



INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED): ARSN 612 467 580

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MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Chairman's Report

for the half year ended 31 December 2018

Dear Unitholders,

We are pleased to present the half year financial report for Magellan Infrastructure Fund (Currency Hedged) (Managed Fund) ("the Fund"). The Fund is a managed investment scheme for which Magellan Asset Management Limited ("Magellan") acts as both Responsible Entity and Investment Manager.

The Fund is quoted on the ASX (code: MICH) and commenced trading on 22 July 2016. As at 31 December 2018, the Fund had net assets of \$227 million and a net asset value of \$2.6695 per unit.

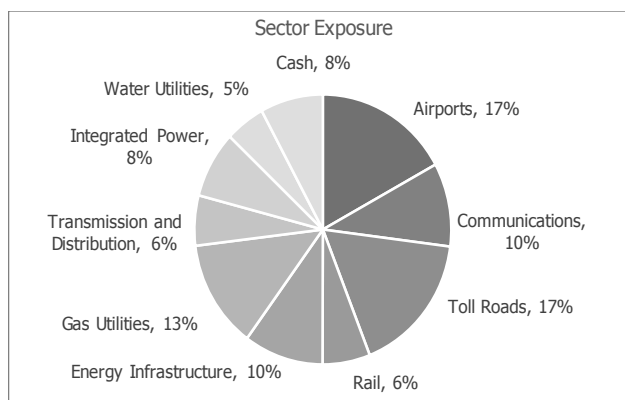
The Fund's portfolio is actively managed by Magellan and mirrors, to all intents and purposes the unlisted Magellan Infrastructure Fund. Magellan aims to achieve attractive risk-adjusted returns over the medium to long term for unitholders, while reducing the risk of permanent capital loss. To achieve this, the Fund invests in a portfolio of between 20 and 40 high-quality global equity stocks, as assessed by Magellan, whose primary business is the ownership and operation of infrastructure assets. The Fund has the ability to manage equity market risk by holding up to 20% of its net assets in cash. Currency exposure is substantially hedged back to Australian Dollars. For the six months to 31 December 2018, the Fund returned -2.1% net of fees. This compares with the S&P Global Infrastructure Index Hedged to AUD of -5.6% over the same period in what was a volatile market environment.

Magellan believes that infrastructure assets, with requisite earnings reliability and a linkage of earnings to inflation, offer an attractive, long-term investment proposition. Magellan has established a proprietary classification criteria to define infrastructure which seeks to identify outstanding companies that exhibit reliable demand and stable cash flow generation and importantly, excludes companies where Magellan has assessed their earnings to have material direct exposure to commodity prices, competitive pressure or sovereign risk. We believe applying a disciplined, clearly defined set of parameters to capture the desired characteristics of infrastructure provides a solid framework for generating attractive, stable returns over the long term.

We would encourage you to read our Investor Letters and monthly and quarterly Fund Reports which provide valuable insight into our investment strategies and portfolio managers' thoughts. These are released on ASX and can also be found on our website: www.magellangroup.com.au.

As at 31 December 2018, the Fund consisted of investments in 29 companies, with the top 10 investments (listed below) representing 50.6% of the Fund. The Fund's cash position was 8% which was predominantly held in Australian Dollars. The Fund's industry exposure by source of revenues is highlighted below.

Top 10 holdings (as at 31 December 2018)	% of Fund
Transurban Group	8.4
Atmos Energy	6.1
Crown Castle International	6.0
Enbridge	4.7
Sempra Energy	4.6
American Tower	4.4
Atlas Arteria	4.3
Eversource Energy	4.1
Aena SA	4.1
Aeroports De Paris	3.9
Top 10 Total	50.6



The following report contains relevant financial statements and information which we encourage you to read carefully.

Brett Cairns

Chairman

27 February 2019

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Responsible Entity's Report for the half year ended 31 December 2018

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946) ("MAM"), the Responsible Entity of Magellan Infrastructure Fund (Currency Hedged) ("the Fund" or "MICH") present their report on the Fund for the half year ended 31 December 2018.

1.0 Directors

The following persons were Directors of MAM during the half year and up to the date of this report:

Name	Directorship	Appointed
Brett Cairns	Chairman and Chief Executive Officer	22 January 2007
Hamish Douglass	Chief Investment Officer ^(A)	21 November 2006
Kirsten Morton	Chief Financial Officer	5 October 2018
John Eales	Non-Executive Director	1 July 2017
Robert Fraser	Non-Executive Director and Senior Independent Director	23 April 2014
Paul Lewis	Non-Executive Director	20 December 2006
Hamish McLennan	Non-Executive Director	1 March 2016
Karen Phin	Non-Executive Director	23 April 2014

^(A) On 5 October 2018, Mr Douglass resigned as a Director of MAM and was appointed Chairman of Magellan Financial Group ("MFG") the parent company of MAM. Prior to this, Mr Douglass was Chief Executive Officer of MFG. Mr Douglass remains Chief Investment Officer.

1.1 Principal Activity

The Fund is a registered managed investment scheme domiciled in Australia and quoted on the Australian Securities Exchange ("ASX") under the AQUA Rules (ticker code MICH). It was registered on 31 May 2016 and commenced trading on 22 July 2016.

The Fund invests in a portfolio of between 20 and 40 high quality global equity stocks that generate the dominant part of their earnings from the ownership of infrastructure assets. To achieve this MAM undertakes rigorous company research to identify what it assesses to be high quality companies combined with an assessment of the macroeconomic environment and a disciplined risk controlled approach to portfolio construction. The Fund can use foreign exchange contracts to facilitate settlement of stock purchases. It is the Responsible Entity's intention to substantially hedge the capital component of the foreign currency exposure of the Fund arising from investments in overseas markets back to Australian Dollars.

The Fund's investment objectives are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss, in accordance with its investment strategy (as detailed in the Product Disclosure Statement, issued 3 November 2018).

MAM, as Responsible Entity, is responsible for overseeing the operations of the Fund. As the Investment Manager, it is responsible for selecting and managing the assets of the Fund. In addition, the Responsible Entity, on behalf of the Fund, may also provide trading liquidity to investors on the ASX under the AQUA Rules by acting as a buyer and seller of units in the Fund. The Responsible Entity has appointed an independent market participant to act as its agent to execute its market making activities.

The Fund's principal place of business is Level 36, 19 Martin Place, Sydney, New South Wales 2000.

1.2 Significant Changes In State Of Affairs

There were no significant changes in the state of affairs of the Fund during the half year.

1.3 Distribution

On 27 December 2018, the Directors declared a distribution of 3.45 cents per unit (December 2017: 2.60 cents per unit), amounting to \$2,939,000 for the half year ended 31 December 2018 (December 2017: \$1,357,000). The distribution was paid on 15 January 2019.

A distribution of 5.00 cents per unit, amounting to \$3,241,000 for the year ended 30 June 2018 was paid on 30 July 2018.

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Responsible Entity's Report for the half year ended 31 December 2018

1.4 Review Of Financial Results And Operations

a) Financial Results For The Half Year

The performance of the Fund, as represented by the results of its operations for the relevant half year ended 31 December, was as follows:

	31 December 2018	31 December 2017
Results		
Total net investment income (\$'000)	(3,480)	6,281
Total expenses (\$'000)	1,362	1,057
Net Operating Profit/(Loss) (\$'000)	(4,842)	5,224
Net Asset Value ("NAV") Per Unit (\$) ^(A)	2.6695	2.7621

^(A) The NAV Per Unit represents the net assets of the Fund presented in the Statement Of Financial Position at reporting date divided by the number of units on issue at reporting date (refer Note 4 and Note 6 to the financial statements).

b) Total Indirect Cost Ratio ("ICR")

The ICR is the ratio of the Fund's actual management costs over the average portfolio value, expressed as a percentage. Management costs, accrued within the Fund's unit price on a daily basis, include management, administration and performance fees but do not include transactional and operational costs such as brokerage or foreign withholding tax.

	6 months to 31 December 2018	6 months to 31 December 2017	12 months to 31 December 2018	12 months to 31 December 2017
Indirect Cost Ratio				
Management fee (%)	0.53	0.53	1.05	1.05
Performance fee (%)	-	0.23	0.05	0.35
Total Indirect Cost Ratio (%)	0.53	0.76	1.10	1.40

c) Performance Returns

The performance returns for the six and 12 months ended 31 December shown in the table below have been calculated using the NAV per unit for the Fund, which is after fees and expenses, assuming reinvestment of distributions at NAV. The returns are calculated daily, compounded to produce longer period returns.

	6 months to 31 December 2018	6 months to 31 December 2017	12 months to 31 December 2018	12 months to 31 December 2017
Performance				
Growth return (%) ^(A)	(3.4)	4.1	(3.4)	14.3
Distribution return (%) ^(B)	1.3	1.0	3.0	3.2
Total Return (%)^(C)	(2.1)	5.1	(0.4)	17.5

^(A) The Growth return is calculated daily as a percentage by dividing the NAV per unit (ex-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Growth returns are then compounded to produce longer period returns.

^(B) The Distribution return is calculated as a percentage by subtracting the Growth return from the Total Return.

^(C) The Total Return is calculated daily as a percentage by dividing the NAV per unit (cum-distribution) by the previous day's NAV per unit (ex-distribution) minus 1; the daily Total Returns are then compounded to produce longer period returns.

Performance fees are calculated on six monthly calculation periods ending on 30 June and 31 December of each year. The Responsible Entity's entitlement to a performance fee is dependent on the Fund exceeding both index relative and absolute return hurdles over a given calculation period, as well as exceeding the applicable high watermark and an overall cap. Performance fees crystallise at the end of a calculation period. Further details of the performance fees can be found in the Fund's Product Disclosure Statement which is available at www.magellangroup.com.au.

Responsible Entity's Report for the half year ended 31 December 2018

1.4 Review Of Financial Results And Operations (continued)

d) Strategy And Future Outlook

The Fund's investment objective is unchanged. The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Therefore, investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations. The Fund provides monthly fund updates, quarterly portfolio disclosure and annual investor reports which can be found in the Fund Updates section of the Magellan Financial Group Limited website, www.magellangroup.com.au and also the ASX website. The Fund updates and investor reports include detailed discussions in relation to some investee companies from time to time along with general outlook commentary.

1.5 Interest In The Fund

The movement in units on issue in the Fund is disclosed in Note 4 a) to the financial statements.

As at reporting date, total unitholders' equity of the Fund was \$227,414,000 (June 2018: \$179,206,000).

1.6 Likely Developments And Expected Results Of Operations

The Fund will continue to invest in companies and businesses in accordance with the investment strategy as set out in the Product Disclosure Statement. The method of operating the Fund is not expected to change in the foreseeable future however the results of the Fund's operations may be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and past returns should not be used to predict future returns.

1.7 Events Subsequent To The End Of The Half Year

In a release to the ASX on 7 February 2019, the Fund reported a NAV per unit of \$2.8400 and 89,882,427 units on issue as at 31 January 2019.

Other than the items disclosed throughout this Interim Financial Report and the above, there have been no matters or circumstances arising after the end of the half year that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future years. Asset prices move daily and daily unit prices are available on the Magellan Financial Group Limited website, www.magellangroup.com.au and also the ASX website.

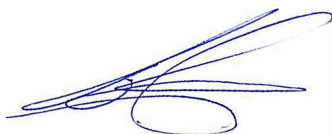
1.8 Rounding Of Amounts

The Fund is of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and consequently amounts in the Responsible Entity's Report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, or in certain cases, the nearest dollar.

1.9 Auditor

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of the Directors of the Responsible Entity.



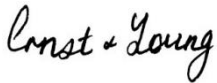
Brett Cairns
Chairman

Sydney, 27 February 2019

Auditor's Independence Declaration to the Directors of Magellan Asset Management Limited as the Responsible Entity of Magellan Infrastructure Fund (Currency Hedged)

As lead auditor for the review of Magellan Infrastructure Fund (Currency Hedged) for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Rita Da Silva
Partner
27 February 2019

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Statement Of Profit Or Loss And Comprehensive Income

for the half year ended 31 December 2018

	Note	31 December 2018 \$'000	31 December 2017 \$'000
Investment Income			
Dividend and distribution income		2,839	1,661
Interest income		125	63
Net change in fair value of investments		(6,453)	4,569
Net gains/(losses) on foreign currency cash, settlements and derivative contracts		9	(12)
Total Net Investment Income		(3,480)	6,281
Expenses			
Management and administration fees		1,088	614
Performance fees		2	268
Settlement processing fees		9	12
Brokerage costs		18	18
Withholding tax on dividends		245	145
Total Expenses		1,362	1,057
Net Operating Profit/(Loss)		(4,842)	5,224
Finance Costs Attributable To Unitholders			
Distributions to unitholders		-	(1,357)
(Increase)/decrease in net assets attributable to unitholders	1 b)	-	(3,867)
Profit/(Loss) For The Half Year		(4,842)	-
Other comprehensive income for the half year		-	-
Total Comprehensive Income For The Half Year		(4,842)	-
Basic Earnings Per Unit (Cents Per Unit)	5	(6.47)	-
Diluted Earnings Per Unit (Cents Per Unit)	5	(6.47)	-

The above Statement Of Profit Or Loss And Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Statement Of Financial Position

as at 31 December 2018

	Note	31 December 2018 \$'000	30 June 2018 \$'000
Assets			
Cash and cash equivalents		24,553	19,196
Receivables		1,546	1,573
Investments	3 a)	208,338	165,337
Total Assets		234,437	186,106
Liabilities			
Derivative liabilities	3 b)	3,702	3,401
Payables		382	258
Distribution payable		2,939	3,241
Total Liabilities		7,023	6,900
Total Unitholders' Equity		227,414	179,206

The above Statement Of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Statement Of Changes In Equity

for the half year ended 31 December 2018

	31 December 2018 \$'000	31 December 2017 \$'000
Unitholders' Equity At Beginning Of The Half Year^(A)	179,206	-
Transactions with unitholders in their capacity as owners:		
Units issued	56,213	-
Units issued under distribution reinvestment plan (DRP)	397	-
Units redeemed	(621)	-
Distributions paid and payable	(2,939)	-
Total transactions with unitholders	53,050	-
Comprehensive income for the half year:		
Profit/(loss) for the half year	(4,842)	-
Other comprehensive income	-	-
Total comprehensive income for the half year	(4,842)	-
Total Unitholders' Equity At End Of The Half Year	227,414	-

^(A) Effective from 30 June 2018, units in the Fund were reclassified from financial liability to equity. Refer to Note 1 b) for further detail.

The above Statement Of Changes In Equity should be read in conjunction with the accompanying notes to the financial statements.

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Statement Of Cash Flows

for the half year ended 31 December 2018

	31 December 2018 \$'000	31 December 2017 \$'000
Cash Flows From Operating Activities		
Dividends and distributions received (net of withholding tax)	2,558	1,223
Interest received	119	61
Management, administration and performance fees paid	(1,124)	(600)
Settlement processing fees paid	(9)	(12)
Other expenses paid	(43)	(27)
Net Cash Inflows/(Outflows) From Operating Activities	1,501	645
Cash Flows From Investing Activities		
Purchase of investments	(72,328)	(64,058)
Proceeds from sale of investments	27,584	11,017
Net foreign exchange gains/(losses)	117	(13)
Net cash flows from forward foreign currency contracts	(4,511)	124
Net Cash Inflows/(Outflows) From Investing Activities	(49,138)	(52,930)
Cash Flows From Financing Activities		
Receipts from issue of units	56,309	56,930
Payments for redemption of units	(463)	(29)
Distributions paid	(2,844)	(1,454)
Net Cash Inflows/(Outflows) From Financing Activities	53,002	55,447
Net Increase/(Decrease) In Cash And Cash Equivalents	5,365	3,162
Cash and cash equivalents at the beginning of the half year	19,196	7,650
Effect of exchange rate fluctuations on cash and cash equivalents	(8)	(5)
Cash And Cash Equivalents At The End Of The Half Year	24,553	10,807

The above Statement Of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

Notes To The Financial Statements

for the half year ended 31 December 2018

Overview

This condensed interim financial report is for Magellan Infrastructure Fund (Currency Hedged) ("the Fund") for the half year ended 31 December 2018.

The Fund is a registered managed investment scheme under the *Corporations Act 2001* and is admitted to trading status on the ASX under the AQUA Rules. The Fund was registered on 31 May 2016 and in accordance with the Fund's Constitution, commenced on the date that the first unit was issued, which was 22 July 2016. The Fund terminates on the day immediately preceding the 80th anniversary of the date of commencement, unless terminated earlier in accordance with the Fund's Constitution.

Magellan Asset Management Limited (ABN 31 120 593 946) is the Responsible Entity of the Fund.

The Fund is considered a for-profit unit trust for the purpose of this interim financial report.

1. Basis Of Preparation

The condensed interim financial report is a general purpose financial report and has been prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001*, other mandatory professional reporting requirements and the Fund's Constitution. It is presented in Australian Dollars (\$) and was approved by the Directors of the Responsible Entity on 27 February 2019. The Directors have the power to amend and reissue this financial report.

The Statement Of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets and liabilities at fair value through profit or loss. These fair value assets and liabilities comprise mainly investments that are managed based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. Consequently, the investments that may be realised within 12 months cannot be determined at reporting date.

The condensed interim financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2018 Annual Report and any public announcements made during the half year.

a) Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new standards effective as of 1 July 2018 that are described in Note 1 c). The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

b) Adoption Of Attribution Managed Investment Trust ("AMIT") Regime

On 5 May 2016, a new tax regime applying to Managed Investment Trusts was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The AMIT regime allows Managed Investment Trusts that meet certain requirements to make an irrevocable choice to be an AMIT. The Fund elected into the AMIT regime effective 30 June 2018.

Whilst the intention of the Responsible Entity with respect to distributions has not changed as a result of adopting AMIT, the contractual wording in the Fund's Constitution no longer gives rise to an obligation, for accounting purposes, to distribute income to unitholders.

As a consequence, at 30 June 2018, the units in the Fund met the definition of equity under AASB 132. This resulted in the reclassification of units from financial liability to equity in the Statement Of Financial Position on 30 June 2018.

Notes To The Financial Statements

for the half year ended 31 December 2018

1. Basis Of Preparation (continued)

c) New And Amended Accounting Standards And Interpretations Effective 1 July 2018

The Fund applied, for the first time, AASB 9: *Financial Instruments* ("AASB 9") and AASB 15: *Revenue from Contracts with Customers* ("AASB 15") that require restatement of previous financial statements. The nature and effect of these changes are disclosed below.

• **AASB 9: *Financial Instruments***

AASB 9 contains new requirements for the classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139: *Financial Instruments: Recognition and Measurement*. Under the new requirements the four current categories of financial assets have been replaced with two measurement categories: fair value and amortised cost, and financial assets will only be measured at amortised cost where very specific conditions are met. AASB 9 also included new hedge accounting requirements and an expected-loss impairment model that requires credit losses to be recognised on a more timely basis.

There was no material impact on the Fund upon adoption of AASB 9 on 1 July 2018 as the Fund currently classifies financial assets and financial liabilities at fair value through profit or loss or amortised cost, and the Fund does not apply hedge accounting.

• **AASB 15: *Revenue From Contracts With Customers***

AASB 15 superseded AASB 118 *Revenue*. Although AASB 15 is principles-based, it is a significant change from the previous revenue requirements and involves more judgements and estimates as revenue is recognised when control of a good or service transfers to a customer, or on satisfaction of performance obligations under contracts, which replaced the previous notion of risk and rewards.

There was no impact on the Fund upon adoption of AASB 15 on 1 July 2018 as the Fund's revenue recognition of interest, dividend and distribution income, investment gains/(losses) and foreign exchange gains/(losses) was unaffected as these items are excluded from the scope of AASB 15.

Several other amendments and interpretations apply for the first time in the interim reporting period commencing 1 July 2018, but did not result in any adjustments to the amounts recognised in the financial statements or disclosures.

d) Accounting Policy For Receivables Effective From 1 July 2018

Receivables comprise amounts due from brokers for sales of assets and applications for units in the Fund unsettled at the end of the reporting period, dividends and trust distributions declared but not yet received, and reclaimable taxes. They are recognised and carried at amortised cost using the effective interest rate method, and adjusted for changes in foreign exchange rates where applicable, less a provision for expected credit losses. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The Fund applies the simplified approach for trade receivables whereby the loss allowance is based on lifetime expected credit losses at each reporting date.

e) Rounding Of Amounts

All amounts in the financial statements are rounded to the nearest thousand dollars (\$'000) or in certain cases, the nearest dollar, unless otherwise stated in accordance with the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

f) Critical Accounting Estimates And Judgements

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The Directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. As such, actual results could differ from those estimates.

Where listed equities have no active market the Directors determine fair value with reference to external observable information and conditions existing at reporting date. Fair values may however move materially with movements in market prices (refer to Note 3 c) for further detail). As most investments are valued with reference to the listed quoted prices and the Fund's cash is held with strongly rated financial institutions, the Fund's financial assets are not subject to significant judgement or complexity nor are the Fund's liabilities.

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Notes To The Financial Statements

for the half year ended 31 December 2018

2. Distributions To Unitholders

On 27 December 2018, the Directors declared a distribution of 3.45 cents per unit (December 2017: 2.60 cents per unit), amounting to \$2,939,000 for the half year ended 31 December 2018 (December 2017: \$1,357,000). The distribution was paid on 15 January 2019.

A distribution of 5.0 cents per unit, amounting to \$3,241,000 for the year ended 30 June 2018 was paid on 30 July 2018.

a) Distribution Reinvestment Plan ("DRP")

The Fund's DRP was available to eligible unitholders during the half year ended 31 December 2018.

Under the terms of the DRP, eligible unitholders are able to elect to reinvest their distributions in additional MICH units, free of any brokerage or other transaction costs. Units are issued and/or transferred to DRP participants at a predetermined price, less any discount that the Directors may elect to apply from time to time. No discount has been applied to the units issued under the DRP in respect of the distribution paid on 15 January 2019. The DRP issue price is equal to the Operational Net Trust Value (as defined in the Constitution) divided by the number of units on issue on 31 December.

Details for the DRP for the distributions for the relevant period ended 31 December are as follows:

	31 December 2018	31 December 2017
DRP issue price (\$)	2.6698	2.7564
DRP unitholder participation rate (%)	10.48	6.00
Number of units issued under DRP	115,288	29,460
Value of units issued under DRP (\$'000)	308	81
Record date	3 January 2019	29 December 2017
Distribution payment date	15 January 2019	16 January 2018

3. Investments

	31 December 2018 \$'000	30 June 2018 \$'000
a) Investments		
Australian listed equity securities	49,392	34,688
International listed equity securities		
- United States	81,913	53,958
- Canada	16,997	14,958
- France	13,610	15,292
- Netherlands	11,323	5,090
- Italy	9,720	14,996
- Spain	9,232	4,237
- New Zealand	5,844	5,247
- Chile	3,793	2,832
- Switzerland	3,470	4,378
- United Kingdom	3,044	9,661
Total Investments	208,338	165,337
b) Derivative Liabilities		
Foreign currency contracts	3,702	3,401
Total Derivative Liabilities	3,702	3,401

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Notes To The Financial Statements

for the half year ended 31 December 2018

3. Investments (continued)

The equity securities by domicile of primary stock exchange listing held by the Fund are:

Company Name	Domicile Of Principal Exchange Listing	31 December 2018 \$'000	30 June 2018 \$'000
Transurban Group	Australia	19,080	13,446
Atmos Energy	United States	13,868	8,291
Crown Castle International	United States	13,601	10,364
Enbridge	Canada	10,695	8,886
Sempra Energy	United States	10,484	8,635
American Tower	United States	10,002	6,992
Atlas Arteria	Australia	9,841	8,133
Eversource Energy	United States	9,439	6,540
Aena SA	Spain	9,232	4,237
Aeroports De Paris	France	8,910	8,012
Sydney Airports	Australia	7,558	6,452
American Water Works Co	United States	7,416	5,594
Xcel Energy Inc	United States	7,354	-
Spark Infrastructure	Australia	6,972	1,200
Vopak	Netherlands	6,769	5,090
Union Pacific	United States	6,464	2,817
Canadian Pacific Railway	Canada	6,302	6,072
APA Group	Australia	5,941	5,457
Auckland International Airport	New Zealand	5,844	5,247
Getlink	France	4,700	7,280
Fraport AG	Netherlands	4,554	-
SIAS	Italy	4,027	3,304
Aguas Andinas	Chile	3,793	2,832
Flughafen Zuerich	Switzerland	3,470	4,378
Snam Rete Gas	Italy	3,384	2,541
National Grid	United Kingdom	3,044	4,692
Terna	Italy	2,309	1,731
WEC Energy Group	United States	2,163	4,725
Southwest Gas Holdings Inc	United States	1,122	-
Atlantia SpA	Italy	-	7,420
United Utilities Group	United Kingdom	-	3,402
Severn Trent	United Kingdom	-	1,567
Total Equity Securities		208,338	165,337

Notes To The Financial Statements

for the half year ended 31 December 2018

3. Investments (continued)

c) Fair Value Disclosures

The Fund classifies the fair value measurements of financial assets and financial liabilities using the three level fair value hierarchy set out below to reflect the source of valuation inputs used when determining the fair value:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of level 1 securities is based on the closing price^(A) for the security as quoted on the relevant exchange.
- Level 2: valuation techniques using observable inputs either directly (as prices) or indirectly (derived from prices). The fair value of derivatives is based on a discounted cash flow analysis using quoted market inputs (spot and forward rates, volatility) adjusted for specific features of the instruments and applied debit and credit valuation adjustments based on the Fund's or the derivative counterparties' current credit worthiness.
- Level 3: valuation techniques using non-market observable inputs.

^(A) Prior to 1 July 2018, the fair value of these investments was based on closing bid prices. The impact of the change was not material.

The following table presents the fair value measurement hierarchy of the Fund's financial assets:

	31 December 2018 \$'000	30 June 2018 \$'000
Financial Assets Measured At Fair Value		
Level 1: Investments - valued using quoted price ^(A)	208,338	165,337
Total Financial Assets Measured At Fair Value	208,338	165,337
Financial Liabilities Measured At Fair Value		
Level 2: Forward foreign currency contracts	3,702	3,401
Total Financial Liabilities Measured At Fair Value	3,702	3,401

^(A) All Australian and international equity securities held by the Fund are level 1 assets.

The Fund does not hold any level 3 assets. There have been no transfers between any of the three levels in the hierarchy during the half year and the Fund's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of each reporting period.

4. Unitholders' Equity

	31 December 2018 ^(A) No. of units '000	30 June 2018 ^(B) No. of units '000
a) Units On Issue		
Opening balance - 1 July	64,965	31,805
Units issued	20,310	33,236
Units issued under DRP	143	59
Units redeemed	(229)	(135)
Total Units On Issue	85,189	64,965

^(A) Comprises six months from 1 July 2018 to 31 December 2018.

^(B) Comprises 12 months from 1 July 2017 to 30 June 2018.

Notes To The Financial Statements

for the half year ended 31 December 2018

4. Unitholders' Equity (continued)

Prior to 30 June 2018, units in the Fund were classified as net assets attributable to unitholders and presented as financial liabilities in the Statement Of Financial Position in accordance with AASB 132. On 30 June 2018, the Fund elected into the AMIT regime and as a consequence the Fund's units were reclassified from a financial liability to equity from 30 June 2018 (refer Note 1 b)). As a result, the net assets attributable to unitholders of the Fund were reduced to nil on 30 June 2018.

Terms And Conditions Of Units

Each unit confers upon the unitholder an equal interest in the Fund, and is of equal value to other units in the Fund. A unit does not confer upon the holder any interest in any particular asset or investment of the Fund. The rights of unitholders are contained in the Fund's Constitution and include:

- the right to receive a distribution determined in accordance with the provisions of the Fund's Constitution;
- the right to attend and vote at meetings of unitholders;
- the right to participate in the termination and winding up of the Fund; and
- the right to redeem units, subject to restrictions disclosed in the Fund's Product Disclosure Statement. Those restrictions may include where trading in units on the ASX are suspended for five consecutive business days. In this case, unitholders may apply to the Responsible Entity to make an off-market withdrawal of their investment from the Fund when the Fund is liquid. Where the Fund ceases to be liquid, units may only be withdrawn once an offer is made to all investors in the Fund in accordance with the Fund's Constitution.

There may be other circumstances where off-market withdrawals from the Fund are suspended for up to 28 days, including where:

- a) it is impracticable for the Responsible Entity, or the Responsible Entity is unable, to calculate the net asset value ("NAV") of the Fund;
- b) the payment of withdrawal proceeds involves realising a significant portion of the Fund's assets which would, in the Responsible Entity's opinion, result in remaining investors bearing a disproportionate amount of capital gains tax or expenses, or suffering any other disadvantage or diminution of the value of units held;
- c) the Responsible Entity reasonably considers it would be in the interests of investors, or it is otherwise permitted by law; or
- d) the Responsible Entity receives withdrawal requests of an aggregate value that in its reasonable estimate exceeds 5% of the Fund's assets.

There are no separate classes of units and each unit in the Fund has the same rights attaching to it as all other units of the Fund.

5. Earnings Per Unit ("EPU")

	31 December 2018 (A)	31 December 2017
Basic EPU		
Profit/(loss) attributable to unitholders (\$'000)	(4,842)	-
Weighted average number of units for basic EPU ('000)	74,798	-
Basic EPU (Cents)	(6.47)	-
Diluted EPU		
Profit/(loss) attributable to unitholders (\$'000)	(4,842)	-
Weighted average number of units for diluted EPU ('000)	74,798	-
Diluted EPU (Cents)	(6.47)	-

^(A) Effective 30 June 2018, the units have been reclassified from financial liability to equity (refer to Note 1 b) for further detail).

As the Fund has no potential, dilutive units, basic and diluted EPU are equal.

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Notes To The Financial Statements

for the half year ended 31 December 2018

6. NAV Per Unit

The NAV per unit represents the net assets of the Fund presented in the Statement Of Financial Position at reporting date divided by the number of units on issue at reporting date (refer Note 4).

	31 December 2018 \$'000	30 June 2018 \$'000
NAV per unit	2.6695 ^(A)	2.7585 ^(B)

^(A) The NAV per unit at 31 December 2018 differs from the NAV per unit of \$2.6698 reported to the ASX on 8 January 2019 due to accruals for fees and minor expenses of the Fund.

^(B) The NAV per unit at 30 June 2018 differs from the NAV per unit of \$2.7636 reported to the ASX on 2 July 2018 due to the following:

- the Fund's investments were valued by reference to the quoted market bid price at reporting date, in accordance with AASB 13 *Fair Value Measurement*. For unit pricing purposes, the investments were valued using the last quoted price (refer Note 3 c).
- accruals for fees and minor expenses of the Fund.

7. Contingent Assets, Contingent Liabilities And Commitments

The Fund has no contingent assets, contingent liabilities or commitments at 31 December 2018 (June 2018: nil).

8. Events Subsequent To The End Of The Half Year

In a release to the ASX on 7 February 2019, the Fund reported a NAV per unit of \$2.8400 and 89,882,427 units on issue as at 31 January 2019.

Other than the items disclosed throughout this Interim Financial Report and the above, there have been no matters or circumstances arising after the end of the half year that have significantly affected, or may significantly affect, the Fund's operations, the results of its operations, or the Fund's state of affairs in future years. Asset prices move daily and daily unit prices are available on the Magellan Financial Group Limited website, www.magellangroup.com.au and also the ASX website.

MAGELLAN INFRASTRUCTURE FUND (CURRENCY HEDGED)

Directors' Declaration

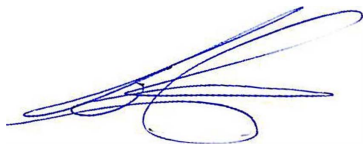
for the half year ended 31 December 2018

In the opinion of the Directors,

- a) the financial statements and notes of Magellan Infrastructure Fund (Currency Hedged) as set out on pages 8 to 18 are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the financial position of the Fund as at 31 December 2018 and of its performance as represented by the results of its operations and cash flows for the year ended on that date; and
 - ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Chief Executive Officer and Chief Financial Officer which mirror section 295A of the *Corporations Act 2001* and are recommended by the ASX Corporate Governance Principles and Recommendations.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.



Brett Cairns
Chairman

27 February 2019

Independent Auditor's Review Report to the Unitholders of Magellan Infrastructure Fund (Currency Hedged)

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Magellan Infrastructure Fund (Currency Hedged) (the "Fund"), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Fund's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Rita Da Silva
Partner
Sydney
27 February 2019

Corporate Information

Directors Of The Responsible Entity

Brett Cairns (Chairman and Chief Executive Officer)

Kirsten Morton (Chief Financial Officer)

John Eales

Robert Fraser

Paul Lewis

Hamish McLennan

Karen Phin

Company Secretary Of The Responsible Entity

Geoffrey Stirton

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Australian Securities Exchange

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