

# MFG Global Opportunities (USD)

AS AT 30 SEPTEMBER 2025

## PORTFOLIO MANAGER

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### 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 outperform the MSCI World Net Total Return Index net of fees over periods of three years or longer.

### PORTFOLIO CONSTRUCTION

A portfolio of 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 portfolio 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%.

## MAGELLAN GLOBAL OPPORTUNITIES (USD)

STRATEGY SIZE	TOTAL GLOBAL EQUITY ASSETS <sup>1</sup>	INCEPTION DATE
USD \$1,811.0 million	USD \$8,129.4 million	1 January 2022

### USD PERFORMANCE<sup>2</sup>

	3 Months (%)	1 Year (%)	3 Year (% p.a.)	Since Inception (% p.a.)	OUTPERFORMANCE CONSISTENCY*
Composite (Gross)	5.0	21.6	31.4	14.0	100.0%
Composite (Net)	4.8	20.7	30.4	13.1	100.0%
MSCI World NTR Index (USD)*	7.3	17.2	23.7	9.7	-
Excess (Gross)	-2.3	4.4	7.7	4.3	-

CALENDAR YEAR RETURNS	CYTD (%)	2024 (%)	2023 (%)	2022 (%)
Composite (Gross)	21.6	23.5	39.7	-22.2
Composite (Net)	20.9	22.5	38.6	-22.8
Benchmark*	17.4	18.7	23.8	-18.1
Excess (Gross)	4.2	4.8	15.9	-4.1

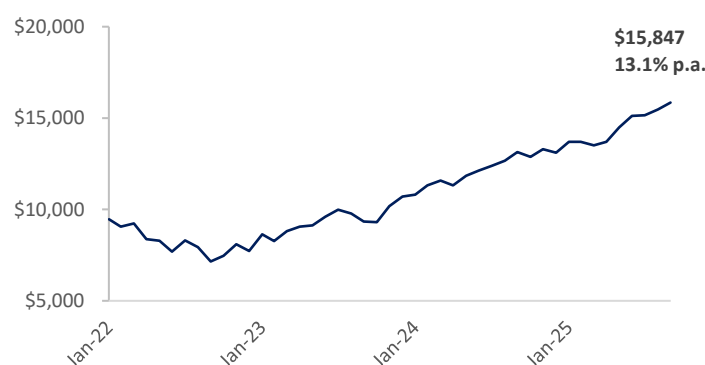
Past performance does not predict future returns.

### STRATEGY FUNDAMENTALS<sup>3,4</sup>

Number of Holdings	27
Return on Equity (%)	36
P/E Ratio (1 year forward)	24
Interest Cover	17
EPS Growth (%) (next 3 years)	13
Weighted Average Market Cap (USD million)	896,767
Carbon Intensity (CO <sub>2</sub> t/US\$1m revenue) <sup>#</sup>	32

<sup>#</sup>The carbon intensity score is calculated using MSCI data. In a limited number of circumstances, where data is not available or Magellan deems it appropriate, manual adjustments are made to the MSCI carbon intensity.

### PERFORMANCE CHART GROWTH OF USD \$10,000 (NET)<sup>2</sup>



Past performance is not a reliable indicator of future performance.

<sup>1</sup>Comprised of all Global Equity strategies.

<sup>2</sup>Returns are for the Global Opportunities Composite ("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. Strategy inception is 1 January 2022. 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.

<sup>3</sup>The data is based on a representative portfolio for the Global Opportunities Strategy. Refer to the Glossary for further information on representative portfolio use.

<sup>4</sup>Please refer to the Glossary for definitions.

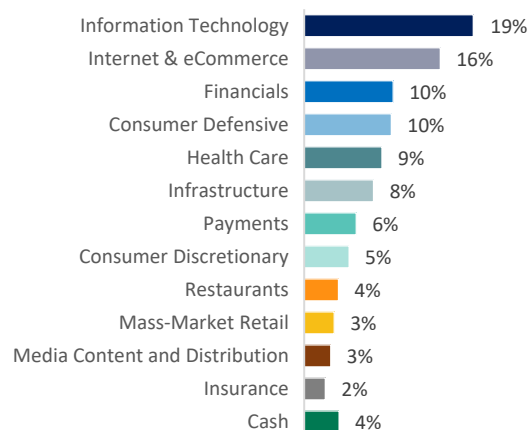
\* Outperformance consistency indicates the percentage of positive excess returns against the benchmark (MSCI World NTR USD Index) for rolling 3 year returns since inception. MSCI World Net Total Return Index (USD).

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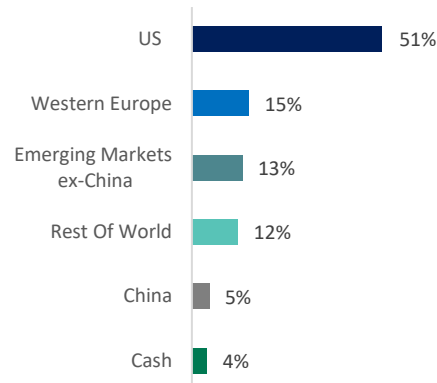
## TOP 10 HOLDINGS<sup>5</sup>

STOCK	SECTOR <sup>5</sup>	%
Microsoft	Information Technology	8.0
Amazon.com	Internet & eCommerce	7.4
Mastercard	Payments	6.0
Taiwan Semiconductor	Information Technology	4.8
Nestlé	Consumer Defensive	4.7
SAP	Information Technology	4.1
Eversource Energy	Infrastructure	4.0
Yum! Brands	Restaurants	3.9
American Tower	Infrastructure	3.9
Meta Platforms	Internet & eCommerce	3.9
<b>TOTAL:</b>		<b>50.7</b>

## SECTOR EXPOSURE BY SOURCE OF REVENUE<sup>5</sup>



## GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE<sup>5</sup>



## CONTRIBUTION HIGHLIGHTS<sup>4,6</sup>

### 1 YEAR

TOP 5	CONTRIBUTION (%)
Taiwan Semiconductor	2.5
Microsoft	1.9
Netflix	1.8
Alphabet	1.6
Meta Platforms	1.6
BOTTOM 5	CONTRIBUTION (%)
UnitedHealth	-1.3
Diageo	-0.7
American Tower	-0.4
Zimmer Biomet	-0.3
Nestlé	0.04

### 3 YEARS

TOP 5	CONTRIBUTION (%)
Meta Platforms	13.6
Microsoft	10.5
Alphabet	9.0
Netflix	8.4
Taiwan Semiconductor	7.6
BOTTOM 5	CONTRIBUTION (%)
Diageo	-1.1
PayPal	-1.0
UnitedHealth	-0.4
Crown Castle	-0.3
Zimmer Biomet	-0.2

### SINCE INCEPTION

TOP 5	CONTRIBUTION (%)
Meta Platforms	8.0
Taiwan Semiconductor	6.5
Microsoft	5.8
Booking	5.5
Amazon.com	4.3
BOTTOM 5	CONTRIBUTION (%)
Crown Castle	-2.1
Starbucks	-1.5
PayPal	-1.4
Diageo	-1.1
Nestlé	-1.0

## SUPPLEMENTARY STATISTICAL MEASURES<sup>4,7</sup>

	3 Years	Since Inception
Turnover	37.7%	31.8%
Beta	0.9	1.0
Tracking Error (% p.a.)	5.0%	4.8%
Standard Deviation - Strategy	12.9%	16.4%
Information Ratio	1.3	0.7

<sup>5</sup> The data is based on a representative portfolio for the Global Opportunities 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. Exposures may not sum to 100% due to rounding. Refer to the Glossary for further information on representative portfolio use.

<sup>6</sup> The contribution highlight table is actual performance data of a representative portfolio within the Global Opportunities Composite. Contributions are denoted in USD and are cumulative for each period. Refer to the Glossary for further information on representative portfolio use. The securities identified above do not represent all the securities purchased, sold or recommended for Magellan Investment Partners clients in connection with the Global Opportunities Strategy. The Global Opportunities Strategy's total returns are available on request.

<sup>7</sup> Supplementary Statistical Measures are calculated after fees in USD against the MSCI World NTR USD Index.

## GLOSSARY

**Beta** A measure of the composite's sensitivity to market movements, with the market defined as the MSCI World NTR USD Index. The beta of the market is 1.00 by definition. A beta greater than 1.00 suggests the composite is more volatile than the market, a beta less than 1.00 indicates the composite has lower volatility than the market and a beta of 1.00 suggests the composite has the same level of volatility as the market.

**Carbon Intensity** A measure of the metric tonnes of CO2 released per \$1mil USD revenue of a company. Calculated as a weighted average of all stocks in the representative portfolio.

**Contribution** The contribution values at the security level comprise the sum of each security's daily contribution to the return of the total portfolio multiplied by total portfolio growth over the remainder of the prescribed period (i.e. 1 year, 5 years and 10 years). The daily contribution is the movement in the security price multiplied by the security weight in the portfolio.

**Debt/Equity Ratio** A measure of a company's financial leverage calculated by dividing its net debt by stockholders' equity. Calculated as a weighted average of all stocks in the representative portfolio.

**Information Ratio** Is a risk-adjusted return measure that calculates the composite return above the benchmark (MSCI World NTR USD Index), relative to the volatility of those returns. Measured by excess return over the tracking error.

**Interest Cover** Current year earnings before interest and tax divided by net interest expense – a measure of ability to service debt. Calculated as a weighted average of all stocks in the representative portfolio.

**P/E Ratio (1 year rolling forward)** The share price divided by a forecast of earnings per share in one year. Calculated as a weighted average of all stocks in the representative portfolio.

**Representative Portfolio** 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.

**Return on Equity** A measure of a company's profitability that takes a company's annual net income divided by the book value of its shareholder equity. Calculated as a weighted average of all stocks in the representative portfolio.

**Standard Deviation** measures how widely individual performance returns, within the composite, are dispersed from the average or mean value.

**Turnover** A measure of the representative portfolio's trading activity, which is calculated by taking the lesser of purchases or sales and dividing by the average net assets of the measurement period.

**Tracking Error** Calculated as the standard deviation of the difference between the return of the composite and its benchmark (MSCI World NTR USD Index) and used as a measure of relative consistency of performance to the benchmark.

**Weighted average market cap (USD Million)** The average market capitalisation of all companies in the representative portfolio, with each company weighted according to its percent held.

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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.

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The Global Opportunities composite is a concentrated global equity strategy investing in high quality companies (typically 20-40 stocks). 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 Opportunities strategy are to earn superior risk adjusted returns through the business cycle. The composite name changed from Global Unconstrained to Global Opportunities June 2024. The composite was created in February 2022.

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@magellanfinancialgroup.com](mailto:client.reporting@magellanfinancialgroup.com).

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USD is the currency used to calculate performance.

GLOBALOPPORTUNITIESUSD45930

## Market Commentary

Global equities gained 7.3% in the September quarter as measured by the MSCI World Index in USD. The start of the quarter was marked by the passage of the 'One Big Beautiful Bill Act' and progress on trade policy as the EU, Japan and South Korea all came closer to trade deals with the US. Subsequently, the US Supreme Court challenged the legality of President Trump's IEEPA-based tariffs with a hearing on the matter to begin late this year. We expect the legal challenge to be successful but do not expect that outcome to materially change the course of US trade policy. The Federal Reserve also shifted from maintaining a restrictive monetary policy to ease towards a more neutral stance, prompted by weakening US jobs data. Over the quarter, 10-year US Treasury yields declined by 8 bps. The quarter was bookended by the shutdown of the US government after lawmakers failed to agree on a funding Bill. Market response to the shutdown was limited. Overall, relatively lower uncertainty, expectations of policy easing, and further positive AI-related news flow led to outperformance in growth and cyclical parts of the market. The Tech sector led (+12.4%), followed by the Communication Services (+10.9%), Materials (+9.0%) and Consumer Discretionary (+8.6%) sectors. Relatively, 'defensive' sectors like Consumer Staples (-1.7%) and Healthcare (+3.2%) sectors underperformed.

China's CSI 300 Index was the standout performer in the September quarter, rallying 19% driven by AI-related tech companies and supported by the central government's anti-involution drive. Japan's Nikkei 225 Index also rose 11.6% in the quarter, supported by progress on the US-Japan trade deal. Similarly, rallies in tech-related companies benefited the Nasdaq Composite, which grew by 11.4%. The S&P 500 Index rose by 8% in the quarter. The Australian S&P/ASX 200 (+4.7%) and STOXX Europe 600 (+3.5%) both lagged US markets in the quarter.

Over the September quarter, there was a notable slowing in the US jobs market. Monthly job creation was weak with the high level of uncertainty paralysing business decisions to hire. Curiously, the unemployment rate remained at 4.3% towards the end of the quarter. Despite softness in the US jobs market, the overall US economy remained resilient. US Q2 GDP came in at 3.8%, having been progressively revised up since its initial release. Other indicators were mixed as the ISM manufacturing index edged towards growth territory, but consumer confidence remained poor. Encouragingly, this also meant inflation and inflationary expectations should remain contained, opening the path for further US monetary policy easing back to neutral.

## Strategy Commentary

The strategy delivered a solid return for the quarter, albeit lagging the benchmark as more speculative companies performed strongly in the risk-on environment. Key positive contributors included Alphabet, TSMC and Reckitt Benckiser. Alphabet has performed strongly since the US District Court ruling on the Department of Justice's anti-trust case. The judge ruled that Alphabet did not need to divest any parts of their business and allowed payments to partners for search distribution to continue, although they would be required to share some data with competitors and customers. This meant that the search business model could continue to operate largely unchanged, thereby removing a significant headwind on the stock. Semiconductor demand sentiment was lifted by the announcements of several OpenAI partnerships with Oracle, Nvidia and Broadcom. These were positive developments in their potential to drive incremental demand for AI-related chips and manufacturing capacity; however, we remain focused on the end-market demand dynamics that will be necessary to support these capacity plans, particularly given the single-customer concentration (OpenAI). Reckitt Benckiser outperformed on better-than-expected 2Q25 results. Outlook improved with the full-year like-for-like guidance upgraded and like-for-like sales performance broadening, particularly in Emerging Markets. Margin performance was also ahead of expectations. Additionally, the company had found a buyer for Essential Home, removing a negative for the stock.

Key detractors included American Tower, SAP and Universal Music Group (UMG). US telecommunications infrastructure company American Tower was affected by news that US telco AT&T and SpaceX bought spectrum rights from EchoStar. This suggests that the fourth mobile network being built by DISH (a subsidiary of EchoStar) will eventually be decommissioned. DISH represents ~2% of global revenues, suggesting limited near-term impact however these revenues will dissipate in time. Choppy 10-year US bond yields, reflecting concerns on US fiscal settings and Fed independence, were a headwind for the company. Enterprise software vendors such as SAP have sold off on market concerns about AI software disruption. We consider some concerns valid but the impact will vary by category and vendor. Enterprise resource planning (ERP) is the most difficult software category to disrupt in our view, and SAP is the best-placed vendor in this category, while benefiting from cloud adoption tailwinds. UMG underperformed on underwhelming H1 results with softer-than-expected margins and poor free cash flow conversion. We remain confident in our multi-year view of strong profit growth supported by industry price increases.

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

## Outlook

Renewed enthusiasm in the AI trade has driven markets to fresh highs. The underlying rationale for the most recent rally appears increasingly driven by more speculative elements, including large, long-dated deals for chips and data centre capacity announced by OpenAI with Nvidia, Broadcom, Oracle and AMD (the latter announced post quarter-end). These deals are somewhat circular in nature and are heavily dependent on OpenAI growing and monetising its user base given its limited current revenue. While we are positive on the potential for GenAI over the long term, considerable uncertainty remains on the pace and degree of monetisation, resulting in increasing risks to the market.

Notwithstanding these concerns, we continue to expect US economic activity to remain reasonable in the near term, aided by interest rate cuts. Risks associated with the softening labour market, inflation, and government deficits and elevated debt levels introduce a downward bias to the range of future outcomes, albeit our base case remains constructive. Nonetheless, with Global equity markets at record levels and valuations full, we view risks as not sufficiently discounted in equity valuations and maintain a cautious stance while noting opportunities at the individual stock level are present and will be acted upon. We believe the high-quality companies that comprise the portfolio remain well-placed to deliver strong earnings and shareholder returns over the long term.

## Stock Story: Adidas

(Emma Henderson - Investment Analyst)



Founded in 1949 in Herzogenaurach, Germany, Adidas was the vision of Adolf "Adi" Dassler, who split from his brother Rudolf (the founder of Puma) to create what would become one of the world's most enduring sports brands. Registered under the now-iconic three stripes trademark, Adidas quickly rose to prominence when West German footballers wore its innovative boots to victory in the 1954 FIFA World Cup, a defining moment that cemented its reputation for high-performance sportswear on the global stage.

In the decades since, Adidas has expanded far beyond football boots, entering running, basketball and training categories. Along the way, it has pioneered innovations such as screw-in studs and various cushioning and ultra-lightweight footwear and clothing materials. The brand's visibility at the Olympic Games, World Cups and global running events has deepened its association with sporting excellence. In more recent decades, the blending of sports and lifestyle has broadened the company's addressable market as athletic apparel and footwear have become everyday wear. Adidas was pivotal to the history of "athleisure" wear, introducing the tracksuit to non-athletes all the way back in the 1970s.

Today, Adidas is the world's #2 player in athletic footwear and apparel, behind category leader Nike. Despite multiple new entrants across different sporting verticals and niches, these brands continue to dominate sportswear on the global stage and generate annual revenues 5x and 3x larger than the third-largest brand, Puma. While strong economic moats can be difficult to find in competitive consumer categories such as apparel and footwear, we continue to believe the brand equity, marketing reach, R&D capabilities and global distribution networks of the world's two leading sportswear brands provide meaningful and durable advantages.

Importantly, Adidas consistently reinvests to defend these competitive advantages, including an annual marketing budget of around €3 billion – or roughly 12% of net sales. These funds support high-profile partnerships with athletes like Lionel Messi and Patrick Mahomes, sporting teams like Real Madrid and Manchester United, and sporting leagues and events like UEFA Champions League and the Paris Olympics, reinforcing brand visibility and consumer loyalty.

While Nike's dominance is strongest in North America and basketball, Adidas holds sway in the world's most popular sport, football, where its unrivalled presence at global events like the upcoming FIFA World Cup acts as a showcase for the brand. Adidas also benefits from an enviable vault of iconic product silhouettes that are now cross-generational staples blending sports and fashion. The brand's most recent global success story, the Adidas Originals Samba sneaker, has roots tracing back to the 1950s and was officially launched in its current form in 1972.

Execution is critical in the sportswear industry, where consumer tastes shift quickly. Over decades, Adidas has demonstrated resilience and adaptability through challenging periods. In the last five years alone, the company has navigated a global pandemic, geopolitical backlash in China, an exit from Russia and the winding down of its Yeezy collaboration. These external shocks compressed profitability and ultimately resulted in a CEO change. Under new leadership, the business has regained strong momentum across key markets.

From an investment perspective, periods of disruption like this, in categories where structural growth tailwinds and economic moat drivers remain intact, can present attractive investment opportunities. Earlier this year, consumer health and tariff fears drove material underperformance of the apparel and sportswear sector, creating an attractive entry point for Adidas in the Global Opportunities strategy.

While remaining conscious of broader industry risks – including consumer health, fashion cycles, geopolitics, social supply chain and environmental challenges – we believe Adidas represents a compelling long-term opportunity: a brand with deep heritage, durable competitive advantages, and the ability to continue turning global sports tailwinds into sustainable growth.