



Form ADV Part 2 Brochure

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MFG Asset Management

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This brochure provides information about the qualifications and business practices of Magellan Asset Management Limited (doing business as MFG Asset Management), an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). If you have any questions about the contents of this brochure, please contact MFG Asset Management at info@magellangroup.com.au. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that an investment adviser has a certain level of skill or training.

Additional information about MFG Asset Management is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Since the last update to our brochure dated 17 December 2019, to facilitate client review of this brochure, the following notable but *non-material* changes have been incorporated:

- On page 5, update of funds under management

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Item 4 – Advisory Business

Firm Description

Magellan Asset Management Limited, doing business as MFG Asset Management, offers global equity, infrastructure and global sustainable investment strategies to institutional investors located throughout the world and intermediated investors in Australia and New Zealand. It also manages these strategies in segregated, advisory, sub-advisory relationships and via globally focused investment funds for institutional and retail investors internationally.

The company is a wholly owned subsidiary of Magellan Financial Group Limited (“MFG”), which is listed on the Australian Securities Exchange (ASX: MFG).

MFG Asset Management’s key functions are managed from its head office in Sydney, Australia.

MFG Asset Management holds the following registrations:

Regulated entity	Country/jurisdiction	Regulatory authority
Magellan Asset Management Limited	Australia	Australian Securities and Investments Commission (ASIC) AFSL: 304301
Magellan Asset Management Limited, doing business as MFG Asset Management	United States	Securities and Exchange Commission (“SEC”) No. 801-72872

As of 31 August 2020, MFG Asset Management managed U.S. \$69,229 million on a discretionary basis and U.S. \$5,370 million on a non-discretionary basis.

MFG Asset Management was organized in 2006.

Advisory Services

Discretionary Advisory Services

MFG Asset Management provides discretionary investment advisory services to investment companies registered with the SEC (i.e. mutual funds registered under the Investment Company Act of 1940) and institutions and high net worth investors through the management of separate accounts.

MFG Asset Management is the sub-investment adviser to the following five funds that are primarily advised by Frontegra Asset Management Inc.: Frontier MFG Global Equity Fund, Frontier MFG Global Plus Fund, Frontier MFG Select Infrastructure Fund, Frontier MFG Core Infrastructure Fund and Frontier MFG Global Sustainable Fund. The Frontier MFG Global Equity Fund and the Frontier MFG Global Plus Fund both pursue a global equity investment strategy with the primary difference between the funds being limitations of the total market capitalization of the companies into which each respective Fund seeks to invest.

MFG Asset Management also serves as investment manager and promoter to MFG Investment Fund plc, an investment company authorized and regulated by the Central Bank of Ireland pursuant to the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations, 2011, as amended. MFG Investment Fund plc is an umbrella company consisting of three sub-funds: MFG Global Fund, MFG Select Infrastructure Fund and MFG Global Sustainable Fund.

MFG Asset Management also issues and manages Australian registered and unregistered pooled investment vehicles. MFG Asset Management holds an Australian Financial Services License for the purposes of issuing and managing pooled investment vehicles within Australia and undertaking the provision of discretionary investment management services for institutional clients.

Magellan Asset Management Limited also operates under the trading name Airlie Funds Management (“Airlie”) for investment management services provided to Australian institutional clients investing in Australian equities. MFG Asset Management’s investment approach is designed to build a portfolio of investments that MFG Asset Management believes can deliver attractive risk-adjusted returns over the medium to long term while reducing the risk of permanent capital loss. With the exception of the Core Infrastructure Strategy, MFG Asset Management’s disciplined portfolio construction approach takes a high conviction, benchmark agnostic approach to selecting securities issued by quality companies, while integrating risk management and macroeconomic research to reduce both portfolio aggregation risks (i.e. correlation to a single company, industry or macroeconomic risk) and macroeconomic event risk (i.e. the risk that a major macroeconomic event could have a significant adverse impact on the value of the portfolio’s investments). MFG Asset Management believes that its base investment philosophy is supported by studies that illustrate how superior long-term returns can be achieved by eliminating or minimizing negative shocks to a portfolio. Extensive research also suggests that high-quality, low-volatility stocks may have the potential to achieve superior long-term, risk-adjusted performance.

MFG Asset Management’s Portfolio Managers are responsible for implementing the investment strategy for all advisory accounts. This includes:

- (a) the identification and selection of specific securities to be bought or sold, taking into consideration the investment objectives of the account and any account limitations or restrictions;
- (b) the quantity of those securities bought or sold and the related method of executing purchase and sale trades; and
- (c) the timing of the purchase and sale decision.

All portfolio and investment decisions are made by MFG Asset Management’s Portfolio Managers based in Australia.

MFG Asset Management does not provide custodial services to clients for whom it provides discretionary advice. Clients typically provide MFG Asset Management with authority to communicate with, and provide instructions to, their custodian on their behalf regarding transactions made within the advisory account.

Non-Discretionary Advisory Services

MFG Asset Management may also provide certain clients with non-discretionary advisory services. These services are limited to securities recommendations with any resulting investment or divestment actions arising from such recommendations undertaken by the client at their own discretion.

Investment Restrictions

MFG Asset Management's discretionary authority over a separate account may be subject to limitations, restrictions, or guidelines imposed by the client. MFG Asset Management may seek to tailor its investment strategy to meet the needs of the client; however, MFG Asset Management may decline to accept or may terminate a client's account, if the requirements placed on MFG Asset Management's ability to manage the account are too restrictive or constrain its ability to effectively implement a particular investment strategy.

Item 5 – Fees and Compensation

MFG Asset Management's fees are generally charged as a percentage of assets under management however performance-based fees may also be negotiated with clients. For more information on performance-based fees, please refer to Item 6. Fees charged by MFG Asset Management may be negotiable based on a number of factors including, but not limited to, account type (e.g. separate account or mutual fund), existing relationship, complexity of client requirements, account size, or other special circumstances. As fees and minimum account sizes are subject to negotiation, clients that are similar in size and have similar objectives may have different fee rates.

The fee schedule applicable for separate accounts in the **global and global plus equity strategies** is as follows:

Client Assets	Annual Fee (%) for all assets
On the first US\$200 million	0.600%
Above US\$200 million	0.500%
New Client Minimum Account Size	US \$200 million

The fee schedule applicable for separate accounts in the infrastructure strategies (**Core and Select**) is as follows:

Core

Client Assets	Annual Fee (%) for all assets
On the first US\$100 million	0.500%
Next US\$100 million	0.400%
Thereafter	0.200%
New Client Minimum Account Size	US\$100 million

Select

Client Assets	Annual Fee (%) for all assets
On the first US\$100 million	0.700%
Next US\$100 million	0.500%
Thereafter	0.400%
New Client Minimum Account Size	US\$100 million

For a description of the MFG Core and Select Infrastructure Strategies, please refer to Item 8.

The fee schedule applicable for separate accounts in the **global sustainable strategy** is as follows:

Client Assets	Annual Fee (%) for all assets
On the first US\$200 million	0.600%
On all amounts in excess of US\$200 million	0.500%
New Client Minimum Account Size	US\$100 million

The specific manner in which fees are charged by MFG Asset Management is established in a client's written agreement with MFG Asset Management. MFG Asset Management will generally invoice its fees on a quarterly basis in arrears. Clients may elect to be invoiced directly or clients may instruct their custodian to debit fees directly from their separately managed portfolio. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (subject to minimum contribution and withdrawal amounts). Accounts initiated or terminated prior to the end of a fee calculation period will be charged a prorated fee.

MFG Asset Management's fees are exclusive of brokerage commissions, transaction, custody, taxes and other related costs and expenses which may be incurred by clients. For more information on brokerage and other transaction costs please refer to Item 12.

Item 6 - Performance-Based Fees and Side-By-Side Management

MFG Asset Management may enter into arrangements whereby a client pays MFG Asset Management a fee based on a share of capital gains on or capital appreciation of the client's assets (so called "performance-based fee arrangements"). Such arrangements are subject to individualized negotiation with each client and structured in a manner that is intended to comply with applicable requirements of the Investment Advisers Act of 1940.

Performance-based fee arrangements may create an incentive for MFG Asset Management to favor such accounts over other accounts (such as those that pay a fee in the form of a percentage of assets managed by MFG Asset Management) in the allocation of investment opportunities. MFG Asset Management has policies and procedures designed to provide reasonable assurance that all clients are treated fairly and to prevent this conflict from influencing the allocation of investment opportunities or divestment of existing investments amongst clients.

Item 7 – Types of Clients

MFG Asset Management provides advisory and sub-advisory services to high net worth individuals, pension plans, registered investment companies (mutual funds), sovereign wealth funds and other entities.

MFG Asset Management generally requires a minimum account size of U.S. \$100 million or U.S. \$200 million (depending on the strategy) to establish an institutional separate account. Investors below this level will typically be required to invest into the mutual funds managed by MFG Asset Management.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

MFG Global Equity Strategies

Investment Philosophy and Objectives

MFG Asset Management's investment approach is premised on the belief that investing in equity securities issued by high quality companies with more reliable earnings can enhance the downside protection of a portfolio, resulting in long-term risk-adjusted performance.

The MFG Global Equity Strategy has the following objectives:

- achieve attractive risk adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss; and
- a minimum gross return objective of 10% p.a. over a business cycle.

Investment Approach

The investment approach of MFG Asset Management's Global Equity Strategy is designed to build a concentrated portfolio of companies (typically 20 to 40 securities) with market capitalizations in excess of US\$10 billion, that can deliver attractive risk-adjusted returns over the medium to long term while reducing the risk of permanent capital loss. MFG Asset Management's disciplined portfolio construction process takes a high conviction, benchmark agnostic approach to selecting quality companies for investment, while integrating risk management and rigorous macroeconomic research to reduce both portfolio aggregation risks (i.e. correlation to a single company, industry or macroeconomic risk) and macroeconomic event risk (i.e. the risk that a major macroeconomic event could have a significant adverse impact on the value of the portfolio's investments).

Investment Process

MFG Asset Management's investment process is driven by its investment philosophy and comprises the following steps:

1. Fundamental Screening

MFG Asset Management employs rigorous quantitative and qualitative screening to winnow its investment universe to companies with market capitalizations greater than US\$10 billion that typically exhibit high returns on capital and demonstrate sustainable competitive advantages. MFG Asset Management generally excludes companies with commodity-like economic characteristics, for example, companies with direct exposures to natural resources, from its investment universe as they tend to be highly pro-cyclical and add undesirable economic volatility, therefore conflicting with the Strategy's objectives of capital preservation and adverse markets volatility minimization.

MFG Asset Management also compiles detailed industry reviews to understand the appeal of certain sub-sectors and their competitive dynamics. This allows the Investment team to identify attractive investment opportunities in instances where they are not readily observable through other methods. This narrows the potential universe for investment to approximately 200 stocks.

2. Detailed Qualitative Assessment

MFG Asset Management undertakes industry research in order to identify attractive industry sectors. From these industry sectors, MFG Asset Management seeks to identify attractive companies with sustainable competitive advantages. From a list of identified companies within the industry sector, further detailed stock specific research is undertaken. The stock specific research focuses on four qualitative criteria: economic moat (the ability of the company to prevent its competitors from eroding the company's long-term profits and market share), reinvestment potential, business risk and agency risk (an assessment of the extent that management will act in the best interest of shareholders). A company is assigned a quality rating based on these criteria. This quality rating is approved by the MFG Asset Management Investment Committee. Environmental, Social and Governance (ESG) issues are also considered an important component of our investment analysis process and separate ratings are made for ESG factors for all approved stocks. Analysis of ESG forms part of the suite of issues that affect the agency and business risk

of companies. Gaining a robust understanding of these issues is a key element in the assessment of the outlook for, and risks to, future cash flow generation.

3. Value Analysis

The MFG Asset Management Investment Team undertakes two valuation assessments: a detailed discounted cash flow analysis from which it derives its estimate of the fundamental intrinsic value of a company; and estimates of earnings and dividends per share to calculate three year projected total shareholder return.

4. Investment Committee Approval

Following completion of the detailed investment research by the investment analyst, a stock is submitted for approval to the MFG Asset Management Investment Committee. Only stocks that are approved by the MFG Asset Management Investment Committee are eligible for inclusion in our client portfolios.

5. Portfolio Construction

MFG Asset Management's portfolio construction process integrates rigorous bottom up stock analysis (incorporating its assessment of quality and value) and detailed macroeconomic research within a robust risk management framework.

In assessing the attractiveness of an individual stock, MFG Asset Management has developed a proprietary stock ranking matrix. This matrix is a multi-dimensional tool that ranks stocks on the basis of quality (based on the quality rating approved by the MFG Asset Management Investment Committee) and value (based on MFG Asset Management's assessment of intrinsic value and three year projected total shareholder return).

In addition, MFG Asset Management incorporates macroeconomic research and a risk management framework to reduce portfolio aggregation risks (over correlation to a single company, industry or macroeconomic risks) and macroeconomic event risks (a major macroeconomic event that could significantly and adversely impact the value of the portfolio's investments). Formal risk management limits are important in determining the overall construction of the portfolio. MFG Asset Management has established and monitors a number of portfolio risk controls. The following portfolio risk controls are in place for each strategy:

- Individual stock limits;
- Portfolio concentration limits;
- Industry or macroeconomic concentration limits;
- Emerging markets exposure limits;
- Cash limits; and
- Permitted investments.

While the Investment Committee must approve stocks before they are candidates for the portfolio, all portfolio decisions are at the discretion of the Lead Portfolio Manager.

MFG Select Infrastructure

Investment Strategy

MFG Asset Management believes that investors that seek to invest in infrastructure as a discrete asset class typically do so to gain exposure to reliable, inflation-linked investment returns over medium-term timeframes or longer.

As a result, the MFG Asset Management Select Infrastructure Strategy has been designed to provide investors with the opportunity for efficient access to the infrastructure asset class, while reducing the potential of a significant decline in the value of their investment over medium-term timeframes or longer.

MFG Asset Management employs its strategy in an attempt to identify and invest in a portfolio that typically consists of 20 to 40 stocks issued by companies that meet MFG Asset Management's value and quality universe of listed infrastructure securities and that MFG Asset Management deems to be most attractive, based on the results of its own proprietary research. MFG Asset Management believes the strategy provides the opportunity for purer infrastructure exposure and lower volatility than would be afforded by a portfolio matching a typical infrastructure index.

The portfolio's investment universe will principally consist of companies whose predominant source of earnings is derived from the following infrastructure assets:

- Regulated energy utilities;
- Regulated water utilities;
- Toll roads;
- Energy infrastructure;
- Railroads
- Airports;
- Ports;
- Communications infrastructure; and
- Social infrastructure.

Investment objective

The Strategy's investment objective is to achieve attractive risk adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss.

Investment Process

The Select Infrastructure Strategy is a fundamental value-driven high quality portfolio that is benchmark unaware and is implemented through the following process:

1. Fundamental Screening

MFG Asset Management seeks to construct a portfolio of investments that meets a strict definition of infrastructure and has the potential to generate reliable returns over medium-term timeframes or longer.

Only stocks with a market cap in excess of US\$500m are considered by MFG Asset Management. Of the 350 stocks generally included in the commonly used infrastructure benchmark indices, approximately 150 meet MFG Asset Management's quality screening requirements.

2. Detailed Qualitative Assessment

MFG Asset Management undertakes industry research to identify attractive investment opportunities. This includes continuous monitoring of the regulatory environment in the domiciles where infrastructure and utilities companies operate. Further detailed stock specific research is undertaken focusing on four qualitative criteria: economic moat, reinvestment potential, business risk and agency risk. A company is assigned a quality rating based on these criteria. This quality rating is approved by the MFG Asset Management Investment Committee. Environmental, Social and Governance (ESG) issues are also considered an important component of our investment analysis process and separate ratings are made for ESG factors for all approved stocks. Analysis of ESG forms part of the suite of issues that affect the agency and business risk of companies. Gaining a robust understanding of these issues is a key element in the assessment of the outlook for, and risks to, future cash flow generation.

3. Value Analysis

The MFG Asset Management investment team undertakes a detailed discounted cash flow analysis which derives the estimate of the fundamental intrinsic value of a company. The assessed intrinsic value provides the investment team with three parameters that are used to assess investment attractiveness:

- the premium of MFG Asset Management's assessed equity value for the company's stock compared to its trading price;
- the premium of MFG Asset Management's assessed enterprise value (i.e. taking into account the level of leverage within the company) compared to its current market enterprise value; and
- a projected five-year total shareholder return based upon the assumption that the share price converges on assessed intrinsic value over 5 years.

4. Investment Committee Approval

Following completion of the detailed investment research, a recommendation for a stock approval is submitted to the MFG Asset Management Investment Committee. Only stocks that are approved by the MFG Asset Management Investment Committee are eligible for inclusion in the portfolio.

5. Portfolio Construction

Portfolio construction is driven by valuation with adjustment made for portfolio limits, stock specific factors not incorporated into the valuation process and correlation of portfolio investments to macro-economic and regulatory factors. Indicative portfolio weightings are initially determined by relative premiums of assessed intrinsic value to the traded price. The indicative weightings are adjusted to account for:

- active portfolio limits;

- stock specific factors that MFG Asset Management does not believe can be incorporated into the security valuation process (such as financing risk); and
- portfolio sensitivity to macroeconomic risks (such as agency risk, sovereign risks and oil prices).

The ultimate construction of the portfolio from among stocks that are approved by the MFG Asset Management Investment Committee is at the discretion of the Portfolio Manager for this strategy.

MFG Core Infrastructure

Investment Strategy

The MFG Core Infrastructure strategy provides exposure to a high quality diversified global infrastructure portfolio. The portfolio's investment universe will principally consist of companies whose predominant source of earnings is derived from the following infrastructure assets:

- Regulated energy utilities;
- Regulated water utilities;
- Toll roads;
- Airports;
- Ports;
- Energy infrastructure;
- Communications infrastructure; and
- Social infrastructure.

Investment objectives

The Strategy's investment objective is to achieve attractive risk adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss.

Investment Process

MFG Asset Management's investment process is driven by its investment philosophy and implemented through the following process:

1. Fundamental Screening

A theme common to investors in infrastructure is the desire to invest in reliable businesses with resultant stable revenues and cash flows. MFG Asset Management believes that the composition of existing infrastructure indices fails this test as these indices include stocks that are exposed to competition risk, commodity price risk, and/or sovereign risk and consequently the returns from such stocks can fluctuate in response to such risks.

Accordingly, MFG Asset Management reviews the composition of the major infrastructure indices and eliminates those stocks that MFG Asset Management assesses as being materially exposed to competition risk, regulatory risk, commodity price risk or sovereign risk. In addition, MFG Asset Management also extracts those stocks that do not meet MFG Asset Management's requirement for debt service coverage,

where investor disclosure is inadequate or where MFG Asset Management does not believe regulation to be acceptable.

The stocks that remain in the investment universe after this filtering are considered to provide exposure to a purer infrastructure investment portfolio than that represented by the major listed infrastructure indices. MFG Asset Management formally reviews the composition of the portfolio quarterly and monitors the composition regularly to determine if any material changes are required for material events.

2. Portfolio Construction

All securities that meet MFG Asset Management's strict definition of investible infrastructure and pass additional portfolio filters are included in the Core Infrastructure portfolios. The additional portfolio filters include:

- free float > US\$500m;
- domiciled in investment grade OECD countries;
- acceptable leverage; and
- acceptable ESG risk factors.

The weighting of securities in the portfolio is set by pre-determined rules. Initially weightings are determined on the basis of free floats, i.e. the initial 'raw' weight for each stock is equal to the ratio of the free float for the stock divided by the sum total of the free floats of all the securities in the investable universe. The resultant portfolio consists of between 80 to 90 securities.

A strictly defined universe of securities approved for investment in the portfolios, security level controls and aggregated risk limit constraints are then applied to the raw weights to ensure that the portfolio is appropriately diversified.

3. Monthly rebalancing

The investment portfolio is re-weighted on a monthly basis in line with the aforementioned portfolio construction criteria. To minimize turnover and therefore transaction costs, a tolerance is applied of the greater of +/-10% of the target weighting, or a change in absolute weighting of 0.20%. These tolerances allow the Portfolio Manager discretion not to trade if the cost of execution does not warrant the change to the portfolio.

MFG Global Sustainable Strategy

Investment Strategy

The investment approach of the MFG Global Sustainable Strategy is as follows:

- building a concentrated (typically 20 to 50 securities) portfolio of high-quality companies with a minimum market capitalization generally of US\$5 billion, that are trading at a discount to MFG Asset Management's assessment of their intrinsic values;
- protecting the portfolio in adverse markets (managing downside risk) through the integration of detailed macroeconomic research and the application of a robust risk management framework; and

- screening out companies based on their carbon emissions intensity and fossil fuel exposures or interests.

The MFG Global Sustainable Strategy aims to achieve attractive risk-adjusted returns over the medium to long-term while reducing the risk of permanent capital loss, within an ESG and low carbon framework.

MFG Asset Management's disciplined portfolio construction approach takes a high conviction, benchmark agnostic approach to selecting quality companies for investment, while integrating robust risk management and rigorous macroeconomic research to reduce both portfolio aggregation risks (i.e. correlation to a single company, industry or macroeconomic risk) and macroeconomic event risk (i.e. the risk that a major macroeconomic event could have a significant adverse impact on the value of the portfolio's investments). MFG Asset Management believes that its base philosophy is supported by studies that illustrate how superior long-term returns can be achieved by eliminating or minimizing negative shocks to a portfolio. Extensive research also suggests that high-quality, low-volatility stocks may have the potential to achieve superior long-term, risk-adjusted performance.

Investment Process

MFG Asset Management's investment process is driven by its investment philosophy and comprises the following steps:

1. Fundamental Screening

MFG Asset Management employs rigorous quantitative and qualitative screening to winnow its investment universe to companies with market capitalizations greater than US\$5 billion that MFG Asset Management believes to exhibit high returns on capital and demonstrate sustainable competitive advantages. MFG Asset Management excludes from its investment universe companies that have historically displayed commodity-like economic characteristics, for example companies with direct exposures to natural resources as such companies have tended to be highly pro-cyclical and add undesirable economic volatility, therefore conflicting with the Strategy's objectives of capital preservation and downside volatility reduction.

MFG Asset Management also compiles detailed industry reviews to better understand the appeal of certain sub-sectors and their competitive dynamics. This allows the Investment Team to identify attractive investment opportunities in instances where they are not readily observable through other methods.

2. Detailed Qualitative Assessment

MFG Asset Management undertakes industry research in order to identify attractive industry sectors. From these industry sectors, MFG Asset Management seeks to identify attractive companies with sustainable competitive advantages. From a list of identified companies within the industry sector, further detailed stock specific research is undertaken. The stock specific research focuses on four qualitative criteria: economic moat, reinvestment potential, business risk and agency risk. A company is assigned a quality rating based on these criteria. This quality rating is approved by the MFG Asset Management Investment Committee. Environmental, Social and Governance (ESG) issues are also considered an important component of our investment analysis process and separate ratings are made for ESG factors for all approved stocks. Analysis of ESG forms part of the suite of issues that affect the agency and business risk

of companies. Gaining a robust understanding of these issues is a key element in the assessment of the outlook for, and risks to, future cash flow generation.

3. Value Analysis

The MFG Asset Management Investment Team undertakes two valuation assessments: a detailed discounted cash flow analysis from which it derives its estimate of the fundamental intrinsic value of a company; and estimates of earnings per share and dividends per share to calculate three year projected total shareholder return.

4. Investment Committee Approval

Following completion of the detailed investment research by the investment analyst, a stock is submitted for approval to the MFG Asset Management Investment Committee. Only stocks that are approved by the MFG Asset Management Investment Committee are eligible for inclusion in our portfolios.

5. Portfolio Construction

MFG Asset Management's portfolio construction process incorporates bottom up stock analysis (using both an assessment of quality and value) and its macroeconomic research and risk management framework.

In assessing the attractiveness of an individual stock, MFG Asset Management has developed a proprietary stock ranking matrix. This matrix is a multi-dimensional tool that ranks stocks on the basis of quality (based on the quality rating approved by the MFG Asset Management Investment Committee) and value (based on MFG Asset Management's assessment of intrinsic value and three year projected total shareholder return).

In addition, MFG Asset Management incorporates macroeconomic research and a risk management framework with the goal of reducing portfolio aggregation risks (over correlation to a single company, industry or macroeconomic risks) and macroeconomic event risks (a major macroeconomic event that could significantly and adversely impact the value of the portfolio's investments). Formal risk management limits are important in determining the overall construction of the portfolio. MFG Asset Management has established and monitors a number of portfolio risk controls. The following portfolio risk controls are in place for each strategy:

- Individual stock limits;
- Portfolio concentration limits;
- Industry or macroeconomic concentration limits;
- Emerging markets exposure limits;
- Cash limits; and
- Permitted investments.

While the Investment Committee must approve stocks before they are candidates for the portfolio, all portfolio decisions are at the discretion of the Portfolio Manager.

6. ESG and Low Carbon management

MFG Asset Management incorporates a proprietary low carbon emissions overlay into portfolio construction. Globally agreed climate goals such as those defined in the 2015 Paris Agreement¹ provide the guiding framework for the Fund. MFG Asset Management incorporates this overlay by:

- Limiting the overall carbon emissions of the portfolio through a portfolio carbon emissions intensity cap;
- Screening out companies based on their carbon emissions intensity.

Both of these caps are expected to be revised over time to remain in line with evolving carbon reduction goals.

Finally, companies with fossil fuel exposures or interests are excluded, such as companies engaged in the extraction, storage and transportation of fossil fuels.

MATERIAL RISKS SPECIFIC TO THE INVESTMENT STRATEGIES

Each of MFG Asset Management strategies involves risk, including the risk of loss. The value of an investment could fall or be entirely lost, and investments may produce no income or lower income than expected. In addition to the risk of loss, the following material risks apply to any client investment portfolio managed by MFG Asset Management according to these strategies:

Market Risk. The market value of the securities in which any such portfolio may rise or fall in response to the prospects of individual companies, particular sectors or governments and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets.

Equity Securities Risk. Equity securities held in a portfolio are subject to the risk that stock prices may fall over short or extended periods of time. Historically, the equity market has moved in cycles, and the value of a portfolio's securities may fluctuate from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is a principal risk of investing in the strategies.

Non-Diversification Risk. The MFG Asset Management Global Equities, Global Infrastructure and Global Sustainable strategies are non-diversified, which means that any client portfolio pursuing these strategies may invest a larger percentage of its assets in a smaller number of issuers compared with a diversified portfolio. To the extent that a portfolio invests its assets in a smaller number of issuers, the portfolio will be more susceptible to negative events affecting those issuers than a diversified portfolio.

Stock Selection Risk. The companies selected by MFG Asset Management in pursuit of each strategy may decline in value or not increase in value when the stock market in general is rising.

Value Investing Risk. The MFG Asset Management Global Equities, Global Infrastructure and Global Sustainable strategies invest in companies that MFG Asset Management believes are undervalued. Such

companies may never increase in price or pay dividends, or may decline even further in value if the market disagrees with MFG Asset Management's assessment of such a company's value.

Large Capitalization Risk. The large-capitalization companies in which a portfolio invests may not respond as quickly as smaller companies to competitive challenges, and their growth rates may lag the growth rates of well-managed smaller companies.

Foreign Securities Risk. Investing in foreign securities poses additional risks since political and economic events unique to a country or region will affect those markets and their issuers. These risks will not necessarily affect the U.S. economy or issuers located in the United States. Securities of foreign companies may not be registered with the SEC and foreign companies are generally not subject to the regulatory controls imposed on U.S. issuers and, as a consequence, there is generally less publicly available information about foreign securities than is available about domestic securities. Income from foreign securities owned by the portfolios may be reduced by a withholding tax at the source, which would reduce income received from the securities comprising the portfolio. Foreign securities may also be more difficult to value than securities of U.S. issuers.

Foreign Currency Risk. Resulting from a portfolio's investments in securities denominated in, and/or receiving revenues in, foreign currencies, a portfolio will be subject to currency risk. Currency risk is the risk that foreign currencies will decline in value relative to the U.S. dollar, in which case the dollar value of an investment in a portfolio would be adversely affected.

Management Risk. A portfolio is subject to the risk that MFG Asset Management's judgments about the attractiveness, value, or potential appreciation of a portfolio's investments may prove to be incorrect. If the investments selected and strategies employed by a portfolio fails to produce the intended results, the portfolio could underperform in comparison to its benchmark index or other portfolios with similar objectives and investment strategies.

Concentration Risk. The MFG Asset Management Select and Core Infrastructure strategies will concentrate in the infrastructure sector and may concentrate investments in issuers of one or more industries or industry sectors. Such concentration may negatively impact these strategies if the infrastructure sector or the industries or industry sectors perform poorly. Since the MFG Asset Management Select and Core Infrastructure strategies will concentrate their investments in infrastructure companies, these strategies will be more vulnerable to conditions that negatively affect infrastructure companies as compared to strategies that do not concentrate their holdings in such companies.

Derivatives risk: To the extent that a portfolio engages in hedging strategies, there can be no assurance that such strategy will be effective or that there will be a hedge in place at any given time. In addition, there is a risk that a derivative used for hedging purposes may also limit any potential gain that may result from the increase in value of the hedged asset. A portfolio's use of forward contracts and swaps is also subject to counterparty risk and valuation risk. Valuation risk is the risk that the derivative may be difficult to value. The use of derivatives in a portfolio may also expose the fund to gains or losses in excess of the amount invested in a particular derivative (leverage risk), as well as the risk that a particular derivative may be difficult or impossible to sell at the time and the price that MFG Asset Management

would like (liquidity risk). Any of these risks, together or alone, could cause a portfolio to lose more than the total amount invested in a particular derivative instrument.

Counterparty Risk: There is a risk that a portfolio may incur losses, which may be substantial, arising from the failure of another party to a contract (the counterparty) to meet its obligations.

Infrastructure Investing Risk: The MFG Asset Management Select and Core Infrastructure strategies may expose clients to potential adverse economic, regulatory, political and other changes affecting investments made in pursuit of each strategy. Issuers of securities in infrastructure-related businesses are subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage, costs associated with environmental or other regulations, the effects of economic slowdowns, adverse changes in fuel prices, the effects of energy conservation policies and other factors. Infrastructure companies may also be affected by or be subject to regulation by various government authorities, including rate regulation and service interruptions due to environmental, operational or other occurrences; and the imposition of special tariffs.

Global Sustainable Strategy Risk –In pursuing its ESG and low carbon emissions strategy, there is a risk that a global sustainable portfolio may invest in companies that underperform the equity markets or other companies in a portfolio that does not employ such a strategy.

During unusual economic or market conditions, MFG Asset Management may take steps to reduce the exposure of each Global Sustainable portfolio to market risk. In such circumstances, the Global Sustainable portfolios may seek to reduce market risk through investments that increase in value when a specified stock index declines, such as sales of stock index futures contracts (referred to as “market risk reduction strategies”). MFG Asset Management also manages client portfolios that do not permit the use of such strategies and must reduce market risk in those portfolios by selling other securities. Should these other portfolios need to reduce market risk by selling securities that are also held by the Global Sustainable portfolios, MFG Asset Management will execute sales of such securities from the other portfolios before executing any sales of the securities from the Global Sustainable portfolios. In such circumstances, MFG Asset Management intends to use market risk reduction strategies to reduce market risk in the Global Sustainable portfolios. Although MFG Asset Management expects these market risk reduction strategies, when combined with eventual security sales, to provide an efficient means of reducing market risk, this may result in other portfolios that are unable to utilize these market risk reduction strategies selling the same security (held by the Global Sustainable portfolios) at more favorable prices.

Geographic Focus Risk – To the extent that a portfolio focuses its investments in a particular country or geographic region, a portfolio may be more susceptible to economic, political, regulatory or other events or conditions affecting issuers and countries within that country or geographic region. As a result, a portfolio may be subject to greater price volatility and risk of loss than a fund holding more geographically diverse investments.

Item 9 – Disciplinary Information

MFG Asset Management and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client’s evaluation of MFG Asset Management, or its directors, officers or employees.

Item 10 – Other Financial Industry Activities and Affiliations

MFG Asset Management and its directors, officers and employees are not registered, and do not have any applications pending to register, as broker-dealers, futures commission merchants, commodity pool operators or commodity trading advisors. Certain employees of MFG Services LLC (an affiliate of MFG Asset Management) are registered representatives of Foreside Fund Services LLC, which is not affiliated with MFG Asset Management or its affiliates.

The parent company of MFG Asset Management (Magellan Financial Group Limited) through an affiliate of MFG Asset Management (Frontier Partners North America Holdings, Inc.), owns:

- Frontier Partners Inc. (“Frontier Partners”), a registered investment adviser that offers investment strategies to institutional clients in North America;
- Frontier Strategies LLC, a registered broker dealer, and;
- Frontegra Asset Management Inc., an investment adviser to a registered investment company

Magellan Financial Group Limited owns 80% of Frontier Partners North America Holdings, Inc., with the remaining 20% interest in the company owned by the former owner of Frontier Partners.

MFG Asset Management has entered into a success fees agreement with Frontier Partners whereby Frontier Partners is entitled to a success fee of 5% of the net fee revenue received by MFG Asset Management each calendar year on all new investment management relationships acquired where the acquisition has been facilitated by an employee of Frontier Partners.

MFG Asset Management does not have any material relationships or arrangements with futures or commodity merchants or advisors, bank, law or insurance firm or any other type of firm that MFG Asset Management believes would create any material conflicts of interest with any clients.

MFG Asset Management issues and manages Australian registered and unregistered pooled investment vehicles. MFG Asset Management holds an Australian Financial Services License for the purposes of issuing and managing pooled investment vehicles within Australia and undertaking the provision of discretionary investment management services for institutional clients.

MFG Asset Management serves as Investment Manager to MFG Investment Fund plc, an investment company authorized and regulated by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

MFG Asset Management has adopted a Code of Ethics which describes its standards of business conduct and its fiduciary duties to its clients. MFG Asset Management's Personal Trading Policy governs the personal trading of MFG Asset Management's supervised persons.

A copy of MFG Asset Management's Code of Ethics is available on request.

MFG Asset Management's supervised persons are required to report personal securities holdings annually, obtain pre-trade approval, and provide trade confirmations for all personal security transactions. Supervised persons are required to acknowledge in writing the terms of the Code of Ethics and Personal Trading Policy at least annually, or as otherwise required by applicable law.

MFG Asset Management's proprietary accounts may trade in the same securities as client accounts. This presents a potential conflict of interest, as MFG Asset Management may be competing with clients in such situations for the allocation of investment opportunities or divestment of existing investments. MFG Asset Management places the interests of client accounts ahead of the interests of MFG Asset Management's proprietary accounts. Trades are allocated in accordance with MFG Asset Management's Trade Allocation Procedures, having regard to the size, liquidity of the order, the particular objectives and investment restrictions and investment capacity of a client's account.

Item 12 – Brokerage Practices

Broker selection

MFG Asset Management maintains a panel of approved brokers and may only place orders with these brokers. Approved brokers have been approved after the completion of due diligence and will typically be large global brokers which are materially compliant with applicable regulations, including rules promulgated by the SEC and the Financial Industry Regulatory Authority, if applicable. A standard minimum rate card has been developed for each market by giving consideration to some of the best execution factors described below. To be eligible to receive trades in a particular market, a broker must first meet or beat the minimum rate for the given market. Should a broker be unable to meet the minimum rate, the broker will be ineligible to receive trades in that market.

MFG Asset Management will take all reasonable steps when placing trade orders with its approved brokers, to act in its clients' best interests taking into account some or all of the following execution factors; price, price improvement, cost, speed / immediacy, size, nature, liquidity, the broker's financial condition and reputation, quality of settlement process post execution, and execution certainty. MFG Asset Management interacts with each of its brokers seeking to address issues as they arise. When MFG Asset Management deems it to be appropriate, MFG Asset Management will refrain from effecting client portfolio transactions through a broker until any material issues noted by MFG Asset Management are resolved.

MFG Asset Management will formally review its arrangements with its approved brokers at least annually for best execution, settlement issues, technology platforms, regulatory changes, financial standing, and reputation. Independent Transaction Cost Analysis (TCA) and publicly available rankings of execution quality will be used to facilitate the best execution component of the review.

MFG Asset Management has negotiated execution only brokerage rates with a panel of approved brokers and utilizes its own capital resources to pay a small number of investment research providers for that research.

Airlie and MFG Asset Management operate under two different trading desks. Trades placed by the Airlie trading desk incur higher brokerage rates than those trades placed by the MFG Asset Management desk.

Directed brokerage

MFG Asset Management generally does not recommend, request or require that a client direct us to execute transactions through a specified broker/dealer, although MFG Asset Management will follow a client's specific authorizations to do so. Clients who choose to direct MFG Asset Management to use a particular broker risk forgoing execution benefits that MFG Asset Management could otherwise potentially obtain for its clients, such as benefiting from volume discounts, and may not receive the same commission rates as other MFG Asset Management clients who utilize MFG Asset Management's approved panel of brokers. In such circumstances, the client is responsible for negotiating the terms of the directed brokerage arrangement. Further, in such circumstances MFG Asset Management may not be able to obtain best execution with such other brokers and may not be able to aggregate the client's transactions with the transactions of other client accounts who did not similarly direct their brokerage. As a result, clients who direct brokerage may pay materially disparate commissions, spreads and other transactions costs.

Trade aggregation

Where possible, MFG Asset Management will aggregate client orders for the same security on the same or similar terms, if the aggregation is in the best interests of all participating clients. Certain circumstances may affect or prevent an order from participating in an aggregated block transaction and, in the event of these circumstances, the block order will be placed alongside the individual order. During unusual economic or market conditions, securities in the MFG Global Sustainable portfolios that are also held by other non-Global Sustainable portfolios, will not be sold at the same time and therefore will not be aggregated.

In circumstances where MFG Asset Management and Airlie are trading the same Australian security, client orders between the two trading desks are not aggregated. Airlie and MFG Asset Management operate under two different trading desks with different Portfolio Managers, investment process and investment objectives. This means that where the same security is traded across the two trading desks, trades placed by MFG Asset Management will receive more favorable brokerage rates than those placed by the Airlie desk. Aggregated client orders placed by the MFG Asset Management desk will also receive a different average price than those placed by the Airlie desk.

MFG Asset Management may take steps to reduce the exposure of each MFG Global Sustainable portfolio to market risk. In such circumstances, the MFG Global Sustainable portfolios may seek to reduce market risk through investments that increase in value when a specified stock index declines, such as sales of stock index futures contracts (referred to as “market risk reduction strategies”). MFG Asset Management also manages client portfolios that do not permit the use of such strategies and must reduce market risk in those portfolios by selling other securities. Should these other portfolios need to reduce market risk by selling securities that are also held by the MFG Global Sustainable portfolios, MFG Asset Management will execute sales of such securities from the other portfolios before executing any sales of the securities from the MFG Global Sustainable portfolios. In such circumstances MFG Asset Management intends to use market risk reduction strategies to reduce market risk in these portfolios. Although MFG Asset Management expects these market risk reduction strategies, when combined with eventual security sales, to provide an efficient means of reducing market risk, this may result in other portfolios that are unable to utilize these market risk reduction strategies selling the same security (held by the MFG Global Sustainable portfolios) at more favorable prices.

Trade allocation

MFG Asset Management’s Trade Allocation Policy outlines processes in place to provide reasonable assurance that during the application of such temporary strategies (during unusual economic or market conditions) by the Portfolio Manager of the MFG Global Sustainable portfolios, competing trade instructions across all strategies are managed to provide reasonable assurance that all participating funds and portfolios receive fair treatment. Processes and controls include: the involvement of MFG Asset Management’s Macro Committee in determining the overall risk appetite of investment activity across all funds and portfolios managed by MFG Asset Management; the creation of a trade plan for all accounts; and the execution of the trade plans in compliance with the investment objectives, guidelines and restrictions of all participating accounts.

Where aggregated client orders are not fully filled, the orders are allocated across client accounts on a pro-rata basis relative to the original order size.

In certain limited circumstances, trades may not be allocated on a pro-rated basis including but not limited to: small allocations that are uneconomical for a client; minimum lot size restrictions; and large cash flows. Should an account not receive a pro-rated allocation, the reasons for such differing allocation practices must be fully documented and approved in accordance with MFG Asset Management’s Trade Allocation Policy.

Item 13 – Review of Accounts

Each client account is usually managed within strict constraints to replicate a model portfolio. The Portfolio Manager will typically review the model portfolio daily, and the trading team ensures on a pre-trade basis that portfolio controls remain within the applicable model’s limits.

Some separate accounts have specific client restrictions which may result in their account varying materially from a model portfolio. These accounts are reviewed daily on a pre-trade basis by the MFG Asset

Management trading team to ensure adherence to the account's specific guidelines and restrictions. MFG Asset Management's investment administrator and the Risk and Compliance team monitor client accounts on a post-trade basis for compliance with account-specific investment guidelines and restrictions. Any transaction errors are rectified promptly. All material breaches are rectified and reported promptly to clients.

The reporting requirements of separate account clients are typically governed by an investment advisory agreement between MFG Asset Management and the client, and clients are typically provided with reports on a monthly or quarterly basis. Typical client reporting requirements include performance, portfolio holdings, transaction information and voting activity information. MFG Asset Management has dedicated client-reporting personnel that ensure that clients receive their applicable written reports within the timeframes required. For accounts where MFG Asset Management acts as adviser and sub-adviser, client reporting is determined by the Registered Investment Company and the primary investment adviser to the funds, subject to applicable law and agreements between the advisory parties and the subject funds.

Item 14 – Client Referrals and Other Compensation

MFG Asset Management does not compensate any person for client referrals; although, as discussed under the heading 'Other Financial Industry Activities and Affiliations', MFG Asset Management does provide compensation to Frontier Partners.

Item 15 – Custody

All advisory and sub-advisory assets shall be held by a qualified custodian nominated by the client or investment adviser. Qualified custodians include registered broker-dealers, banks and savings institutions, futures and commission merchants and foreign financial institutions that routinely hold financial assets for their customers.

Clients should receive at least quarterly statements from the qualified custodian that holds and maintains the client's investment assets. MFG Asset Management advises clients to review such statements and compare such official custodial records to the account statements that MFG Asset Management may periodically provide. MFG Asset Management's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

The agreement between the client and MFG Asset Management will stipulate the investment discretionary authority that MFG Asset Management will have over the client's account. MFG Asset Management's discretionary authority may be subject to limitations, restrictions, or guidelines imposed by the client, as well as limitations imposed by applicable law.

In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives and restrictions for the particular client account. When selecting securities and determining amounts, MFG Asset Management observes the investment policies, limitations and restrictions of the

clients it advises. For registered investment company clients, MFG Asset Management's authority to trade securities may also be limited by certain laws that require diversification of investments.

Item 17 – Voting Client Securities

MFG Asset Management will exercise voting rights when MFG Asset Management has the authority to do so in accordance with its Proxy Voting Policy. The authority will usually be governed by the investment advisory agreement between MFG Asset Management and the client.

MFG Asset Management exercises the voting powers in respect of its clients' securities in the best interest of all clients.

MFG Asset Management will generally exercise its voting discretion to ensure companies act in the best interest of their shareholders, improve the corporate governance of portfolio companies, or advance clients' investment objectives. MFG uses its best efforts to vote proxies, however in certain circumstances it may be impractical or not possible to do so. These circumstances include, but are not limited to: untimely receipt of notice of shareholder meetings; markets that require securities to be "blocked" or registered to vote at a company's meeting; and the requirement to have power of attorney or other documentation in place to be eligible to vote.

In exercising its voting rights, MFG Asset Management will consider relevant legal and ethical matters, such as whether there may be any actual or potential conflicts of interest in exercising voting rights. Where material conflicts of interest arise, the proxy voting issue may be considered by MFG Asset Management's Proxy Voting Committee.

MFG Asset Management will report periodically to its client on proxy voting activities, including how MFG Asset Management voted on behalf of their accounts.

Clients may obtain a copy of MFG Asset Management's Proxy Voting Policy by contacting the Chief Compliance Officer.

Item 18 – Financial Information

MFG Asset Management has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.