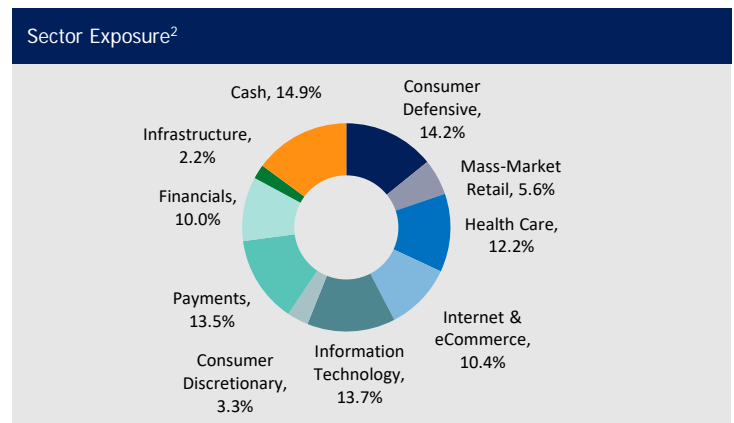


MFG Global Low Carbon (USD)

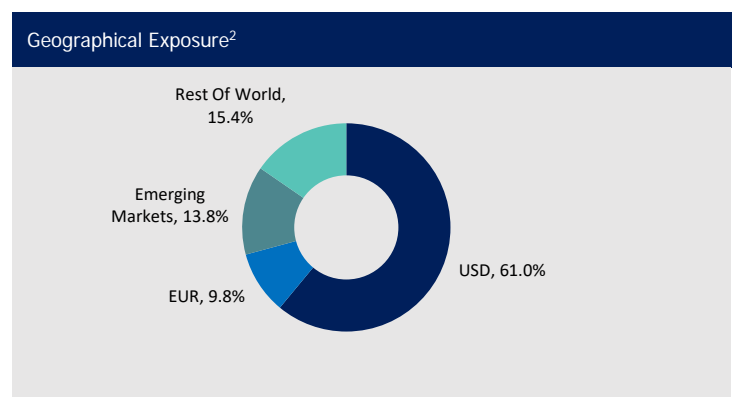
Portfolio Manager	Strategy Inception Date	Total Strategy Assets	Total Global Assets ¹
Domenico Giuliano	1 October 2016	USD \$43.6 million	USD \$33,692.4 million

Objective	Approach
Capital preservation in adverse markets	High conviction (30-50 securities), high quality focus, low turnover
Attractive absolute risk-adjusted returns through the economic cycle	Dual-sleeve portfolio construction with dynamic allocation to cash (max 20%) Combined Risk Ratio cap of 0.8 [^]
Deliver carbon intensity less than 1/3 of MSCI World	Integrated ESG with proprietary, multi-dimensional carbon emissions management

Top 10 Holdings ²	Sector	%
Apple Inc	Information Technology	5.0
Visa Inc	Payments	4.9
Alphabet Inc	Internet & eCommerce	4.3
Facebook Inc-A	Internet & eCommerce	4.1
MasterCard Inc	Payments	4.0
American Express Co	Payments	3.6
HCA Holdings Inc	Health Care	3.6
Microsoft Corp	Information Technology	3.4
Lowe's Co Inc	Consumer Discretionary	3.3
Yum! Brands Inc	Consumer Defensive	3.2
TOTAL:		39.4



Strategy Fundamentals ²	Strategy	Index
Number of Holdings	34	1,652
Carbon Intensity [#]	23.2	200.1
Return on Equity	24	15
P/E Ratio (1 year forward)	17.8	16.8
Interest Cover	10	10
Debt/Equity Ratio	64	52
Active Share	87	n/a
Weighted Average Market Cap (USD million)	181,621	n/a



Cumulative Performance ³	3 Months (%)	1 Year (%)	Since Inception (% p.a.)
Composite (Gross)	3.4	15.0	15.0
Composite (Net)	3.2	14.1	14.1
MSCI World NTR Index	4.8	18.2	18.2
Excess (Gross)	-1.4	-3.2	-3.2
MSCI World Low Carbon Leaders	4.7	18.3	18.3

Annual Performance ³	CYTD (%)	2016*
Composite (Gross)	14.7	0.3
Composite (Net)	14.0	0.1
MSCI World NTR Index	16.0	1.9
Excess (Gross)	-1.3	-1.6
MSCI World Low Carbon Leaders	16.0	2.0

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. The Index is the MSCI World NTR Index. Refer to the end of the document for further information.

3 Returns are for the Global Low Carbon 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.

4 The Fundamentals are based on a representative portfolio for the strategy. Refer to the end of the document for further information. The Index is 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.

Carbon intensity measured in CO₂e tonnes per \$US million in revenue. MSCI World Index carbon intensity level updated annually as at 30 June.

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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.

GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS®) DISCLOSURE

Magellan Asset Management Limited, doing business as MFG Asset Management in jurisdictions outside Australia and New Zealand, (MFG Asset Management) claims compliance with the Global Investment Performance Standards (GIPS ®)

For the purpose of complying with GIPS, the Firm is defined as all discretionary portfolios managed by MFG Asset Management.

The Global Low Carbon composite is a concentrated global equity strategy investing in high quality companies (typically 30-50 stocks) with an integrated low carbon overlay. 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 Low Carbon strategy are to earn superior risk adjusted returns through the business cycle whilst minimising the risk of a permanent capital loss with an integrated ESG strategy with meaningfully lower carbon intensity than broader equity markets. The composite was created in October 2016.

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 list of composites and descriptions, as well as policies for valuing investments, calculating performance, and preparing compliant presentations are available upon request by emailing data@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.

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Market Commentary

Global stocks set record highs as they rose for a sixth straight quarter in the September quarter after US companies posted better-than-expected earnings for the second quarter, reports showed the world's major economies were growing in unison for the first time in a decade, the Federal Reserve reiterated that monetary policy would likely only be tightened gradually and Angela Merkel won a fourth term as chancellor of Germany.

In the US, 73% of S&P 500 companies reported 'positive' earnings-per-share surprises for the second quarter while 'blended earnings growth' reached 10.3%, according to FactSet, as the tech giants shone. In news on the economy, the third reading on second-quarter GDP showed the US economy expanded at an annualised rate of 3.1% over the three months to June, the fastest pace in two years, while the jobless rate stayed around 16-year lows.

In Europe, stocks rose on Merkel's victory and upbeat economic reports such as the one showing the eurozone economy expanded 0.6% in the second quarter, to be 2.3% higher than 12 months earlier.

In other news, Japan's economy grew 1% in the second quarter, its sixth consecutive quarterly expansion, and Prime Minister Shinzō Abe in September called a snap election for October that polls show him winning. In China, the latest readings on industrial production, retail sales and investment disappointed though its economy expanded at a faster-than-expected pace of 6.9% in the 12 months to June.

Ten of the 11 industry classifications within the MSCI World rose in US-dollar terms over the quarter. Energy and materials were the best performers while consumer staples fell.

Strategy Commentary

The portfolio recorded a positive return in the quarter. At a stock level, the best performers included investments in Facebook, Visa and Mastercard. Facebook rose after the social-platform operator posted second-quarter earnings that beat expectations. Engagement on the platform has surpassed two billion people and the monetisation of this engagement was shown by the 49% growth in ad spend, while the company highlighted the opportunity to extract revenue from its chat platforms, Messenger and WhatsApp. Visa rose after its earnings topped analyst expectations for the third straight quarter, aided by outperformance of Visa Europe relative to the expectations held at the time of the acquisition. Mastercard rallied after second-quarter revenue hit a record as volumes and transactions on its network rose.

Stocks that lagged included investments in Chipotle Mexican Grill, Starbucks and HCA Healthcare. Chipotle slumped when an employee with a norovirus infected customers at a single Virginia store as a marketing campaign was launched to help overcome the damage from a similar scare in 2015. Starbucks fell amid cautious market commentary as to the outlook for growth in retail traffic and store footprint and the company slightly reduced its annual profit forecast. HCA fell amid uncertainty as to whether or not the ACA repeal bill would be passed given expiration of the budget reconciliation in the month of September.