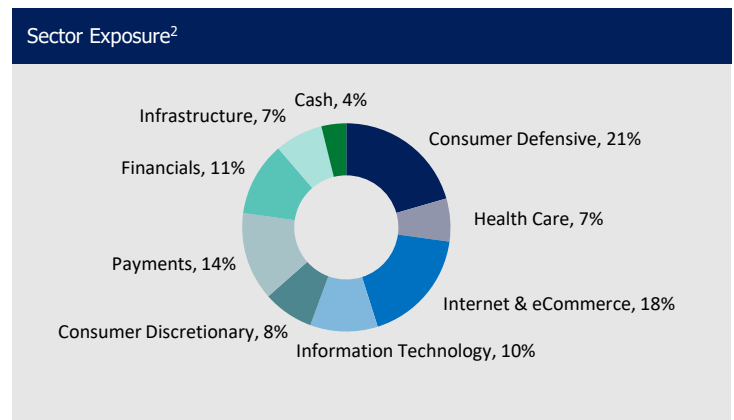


MFG US Sustainable (USD)

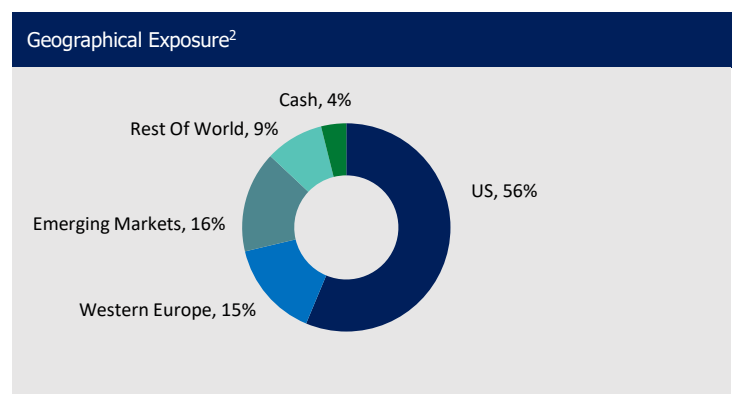
Portfolio Manager	Strategy Inception Date	Total Strategy Assets	Total Global Assets ¹
Alan Pullen	1 January 2017	USD \$75.1 million	USD \$41,159.2 million

Objective	Approach
Capital preservation in adverse markets	High conviction (20-50 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 1.0 [^]
Deliver carbon intensity less than 1/3 of S&P500	Integrated ESG with proprietary, multi-dimensional carbon emissions management

Top 10 Holdings ²	Sector ²	%
Facebook Inc-A	Internet & eCommerce	7.1
Alphabet Inc	Internet & eCommerce	7.1
Visa Inc	Payments	6.6
Kraft Heinz Co	Consumer Defensive	5.6
Starbucks Corp	Consumer Defensive	5.2
Apple Inc	Information Technology	4.3
Wells Fargo & Co	Financials	4.2
American Express Co	Payments	4.0
McDonald's Corp	Consumer Defensive	4.0
Pepsico Inc	Consumer Defensive	3.8
TOTAL:		51.9



Strategy Fundamentals ²	Strategy	Index
Number of Holdings	27	505
Carbon Intensity	29.5	n/a
Return on Equity	23	21
P/E Ratio (1 year forward)	18.3	17.0
Interest Cover	14	12
Debt/Equity Ratio	45	53
Active Share	79	n/a
Weighted Average Market Cap (USD million)	252,770	n/a



Cumulative Performance ³	3 Months (%)	1 Year (%)	Since Inception (% p.a.)
Composite (Gross)	6.7	16.9	18.1
Composite (Net)	6.5	16.0	17.2
S&P 500 NTR Index	7.6	17.2	17.9
Excess (Gross)	-0.9	-0.3	0.2

Annual Performance ³	CYTD (%)	2017*
Composite (Gross)	9.9	21.7
Composite (Net)	9.3	20.7
S&P500 Net TR Index	10.1	21.1
Excess (Gross)	-0.2	0.6

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 S&P500 Net TR Index. Refer to the Important Notice below for further information.

3 Returns are for the US Sustainable 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.

^ 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 S&P 500 TR Index is a float adjusted market capitalization weighted index that is designed to measure the equity performance of the top 500 companies in the United States. 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 US Low Carbon composite is a concentrated global equity strategy investing in high quality companies (typically 20-50 stocks), domiciled in the United States, 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 US 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 January 2017. Prior to May 29, 2018 the composite was named the US Low Carbon Composite.

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.

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Market Commentary

US stocks rose to record highs over the September quarter, to mark their eleventh gain in the past 12 quarters, after companies posted higher-than-expected earnings, the US economy expanded briskly, and the Federal Reserve reaffirmed that monetary policy would only be tightened gradually. Gains were capped when the US escalated its trade war with China and US bond yields rose on inflationary pressures.

Financial research and data company FactSet said that 80% of S&P 500 companies announced earnings per share for the second quarter that beat estimates – a 'beat rate' that is the highest since FactSet began tracking this measure in 2008.

In September, the Fed raised the US cash rate by a quarter point to between 2% and 2.25% and, as expected, signaled another five rate increases into 2020. The Fed made its eighth post-crisis rate increases on signs that the US economy was growing at close to capacity. Over the three months, reports showed the US economy completed nine years of consecutive growth (June 2009 to June 2018) when it expanded an annualised 4.2% in the June quarter, its fastest pace in four years. The US jobless rate stayed close to the 18-year low of 3.8% set in May and consumer confidence hit an 18-year high in September (as measured by the Conference Board). Gains were capped when the US and China tit-for-tat tariff enactments widened to about half their traded goods and 10-year US government bond yields rose 21 basis points over the three months to 3.06% on inflation concerns.

Strategy Commentary

The strategy recorded a positive return for quarter. The stocks that performed best included the investments in HCA Healthcare, Lowe's and Apple. HCA rallied after the US hospital chain reported higher-than-expected profits and revenue for the second quarter and raised guidance for the full year due to higher patient numbers and an increase in higher-paying procedures. Lowe's climbed after the retailer's new CEO told a conference of his plans to simplify the company's operations, lift store productivity, improve service levels and boost longer-term returns. Apple surged (to become the first US company with a market value in excess of US\$1 trillion) after the consumer-technology company recorded higher-than-expected earnings for the third quarter and boosted its sales forecast for the fourth quarter due to the high demand for iPhones and other services.

Stocks that lagged included the investments in Facebook, Kraft Heinz and eBay. Facebook slid after management said slower revenue growth and higher costs would reduce profit margins from about 45% to about 35%, the Instagram founders left and the company revealed that 50 million accounts had been hacked. Kraft Heinz fell after issuing lower earnings guidance for fiscal 2018 even though management indicated renewed focus on improving organic growth. Online auction site owner eBay dropped after the company trimmed its forecast for full-year revenue amid lower-than-expected growth in its Marketplace and StubHub (online ticket exchange) businesses and slower-than-expected progress in the company's 'structured data' initiative, which is an attempt to standardise data related to product display.