Magellan Global Equities

Distributed by Magellan Investment Partners

# Magellan Global Opportunities Fund - Active ETF

TICKER: OPPT | APIR: MGE1055AU | ARSN: 634 789 754

AS AT 30 JUNE 2026

**PORTFOLIO TEAM**

**ALAN PULLEN, PORTFOLIO MANAGER**

**RYAN JOYCE, CFA, DEPUTY PORTFOLIO MANAGER**

**INVESTMENT PHILOSOPHY**

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

**OBJECTIVE**

The Fund aims to outperform the MSCI World Net Total Return Index (AUD), after fees, over periods of three years or longer.

**PORTFOLIO CONSTRUCTION**

A portfolio of typically 20-40 investments which we believe can achieve sufficient diversification to ensure the Fund is not overly correlated to a single company, or to industry specific or macroeconomic risks. The Fund aims to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time.

Cash and cash equivalents exposure between 0 - 5%.

**INVESTMENT RISKS**

All investments carry risk, returns are not guaranteed and there is a risk that investors may lose money on any investment they make. The Fund's Product Disclosure Statement (PDS) sets out the significant risks relevant to the Fund. You can view the PDS at www.magellaninvestmentpartners.com

## MAGELLAN GLOBAL OPPORTUNITIES FUND – ACTIVE ETF: KEY PORTFOLIO INFORMATION

| TICKER | FUND SIZE | BUY/SELL SPREAD[1] | MANAGEMENT FEE[2] | INCEPTION DATE |
|---|---|---|---|---|
| OPPT | AUD $294.8 million | 0.10% / 0.10% | 0.75% p.a. | 11 October 2019 |

## FUND PERFORMANCE[3] - MAGELLAN GLOBAL OPPORTUNITIES FUND - ACTIVE ETF

| | 1 Month (%) | 3 Months (%) | Since strategy change (%)^ | 1 Year (%) | 3 Years (% p.a.) | 5 Years (% p.a.) | Since Inception (% p.a.) |
|---|---|---|---|---|---|---|---|
| Magellan Global Opportunities Fund (ASX: OPPT)* | 0.8 | 4.4 | -4.8 | -6.9 | 9.8 | 4.6 | 6.5 |
| Benchmark[4] | 3.1 | 12.5 | 9.9 | 14.8 | 17.7 | 13.3 | 14.1 |
| Excess | -2.3 | -8.1 | -14.7 | -21.7 | -7.9 | -8.7 | -7.6 |

Past performance is not a reliable indicator of future performance.

^ The Magellan Global Opportunities Fund - Active ETF changed its investment strategy from the Magellan High Conviction strategy on 15 September 2025. Performance prior to this date relates to the former investment strategy.

## STRATEGY PERFORMANCE[3] - MAGELLAN GLOBAL OPPORTUNITIES REPRESENTATIVE ACCOUNT - FOR INFORMATION ONLY

The performance of the Magellan Global Opportunities Fund No.1 is presented in the table below as a representative account to provide a longer-term view of the Fund's current investment strategy and is not the performance of the Magellan Global Opportunities Fund - Active ETF.

| | 1 Month (%) | 3 Months (%) | 1 Year (%) | 3 Years (% p.a.) | Since Inception (% p.a.) |
|---|---|---|---|---|---|
| Magellan Global Opportunities Fund No.1 | 0.7 | 4.3 | -3.1 | 14.0 | 10.0 |
| Benchmark[4] | 3.1 | 12.5 | 14.8 | 17.7 | 12.2 |
| Excess | -2.4 | -8.2 | -17.9 | -3.7 | -2.2 |

Past performance is not a reliable indicator of future performance. The inception date of the Magellan Global Opportunities Fund No.1 is 1 January 2022. All fees are inclusive of the net effect of GST. Effective 1 July 2024, the management fee was reduced from 1.05% p.a. to 0.75% p.a. and the performance fee changed from '12.5% of the excess return of the Fund above the "Absolute Return" hurdle of 10% p.a.' to '10% of the excess return of the Fund above the MSCI World Net Total Return Index (AUD)'. Effective 15 September 2025 the performance fee was removed.

* The Fund transitioned from a closed-ended Listed Investment Trust to an open-ended Active ETF on 31 August 2021.Return calculations prior to that date are based on NAV price assuming distributions are reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). With effect from 15 September 2025 the Fund changed its name from the Magellan High Conviction Trust (ASX: MHHT) to reflect the change in investment strategy from the Magellan High Conviction strategy to the Magellan Global Opportunities strategy.

[1] Only applicable to investors applying for units and withdrawing units directly with the Responsible Entity. Investors who buy or sell Units on the Securities Exchange will instead be subject to a different, market-set price.

[2] Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST. Effective 15 September 2025 the management fee was reduced from 1.50% to 0.75% and the performance fee was removed. Until 14 August 2025, the Fund's performance fee was 10% of the excess return of the Fund above the Absolute Return Performance Hurdle of 10% per annum, and were subject to a high water mark. From 15 August 2025 to 14 September 2025, the performance fee for the Fund was waived.

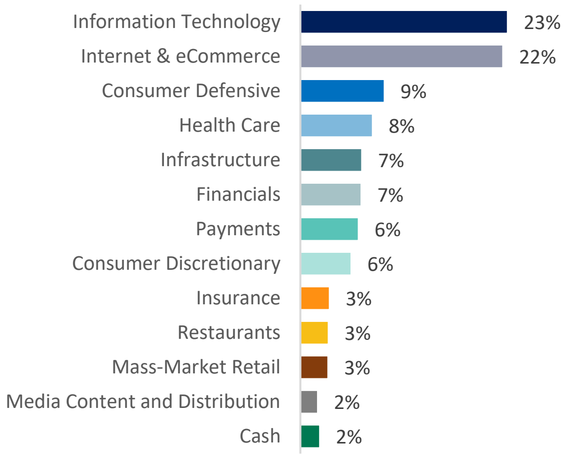
[3] Calculations are based on exit price assuming distributions are reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable).

[4] MSCI World Net Total Return Index (AUD). 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/.

## TOP 10 HOLDINGS

| STOCK | SECTOR[5] | % |
|---|---|---|
| Microsoft | Information Technology | 8.1 |
| Taiwan Semiconductor | Information Technology | 8.1 |
| Amazon.com | Internet & eCommerce | 7.0 |
| Mastercard | Payments | 6.3 |
| Alphabet | Internet & eCommerce | 6.3 |
| Meta Platforms | Internet & eCommerce | 4.8 |
| SAP | Information Technology | 4.4 |
| Nestlé | Consumer Defensive | 4.1 |
| Netflix | Internet & eCommerce | 3.9 |
| S&P Global | Financials | 3.9 |
| | TOTAL: | 56.9 |

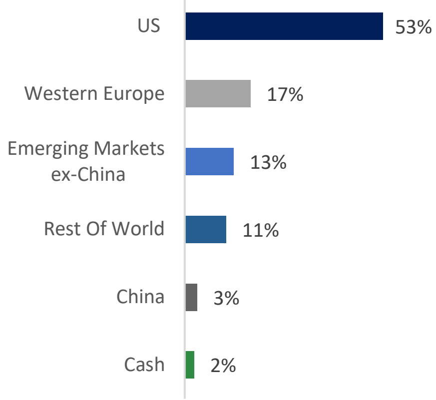
## SECTOR EXPOSURE BY SOURCE OF REVENUE[5]




## TOP CONTRIBUTORS/DETRACTORS 1 YEAR[6]

| TOP 3 CONTRIBUTORS | CONTRIBUTION TO RETURN (%) |
|---|---|
| Taiwan Semiconductor | 4.3 |
| Alphabet | 1.5 |
| ASML | 0.8 |
| **TOP 3 DETRACTORS** | **CONTRIBUTION TO RETURN (%)** |
| SAP | -2.5 |
| Microsoft | -2.5 |
| Chipotle Mexican Grill | -1.7 |

## GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE[5]




[5] 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.
[6] Shows how much the stock has contributed to the fund's gross return for the period in AUD. Excludes non-disclosed positions established in the latest quarter.

## Market Commentary

Global share prices, as measured by the MSCI World Index, rose sharply in the June quarter of 2026, rising by 13.8% in USD terms. Further appreciation of the AUD (+1.2% against the USD) trimmed the gain modestly for domestic investors, leaving the index up 12.5% in AUD. The quarter marked a reversal of the stagflationary narrative that dominated in March. As the US–Iran conflict de-escalated and the threat to shipping through the Strait of Hormuz receded, energy prices fell sharply, with WTI crude declining 31.4%. The real market action for the quarter was in chip stocks and other perceived data centre expansion beneficiaries, with price moves in the more speculative corners of the market extreme. The Philadelphia Semiconductor Index (SOX) surged around 88% over the quarter, its largest quarterly gain on record, surpassing those of the dot-com bubble era. This was led by memory and storage names on expectations of continued shortages. The likes of Micron (+242%), Intel (+216%), Marvell Technology (+201%) and AMD (+186%) all posted extraordinary moves. Notably, these moves were driven as much by momentum-chasing as by fundamental repricing and left valuations stretched heading into the second half. The rally in semiconductor stocks resulted in returns for the quarter being dominated by the Information Technology sector (+33.8%), followed by Industrials (+12.7%), Financials (+12.3%) and Consumer Discretionary (+9.1%). The previous quarter's defensive and inflation-protected winners lagged, with Energy (-13.1%) the weakest sector as oil collapsed, while Utilities (+0.4%), Materials (+1.8%) and Consumer Staples (+2.0%) all trailed.

Across regional markets, performance reflected exposure to the two reversing forces of the period: the technology rebound and the energy retreat. Japan's Nikkei 225 was the standout, surging 37.3% as relief on imported energy costs reinforced domestic reflation. Emerging markets (+24.1% in USD) also rallied strongly. The tech-heavy US led the developed markets, with the Nasdaq gaining 21.5% and the S&P 500 15.1%. Europe's STOXX 600 (+11.4%) and Germany's DAX (+10.2%) posted solid gains, while China's CSI 300 rose 12.7% on continued policy support. Australia's S&P/ASX 200 Accumulation Index was the notable laggard, up just 4.0%, held back by its heavy weighting to resources and defensives and limited exposure to the technology names driving the global rally.

The macro backdrop improved over the quarter, but not without complications. Falling oil prices on the back of progress on a US–Iran deal took much of the heat out of the inflation scare that defined March and shifted the mood from stagflation fears towards a more manageable slowdown. That said, the all-clear was far from clean: some energy costs, notably gas, remained elevated, and the durability of the peace deal is not assured. More importantly for investors, economic activity proved resilient: the US, Europe, Australia and China all delivered steady-to-firmer data while inflation stayed sticky. The upshot was a hawkish shift in interest-rate expectations: markets moved to price rate hikes rather than cuts in both the US and Australia, a notable reversal from earlier in the year, and government bond yields rose in the US as growth and inflation surprised on the upside. For markets, the quarter was ultimately a story of relief that the worst-case energy shock was avoided, tempered by the recognition that resilient growth and persistent inflation keep central banks cautious.

## Portfolio Commentary

The portfolio delivered a positive return for the quarter but significantly underperformed the benchmark that is increasingly driven by bubble-like conditions in semiconductors and other perceived data centre supply chain beneficiaries. Bubbles can unwind rapidly, and we remained disciplined around portfolio construction aiming to reduce the risk of permanent capital loss and build long-term wealth.

The largest contributors to the portfolio's performance over the quarter were TSMC, UnitedHealth Group and Adidas. TSMC is a beneficiary of both AI chip investment and the data centre expansion cycle. In response to strong AI chip demand, TSMC raised its 5-year revenue growth CAGR by 5 points to 25% pa. While the growth will be supported by a large step up in FY26 capex (benefiting semi cap vendors like ASML), TSMC also raised its long-term gross margin guidance, signalling confidence in its ability to drive productivity, cost efficiencies and pricing power. UnitedHealth recovered from depressed levels due to a strong 1Q result with the medical care ratio improving to 83.9% (from 84.8% a year earlier), prompting management to raise FY26 adjusted EPS guidance. The result reflected a prioritisation of margin recovery over membership growth, including trimming Medicare Advantage membership and restoring operational discipline at Optum Health. Softer industry-wide medical cost and utilisation trends and a larger-than-proposed 2027 Medicare Advantage rate increase further supported sentiment. Adidas delivered a strong 1Q earnings result at the end of April that demonstrated broad-based brand momentum across sports performance and lifestyle products, continuing market share gains and margin expansion. Strong execution of brand and marketing initiatives throughout the 2Q26 FIFA World Cup has further increased market confidence in near-term sales results, cash generation and brand momentum.

Key detractors included Intuit, Netflix and Intercontinental Exchange (ICE). Intuit performed poorly on a combination of i) broad market concerns regarding the disruption of incumbent software providers, and ii) specific concerns related to its tax business where competition at the low end led to a small miss against guidance. We continue to view Intuit's SMB platform in QuickBooks as resilient to AI disruption and more than underpinning Intuit's current market valuation. Concerns about its tax business are more warranted, with consumer price sensitivity this tax season highlighting the impact a disruptive AI offering could have. That said, Intuit's tax business is increasingly driven by more complicated tax offerings that should be more resilient. Netflix has given up a lot of the gains following its rally after walking away from its bid for Warner Bros Discovery. This was driven by a combination of a more positive macro outlook and higher interest rates (Netflix is viewed as defensive) and limited near-term engagement growth in the US. We view the latter as largely a short-term issue driven by a strong sporting calendar and growth in engagement of short video due to improvements in algorithms. We continue to view Netflix as well-placed to maintain its position as the dominant streaming platform for professional content and grow profits strongly over the medium term. ICE was affected by a combination of i) broad concerns about the disruption of software by AI that applies to a small part of its business, ii) a decline in exchange energy volumes as the US and Iran reached a ceasefire, iii) US approval of perpetual futures for bitcoins and a stated willingness to consider additional asset classes and iv) a more resilient macro outlook and associated higher rates, which affects valuation and volumes in its mortgage business. We consider these concerns misplaced in aggregate and ICE as well-positioned to grow earnings at a healthy rate over time. With respect to perpetual futures and prediction markets, we consider the risks to ICE to be very low given limited exposure to retail trading and equities.

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

## Outlook and Portfolio Manager view

We are entering a dangerous period for markets. Over the past year or so the great promise of AI has morphed from being sensibly priced into markets based on fundamental opportunities and threats to a speculative bubble, driven by easy gains, price momentum and fear of missing out (FOMO). Exuberance in the genuine benefits of AI has moved from rational to irrational as initial gains have driven increased retail participation and passive flows, often into leveraged, short-term "bets". This has resulted in remarkable moves in a relatively narrow group of semiconductor companies and other perceived beneficiaries of data centre expansion, which assumes current elevated profitability will not only be sustained at record levels but continue to expand. All other fundamentals, from geopolitical turmoil and elevated inflation to growing government debt levels, have been largely proven irrelevant to market performance, such has become the dominance of the AI thematic.

Manias of this kind can persist longer than valuation alone would suggest, and we make no attempt to call their timing, but history is consistent on the outcome for those who buy into crowded, richly priced leadership late in its run. We would rather forgo the final stretch of a move we cannot underwrite than expose capital to permanent loss when sentiment turns. Our discipline here is deliberate, and it is unchanged: we regard the companies we own as high-quality businesses with durable earnings growth, and we insist on paying sensibly for them.

The good news is the narrowness of the market's leaders has left many companies neglected, and quality franchises outside the favoured themes are now available at valuations that imply expected returns among the most attractive we have seen since the post-Covid period. This is the opportunity we are focused on. Mindful of a backdrop of resilient activity and still-elevated inflation, we are using the market's preoccupation with a single theme to add selectively to businesses where we anticipate strong long-term compounding in earnings, cash flows and value – companies whose worth is undiminished even as attention is directed elsewhere.

## Stock Story: Meta

(Ryan Joyce - Deputy Portfolio Manager)

Founded in 2004 as Facebook, Meta Platforms has grown into one of the most widely used communication and media networks in history. Its Family of Apps – Facebook, Instagram, WhatsApp and Threads – now reaches more than 3.5 billion people every day, an audience without real precedent in scale or daily engagement. Alongside Alphabet, Meta sits at the centre of the global digital advertising market, the destination where a meaningful share of the world's attention, and therefore advertising budgets, is spent.

While durable economic moats are rare in consumer technology, where platforms can rise and fall quickly, we believe Meta's are unusually deep. Powerful network effects make its apps more valuable to each user as more people join; an enormous base of first-party engagement data allows it to match advertisers to audiences with a precision few rivals can replicate; and the sheer scale of its infrastructure and ad system creates cost and capability advantages that are difficult to challenge. Importantly, Meta reinvests heavily to defend and extend these advantages and has repeatedly shown an ability to adapt its products as consumer behaviour shifts, most recently in the pivot to short-form video.

What attracts us today is that artificial intelligence, widely feared as a disruptive threat across the technology sector, is already delivering tangible returns inside Meta's core business. Over recent years the company has rebuilt its recommendation and ranking systems around increasingly sophisticated AI models. The effect is visible across the platform: better algorithms have lifted engagement, with time spent and video watch time rising across both Facebook and Instagram; more dynamic approaches to ad delivery have increased ad load and impressions per hour of engagement; and improved targeting, together with lower content-creation costs for advertisers, has allowed for higher ad prices without eroding the returns advertisers earn. The result has been a re-acceleration of revenue growth into the mid-to-high twenties. Critically, this was achieved with comparatively modest incremental spend, which is to say it was the cheap part. The benefits continue to compound as the models improve.

This cash generation, combined with the natural operating leverage of the platform, is being reinvested into a second and altogether more ambitious set of AI initiatives – the expensive part. Here, Meta is spending heavily to build frontier models through Meta Superintelligence Labs and the recently released Muse family. The market largely treats this as an ongoing cost, but we see it as a portfolio of very cheap options, which together could materially expand Meta's addressable market or lower its cost base. A frontier model is valuable internally and is also licensable to third parties, opening a route to API revenue of the kind earned by OpenAI and Anthropic. Personal and business agents could embed

Meta's apps even more deeply into users' daily lives (a phrase that should perhaps come with a warning label) while creating fresh monetisation paths, from commission structures to premium, high-compute tiers for those who want the AI to try harder. Non-advertising services for the creators and businesses already on the platform, early signs of which include the rapid scaling of business AIs, offer a way to diversify revenue away from advertising. And in hardware, Meta's AI glasses are emerging as a best-in-class platform, with the number of daily users tripling year-on-year, an encouraging early signal of consumer adoption.

Every enduring investment case has its area of debate, and for Meta it is the scale, and occasional exuberance, of this investment. Capital expenditure guidance continues to rise, and the absolute numbers are large. However, at roughly 17 times forward earnings for a category-dominant business growing revenue above 20%, the market appears to be capitalising these AI investments into perpetuity as pure cost, while extending Meta no credit at all for the revenue or profit they might ultimately produce. We do not think that is a coherent medium-term position, particularly given Mark Zuckerberg's track record. He has proven willing to invest aggressively where it is necessary to protect the franchise or where the return potential is real; however, as the "year of efficiency" demonstrated, he has also shown himself to be highly rational, even ruthlessly focused on growing the value of the business, and quick to retrench when spending fails to earn its keep.

We therefore see an unusually attractive asymmetry. Either these investments generate a meaningful return (and Meta's vast, deeply engaged user base is about as natural a distribution advantage as exists in technology) or management pulls back on them, as it has before. If we strip out the non-core AI investment, we estimate Meta could be earning operating margins close to 50%, against the roughly 35% expected in 2026. On that basis the shares trade closer to 12 times forward earnings, which we regard as very good value for a business of this quality, scale and durability.

We remain conscious of the risks. The most serious is the potential for significant legal liability arising from the platform's impact on adolescent mental health, an area of ongoing litigation and regulatory scrutiny. We are also alert to the possibility of regulation that fundamentally degrades the appeal of Meta's services to adult users, and to the risk that management remains committed to heavy near-term AI spending in a sharply deteriorating economic environment, which would pressure returns at precisely the wrong time.

On balance, however, we believe Meta represents a compelling long-term opportunity: a category-dominant advertising franchise, demonstrably able to convert AI into profit within its core business, available at a price that asks us to pay for almost none of the optionality that its investment is creating. That combination of proven quality, durable competitive advantages and an undemanding valuation supports its place as a high-quality, long-duration holding within a global equity portfolio.

## IMPORTANT INFORMATION

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A copy of the PDS and TMD relating to the relevant Magellan financial product may be obtained by calling +61 2 9235 4888 or by visiting www.magellaninvestmentpartners.com.

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