No affiliation, sponsorship or endorsement should be inferred from the use of these trademarks.

Purchase orders from U.S. investors or other ineligible investors will not be accepted.

Market Commentary

Global equities increased by 3.1% in the December quarter as measured by the MSCI World Index in USD. The longest US government shutdown in history (43 days) began and ended during the first half of the December quarter to little market reaction. Despite the shutdown ending, the principal cause, disagreement over the extension of ACA tax credits, remained unresolved as the year drew to a close. There was a brief re-escalation of trade tensions as China announced rare earth export controls, which are critical to many high-end industrial processes. Tensions were temporarily halted as both sides agreed to a one-year pause on respective escalatory policies. The quarter also saw some intra-quarter spike in risk premiums driven by concerns over the sustainability of the AI spend and business model. The Fed eased policy twice at the October and December FOMC meetings. Despite this, long-end US Treasury yields remain little changed as the yield curve steepened. The corporate reporting season was generally favourable. The Healthcare sector led outperformance during the quarter, rising by 10.8%. This was followed by the Materials (+5.2%), Communication Services (+5.1%) and Financial (+4.9%) sectors. In contrast, the Real Estate sector (-2.0%) was the biggest underperformer, followed by the Discretionary (+1.4%) and Tech (+1.5%) sectors.

Japan's Nikkei 225 Index was the best performer during the December quarter, rising by 12.2%, supported by strong corporate earnings and a weaker Yen, while risks regarding deflation faded. Europe's STOXX 600 Index followed, rising by 6.4%, supported by dovish expectations regarding ECB policy support on benign inflation readings. The MSCI Emerging Markets Index rose by 4.7%, followed by the S&P 500 Index (+2.6%). Both China's CSI 300 Index (+0.2%) and Australia's S&P/ASX 200 Index (-1.0%) lagged other major markets.

Over the December quarter, data reflected a gradual slowing in US economic growth. Of particular note were US labour market data, which showed a gradual upward trend in the unemployment rate and continuation in very modest job creation since Liberation Day tariffs were announced in April. Despite a surprising drop in the November US CPI reading, it was not clear whether the rate of inflation was beginning to moderate due to data issues. The one-and-a-half-month US government shutdown delayed/hampered data collection for many agencies, rendering some economic indicators unreliable. Despite the Fed easing twice during the quarter, there was no corresponding rally at the long end of the yield curve. Term premiums appeared to have expanded somewhat as concerns over persistent inflation and the deterioration in the US fiscal position lingered. Additionally, rising Japanese Government Bond yields likely exerted additional pressure on US Treasuries. In China, the outcome of its Fourth Plenum and Central Economic Work Conference indicated the Central Government remained focused on technology investment and industrial policy. The signalling of policy continuity suggested there will be limited scope for broad fiscal stimulus in the nation.

Fund Commentary

The portfolio underperformed the benchmark over the quarter in a market that could be characterised by choppy trading and rotation. Market leadership began to show some signs of shifting away from the AI Mega Cap stocks that had dominated the first three quarters of the year, into areas of the market with fundamental strength and more reasonable valuations.

The largest contributors to the portfolio's performance over the quarter were Alphabet, Amazon and Taiwan Semiconductor Manufacturing Co (TSMC). Alphabet performed strongly over the quarter, driven by earnings that beat expectations and reinforced confidence in the company's ability to leverage its "full stack" approach to lead in the AI era, rather than be disrupted by it. The Search business showed strong momentum with the integration of AI Overviews, and AI Mode accelerated growth by driving higher query volumes and monetisation. Later, the launch of Gemini 3 bolstered sentiment, given its reception as the new benchmark for AI models. YouTube provided further upside with robust performance, as Shorts revenue per watch hour surpassed that of traditional long-form content. Alphabet also announced that it will begin commercial sales of its custom Tensor Processing Units (TPUs), a new revenue stream for the company, and a potential challenge to Nvidia's dominance in the AI hardware category. Amazon outperformed on a combination of better-than-feared US consumption trends in the December quarter and an acceleration in growth and margin expansion for the AWS cloud business. The cloud operations are beginning to see benefits from increased capex spend, with notable deals to provide computing to OpenAI delivered during the quarter. We continue to view Amazon as well-positioned to benefit from structural growth in e-commerce and cloud computing. TSMC performed strongly, closing at record highs on continued strength in demand for semiconductors, including for AI applications, which CEO C.C. Wei described as "insane". TSMC, having cemented their dominant position at the leading edge, have begun mass production of 2nm chips using the new Gate All Around transistor architecture during the quarter. We continue to view TSMC as well-positioned to benefit from rising compute intensity, with the market having an increased appreciation of their agnostic position with respect to potential shifts in market share of AI chip designers.

The largest detractors to the portfolio's performance over the quarter were Microsoft, Netflix and Meta Platforms. After performing strongly earlier in the year on accelerating growth in Azure, Microsoft gave back some of the strong performance. This was driven primarily by moderating optimism on Microsoft's AI positioning via its close relationship with OpenAI due to strong execution at Google and Anthropic. While short-term relative performance will continue to be affected by shifting views on AI positioning, taking a longer-term perspective, we view all of the incumbent cloud providers as winners of the increased adoption of AI applications. Netflix underperformed on a combination of a de-rating from elevated levels and its agreement to acquire Warner Bros Discovery's Studio & Streaming business for an enterprise value of $83 billion.

Market concerns related to the acquisition include risk of further escalation in the purchase price, execution risks, potential anti-trust hurdles, that the deal reflects a plateauing of engagement, and a less clean near-term outlook. At the current agreed price, and taking a medium-term view, we view the deal as strategically sound and likely to create value over the longer term as streaming continues to take viewer share from linear TV. Meta shares sold off following mixed 3Q25 results. Meta's core advertising business continues to post impressive results, as investments in enhancing content recommendations to drive user engagement and optimise ad targeting bear fruit. However, management doubling down on the investment cycle with uncertain returns from non-core initiatives has weighed on sentiment. While dampening near-term earnings, we expect these investments in superintelligence to either deliver attractive returns or be significantly scaled back.

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

Outlook and view from the Portfolio Managers

We maintain a constructive outlook for equity markets with economic growth remaining resilient, driving strong corporate earnings growth led by the US.

The US economy will benefit from a three-pronged tailwind of fiscal policy, monetary policy and deregulation. Recent inflation releases have surprised to the downside, and increased noise regarding AI-related job losses will give the Fed ammunition to continue to cut rates. Fiscal policy is headlined by the OBBB, which is set to deliver significant tax cuts in 2026. On some estimates this could amount to as much as $800 for every taxpayer in the US. While some of this windfall will be consumed by higher electricity and health insurance costs, this is clearly a tailwind for the US consumer.

This level of stimulus is rare outside of recessionary periods. When coupled with the AI investment boom, this is driving consensus expectations for a strong 13-14% earnings growth in 2026, well above the long-run averages of 7-8%. This level of earnings growth supports the elevated valuations, especially in a period of accommodative monetary policy.

Consistent with this outlook, we are taking the maximum permitted level of risk for the portfolio, with this risk level 20% below that of the overall market. We remain exposed to the highest-quality players in the AI value chain, key financial stocks that will benefit from equity market strength and a range of high-quality consumer franchises designed to capture both the strength in the high-income consumer as well as the potential trade down of lower-income consumers.

We are, however, cognisant that there is no shortage of risks.

Key geopolitical events that could affect markets in 2026 include the selection of the Fed Chair, the Supreme Court ruling on the legality of tariffs and events in Venezuela. A dovish selection for the Fed Chair could increase the prospect of more or deeper interest rate cuts, which would generally be positive for equity markets. However, it also gives rise to the risk the market may begin to question the independence of the Fed, which could steepen the yield curve; this is generally negative for equities, and long-duration growth stocks or bond proxies in particular.

While it is clear that there is still an enormous amount of AI investment ahead, there is also some risk that the growth will slow given the constraints regarding power, labour and materials. Additionally, the investment surge is increasingly reliant on debt funding, with massive bond issuances expected in 2026. Any impediments in the credit system could also affect the pace of the spend. This risk is amplified by the fact that the US economy is increasingly reliant on this growth driver, with Harvard economist Jason Furman estimating that AI was responsible for 92% of US GDP growth in the first half of 2025 and without AI the GDP growth would have been just 0.1%.

We manage these risks by maintaining a balanced portfolio with strategic allocations to defensive, high-quality companies, which we believe should outperform in a market drawdown. The prospective returns from these defensive holdings have become increasingly attractive as they have underperformed despite their fundamentals remaining robust.

We remain confident that our disciplined investment process will enable the portfolio to achieve its dual objectives: delivering attractive risk-adjusted returns over the medium to long term while reducing the risk of permanent capital loss. Our portfolio management is supported by a talented team of analysts dedicated to identifying the highest-quality companies and the most compelling investment opportunities on a global scale.

Stock Story: Hermes

(Hannah Dickinson – Senior Head Franchises and Healthcare)

HERMÈS
PARIS

Hermès was founded in Paris in 1837 as a maker of harnesses and saddles for Europe's horse-drawn elite. From the outset, the company was defined by functional excellence and craftsmanship rather than fashion. Its first decisive strategic shift came with the rise of the automobile, which structurally reduced demand for equestrian equipment. Rather than defend a declining end market, Hermès redeployed its leather expertise into luggage and travel goods, applying the same standards of durability and quality to a new era of mobility.

That early pivot is instructive. Hermès adapted to technological change without diluting its identity, a pattern that has repeated over nearly two centuries. Today, the group is one of the most profitable companies in global luxury, with activities spanning leather goods, ready-to-wear, silk, jewellery, watches and homewares. Leather goods remain the economic engine, accounting for the majority of profits, while the broader portfolio reinforces the maison's cultural relevance and desirability. Despite operating more than 300 stores globally and employing over 20,000 people, Hermès continues to behave less like a conglomerate and more like a craft maison, prioritising long-term brand equity over near-term growth.

This mindset underpins why we find Hermès such a compelling business. Its brand equity is built not on seasonal fashion or loud marketing but on function, heritage and longevity. Many of its most recognisable products, including the Birkin and Kelly bags or the silk carré, have remained largely unchanged for decades.

This continuity reduces fashion risk, extends product life cycles and reinforces trust, advantages that are rare at scale in luxury.

Hermès' vertical integration further strengthens this position. The group controls almost every step of its value chain, from sourcing raw materials to tanning, design and manufacturing. This control protects quality, limits the ability to increase supply rapidly and creates barriers that are difficult for competitors to replicate. Importantly, it also allows Hermès to invest steadily in artisanal capacity, even when industry conditions are challenging, without compromising standards or margins.

Over time, this discipline has translated into exceptional pricing power. Hermès has consistently raised prices across cycles without undermining demand, reflecting both brand strength and deliberate supply constraints. The credibility of this pricing power is reinforced by the secondary market. Data consistently shows Hermès products retaining, and in many cases exceeding, their original retail price, with average resale values meaningfully above purchase price for flagship bags. In effect, the resale market validates Hermès' primary pricing strategy and reinforces consumer confidence in the brand as a long-term store of value.

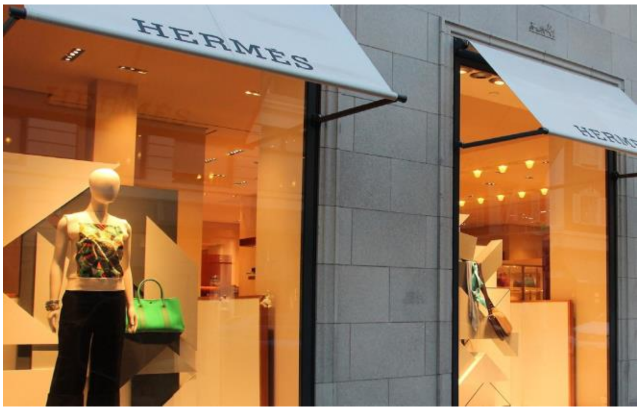

Image: Adobe stock

Crucially, Hermès does not attempt to clear excess demand. Production growth is constrained by artisan training timelines and capacity discipline, not by the level of customer interest. Waiting lists are a feature, not a failure, of the model. This ensures discounting is avoided and that demand consistently exceeds supply, protecting both margins and brand equity.

In a well-known book called Kapferer on Luxury, Jean-Noël Kapferer describes the central dilemma facing luxury brands: how to grow while preserving rarity and exclusivity. Many brands resolve this tension poorly, expanding volumes or distribution too aggressively during strong periods and eroding their long-term positioning in the process. Hermès stands out as one of the few large luxury companies that has solved this dilemma strategically. Growth is achieved through incremental capacity additions, selective category expansion and pricing rather than through volume acceleration. The company accepts slower short-term growth in exchange for durability and compounding over decades.

Every enduring investment case has areas of debate, and for Hermès this is valuation. The company trades at a significant premium to global luxury peers on most metrics, despite operating with deliberately constrained volume growth and exposure to discretionary consumer demand. For some investors, this premium appears difficult to justify, particularly when compared with peers that offer higher near-term growth or broader category exposure.

We believe the premium reflects structural characteristics that are both durable and rare. Hermès has delivered exceptional consistency in returns on capital and earnings through cycles, underpinned by disciplined supply, minimal discounting and limited fashion risk. This reduces downside volatility and supports higher through-cycle multiples. Family ownership and a relatively low free float further reinforce this dynamic, creating a form of scarcity at the equity level. The controlling shareholders' long-term stewardship limits the risk of value-destructive strategic decisions, while the limited availability of comparable assets with similar quality, durability and governance characteristics provides ongoing valuation support.

The benefits of the Hermès model have been particularly evident through the recent challenging period for the luxury sector. Slowing global demand, softer Chinese consumption and inventory pressure have led to revenue declines and margin contraction for many peers. Hermès has stood apart. Growth has moderated but remained positive, margins have proven resilient, and inventory discipline has been maintained. The company's exposure to the highest-income consumers, combined with its scarcity-driven strategy, has insulated the business from the more cyclical elements of aspirational luxury demand.

Ultimately, Hermès is not simply a luxury brand. It is a structurally advantaged business with rare durability, built on craftsmanship, restraint and long-term thinking. That combination has allowed it to protect brand equity, sustain pricing power, and compound value across cycles, supporting its place as a high-quality, long-duration holding within a global equity portfolio.