

# Magellan Global Opportunities Fund - Active ETF

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

AS AT 31 DECEMBER 2025

## PORTFOLIO TEAM

ALAN PULLEN, PORTFOLIO MANAGER

RYAN JOYCE, CFA, DEPUTY PORTFOLIO MANAGER

INVESTMENT PHILOSOPHY	OBJECTIVE	PORTFOLIO CONSTRUCTION	INVESTMENT RISKS
To invest in outstanding companies at attractive prices, while exercising a deep understanding of the macroeconomic environment to manage investment risk.	The Fund aims to outperform the MSCI World Net Total Return Index (AUD), after fees, over periods of three years or longer.	A portfolio of typically 20-40 investments which we believe can achieve sufficient diversification to ensure the Fund is not overly correlated to a single company, or to industry specific or macroeconomic risks. The Fund aims to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time.  Cash and cash equivalents exposure between 0 - 5%.	All investments carry risk, returns are not guaranteed and there is a risk that investors may lose money on any investment they make. The Fund's Product Disclosure Statement (PDS) sets out the significant risks relevant to the Fund. You can view the PDS at <a href="http://www.magellaninvestmentpartners.com">www.magellaninvestmentpartners.com</a>

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

TICKER	FUND SIZE	BUY/SELL SPREAD <sup>1</sup>	MANAGEMENT FEES <sup>2</sup>	INCEPTION DATE
OPPT	AUD \$365.0 million	0.10% / 0.10%	0.75% p.a.	11 October 2019

## PERFORMANCE<sup>3</sup>

	1 Month (%)	3 Months (%)	1 Year (%)	3 Year (% p.a.)	5 Year (% p.a.)	Since Inception (% p.a.)
Magellan Global Opportunities Fund (ASX: OPPT) <sup>4</sup>	-0.1	1.4	2.2	20.9	9.1	8.3
MSCI World NTR Index <sup>4</sup>	-0.9	2.5	12.4	21.8	15.5	14.3
Excess	0.8	-1.1	-10.2	-0.9	-6.4	-6.0

Past performance is not a reliable indicator of future performance.

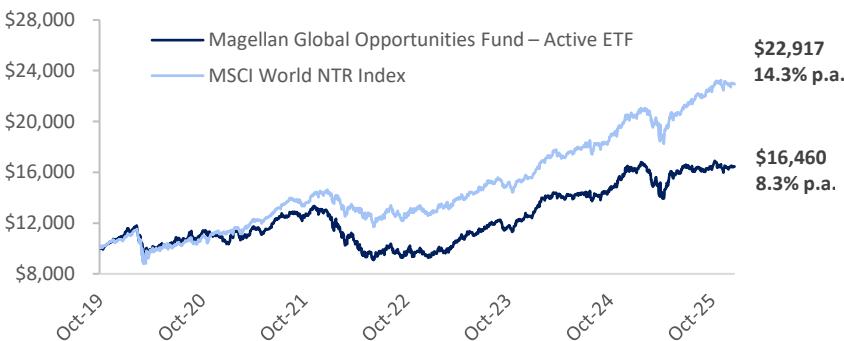
<sup>1</sup> The Fund transitioned from a closed-ended Listed Investment Trust to an open-ended Active ETF on 31 August 2021, return calculations prior to that date are based on NAV price assuming distributions are reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). With effect from 15 September 2025 the Fund's investment strategy has changed from the Magellan High Conviction Strategy to the Magellan Global Opportunities Strategy.

The performance of the Magellan Global Opportunities Fund No.1 is also presented in the table below to provide a longer-term view of the Fund's current investment strategy.

	1 Month (%)	3 Months (%)	1 Year (%)	3 Year (% p.a.)	Since Inception <sup>5</sup> (% p.a.)
Magellan Global Opportunities Fund No.1	-0.1	1.3	13.0	25.9	13.4
MSCI World NTR Index <sup>4</sup>	-0.9	2.5	12.4	21.8	12.3
Excess	0.8	-1.2	0.6	4.1	1.1

Past performance is not a reliable indicator of future performance.

## PERFORMANCE CHART GROWTH OF AUD \$10,000<sup>3</sup>



Past performance is not a reliable indicator of future performance.

<sup>1</sup> Only applicable to investors applying for units and withdrawing units directly with the Responsible Entity.

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

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

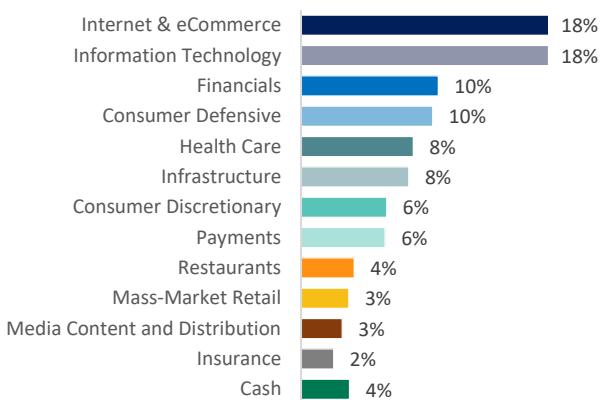
<sup>4</sup> MSCI World Net Total Return Index (AUD). All MSCI data used is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI and its affiliates assume no liability for or in connection with the data. Please see complete disclaimer in [www.magellaninvestmentpartners.com/funds/benchmark-information/](http://www.magellaninvestmentpartners.com/funds/benchmark-information/).

<sup>5</sup> The inception date of the Magellan Global Opportunities Fund No.1 is 1 January 2022.

## TOP 10 HOLDINGS

STOCK	SECTOR <sup>6</sup>	%
Microsoft	Information Technology	7.9
Amazon.com	Internet & eCommerce	7.6
Mastercard	Payments	6.1
Taiwan Semiconductor	Information Technology	5.1
Nestlé	Consumer Defensive	4.5
Meta Platforms	Internet & eCommerce	4.3
Alphabet	Internet & eCommerce	4.0
SAP	Information Technology	4.0
Eversource Energy	Infrastructure	4.0
Yum! Brands	Restaurants	3.9
<b>TOTAL:</b>		<b>51.4</b>

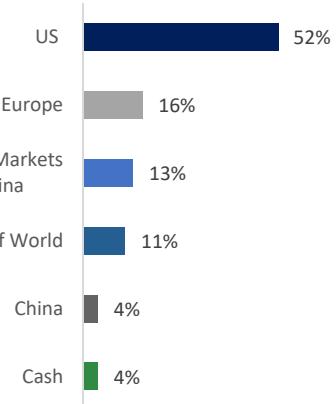
## SECTOR EXPOSURE BY SOURCE OF REVENUE<sup>6</sup>



## TOP CONTRIBUTORS/DETRACTORS 1 YEAR<sup>7</sup>

TOP 3 CONTRIBUTORS	CONTRIBUTION TO RETURN (%)
Taiwan Semiconductor	2.4
Mercadolibre	1.6
L'Oréal	1.1
TOP 3 DETRACTORS	CONTRIBUTION TO RETURN (%)
Chipotle Mexican Grill	-2.6
Novo Nordisk	-1.9
Salesforce	-1.9

## GEOGRAPHICAL EXPOSURE BY SOURCE OF REVENUE<sup>6</sup>



<sup>6</sup> Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding.

<sup>7</sup> Shows how much the stock has contributed to the fund's gross return for the period in AUD. Excludes non-disclosed positions established in the latest quarter.

## Market Commentary

Global equities increased by 3.1% in the December quarter as measured by the MSCI World Index in USD. The appreciation was more muted in AUD terms, rising by 2.5%. The longest US government shutdown in history (43 days) began and ended during the first half of the December quarter to little market reaction. Despite the shutdown ending, the principal cause, disagreement over the extension of ACA tax credits, remained unresolved as the year drew to a close. There was a brief re-escalation of trade tensions as China announced rare earth export controls, which are critical to many high-end industrial processes. Tensions were temporarily halted as both sides agreed to a one-year pause on respective escalatory policies. The quarter also saw some intra-quarter spike in risk premiums driven by concerns over the sustainability of the AI spend and business model. The Fed eased policy twice at the October and December FOMC meetings. Despite this, long-end US Treasury yields remain little changed as the yield curve steepened. The corporate reporting season was generally favourable. The Healthcare sector led outperformance during the quarter, rising by 10.8%. This was followed by the Materials (+5.2%), Communication Services (+5.1%) and Financial (+4.9%) sectors. In contrast, the Real Estate sector (-2.0%) was the biggest underperformer, followed by the Discretionary (+1.4%) and Tech (+1.5%) sectors.

Japan's Nikkei 225 Index was the best performer during the December quarter, rising by 12.2%, supported by strong corporate earnings and a weaker Yen, while risks regarding deflation faded. Europe's STOXX 600 Index followed, rising by 6.4%, supported by dovish expectations regarding ECB policy support on benign inflation readings. The MSCI Emerging Markets Index rose by 4.7%, followed by the S&P 500 Index (+2.6%). Both China's CSI 300 Index (+0.2%) and Australia's S&P/ASX 200 Index (-1.0%) lagged other major markets.

Over the December quarter, data reflected a gradual slowing in US economic growth. Of particular note were US labour market data, which showed a gradual upward trend in the unemployment rate and continuation in modest job creation since Liberation Day tariffs were announced in April. Despite a surprising drop in the November US CPI reading, it was not clear whether the rate of inflation was beginning to moderate due to data issues. The one-and-a-half-month US government shutdown delayed/hampered data collection for many agencies, rendering some economic indicators unreliable. Despite the Fed easing twice during the quarter, there was no corresponding rally at the long end of the yield curve. Term premiums appeared to have expanded somewhat as concerns over persistent inflation and the deterioration in the US fiscal position lingered. Additionally, rising Japanese Government Bond yields likely exerted additional pressure on US Treasuries. In China, the outcome of its Fourth Plenum and Central Economic Work Conference indicated the Central Government remained focused on technology investment and industrial policy. The signalling of policy continuity suggested there will be limited scope for broad fiscal stimulus in the nation.

## Portfolio Commentary

The portfolio underperformed the benchmark over the quarter in a market characterised by choppy trading and rotation. Market leadership began to show some signs of broadening away from the AI Mega Cap stocks that had dominated the first three quarters of the year.

Key contributors for the quarter included Dollar General, Alphabet and Amazon. Dollar General performed strongly as company-specific initiatives to improve operations and profitability delivered. We see room for further improvement. Alphabet performed strongly over the quarter, driven by earnings that beat expectations and reinforced confidence in the company's ability to leverage its "full stack" approach to lead, rather than be disrupted by, the shift to AI. The Search business showed strong momentum with the integration of AI Overviews and AI Mode accelerating growth by driving higher query volumes and monetisation and later the launch of Gemini 3 bolstering sentiment given its reception as the new benchmark for AI models. Alphabet also announced that the company will begin commercial sales of its custom Tensor Processing Units (TPUs), a new revenue stream for the company, and a potential challenge to Nvidia's dominance in the AI hardware category. Amazon outperformed on a combination of better-than-feared US consumption trends in the December quarter and an acceleration in AWS Q3 growth as increased capex began to deliver returns. We continue to view Amazon as well-positioned to benefit from structural growth in e-commerce and cloud computing.

Key detractors included Microsoft, SAP and Meta. After performing strongly earlier in the year on accelerating growth in Azure, Microsoft gave back some of the strong performance. This was driven primarily by moderating optimism on Microsoft's AI positioning via its close relationship with OpenAI due to strong execution at Google and Anthropic. While short-term relative performance will continue to be affected by shifting views on AI positioning, taking a longer-term perspective we view all of the incumbent cloud providers as winners. SAP underperformed on a combination of sector-wide concerns around AI disruption and delays in customer upgrades due to the uncertainty created by US tariffs. We consider AI concerns as it relates to SAP as misplaced, and view near-term delays to customer upgrades as irrelevant to its medium-term earnings potential. Meta shares sold off sharply following mixed Q3 25 results. Meta's core advertising business continues to post impressive results, as investments in enhancing content recommendations to drive user engagement and optimise ad targeting bear fruit. However, management doubling down on the investment cycle with uncertain returns from non-core initiatives has weighed on sentiment. While dampening near-term earnings, we expect these investments in superintelligence to either deliver attractive returns or be significantly scaled back. Encouragingly, reports in early December indicate Meta plans to materially cut Metaverse/VR investments, demonstrating to investors a willingness to cut losses and be agile with AI investments towards more attractive opportunities with momentum, like smart glasses.

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

## Outlook and view from the Portfolio Managers

The outlook for 2026 equity markets is mixed; the US economy will be supported by a three-pronged tailwind of fiscal policy, monetary policy and deregulation. Recent inflation releases have surprised to the downside, and increased noise regarding AI-related job losses will give the Fed ammunition to continue to cut rates. Fiscal policy is headlined by the OBBB, which is set to deliver significant tax cuts in 2026. On some estimates this could amount to as much as \$800 for every taxpayer in the US. While some of this windfall will be consumed by higher electricity and health insurance costs, this is clearly a tailwind for the US consumer. European growth is anticipated to be steady, supported by 2025's interest rate cuts and increased fiscal support from Germany.

Nonetheless, markets enter 2026 at record highs and stretched valuations. While our base case is for solid earnings growth to support modest market gains, the range of potential outcomes skews to the downside given elevated starting valuations and market sentiment. And there is no shortage of potential risks, including elevated national debt levels and fiscal deficits, renewed political pressure on the Federal Reserve, a potential moderation of AI-driven investment given uncertain returns, and geopolitical uncertainty.

Consequently, the portfolio remains somewhat defensively positioned, albeit at the individual stock level the high-quality companies that comprise the portfolio we believe remain well-placed to deliver strong earnings growth and shareholder returns over the long term.

## Stock Story: Nestle

(James Wang - Investment Analyst)



**Nestlé**

Aromas in the morning from a freshly made cup of Nespresso, Purina for our cat and dog companions, and Kit Kats for everyone at the party. These experiences form the majority of how consumers around the globe interact with Nestlé. They also illustrate why we like Nestlé. We see now as an opportune time to own a company that possesses world-leading brands in consumer categories we believe have a favourable growth outlook in the long run.

Even great companies face challenging periods. Nestlé's 12-month forward PE ratio currently trades at a 4-turn discount to its historical average over the past decade. Investor sentiment turned negative over the past few years due to a sequence of unfavourable developments mostly outside of Nestlé's control: rising cost of living, commodity price inflation, post-pandemic consumption normalisation and, most recently, an abrupt change in leadership. Even if some of these conditions persist, we view Nestlé as positioned to adapt given its leading position in favourable categories.

Why do we see Nestlé's fundamentals as favourable? Take Nestlé's coffee portfolio. It's comprehensive pricing architecture, through umbrella brands Nescafé and Nespresso, means the portfolio should be well-positioned to capture spending shifts up and down the price ladder. In pet foods, Nestlé also possesses category leaders in its Purina line, which also offers products from premium to budget. Nestlé owns well-recognised confectionery brands such as Kit Kat, Milo, Smarties and Allens, and is well-established in infant nutrition (NAN).

We see both coffee and pet care as attractive categories. They are more experiential and less commoditised relative to other staples. This means the decision to switch isn't just about price; instead, brand preferences/flavour profiles feature more prominently. Over recent quarters, Nestlé was able to deliver positive volume growth in coffee despite pushing through high-single-digit percentage price increases, a reflection of entrenched habits for coffee and potentially some pricing power in its brands. Flavour profiles and nutrition also matter in pet foods. Confectionery should also benefit from this to an extent. Together, these three categories form around two-thirds of 2024 earnings.

Scale matters, too. Nestlé is the world's largest provider of packaged coffee, even after Keurig Dr Pepper's takeover of JDE Peet's. It is also among the top pet food producers globally. One example of scale benefit is the ability to substitute coffee bean supply at scale that helped Nestlé mitigate the impact of recent US tariffs on Brazilian coffee imports. Scale pet food producers are at an advantage when it comes to R&D that allows Nestlé to conduct feed trials and drive innovation.



Image: iStock

Trust built over decades with veterinarians and pet owners alike create a moat around the Purina brand and protects its position within an oligopolistic industry. From a supplier perspective, grocery retailers also frequently preference larger FMCG companies, even if begrudgingly, for the simple fact that their products generate sales volumes/foot-traffic.

Investing in Nestlé is not without risks but we see these as manageable. Underlying operating margins are likely to decline for FY2025, and there is less flexibility in its balance sheet. The chief risk is the success and speed at which the new CEO Philipp Navratil can effect the changes needed to adapt to recent challenges. Although it is still early days, signs are encouraging that Navratil is frontloading organisational change and has upsized the ongoing efficiency program from CHF2.5 billion p.a. in savings to CHF3 billion p.a. by 2027. We expect most of these savings to be reinvested to drive business growth.

We don't expect the consumer environment will get any easier as we head into 2026. However, the combination of leading brands in attractive categories gives Nestlé a good chance at adapting to these challenges. Forward looking risks from commodity price inflation appear manageable. Coffee and cocoa bean prices remain very elevated compared to history, reducing likelihood of further increases. Importantly, Nestlé already adjusted prices to

limit impact on margins. Should input costs moderate, Nestlé could see further margin recovery.

Overall, we believe Nestlé possesses the right ingredients to weather current difficult conditions and deliver attractive shareholder returns. The company also offers the defensive qualities we are looking for, having delivered steady low- to mid-single-digit organic growth each year pre-pandemic. As the turnaround bears fruit, consumption normalises, and commodity pricing and inflation continue to moderate, we see Nestlé starting to deliver the same steady performance it had pre-pandemic. This should help lift earnings and see investor confidence restored in the company.

## IMPORTANT INFORMATION

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