

PORTFOLIO MANAGERS

NIKKI THOMAS, CFA AND ARVID STREIMANN, CFA

INVESTMENT PHILOSOPHY

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

OBJECTIVES

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.

Typical cash and cash equivalents exposures between 0 – 20%.

MFG GLOBAL FUND - CLASS 1

FUND SIZE	TOTAL GLOBAL EQUITY ASSETS ¹	MANAGEMENT FEES	INCEPTION DATE
USD \$148.4 million	USD \$12,345.1 million	Management fee for the Fund is 0.80% per annum	8 October 2013

USD PERFORMANCE[#]

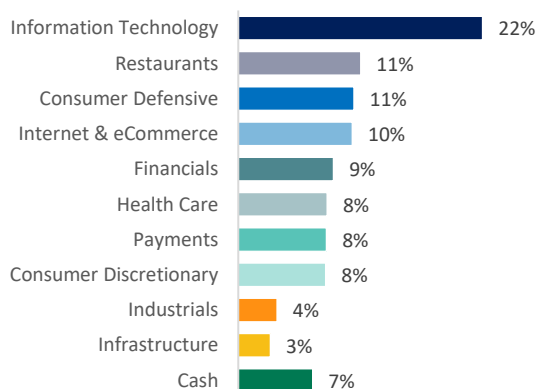
	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (% p.a.)	Since Inception ² (% p.a.)	OUTPERFORMANCE CONSISTENCY ³
MFG Global Fund - Class 1 (Before Fees)	5.5	7.5	18.6	5.8	8.1	10.6	9.5	72%
MFG Global Fund - Class 1 (After Fees)	5.5	7.3	17.6	5.0	7.3	9.7	8.6	68%
MSCI World NTR Index ⁺	6.0	6.8	18.5	12.2	9.1	10.6	9.0	

CALENDAR YEAR RETURNS

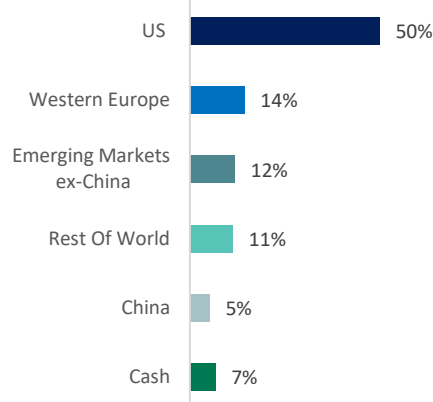
	CYTD (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)	2013 (%)*
MFG Global Fund - Class 2 (Before Fees)	17.0	-20.4	13.7	11.0	29.3	0.1	24.9	4.2	4.0	6.2	10.7
MFG Global Fund - Class 2 (After Fees)	16.5	-21.0	12.8	10.1	28.3	-0.7	23.9	3.4	3.1	5.4	10.5
MSCI World NTR Index ⁺	15.1	-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 REVENUE⁴



GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE⁴



¹ Comprised of all Global Equity strategies managed by MFG Asset Management.

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.

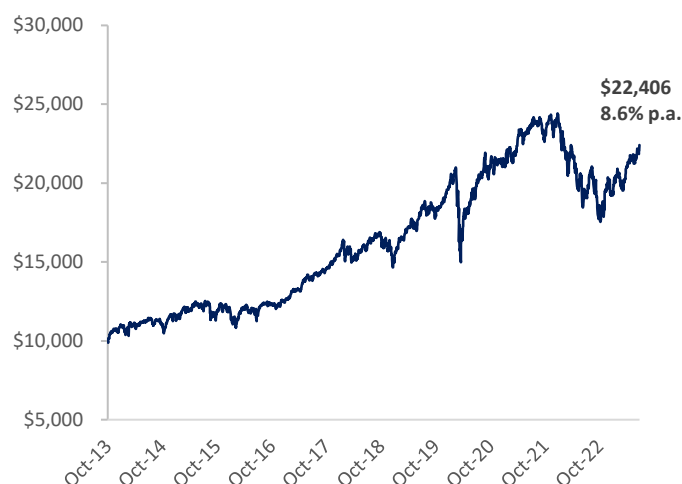
* All MSCI data used is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI and its affiliates assume no liability for or in connection with the data. Please see complete disclaimer in www.mfgam.com.au/funds/benchmark-information/

*Part year return.

TOP 10 HOLDINGS

STOCK	SECTOR ⁴	%
Microsoft Corporation	Information Technology	6.0
Amazon.com Inc	Internet & eCommerce	5.5
Lowe's Co Inc	Consumer Discretionary	4.3
Apple Inc	Information Technology	4.1
SAP SE	Information Technology	4.1
Visa Inc	Payments	4.1
ASML Holding NV	Information Technology	4.0
Intuit Inc	Information Technology	4.0
Intercontinental Exchange Inc	Financials	3.9
Yum! Brands Inc	Restaurants	3.9
TOTAL:		43.9

PERFORMANCE CHART GROWTH OF USD \$10,000⁵



Past performance does not predict future returns.

CAPITAL PRESERVATION MEASURES⁶

ADVERSE MARKETS	3 Years	5 Years	7 Years	Since Inception
No of observations	14	21	25	39
Outperformance consistency	36%	57%	60%	62%
Average return - Fund (%)	-4.4	-4.3	-3.9	-3.2
Average return - Index (%)	-4.3	-5.0	-4.5	-3.8
Down Market Capture	1.0	0.9	0.9	0.8
DRAWDOWN				
Maximum Drawdown - Fund (%)	-26.7	-26.7	-26.7	-26.7
Maximum Drawdown - Index (%)	-25.4	-25.4	-25.4	-25.4

⁵Growth of USD \$10,000 is calculated using USD returns after fees and since inception.

⁶Capital 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.magellangroup.com.au.

This document provides summary information regarding the Fund. Magellan Asset Management Limited trading as MFG Asset Management ('MFG Asset Management') is the investment manager and promoter of the Fund. This material must not be copied, reproduced, published or distributed without the prior written consent of MFG Asset Management.

No representation or warranty is made with respect to the accuracy or completeness of any of the information contained in this document and is subject to change at any time and no person has any responsibility to update any of the information provided in this material. You should not construe the contents of this material as legal, tax, investment or other advice. If you are in any doubt as to whether or not an investment in the Fund is suitable for you, you should consult your bank manager, stockbroker, solicitor, accountant or other financial adviser. You (either alone or with the help of an appropriate financial or other advisor) should inform yourself as to the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment.

Please see the Fund's Prospectus for a discussion of certain risks that should be considered by you. No distribution of this document will be made in any jurisdiction where such distribution is not authorised or is unlawful. There shall be no sale of shares in any jurisdiction in which an offer, subscription or sale would be unlawful, and in any event no securities shall be sold until authorisation has been obtained from the relevant regulatory authority. The marketing of shares or the cessation of the marketing of shares in the Fund, as applicable, in any member state of the European Union shall be in accordance with the requirements of the UCITS Directive. This document does not constitute, and may not be used for the purpose of, an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised or in which the person making such offer or solicitation is not qualified to do so. It is the reader's responsibility to inform themselves about the above restrictions.

MFG Asset Management will not be responsible or liable for any losses, whether direct, indirect or consequential, including loss of profits, damages, costs, claims or expenses, relating to or arising from your use or reliance upon any part of the information contained in this document including trading losses, loss of opportunity or incidental or punitive damages.

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 MFG Asset Management 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.mfgam.com.au/funds/benchmark-information/. Any third-party trademarks contained herein are the property of their respective owners and MFG Asset Management 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.

Market Commentary

Global shares gained in the June quarter, with the MSCI World Index adding 6.8% in USD as the Federal Reserve approached the end of its rate-hiking campaign, US bank turmoil eased with few observable new casualties and optimism about the potential of recent developments in Artificial Intelligence (AI) continued. Nine of the eleven sectors advanced in local currency terms, but gains were largely concentrated in the Information Technology (+15.0%), Consumer Discretionary (+11.3%) and Communication Services (+10.2%) sectors that benefited from growing confidence in the potential for AI to drastically influence societies and economies. The detractors were the Energy (-1.0%) and Utilities (-0.7%) sectors that fell as the outlook for commodity prices softened.

On a regional basis, Japanese shares, as measured by the Nikkei 225 index, added 18.4% on growing confidence in the outlook for profit growth and still accommodative monetary policy pursued by the Bank of Japan under new leadership. US shares were the other standout performer, with the S&P 500 rising 8.3% in the June quarter on the back of continued excitement about developments in AI and signals the Federal Reserve is nearing the end of its rate-tightening cycle as inflation continued to improve. Importantly, economic momentum in the US appeared to be relatively sound, with unemployment still low, and construction activity assisted by increased homebuilder confidence and the Inflation Reduction Act.

Across the Atlantic, pressures on economic activity have been larger and inflationary pressures more intense, partly because wages in Europe are more often contractually tied to past increases in consumer prices than in the US and are hence stickier. The Euro Stoxx 600 added just 0.9% during the quarter. Australia's ASX 200 increased 1.0%.

Chinese shares meanwhile came under pressure, with the CSI 300 index falling 5.1% as fears about the Chinese economic recovery continued to mount. Expectations for a reopening boom have failed to materialise so far this year, forcing policymakers to step in with some incremental interventions to increase stimulus during the quarter. To date, interventions have been small-scale rather than material as policymakers balance competing priorities including reducing leverage in the system.

Fund Commentary

The portfolio rose during the June quarter and over the year ended 30 June 2023.

For the quarter the largest contributors were the holdings in Amazon, Microsoft, Chipotle Mexican Grill, Alphabet and Apple, which all rose over 15% in the quarter. Microsoft, Amazon, Apple and Alphabet performed well as the market looked to capture the innovation opportunity from Generative AI, and Apple delivered exciting new product news at its conference. For Microsoft, Amazon and Alphabet, we note poor sentiment in the second half of 2022 on the back of weakening cloud spending patterns reversed in the first half of 2023 driven by Microsoft's Generative AI opportunity. Chipotle is discussed below.

The largest detractor in the quarter was US Bancorp (USB), which fell a further 9.8% over the final quarter as risks around earnings continue to be priced in and regulations are expected to also weigh on returns for the stock and sector. We have exited US Bancorp and would count as a mistake the decision not to exit in 4Q22 when we sold our other small bank holding, Lloyds. Our decision reflected a belief that the acquisition of Union Bank would be accretive, the economic resilience of the US was ongoing and these balanced the risks of peaking net interest margins. We did not foresee the March banking issues and then disappointingly set sell prices at levels that were not reached in the volatility that month. Subsequent assessment of the outlook post stabilisation in the sector led us to conclude the risks to earnings remain elevated and rising regulation while absorbing the Union Bank acquisition would weigh on USB's ability to distribute capital and so our decision to exit. Diageo fell 6.5% in the final quarter on concerns of slowing revenue growth, off a high base, in its large US market where independent surveys of sell-in suggest a marked slowing. We see upside risks to these expectations with resilience and strong trends in Diageo's other geographies, especially in emerging markets.

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

Outlook

The intertwined evolution of economic growth, inflation and interest rate setting has continued without directional change. That is, inflation is slowing, cash interest rate settings by central banks are rising and economic growth is looking increasingly at risk of recession. We believe inflation will continue to be the core focus of central banks and we will need to continue to see lower inflation data points over 2023 if central bank rate rises are to pause.

While we are closing in on a turning point for central banks' monetary tightening, the challenges are greater outside of the US where market and industry structures are making it harder to bring down inflation. Thus the challenge of higher and higher rates makes those economies (UK, Europe, Canada, Australia) at risk of a more painful economic slowdown/deeper recession. We continue to watch inflation expectations survey data, which shows worrisome levels of elevated and rising expectations amongst consumers in Australia (from 5% to 5.2% in June) and the UK, while in the US both business and consumer inflation expectations have remained anchored and indeed falling. Germany has recently reported two quarters of negative real GDP growth and so officially is in recession. Recessionary conditions in the coming months continue to be our base case,

though we believe in the US this is likely to be mild with potentially slightly positive nominal growth (barring a financial shock). No material new adverse events in the financial sector have followed those of March 2023, but we continue to view the risk of similar events as heightened. If such an event occurred, creating a credit crisis or liquidity event, it would deepen the economic slowing. We are not holding any exposure to banks as we view the outlook for earnings for the sector as challenged. Many will recall that the events of 2007 and 2008 occurred with long lags between them, accompanied by strong markets. The first signs of stress were in August/September 2007, Bear Stearns collapsed in March 2008, Freddie and Fannie Mac were rescued by the US government and Lehmann Brothers went bankrupt in September 2008; markets bottomed in March 2009. We point out the risk of a similar event not to be alarmist or even to draw comparison to the GFC, but to remind ourselves that financial markets can unravel over months and in stages, and we would be complacent to assume all is resolved around the financial system today. Strong equity markets do not preclude a new financial shock ahead. We continue to view the macro backdrop as biasing the risks to the long end of the yield curve, or 10-year government bond yields, to the downside, and anticipate it to be capped at 4% in the US. This is a positive for the valuations of longer-duration investments, especially those with strong cash flows, high returns on capital and low economic cycle exposure.

At the same time, the innovation in Artificial Intelligence is providing many new opportunities for companies, as well as disruption risks that always result from major progressive evolutions. The other areas of activity we remain very focused on are the innovation and investment to materially reduce economies' carbon intensity. Given there is a distinct focus within both technology and industrial sectors, the normal economic cyclicalities of a sub-group of companies may be countered by this uptick in spending and new orders. We believe this creates some interesting investment opportunities as earnings may prove far more resilient for these companies than in typical economic slowdowns/ recessions. An added layer of growth capex is also stemming from the restructuring of supply chains away from China, with the semiconductor industry the poster child of this investment.

Stock Story: Amazon

(Jack McManus – Investment Analyst)



Amazon's almost 30-year journey has been one of constant evolution, driven by innovation, and guided by the long-term vision of its founder, Jeff Bezos. The business developed in its early years with an initial focus on selling books before eventually expanding into other product categories, including music, electronics and beyond. Over time it has shifted from a goods retailer to services platform as it gave external parties access to its marketplace (3P sellers account for ~55% of all unit sales) and other operational capabilities (such as Fulfilled by Amazon or Buy With Prime). The company has a long track record of creating disruptive products – as it did with the Kindle and Alexa – and entirely new markets – as it has done with AWS and cloud computing. So, what's the secret sauce? At the heart of this ever-evolving innovation machine lie three key fundamental elements: a distinct and well-defined corporate culture, a decentralised and nimble operational structure, and a willingness to invest and remain focused on the long term.

Amazon has a distinct corporate culture enshrined in 16 leadership principles, which provide a framework for decision-making, problem-solving and collaboration across the organisation. These principles are deeply ingrained in the company's DNA and influence how employees approach their work. While all are important, we would highlight just two that are particularly pertinent to innovation. Principle #3, "Invent and Simplify", encourages employees to continuously seek inventive solutions and challenge the status quo. It instils a mindset of constant improvement and the pursuit of groundbreaking ideas that can reshape industries. Principle #8, "Think Big", empowers employees to envision ambitious, audacious goals and imagine possibilities beyond what may seem achievable. It also expresses Amazon's appetite for taking bold risks and making substantial investments in emerging technologies and ventures.

Amazon's corporate workforce largely consists of small, autonomous "two-pizza" teams (named because they should be small enough to be fed with as much) that utilise a common set of standardised, shared functions or "services". Teams comprise a mixture of multi-disciplinary roles and are empowered to make decisions quickly, iterate on ideas, and drive innovation in their respective areas. By keeping teams small, Amazon minimises bureaucracy and encourages a sense of ownership and agility. The structure fosters a culture of experimentation and learning from failures, as teams can quickly iterate and adapt their strategies based on real-time feedback. Importantly, it also enables rapid scaling into new areas of focus or opportunity without introducing unnecessary complexity and dependencies.

Amazon has consistently demonstrated its willingness to forgo immediate profitability in favour of maximising future opportunities. In 2011, in response to a shareholder question regarding Amazon's willingness to take bold bets, Bezos commented, "We are willing to invent. We are willing to think long term. We start with the customer and work backwards.

And, very importantly, we are willing to be misunderstood for long periods of time". This quote reflects Amazon's commitment to pursuing its long-term vision, and it is often repeated by other leaders within the company, including the current CEO, Andy Jassy. The company famously took >8 years to realise its first annual profit, prioritizing the development of its platform and improvement of the customer experience. Facing capacity constraints in 2014, Amazon decided to embark on the build-out of its own logistics network. While this weighed on profitability in the short term, it established a strong competitive advantage, and by 2021 Amazon shipped more parcels across the USA. than does FedEx. Similarly, Amazon's cloud computing business, AWS, was initially met with scepticism, but the company persisted in investing heavily in its development and expansion, and today AWS generates over \$80bn revenue per annum and accounts for the majority of the company's value. Looking forward, we expect the company will continue to invest in big bets across healthcare, advertising and media and logistics in pursuit of its next growth pillar.

In summary, Amazon's success lies in its constant evolution and drive to innovate. Its distinct corporate culture promotes entrepreneurship and challenges the status quo. A decentralised operational structure empowers agile teams and enables rapid scaling without adding complexity. Amazon's willingness to invest for the long term, exemplified by the buildout of its fulfilment and logistics infrastructure and AWS, is a key competitive advantage versus more myopic competitors. With a commitment to thinking long term and willingness to be misunderstood, we expect Amazon will continue to thrive.